

THE BOYS' BRIGADE IN SINGAPORE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 AUGUST 2021

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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 31 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 2021 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

26 November 2021



Yap Chee Meng
Treasurer

**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 31, which comprise the balance sheet as at 31 August 2021, 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 2021 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 2021 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 of the Charities (Institutions of a Public Character) Regulations.



Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

26 November 2021

THE BOYS' BRIGADE IN SINGAPORE

STATEMENT OF FINANCIAL ACTIVITIES For the financial year ended 31 August 2021

	Note	2021 \$	2020 \$
Income			
Boys' Brigade Week - donations		1,696,380	382,074
Government grants		1,154,159	1,156,838
Donations		1,034,162	396,731
BB campus income		27,007	32,914
Event and program related fees		5,909	16,705
Sales from BB shop	4	205,795	176,945
Interest income		27,490	30,945
Other income		102,659	109,703
Rental income		22,526	69,320
		4,276,087	2,372,175
Less expenditure			
BB news		7,800	13,941
Cost of BB merchandise sold and BB shop expenses	4	223,985	203,879
Junior programme		886	2,048
Senior programme		5,939	212,334
Primers programme		16,167	6,628
Share-A-Gift programme		34,920	84,661
Public wish fulfilment purchases		256,243	62,124
BB Alumni Grant		10,200	11,200
Officers training		21,866	29,362
Adventure activities		459	200
Common programme		2,448	17,991
Companies' activities		332,004	389,921
Audit fees		26,215	29,324
BB campus expenses		42,570	42,309
BB week expenses		15,478	13,716
Credit card charges		10,534	6,220
Depreciation of plant and equipment	6	32,796	33,488
Depreciation of right-of-use assets	7	548,601	366,582
Interest on lease liabilities	7	62,609	25,562
Gifts and wreath		2,673	9,400
Insurance		24,007	24,234
Medical fees		1,066	1,332
Office sundries and others		2,692	3,350
Repair and maintenance		45,011	7,840
Printing, postages and stationery		10,149	15,112
Professional fees		33,600	36,600
Promotion and marketing expenses		9,831	23,278
Salaries, bonus, CPF and SDF	5	948,326	1,031,032
Staff development		3,973	13,880
Telephone and website		5,805	5,633
Utilities		15,364	20,504
Other expenses		4,315	5,926
		2,758,532	2,749,611
Total surplus/(deficit) for the year		1,517,555	(377,436)

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

THE BOYS' BRIGADE IN SINGAPORE

**STATEMENT OF FINANCIAL ACTIVITIES (cont'd)
For the financial year ended 31 August 2021**

	Note	2021 \$	2020 \$
Other comprehensive income			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Financial assets at fair value through other comprehensive loss			
- fair value loss - quoted debt instruments	8	(3,364)	-
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
- fair value loss - quoted fund	8	(1,752)	-
Other comprehensive loss for the financial year		(5,116)	-
Total surplus/(deficit) and comprehensive income/(deficit) for the financial year		<u>1,512,439</u>	<u>(377,436)</u>

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

THE BOYS' BRIGADE IN SINGAPORE

BALANCE SHEET

At 31 August 2021

	Note	2021 \$	2020 \$
Non-current assets			
Plant and equipment	6	1,095	33,891
Right-of-use assets	7	2,326,307	410,235
Financial assets at fair value through other comprehensive income	8	1,512,648	–
		3,840,050	444,126
Current assets			
Inventories		210,743	353,395
Trade receivables		17,843	10,890
Sundry receivables and prepayments	9	344,359	230,390
Cash and cash equivalents	10	4,651,050	4,574,080
		5,223,995	5,168,755
Total assets		9,064,045	5,612,881
Non-current liabilities			
Provision for reinstatement costs	11	68,150	7,800
Lease liabilities	7	1,942,643	233,292
		2,010,793	241,092
Current liabilities			
Sundry payables and accruals	12	142,963	243,453
Provision for reinstatement costs	11	22,850	22,850
Lease liabilities	7	454,858	185,344
		620,671	451,647
Total liabilities		2,631,464	692,739
Net assets		6,432,581	4,920,142
Accumulated Fund (Unrestricted)		4,922,210	3,736,651
Other funds			
BB/GB Campsite Fund (Unrestricted)	13	120,680	229,845
BB Share-A-Gift Fund (Restricted)	13	929,207	711,342
Community Services Fund (Restricted)	13	105,177	105,177
Jimmy Koh Memorial Fund (Restricted)	13	66,496	66,796
BB Alumni Grant (Restricted)	13	60,028	70,331
BBHQ Development Fund (Restricted)	13	233,899	–
		1,515,487	1,183,491
Fair value reserve (Unrestricted)		(5,116)	–
		1,510,371	1,183,491
		6,432,581	4,920,142

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 2021**

	← Unrestricted →			← Restricted →					Total \$
	Accumulated Fund \$	BB/GB Campsite Fund \$	Fair Value Reserve \$	BB Share- A-Gift Fund \$	Community Services Fund \$	Jimmy Koh Memorial Fund \$	BB Alumni Grant \$	BBHQ Development Fund \$	
Balance at 1.9.2019	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)	–	–	–	–	–	–	–
Total comprehensive income/(deficit) for the financial year	(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
Net surplus/(deficit) for the year	1,103,824	(16,830)	–	224,765	–	(300)	(10,303)	216,399	1,517,555
Inter-division elimination	92,335	(92,335)	–	–	–	–	–	–	–
Other comprehensive income									
Financial assets at fair value through other comprehensive income									
Fair value gain	–	–	(5,116)	–	–	–	–	–	(5,116)
Total comprehensive income/(deficit) for the financial year	1,196,159	(109,165)	(5,116)	224,765	–	(300)	(10,303)	216,399	1,512,439
Transfer of funds	(10,600)	–	–	(6,900)	–	–	–	17,500	–
Balance at 31.8.2021	4,922,210	120,680	(5,116)	929,207	105,177	66,496	60,028	233,899	6,432,581

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 2021

	2021 \$	2020 \$
Cash flows from operating activities		
Net surplus/(deficit) for the year	1,517,555	(377,436)
Adjustment for:		
Depreciation of plant and equipment	32,796	33,488
Depreciation of right-of-use assets	548,601	366,582
Interest income	(27,490)	(30,945)
Interest on lease liabilities	62,609	25,562
Operating surplus before working capital changes	2,134,071	17,251
Inventories	142,652	48,430
Receivables	(123,533)	(72,015)
Payables	(100,490)	(2,720)
Net cash generated from/(used in) operating activities	2,052,700	(9,054)
Cash flows from investing activities		
Interest received	30,101	28,335
Purchase of plant and equipment	–	(18,664)
Purchases of financial assets at fair value through other comprehensive income	(1,517,764)	–
Net cash (used in)/generated from investing activities	(1,487,663)	9,671
Cash flows from financing activities		
Interest paid	(62,609)	(25,562)
Repayment of lease liabilities	(425,458)	(358,181)
Net cash used in financing activities	(488,067)	(383,743)
Net increase/(decrease) in cash and cash equivalents	76,970	(383,126)
Cash and cash equivalents at beginning of financial year	4,574,080	4,957,206
Cash and cash equivalents at end of financial year (Note 10)	4,651,050	4,574,080

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 2021

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 10 Kwong Avenue, Singapore 348884.

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.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 2(o) to the financial statements.

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.

New and revised standards not yet effective

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 2021 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.

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.

2. Significant accounting policies (cont'd)

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.

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.

2. Significant accounting policies (cont'd)

g) Joint operation - BB/GB Campsite (cont'd)

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.

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. Trade receivables without a significant financing component and initially measured at transaction prices.

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 in the following measurement categories:

- Amortised cost; and
- Fair value through other comprehensive income ("FVOCI").

The classification is based on the Society's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

The Society reclassifies financial assets when and only when its business model for managing those assets changes.

2. Significant accounting policies (cont'd)

h) Financial assets (cont'd)

Subsequent measurement

i) Debt instruments

Debt instruments include cash and cash equivalents and trade and sundry receivables (excluding prepayments). These are subsequently measured at amortised cost or fair value through other comprehensive income depending on the Society's business model for managing the asset and cash flow characteristics of the asset.

Amortised cost

The Society measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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.

Fair value through other comprehensive income ("FVOCI")

The Society measures debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Movements in fair values for debt instruments at FVOCI are recognised in other comprehensive income and accumulated in fair value reserve, except for the recognition of impairment gains and losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment and presented in "other income/expenses". Interest income from the financial assets is recognised in profit or loss using the EIR method.

ii) Equity instruments

The Society has designated all of its equity investments that are not held for trading at FVOCI at initial recognition. Gains and losses arising from changes in fair value of these equity investments classified as FVOCI are presented as "fair value gains/losses" in other comprehensive income and accumulated in fair value reserve and will never be reclassified to profit or loss. On disposal of an equity investment, the difference between the carrying amount and sales proceed amount would be recognised in profit or loss except for equity investment designated at FVOCI which would be recognised in other comprehensive income. Fair value reserve relating to the disposed asset would be transferred to retained earnings upon disposal. Dividends from equity investments are recognised in profit or loss and presented in "other income". Equity investments classified as FVOCI are not subject to impairment assessment.

2. Significant accounting policies (cont'd)

h) Financial assets (cont'd)

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, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income, and does not reduce the carrying amount of the financial asset in the statement of financial position.

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.

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.

2. Significant accounting policies (cont'd)

k) Financial liabilities

Financial liabilities include lease liabilities and sundry payables and accruals. 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 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.

When the Society is the lessee

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.

2. Significant accounting policies (cont'd)

m) Leases (cont'd)

Lease liabilities (cont'd)

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.

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.

2. Significant accounting policies (cont'd)

o) Critical judgement in applying the Society's accounting policies

In the process of applying the Society's accounting policies, which are described in Note 2, management has made the following judgement that has the most significant effect on the amounts recognised in the financial statements.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For lease of its premise, the factor that is considered to be most relevant is that there will be costs and business disruption required to replace the leased asset if the Society was to relocate to another leased premise.

Management has included the lease payments for the extension period in the calculation of the lease liabilities and the right-of-use assets as management is reasonably certain that they will exercise the option to extend the lease on the due date (Note 7).

As at 31 August 2021, included in lease liabilities and right-of-use assets are carrying amounts of \$2,326,307 (2020: 410,235) and \$2,397,501 (2020: 418,636) respectively relating to the extension period disclosed in Note 7. The potential cash outflows in respect of the extension period are \$2,668,752 (2020: \$443,259).

The assessment of reasonable certainty to exercise extension options is only revised if a significant change in circumstances occurs which affects this assessment, and that is within the control of the lessee.

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 \$1,875,300 (2020: \$552,166) were received during the financial year.

4. Net loss from BB Shop

	2021 \$	2020 \$
Sales of BB merchandise	205,795	176,945
Costs of merchandise	(158,790)	(138,349)
Staff and related costs (Note 5)	(31,123)	(47,481)
Repair and maintenance	(12,000)	(13,359)
Inventories written off	(17,180)	—
Others	(4,892)	(4,690)
	(223,985)	(203,879)
Net loss	(18,190)	(26,934)

5. Salaries, bonus, CPF and SDF

	2021	2020
	\$	\$
Salaries and related costs:		
- Key management personnel	222,950	229,500
- Staff	632,720	710,965
CPF:		
- Key management personnel	32,590	28,815
- Staff	91,189	109,433
	979,449	1,078,713

Represented by staff costs charged to:

	Note	2021	2020
		\$	\$
Accumulated Fund		894,950	958,319
BB Share-A-Gift Fund	13(ii)	53,376	64,287
Community Services Fund	13(iii)	-	8,426
		948,326	1,031,032
BB Shop	4	31,123	47,481
Programme activities		-	200
		979,449	1,078,713

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

	Number of executives	
	2021	2020
<i>Salaries and benefits bands for key management personnel of the Brigade Office</i>		
Between \$100,001 - \$150,000	2	2

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	Total	2020
	\$	Campsite	2021	\$
		\$	\$	
Cost	241,409	212,402	453,811	467,236
Accumulated depreciation	(240,536)	(212,180)	(452,716)	(433,345)
	873	222	1,095	33,891

6. Plant and equipment (cont'd)

	Office equipment \$	Computers \$	Air- conditioners \$	Renovation \$	Total \$
Society					
2021					
Cost					
Balance at 1.9.2020	34,651	87,780	39,382	93,021	254,834
Written off	—	(13,425)	—	—	(13,425)
Balance at 31.8.2021	34,651	74,355	39,382	93,021	241,409
Accumulated depreciation					
Balance at 1.9.2020	32,811	75,592	39,382	92,662	240,447
Depreciation charge	967	12,188	—	359	13,514
Written off	—	(13,425)	—	—	(13,425)
Balance at 31.8.2021	33,778	74,355	39,382	93,021	240,536
Net carrying value					
As at 31.8.2021	873	—	—	—	873
2020					
Cost					
Balance at 1.9.2019	32,901	71,756	39,382	93,021	237,060
Additions	1,750	16,024	—	—	17,774
Balance at 31.8.2020	34,651	87,780	39,382	93,021	254,834
Accumulated depreciation					
Balance at 1.9.2019	31,798	68,709	39,382	91,941	231,830
Depreciation charge	1,013	6,883	—	721	8,617
Balance at 31.8.2020	32,811	75,592	39,382	92,662	240,447
Net carrying value					
As at 31.8.2020	1,840	12,188	—	359	14,387

6. Plant and equipment (cont'd)

	Office equipment \$	Campsite equipment and canoes \$	Furniture and fittings \$	Renovation \$	Total \$
BB/GB Campsite 2021 Cost					
Balance at 1.9.2020 and 31.8.2021	1,007	59,321	17,874	134,200	212,402
Accumulated depreciation					
Balance at 1.9.2020	1,007	58,654	17,874	115,363	192,898
Depreciation charge (Note 13(i))	–	445	–	18,837	19,282
Balance at 31.8.2021	1,007	59,099	17,874	134,200	212,180
Net carrying value As at 31.8.2021	–	222	–	–	222
2020 Cost					
Balance at 1.9.2019	1,007	58,431	17,874	134,200	211,512
Additions	–	890	–	–	890
Balance at 31.8.2020	1,007	59,321	17,874	134,200	212,402
Accumulated depreciation					
Balance at 1.9.2019	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	1,007	58,654	17,874	115,363	192,898
Net carrying value As at 31.8.2020	–	667	–	18,837	19,504

7. Right-of-use assets and lease liabilities

The Society as a lessee

Nature of the Society's leasing activities

The Society's leasing activities comprise the following:

The Society and BB/GB Campsite leases its office premises from non-related parties. Their leases have a tenure of 3 years.

The Society's lease at its old premise at Ganges Avenue expired on 31 December 2020 and there was no option in the lease agreement to extend the lease. In 2020, the Society had capitalised the lease payments of its existing lease at Ganges Avenue up to 31 December 2020. However, the Society's new premise at Kwong Avenue was not ready for use and the Society had to extend its lease at Ganges Avenue for another 9 months up to 30 September 2021. These 9 months payments for the extended lease period were capitalised during the financial year as right-of-use asset and lease liability.

The Society's new lease at Kwong Avenue commenced on 1 March 2021 for a period of 3 years up to 28 February 2024. The Society has the option to extend the lease for another 3 years up to 28 February 2027 when the existing lease expires and a further option to extend the lease thereafter up to 31 March 2029. During the financial year, the Society capitalised the lease payments for its existing tenure at Kwong Avenue together with the lease payments for the extended the lease for another 3 years up to 28 February 2027 as it was not certain that it would renew the lease after 28 February 2027.

BB/GB Campsite has an option to renew its existing lease for a further 1 year up to 31 December 2024 and in 2020, it had capitalised the lease payments for its existing lease together with the lease payments for the extended period of 1 year up to 31 December 2024.

The Society and the BB/GB Campsite separately received a full TOL grant from the Ministry of Education on the lease payments.

The maturity analysis of the lease liabilities is disclosed in Note 15(b).

Information about leases for which the Society is a lessee is presented below:

Amounts recognised in balance sheet

	2021 \$	2020 \$
<u>Carrying amount of right-of-use assets</u>		
Office premises	2,010,655	90,189
BB/GB campsite	315,652	320,046
	<u>2,326,307</u>	<u>410,235</u>
<u>Carrying amount of lease liabilities</u>		
Non-current	1,942,643	233,292
Current	454,858	185,344
	<u>2,397,501</u>	<u>418,636</u>

7. **Right-of-use assets and lease liabilities (cont'd)**

Amounts recognised in balance sheet (cont'd)

	2021 \$	2020 \$
Additions to right-of-use assets	2,168,546	803,966
Modification of lease arrangement	296,127	–

Amount recognised in statement of financial activities

	2021 \$	2020 \$
<u>Depreciation charge for the year</u>		
Office premises	453,466	270,568
BB/GB campsite	95,135	96,014
	<u>548,601</u>	<u>366,582</u>

Lease expense not included in the measurement of lease liabilities

Rent concessions from lessors, included in government grants income	(98,732)	(127,914)
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Interest expense on lease liabilities	<u>62,609</u>	<u>25,562</u>
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Reconciliation of movements of lease liabilities to cash flows arising from financing activities:

	2021 \$	2020 \$
Balance at 1 September	418,636	776,817
Changes from financing cash flows:		
- interest paid	(62,609)	(25,562)
- repayments	(425,458)	(358,181)
Non-cash changes:		
- interest expense	62,609	25,562
- new leases	2,108,196	–
- lease modification	296,127	–
Balance at 31 August	<u>2,397,501</u>	<u>418,636</u>

Total cash flows for leases of the Society amounted to \$488,067 (2020: \$383,743).

As at 31 August 2021 and 31 August 2020, the Society does not have any commitments for short-term leases.

8. Financial assets at fair value through other comprehensive income ("FVOCI")

	2021 \$	2020 \$
Non-current		
Quoted bonds, at FVOCI	1,027,388	—
Quoted fund, at FVOCI	372,000	—
Cash placed in money market fund	113,260	—
	<u>1,512,648</u>	<u>—</u>

These represent quoted investments in bonds and quoted fund in Singapore. The average coupon rate received on the bonds was 3.74% (2020: Nil) per annum. The bonds have maturity dates ranging from 2026 to 2027.

Movement in financial assets at FVOCI:

	2021 \$	2020 \$
Balance at 1 September	—	—
Additions	1,517,764	—
Fair value changes:		
- loss from quoted debt instruments	(3,364)	—
- loss from quoted fund	(1,752)	—
Balance at 31 August	<u>1,512,648</u>	<u>—</u>

9. Sundry receivables and prepayments

	2021 \$	2020 \$
Advances	3,000	2,000
Sundry deposits	309,892	106,642
Prepayments	31,467	45,847
Sundry receivables	—	34,589
Grant receivable	—	41,312
	<u>344,359</u>	<u>230,390</u>

In 2020, the grant receivable of \$41,312 represented amount due from the government under the Jobs Support Scheme ("JSS"). Under JSS, the Singapore Government will co-fund gross monthly wages paid to each local employee who are Singapore citizen and permanent residents through cash subsidies with the objective of helping employers retain local employees during the period of economic uncertainty due to COVID-19 pandemic.

Government grant income of \$126,750 (2020: \$137,573) was recognised during the financial year under the JSS and is included in income in the Statement of Financial Activities under government grants.

10. Cash and cash equivalents

	2021 \$	2020 \$
Fixed deposits	104,006	2,872,446
Cash and bank balances	4,547,044	1,701,634
	<u>4,651,050</u>	<u>4,574,080</u>

Fixed deposits earned interest at rates ranging from 0.2% and 0.25% (2020: 0.30% to 2.00%) per annum at the balance sheet date and mature within 3 months (2020: 9 months) from the balance sheet date.

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

	2021 \$	2020 \$
Cash and bank balances	1,394,807	953,646

11. Provision for reinstatement costs

	2021 \$	2020 \$
<i>Non-current</i>		
Provision for reinstatement costs for BB/GB Campsite	7,800	7,800
Provision for reinstatement costs for the Society	60,350	-
	<u>68,150</u>	<u>7,800</u>
<i>Current</i>		
Provision for reinstatement costs for the Society	22,850	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:

	Months	
	2021	2020
The Boys' Brigade in Singapore	67	4
BB Sembawang Campsite	40	40

12. Sundry payables and accruals

	2021 \$	2020 \$
Accrued operating expenses	142,518	135,043
Advance and deposits	445	12,528
Amount due to BB/GB Campsite	—	9,922
Deferred grant	—	85,960
	142,963	243,453

In 2020, the deferred grant of \$85,960 represented government grant received/receivable under the JSS which were to co-fund the employees' wages for the period after 2020 (Refer to Note 9).

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) \$	BBHQ Development Fund (vi) \$	Total \$
2021							
Cash donations	—	571,740	—	—	—	252,441	824,181
Grants	109,784	—	—	—	—	—	109,784
Rental income	22,526	—	—	—	—	—	22,526
Interest income	1,641	—	—	—	—	—	1,641
Other income	1,852	—	—	—	—	—	1,852
Total income	135,803	571,740	—	—	—	252,441	959,984
Less: expenditure							
Staff costs (Note 5)	—	53,376	—	—	—	—	53,376
Depreciation (Note 6,7)	114,417	—	—	—	—	—	114,417
Interest expense	14,381	—	—	—	—	—	14,381
Office supplies	1,348	20	—	—	—	—	1,368
Programme related expenses	—	34,920	—	—	10,303	—	45,223
Public wish fulfilment purchases	—	256,243	—	—	—	—	256,243
Others	22,487	2,416	—	300	—	36,042	61,245
Total expenditure	152,633	346,975	—	300	10,303	36,042	546,253
Net surplus/(deficit) for the year	(16,830)	224,765	—	(300)	(10,303)	216,399	413,731
Inter-division elimination	(92,335)	—	—	—	—	—	(92,335)
Transfer of funds	(109,165)	224,765	—	(300)	(10,303)	216,399	321,396
Balance at 1 September 2020	—	(6,900)	—	—	—	17,500	10,600
Balance at 31 August 2021	229,845	711,342	105,177	66,796	70,331	—	1,183,491
Balance at 31 August 2021	120,680	929,207	105,177	66,496	60,028	233,899	1,515,487

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 \$
2020						
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
Total income	194,684	214,313	6,354	—	4,700	420,051
Less: expenditure						
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
Total expenditure	161,211	213,149	8,426	300	11,245	394,331
Net surplus/(deficit) for the year	33,473	1,164	(2,072)	(300)	(6,545)	25,720
Inter-division elimination	(87,415)	—	—	—	—	(87,415)
Transfer of funds	(53,942)	1,164	(2,072)	(300)	(6,545)	(61,695)
Balance at 1 September 2019	283,787	723,198	107,249	72,096	76,876	1,263,206
Balance at 31 August 2020	229,845	711,342	105,177	66,796	70,331	1,183,491

(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.

(vi) The Fund is set up for the purpose of renovation and repair cost, purchase of furniture, equipment and fittings, training/adventure set-up and equipment, safety and security installation, moving costs and initial community or launch programme.

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:

	2021 \$	2020 \$
<i>BB Sembawang Campsite</i>		
Management fee	90,000	90,000
Activities and programmes related expenses	–	2,585
<hr/>		
<i>Other related parties</i>		
Printing and stationery expense	–	939
Purchases	–	11,290
Activities and programmes related expenses	–	3,135
BB/GB Campsite rental income (Society's 50% share)	–	10,750
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Other related parties represented corporations in which certain of the Brigade Executive members, officers of the Society or their close family members had financial interest or significant influence over these corporations in financial and operating decisions.

15. Financial instruments

a) Categories of financial instruments

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

	2021 \$	2020 \$
<i>Financial assets</i>		
Financial assets at amortised cost	4,963,866	4,711,282
Financial assets at fair value through other comprehensive income	1,512,648	–
<hr/>		
	6,476,514	4,711,282
<hr/>		
<i>Financial liabilities</i>		
Financial liabilities at amortised cost	2,589,437	553,848
<hr/>		

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.

15. Financial instruments (cont'd)

b) Financial risk management (cont'd)

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 15(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.

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 2021 and 31 August 2020 is insignificant, and accordingly no credit loss allowance is recognised as at 31 August 2021 and 31 August 2020.

Foreign exchange risk

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

15. Financial instruments (cont'd)

b) Financial risk management (cont'd)

Liquidity 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.

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 \$
2021			
Other payables	100,936	–	100,936
Provision for reinstatement cost	22,850	68,150	91,000
Lease liabilities	545,634	2,123,118	2,668,752
	669,420	2,191,268	2,860,688
2020			
Other payables	104,562	–	104,562
Provision for reinstatement cost	22,850	7,800	30,650
Lease liabilities	197,991	245,268	443,259
	325,403	253,068	578,471

16. Fair value of assets and liabilities

a) Fair value hierarchy

The tables below analyse the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

- a) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (ie derived from prices); and
- c) Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

16. Fair value of assets and liabilities (cont'd)

b) Fair value measurements of assets and liabilities that are measured at fair value

The following table presents the level of fair value hierarchy for the Society's financial assets measured at fair value at the balance sheet at 31 August 2021.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<i>Recurring fair value measurements</i>				
2021				
Financial assets				
Financial assets at fair value through other comprehensive income ("FVOCI")	1,512,648	-	-	1,512,648

c) Determination of fair values

The fair values of financial assets at FVOCI have been determined for measurement and/or disclosure purposes based on market prices from a financial institution and is classified within Level 1.

d) Others

Other than the above, the carrying amounts of financial assets and liabilities recorded in the financial statements of the Society approximate their fair values.

17. 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 for 2021 remains unchanged from 2020.

18. Capital commitment

As at 31 Aug 2021, the Brigade Executive approved but not contracted for a capital expenditure of \$1,100,000 (2020: Nil) for the development of its new premises at 10 Kwong Avenue, Singapore 348884.

19. Authorisation of financial statements

The financial statements of the Society for the financial year ended 31 August 2021 were authorised for issue in accordance with a resolution of the Brigade Executive dated 26 November 2021.