Singapore Management University Alumni Association
(Registration Number: T05SS0182A)

Statement by the Management Committee and Financial Statements
Financial Year Ended 31 December 2019

KLP LLP
CHARTERED ACCOUNTANTS
Associated worldwide with Abacus Worldwide
13A MacKenzie Road Singapore 228676
Tel: 6227 4180 Fax: 6324 0213

Members of the Management Committee

The members of the Management Committee of Association in office at the date of this report are as follows:

Name	Designation
Joy Lim Ai Ping	President
Wong Ai Hui Ivy	Vice-President
Mui Jie Min Benjamin	Vice-President
Neo Shu Ting Vivian Alexis	Treasurer
Cherie Neo	Head of Memberships
Claressa Sim Zhen Li	Honorary General Secretary
Lee Kang Wee	Head of Partnerships

Registered Office

81 Victoria Street Level 6
Singapore Management University
Administration Building
Singapore 188065

Auditor

KLP LLP

Principal Banker

OCBC Bank

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We state that, in the opinion of the Management Committee,

(a) the financial statements of the Association are drawn up so as to give a true and fair view of the financial position of the Association as at 31 December 2019 and the financial performance, changes in accumulated fund and cash flows of the Association for the year then ended; and

(b) at the date of this statement, having regard to the financial support from University Company, there are reasonable grounds to believe that the Association will be able to pay its debts as and when they fall due.

On behalf of the Management Committee,

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Joy Lim Ai Ping
President

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Neo Shu Ting Vivian Alexis
Treasurer

Singapore, 23 September 2020

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Independent Auditor's Report to the members of Singapore Management University Alumni Association

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Singapore Management University Alumni Association (the "Association"), which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in accumulated fund and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Association as at 31 December 2019 and of the financial performance, changes in equity and cash flows of the Association for the year ended on that date.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1 in the financial statements, which indicates that the Association incurred a net loss of S$134,019 during the year ended 31 December 2019 and, as of that date, the Association's total liabilities exceeded its total assets by S$355,841. As stated in Note 2.1, these events or conditions, along with other matters as set forth in Note 2.1, indicate that a material uncertainty exists that may cast significant doubt on the Association's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management Committee is responsible for the other information. The other information comprises the Statement by Management Committee set out on page 1.

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

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

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Independent Auditor's Report to the members of Singapore Management University Alumni Association (continued)

Responsibilities of Management Committee for the Financial Statements

Management Committee is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Societies Act, Chapter 311 (the Societies Act) and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

The Management Committee's responsibilities include overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level 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 Association's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management Committee.

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Independent Auditor's Report to the members of Singapore Management University Alumni Association (continued)

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

- Conclude on the appropriateness of Management Committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

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KLP LLP
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KLP LLP
Public Accountants and
Chartered Accountants

Singapore, 23 September 2020

Singapore Management University Alumni Association
Statement of Financial Position
As at 31 December 2019

	Note	2019	2018
		S$	S$
Assets			
Non-current assets			
Property, plant and equipment	4	1,141	115,255
Current assets			
Inventories	5	-	13,868
Trade and other receivables	6	19,356	30,326
Prepayments		382	14,346
Cash and bank balances	7	16,671	24,921
		36,409	83,461
Total assets		37,550	198,716
Fund and liabilities			
Fund			
Accumulated deficit		(355,841)	(221,822)
Total fund		(355,841)	(221,822)
Non-current liabilities			
Loan from related University Company	8	233,223	239,581
Current liabilities			
Trade and other payables	9	150,459	80,265
Contract liabilities	10	3,351	4,438
Amount due to related parties	11	-	90,010
Loan from related University Company	8	6,358	6,244
		160,168	180,957
Total liabilities		393,391	420,538
Total fund and liabilities		37,550	198,716

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

Singapore Management University Alumni Association
Statement of Comprehensive Income
As at 31 December 2019

	Note	2019	2018
		S$	S$
Revenue	12	459,793	1,120,365
Other income	13	77,085	22,122
Other items of expense			
Change in inventories		(13,868)	(5,948)
Purchases and other related costs		(103,292)	(417,634)
Depreciation of property, plant and equipment	4	(38,667)	(81,449)
Staff and related costs	14	(278,062)	(548,835)
Rental		(14,664)	(47,072)
Other expenses	15	(217,485)	(162,772)
Finance expenses	16	(4,859)	(3,967)
		(670,897)	(1,267,677)
Loss before income tax		(134,019)	(125,190)
Income tax expense	17	-	-
Loss after tax and total comprehensive loss for the year		(134,019)	(125,190)

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

Singapore Management University Alumni Association
Statement of Changes in Accumulated Fund
For the financial year ended 31 December 2019

	Accumulated deficit S$
Balance as at 1 January 2018	(96,632)
Total comprehensive loss for the year	(125,190)
Balance as at 31 December 2018	(221,822)
Total comprehensive loss for the year	(134,019)
Balance as at 31 December 2019	(355,841)

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

Singapore Management University Alumni Association
Statement of Cash Flows
For the financial year ended 31 December 2019

	2019	2018
	S$	S$
Cash flows from operating activities		
Loss before income tax	(134,019)	(125,190)
Adjustments for:		
Loss on property, plant and equipment written-off	75,447	-
Depreciation of property, plant and equipment	38,667	81,449
Operating cash flows before changes in working capital	(19,905)	(43,741)
Changes in working capital:		
Inventories	13,868	5,948
Trade and other receivables	10,970	3,725
Prepayments	13,964	(12,596)
Trade and other payables	70,194	(83,470)
Contract liabilities	(1,087)	549
Net cash flows generated from/(used in) operating activities	88,004	(129,585)
Cash flows from investing activity		
Purchase of property, plant and equipment	-	(6,761)
Net cash flows used in investing activity	-	(6,761)
Cash flows from financing activities		
Amount due to related parties	(90,010)	(25,000)
Proceeds of loan from related University Company	(6,244)	95,825
Net cash flows generated from financing activities	(96,254)	70,825
Net decrease in cash and bank balances	(8,250)	(65,521)
Cash and bank balances at the beginning of year	24,921	90,442
Cash and bank balances at the end of year (Note 7)	16,671	24,921

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

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

1. General

Singapore Management University Alumni Association (the "Association") is registered in Singapore under the Singapore Societies Act with its registered office and principal place of business at 81 Victoria Street Level 6, Singapore Management University, Administration Building, Singapore 188065.

The principal activities of the Association are to represent the interest of alumni of Singapore Management University ("University Company"), with the aim of promoting the welfare of University Company.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Association have been drawn up in accordance with the Societies Act, Cap. 311, and Financial Reporting Standards in Singapore (FRSs). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (S$), which is the Association's functional currency.

The financial statements of the Association have been prepared on a going concern basis notwithstanding that the Association incurred a net loss of S$134,019 during the year ended 31 December 2019 and, as of that date, the Association's total liabilities exceeded its total assets by S$355,841. These factors indicate the existence of a material uncertainty which may cast significant doubt over the Association's ability to continue as a going concern.

If the Association is unable to continue in operational existence for a for the foreseeable future, the Association may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that the assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Association may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Association has adopted all the new and revised standards which are relevant to the Association and are effective for annual financial periods beginning on or after 1 January 2019. Except for the adoption of FRS 116 *Leases*, the adoption of these standards did not have any material effect on the financial performance or position of the Association.

2. Summary of significant accounting policies (continued)

2.2 Adoption of new and amended standards and interpretations (continued)

FRS 116 *Leases*

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

The Associate has lease contract for premise. Before the adoption of FRS 116, the Associate classified each of its leases (as lessees) at the inception date as either a finance lease or an operating lease.

Upon adoption of FRS 116, the Associate applied the “short-term leases” recognition exceptions for the lease.

2.3 Standards issued but not yet effective

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

The following standards that have been issued but not yet effective are as follows:

Description	*Effective for annual periods beginning on or after*
Amendments to References to the Conceptual Framework in FRS Standards	1 January 2020
Amendments to FRS 1 and FRS 8 *Definition of Material*	1 January 2020

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

2.4 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Management Committee.

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

	Years
Office equipment	3
Furniture and fittings	3
Kitchen equipment	3
Renovation	3

2. Summary of significant accounting policies (continued)

2.4 Property, plant and equipment (continued)

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

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

2.5 Impairment of non-financial assets

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

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

Impairment losses are recognised in profit or loss.

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

2.6 Financial instruments

(a) Financial assets

Initial recognition and measurement

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

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

Trade receivables are measured at the amount of consideration to which the Association expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

A financial asset is subsequently measured at amortised cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. Summary of significant accounting policies (continued)

2.6 Financial instruments (continued)

(a) Financial assets (continued)

Subsequent measurement (continued)

Subsequent to initial recognition, the financial asset at amortised cost are measured using the effective interest method and is subject to impairment. Gains or losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Derecognition

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

(b) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

Derecognition

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

2.7 Impairment of financial assets

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

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

2. Summary of significant accounting policies (continued)

2.7 Impairment of financial assets (continued)

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

The Association considers a financial asset at risk when contractual payments are 60 days past due. However, in certain cases, the Association may also consider a financial asset to be in default when internal or external information indicates that the Association is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Association. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.8 Cash and bank balances

Cash and bank balances are subject to an insignificant risk of changes in value.

2.9 Inventories

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

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

2.10 Revenue recognition

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

Revenue is recognised when the Association satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Membership subscription fees

Membership subscription fees are recognised over time. Revenue is recognised in the period the in which the services are provided by the Association.

(b) Events income

The Association allows the members to held events in the bistro. Revenue is recognised at a point in time when the event is held. A corresponding receivable is recognised for the consideration that is unconditional when only the passage of time is required before payment is due.

(c) Sale of food and beverage

The Association sells food and beverage in the bistro to its customers. Revenue is recognised at a point in time when control of the goods is transferred to the end customers.

2. Summary of significant accounting policies (continued)

2.11 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Grants related to income may be presented as a credit in profit or loss, either separately or under a general heading such as “other income”.

2.12 Employee benefits

Defined contribution plans

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

Short-term employee benefits

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

2.13 Leases

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

The Company 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.

As lessee

Short-term leases and leases of low-value assets

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

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

As lessee

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2. Summary of significant accounting policies (continued)

2.14 Taxes

(a) Current income tax

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

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

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. There is no deferred tax at the reporting date.

3. Significant accounting judgments and estimates

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

3.1 Judgments made in applying accounting policies

The Management Committee are of the opinion that there are no significant judgments made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.2 Key sources of estimation of uncertainty

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

3. Significant accounting judgments and estimates (continued)

3.2 Key sources of estimation of uncertainty (continued)

(a) Provision for expected credit losses of trade receivables

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

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Association's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Association's trade receivables is disclosed in Note 21.

The carrying amount of the Association's trade receivables as at 31 December 2019 was S$9,382 (2018: S$18,607).

(b) Useful lives of property, plant and equipment

The useful life of an item of property, plant and equipment is estimated at the time the asset is acquired and is based on historical experience with similar assets and takes into account anticipated technological or other changes. If changes occur more rapidly than anticipated or the asset experiences unexpected level of wear and tear, the useful life will be adjusted accordingly. The carrying amount of the Company's property, plant and equipment at 31 December 2019 was S$1,141 (2018: S$115,255).

4. Property, plant and equipment

	Office equipment	Furniture and fittings	Kitchen equipment	Renovation	Total
	S$	S$	S$	S$	S$
Cost					
At 1 January 2017	22,036	86,978	71,187	138,415	318,616
Additions	5,113	280	1,368	-	6,761
At 31 December 2018	27,149	87,258	72,555	138,415	325,377
Written-off	(16,518)	(87,258)	(72,555)	(138,415)	(314,746)
At 31 December 2019	10,631	-	-	-	10,631
Accumulated depreciation					
At 1 January 2017	9,402	40,880	35,928	42,463	128,673
Depreciation	7,435	28,728	24,399	20,887	81,449
At 31 December 2018	16,837	69,608	60,327	63,350	210,122
Depreciation	5,293	13,982	7,208	12,184	38,667
Written-off	(12,640)	(83,590)	(67,535)	(75,534)	(239,299)
At 31 December 2019	9,490	-	-	-	9,490
Carrying amount					
At 31 December 2018	10,312	17,650	12,228	75,065	115,255
At 31 December 2019	1,141	-	-	-	1,141

5. Inventories

	2019 S$	2018 S$
Statement of financial position:		
Liquors, beer, wine and sake	-	13,868
Statement of comprehensive income:		
Inventories recognised as an expense in purchase and other related costs	32,038	199,150

6. Trade and other receivables

	2019 S$	2018 S$
Trade receivables:		
- third parties	7,432	13,658
- related party	1,950	4,949
	9,382	18,607
Deposits	9,974	11,479
Other receivables	-	240
	19,356	30,326

Trade receivables are unsecured, non-interest bearing and are generally on 30 days terms (2018: 30 days).

Trade and other receivables are denominated in Singapore Dollars.

Expected credit losses ("ECL")

As at 31 December 2019 and 31 December 2018, there are no allowance for expected credit loss of trade receivables computed based on lifetime ECL.

7. Cash and bank balances

	2019 S$	2018 S$
Cash on hand	2,790	4,187
Cash at bank	13,881	20,734
	16,671	24,921

Cash and bank balances are denominated in Singapore Dollars.

8. Loan from related University Company

	2019	2018
	S$	S$
Current	6,358	6,244
Non-current	233,223	239,581
	239,581	245,825

The details of the loan from related University Company are as follows:

Principal sum	Interest rate	Effective interest rate	Maturity date	Guarantee
S$150,000	2%	2.084%	8 December 2047	Unsecured
S$100,000	2%	2.084%	8 August 2048	Unsecured

Loan from related University Company is granted for working capital purpose and is denominated in Singapore Dollars.

9. Trade and other payables

	2019	2018
	S$	S$
Trade payables		
- third parties	31,533	53,421
- related company	15,416	13,020
	46,949	66,441
Accruals	3,500	9,681
Other payables	100,010	4,143
	150,459	80,265

Trade payables are non-interest bearing and are normally settled on 30 days terms (2018: 30 days).

Other payables are non-trade, unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

Trade and other payables are denominated in Singapore Dollars.

10. Contract liabilities

Contract liabilities relate to the Association's obligation to provide benefits to its members throughout the membership period for which the Association has received association membership revenue. Contract liabilities are recognised as revenue upon the satisfaction of the performance obligation.

11. Amount due to related parties

Amount due to related parties are non-trade, unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

Amount due to related parties are denominated in Singapore Dollars.

12. Revenue

	2019 S$	2018 S$
Types of good or service		
Subscription	147,583	146,265
Events income	96,758	291,054
Sales on food and beverage	215,452	683,046
	459,793	1,120,365
Timing of transfer of good or service		
At a point in time	312,210	974,100
Over time	147,583	146,265
	459,793	1,120,365

On 26 July 2019, the B3 (Burger, Beer, Bistro), an Alumni Café has ceased operation.

13. Other income

	2019 S$	2018 S$
Special employment credit	-	465
Temporary employment credit	-	1,009
Wage credit scheme payout	12,331	16,010
Donation received	49,000	-
Sundry income	15,754	4,638
	77,085	22,122

14. Staff and related costs

	2019 S$	2018 S$
Staff and related costs (including key management personnel)		
Salaries, bonuses and allowances	233,281	459,202
CPF, FWL and SDL	43,774	87,902
Medical fee	591	1,480
Staff welfare	416	251
	278,062	548,835

15. Other expenses

The following items have been included in arriving at other expenses:

	2019	2018
	S$	S$
Accounting fee	8,400	16,974
Credit card charges	8,371	12,144
Commission	3,311	1,878
Consultation fee	4,000	-
Event expenses	2,078	4,588
Furniture & fittings expenses	-	671
Insurance	11,016	3,289
Kitchenware expenses	57	2,365
Loss on property, plant and equipment written-off	75,447	-
Printing & stationery	4,425	4,594
Repair and maintenance	7,178	9,697
Subscription fee	14,830	26,248
Telephone charges	4,785	5,311
Utilities	24,718	43,035

16. Finance expenses

	2019	2018
	S$	S$
Loan interest from University Company	4,859	3,967

17. Income tax expense

Relationship between tax expense and accounting loss

A reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the financial years ended 31 December 2019 and 2018 were as follows:

	2019	2018
	S$	S$
Loss before tax	(134,019)	(125,190)
Income tax rate using the statutory tax rate of 17% (2018: 17%)	(22,783)	(21,282)
Tax effects of:		
Non-deductible expenses	19,400	13,846
Deferred tax asset utilised	(12,826)	-
Deferred tax asset not recognised	16,209	7,436
Income tax expense recognised in profit or loss	-	-

The Association has unrecognised tax losses of S$567,774 (2018: S$472,430) and unabsorbed donation of approximately S$6,250 (2018: S$6,250) at the reporting date which can be carried forward and used to offset against future taxable income in which the losses arose for which no deferred tax asset is recognised due to uncertainty regarding its realisation. The use of these tax losses subject to agreement by the tax authority.

18. Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions with related parties took place at terms agreed between the parties during the financial year:

	2019	2018
	S$	S$
Loan interest from University Company	4,859	3,967
Sales to related University Company	21,311	65,887
Purchases from related party	-	702
Rental from related University Company	13,644	41,081

Compensation of key management personnel

	2019	2018
	S$	S$
Salaries	-	32,500
CPF contributions	-	5,100
	-	37,600

19. Operating lease commitments

Where the Association is a lessee

The Association leases cafe under non-cancellable operating lease agreements.

The future minimum rental payable under non-cancellable operating leases contracted for at the reporting date but not recognised as liability, are as follows:

	2019	2018
	S$	S$
Within one year	-	2,408

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2019 amounted to S$13,644 (2018: S$41,081).

20. Fair values of assets and liabilities

Assets and liabilities not measured at fair value

Cash and bank balances, other receivables, other payables

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

20. Fair values of assets and liabilities (continued)

Assets and liabilities not measured at fair value (continued)

Trade receivables and trade payables

The carrying amounts of these receivables and payables approximate their fair values as they are subject to normal trade credit terms.

Loan from related University Company

The carrying amount of loan from related University Company approximate their fair values as they are subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

Amount due to related parties

Amount due to related parties are measured at cost as the fair value could not be determined.

21. Financial risk management

The Association's activities expose it to a variety of financial risks from its operation. The key financial risks include credit risk, liquidity risk and market risk (including interest rate risk).

The Management Committee reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. It is and has been throughout the current and previous financial year, the Association's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Association's exposure to the abovementioned
financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Association's exposure to these financial risks or the manner in which it manages and measures the risks.

Credit risk

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

The Association has adopted a policy of only dealing with creditworthy counterparties. The Association performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Association considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

21. Financial risk management (continued)

Credit risk (continued)

The Association has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 60 days, default of interest due for more than 30 days or there is significant difficulty of the counterparty.

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

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

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

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

- There is significant difficulty of the debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Association categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

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

Category	Definition of category	Basis for recognising expected credit loss (ECL)
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
II	Amount is <365 days past due or there has been no significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
III	Amount is >365 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL – credit-impaired
IV	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

21. Financial risk management (continued)

Credit risk (continued)

Trade receivables

As at 31 December 2019, the Association has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL for its trade receivables amounting to S$9,382 (2018: S$18,607). The Association determined that the ECL is insignificant.

Other receivables

As at 31 December 2019, the Association recorded other receivables of S$9,974 (2018: S$11,719). The Association assessed the impairment loss allowance of these amounts on a 12-month ECL basis consequent to their assessment and conclusion that these receivables are of low credit risk. Using 12-month ECL, the Association determined that the ECL is insignificant.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Association's performance to developments affecting a particular industry.

Exposure to credit risk

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

Liquidity risk

Liquidity risk refers to the risk that the Association will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Association's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Association's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Association's operations are financed mainly through loan from related University Company. The Management Committee are satisfied that funds are available to finance the operations of the Association.

21. Financial risk management (continued)

Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities

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

	Carrying amount	Contractual cash flows	One year or less	More than one year
	S$	S$	S$	S$
2019				
Financial assets:				
Trade and other receivables	19,356	19,356	19,356	-
Cash and bank balances	16,671	16,671	16,671	-
Total undiscounted financial assets	36,027	36,027	36,027	-
Financial liabilities:				
Loan from related University Company	239,581	313,839	11,103	302,736
Trade and other payables	150,459	150,459	150,459	-
Total undiscounted financial liabilities	390,040	464,298	161,562	302,736
Net undiscounted financial liabilities	(354,013)	(428,271)	(125,535)	(302,736)
2018				
Financial assets:				
Trade and other receivables	30,326	30,326	30,326	-
Cash and bank balances	24,921	24,921	24,921	-
Total undiscounted financial assets	55,247	55,247	55,247	-
Financial liabilities:				
Loan from related University Company	245,825	318,431	11,092	307,339
Trade and other payables	80,265	80,265	80,265	-
Amount due to related parties	90,010	90,010	90,010	-
Total undiscounted financial liabilities	416,100	488,706	181,367	307,339
Net undiscounted financial liabilities	(360,853)	(433,459)	(126,120)	(307,339)

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Association's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Association's financial instruments will fluctuate because of changes in market interest rates. The Association's exposure to interest rate risk arises primarily from their loan to related University Company and cash and bank balances.

The Association does not expect any significant effect on the Association's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the financial year.

22. Financial instruments by category

At the reporting date, the aggregate carrying amounts of financial assets at amortised cost and financial liabilities at amortised cost were as follows:

	2019 S$	2018 S$
Financial assets measured at amortised cost		
Trade and other receivables (Note 6)	19,356	30,326
Cash and bank balances (Note 7)	16,671	24,921
Total financial assets measured at amortised cost	36,027	55,247
Financial liabilities measured at amortised cost		
Loan from related University Company (Note 8)	239,581	245,825
Trade and other payables (Note 9)	150,459	80,265
Amount due to related parties (Note 11)	-	90,010
Total financial liabilities measured at amortised cost	390,040	416,100

23. Fund management

The primary objective of the Association's capital management is to safeguard the entity's ability to continue as a going concern. The University Company has undertaken not to recall the amounts due to them until such time the Associate is in the position to repay these amounts without impairing its liquidity position and to provide continuing financial support and adequate funds to enable the Associate to meet its liabilities as and when they fall due.

No changes were made in the objectives, policies or processes during the financial year ended 31 December 2019 and 31 December 2018.

The Association's overall strategy remains unchanged from 2018.

24. Events occurring after the reporting period

On 3 April 2020, Singapore announced a stringent set of preventives measured collectively called a "circuit breaker", to be applied from 1 April to 4 May, in response to the growing number of new cases. The circuit breaker was extended to 1 June on 21 April following continued untraced transmission within the community.

The Coronavirus Disease (COVID-19) outbreak and the measures taken to contain the spread of the pandemic have created a high level of uncertainty to global economic prospects and this has impacted the Association's operations and its financial performance subsequent to the financial year end.

As the situation continues to evolve with significant level of uncertainty, the Association is unable to reasonably estimate the full financial impact of the COVID-19 outbreak. The Association is monitoring the situation closely and to mitigate the financial impact, the Association is adopting an operating cost reduction strategy. The Association expects the support measures introduced by the Singapore Government to help cushion the cash flows impact of the Association.

25. Comparative figures

Change in reclassification

During 2019, the Association has modified the classification of other expenses to reflect more appropriately for current year presentation. Comparative amounts in the statement of comprehensive income were reclassed for consistency. As a result, S$4,859 was classified from "other expenses" to "finance expenses".

26. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2019 were authorised for issue by the Management Committee on the date of the Statement by the Management Committee.