

*Committee's Statement and
Audited Financial Statements*

Library Association Of Singapore
(UEN. S65SS0038H)

For the year ended 31 December 2019

General Information

Committee

President	: Tan Chui Peng
Vice President	: Sadie-Jane Nunis
Honorary Treasurer	: Gandhimathy Durairaj
Honorary Secretary	: Joanne Koh
Assistant Honorary Secretary	: Yuan Ye
Council Member	: Fong Ying Yi
Council Member	: Kong Leng Foong
Council Member	: Noverinda Bella Ratmelia
Council Member	: Rindra Ramli
Council Member	: Zubaidah Mohsen

Independent Auditor

HLB Atrede LLP


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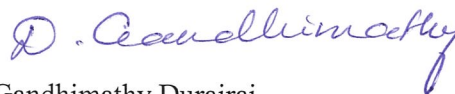
Statement by the Committee

- (a) We, Tan Chui Peng and Gandhimathy Durairaj, being two committee members of the Board of Libarary Association of Singapore (“ the Association”), do hereby state that, in the opinion of the Committee, the accompanying balance sheet, statement of comprehensive income, statement of changes in fund and cash flow statement together with notes thereto are drawn up with provision of the Societies Act, Chapter 311 and Singapore Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Association as at 31 December 2019 and the results, statement of changes in fund and cash flows of the Association for the financial year ended on that date; and
- (b) at the date of this statement, 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 Committee,



Tan Chui Peng
President



Gandhimathy Durairaj
Honorary Treasurer

Singapore
2 June 2020

**Independent Auditor's Report
to the members of Library Association of Singapore
(UEN. S65SS0038H)**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Library Association of Singapore (the Association), which comprise the balance sheet as at 31 December 2019, and the statement of comprehensive income, statement of changes in fund and cash flow statement 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, Chapter 311 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to present fairly, in all material respects, the state of affairs of the Association as at 31 December 2019 and of the financial performance, changes in fund 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.

Responsibilities of Committee for the Financial Statements

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

**Independent Auditor's Report
to the members of Library Association of Singapore – continued
(UEN. S65SS0038H)**

Responsibilities of Committee for the Financial Statements (continued)

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

The committees are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

**Independent Auditor's Report
to the members of Library Association of Singapore – continued
(UEN. S65SS0038H)**

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

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

We communicate with the 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 Societies Regulation enacted under the Act to be kept by the Association have been properly kept in accordance with those regulations.

A handwritten signature in blue ink, appearing to read 'J. Atrede'.

HLB Atrede LLP
Public Accountants and
Chartered Accountants

Singapore
2 June 2020

20 Peck Seah Street #04-00
Singapore 079312

t: +65 6323 1928
f: +65 6225 3884

www.hlbatrede.com

Library Association of Singapore
(UEN. S65SS0038H)

Balance Sheet as at 31 December 2019

	Note	2019 \$	2018 \$
Non-current assets			
Investment securities	4	312,066	285,280
		<u>312,066</u>	<u>285,280</u>
Current assets			
Other receivables	5	1,846	7,323
Fixed deposits	6	298,600	297,623
Cash and cash equivalents		218,873	194,831
		<u>519,319</u>	<u>499,777</u>
Current liabilities			
Accrued liabilities		4,815	16,057
Deferred grants	7	44,241	58,475
Contract liability	8	350	7,780
Tax payable	9	4,192	208
		<u>53,598</u>	<u>82,520</u>
Net current assets		465,721	417,257
Net assets		<u>777,787</u>	<u>702,537</u>
Accumulated fund			
General fund		777,787	702,537
		<u>777,787</u>	<u>702,537</u>

The accompanying accounting policies and explanatory notes form an integral part of financial statements.

Library Association of Singapore
(UEN. S65SS0038H)

Statement of Comprehensive Income for the financial year ended 31 December 2019

	Note	2019 \$	2018 \$
Revenue	10	120,705	64,893
Expenditure	11	(70,388)	(56,059)
Fair value changes in investment securities		29,510	(18,517)
Surplus/(deficit) before tax		79,827	(9,683)
Income tax (expense)/credit	12	(4,577)	551
Surplus/(deficit) after tax		75,250	(9,132)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		75,250	(9,132)

Statement of Changes in Fund
Year ended 31 December 2019

	General fund \$
Balance at 1 January 2018	711,669
Total comprehensive loss for the year	(9,132)
Balance at 31 December 2018	702,537
Total comprehensive income for the year	75,250
Balance at 31 December 2019	777,787

The accompanying accounting policies and explanatory notes form an integral part of financial statements.

Cash Flow Statement for the financial year ended 31 December 2019

	2019	2018
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Income/(loss) before tax	79,827	(9,683)
Adjustments for:		
Interest income	(1,411)	(871)
Income from WLIC grant	181	(9,401)
Income from JCM 2016 grant	(14,415)	(16,623)
Dividend income	(1,279)	(6,222)
Broker's commission	4,003	3,143
Fair value changes in investment securities	(29,510)	18,517
Operating income/(loss) before working capital charges	37,396	(21,140)
Decrease in trade receivable	-	14,140
Decrease/(increase) in other receivable	5,477	(6,644)
(Decrease)/increase in other payables	(11,242)	261
Grant received from JCM 2016	-	45,848
(Decrease)/increase in fee received in advance	(7,430)	2,830
Cash generated from operations	24,201	35,295
Interest received	1,411	871
Income tax paid	(593)	(1,275)
Net cash flows from operating activities	25,019	34,891
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in fixed deposits	(977)	(738)
Increase in investment securities	(1,279)	(6,222)
Dividend received	1,279	6,222
Net cash flows used in investing activities	(977)	(738)
Net increase in cash and cash equivalents	24,042	34,153
Cash and cash equivalents at beginning of year	194,831	160,678
Cash and cash equivalents at end of year	218,873	194,831

The accompanying accounting policies and explanatory notes form an integral part of financial statements.

Note to the Financial Statement – 31 December 2019

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

1. GENERAL

The Library Association of Singapore (“the Association”) was constituted under provision of the Societies Act, Chapter 311.

The registered address is located at 100 Victoria Street #14-01 Singapore 188064.

The principal activity of the Association is to unite and promote the interests of all persons engaged in library and information work and those interested in libraries and information centres.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on the historical cost basis except where otherwise described in the accounting policies below.

The financial statements are presented in Singapore Dollars (SGD or \$) and all values are rounded to the nearest one dollar unless otherwise stated.

The accounting policies adopted are consistent with those used in the previous financial year except in current financial year, the Association has adopted all applicable new and revised standards and Interpretations of FRS (“INT FRS”) that are relevant to its operations and effective for the current financial year. The adoption of these standards and INT FRS did not have any material effect on the financial position or performance of the Association for the current or prior financial years.

Standards issued but not yet effective

The Association has not adopted the following standards and interpretations that are potentially relevant to the Association that has been issued but not yet effective:

	Effective date (Annual periods beginning on or after)
Amendments to FRS 1 and FRS 8: <i>Definition of Material</i>	1 January 2020
Amendments to FRS 109, FRS 39 and FRS 107: <i>Interest Rate Benchmark Reform</i>	1 January 2020
Amendments to References to the Conceptual Framework in FRS Standards, illustrative examples, implementation guidance and FRS Practice Statements	1 January 2020
Revised Conceptual Framework	1 January 2020

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) *Financial instruments*

(i) *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, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

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

Debt instruments

Subsequent measurement of debt instruments depends on the business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

- *Amortised cost*

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

- *Fair value through other comprehensive income (FVOCI)*

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) *Financial instruments (continued)*

(i) *Financial assets (continued)*

Subsequent measurement (continued)

▪ *Fair value through profit or loss*

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Association may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the right to receive payments is established. For investments in equity instruments which the Association has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

Derecognition

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

(ii) *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 fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) *Financial instruments (continued)*

(ii) *Financial liabilities (continued)*

Derecognition

A financial liability is de-recognised 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.

(c) *Impairment of financial assets*

The Association recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. 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 required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, 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.

For debt instruments at fair value through OCI, the Association applies the low credit risk simplification. At every reporting date, the Association evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Association reassesses the internal credit rating of the debt instrument. In addition, the Association considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Association considers a financial asset in default when contractual payments are 90 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.

Note to the Financial Statement – 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) *Impairment of financial assets (continued)*

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (i) significant financial difficulty of the issuer or the borrower;
- (ii) a breach of contract, such as a default or past due event;
- (iii) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (iv) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (v) the disappearance of an active market for that financial asset because of financial difficulties.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Association determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the procedures for recovery of amounts due.

(d) *Contract balances*

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Association performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Association has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Association transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Association performs under the contract.

(e) *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) *Provisions*

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(g) *Revenue*

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

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

(i) *Members' subscriptions*

Members' subscriptions are recognised as revenue in the financial year to which the subscription fee relates.

The members' subscription fee is non-refundable and payable upon membership renewal.

(ii) *Rendering of services*

Revenue from rendering of services that are of short duration is recognised when the services are completed.

(iii) *Interest income*

Interest income is recognised using the effective interest method.

(iv) *Dividend income*

Dividend income is recognised when the Association's right to receive payment is established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) *Government grant*

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

Government grant shall be recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. 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”. Alternatively, they are deducted in reporting the related expenses.

(i) *Taxes*

(i) *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 authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

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

(ii) *Deferred tax*

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

Deferred tax liabilities are recognised for all temporary differences.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) *Taxes (continued)*

(ii) *Deferred tax (continued)*

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

(j) *Related parties*

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Association if that person:
- (i) Has control or joint control over the Association;
 - (ii) Has significant influence over the Association; or
 - (iii) Is a member of the key management personnel of the Association or of a parent of the Association.
- (b) An entity is related to the Association if any of the following conditions applies:
- (i) The entity and the Association are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) Both entities are joint ventures of the same third party;
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Association or an entity related to the Association. If the Association is itself such a plan, the sponsoring employers are also related to the Association;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Note to the Financial Statement – 31 December 2019

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Association's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities, and disclosure of contingent liabilities at the end of each reporting period. However, 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.

(i) *Judgement made in applying accounting policies*

There were no material judgements made by management in the process of applying the Association's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(ii) *Estimates and assumptions*

There were no material key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. INVESTMENT SECURITIES

	2019	2018
	\$	\$
Non-current:		
<i>Fair value through profit or loss (FVTPL):</i>		
Funds placed with fund manager	<u>312,066</u>	<u>285,280</u>

The above instrument offer the Association the opportunities for return through dividend and changes in fair value are measured at fair value through profit or loss.

5. OTHER RECEIVABLES

Deposits	155	155
Interest receivables	923	489
Paypal account	597	6,426
Prepayment	171	253
	<u>1,846</u>	<u>7,323</u>

6. FIXED DEPOSITS

Fixed deposits with financial institutions	<u>298,600</u>	<u>297,623</u>
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Short-term deposits are made for a varying periods of between six months and 12 months depending on the immediate cash requirements of the Association, and earn interests at the respective short term deposit rates. The weighted average effective interest rates as at 31 December 2019 were at 0.2% and 1.4% (2018: 0.2% and 0.6%) per annum.

7. DEFERRED GRANTS

	2019	2018
	\$	\$
WLIC Fund	29,431	29,250
JCM 2016 Fund	14,810	29,225
	<u>44,241</u>	<u>58,475</u>

(i) WLIC Fund

This grant relate to designated donation given to the Association by the Singapore National Committee WLIC 2013. This grant aims to provide financial support to the Association’s members for the opportunity to learn and network through participating in overseas conferences. It will be given to two LAS personal professional members annually to attend IFLA World Library and Information Congress or Satellite Meetings until the grant is depleted.

The movement in WLIC Fund is as follows:

At beginning of year	29,250	38,651
Recognised to profit or loss for the year	181	(9,401)
At end of year	<u>29,431</u>	<u>29,250</u>

(ii) JCM 2016 Fund

This grant relate to designated donation given to Association by the Committee of The 2016 Joint Conference and Meeting (“JCM 2016”). This grant aims to provide professional development activities to the Association’s member until the grant is depleted, or until 31 December 2020, whichever is earlier.

Any unutilised fund balance after 31 December 2020 may be utilised by the Association as it deems fit.

The movement in JCM 2016 Fund is as follows:

At beginning of year	29,225	–
Grant received during the year	–	45,848
Recognised to profit or loss for the year	(14,415)	(16,623)
At end of year	<u>14,810</u>	<u>29,225</u>

8. CONTRACT LIABILITY

Contract liability related to annual subscription fee received in advance from member for subsequent year membership renewal. Contract liability is recognised as revenue when the Association satisfy the performance obligations under its contract.

Note to the Financial Statement – 31 December 2019

9. TAX PAYABLE

	2019 \$	2018 \$
Balance at beginning of year	208	2,034
Current year's tax expense on profit	4,192	208
Income tax paid	(593)	(1,275)
Under/(over) provision in prior year	385	(759)
Balance at end of year	<u>4,192</u>	<u>208</u>

10. REVENUE

Income from royalties	244	–
Income from training	14,400	–
Income from event	32,340	30
Income from sponsorship	24,800	–
Income from publication	–	224
Interest income on fixed deposit	1,411	871
Membership fee	31,000	30,824
Income from advertisement	997	698
Income from WLIC grant	(181)	9,401
Income from JCM 2016 grant	14,415	16,623
Dividend income	1,279	6,222
	<u>120,705</u>	<u>64,893</u>

11. EXPENDITURE

Accounting fee	1,712	1,712
Association membership fee	470	488
Auditor's remuneration	2,140	2,140
Awards and sponsorship	11,700	6,700
Broker's commission	4,003	3,143
Bank charges	120	104
Events	19,976	29,967
Gift and entertainment	–	808
Members' annual meeting	6,230	5,905
Paypal charges	940	1,187
Postage and courier	–	16
Printing and stationery	219	872
Tax fee	910	910
Training expense	20,675	595
Travelling	514	785
Website maintenance	779	727
	<u>70,388</u>	<u>56,059</u>

Note to the Financial Statement – 31 December 2019

12. INCOME TAX (CREDIT)/EXPENSE

(i) *Major components of income tax (credit)/expense*

The major components of income tax (credit)/expense for the years ended 31 December 2019 and 2018 are:

Statement of comprehensive income:

	2019 \$	2018 \$
Current tax	4,192	208
Under/(over) provision in prior year	385	(759)
	<u>4,577</u>	<u>(551)</u>

(ii) *Relationship between tax expense and accounting (deficit)/surplus*

The reconciliation between the tax (credit)/expense and the product of accounting (deficit)/surplus multiplied by the applicable tax rate for the years ended 31 December 2019 and 2018 are as follows:

(Deficit)/surplus before tax	<u>79,827</u>	<u>(9,682)</u>
Tax (benefit)/expense on (deficit)/surplus before tax at 17%	13,570	(1,646)
Adjustments:		
Non-deductible expenses	681	3,682
Income not subject to taxation	(5,017)	–
Under/(over) provision in prior year	385	(759)
Tax exemption	(5,042)	(1,443)
Current year's tax (under)/over provided	–	(385)
Tax (credit)/expense	<u>4,577</u>	<u>(551)</u>

13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Association is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risk is market risk and credit risk. The Association's risk management policies focus on the unpredictability of financial markets and seek to, where appropriate, minimise potential adverse effects on the financial performance of the Association. The Association does not have any written financial risk management policies and guidelines and there has been no change to the Association's exposure to these financial risks or the manner in which it manages and measures the risk.

13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(i) *Market risk*

Market price 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 prices (other than interest or exchange rates). The Association is exposed to market price risk arising from its investment in quoted debts instruments.

At the end of the reporting period, if the market price for the invested debt instruments had been 1000 basis points higher or lower with all other variables held constant, the Association's surplus for the year would have been \$31,207 (2018: \$28,528) higher or lower.

(ii) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Association's exposure to credit risk arises primarily from trade/other receivables. For other financial assets including cash and cash equivalents, the Association minimises credit risk by dealing exclusively with reputable and well-established local and foreign banks, and companies with high credit ratings and no history of defaults.

The Association does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

In order to minimise credit risk, the Association has developed and maintain the Association's credit risk gradings to categorise exposures according to their degree of risk of default. The Association uses other publicly available financial information and the Association's own trading records to rate its major customers and other debtors. The Association exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

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

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and has no realistic prospect of recovery.	Amount is written off

Note to the Financial Statement – 31 December 2019

13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(ii) *Credit risk (continued)*

The tables below detail the credit quality of the Association's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount \$	Loss allowance \$	Net carrying amount \$
2019							
Other receivables	5	N.A.	Performing	12m ECL	1,675	—	1,675
						—	
2018							
Other receivables	5	N.A.	Performing	12m ECL	7,070	—	7,070
						—	

Exposure to credit risk

At the end of the reporting period, the Association's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheet. No other financial assets carry a significant exposure to credit risk.

The Association's other financial assets and liabilities are stated at nominal values and are not subject to significant risk of change in values as there are no significant financial risks involved.

14. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the reporting period by FRS 109 categories:

	2019 \$	2018 \$
<i>Fair value through other comprehensive income (FVOCI)</i>		
Investment securities	312,066	285,280
<i>Financial assets at amortised cost</i>		
Other receivables	1,675	7,070
Fixed deposits	298,600	297,623
Cash and cash equivalents	218,873	194,831
	519,148	499,524
<i>Financial liabilities at amortised cost</i>		
Accrued liabilities	4,815	16,057

Note to the Financial Statement – 31 December 2019

15. FAIR VALUE OF ASSETS AND LIABILITIES

The Association categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Fair value hierarchy

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the CWS can access at the measurement date;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(a) *Fair value of assets that are carried at fair value*

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Quoted prices in active markets for identical instruments (Level 1)	
	2019	2018
	\$	\$
Financial assets:		
<i>Fair value through other comprehensive income (Note 4)</i>		
Investment securities	312,066	285,280

16. FUND MANAGEMENT

The Association's objectives when managing fund are to safeguard its ability to continue as a going concern, to unite and promote the interests of all persons engaged in library, to promote the better administration and management of libraries and information centres and to encourage the establishment, development and use of libraries and information centres in Singapore.

17. EVENTS AFTER THE REPORTING PERIOD

COVID-19 pandemic outbreak

The Coronavirus Disease (COVID-19) outbreak and the measures taken to contain the spread of Covid-19 has created a high level of uncertainty to the near-term global economic prospects and caused disruptions to various businesses. A series of measures to curb the COVID-19 outbreak have been and continue to be implemented in Singapore, including requirements to limit or suspend business operations, travel restrictions and quarantine measures. The Association is taking precautionary measures to deal with the Covid-19 outbreak in accordance with guidelines provided by the Government.

Note to the Financial Statement – 31 December 2019

17. EVENTS AFTER THE REPORTING PERIOD (continued)

As the situation relating to the spread remains dynamic, it is currently not possible to ascertain the full financial impact it may have on the financial performance of the Association for the next financial reporting period.

The Association is closely monitoring the development of the COVID-19 outbreak and its related impact on the businesses. As at the date of these of this financial statements, the Association is not aware of any material adverse effects on the financial statements arising from the COVID-19 outbreak.

18. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the committee on 2 June 2020