

EMCC

(Unique Entity Number: S97SS0164E)

(Registered under the Societies Act, Chapter 311 and Charities Act, Chapter 37)

**AUDITED FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2019**

 **Tan, Chan
& Partners**
CHARTERED ACCOUNTANTS SINGAPORE
26 Eng Hoon Street Singapore 169776
Tel: 6533 7393 Fax: 6533 6831
www.tanchan-cpa.com

EMCC
AUDITED FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2019

Contents	Page
Statement by the Management Committee	1
Independent Auditor's Report	2 - 4
Statement of Financial Position	5
Statement of Financial Activities	6
Statement of Changes in Funds	7
Statement of Cash Flows	8
Notes to the Financial Statements	9 - 31

EMCC


STATEMENT BY THE MANAGEMENT COMMITTEE For the Financial Year Ended 31 December 2019

In the opinion of the Management Committee,

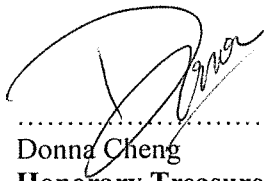
- (a) the financial statements of EMCC (the “Society”) and the notes thereto are properly drawn up in accordance with the provisions of the Societies Act, Chapter 311 (the “Societies Act”), the Charities Act, Chapter 37 and other relevant regulations (the “Charities Act and Regulations”) and Financial Reporting Standards in Singapore (“FRSs”) so as to present fairly, in all material respects, the state of affairs of the Society as at 31 December 2019, and the results, changes in funds, and cash flows of the Society for the financial year ended on that date;
- (b) at the date of this statement, there are reasonable grounds to believe that the Society will be able to pay its debts as and when they fall due; and
- (c) there was no fund-raising appeal held by the society during the financial year.

The Management Committee authorised the issue of these financial statements.

On behalf of the Management Committee:



.....
Dr Kenny Tan Ban Leong
Honorary Chairman



.....
Donna Cheng
Honorary Treasurer

Singapore

Date: 05 August 2020

INDEPENDENT AUDITOR'S REPORT

To the Members of EMCC For the Financial Year Ended 31 December 2019

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of EMCC (the "Society"), which comprise the statement of financial position of the Society as at 31 December 2019, the statement of financial activities, statement of changes in funds, and statement of cash flows of the Society for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act, Chapter 311 (the "Societies Act"), the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to present fairly, in all material respects, the state of affairs of the Society as at 31 December 2019, and the results, changes in funds, and cash flows of the Society for the financial year ended on that date.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprise the Statement by the Management Committee, but does not include financial statements and our auditor's report thereon.

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

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

INDEPENDENT AUDITOR'S REPORT

**To the Members of
EMCC
For the Financial Year Ended 31 December 2019**

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Societies Act, the Charities Act and Regulations and FRSS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

**To the Members of
EMCC
For the Financial Year Ended 31 December 2019**

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

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required to be kept by the Society have been properly kept in accordance with the provisions of the Societies Regulations enacted under the Societies Act, the Charities Act and Regulations.

There was no fund-raising appeal held by the society during the financial year.

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

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



Tan, Chan & Partners
Public Accountants and
Chartered Accountants
Singapore
Date: 05 August 2020

EMCC
STATEMENT OF FINANCIAL POSITION
As at 31 December 2019

	Note	2019 \$	2018 \$
ASSETS			
Non-current asset			
Plant and equipment	4	<u>2,998</u>	<u>2,531</u>
Current assets			
Prepayments		<u>11,180</u>	<u>10,954</u>
Trade and other receivables	5	<u>54,585</u>	<u>74,233</u>
Cash and bank balances	6	<u>1,128,759</u>	<u>966,301</u>
		<u>1,194,524</u>	<u>1,051,488</u>
Total assets		<u><u>1,197,522</u></u>	<u><u>1,054,019</u></u>
LIABILITIES AND FUNDS			
Current liabilities			
Deferred income	7	<u>-</u>	<u>21,594</u>
Trade and other payables	8	<u>62,563</u>	<u>42,045</u>
		<u>62,563</u>	<u>63,639</u>
Funds			
Unrestricted Fund		<u>1,134,959</u>	<u>1,779,721</u>
General Fund			
Restricted Funds			
Tote Board Social Service Fund	9	<u>-</u>	<u>(789,341)</u>
Care and Share Fund	10	<u>-</u>	<u>-</u>
Community Chest Charity Support Fund	11	<u>-</u>	<u>-</u>
		<u>1,134,959</u>	<u>990,380</u>
Total liabilities and funds		<u><u>1,197,522</u></u>	<u><u>1,054,019</u></u>

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

EMCC
STATEMENT OF FINANCIAL ACTIVITIES
For the Financial Year Ended 31 December 2019

	Note	Unrestricted	Restricted			Total Funds	Unrestricted	Restricted		Total Funds
		General Fund	Tote Board Social Service Fund	Care and Share Fund	Community Chest Charity Support Fund		General Fund	Tote Board Social Service Fund	Care and Share Fund	
		2019	2019	2019	2019	2019	2018	2018	2018	2018
		\$	\$	\$	\$	\$	\$	\$	\$	\$
Income from generated funds										
Voluntary income	12	405,141	-	-	-	405,141	132,085	-	-	132,085
Income from charitable activities	13	44,701	403,448	8,325	50,000	506,474	79,526	525,097	101,163	705,786
Activities for generating funds	14	108,073	304,437	-	-	412,510	154,012	264,729	-	418,741
Other income	15	16,993	-	-	-	16,993	30,894	-	-	30,894
Total income		574,908	707,885	8,325	50,000	1,341,118	396,517	789,826	101,163	1,287,506
Less: Costs of generating funds	16	11,263	44,644	53,386	33,070	142,363	8,984	90,740	70,057	169,781
Less: Governance and administrative costs	17	153,737	791,614	62,476	46,349	1,054,176	286,183	774,832	31,106	1,092,121
Total expenditures		165,000	836,258	115,862	79,419	1,196,539	295,167	865,572	101,163	1,261,902
Surplus/(Deficit) for the financial year, representing total comprehensive income/(loss) for the financial year		409,908	(128,373)	(107,537)	(29,419)	144,579	101,350	(75,746)	-	25,604

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

EMCC
STATEMENT OF CHANGES IN FUNDS
For the Financial Year Ended 31 December 2019

	Unrestricted	Restricted			
	General Fund	Tote Board Social Service Fund	Care and Share Fund	Community Chest Charity Support Fund	Total Funds
	\$	\$	\$	\$	\$
As at 01 January 2018	1,678,371	(713,595)	-	-	964,776
Surplus/(Deficit) for the financial year, representing total comprehensive income/(loss) for the financial year	101,350	(75,746)	-	-	25,604
As at 31 December 2018	1,779,721	(789,341)	-	-	990,380
Surplus/(Deficit) for the financial year, representing total comprehensive income/(loss) for the financial year	409,908	(128,373)	(107,537)	(29,419)	144,579
Transfer of fund	(1,054,670)	917,714	107,537	29,419	-
As at 31 December 2019	1,134,959	-	-	-	1,134,959

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

EMCC
STATEMENT OF CASH FLOWS
For the Financial Year Ended 31 December 2019

	Note	2019 \$	2018 \$
Operating activities			
Surplus for the financial year		144,579	25,604
<u>Adjustments for:</u>			
Amortisation of Care and Share Matching Grant	7	(8,325)	(101,163)
Amortisation of President Challenge	7	(13,269)	(39,807)
Depreciation of plant and equipment	4	2,700	7,068
Operating cash flows before working capital changes		125,685	(108,298)
<u>Changes in working capital:</u>			
Prepayments		(226)	475
Trade and other receivables		19,648	21,942
Trade and other payables		20,518	18,187
Cash flows generated from/(used in) operating activities		165,625	(67,694)
Investing activity			
Acquisition of plant and equipment	4	(3,167)	(1,445)
Cash flow used in investing activity		(3,167)	(1,445)
Financing activities			
Receipt of Care and Share Matching Grant	7	-	14,823
Cash flows generated from financing activities		-	14,823
Net changes in cash and cash equivalents		162,458	(54,316)
Cash and cash equivalents at the beginning of the financial year		966,301	1,020,617
Cash and cash equivalents at the end of the financial year	6	1,128,759	966,301

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

EMCC

NOTES TO THE FINANCIAL STATEMENTS For the Financial Year Ended 31 December 2019

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

1. GENERAL INFORMATION

EMCC (the “Society”) is registered under the Societies Act, Chapter 311 and Charities Act, Chapter 37 and is domiciled in the Republic of Singapore. The Society is an approved Institution of Public Character (“IPC”) from 01 April 2018 to 30 September 2020.

The Society’s registered office and place of operation is located at 177, River Valley Road, #05-19, Liang Court, Singapore 179030.

The principal objectives of the Society are:

- (a) To provide mediation and counselling to individuals, families and organisations;
- (b) To organise and participate in conferences, workshops, exhibitions, business and social meetings, lectures and discussions on subjects of interest to practitioners and person interested in mediation and counselling, and also facilitate and conduct research relevant to mediation and counselling;
- (c) To provide training to persons involved in working with people such as skills in counselling, mediation and conflict resolution;
- (d) To serve as a resource for help agencies, schools and other communities in the area of consultation, training and direct services; and
- (e) To publish papers, magazines or journals related to the above with the approval of relevant authorities.

The Management Committee had approved the change of Society’s structure from a Society to a limited by guarantee company as resolved in 21st Annual General Meeting. Consequently, the Management Committee had incorporated Eagles Mediation & Counseling Centre Ltd. (the “Company”) on 12 February 2019. The operation of the Society will be transferred to the Company once the Company acquired its Institute of Public Character (“IPC”) status and the Society will be deregistered upon completion of transfer. As at the date of this report, the Society has not transferred its operation to the Company.

There has been no significant change in the nature of these activities during the financial year.

The financial statements of the Society 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.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standards in Singapore (“FRSs”) under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements of the Society are presented in Singapore dollars (“\$”).

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Society has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2019. The adoption of these new/revised standards and interpretations did not have any material effect on the financial performance or position of the Society, except for the following:

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 Society adopted FRS 116 using the modified retrospective method of adoption with the date of initial application of 01 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application as an adjustment to the opening balance of retained earnings. The Society elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 01 January 2019. Instead, the Society applied the standard only to contracts that were previously identified as leases applying FRS 17 and INT FRS 104 at the date of initial application.

The Society has lease contracts for office premises. Before the adoption of FRS 116, the Society classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. The accounting policy prior to 01 January 2019 is disclosed in Note 2.9.

Upon adoption of FRS 116, the Society applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The accounting policy beginning on and after 01 January 2019 is disclosed in Note 2.9. The standard provides specific transition requirements and practical expedients, which have been applied by the Society.

Leases previously accounted for as operating leases

The Society recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for the leases were recognised based on the carrying amount as if the standard had always been applied, using the incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

EMCC

NOTES TO THE FINANCIAL STATEMENTS For the Financial Year Ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.2 Adoption of new and amended standards and interpretations (cont'd)

FRS 116 Leases (cont'd)

The Society also applied the available practical expedients wherein it:

- used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relied on its assessment of whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review;
- applied the short-term leases exemption to leases with lease term that ends within 12 months of the date of initial application;
- excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

2.3 Standards issued but not yet effective

Certain new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 01 January 2020 and which the Society has not early applied in preparing these financial statements. None of these are expected to have significant impact on the Society's financial statements.

2.4 Presentation and functional currency

Items included in the financial statements of the Society are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements of the Society are presented in Singapore dollars ("S\$") which is the Society's functional currency.

2.5 Plant and equipment

All items of plant and equipment are initially recorded at cost. Subsequent to initial recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use.

EMCC

NOTES TO THE FINANCIAL STATEMENTS For the Financial Year Ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.5 Plant and equipment (cont'd)

Depreciation is computed on a straight-line method over the estimated useful lives of the assets as follows:

	<u>Estimated useful lives</u>
Furniture and fittings	3 years
Office equipment	3 years
Renovation	3 years

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

The residual value, estimated useful lives and depreciation method are reviewed at each reporting period and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the assets is included in statement of financial activities in the period that the assets are derecognised.

2.6 Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell 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. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and written down to its recoverable amount.

Impairment losses are recognised in statement of financial activities.

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 statement of financial activities.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.7 Financial instruments

(a) Financial assets

The Society has debt instruments at amortised cost only.

Initial recognition and measurement

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

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

Trade receivables are measured at the amount of consideration to which the Society 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

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Society's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive income ("FVOCI") and FVPL.

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 effective interest method, less impairment. Gains and losses are recognised in the statement of financial activities when the assets are derecognised or impaired, and through the amortisation process.

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 consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in the statement of financial activities.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.7 Financial instruments (cont'd)

(b) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the statement of financial activities 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 the statement of financial activities.

2.8 Impairment of financial asset

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

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

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

The Society consider a financial asset to be in default when internal or external information indicates that the Society is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancement held by the Society. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.9 Leases

These accounting policies are applied on and after the initial application date of FRS 116, 01 January 2019:

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

As lessee

Short-term leases and leases of low-value assets

The Society applies the lease of low-value assets recognition exemption to leases of office premises 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, 01 January 2019:

As lessee

Operating lease payments are recognised as an expense in statement of financial activities 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.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, cash at bank and fixed deposits that are subject to an insignificant risk of changes in value. The carrying amounts of these assets approximate their fair value.

2.11 Provisions

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

Provisions are reviewed at each reporting date 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.

EMCC

NOTES TO THE FINANCIAL STATEMENTS For the Financial Year Ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.12 Income recognition

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

Income is recognised when the Society satisfies a performance obligation by transferring a promised good or service to the customers, which is when the customers obtain control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of income recognised is the amount allocated to the satisfied performance obligation.

Voluntary income

Voluntary income consists of donations which are recognised at the point in time.

Income from charitable activities and government grants

Income from charitable activities is recognised at the point in time. Government grants are recognised when terms and conditions are met and fulfilled at the point in time.

Activities for generating funds

Revenue from activities for generating funds relates to those short-term duration services provided such as counselling, marriage journey, mediation and training fees which are recognised at the point in time.

Other income

Other income is recognised at the point in time.

2.13 Taxation

The Society which is registered as a Charity under the Charities Act is exempted from income tax under Section 13(1)(zm) of the Income Tax Act.

2.14 Employee benefits

Defined contribution plan

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

Short-term benefits

All short-term benefits including accumulating compensated absences are recognised in statement of financial activities in the period in which the employees rendered their services to the Society.

EMCC

NOTES TO THE FINANCIAL STATEMENTS For the Financial Year Ended 31 December 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

2.15 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Society; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) the amount of the obligation cannot be measured within sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Society.

Contingent liabilities and assets are not recognised on the statement of financial position of the Society.

2.16 Government grants

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Management is of the opinion that there is no significant judgement made in applying accounting policies, and no estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

EMCC

NOTES TO THE FINANCIAL STATEMENTS For the Financial Year Ended 31 December 2019

4. PLANT AND EQUIPMENT

	Note	Furniture and fittings \$	Office equipment \$	Renovation \$	Total \$
<u>Cost</u>					
As at 01 January 2018		7,516	109,521	114,660	231,697
Additions		-	1,445	-	1,445
As at 31 December 2018		7,516	110,966	114,660	233,142
Additions		-	3,167	-	3,167
As at 31 December 2019		7,516	114,133	114,660	236,309
<u>Accumulated depreciation</u>					
As at 01 January 2018		7,516	101,367	114,660	223,543
Depreciation	17	-	7,068	-	7,068
As at 31 December 2018		7,516	108,435	114,660	230,611
Depreciation	17	-	2,700	-	2,700
As at 31 December 2019		7,516	111,135	114,660	233,311
<u>Net carrying amount</u>					
As at 31 December 2018		-	2,531	-	2,531
As at 31 December 2019		-	2,998	-	2,998

5. TRADE AND OTHER RECEIVABLES

	2019 \$	2018 \$
Trade receivables - third parties	6,415	3,950
Other receivables:		
- Deposits	13,273	13,273
- Sundry debtors	34,897	57,010
	48,170	70,283
Total trade and other receivables	54,585	74,233

Trade receivables from third parties are unsecured, interest-free, and are generally settled between 30 days and 60 days (2018: 30 and 60 days) term. Trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition.

The Society has trade receivables amounting to \$6,415 (2018: \$3,950) that are not past due at the end of the reporting date.

EMCC

NOTES TO THE FINANCIAL STATEMENTS For the Financial Year Ended 31 December 2019

6. CASH AND BANK BALANCES

	2019 \$	2018 \$
Cash on hand	1,917	587
Cash at bank	1,126,842	464,383
Fixed deposits	-	501,331
	<u>1,128,759</u>	<u>966,301</u>

Cash at banks earns interest at prevailing bank interest rate.

In previous financial year, fixed deposits were placed with banks for varying periods of 1 to 3 months and earn interest rates ranging from 0.05% to 0.15% per annum.

7. DEFERRED INCOME

	2019 \$	2018 \$
Care and Share Matching Grant	-	8,325
President Challenge Fund	-	13,269
	<u>-</u>	<u>21,594</u>

	Note	2019 \$	2018 \$
<u>Movement of deferred income</u>			
At beginning of the financial year		21,594	147,741
Grant received - Care and Share Matching Grant		-	14,823
Amortisation during the financial year	10,13	(21,594)	(140,970)
At end of the financial year		<u>-</u>	<u>21,594</u>

8. TRADE AND OTHER PAYABLES

	2019 \$	2018 \$
Trade payables - third parties	<u>6,805</u>	<u>29,569</u>
Other payables:		
- Accrued expenses	52,878	8,204
- Sundry creditors	2,880	4,272
	<u>55,758</u>	<u>12,476</u>
Total trade and other payables	<u>62,563</u>	<u>42,045</u>

Trade payables from third parties are unsecured, interest-free, and are generally settled between 30 days and 60 day (2018: 30 and 60 days) term. Trade payables are recognised at their original invoice amounts which represent their fair values on initial recognition.

EMCC

NOTES TO THE FINANCIAL STATEMENTS For the Financial Year Ended 31 December 2019

9. TOTE BOARD SOCIAL SERVICE FUND

Tote Board Social Service Fund ("TBSSF") was set up to support the operation of a programme known as Integrative Mediation and Counselling.

Movement during the financial year:

	Note	2019 \$	2018 \$
At the beginning of the financial year		(789,341)	(713,595)
Income received during the financial year	13,14	707,885	789,826
Expenses incurred during the financial year	16,17	(836,258)	(865,572)
Transfer of fund		917,714	-
At the end of the financial year		-	(789,341)

The transfer of fund is from the General fund to finance the expenses of TBSSF Programme.

10. CARE AND SHARE FUND

The Care and Share Matching Grant Fund was set up by the Singapore government in December 2013 to encourage firms and people to work with the Society to help the needy. The government had pledged to make a dollar and twenty-five cents (S\$1.25) for every eligible donation dollar for the first S\$1,000,000, and match for every eligible donation dollar raised by the Society.

The grant is to be used for the following purposes:

- To fund programmes/activities that contribute to building the Society's capability;
- To fund programmes/activities that contribute to building the Society's capacity;
- To fund new programmes that aim to meet emerging or unmet needs of the social service sector and enhancements/expansion of the existing services that the Society provides; and
- To cover the costs of meeting the critical existing needs of the Society up to 20% of the grant.

Movement during the financial year:

	Note	2019 \$	2018 \$
At the beginning of the financial year		-	-
Amortisation during the financial year	13	8,325	101,163
Expenses incurred during the financial year	16,17	(115,862)	(101,163)
Transfer of fund		107,537	-
At the end of the financial year		-	-

The transfer of fund is from the General fund to finance the expenses of projects and events arising from restricted fund.

EMCC

NOTES TO THE FINANCIAL STATEMENTS For the Financial Year Ended 31 December 2019

11. COMMUNITY CHEST CHARITY SUPPORT FUND

Community Chest Charity Support Fund was disbursed by the Singapore government in 2 batches for the following approved usages:

- a. Programmes to empower services users and families
- b. Capital expenditure for upgrading of training room and training room facilities
- c. Capability building for community engagements with the aim of unlocking resources for service users.

Movement during the financial year:

	Note	2019 \$	2018 \$
At the beginning of the financial year		-	-
Income received during the financial year	13	50,000	-
Expenses incurred during the financial year	16,17	(79,419)	-
Transfer of fund		29,419	-
At the end of the financial year		<u>-</u>	<u>-</u>

The transfer of fund is from the General fund to finance the expenses of projects and events arising from restricted fund

EMCC

NOTES TO THE FINANCIAL STATEMENTS For the Financial Year Ended 31 December 2019

12. VOLUNTRAY INCOME

	Unrestricted	Restricted				Unrestricted	Restricted			
	General Fund	Tote Board Social Service Fund	Care and Share Fund	Community Chest Charity Support Fund	Total Funds	General Fund	Tote Board Social Service Fund	Care and Share Fund	Total Funds	
	2019	2019	2019	2019	2019	2018	2018	2018	2018	
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Donations	354,140	-	-	-	354,140	72,942	-	-	72,942	
Direct debit donor program	51,001	-	-	-	51,001	59,143	-	-	59,143	
	405,141	-	-	-	405,141	132,085	-	-	132,085	

13. INCOME FROM CHARITABLE ACTIVITIES

	Note	Unrestricted	Restricted				Unrestricted	Restricted			
		General Fund	Tote Board Social Service Fund	Care and Share Fund	Community Chest Charity Support Fund	Total Funds	General Fund	Tote Board Social Service Fund	Care and Share Fund	Total Funds	
		2019	2019	2019	2019	2019	2018	2018	2018	2018	
		\$	\$	\$	\$	\$	\$	\$	\$	\$	
			(Note 9)	(Note 10)	(Note 11)			(Note 9)	(Note 10)		
Tote Board Social Service Fund		-	403,448	-	-	403,448	-	525,097	-	525,097	
Amortisation of deferred											
Care and Share Matching Grant	7, 10	-	-	8,325	-	8,325	-	-	101,163	101,163	
Amortisation of President Challenge	7	13,269	-	-	-	13,269	39,807	-	-	39,807	
Community Chest funding	11	-	-	-	50,000	50,000	-	-	-	-	
VCF Funding		31,282	-	-	-	31,282	39,614	-	-	39,614	
Sale of publication		150	-	-	-	150	105	-	-	105	
		44,701	403,448	8,325	50,000	506,474	79,526	525,097	101,163	705,786	

EMCC

NOTES TO THE FINANCIAL STATEMENTS For the Financial Year Ended 31 December 2019

14. ACTIVITIES FOR GENERATING FUNDS

	Unrestricted	Restricted			Total Funds		Unrestricted	Restricted		Total Funds
	General Fund	Tote Board Social Service Fund	Care and Share Fund	Community Chest Charity Support Fund			General Fund	Tote Board Social Service Fund	Care and Share Fund	
	2019	2019	2019	2019	2019		2018	2018	2018	2018
	\$	\$	\$	\$	\$		\$	\$	\$	\$
		(Note 9)						(Note 9)		
Program fees:										
Counselling	-	252,532	-	-	252,532		-	224,406	-	224,406
Mediation	-	12,785	-	-	12,785		-	11,609	-	11,609
Training fees	108,073	39,120	-	-	147,193		154,012	28,714	-	182,726
	108,073	304,437	-	-	412,510		154,012	264,729	-	418,741

15. OTHER INCOME

	Unrestricted	Restricted			Total Funds		Unrestricted	Restricted		Total Funds
	General Fund	Tote Board Social Service Fund	Care and Share Fund	Community Chest Charity Support Fund			General Fund	Tote Board Social Service Fund	Care and Share Fund	
	2019	2019	2019	2019	2019		2018	2018	2018	2018
	\$	\$	\$	\$	\$		\$	\$	\$	\$
Government paid leave	792	-	-	-	792		12,408	-	-	12,408
Interest income	154	-	-	-	154		578	-	-	578
Special employment credit	1,397	-	-	-	1,397		1,321	-	-	1,321
Temporary employment credit	-	-	-	-	-		1,998	-	-	1,998
Wage credit scheme	14,650	-	-	-	14,650		14,589	-	-	14,589
	16,993	-	-	-	16,993		30,894	-	-	30,894

EMCC

NOTES TO THE FINANCIAL STATEMENTS For the Financial Year Ended 31 December 2019

16. COSTS OF GENERATING FUNDS

	Unrestricted	Restricted				Unrestricted	Unrestricted		
	General Fund	Tote Board Social Service Fund	Care and Share Fund	Community Chest Charity Support Fund		General Fund	Tote Board Social Service Fund	Care and Share Fund	
	2019	2019	2019	2019	2019	2018	2018	2018	2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$
		(Note 9)	(Note 10)	(Note 11)			(Note 9)	(Note 10)	
Program costs:									
-Counselling	-	41,164	-	-	41,164	-	76,601	70	76,671
-Marriage Journey	-	-	-	-	-	2,253	11,224	69,987	83,464
-Mediation	-	3,480	-	-	3,480	-	2,915	-	2,915
-Training cost	3,179	-	53,386	33,070	89,635	-	-	-	-
Donation expenses	8,084	-	-	-	8,084	6,731	-	-	6,731
	11,263	44,644	53,386	33,070	142,363	8,984	90,740	70,057	169,781

EMCC

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2019

17. GOVERNANCE AND ADMINISTRATIVE COSTS

	Note	Unrestricted	Restricted			Total Funds	Unrestricted	Restricted		Total Funds
		General Fund	Tote Board Social Service Fund	Care and Share Fund	Community Chest Charity Support Fund		General Fund	Tote Board Social Service Fund	Care and Share Fund	
		2019	2019	2019	2019	2019	2018	2018	2018	2018
		\$	\$	\$	\$	\$	\$	\$	\$	\$
			(Note 9)	(Note 10)	(Note 11)			(Note 9)	(Note 10)	
Accounting fees		2,337	5,453	410	-	8,200	2,052	4,788	360	7,200
Audit fees		997	2,328	175	-	3,500	1,287	3,002	226	4,515
Bank charges		1,681	3,922	295	-	5,898	385	897	67	1,349
Books and periodicals		97	225	17	-	339	116	271	20	407
Communication strategy		-	-	-	-	-	4,623	10,786	811	16,220
CPF contribution and SDL		12,274	71,277	4,214	5,537	93,302	29,714	77,816	880	108,410
Depreciation of plant and equipment	4	2,700	-	-	-	2,700	7,068	-	-	7,068
Fine and penalty		-	-	-	-	-	-	-	-	-
Gift		-	-	-	-	-	4,643	10,834	815	16,292
Insurance		2,499	9,064	609	-	12,172	4,576	10,677	3,107	18,360
IT related expenses		-	-	-	-	-	359	837	63	1,259
Marketing and communications		-	-	-	-	-	234	545	41	820
Meeting expenses		118	275	21	-	414	291	680	51	1,022
Miscellaneous expenses		-	-	-	-	-	1,164	-	-	1,164
Minor equipment		59	137	10	-	206	698	1,628	122	2,448
<i>Balance brought forward to next page</i>		22,762	92,681	5,751	5,537	126,731	57,210	122,761	6,563	186,534

EMCC

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2019

17. GOVERNANCE AND ADMINISTRATIVE COSTS (Cont'd)

Note	Unrestricted	Restricted			Total Funds	Unrestricted	Restricted		Total Funds
	General Fund	Tote Board Social Service Fund	Care and Share Fund	Community Chest Charity Support Fund		General Fund	Tote Board Social Service Fund	Care and Share Fund	
	2019	2019	2019	2019	2019	2018	2018	2018	2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$
		(Note 9)	(Note 10)	(Note 11)			(Note 9)	(Note 10)	
<i>Balance carried forward from previous page</i>	22,762	92,681	5,751	5,537	126,731	57,210	122,761	6,563	186,534
Office supplies	910	2,124	160	-	3,194	2,556	5,964	448	8,968
Office upkeeping	2,325	5,425	408	-	8,158	620	1,446	109	2,175
Printing and stationery	563	1,318	100	-	1,981	567	1,323	100	1,990
Professional fee	586	1,366	103	-	2,055	-	-	-	-
Publication cost	-	-	-	-	-	151	352	26	529
Rental of equipment	1,200	2,801	211	-	4,212	1,200	2,801	211	4,212
Rental of premises	15,929	37,169	2,795	-	55,893	15,929	37,169	2,795	55,893
Salary and bonus	89,184	599,425	32,061	40,812	761,482	200,951	586,685	6,155	793,791
SG Gives and Paypal	4,165	9,717	3,898	-	17,780	1,595	3,721	280	5,596
Special staff development	143	333	25	-	501	-	-	-	-
Staff benefits	1,558	3,636	273	-	5,467	1,092	2,548	192	3,832
Staff training	-	-	14,058	-	14,058	559	1,305	13,569	15,433
Stakeholders engagement expenses	11,290	26,343	1,981	-	39,614	-	-	-	-
Subscription and membership	82	2,181	119	-	2,382	985	2,299	173	3,457
Telecommunication expenses	1,769	4,128	310	-	6,207	1,486	3,467	261	5,214
Transportation	259	605	45	-	909	338	789	59	1,186
Water and electricity	1,012	2,362	178	-	3,552	944	2,202	165	3,311
	153,737	791,614	62,476	46,349	1,054,176	286,183	774,832	31,106	1,092,121

EMCC

NOTES TO THE FINANCIAL STATEMENTS For the Financial Year Ended 31 December 2019

18. TAXATION

The Society which is registered as a Charity under the Charities Act is exempted from income tax under Section 13(1)(zm) of the Income Tax Act.

19. OPERATING LEASE COMMITMENTS

When the Society is a lessee

The Society leases an office premises from non-related party under non-cancellable operating lease agreements. The lease is for a period of 5 years term with no renewal option and no restrictions placed. The lease has been further extended for 3 months as at the year end

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

	2019 \$	2018 \$
Within one year	<u>13,059</u>	<u>52,236</u>

The rental expense incurred during the financial year is \$55,893 (2018: \$55,893) (Note 17) respectively. As disclosed in Note 2.9, the Society has adopted the FRS 116 on 01 January 2019. This payment have been recognised as expense on straight-line basis over the lease term in view that these are low-value leases.

20. RELATED PARTY TRANSACTIONS

In addition to information disclosed elsewhere in the financial statements, the following significant transaction took place between the Society and related party at terms agreed between the parties:

	2019 \$	2018 \$
<u>Transactions with the related parties</u>		
Purchases from related company	590	530
Donations received from Key Management Personnel	14,500	-
Donations received from related company	<u>1,000</u>	<u>10,000</u>

EMCC

NOTES TO THE FINANCIAL STATEMENTS For the Financial Year Ended 31 December 2019

21. FINANCIAL INSTRUMENTS

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

	Note	2019 \$	2018 \$
<u>Financial assets</u>			
Trade and other receivables	5	54,585	74,233
Cash and bank balances	6	1,128,759	966,301
Financial assets carried at amortised cost		1,183,344	1,040,534
<u>Financial liability</u>			
Trade and other payables, representing			
total financial liability carried at amortised cost	8	62,563	42,045

22. FAIR VALUE OF ASSETS AND LIABILITIES

No financial assets or liabilities were measured at fair value at end of reporting date.

The carrying amounts of financial assets and liabilities on the statement of financial position approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

The management considers that the carrying amounts of financial assets and liabilities recorded at amortised cost in the financial statements approximate their fair values.

23. FUND MANAGEMENT

The primary objective of the Society's fund management is to ensure that the funding from members, public, and other sources are properly managed and used to support its operations.

The Society manages its fund structure and makes adjustments to it, in light of changes in economic conditions. No changes were made to the objectives, policies or processes during the financial years ended 31 December 2019 and 2018 respectively.

The Society is not subjected to externally imposed capital requirements.

24. FINANCIAL RISK MANAGEMENT

The Society's activities expose it to a variety of financial risks from its operations. The key financial risks include credit risk and liquidity 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 Society's policy that no trading in derivatives for speculative purposes shall be undertaken.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2019

24. FINANCIAL RISK MANAGEMENT (Cont'd)

The Society's activities expose it to a variety of financial risks from its operations. The key financial risks include credit risk and liquidity 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 Society's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Society's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Society'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 Society. The Society's exposure to credit risk arises primarily from trade and other receivables. For other financial assets, the Society minimises credit risk by dealing exclusively with high credit rating counterparties.

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

The Society determines 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 30 days or there is significant difficulty of the counterparty.

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

- 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 Society and changes in the operating results of the debtor.

EMCC

NOTES TO THE FINANCIAL STATEMENTS For the Financial Year Ended 31 December 2019

24. FINANCIAL RISK MANAGEMENT (Cont'd)

Credit risk (cont'd)

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

The Society determines 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

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

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

Excessive risk concentration

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

Exposure to credit risk

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

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2019

24. FINANCIAL RISK MANAGEMENT (Cont'd)

Credit risk (cont'd)

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Society. Cash and bank balances are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

Liquidity risk

Liquidity risk is the risk that the Society may encounter difficulties to settle or meet its financial obligations due to shortage of available funds. The Society's objective is to maintain sufficient level of cash and cash equivalents, and internally generated cash flows to finance its activities. The Society actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met.

All financial liability in the statement of financial position are repayable within one year from the reporting date.

25. SUBSEQUENT EVENT

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions.

The Society is closely monitoring the development of the COVID-19 outbreak and its related impact on the Society's operation. As at the date of these financial statements, the Society is not aware of any material impact on the financial statements arising from the COVID-19 outbreak. The Society has generated operating surplus of \$116,214 for the period from 01 January 2020 to 30 June 2020. As at the date of this report, the Society is also in net current and net assets position and is able to continue as a going concern.