

JURONG COUNTRY CLUB
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2018

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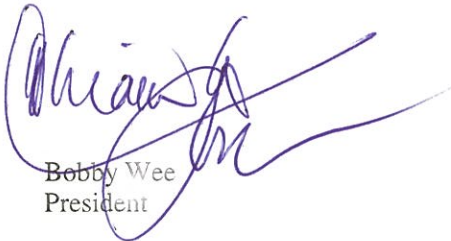
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JURONG COUNTRY CLUB

STATEMENT BY THE GENERAL COMMITTEE

On behalf of the General Committee, we do hereby state that in our opinion, the financial statements of Jurong Country Club (the "Club") as set out on pages 5 to 17 are properly drawn up in accordance with the Societies Act, Chapter 311 and Financial Reporting Standards in Singapore so as to give a true and fair view of the financial position of the Club as at 31 December 2018, and of its financial performance, changes in funds and cash flows of the Club for the financial year ended on that date.

On behalf of the General Committee,



Bobby Wee
President

5 March 2019



Chuah Yak Ngi
Treasurer

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
JURONG COUNTRY CLUB****Report on the Audit of the Financial Statements*****Opinion***

We have audited the accompanying financial statements of Jurong Country Club (the "Club") as set out on pages 5 to 17, which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the Societies Act, Chapter 311 (the "Societies Act") and Financial Reporting Standards in Singapore ("FRSs") so as to present fairly, in all material respects, the financial position of the Club as at 31 December 2018 and of the financial performance, changes in fund and cash flows of the Club 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 Club 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.

Emphasis of Matter

We draw attention to Note 2(a) in the financial statements, which discloses that the Club ceased its operations. In view of this, the financial statements were prepared on a non-going concern basis. All material assets in the statement of financial position were stated at lower of carrying amount and realisable value. Our opinion is not modified in respect of this matter.

Other Information

The General Committee is responsible for the other information. The other information comprises the information included in the Statement by the General Committee as set out on page 1, but does not include the financial statements and our auditor's report thereon.

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
JURONG COUNTRY CLUB (cont'd)**

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

Responsibilities of the General Committee and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, General Committee is responsible for assessing the Club'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 Club or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Club'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 Club's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by General Committee.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
JURONG COUNTRY CLUB (cont'd)**

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting. When such use is inappropriate and management uses an alternative basis of accounting, we conclude on the appropriateness of management's use of the alternative basis of accounting. We also evaluate the adequacy of the disclosures describing the alternative basis of accounting and reasons for its use. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- 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 by the Societies Regulations enacted under the Societies Act to be kept by the Club have been properly kept in accordance with those regulations.



Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

5 March 2019

JURONG COUNTRY CLUB

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2018

| | Note | Accumulated fund \$ | Restricted fund \$ | 2018 \$ | 2017 \$ |
|---|------|---------------------------|--------------------------|------------|-------------|
| Operating revenue | | | | | |
| Miscellaneous income | 3 | 41,974 | – | 41,974 | 256,988 |
| Less: Operating expenses | | | | | |
| Maintenance of clubhouse | | – | – | – | 46,879 |
| Maintenance of equipment | | 348 | – | 348 | 5,650 |
| Staff costs | | – | – | – | 204,694 |
| CPF contributions | | – | – | – | 55,586 |
| Water, gas and electricity | | – | – | – | 101,017 |
| Property tax | | – | – | – | 60,100 |
| Miscellaneous expenses | 4 | 488,125 | – | 488,125 | 851,403 |
| | | 488,473 | – | 488,473 | 1,325,329 |
| Loss from operations | | (446,499) | – | (446,499) | (1,068,341) |
| Other revenue | | | | | |
| Compensation from SLA | 12 | – | 20,200,000 | 20,200,000 | 89,800,000 |
| Interest income | | – | 30,989 | 30,989 | 321,766 |
| | | – | 20,230,989 | 20,230,989 | 90,121,766 |
| Less: Other expenses | | | | | |
| Expenditure relating to land acquisition | 5 | 51,558 | 1,080,728 | 1,132,286 | 797,027 |
| Loss on property, plant and equipment written/disposed off | | – | – | – | 42,297,902 |
| | | 51,558 | 1,080,728 | 1,132,286 | 43,094,929 |
| (Loss)/surplus before tax | | (498,057) | 19,150,261 | 18,652,204 | 45,958,496 |
| Tax expense | 6 | – | – | – | (672) |
| Net (loss)/income for the year, and total comprehensive (loss)/income for the financial year | | (498,057) | 19,150,261 | 18,652,204 | 45,957,824 |

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

JURONG COUNTRY CLUB

STATEMENT OF FINANCIAL POSITION

At 31 December 2018

| | Note | 2018 \$ | 2017 \$ |
|-------------------------------|------|------------------|------------------|
| Current assets | | | |
| Property, plant and equipment | 7 | – | – |
| Other receivables | 8 | 734 | 2,300 |
| Cash and cash equivalents | 9 | 2,336,540 | 2,772,060 |
| | | <u>2,337,274</u> | <u>2,774,360</u> |
| Current liabilities | | | |
| Trade payables | | 19,625 | 10,454 |
| Other payables | 10 | 207,901 | 211,938 |
| Provision for compensation | 11 | 400,000 | 400,000 |
| | | <u>627,526</u> | <u>622,392</u> |
| Net assets | | <u>1,709,748</u> | <u>2,151,968</u> |
| Funds | | | |
| Accumulated fund | | (611,917) | (553,920) |
| Restricted fund - Members | 12 | 2,321,665 | 2,705,888 |
| | | <u>1,709,748</u> | <u>2,151,968</u> |

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

JURONG COUNTRY CLUB

STATEMENT OF CHANGES IN FUNDS For the financial year ended 31 December 2018

| | Accumulated fund \$ | Restricted fund - Members \$ | Total \$ |
|---|---------------------------|------------------------------------|------------------|
| Balance at 1.1.2017 | 41,091,022 | – | 41,091,022 |
| Net (loss)/income and total comprehensive (loss)/income for the financial year | (44,163,942) | 90,121,766 | 45,957,824 |
| Compensation paid out to members | – | (84,896,878) | (84,896,878) |
| Transfer of fund (Note 12) | 2,519,000 | (2,519,000) | – |
| Balance at 31.12.2017 | (553,920) | 2,705,888 | 2,151,968 |
| Net (loss)/income and total comprehensive (loss)/income for the financial year | (498,057) | 19,150,261 | 18,652,204 |
| Compensation paid out to members | – | (19,094,424) | (19,094,424) |
| Transfer of fund (Note 12) | 440,060 | (440,060) | – |
| Balance at 31.12.2018 | (611,917) | 2,321,665 | 1,709,748 |

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

JURONG COUNTRY CLUB

STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2018

| | 2018 \$ | 2017 \$ |
|--|---------------------|----------------------|
| Cash flows from operating activities | | |
| Surplus before tax | 18,652,204 | 45,958,496 |
| Adjustments for: | | |
| Loss on property, plant and equipment written/disposed off | – | 42,297,902 |
| Net operating surplus before changes in working capital | 18,652,204 | 88,256,398 |
| Change in amounts owing by members | – | 667,884 |
| Change in other receivables | 1,566 | 671,728 |
| Change in trade payables | 9,171 | (570,897) |
| Change in other payables | (4,037) | (3,464,336) |
| Change in provision for compensation | – | 400,000 |
| Cash generated from operations | 18,658,904 | 85,960,777 |
| Tax paid | – | (162,542) |
| Net cash generated from operating activities | 18,658,904 | 85,798,235 |
| Cash flows from investing activity | | |
| Proceeds from disposal of property, plant and equipment | – | 32,287 |
| Net cash generated from investing activity | – | 32,287 |
| Cash flows from financing activities | | |
| Amount due to members | – | (36,210,009) |
| Compensation paid out | (19,094,424) | (84,896,878) |
| Net cash used in financing activities | (19,094,424) | (121,106,887) |
| Net decrease in cash and cash equivalents | (435,520) | (35,276,365) |
| Cash and cash equivalents at beginning of financial year | 2,772,060 | 38,048,425 |
| Cash and cash equivalents at end of financial year (Note 9) | 2,336,540 | 2,772,060 |

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

JURONG COUNTRY CLUB

NOTES TO THE FINANCIAL STATEMENTS For the financial year ended 31 December 2018

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

1. General

The Club is registered in the Republic of Singapore under the Singapore Societies Act. The address of the Club's registered office is at 196 Pandan Loop, #04-20, Pantech Business Hub, Singapore 128384.

The Club is established principally to provide facilities for golf and other social activities for its members. The Club has ceased operations during the financial year.

2. Summary of significant accounting policies

a) Going concern

In 2015, the Club was notified that its land would be acquired by Singapore Land Authority ("SLA") for the construction of High Speed Rail terminus project and the Club needed to hand over the land by 1 February 2017. The Club ceased its operations on 31 December 2016. In view of this, the financial statements of the Club were prepared on a non-going concern basis. All material assets in the statement of financial position were stated at lower of carrying values and realisable value.

b) Basis of preparation

The financial statements presented in Singapore dollar (\$), which is the Club's functional currency, are prepared in accordance with the Societies Act, Chapter 311 and Financial Reporting Standards in Singapore ("FRSs"). The financial statements have been prepared on non-going concern basis.

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

Use of estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. There were no significant judgments and estimates made during the financial year.

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

New and revised standards

In the current financial year, the Club has adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for the current financial year. The adoption of these new/revised FRSs and INT FRSs did not have any material effect on the financial statements.

2. Summary of significant accounting policies (cont'd)

b) Basis of preparation (cont'd)

New and revised standards (cont'd)

New standards, amendments to standards and interpretations that have been issued at the reporting date but are not yet effective for the financial year ended 31 December 2018 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Club.

c) Revenue recognition

Interest income is recognised on a time proportion basis using the effective interest method.

d) Property, plant and equipment

Property, plant and equipment were stated at cost or amount less accumulated depreciation and any impairment in value.

Depreciation was calculated on a straight line basis to allocate the depreciable amount of property, plant and equipment over their expected useful lives.

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

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

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

Capital project work-in-progress are carried at cost, less any recognised impairment loss until construction or development is completed. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Club's accounting policies. Depreciation of these assets, commences when the assets are ready for their intended use.

e) Taxation

The Club's revenue from its principal activities is exempt from income tax under Section 11(1) of the Income Tax Act because more than half of its gross revenue is received from members.

Current tax is the expected tax payable on the Club's operating surplus/loss and other taxable income such as interest income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable or recoverable in respect of previous years. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly to other comprehensive income, in which case it is recognised in other comprehensive income.

Deferred income tax is provided using the liability method, on all temporary differences at the balance sheet date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the financial year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the balance sheet date.

2. Summary of significant accounting policies (cont'd)

f) Financial assets

The Club's only financial assets comprise of other receivables (excluding prepayments) and cash and cash equivalents on the statement of financial position. These are classified as loans and receivables before 1 January 2018 and financial assets at amortised from 1 January 2018 onwards.

Financial assets/loans and receivables are stated at subsequently realised values, if known, otherwise, they are stated at estimated realisable value.

g) Cash and cash equivalents in statement of cash flows

For the purpose of presentation in the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and exclude deposit held in trust.

h) Financial liabilities

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

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

i) Provisions for other liabilities

Provisions are recognised when the Club has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the reporting date. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

j) Employees' benefits

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Club pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions once the contributions have been paid. Contributions to defined contribution plans are recognised as an expense in the period in which the related service is performed.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

2. Summary of significant accounting policies (cont'd)

j) Employees' benefits (cont'd)

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange of these benefits. The Club recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees accordingly to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

k) Funds

Income and expenditure relating to the funds specifically set up are taken directly to these funds. All other income and expenditure are reflected in profit or loss in Accumulated Fund.

3. Miscellaneous income

| | 2018 \$ | 2017 \$ |
|-------------------|---------------|----------------|
| Government grants | 3,304 | 115,337 |
| Sundry income | 38,670 | 141,651 |
| | 41,974 | 256,988 |

4. Miscellaneous expenses

| | 2018 \$ | 2017 \$ |
|-----------------------------------|----------------|----------------|
| Accounting fees | 21,246 | 14,400 |
| Accrual for contingent liability | – | 400,000 |
| Advertisement and promotion | – | 1,156 |
| Affiliation and subscription fees | – | 817 |
| Audit fees | 6,015 | 10,240 |
| Bank charges | 638 | 9,882 |
| Credit card/Nets commission | – | 1,294 |
| Fine | 3,600 | – |
| Insurance | (4,468) | 50,869 |
| Licenses | – | 3,881 |
| Postage and despatch expenses | 1,260 | 3,688 |
| Printing and stationery | 2,107 | 30,768 |
| Professional fees | 351,713 | 207,057 |
| Receptions and refreshments | 94,945 | 39,125 |
| Rental of office space/equipments | – | 20,097 |
| Security services | – | 22,559 |
| Sundry expenses | 9,620 | 23,210 |
| Telecommunication charges | 591 | 11,133 |
| Transport | 858 | 1,227 |
| | 488,125 | 851,403 |

5. Expenditure relating to land acquisition

| | 2018 \$ | 2017 \$ |
|-----------------------|------------------|----------------|
| Professional fees | 1,129,279 | 169,328 |
| Retrenchment benefits | – | 561,352 |
| Others | 3,007 | 66,347 |
| | 1,132,286 | 797,027 |

6. Tax expense

| | 2018 \$ | 2017 \$ |
|-------------------------------|------------|------------|
| Under provision in prior year | – | 672 |

The income tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax to loss before tax due to the following factors:

| | 2018 \$ | 2017 \$ |
|---|------------|-------------|
| Loss from operations before tax | (446,499) | (1,068,341) |
| Tax calculated at a tax rate of 17% (2017: 17%) | (75,905) | (181,618) |
| Expenses not deductible for tax purposes | 45,643 | 166,078 |
| Deferred tax assets not recognised | 30,262 | 15,540 |
| Under provision in prior year | – | 672 |
| | – | 672 |

The Club has unabsorbed tax losses of \$269,400 (2017: \$91,400) at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements. Deferred tax assets arising from these unabsorbed tax losses have not been recognised in the financial statements as it is uncertain that future taxable income will be sufficient to allow these tax losses to be realised.

7. Property, plant and equipment

| | Leasehold and buildings, landscape and carpark \$ | Plant, equipment, furniture and fittings \$ | Total \$ |
|---------------------------------|---|---|--------------|
| 2017 | | | |
| Cost | | | |
| At 1.1.2017 | 57,127,263 | 6,698,728 | 63,825,991 |
| Write off/Disposal | (57,127,263) | (6,698,728) | (63,825,991) |
| At 31.12.2017 | - | - | - |
| Accumulated depreciation | | | |
| At 1.1.2017 | 16,056,757 | 5,439,045 | 21,495,802 |
| Write off/Disposal | (16,056,757) | (5,439,045) | (21,495,802) |
| At 31.12.2017 | - | - | - |
| Carrying amount | | | |
| At 31.12.2017 | - | - | - |

In 2015, the Club was notified that its land will be acquired by Singapore Land Authority for the construction of High Speed Rail terminus project. The Club needs to hand over the land by 1 February 2017. In view of this, the Club has ceased depreciating its property, plant and equipment from May 2015 onwards in accordance with Financial Reporting Standard No. 105 Non-current Assets Held for Sale and Discontinued Operations. The Club was informed by Singapore Land Authority that it would be compensated an amount of \$110,000,000 under the Land Acquisition Act.

8. Other receivables

| | 2018 \$ | 2017 \$ |
|-------------|------------|--------------|
| Deposits | 300 | 300 |
| Prepayments | 434 | 2,000 |
| | <u>734</u> | <u>2,300</u> |

9. Cash and cash equivalents

| | 2018 \$ | 2017 \$ |
|------------------------|------------------|------------------|
| Fixed deposits | 1,719,258 | 2,479,202 |
| Bank and cash balances | 617,282 | 292,858 |
| | <u>2,336,540</u> | <u>2,772,060</u> |

The average interest rates on the fixed deposits is 1% (2017: 0.40%) per annum.

10. Other payables

| | 2018 | 2017 |
|---|----------------|----------------|
| | \$ | \$ |
| Accrued operating expenses | 132,748 | 97,965 |
| Deposits from club members | 20,774 | 21,074 |
| Payable in respect of purchase of property, plant and equipment | – | 38,520 |
| Sundry payables | 54,379 | 54,379 |
| | <u>207,901</u> | <u>211,938</u> |

11. Provision for compensation

The Club was informed by Central Provident Fund (“CPF”) that an ex-independent contractor had lodged a complaint that the club did not contribute his CPF. The CPF Board has assessed the required contributions and late payment interest to be approximately \$400,000. The Club is vigorously contesting this case, and as at the date of the financial statements, the outcome of the case is not known.

12. Restricted fund - Members

This fund consist of compensation received from SLA and to be paid out to members of the Club. Included in the fund is \$5 million set aside for contingency expenditure as approved by the members in 2016. During the financial year, \$440,060 (2017: \$2,519,000) has been drawn down from this contingency expenditure and this is recorded as a transfer from restricted fund to Accumulated Fund.

In 2018, the Club has received additional compensation from SLA of \$20,200,000 and this amount is recorded as income in the Statement of Comprehensive Income under restricted fund. The total additional members’ compensation to be paid out is \$19,119,272 and out of which, \$19,094,424 has since been paid out to members. An amount of \$1,080,700 being fees incurred based on 5% of the Collector’s Supplementary Award of \$20,200,000 was paid out to Knight Frank Pte. Ltd. from the additional compensation amount from SLA and is recorded as an expenditure in the Statement of Comprehensive Income under restricted fund.

The breakdown of the balance is as follows:

| | 2018 | 2017 |
|---|------------------|------------------|
| | \$ | \$ |
| Remaining balance for contingency expenditure | 2,040,940 | 2,481,000 |
| Compensation payable to members | 249,736 | 216,009 |
| Interest income | 30,989 | 8,879 |
| | <u>2,321,665</u> | <u>2,705,888</u> |

The balance of \$2,321,665 (2017: \$2,705,888) is represented by bank balance and fixed deposits placed with the banks.

13. Financial instruments

(a) Categories of financial instruments

The financial instruments at their carrying amounts at the reporting date are:

| | 2018 \$ | 2017 \$ |
|---|------------------|------------------|
| Financial assets | | |
| Loans and receivables (including cash and cash equivalents) | – | 2,772,360 |
| Financial assets at amortised costs | 2,336,840 | – |
| | <u>2,336,840</u> | <u>2,772,360</u> |
| Financial liabilities | | |
| At amortised cost | 227,526 | 222,392 |

(b) Financial risk management

The Club is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risks, liquidity risk and interest rate risk. The General Committee reviews and agrees policies and procedures for the management of these risks. It is, and has been throughout the current and previous financial year the Club's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Club does not apply hedge accounting.

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

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Club's maximum exposure to credit risk is represented by the carrying amount of financial assets/loans and receivables as presented on the statement of financial position. The Club has no significant concentration of credit risk. Cash and cash equivalents are placed in bank with good credit rating.

The Club trades only with recognised and creditworthy third parties.

Credit risk exposure in relation to financial assets at amortised costs as at 31 December 2018 is not material as the Club's cash are placed with local banks that are of very good financial standing. Accordingly, no credit loss allowance is recognised as at 31 December 2018.

Liquidity risk

Liquidity risk is the risk that the Club will encounter difficulty in meeting financial obligations due to shortage of funds. The Club's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Club's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Interest rate risk

Interest-bearing financial assets of the Club is fixed deposit. Any future variation in interest rates will not have a material impact on the results of the Club since interest on fixed deposit is not significant as disclosed in Note 9.

The Club does not have any interest-bearing financial liabilities.

13. Financial instruments (cont'd)

(c) Fair values

The carrying amounts of cash and cash equivalents, other receivables, trade and other payables approximate their fair values owing to the short term maturity of these financial instruments.

14. Fund management

The Club's objectives when managing its funds are to safeguard and to maintain adequate working capital to pay its debts as and when due (Note 2(a)).

15. Authorisation of financial statements

The financial statements of the Club for the financial year ended 31 December 2018 were authorised for issue by the General Committee at their meeting held on 5 March 2019.