

THE PHOTOGRAPHIC SOCIETY OF SINGAPORE

(UEN: S61SS0108H)

(REGISTERED UNDER THE SOCIETIES ACT, CAP 311)

FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

Audit Alliance LLP

Public Accountants and Chartered Accountants Singapore

THE PHOTOGRAPHIC SOCIETY OF SINGAPORE
(UEN: S61SS0108H)
(REGISTERED UNDER THE SOCIETIES ACT, CAP 311)

FINANCIAL STATEMENTS
For the financial year ended 31 December 2018

Contents

	Page
Statement by the Council	1
Independent Auditor's Report	2 – 4
Statement of Comprehensive Income	5
Balance Sheet	6
Statement of Changes in Accumulated Fund	7
Statement of Cash Flows	8
Notes to the Financial Statements	9–25

THE PHOTOGRAPHIC SOCIETY OF SINGAPORE

(UEN: S61SS0108H)

(Registered under the Societies Act, Cap 311)

STATEMENT BY THE COUNCIL

For the financial year ended 31 December 2018

The Council members duly authorised by The Photographic Society of Singapore (the "Society"), hereby state that in the opinion of the Council,

- (a) the financial statement of the Society are properly drawn up in accordance with the provision of the Societies Act and Singapore Financial Reporting Standards so as to give a true and fair view of the balance sheet of the Society as at 31 December 2018 and the statement of comprehensive income, changes in accumulated funds and cash flows of the Society for the financial year then ended; and
- (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.

On behalf of the Council,



Goh Kim Hui
President



Lim Leong Kiat
Hon. Treasurer

Singapore, **18 APR 2019**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE PHOTOGRAPHIC SOCIETY OF SINGAPORE**
(UEN: S61SS0108H)
(REGISTERED UNDER THE SOCIETIES ACT, CAP 311)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **The Photographic Society of Singapore** (the "Society") which comprise the balance sheet as at 31 December 2018, and the statement of comprehensive income, statement of changes in accumulated fund and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Singapore Society Act, Cap. 311 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the balance sheet of the Society as at 31 December 2018 and of the financial performance, changes in accumulated funds and cash flows of the Society 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 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.

Responsibilities of the Council for the Financial Statements

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

In preparing the financial statements, the Council 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 the Council either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

The Council's responsibilities include overseeing the Society's financial reporting process.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE PHOTOGRAPHIC SOCIETY OF SINGAPORE**
(UEN: S61SS0108H)
(REGISTERED UNDER THE SOCIETIES ACT, CAP 311)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE PHOTOGRAPHIC SOCIETY OF SINGAPORE**
(UEN: S61SS0108H)
(REGISTERED UNDER THE SOCIETIES ACT, CAP 311)

Report on other Legal and Regulatory Requirements

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



Audit Alliance LLP
Public Accountants and Chartered Accountants

Singapore, **18 APR 2019**

THE PHOTOGRAPHIC SOCIETY OF SINGAPORE
 (UEN: S61SS0108H)
 (REGISTERED UNDER THE SOCIETIES ACT, CAP 311)

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2018

	Note	2018 S\$	2017 S\$
Income from members			
Subscription and entrance fee		17,868	13,173
Course fees and others		15,496	18,369
		33,364	31,542
Income from non-members			
Special event income		76,862	90,551
Donation and Sponsorship		24,422	471
		101,284	91,022
Rental income	5	144,000	144,000
Other income		35,657	8,991
Total income		314,305	275,555
Less: Expenditure			
Depreciation of plant and equipment	4	8,677	4,396
Instructors' fee		890	5,469
Members activities expenses		46,812	63,579
Membership fees		1,667	2,511
Office expense		27,289	18,427
Other operating expenses		36,379	15,712
Property related expenses		17,737	18,161
Rental	11	41,868	21,700
Staff costs		67,207	35,361
Interest expense	5	613	2,342
Total expenditure		249,139	187,658
Surplus before income tax		65,166	87,897
Income tax expense	10	(4,492)	(9,187)
Surplus for the year		60,674	78,710
Other comprehensive income			
Net surplus on revaluation of investment property		-	1,000,000
Total comprehensive income for the year		60,674	1,078,710

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

THE PHOTOGRAPHIC SOCIETY OF SINGAPORE
(UEN: S61SS0108H)
(REGISTERED UNDER THE SOCIETIES ACT, CAP 311)

BALANCE SHEET

As at 31 December 2018

	Note	2018 S\$	2017 S\$
Accumulated Fund		4,204,771	4,144,097
Revaluation Reserve		1,909,824	1,909,824
		6,114,595	6,053,921
Represented by:			
Non-Current Assets			
Plant and equipment	4	12,191	7,090
Investment property	5	6,000,000	6,000,000
		6,012,191	6,007,090
Current Assets			
Trade and other receivables	6	36,960	9,379
Cash and cash equivalents	7	140,488	97,870
		177,448	107,249
Total Assets		6,189,639	6,114,339
Current Liabilities			
Trade and other payables	8	7,050	9,620
Refundable deposits		63,000	24,000
Term loan	9	-	19,605
Provision for taxation	10	4,994	7,193
		75,044	60,418
Total Liabilities		75,044	60,418
Net Assets		6,114,595	6,053,921

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

THE PHOTOGRAPHIC SOCIETY OF SINGAPORE

(UEN: S61SS0108H)

(REGISTERED UNDER THE SOCIETIES ACT, CAP 311)

STATEMENT OF CHANGES IN ACCUMULATED FUND

For the financial year ended 31 December 2018

	Revaluation reserve S\$	Accumulated Fund S\$	Total S\$
2018			
Balance at 1 January 2018	1,909,824	4,144,097	6,053,921
Total comprehensive income for the year	-	60,674	60,674
Balance at 31 December 2018	<u>1,909,824</u>	<u>4,204,771</u>	<u>6,114,595</u>
2017			
Balance at 1 January 2017	1,909,824	3,065,387	4,975,211
Total comprehensive income for the year	-	1,078,710	1,078,710
Balance at 31 December 2017	<u>1,909,824</u>	<u>4,144,097</u>	<u>6,053,921</u>

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

THE PHOTOGRAPHIC SOCIETY OF SINGAPORE
 (UEN: S61SS0108H)
 (REGISTERED UNDER THE SOCIETIES ACT, CAP 311)

STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2018

	Note	2018 S\$	2017 S\$
Cash flows from operating activities			
Surplus before tax		65,166	1,087,897
Adjustments for:			
Net fair value gain on investment property		-	(1,000,000)
Depreciation of plant and equipment	4	8,677	4,396
Interest expense	5	613	2,342
		<u>74,456</u>	<u>94,635</u>
Changes in working capital			
Trade and other receivables		(27,581)	1,394
Trade and other payables		(2,570)	4,810
Refundable deposits		<u>39,000</u>	<u>-</u>
Cash generated from operations		83,305	100,839
Interest paid	5	(613)	(2,342)
Income tax paid	10	(6,691)	(4,122)
Net cash generated from operating activities		<u>76,001</u>	<u>94,375</u>
Cash flows from investing activity			
Additions of plant and equipment	4	<u>(13,778)</u>	<u>(7,589)</u>
Net cash used in investing activity		<u>(13,778)</u>	<u>(7,589)</u>
Cash flows from financing activity			
Repayment of term loan		<u>(19,605)</u>	<u>(45,334)</u>
Net cash used in financing activity		<u>(19,605)</u>	<u>(45,334)</u>
Net increase in cash and cash equivalents		42,618	41,452
Cash and cash equivalents at beginning of financial year		97,870	56,418
Cash and cash equivalents at end of financial year	7	<u>140,488</u>	<u>97,870</u>

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

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 information

The Photographic Society of Singapore (the “Society”) is a Society registered under the Societies Act, Cap. 311. The registered office and principal place of business of the Society is located at 30 Selegie Road, Selegie Arts Centre, Singapore 188351.

The Society is a non-profit organisation which promotes the practice and appreciation of photography as an art form. To achieve this aim, the Society conducts courses for beginners and seasoned photographers, as well as organises talks, seminars, outings, studio workshops, etc. for its members. They also organize photo competitions and exhibitions, at both national and international levels, to raise the standard of photography in Singapore as well as bring the joy of it both to Singapore and to a wider audience.

The Society is recognised as The National Photography Body by the International Federation of Photographic Art (FIAP) and is a corporate member of the People's Association.

The Society is governed by the Provisions of its Constitution and Rules.

2. Significant accounting policies

2.1 Basis of preparation

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

The preparation of financial statements in conformity with FRS requires management to exercise its judgment in the process of applying the Society’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2018

On 1 January 2018, the Society adopted the new or amended FRS and Interpretations to FRS (“INT FRS”) that are mandatory for application from that date. Changes to the Society’s accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of the above FRS or INT FRS did not result in any substantial changes to the Society’s accounting policies and had no material effect on the amounts reported for the current or prior financial years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

New or amended Standards and Interpretations effective after 1 January 2019

Certain new accounting standards and interpretations have been published that are mandatory for accounting years beginning on or after 1 January 2019.

The Society is currently assessing the impact on the adoption of the new standards in the period of initial application.

2.2 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services, net of goods and services tax, rebates and discounts. Revenue is recognised as follows:

- (a) Rental income from operating leases of investment property is recognised as revenue on a straight-line basis over the lease term.
- (b) Subscription fee income is recognised upon receipt.
- (c) Course fee income, overseas trip income, advertising income, exhibition income and sponsorship income are recognised on an accrual basis

2.3 Employee benefits

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Define contribution plans

Defined contribution plans are post-employment benefit plans under which the Society pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Society has no further payment obligations once the contributions have been paid.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. Significant accounting policies (continued)

2.4 Leases

(a) As lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Finance leases which transfer to the Society substantially all the risk and rewards incidental to ownership of leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

(b) As lessor – Operating leases

Leases of investment properties where the Society retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Society in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

2.5 Taxes

(a) Current income tax

Current income tax asset and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. Significant accounting policies (continued)

2.6 Investment properties

Investment properties are properties that are held for long-term rental yields and/or for capital appreciation and land under operating leases that is held for long-term capital appreciation or for a currently indeterminate use. Investment properties include properties that are being constructed or developed for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest and best use basis. Changes in fair values are recognised in profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in the balance sheet. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss

2.7 Plant and equipment

(a) *Measurement*

Plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of plant and equipment includes its purchase price and any cost that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

(b) *Depreciation*

Depreciation of plant and equipment is calculated using the straight line method to allocate their depreciable amounts over their estimated useful lives as follows:

Equipment	3 years
Computer	3 years
Other assets	3 years

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

The residual values, useful lives and depreciation methods of plant and equipment are reviewed and adjusted as appropriate, at each statement of financial position date. The effects of any revision are included in the statement of comprehensive income for the financial year in which the changes arise.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. Significant accounting policies (continued)

2.7 Plant and equipment (continued)

(c) Subsequent expenditure

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the Society and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

(d) Disposal

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the statement of comprehensive income.

2.8 Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in the statement of comprehensive income.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. Significant accounting policies (continued)

2.9 Financial assets

The accounting for financial assets before 1 January 2018 are as follows:

(a) Classification

The Society classifies its financial assets in the following categories: loans and receivables. The classification depends on the nature of the asset and the purpose for which the assets were acquired. The Society determines the classification of its financial assets at initial recognition. The Society where allowed and appropriate, re-evaluates the designation at each financial year-end.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables" (Note 6) and "cash and cash equivalents" (Note 7) on the balance sheet.

(b) Recognition and derecognition

Regular way purchases and sales of the financial assets are recognised on trade-date - the date on which the Society commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Society has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in the statement of comprehensive income.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs.

(d) Subsequent measurement

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

(e) Impairment

The Society assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. Significant accounting policies (continued)

2.9 Financial assets (continued)

The accounting for financial assets from 1 January 2018 are as follows:

(f) Classification and measurement

The Society classifies its financial assets in the following measurement categories: amortised cost.

The classification of debt instruments depends on the Society's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

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

At initial recognition

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

At subsequent measurement

Debt instrument

Debt instruments of the Society mainly comprise of cash and cash equivalents and trade and other receivables.

There are three prescribed subsequent measurement categories, depending on the Society's business model in managing the assets and the cash flow characteristic of the assets. The Society managed these group of financial assets by collecting the contractual cash flow and these cash flows represents solely payment of principal and interest. Accordingly, these group of financial assets are measured at amortised cost subsequent to initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. Significant accounting policies (continued)

2.9 Financial assets (continued)

The accounting for financial assets from 1 January 2018 are as follows: (continued)

(g) Impairment

The Society assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 12 details how the Society determines whether there has been a significant increase in credit risk.

For trade receivables, the Society applies the simplified approach permitted by the FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For cash and cash equivalents, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

(h) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Society has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Society are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

2.10 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within 12 months after the statement of financial position date are presented as current borrowings even though the original term was for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the statement of financial position date and before the financial statements are authorised for issue. Other borrowings due to be settled more than 12 months after the statement of financial position date are presented as non-current borrowings in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

2. Significant accounting policies (continued)

2.11 Trade and other payables

Trade and other payables represent liabilities for services provided to the Society prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of business if longer). Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.13 Provisions

Provisions are recognised when the Society has a present legal or construction obligation as a result of a past event, it is more likely than not that an outflows of resources will be required to settle the obligation and the amount has been reliably estimated.

2.13 Cash and cash equivalents

Cash and cash equivalents include cash at bank and on hand, deposits with financial institutions which are subject to an insignificant risk of changes in value.

2.14 Currency translation

The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

Transactions in a currency other than Singapore Dollar ("foreign currency") are translated into Singapore Dollar using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Foreign exchange gains and losses impacting profit or loss are presented within 'other gains/losses'.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

3. Significant accounting judgements and estimates

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

3.1 Judgements made in applying accounting policies

In the process of applying the Society's accounting policies, the Society's Council is of the opinion that there are no areas involving critical judgements or complexity involved that have a significant effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

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

a) Revaluation of investment property

The Society carries its investment property at fair value, with changes in fair values being recognised in profit or loss and other comprehensive income respectively. The Society engaged real estate valuation experts to assess fair value as at 31 December 2018. The fair value of the investment property is determined by independent real estate valuation experts using recognised valuation techniques.

The carrying amounts of the investment property carried at fair value as at 31 December 2018 are S\$6,000,000 (2017: S\$6,000,000).

THE PHOTOGRAPHIC SOCIETY OF SINGAPORE
 (UEN: S61SS0108H)
 (REGISTERED UNDER THE SOCIETIES ACT, CAP 311)

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

4. Plant and equipment

	Equipment	Computers	Other assets*	Total
	S\$	S\$	S\$	S\$
2018				
<u>Cost</u>				
Beginning of financial year	39,620	36,008	91,303	166,931
Additions	1,738	10,886	1,154	13,778
End of financial year	41,358	46,894	92,457	180,709
<u>Accumulated depreciation</u>				
Beginning of financial year	38,169	34,752	86,920	159,841
Depreciation	1,549	4,422	2,706	8,677
End of financial year	39,718	39,174	89,626	168,518
<u>Net book value</u>				
End of financial year	1,640	7,720	2,831	12,191
2017				
<u>Cost</u>				
Beginning of financial year	38,174	34,620	86,548	159,342
Additions	1,446	1,388	4,755	7,589
End of financial year	39,620	36,008	91,303	166,931
<u>Accumulated depreciation</u>				
Beginning of financial year	37,687	33,490	84,268	155,445
Depreciation	482	1,262	2,652	4,396
End of financial year	38,169	34,752	86,920	159,841
<u>Net book value</u>				
End of financial year	1,451	1,256	4,383	7,090

*Other assets include studio equipment, furnishing and fittings, air-conditioner and renovation.

THE PHOTOGRAPHIC SOCIETY OF SINGAPORE
 (UEN: S61SS0108H)
 (REGISTERED UNDER THE SOCIETIES ACT, CAP 311)

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

5. Investment property

	2018 S\$	2017 S\$
<u>At fair value</u>		
End of financial year	<u>6,000,000</u>	<u>6,000,000</u>

The investment property of the Society was valued at S\$ 6,000,000 on the basis of open market value by an independent professional valuation report dated 12 March 2018.

The investment property is leased to non-related party under operating leases (Note 11).

During the previous financial year, the investment property is pledged as security for bank term loan (Note 9). The pledge was discharged during the financial year. Detail of the investment property as set out as below:

Location	Description	Tenure
50 Amoy Street, Singapore 069876	Office	Leasehold of 999 years from 21 June 1833

The following amounts are recognised in statement of comprehensive income:

	2018 S\$	2017 S\$
Rental income	144,000	144,000
Direct operating expenses arising from:		
- Property tax	(14,700)	(14,100)
- Term loan interest	(613)	(2,342)
- Insurance	(2,312)	(1,340)
- Repair and maintenance	-	(2,021)
- Miscellaneous expenses	(725)	(700)
	<u>125,650</u>	<u>123,497</u>

6. Trade and other receivables

	2018 S\$	2017 S\$
Trade receivables	2,583	280
Advance	4,450	1,500
Deposits	18,013	3,655
Prepayments	11,914	3,944
	<u>36,960</u>	<u>9,379</u>

The carrying amounts of receivables approximate their fair value.

Trade and other receivables are denominated in Singapore Dollar.

THE PHOTOGRAPHIC SOCIETY OF SINGAPORE
 (UEN: S61SS0108H)
 (REGISTERED UNDER THE SOCIETIES ACT, CAP 311)

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

7. Cash and cash equivalents

	2018 S\$	2017 S\$
Petty Cash	319	321
Cash on hand	6,906	3,671
PayPal	32,491	44,910
Cash at bank	100,772	48,968
	<u>140,488</u>	<u>97,870</u>

The carrying amounts of cash and cash equivalents approximate their fair value.

Cash and cash equivalents are denominated in the following currency:

	2018 S\$	2017 S\$
Singapore Dollar	123,491	58,394
US Dollar	16,997	39,476
	<u>140,488</u>	<u>97,870</u>

8. Trade and other payables

	2018 S\$	2017 S\$
Trade payables	1,203	1,126
Other payables	3,397	718
Accruals	2,450	7,776
	<u>7,050</u>	<u>9,620</u>

The carrying amounts of trade and other payables approximate their fair value.

Trade and other payables are denominated in Singapore Dollar.

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

9. Term loan

	2018 S\$	2017 S\$
Current	-	19,605

The bank borrowings were fully repaid during the financial year. The effective interest rate is 5.28% (2017: 5.54%) per annum.

The bank borrowings were secured by a pledge over investment property at 50 Amoy Street, Singapore 069876 (Note 5). The pledge was discharged during the financial year.

10. Income tax expense

In accordance with Section 11(1) of the Singapore Income Tax Act, income tax is provided on net rental income during the financial year at corporate tax rate of 17% applying corporate tax exemption scheme which grants partial exemption of certain chargeable income.

Tax provision is based on income assessed under section 10(1)(f) & (g) of the Income Tax Act.

In 2018, the Society's taxation is computed using the Singapore standard rate of income tax.

(a) Current Tax

The charge for income tax is made up as follows:

	2018 S\$	2017 S\$
Tax expense attributable to Surplus is made up of:		
- Current taxation	4,994	7,193
- (Over) / Under provision in prior years	(502)	1,994
	<u>4,492</u>	<u>9,187</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

10. Income tax expense (continued)

(a) Current Tax (continued)

A reconciliation between tax expenses and the product of accounting results multiplied by applicable tax rate for the year ended is as follows:

Reconciliation of effective tax rate:

	2018 S\$	2017 S\$
Surplus before taxation	65,166	1,087,897
Tax at the applicable tax rate at 17%	11,078	184,943
Effects of:		
- expenses not deductible for tax purposes	1,475	746
- income not subject to tax	(1,050)	(170,453)
- (Over) / Under provision in prior years	(502)	1,994
- Effect of partial tax exemption	(6,177)	(8,043)
- Other	(332)	-
Income tax expense	4,492	9,187

(b) Movements of provision for taxation:

	2018 S\$	2017 S\$
Balance at beginning of year	7,193	2,128
Tax paid for the year	(6,691)	(4,122)
Current taxation	4,994	7,193
(Over) / Under provision in prior years	(502)	1,994
Balance at end of year	4,994	7,193

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

11. Operating lease commitments

a) Operating lease commitments - as lessee

	2018 S\$	2017 S\$
Minimum lease payments under operating leases recognised as an expense in the year	<u>41,868</u>	<u>21,700</u>

At the balance sheet date, the Society has outstanding commitments under non-cancellable operating leases, which fall due as follows:

	2018 S\$	2017 S\$
Within one year	95,580	12,658
Within 2 to 5 years	<u>124,692</u>	<u>-</u>
	<u>220,272</u>	<u>12,658</u>

b) Operating lease committee - as lessor

At the balance sheet date, the Society has contracted with tenants for the following future minimum lease payments:

	2018 S\$	2017 S\$
Within one year	219,600	48,000
Within 2 to 5 years	<u>300,300</u>	<u>-</u>
	<u>519,900</u>	<u>48,000</u>

THE PHOTOGRAPHIC SOCIETY OF SINGAPORE

(UEN: S61SS0108H)

(REGISTERED UNDER THE SOCIETIES ACT, CAP 311)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2018

12. Financial risk management (continued)

(a) Financial risk management objectives and policies (continued)

The main risks arising from the Society's financial instruments are credit risk, interest rate risk and liquidity risk. The policies for managing each of these risks and are summarized below:-

Credit risk

The total amount of receivable and cash and cash equivalent represents the Society's maximum exposure to credit risk.

Credit risk refers to the risk that a customer or counterparty will default on its contractual obligation resulting in financial loss to the Society. The credit exposure and credit terms granted to customers are continuously monitored by the Society.

Cash in bank that are neither past due nor impaired are placed with reputable financial institution.

Interest rate risk

The Society is exposed to interest rate risk through the impact of rate changes on term loan. The sensitivity analysis for changes in interest rate is not disclosed as the effect on income statement is considered not significant.

Liquidity risk

In the management of liquidity risk, the Society monitors and maintains a level of cash and bank balances deemed adequate by the Council to finance the operations and mitigate the effect of the fluctuations in cash flows.

(b) Fair values

The carrying amounts of financial assets and liabilities approximate their fair values due to their short term nature.

13. Authorisation of financial statements

These financial statements were authorised for issue by the Council on **18 APR 2019**