SINGAPORE RETAILERS ASSOCIATION

Empower Business | Build Connections | Transform Retail

Audited Financial Statements

AND OTHER FINANCIAL INFORMATION

SINGAPORE RETAILERS ASSOCIATION
AND ITS SUBSIDIARY COMPANY
(REGISTRATION NO: S77SS0005G)
(REGISTERED IN THE REPUBLIC OF SINGAPORE)

30 SEPTEMBER 2019

AUDITED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION
FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

COUNCIL MEMBERS

Mr Ramasamy Dhinakaran	-	President
Ms Gan Siok Hoon	-	Vice President
Ms Ong Sioe Hong	-	Vice President
Ms Helen Cheung	-	Honorary Secretary
Mr Ng Whye Keong	-	Honorary Treasurer
Mr Alwyn Chong	-	Councillor
Mr Charlie Teo Chay Lee	-	Councillor
Mr Douglas Benjamin	-	Councillor
Mr Giam Seng Keong	-	Councillor
Mr Lee Kian Hup	-	Councillor
Mr Jeremy Taylor	-	Councillor
Mr Joshua Koh	-	Councillor
Mr Kenneth Aruldoss	-	Councillor
Dr Kenny Chan	-	Councillor
Mr Lim Boon Cheong	-	Councillor
Mr Michael Binger	-	Councillor
Ms Serene Seow	-	Councillor
Mr Lim Poh Meng	-	Councillor

REGISTERED OFFICE
1 Coleman Street #05-11B
The Adelphi
Singapore 179803

AUDITORS
JH Tan & Associates
Chartered Accountants Singapore

BANKERS
DBS Bank Limited
Overseas Chinese Banking Corporation Limited
Standard Chartered Bank

INDEX

STATEMENT BY COUNCIL MEMBERS

In our opinion, the accompanying financial statements set out on pages 4 to 28 are properly drawn up in accordance with the books and vouchers of Singapore Retailers Association ("the association") and of the group, and Singapore Financial Reporting Standards, and so as to give a true and fair view of the state of affairs of the group and of the association as at 30 September 2019, and the results, changes in funds of the group and of the association and cash flows of the group for the financial year ended on that date.

On behalf of the Council Members,

RAMASAMY DHINAKARAN
President

NG WHYE KEONG
Honorary Treasurer

Singapore **10 Feb 2020**

REPORT ON THE AUDIT OF THE FINANCIALS STATEMENT

Opinion

We have audited the financial statements of Singapore Retailers Association ("the association") and its subsidiary (collectively "the group'), which comprise the statement of financial position of the group and the association as at 30 September 2019, the statement of comprehensive income and statements of changes in fund of the group and the association and statement of cash flows of the group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act, Chapter 311 and Companies Act, Chapter 50 (collectively the "Acts") and Financial Reporting Standards in Singapore (FRSs) so as to present fairly, in all material respects, the state of affairs the group and the association as at 30 September 2019 and the results and changes in fund of the group and the association and cash flows of the group for the year ended on that date.

Basis of Opinion

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

Other information

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

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 Act and FRSs, and for such internal control as management determines is necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' 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 auditors' 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (cont'd

Auditors' 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:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the association's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the association to cease to continue as a going concern.

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

We communicate with 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 Regulations enacted under the respective Acts to be kept by the association and the subsidiary company, incorporated in the Republic of Singapore, of which we are the auditors, have been properly kept in accordance with those Regulations.

JH TAN & ASSOCIATES
Public Accountants and
Chartered Accountants Singapore

Singapore,

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

	Note	THE GROUP 2019	THE GROUP 2018	THE ASSOCIATION 2019	THE ASSOCIATION 2018
		$	$	$	$
Income: -					
Course fees, net		6,011	53,355	6,011	9,715
Subscription and entrance fees, net		254,759	218,314	254,759	218,577
Surplus from seminars and events, net	4	805,969	982,959	805,969	982,959
Bank interest income		255	395	255	395
Other income	5	16,238	23,950	10,075	11,322
		1,083,232	1,278,973	1,077,069	1,222,968
Less: Expenses: -					
Advertisement		4,148	3,778	4,148	3,778
Allowance for credit losses	10	-	5,971	-	-
Audit and tax fees		15,100	18,500	10,200	11,100
Bad debts written off, trade		11,610	-	5,639	25,221
Bank charges		1,838	675	1,788	423
Course development		-	23,929	-	-
Course expenses		100	31,640	-	-
Deposit written off		-	160	-	-
Depreciation of property, plant and equipment	8	76,919	97,255	76,919	82,106
Donation		-	1,383	-	1,383
Employee costs	6	764,642	681,204	764,642	671,491
Exhibition and meeting expenses		1,340	7,051	1,340	7,051
Property, plant and equipment written off		-	2,310	-	-
Gifts and entertainment		989	3,052	989	3,052
Impairment loss in subsidiary company		-	-	-	43,400
Insurance		3,170	2,506	3,170	2,085
Interest on term loan		68,047	69,011	68,047	69,011
Miscellaneous expenses		1,534	3,270	1,534	2,762
Penalty		-	785	-	785
Printing and stationery		5,229	5,765	4,906	5,700
Property tax		17,638	17,152	17,638	17,152
Expenses, carried forward		(972,304)	(975,397)	(960,960)	(946,500)

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (cont'd)

		THE GROUP		THE ASSOCIATION	
	Note	2019	2018	2019	2018
		$	$	$	$
Expenses, brought forward		(972,304)	(975,397)	(960,960)	(946,500)
Removal charges		960	200	960	200
Repairs and maintenance		39,401	30,945	39,401	30,548
Secretarial fee		6,860	7,420	5,000	5,000
Tele-communication		4,536	4,701	4,536	4,701
Transport and travelling		8,743	6,904	8,743	6,904
Utilities		1,914	2,209	1,891	2,073
		(62,414)	(52,379)	(60,531)	(49,426)
		(1,034,718)	(1,027,776)	(1,021,491)	(995,926)
Profit before taxation		48,514	251,197	55,578	227,042
Taxation	7	(431)	(36,800)	(431)	(36,800)
Profit after taxation		48,083	214,397	55,147	190,242
Other comprehensive income for the year, net of taxation		-	-	-	-
Total comprehensive income/(loss) for the year		48,083	214,397	55,147	190,242
Total comprehensive income/(loss) attributable to:					
Owners of the parent		48,083	214,397	55,147	190,242

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2019

		THE GROUP		THE ASSOCIATION	
	Note	2019	2018	2019	2018
ASSETS		$	$	$	$
Non-current assets					
Property, plant and equipment	8	5,710,158	5,772,661	5,710,158	5,772,661
Investment in subsidiary company	9	-	-	-	-
		5,710,158	5,772,661	5,710,158	5,772,661
Current assets					
Trade and other receivables	10	3,013,660	1,820,947	3,013,660	1,820,947
Amount due from a subsidiary company	11	-	-	32,508	76,945
Cash and cash equivalents	12	824,601	1,101,816	771,716	972,038
		3,838,261	2,922,763	3,817,884	2,869,930
Total assets		9,548,419	8,695,424	9,528,042	8,642,591
FUND AND LIABILITIES					
Represented by:					
Accumulated fund		4,262,426	4,214,343	4,448,460	4,393,313
Non-current liabilities					
Term loan	14	2,588,329	2,656,569	2,588,329	2,656,569
Current liabilities					
Trade and other payables	15	2,427,913	1,491,314	2,413,358	1,451,367
Deferred income	13	191,856	191,856	-	-
Term loan	14	68,453	98,959	68,453	98,959
Provision for taxation	7	9,442	42,383	9,442	42,383
		2,697,664	1,824,512	2,491,253	1,592,709
Total fund and liabilities		9,548,419	8,695,424	9,528,042	8,642,591

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

STATEMENTS OF CHANGES IN FUND
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

THE GROUP	Accumulated Fund
	$
Balance as at 1 October 2017	3,999,946
Total comprehensive income for the year	214,397
Balance as at 30 September 2018	4,214,343
Total comprehensive income for the year	48,083
Balance as at 30 September 2019	4,262,426

THE ASSOCIATION	Accumulated Fund
	$
Balance as at 1 October 2017	4,203,071
Total comprehensive income for the year	190,242
Balance as at 30 September 2018	4,393,313
Total comprehensive income for the year	55,147
Balance as at 30 September 2019	4,448,460

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019

THE GROUP	2019	2018
	$	$
Cash flows from operating activities		
Profit before taxation	48,514	251,197
Adjustments for: -		
Allowance for credit losses	-	5,971
Bad debts written off, trade	11,610	-
Depreciation of property, plant and equipment	76,919	97,255
Deposit written off	-	160
Property, plant and equipment written off	-	2,310
Bank interest income	(255)	(395)
Interest on term loan	68,047	69,011
Reversal of allowance for credit losses	(11,610)	(476)
Operating profit before working capital changes	193,225	425,033
Changes in working capital: -		
Trade and other receivables	(1,192,713)	(509,988)
Trade and other payables	936,599	268,622
Deferred income	-	(12,043)
	(256,114)	(253,409)
Cash (used in)/generated from operations	(62,889)	171,624
Interest received	255	395
Taxation paid	(33,372)	(417)
Net cash (used in)/generated from operating activities	(96,006)	171,602
Cash flows from investing activity		
Purchase of property, plant and equipment, being net cash used in investing activity	(14,416)	(3,915)
Cash flows from financing activity		
Repayment of term loan, being net cash used in financing activity	(166,793)	(172,011)
Net decrease in cash and cash equivalents	(277,215)	(4,324)
Cash and cash equivalents at beginning of the year	1,101,816	1,106,140
Cash and cash equivalents at end of the year (Note 12)	824,601	1,101,816

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

NOTES TO FINANCIAL STATEMENTS - 30 SEPTEMBER 2019

1. GENERAL

The association is registered and domiciled in the Republic of Singapore. The registered office is situated at 1 Coleman Street #05-11B, Singapore 179803.

The principal activities of the association and its subsidiary company relate to the protection, promotion and advancement of interests of retailers in Singapore.

The financial statements of the group and the association for the financial year ended 30 September 2019 were authorised for issue on the date of the Statement by Council Members.

2. MANAGEMENT OF THE ASSOCIATION'S AFFAIRS

The association's affairs in relation to the protection, promotion and advancement of interests of retailers are managed by Council Members.

3. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Standards (FRS) as required by the Societies Act for the association and Companies Act, Cap. 50 for its subsidiary company.

The group has not applied FRS and Interpretations of FRS (INT FRS) that have been issued but are not yet effective as at the financial year end. The Council Members are of the opinion that the initial application of these FRS and INT FRS is not expected to have any significant impact on the financial statements.

The consolidated financial statements are prepared and presented in Singapore dollar, which is the group and association's functional currency. The financial statements are prepared in accordance with the historical cost convention except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the financial year end and the reported amounts of income and expenses during the financial year. Although these estimates are based on the Council Members' best knowledge of current events and actions, actual results may ultimately differ from these estimates. There were no significant judgements and estimates made during the financial year, except as disclosed in the notes to the financial statements.

b) Functional and foreign currency

Functional currency

The management has determined that the Singapore dollar ("$") is the group and the association's functional currency, being the currency of the primary economic environment in which the association operates. Revenue and major operating expenses are primarily influenced by fluctuations in Singapore dollar.

NOTES TO FINANCIAL STATEMENTS - 30 SEPTEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

b) Functional and foreign currency (cont'd)

Foreign currency transactions

Transactions in currencies other than in Singapore dollar are treated as transactions in foreign currencies and recorded at exchange rates approximating those ruling at the transaction dates. Foreign currency monetary assets and liabilities are translated into local currency at year-end exchange rates. Non-monetary assets and liabilities are measured using the exchange rates ruling at the transactions dates or, in the case of items carried at fair value, the exchange rates that existed when the values were determined. All exchange differences arising from conversion are included in the statement of comprehensive income.

c) Subsidiary and basis of consolidation

i) Subsidiary company

Subsidiary is entity over which the group has power to govern the financial and operating policies, generally accompanied by a shareholding giving rise to majority of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Changes in the association's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the association.

Investments in subsidiary companies are stated in the association's statement of financial position at cost less accumulated impairment losses. An assessment of investments in subsidiary companies is performed when there are indications that the investments have been impaired or the impairment losses recognised in prior years no longer exist.

ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the association and its subsidiary as at the financial year end. The financial statements of the subsidiary are prepared for the same reporting date as the association. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-company balances, transactions, income and expenses and profits and losses resulting from intra-company transactions are eliminated in full on consolidation.

Subsidiary company is fully consolidated from the date of acquisition, being the date on which the group obtains control, and continues to be consolidated until the date that such control ceases.

NOTES TO FINANCIAL STATEMENTS - 30 SEPTEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

c) <u>Subsidiary and basis of consolidation</u> (cont'd)

ii) Basis of consolidation (cont'd)

Acquisition of subsidiary company is accounted for using the purchase method. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred and assumed at the date of exchange, plus cost directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill.

Any excess of the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the income statement on the date of acquisition.

d) <u>Property, plant and equipment and depreciation</u>

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of the assets if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the assets.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases: -

Computers and software	-	1 year
Furniture, fittings, equipment and renovations	-	3 -10 years
Library books and training aids	-	3 years
Freehold office building	-	50 years

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

The estimated useful lives, residual values and depreciation method are reviewed, and adjusted as appropriate, at the end of each financial year.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

NOTES TO FINANCIAL STATEMENTS - 30 SEPTEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

e) Financial instruments

Financial assets and financial liabilities are recognised on the group's statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

• the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

• the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments that meet both the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

• the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

• the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

NOTES TO FINANCIAL STATEMENTS - 30 SEPTEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

e) Financial instruments (cont'd)

Financial assets (cont'd)

Classification of financial assets (cont'd)

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

Debt investments classified as FVTOCI

Investments in debt instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, any gains or losses on such a financial asset are recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses until the financial asset is derecognised. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss for the period.

Interest income is recognised in profit or loss and is included in the "net income from investments" line item in profit or loss.

Impairment of financial assets

The group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The group applies the simplified approach permitted by FRS 109 for trade receivables. The ECL on these financial assets are estimated based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors as well as current and forecast general economic conditions at the reporting date.

To assess whether there is a significant increase in credit risk, the group compares the risk of a default occurring on the asset as at the reporting date with the rate of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information, where relevant.

A default on a financial asset is when the counterparty fails to make contractual payments within a specific period after the credit period granted.

NOTES TO FINANCIAL STATEMENTS - 30 SEPTEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

e) Financial instruments (cont'd)

Financial assets (cont'd)

Impairment of financial assets (cont'd)

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include taking into consideration observable data about the significant financial difficulty of the issuer or the borrower; a breach of contract, such as a default or past due event; it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Where receivables have been written off, the group continues to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

Derecognition of financial assets

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Borrowings

Interest-bearing loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised in profit or loss over the term of the borrowings.

NOTES TO FINANCIAL STATEMENTS - 30 SEPTEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

e) Financial instruments (cont'd)

Financial liabilities and equity instruments (cont'd)

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

f) Impairment of non-financial assets

The group assesses at each reporting date whether there is indication that these assets may be impaired. If any such indication exists, the group 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 using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in the profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. 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 the profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

g) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand.

NOTES TO FINANCIAL STATEMENTS - 30 SEPTEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

h) Deferred income

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all required conditions will be complied with.

Income related grants are recognised in the income and expenditure statement over the period necessary to match the expenditure incurred or to match the expenditure that they are intended to reimburse.

Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

i) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current taxation

Current taxation is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantially enacted at the financial year end, and any adjustment to tax payable in respect of previous years.

Deferred taxation

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets and liabilities are measured using the tax rates expected to apply to the taxable profit in the years in which those temporary differences are expected to be recovered or settled based on tax rates enacted or substantively enacted at the financial year end.

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

At each financial year end, the group re-assesses recognised deferred tax assets and the carrying amount of deferred tax assets. The group recognised a previously recognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered. The group conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the deferred tax assets to be recognised.

j) Revenue recognition

Goods and services sold

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

NOTES TO FINANCIAL STATEMENTS - 30 SEPTEMBER 2019

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

j) Revenue recognition (cont'd)

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

Course fees are recognised over the period in which the course is conducted.

Subscription is recognised on an accrual basis and entrance fees are recognised when membership application is approved.

Sponsorships and grants are accrued as income based on the letters of offer from sponsors and grantors. Such grants are included in seminars and events account in the Statement of Comprehensive Income.

k) Operating leases

Group as lessee

Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

l) Employee benefits

The group makes contributions to the Central Provident Fund, a defined pension scheme. These contributions are recognised as an expense in the period in which the related service is performed.

m) Related parties

Related parties are defined as follows:

i) A person or a close member of that person's family is related to the association if that person:
  a. Has control or joint control over the association;
  b. Has significant influence over the association; or
  c. Is a member of the key management personnel of the association or of a parent of the association.

ii) An entity is related to the association if any of the following conditions applies:
  a. The entity and the association are members of the same group (which means that each subsidiary and fellow subsidiary is related to the others).
  b. One entity is an associate or joint venture of the other entity (or an associate or joint venture or a member of a group which the other entity is a member).
  c. Both entities are joint ventures of the same third party.
  d. One entity is a joint venture of a third entity and the other entity is an associate of the entity.
  e. The entity is a post-employment benefit plan for the benefit if employees of either the association or an entity related to the association. If the association is itself such a plan, the sponsor employers are also related to the association.
  f. The entity is controlled or jointly controlled by a person identified in i);
  g. A person identified in i) a. has significant influence over the entity or is a member of the management personnel of the entity (or a parent of the entity).

NOTES TO FINANCIAL STATEMENTS - 30 SEPTEMBER 2019

4. SURPLUS FROM SEMINARS AND EVENTS, NET

	THE GROUP		THE ASSOCIATION	
	2019	2018	2019	2018
	$	$	$	$
Income from seminars and events conducted: -				
Golf tournament	63,600	54,150	63,600	54,150
Industry benchmarking*	47,522	64,229	47,522	64,229
Job Redesign	-	130,000	-	130,000
Lead+ (development projects)*	243,702	214,850	243,702	214,850
Lead+ (man power and audit fee)*	54,600	143,360	54,600	143,360
NRF study mission*	272,629	259,508	272,629	259,508
Promotions - GSS and SGW*	1,646,282	953,762	1,646,282	953,762
Seminars	302,082	308,164	302,082	308,164
SRA ball	298,200	291,300	298,200	291,300
SRIC*	130,695	94,650	130,695	94,650
Others*	353,994	176,101	353,994	176,101
	3,413,306	2,690,074	3,413,306	2,690,074
Direct expenses: -	(2,607,337)	(1,707,115)	(2,607,337)	(1,707,115)
	805,969	982,959	805,969	982,959

5. OTHER INCOME

	THE GROUP		THE ASSOCIATION	
	2019	2018	2019	2018
	$	$	$	$
Exchange difference, net	32	-	-	-
Grants and contributions recognised	4,436	22,889	4,436	10,846
Reversal of credit losses	11,610	476	5,639	476
Sundry income	160	585	-	-
	16,238	23,950	10,075	11,322

NOTES TO FINANCIAL STATEMENTS - 30 SEPTEMBER 2019

6. EMPLOYEE COSTS

	THE GROUP		THE ASSOCIATION	
	2019	2018	2019	2018
	$	$	$	$
Salaries and bonuses	655,915	597,225	655,915	589,025
Employer's CPF contributions	69,565	67,053	69,565	65,540
Part-time staff salaries	18,914	-	18,914	-
Staff benefits	20,248	16,926	20,248	16,926
	764,642	681,204	764,642	671,491

Included in employee costs were key management personnel compensation: -

	THE GROUP		THE ASSOCIATION	
	2019	2018	2019	2018
	$	$	$	$
Salaries and bonuses	164,800	155,400	164,800	155,400
Employer's CPF contributions	15,451	15,750	15,451	15,750
Staff benefits	10,200	8,400	10,200	8,400
	190,451	179,550	190,451	179,550

7. INCOME TAX

a) Taxation

	THE GROUP		THE ASSOCIATION	
	2019	2018	2019	2018
	$	$	$	$
Current taxation:				
- Current year	9,442	36,800	9,442	36,800
- Over provision of taxation in prior year	(9,011)	-	(9,011)	-
	431	36,800	431	36,800

NOTES TO FINANCIAL STATEMENTS - 30 SEPTEMBER 2019

7. INCOME TAX (cont'd)

a) Taxation (cont'd)

A reconciliation of the tax expense with the accounting profit for the year is as follows:-

Profit before taxation	48,514	251,197	55,578	227,042
Tax expense at statutory rate of 17%	8,247	42,703	9,448	38,597
Non-deductible expenses	12,737	27,659	12,737	32,091
Non-taxable income	-	(1,958)	-	(81)
Stepped income exemption	(10,292)	(25,925)	(10,292)	(25,925)
Tax rebate	-	(10,000)	-	(10,000)
Deferred tax assets not recognised	1,201	2,203	-	-
Others	(2,451)	2,118	(2,451)	2,118
	9,442	36,800	9,442	36,800
Over provision of taxation in prior year	(9,011)	-	(9,011)	-
	431	36,800	431	36,800

b) Movements in provision for taxation

	THE GROUP		THE ASSOCIATION	
	2019	2018	2019	2018
	$	$	$	$
At beginning of the year	42,383	6,000	42,383	6,000
Income tax paid	(33,372)	(417)	(33,372)	(417)
Current year taxation	9,442	36,800	9,442	36,800
Over provision of taxation in prior year	(9,011)	-	(9,011)	-
At end of the year	9,442	42,383	9,442	42,383

NOTES TO FINANCIAL STATEMENTS - 30 SEPTEMBER 2019

8. PROPERTY, PLANT AND EQUIPMENT

THE GROUP	Freehold office building	Computers & software	Furniture, fittings, equipment & renovations	Library books & training aids	Total
Cost: -	$	$	$	$	$
As at 1 October 2017	5,885,546	36,600	238,027	840	6,161,013
Additions	-	-	1,715	2,200	3,915
Disposals / write offs	-	(24,696)	(91,144)	-	(115,840)
As at 30 September 2018	5,885,546	11,904	148,598	3,040	6,049,088
Additions	-	7,650	3,466	3,300	14,416
As at 30 September 2019	5,885,546	19,554	152,064	6,340	6,063,504
Accumulated depreciation: -					
As at 1 October 2017	152,043	28,664	111,675	280	292,662
Charge for the year	58,855	7,936	30,123	341	97,255
Disposals / write offs	-	(24,696)	(88,794)	-	(113,490)
As at 30 September 2018	210,898	11,904	53,004	621	276,427
Charge for the year	58,855	848	15,561	1,655	76,919
As at 30 September 2019	269,753	12,752	68,565	2,276	353,346
Net carrying amount: -	$	$	$	$	$
As at 30 September 2019	5,615,793	6,802	83,499	4,064	5,710,158
As at 30 September 2018	5,674,648	-	95,594	2,419	5,772,661

Freehold office property is held in trust for the group by Jannie Chan Siew Lee (Ex-President) and Wong Sioe Hong nee Ong (Vice-President). In prior financial year, the group appointed Ramasamy Dhinakaran (President) and Ong Sioe Hong (Vice-president) as the trustees for the property, whilst Jannie Chan Siew Lee was removed. At date of this report, the group is in the process of changing the trustees with the Singapore Land Authority.

The property is mortgaged to bank as security for term loan granted (Note 14).

The depreciation charge on furniture, fittings, equipment and renovations includes NIL (2018: $11,044) funded by the MTI grants.

NOTES TO FINANCIAL STATEMENTS - 30 SEPTEMBER 2019

8. PROPERTY, PLANT AND EQUIPMENT (cont'd)

THE ASSOCIATION

	Freehold office property	Computers & software	Furniture, fittings, equipment & renovations	Library books & training aids	Total
Cost: -	$	$	$	$	$
As at 30 September 2017	5,885,546	11,904	146,883	840	6,045,173
Additions	-	-	1,715	2,200	3,915
As at 30 September 2018	5,885,546	11,904	148,598	3,040	6,049,088
Additions	-	7,650	3,466	3,300	14,416
As at 30 September 2019	5,885,546	19,554	152,064	6,340	6,063,504
Accumulated depreciation: -					
As at 1 October 2017	152,043	3,968	38,030	280	194,321
Charge for the year	58,855	7,936	14,974	341	82,106
As at 30 September 2018	210,898	11,904	53,004	621	276,427
Charge for the year	58,855	848	15,561	1,655	76,919
As at 30 September 2019	269,753	12,752	68,565	2,276	353,346
Net carrying amount: -					
As at 30 September 2019	5,615,793	6,802	83,499	4,064	5,710,158
As at 30 September 2018	5,674,648	-	95,594	2,419	5,772,661

9. INVESTMENT IN SUBSIDIARY COMPANY

	THE ASSOCIATION 2019	THE ASSOCIATION 2018
	$	$
Unquoted equity shares, at cost	43,400	43,400
Impairment loss	(43,400)	(43,400)
	-	-

NOTES TO FINANCIAL STATEMENTS - 30 SEPTEMBER 2019

9. INVESTMENT IN SUBSIDIARY COMPANY (cont'd)

The association's subsidiary company is The Retail Academy of Singapore Pte Ltd ("TRAS"), a company incorporated and domiciled in the Republic of Singapore. At the financial year end, the association has an equity interest of 100% (2018: 100%) in TRAS.

The principal activities of TRAS relate to the provision of training and related information services to the retail industry and to businesses supporting the retail industry.

The investment in TRAS is held in trust by certain Council Members of the association.

Financial statements of TRAS are audited by Messrs JH Tan & Associates.

10. TRADE AND OTHER RECEIVABLES

	THE GROUP		THE ASSOCIATION	
	2019	2018	2019	2018
	$	$	$	$
Trade receivables	383,048	643,923	383,048	637,952
Membership fee receivable	123,484	60,564	123,484	60,564
Less: Allowance for credit losses	-	(11,610)	-	(5,639)
	506,532	692,877	506,532	692,877
Unbilled revenue	-	9,700	-	9,700
Deposits	1,330	2,180	1,330	2,180
Prepayments	38,500	34,660	38,500	34,660
Grants receivable from ESG (p.k.a. SPRING Singapore)	2,264,871	831,530	2,264,871	831,530
Grant receivable from STB	200,000	250,000	200,000	250,000
GST receivable	2,427	-	2,427	-
	3,013,660	1,820,947	3,013,660	1,820,947

Movements in allowance for credit losses are as follows: -

At the beginning of the year	11,610	12,915	5,639	12,915
Allowance charged for the year	-	5,971	-	-
Bad debts written off	(5,971)	(6,800)	-	(6,800)
Reversal during the year	(5,639)	(476)	(5,639)	(476)
At the end of the year	-	11,610	-	5,639

Trade receivables are non-interest bearing with no credit terms. Trade receivables are unsecured and their ageing at the financial year end is analysed below: -

Past due but not impaired: -				
Less than 30 days	138,893	79,872	138,893	79,872
31 to 60 days	64,940	195,162	64,940	195,162
61 to 90 days	114,882	269,501	114,882	269,501
Over 90 days	187,817	148,342	187,817	148,342
	506,532	692,877	506,532	692,877

NOTES TO FINANCIAL STATEMENTS - 30 SEPTEMBER 2019

10. TRADE AND OTHER RECEIVABLES (cont'd)

When trade receivables are past due but not impaired, the group assesses that the credit qualities of these unsecured amounts have not changed and the amounts are still considered recoverable.

Deposits are for rental and booking of venue and services for events.

Prepayments relate to payments paid in advance for events and seminars.

11. AMOUNT DUE FROM A SUBSIDIARY COMPANY

Amount due from a subsidiary company is non-trade, unsecured, interest-free and repayable on demand.

12. CASH AND CASH EQUIVALENTS

	THE GROUP		THE ASSOCIATION	
	2019	2018	2019	2018
	$	$	$	$
Cash on hand	501	308	500	307
Cash at bank	824,100	1,101,508	771,216	971,731
	824,601	1,101,816	771,716	972,038

13. DEFERRED INCOME

Deferred income comprises the following at the financial year end: -

	THE GROUP		THE ASSOCIATION	
	2019	2018	2019	2018
	$	$	$	$
Grants from Ministry of Trade & Industry	188,872	188,872	-	-
Deferred capital grant	-	-	-	-
Retail Partners' Funds	2,984	2,984	-	-
	191,856	191,856	-	-

a) Grants from Ministry of Trade and Industry

	THE GROUP		THE ASSOCIATION	
	2019	2018	2019	2018
	$	$	$	$
Balance at beginning of the year	188,872	189,871	-	-
Amounts recognised as income	-	(999)	-	-
Balance at end of the year	188,872	188,872	-	-

Grants from the Ministry of Trade and Industry represent amounts to be used by the group in brand development of the group and course development for the retail industry.

NOTES TO FINANCIAL STATEMENTS - 30 SEPTEMBER 2019

13. DEFERRED INCOME (cont'd)

Movements in each of the above grant or fund are set out below: -

b) Deferred capital grant

	THE GROUP		THE ASSOCIATION	
	2019	2018	2019	2018
At cost: -	$	$	$	$
At the beginning of the year	-	78,833	-	-
Additions for the year	-	-	-	-
Written off for the year	-	(78,833)	-	-
At the end of the year c/f	-	-	-	-
Less accumulated amortisation: -				
At the beginning of the year	-	67,749	-	-
Amortisation for the year	-	11,044	-	-
Written off for the year	-	(78,793)	-	-
At the end of the year	-	-	-	-
Net carrying amount at end of the year	-	-	-	-

Deferred capital grant represents grant from the Ministry of Trade and Industry for capital expenditure of furniture, fittings, equipment and renovations (Note 8).

c) Retail Partners' Funds

	THE GROUP		THE ASSOCIATION	
	2019	2018	2019	2018
	$	$	$	$
Balance at beginning of the year	2,984	2,984	-	-
Amounts recognised as income	-	-	-	-
Balance at end of the year	2,984	2,984	-	-

Funds received from retail partners are recognised in the income statement to match expenses incurred by the retail partners for redemption of course fee.

NOTES TO FINANCIAL STATEMENTS - 30 SEPTEMBER 2019

14. TERM LOAN

	THE GROUP AND ASSOCIATION	
	2019	2018
	$	$
Property loan	2,656,782	2,755,528
Amount repayable within one year	(68,453)	(98,959)
Amount repayable after one year	2,588,329	2,656,569

Non-current portion of loan repayable is analysed as follows: -

	2019	2018
Amount payable after one year but within five years	260,552	421,155
Amount payable after five years	2,327,777	2,235,414
Amount repayable after one year	2,588,329	2,656,569

The term loan is repayable over 25 years commencing from March 2015. The term loan is secured by mortgage over freehold office property (Note 8).

Interest is charged at 2.48% (2018: 2.38% to 4.13%) per annum.

15. TRADE AND OTHER PAYABLES

	THE GROUP		THE ASSOCIATION	
	2019	2018	2019	2018
	$	$	$	$
Trade payables	859,677	385,378	850,072	350,173
Subscription and course fees received in advance	237,449	153,741	237,449	153,741
Advance billings	73,147	50,540	73,147	50,540
Deposit received	4,000	-	4,000	-
Accruals	95,816	106,678	90,866	101,978
GST payable	-	18,449	-	18,407
Unutilised grants	1,157,824	776,528	1,157,824	776,528
	2,427,913	1,491,314	2,413,358	1,451,367

Trade payables are normally settled within 30 days (2018: 30 days).

Advance billings represent invoices issued in advance for events and seminars.

Unutilised grants are mainly grants received from the Singapore Workforce Development Agency and ESG collectively for the National Retail Scholarship, SME Talent Programme, LEAD and LEAD+ programme. The grants are utilised for funding of publicity expenses in promoting the scholarship scheme, for the funding of scholarships and manpower cost, and for development projects respectively.

Accruals comprise of accrued operating expenses and provision for staff bonus.

NOTES TO FINANCIAL STATEMENTS - 30 SEPTEMBER 2019

15. TRADE AND OTHER PAYABLES (cont'd)

Trade and other payables and advance income are denominated in the following currencies:-

	THE GROUP		THE ASSOCIATION	
	2019	2018	2019	2018
	$	$	$	$
Pound sterling	-	23,400	-	23,400
Singapore dollar	2,427,913	1,467,914	2,413,358	1,427,967
	2,427,913	1,491,314	2,413,358	1,451,367

16. RELATED PARTY TRANSACTIONS

During the financial year, there were the following transactions with the subsidiary company, based on terms agreed by the parties: -

	THE ASSOCIATION	
	2019	2018
	$	$
With subsidiary company: -		
Payment on behalf for subsidiary company	32,508	76,945
Bad debts written off - trade	-	25,221

17. CLASSIFICATION OF FINANCIAL INSTRUMENTS

The following table analyses the financial instruments in the statement of financial position, by their classes and categories: -

	THE GROUP		THE ASSOCIATION	
	2019	2018	2019	2018
	$	$	$	$
Financial assets: -				
At amortised cost	3,799,761	2,878,403	3,779,384	2,825,570
Financial liabilities: -				
At amortised cost	(4,774,099)	(4,042,561)	(4,759,544)	(4,002,614)

NOTES TO FINANCIAL STATEMENTS - 30 SEPTEMBER 2019

18. FINANCIAL RISKS MANAGEMENT

The Council Members review and agree on management policies for the following financial risks which arise in the normal course of operation:

(a) Credit risk

The group has no significant concentration of credit risk. Cash is placed with reputable financial institutions.

The carrying amounts of trade and other receivables and cash and cash equivalents represent the group's maximum exposure to credit risk. Credit evaluation on each debtor is performed on a regular basis.

(b) Liquidity risk

The group adopts a prudent approach in managing its liquidity risk by maintaining sufficient cash and cash equivalents for its operational requirement and to mitigate the effect of cash flow fluctuation.

(c) Interest rate risk

The association's exposure to interest rate risk arises primarily from bank borrowings and cash at bank. The association does not expect any significant effect on the association's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the financial year.

(d) Fair values

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

The carrying amounts of borrowings approximate their fair values as they bear interest at rates which are comparable to current incremental borrowing rates for similar type of borrowing.

-- End of the Audited Financial Statements --