THE AMERICAN CLUB
SINGAPORE

2018/19
ANNUAL REPORT

OUR MISSION

We are in the happiness business, striving to enrich
the lives of our Members, staff, guests and partners
through fun, food, fitness and family, delivered with passion and pride.

OUR CORE VALUES

Safety . Respect . Integrity

OUR VISION

To create a vibrant community with a distinct American culture;
a place families can proudly call their home away from home.

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MESSAGE FROM
THE PRESIDENT & TREASURER

On behalf of the Executive and General Committees, it is our privilege to present the annual report for the financial year ending June 30, 2019 (FY19). This report highlights some of the achievements and progress we've made in key areas as well as measures taken to address challenges and capitalize on opportunities that emerged over the past year.

Rejuvenation and Rebuilding

The Club began its redevelopment project in the summer of 2016. Construction has been ongoing for the past three years and during the phased openings of new outlets we've seen renewed energy, gains in operating efficiencies, and increased sustainability in the Clubhouse—all of which were overarching goals of the redevelopment. With our enhanced facilities, trademark American service, and vibrant community, The Club is positioned to continue its long tradition as one of Singapore's premier social clubs well into the future.

FY19 was difficult due to the staged closure of much of the Clubhouse. As the year progressed, we began to open more redeveloped outlets, with The Bowling Alley, the much-loved Union Bar, The Galbraith Ballroom, and our catering and banqueting services all welcoming Members in Q4 2018. Phase Four of the project, which completed in Q1 2019, saw The Quad, our dedicated children's play space, quickly filled with our youngest Members. The Lobby followed in Q2, with the highly anticipated Tradewinds all-day dining restaurant opening in July. Finally, with the projected completion of The Gourmet Pantry, management offices, Tennis social area, and Gym in Q4, the redevelopment will be complete.

As with all projects of this size, continuing to enhance the spaces will be ongoing work. The General Committee and Member committees in partnership with management will continue to oversee and drive improvements as suggested by Members, so our outlets meet our Members' needs and continue to offer a true home away from home.

						Financial Model	**Cumulative Variance (Actual vs. Model)**	
	FY2019	**FY2018**	**FY2017**	**FY2016**	**Cumulative**	**Cumulative**		
Number of New Memberships	259	422	337	309	1,327	58	**1,269**	**2188%**
Entrance Fees (S$'000)	$2,855	$4,132	$3,225	$4,230	$14,442	$867	**$13,575**	**1566%**
Redevelopment Progress Payments (S$'000)	$17,509	$29,917	$12,005	$1,422	$60,853	$63,937	$(3,084)	**-5%**

We ended the year with 3,276 Members—894 more than the 2,382 projected under the original financial model. This success came in large part from the Membership Team and Membership Committee, which worked extremely hard despite shifting market conditions, competition, ongoing site construction, and visible hoarding. Over the last four years, they attracted a total of 1,327 new Members, significantly better than the financial projection of 58 new memberships. This has generated a cumulative $14.4 million in Club entrance fees (vs. $867,000 projected in the model).

As at end - FY2019	Actual	Financial Model	Variance (Actual vs. Model)	
Total Reserves (S$'000)	$29,385	$17,920	**$11,465**	**64%**
Closing Memberships	3,276	2,382	**894**	**38%**

Our reserves ended FY19 at $29.4 million instead of the $17.9 million projected—approximately $11.5 million ahead of the original financial model. While this is in part due to delays in the redevelopment project ($60.8 million in progress payments as of June 30, 2019, vs. $63.9 million projected), entrance fees have contributed significantly to this amount. More substantial Club reserves were achieved despite a higher cost base due to our decision to retain staff during redevelopment. The retention of staff helped to support a much larger Member base than originally projected. It is noteworthy that The Club has no long-term debt and did not utilize the available line of credit during redevelopment. However, we feel it is important to stress that while these reserves will be increased by new Member joining fees, they will also be reduced by the remaining redevelopment payments, operating losses, and capital expenditures in FY20.

Despite these successes, given the significant delays in the opening of outlets and therefore the overall redevelopment project, The Club did not meet budgeted revenues, and the bottom line fell short of budget by $713,197. We have budgeted for a substantial loss in FY20 as well, though better than FY19, due to the delays in redevelopment. However, we are performing much better in Q1 of our new fiscal year than budgeted. We are hopeful this trend will both continue and grow as the full Clubhouse opens.

	FY2019	FY2018	FY2017	FY2016	FY2015
Usage	74.8%	76.8%	79.8%	81.5%	82.0%
Club Foot Fall	271,110	278,382	312,560	405,634	not available
Covers	485,588	454,275	504,093	630,295	682,282
Monthly Spend	$512	$483	$507	$584	$602

Although net membership is only down 8.2% compared to pre-redevelopment, we saw Member monthly usage slip to around 70% (vs. industry average of 60%) this year. This decrease can be primarily attributed to delayed outlet openings and noisy work that impacted outlets during operating hours. As usage dropped, covers and monthly spend also declined significantly. Encouragingly, as new outlets opened throughout FY19, usage and spending steadily trended upwards with Member usage for the full year ending at 74.8%. We have seen an even greater upward trend since the Lobby opened and Tradewinds began operations in early July.

While these trends are promising, regaining our pre-redevelopment metrics will take time. Our membership base has a historical average annual attrition of about 350 Members, so our new member recruitment efforts will need to exceed this number for the next several years to bring us even with pre-redevelopment membership levels.

Enhancing Our Software

Although much of the redevelopment has been focused on The Club's hardware, we recognized early on that our software, our much-beloved staff, give The Club its heart and feeling of home. The General Committee made a commitment to our team at the start of this project that we would preserve jobs despite outlet closures. That has translated into a low staff attrition rate of just 1.35% per month at the end of FY19. This commitment has allowed our staff to cross-train in new outlets, gain professional training, and build their organizational knowledge, all so that they can serve Members better and more efficiently. This is also helpful in the context of the tight labor market in Singapore.

Both management and the General Committee are aware that the payroll costs on an absolute basis and as a percentage of revenue are substantially higher than pre-redevelopment. This is a function of The Club retaining experienced staff, creating a larger usable Member space, hiring staff ahead of new outlet openings to ensure they are appropriately trained to meet expected service standards, and paying annual increments for staff, all while revenues were significantly lower due to a large part of the Clubhouse being closed.

Given that redevelopment is coming to an end, and it has been ten years since compensation practices were last reviewed, we have engaged a globally recognized compensation consultant to review compensation practices at The Club. The consultant will be benchmarking compensation to the industry as well as weighing in on the mix and total compensation of our management and staff versus our peer group.

In line with our original goals, The Club made strides to increase operational efficiencies and enhance our sustainability efforts. Initiatives such as guest check-in kiosks in the Lobby and Scotts Road entrance, and the automated system at Thinkspace to access meeting rooms, phone booths, and the Library, were all successfully implemented. The addition of plant-based options on our outlet menus, initiatives to use less electricity and water, and a 75% use of biodegradable packaging at Central furthered our green efforts.

Looking Ahead

While we know the redevelopment journey has been long and peppered with unanticipated hurdles, The Club will continue to flourish for years to come. As each of our new outlets has settled, service has improved, Member usage has increased, and revenue has grown. With all of our outlets soon to be open, the outlook is positive that these trends will continue.

We are grateful for Members' patience and understanding during this challenging transition and join you in celebrating its near completion. We look forward to moving into our final spaces and utilizing the whole Club together as a community.

Dana Hvide
President

Rahul Arora
Treasurer

GENERAL COMMITTEE


Dana Hvide
President


Lindsay Fipp
Vice President


Richard Hartung
Secretary


Rahul Arora
Treasurer


Aaron Kim
Member at Large


Ashok K. Lalwani
Member at Large


Jay Jobanputra
Member at Large


John Winsell Davies
Member at Large


Justin Baldauf
Member at Large


Kenneth Fagan
Member at Large


Nasir Kausar
Member at Large


Peter Proft
Member at Large


Phua Swee Leng
Co-opted Member


Stephanie Nash
American Association Singapore


Caitlin Fry
American Women's Association


Sandra Johnson
Canadian Association


Lt Col Howard Eyth
American Embassy

SENIOR MANAGERS

Devin Kimble
General Manager

Patricia Au
Assistant General Manager

Tan Lee Lee
Senior Director of
People Development

Tang Teck Wah
Senior Director of
Facilities & Security

Su-Ann Khor
Senior Director of
Club Services

Angie Ng
Senior Director
of Finance

Malik Riley
Director of
Food & Beverage

Randy Simon
Director of
Fitness & Leisure

Sara Madera
Director, Marketing &
Communications

A LABOR OF LOVE

As redevelopment nears completion, The American Club remains, as it always has been, a place families can proudly call their home away from home. Redevelopment has been an affirmation of our vision to create a vibrant community with a distinct American culture, a diverse and close-knit group of expats and locals alike. None of the improvement and innovation would have been possible without the support of our Members, whose continued input, encouragement and flexibility throughout this challenging process has been a constant source of inspiration. Likewise, our dedicated staff have remained flexible and delivered on our promise of service that goes above and beyond. As The Club looks to the future, it is with the knowledge that these changes have rejuvenated our community and empowered sustainability and growth for the years to come.

FOUNDATION FOR GROWTH

Evolution of The Club is Member-driven, and it has taken a whole village to steer redevelopment forward. Our redevelopment committees and working groups have worked tirelessly throughout the redevelopment process to realize initially envisioned outlets and incorporate Member feedback to bring those outlets to life.

Project Control Group	The Project Control Group (PCG) meets fortnightly and reports to the General Committee on redevelopment. PCG manages cost, quality, and timing of redevelopment works, and liaises with consultants and management. Membership includes representation from the Finance Committee and Project Stakeholder Group, as well as other Members with relevant industry experience.
Project Stakeholder Group	The Project Stakeholder Group (PSG) meets on an ad hoc basis to work with project consultants, such as the architect and interior designer, on design-related matters, and reports to the PCG. Membership includes management staff from various departments and Members with relevant design experience.

Keeping Current with Progress

Throughout redevelopment, The Club has adapted to support the changing needs of Members. Various working groups have evolved to voice Member concerns and realize Member feedback. As new outlets opened, the House Committee was also reconstituted to oversee any modifications after launch.

Sustainability Working Group	The Sustainability Working Group (SWG) meets once a month or sometimes bi-monthly, and reports to the Strategic Planning Committee (SPC). The management staff Green Team, established in June of 2019, works with the SWG to implement sustainability initiatives.
Technology Working Group	The Technology Working Group (TWG) meets as needed to develop plans to upgrade hardware and install new software in order to modernize the technological infrastructure of The Club.
Pool Area Working Group	The Pool Area Working Group (PAWG) meets as needed to identify, evaluate and develop opportunities to make the pool area a more usable, comfortable and attractive space.
Constitution Review Group	The Constitution Review Group (CRG) was established per the resolution passed at the 2018 AGM to review applicable sections of The Club's constitution and bylaws.
Audit Review Group	The Audit Review Group (ARG) was established per the resolution passed at the 2018 AGM to facilitate an audit of the redevelopment process by an independent auditor.

MODERN AND TIMELESS

Under the oversight of the redevelopment committees, revitalized outlets opened across The Club, offering a modern twist on old favorites. Along with new names came new updates and improvements, allowing The Club to better serve and meet the needs of Members.

LEVEL 3

THINKSPACE

Houses the Business Center, Adult and Children's Libraries.
Includes a range of meeting room facilities, phone booths and over 20,000 titles in print and e-book.

LEVEL 2

the 2nd floor

Smart-casual dining six days a week, including Sunday brunch.
Updated East meets West menu.

TENNIS

Open air Tennis Gallery with room for social gathering (in progress).

LEVEL 1

THE LOBBY

Waiting area with comfortable sofas and curated artwork.
Nursing room and handicap facility (in progress).

trade winds

Family-friendly all day casual dining.
Updated menu including both buffet and à-la-carte offerings, as well as local and international cuisine.

Grab & Go and healthy food options, along with coffee and baked goods.
Spacious indoor and outdoor seating.

GRILLHOUSE GRILL & CHILL

Outdoor poolside dining with a relaxed feel.
Traditional Texas BBQ and classic American favorites.
Expanded seating for up to 218 persons.

LEVEL 1

THE QUAD POOLSIDE

Treehouse, dress-up, grocery store, and arts & crafts areas for our littlest Members.

THE GOURMET PANTRY

Extensive selection of wine and gourmet food offerings (in progress).

Essentials

One-stop shop for laundry, dry cleaning and overseas courier service.
Shopping essentials including cereals, snacks, beverages and Club merchandise

BASEMENT 1

THE QUAD

Evergreen games including table tennis, foosball, air hockey, giant games, and board games.
Gaming consoles and PCs, arcade, LEGO, screening room and magnetic wall.
2-story Wallholla.

BASEMENT 2

THE BOWLING ALLEY

Brunswick lanes with e-scoring system offering a variety of theme games and cosmic bowling.

THE GALBRAITH BALLROOM

Large formal space with modular walls for various sized events.
Available for private events and catering.

THE UNION BAR

Classic sports bar ambience with more seating and additional TV screens.
Happy Hour specials, liquor locker options, and event viewings.

BASEMENT 3

sên THE AMERICAN CLUB SINGAPORE

One-stop getaway for all self-pampering needs, with services from massages to nails, facials and hair care.

GYM

Larger facility with increased natural light and new functional training system (in progress).
Refurbished Pilates studio and squash courts (in progress).

HIGH TECH AND HIGHLY FUNCTIONAL

While updates to outlets and facilities are easy to spot, redevelopment has created a deeper focus across the board, investigating and investing in new technology to move operations forward. The Club has focused on processes that improve efficiency, productivity and member experience, as well as green practices for environmental sustainability.

Highlights

Technology

A major outcome of redevelopment has been improved efficiency for both Members and staff across all outlets through updated technology. For example, the new automated system in Thinkspace allows Members to tap their Membership cards to enter meeting rooms and phone booths. This provides Members with instant access, allows for automated billing charges and relieves staff of the need to keep track of keys. Guest check-in kiosks at the Lobby and Scotts entrance eliminate manual sign-in, improving the process for both Members and staff, and providing the Front Desk with information to locate Members in case of emergency. A hand-held tablet system for taking orders in Tradewinds and Grillhouse streamlines the process on both ends. Internally, an RFID system for staff laundry has been introduced.

Operational Enhancements

Along with efficiencies that benefit Member experience, The Club has also implemented systems to improve behind the scenes and data-gathering operations. An analytical system for counting foot traffic has been deployed at the Business Center, Library, and the Level 1 and Basement carparks. This system provides exact data to map usage trends, allowing for better management when spaces reach full capacity, and providing information for future event planning.

Another data set is used to track products and services at retail outlets, providing insight into Member preferences in each area, and allowing for targeted marketing of popular items.

Sustainability

The Club is committed to enhancing sustainability and expanding environmentally-friendly practices. 80% of fluorescent lighting throughout the building has been replaced with LED bulbs, which save energy and emit less heat, reducing the load on the air-conditioning system. Recycling bins are located at Central, Thinkspace, and B2. Refillable water bottle stations have replaced water dispensers using drinking cups in locations such as The Bowling Alley and the Gym.

Central also offers reusable tumblers and coffee cups for sale and provides a discount of up to 50¢ for bringing a reusable cup. Takeaway packaging is now made from sustainable materials, straws are biodegradable, and 75% of packaging at Central has been converted to biodegradable materials. Dining outlets also offer plant-based alternatives to meat, such as the Beyond Burger and Impossible Burger. An eco-digester was installed for food waste management, with the capacity to process up to one ton of food waste daily. The recently formed Sustainability Working Group (SWG) will continue to drive new initiatives moving forward.

STEADFAST SERVICE

Underlying all the successes of redevelopment, The Club's exemplary staff continue to deliver a strong culture of service. For ongoing improvement, The Club has invested in onboarding new hires, as well as training, development and redeployment for current staff. Skilled and certified employees rose to the challenges of new outlets and cross-training, demonstrating a can-do attitude.

Award Winning HR Practices

The Club won the inaugural Tripartite Alliance Award for Age Inclusive Practices, and was one of three winners to receive the Pinnacle Award. Presented by the Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP), the awards recognize The Club for implementing fair, responsible and progressive employment practices in Singapore.

These awards serve as a wonderful acknowledgement of The Club's effort in and commitment to creating and sustaining an age-inclusive workforce. This has been achieved through implementation of HR strategies, policies and programs to enable team members to realize their full potential.

In her post award interview with TAFEP, Lee Lee said:

> "*We feel very honored and proud to be one of the awardees. It's once again an affirmation of our people practices and we want to share this award with all our people at The Club. As many of us know, the workforce demographics in Singapore are changing. More of our workforce are ageing but the older workers serve as really good mentors to the younger generation. Having the young and old working together creates diversity and enriches the exchange of experience. The old bring the work experience, the new ones bring the digital experience. So, working together in this way helps to strengthen our workforce. TAFEP has been great in sharing progressive HR practices with practitioners like us. We take these best practices and implement it in our organization, and these help us to continue and progress.*"

Learning and Development

Leadership and People Management Program

- The Club instituted the LPM program in 2015 for team leaders, with a graduation rate of 98%
- The LPM program provides an opportunity for team leaders to identify their leadership style and develop new leadership skills

Continuing Education

- The Club is committed to supporting the professional development of staff, who have completed such programs as First Aid and AED certification, the Mentor at Work workshop offered by by Republic Polytechnic, and the Train the Trainer workshop offered by ITE, to list a few.
- This year, fifty of our executives and supervisors celebrated their successful completion of the Advance Diploma in Team Leadership. This diploma marks a training milestone, and has helped management staff foster stronger workplace relationships within and across outlets and departments.
- In collaboration with the Institute of Technical Education (ITE), The Club signed a Memorandum of Understanding to offer apprenticeship-based training to four students from the Culinary Arts and Management program as well as the Lifestyle and Management program, and one student from Republic Polytechnic (RP) in the Sports Wellness program. Through this partnership, students are placed on a 2.5 years training program where they balance a fulltime career with theory and hands-on lessons conducted by ITE.
- We also continue to offer ITE students studying culinary or food and beverage service industrial attachment training. Our partnership with the schools enable us to supplement our workforce with well-trained students.

(from left to right)
Kumar, Julie Zul, Nerang,
Marie Rose, Adam Fan

Annual Employee Awards

At our Annual Staff Party, five outstanding team members received special individual employee awards.

In 2019, 48 of our team members were acknowledged for their years of service (from 5 to 45!)

GM's award	Marie Rose
Rookie of The Year	Julie Zul
Employee of the Year (T2)	Nerang
Employee of the Year (T3)	Kumar
Employee of the Year (T4)	Adam Fan
20 years of service	Palaniappan Tharmalingam
25 years of service	Abdul Latip Bin Borhan
40 years of service	Sa'at Bin Masuki
45 years of service	Ho Wah Jin

AT THE HEART OF IT ALL

Home is where the heart is, and our Members are without a doubt the heart of The Club. As redevelopment has shaped The Club into a home for Members new and old for the years to come, we have adapted to support the community which brings us together.

To cater to changing market needs, The Club moved to launch a Pathway membership for Americans and Canadians. Launched in the fall of 2016, the Pathway membership promotion drew to a strong close on June 30, 2018. A total of 148 applications boosted opening membership numbers for FY19.

This year saw the launch of a new 4-year payment plan for Ordinary membership, modeled after the successful Pathway membership. While take-up rate fell below expectations, in spite of a 32% shortfall, the head start from the Pathway promotion enabled The Club to operate with an above budget membership level throughout the year. Closing membership was 3,276, +2% to budget.

Member engagement was also an important goal, developed through outlet promotions, more complimentary Club-wide events, giveaways, and small daily surprises. Giveaways and surprises enjoyed an average redemption rate of 40%, with more popular giveaways rising to a redemption rate of 65%-92%. New events included the:

Logo Launch Party	a full weekend celebration of the new Club logo
Backyard BBQ Party	complimentary weekend BBQ events with pool games
Back to School 1 + 2: Parents Edition	complimentary parents celebration with nibbles and nail polish
American Alchemist Series	complimentary mixology course series
A Walk Down Memory Lane Series	complimentary series with Jim Baker, renown Member and historian, celebrating the history of The Club
On a Spice Trail	session with Vivian Pei, cook extraordinaire, to learn the history of various spices to celebrate Tradewinds
Quiz Night at Union Bar	beer, nachos, pizza, and the fabulous Phil as quizmaster

Old favorites were also successful, including the Chinese New Year Family Fun Day held at The Galbraith Ballroom, and the Speakers' Series, which kicked off International Women's Day, hosted in collaboration between The Club, American Association of Singapore, Canadian Association of Singapore and American Women's Association. Our Wine Dinners, Annual Camps, Eagle Fund Weekend and Junior Member Bowling Alley Socials continue to be popular.

Chinese New Year Family Fun Day

American Alchemist Series

These initiatives fostered an average of 75% Member usage, despite outlet closures and redevelopment being in full swing.

The Club also supported our niche Members with exclusive benefits, including auto re-qualification for Members who have qualified since December 2015, special events such as the Elite Art Jam Party and VIP Summer High Tea, and monthly ad hoc privileges. VIP Member accounts grew by +16% from FY15 to 678 accounts at the close of FY19.

THE FUTURE IS NOW

As redevelopment draws to a close, The American Club is uniquely positioned as a modern clubhouse to serve Members well into the future. However, improvement is not static; it's a constant dialogue between our space and our Members, allowing The Club to consistently evolve to meet the needs of its community. In the upcoming year, new activities and offerings will be available. Highlights include:

- A brand-new Gym with increased facility and locker room space, more natural light and new equipment

- The Gourmet Pantry, offering a huge selection of wine from around the world–capacity up to 300 labels–and curated goods

- Carpark refurbishment pending the removal of temporary offices, including software to facilitate better monitoring of parking lot availability on all levels
- New department programs across the board

FINANCIAL REPORT 2018/2019

EXECUTIVE COMMITTEE

President	Dana Hvide	
Vice President	Lindsay Fipp	(Appointed on 1 April 2019)
Treasurer	Rahul Arora	
Secretary	Richard Hartung	(Appointed on 1 April 2019)

GENERAL COMMITTEE

Aaron Kim
Ashok K. Lalwani
Caitlin Fry
Jay Jobanputra
John Winsell Davies
Justin Baldauf
Kenneth Fagan
Nasir Kausar
Peter Proft
Phua Swee Leng
Sandra Johnson
Stephanie Nash
Lt Col Howard Eyth

REGISTERED OFFICE

21 Scotts Road
Singapore 228219

AUDITORS

Deloitte & Touche LLP

BANKERS

United Overseas Bank Limited
Oversea-Chinese Banking Corporation Limited
Citibank Singapore Ltd
DBS Bank Ltd
Morgan Stanley Dean Witter Asia (Singapore) Pte Ltd

THE CLUB'S FISCAL POLICY

CAPITAL FUNDS

One of the fundamental premises on which your Club is operated, is that The Club, as it exists today, has been built and maintained by Members in the past, and current Members have an obligation to pass the facilities on into the future in the same or better condition. Fulfilling this obligation involves both ensuring that the facilities are adequately maintained each year, and providing for their periodic renewal, upgrade, and eventual replacement. Similarly, we must accumulate sufficient funds to pay for possible improvements and expansion in the future.

To achieve these goals, The Club's basic financial structure requires that Member Entrance Fees be set aside as part of Capital Funds, rather than being used for current operations. The total Capital Funds are subdivided into several individual funds, as follows:

- Annual Renewal and Replacement Fund: the investment earnings from this fund provide an average of $2.5 million per year for renewal and replacement expenditures.
- Building Replacement Fund: the investment earnings from this fund are added to the principal each year and accumulated for the eventual replacement of Club buildings at the end of their useful lives.
- Security Fund: the investment earnings from this fund normally provide approximately $250,000 per year that is directed towards security costs.
- Legacy Fund: The investment earnings from this fund normally provide approximately $1.0 million per year for annual maintenance expenses. The principal amount of this fund is being accumulated for future improvement and expansion of facilities.

From financial year 2012/2013, the General Committee approved an increase in the annual allocation of investment returns from the Capital Fund to the Operating Fund, from $1.25 million to $1.6 million per year. The increase is to cover the inflationary impact of security, repair and maintenance expenses since financial year 2005/2006.

In 2006, The Club's Capital Funds were reorganized and centralized under one investment management company, and detailed guidelines covering the way the funds may be invested were enacted and approved as additions to The Club's Bylaws. The Investment Sub-committee, with oversight from the Finance Committee, monitors the performance of the portfolio in accordance with those guidelines.

Following Members' approval on 3 June 2015 for the Club to undertake the Redevelopment Project, the instructions for the fund redemption of the GAP portfolio were issued on 10 June 2015 and placed as short-term deposits to protect the Club from market risk and volatility but with significantly reduced investment earnings. The Club liquidated its investment portfolio in August 2015 and recognised a net realised gain in investment securities and financial derivatives of $17.9 million in FY2016. The funds are currently placed as short-term deposits to meet redevelopment progress payments.

As a result of the redemption of majority of the investment portfolio in August 2015, the intention of the sub-funds is no longer aligned as there are insufficient investment returns from the remaining capital funds for the annual distribution to these sub-funds. The General Committee therefore has approved to present the sub-funds as a consolidated Capital Fund from FY2019.

OPERATIONS

Your Club is operated on a model that is fiscally conservative, sustainable, and equitable, in that Members collectively pay for the services and goods that they receive rather than using entrance fees from new Members to pay for discounted or free services and goods for existing Members. The cost of operations for each fiscal year must, except as provided above, be paid for from the routine, recurring revenue sources of The Club, including monthly membership dues. To ensure long-term viability, Management is required to operate The Club on a break-even basis each fiscal year, which is defined as a Gross Operating Profit of zero plus or minus $500,000 (i.e. plus or minus approximately 2% of revenue).

From fiscal year 2015/2016, the General Committee approved a deviation from the aforementioned break-even basis, for the redevelopment period.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE AMERICAN CLUB

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The American Club (the "Club"), which comprise the statement of financial position of the Club as at 30 June 2019, and the statement of profit or loss and other comprehensive income, statement of changes in Club funds and statement of cash flows of the Club for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 30 to 70.

In our opinion, the accompanying financial statements of the Club are properly drawn up in accordance with the provisions of the Societies Act (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Club as at 30 June 2019 and the financial performance, movements in funds and cash flows of the Club for the year ended on that date.

Basis for Opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

The Club's General Committee is responsible for the other information. The other information comprises the Club Information which we obtained prior to the date of the auditor's report and the Annual Report which is expected to be made available to us after that date.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Information Other than the Financial Statements and Auditor's Report Thereon (cont'd)

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report which is expected to be made available to us after the date of this auditor's report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of the General Committee for the Financial Statements

The General Committee 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 General Committee is responsible for assessing the Club's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the General Committee either intends to liquidate the Club or to cease operations, or has no realistic alternative but to do so.

The General Committee's responsibilities include overseeing the Club's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

a) 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.

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

c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the General Committee.

d) Conclude on the appropriateness of the General Committee'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 Club'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 Club to cease to continue as a going concern.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE AMERICAN CLUB

Report on Other Legal and Regulatory Requirements

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

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

10 September 2019

STATEMENT OF FINANCIAL POSITION

30 June 2019

	Note	2019	2018
		$	$
ASSETS			
Current assets			
Cash and cash equivalents	6	29,374,675	54,814,036
Due from members	7	2,105,294	1,761,721
Transferable club memberships		23,558	23,558
Prepayments		342,425	232,270
Other receivables	8	267,361	265,502
Consumable stocks		566,605	520,437
Total current assets		32,679,918	57,617,524
Non-current assets			
Property, plant and equipment	9	67,555,130	52,624,892
Financial assets at fair value through other comprehensive income	10	10,242	12,227
Total non-current assets		67,565,372	52,637,119
Total assets		100,245,290	110,254,643
LIABILITIES AND FUNDS			
Current liabilities			
Trade payables and accruals		4,387,481	3,538,763
Other payables	11	4,709,087	4,532,732
Fees received in advance from potential members		492,282	609,448
Members' deposits		444,750	820,605
Contract liabilities	12	434,373	-
Provision for taxation		118,891	125,722
Total current liabilities		10,586,864	9,627,270
Club Funds			
Operating Fund	13	3,200,005	3,200,005
Capital Fund	13	86,458,421	97,427,368
Total Club Funds		89,658,426	100,627,373
Total liabilities and Club Funds		100,245,290	110,254,643

Dana Hvide
President

Rahul Arora
Treasurer

See accompanying notes to financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 30 June 2019

		2019			2018		
	Note	Operating fund	Capital fund	Total	Operating fund	Capital fund	Total
		$	$	$	$	$	$
Income							
Food and beverage		7,115,713	-	7,115,713	7,009,719	-	7,009,719
Member activities		3,342,254	-	3,342,254	3,093,109	-	3,093,109
Club services		4,500,866	-	4,500,866	4,405,102	-	4,405,102
Membership dues	14	7,676,169	-	7,676,169	7,731,956	-	7,731,956
Entrance fees		-	2,854,536	2,854,536	-	4,131,787	4,131,787
Net investment gain	15	-	553,420	553,420	-	759,512	759,512
Allocation from Capital Fund		1,600,000	(1,600,000)	-	1,600,000	(1,600,000)	-
Other income	16	1,556,184	-	1,556,184	1,730,528	-	1,730,528
Total Income		**25,791,186**	**1,807,956**	**27,599,142**	**25,570,414**	**3,291,299**	**28,861,713**
Expenditure	17						
Food and beverage		12,064,385	1,073,293	13,137,678	10,762,187	911,238	11,673,425
Member activities		4,640,655	1,791,923	6,432,578	4,528,557	1,167,227	5,695,784
Club services		4,254,157	214,948	4,469,105	4,203,773	548,253	4,752,026
Facilities, front office and administration		11,833,872	1,403,811	13,237,683	10,406,336	1,419,818	11,826,154
Membership and marketing		1,277,206	11,854	1,289,060	1,158,031	7,083	1,165,114
Total expenditure		**34,070,275**	**4,495,829**	**38,566,104**	**31,058,884**	**4,053,619**	**35,112,503,**
Loss before tax		**(8,279,089)**	**(2,687,873)**	**(10,966,962)**	**(5,488,470)**	**(762,320)**	**(6,250,790)**
Income tax expense	18	-	-	-	(110,267)	-	(110,267)
Loss net of tax		**(8,279,089)**	**(2,687,873)**	**(10,966,962)**	**(5,598,737)**	**(762,320)**	**(6,361,057)**

See accompanying notes to financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (cont'd)
Year ended 30 June 2019

	2019	2018
	$	$
Loss net of tax	(10,966,962)	(6,361,057)
Other comprehensive loss:		
Items that may be reclassified subsequently to profit or loss		
Net loss on financial assets at FVTOCI	(1,985)	(1,407)
Other comprehensive loss for the year, net of tax	(1,985)	(1,407)
Total comprehensive loss for the year	(10,968,947)	(6,362,464)

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN CLUB FUNDS
Year ended 30 June 2019

From 1 July 2018	Operating Fund $	Capital Fund $	Total Funds $
Balance at 1 July 2018	3,200,005	97,427,368	100,627,373
Capital Fund drawn down for topping up of Operating Fund	8,279,089	(8,279,089)	-
Loss net of tax, before net investment gain	(8,279,089)	(3,241,293)	(11,520,382)
Net investment gain	-	553,420	553,420
Other comprehensive loss for the year	-	(1,985)	(1,985)
Total comprehensive loss for the year	-	(10,968,947)	(10,968,947)
Balance at 30 June 2019	3,200,005	86,458,421	89,658,426

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN CLUB FUNDS

Year ended 30 June 2019

Before 1 July 2018	Operating Fund	Capital Fund					Total Funds
		Net investment in property, plant and equipment	Renewal and replacement fund	Security fund	Legacy fund	Total Capital fund	
	$	$	$	$	$ (Note 13)	$	$
Balance at 1 July 2017	3,200,005	25,247,107	64,097,668	3,600,000	10,845,057	103,789,832	106,989,837
Legacy Fund drawn down for current year income tax expense	110,267	-	-	-	(110,267)	(110,267)	-
Legacy Fund drawn down for topping up of Operating Fund	5,488,470	-	-	-	(5,488,470)	(5,488,470)	-
(Loss) Income net of tax, before net investment gain	(5,598,737)	(4,084,722)	2,562,890	-	-	(1,521,832)	(7,120,569)
Net investment gain	-	-	759,512	-	-	759,512	759,512
Other comprehensive loss for the year	-	-	-	-	(1,407)	(1,407)	(1,407)
Total comprehensive (loss) income for the year	-	(4,084,722)	3,322,402	-	(5,600,144)	(6,362,464)	(6,362,464)
Amount transferred for capital expenditure	-	31,462,507	(31,462,507)	-	-	-	-
Balance at 30 June 2018	3,200,005	52,624,892	35,957,563	3,600,000	5,244,913	97,427,368	100,627,373

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS
Year ended 30 June 2019

	2019	2018
	$	$
Operating activities		
Loss before tax	(10,966,962)	(6,250,790)
Adjustments for:		
Depreciation of property, plant and equipment	4,496,447	2,722,793
(Gain) Loss on sale of property, plant and equipment	(618)	1,330,826
Write back of allowance for due from members	(18,793)	(27,372)
Loss allowance for due from members	13,016	44,652
Interest income	(553,420)	(759,512)
Operating cash flows before movements in working capital	(7,030,330)	(2,939,403)
Due from members	(337,795)	276,878
Other receivables and repayments	(112,014)	383,648
Consumable stocks	(46,168)	229,464
Trade and other payables and accruals	1,025,073	1,903,222
Fees paid in advance from potential members	(117,166)	146,924
Members' deposits	(375,855)	35,303
Contract liabilities	434,373	-
Cash (used in) generated from operations	(6,559,882)	36,036
Income taxes paid	(6,832)	(162,612)
Interest received	553,420	759,512
Net cash (used in) from operating activities	(6,013,294)	632,936
Investing activities		
Purchase of property, plant and equipment	(19,440,003)	(31,462,507)
Proceeds from sale of property, plant and equipment	13,936	31,103
Proceeds from redemption of deposit	26,000,000	30,009,025
Net cash from (used in) investing activities	6,573,933	(1,422,379)
Net increase (decrease) in cash and cash equivalents	560,639	(789,443)
Cash and cash equivalents at beginning of financial year	6,414,036	7,203,479
Cash and cash equivalents at end of financial year	6,974,675	6,414,036

See accompanying notes to financial statements.

1. GENERAL

The Club is registered under The Societies Act, Chapter 311 and is established in the Republic of Singapore with its principal place of business and registered office at 21 Scotts Road, Singapore 228219. The financial statements are presented in Singapore dollars, which is the Club's functional currency.

The principal activities of the Club are the provision of social and recreational facilities for the comfort and convenience of its members and guests.

The financial statements of the Club for the financial year ended 30 June 2019 were authorised for issue by the General Committee on 10 September 2019.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the Financial Reporting Standards in Singapore ("FRSs").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Club takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

Adoption of New and Revised Standards – In the current financial year, the Club has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2018.

The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Club's accounting policies and has no material effect on the amounts reported for the current or prior years.

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

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) impairment of financial assets and 3) general hedge accounting. Details of these new requirements as well as their impact on the financial statements are described below.

The Club applied FRS 109 with an initial application date of 1 July 2018. The Club has not restated the comparative information, which continues to be reported under FRS 39.

The significant accounting policies for financial instruments under FRS 109 is as disclosed below.

(a) Classification and measurement of financial assets and financial liabilities

The Club has applied the requirements of FRS 109 to instruments that have not been derecognised as at 1 July 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 July 2018. The classification of financial assets is based on two criteria: the Club's business model for managing the assets and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding. There are no changes in classification and measurement of the Club's financial assets and financial liabilities.

(b) Impairment of financial assets

FRS 109 requires an expected credit loss model as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires the Club to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. It is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, FRS 109 requires the Club to recognise a loss allowance for expected credit losses on

i) debt investments subsequently measured at amortised cost or at FVTOCI, ii) lease receivables, iii) contract assets and iv) loan commitments and financial guarantee contracts to which the impairment requirements of FRS 109 apply.

Apart from providing more extensive disclosures, the adoption of FRS 109 under the modified retrospective approach did not have an impact on the statement of financial position of the Club as at 1 July 2018 and 30 June 2019, and statement of comprehensive income and the statement of cash flows of the Club for the year ended 30 June 2019.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 supersedes FRS 11 Construction Contracts, FRS 18 Revenue and the related Interpretations. FRS 115 introduces a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Details of these new requirements as well as their impact on the financial statements are described below.

The Club has applied FRS 115 using the modified retrospective method with the cumulative effect of initially applying this Standard recognised at the date of initial application (1 July 2018) as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under FRS 11, FRS 18 and the related Interpretations.

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

The Club has elected to apply this Standard retrospectively only to contracts that are not completed contracts at the date of initial application.

FRS 115 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The Club has adopted the terminology used in FRS 115 to describe such balances. Contract liabilities in 2018 has been adjusted to conform to the current year's presentation.

The Club's significant accounting policies for its revenue streams are disclosed in Note 2. Apart from providing more extensive disclosures on the Club's revenue transactions, the financial statement line items are not affected by the application of FRS 115 for the current year and at the date of initial application.

The effects of adoption of FRS 115 under the modified retrospective approach are presented and explained below:

(A) Impact on the Statement of Financial Position of the Club as at 1 July 2018 (date of initial application)

	Previously reported as at 30 June 2018	Adoption of FRS 115	(Note)	Adjusted as at 1 July 2018
	$	$		$
Current assets				
Cash and cash equivalents	54,814,036	-		54,814,036
Due from members	1,761,721	-		1,761,721
Transferable club memberships	23,558	-		23,558
Prepayments	232,270	-		232,270
Other receivables	265,502	-		265,502
Consumable stocks	520,437	-		520,437
Non-current assets				
Property, plant and equipment	52,624,892	-		52,624,892
Investment securities	12,227	-		12,227
Current liabilities				
Trade payables and accrual	3,538,763	-		3,538,763
Other payables	4,532,732	(59,719)	(a)	4,473,013
Fees received in advance from potential members	609,448	-		609,448
Members' deposits	820,605	(366,355)	(a)	454,250
Contract liabilities	-	426,074	(a)	426,074
Provision for taxation	125,722	-		125,722
Club Funds				
Operating Fund	3,200,005	-		3,200,005
Capital Fund	97,427,368	-		97,427,368

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

(B) Impact on the Statement of Financial Position of the Club as at 30 June 2019 (current reporting period)

	Under previous FRS	Adoption of FRS 115	(Note)	Under new FRS
	$	$		$
Current assets				
Cash and cash equivalents	29,374,675	-		29,374,675
Due from members	2,105,294	-		2,105,294
Transferable club memberships	23,558	-		23,558
Prepayments	342,425	-		342,425
Other receivables	267,361	-		267,361
Consumable stocks	566,605	-		566,605
Non-current assets				
Property, plant and equipment	67,555,130	-		67,555,130
Financial assets at fair value through other comprehensive income	10,242	-		10,242
Current liabilities				
Trade payables and accrual	4,387,481	-		4,387,481
Other payables	4,737,976	(28,889)	(a)	4,709,087
Fees received in advance from potential members	492,282	-		492,282
Members' deposits	850,234	(405,484)	(a)	444,750
Current liabilities	-	434,373	(a)	434,373
Provision for taxation	118,891	-		118,891
Club Funds				
Operating Fund	3,200,005	-		3,200,005
Capital Fund	86,458,421	-		86,458,421

(a) Prepayments are paid upfront as part of the initial sales transaction whereas revenue is recognised over time when services are provided to the customer. The amount previously recognised as deferred income and members' deposits have been reclassified as contract liability.

The adoption of FRS 109 and FRS 115 did not have a material impact on the Statement of Profit or Loss and Other Comprehensive Income and Statement of Cash Flows.

At the date of authorisation of these financial statements, the following FRS that is relevant to the group was issued but not yet effective:

Effective for annual periods beginning on or after 1 January 2019.

• FRS 116 *Leases*

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

FRS 116 *Leases*

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

The standard will affect primarily the accounting for the Club's operating leases as a lessee. As at reporting date, the Club has no non-cancellable operating lease arrangements. Upon adoption of FRS 116, all non-cancellable lease obligations other than those which fall within the above exemptions, will be recognised as liabilities concurrently with the recognition of right of use of assets. Management has not early adopted the new FRS 116.

Other than as disclosed above, management anticipates that the adoption of the other FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements in the period of their initial adoption.

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

Financial assets (before 1 July 2018)

All financial assets are recognised and derecognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value plus transaction costs, except for those financial assets classified at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories: "available-for-sale" financial assets and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in "investment income" line in the statement of comprehensive income. Fair value is determined in the manner described in Note 4.

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Available-for-sale financial assets

Investment securities held by the Club are classified as being available for sale and are stated at fair value. Fair value is determined in the manner described in Note 4. Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in revaluation reserve is reclassified to profit or loss. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at end of the reporting period. The change in fair value attributable to translation differences that result from a change in amortised cost of the available-for-sale monetary asset is recognised in profit or loss, and other changes are recognised in other comprehensive income.

Loans and receivables

Due from members, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables (including due from members, other receivables, bank balances and cash) are measured at amortised cost using the effective interest method less impairment losses. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

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

For all other financial assets, objective evidence of impairment could include:

• Significant financial difficulty of the issuer or counterparty; or

• Default or delinquency in interest or principal payments; or

• It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Club's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of amounts due from members where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserves. In respect of available-for sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

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

Derecognition of financial assets

The Club derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Club neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Club recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Club retains substantially all the risks and rewards of ownership of a transferred financial asset, the Club continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial assets (from 1 July 2018)

Classification of financial assets

Debt instruments mainly comprise cash and bank balances and trade and other receivables that meet the following conditions and are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

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. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest is recognised using the effective interest method for debt instruments measured subsequently at amortised cost, except for short-term balances when the effect of discounting is immaterial.

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

Impairment of financial assets

The Club recognises a loss allowance for expected credit losses ("ECL") on due from members and other receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Club always recognises lifetime ECL for due from members. The expected credit losses on the financial asset is estimated using a provision matrix based on the Club's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Club recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Club measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Club compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Club considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. The Club considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

The Club presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 60 days past due, unless the Club has reasonable and supportable information that demonstrates otherwise.

The Club assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Club regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Club considers that default has occurred when a financial asset is more than 180 days past due unless the Club has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Write-off policy

The Club writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Club's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Club in accordance with the contract and all the cash flows that the Club expects to receive, discounted at the original effective interest rate.

If the Club has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Club measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

Derecognition of financial assets

The Club derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Club neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Club recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Club retains substantially all the risks and rewards of ownership of a transferred financial asset, the Club continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received

Financial liabilities

Other financial liabilities

Amounts due to members and other payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest method with interest expense recognised on an effective yield basis, except for short-term payable when the recognition of interest would be immaterial.

Derecognition of financial liabilities

The Club derecognises financial liabilities when, and only when, the Club's obligations are discharged, cancelled or they expire.

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

Consumable Stocks – Consumable stocks are stated at the lower of cost and net realisable value. Cost comprises cost of purchase and other costs incurred in bringing the consumable stocks to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs to be incurred in marketing selling and distribution. Allowance is made for obsolete and slow-moving items.

Leases – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Club as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the lease term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Property, Plant and Equipment – Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Construction-in-progress consists of upgrading work on buildings. Construction-in-progress is not depreciated.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Depreciation is charged so as to write off the cost of assets except for construction-in-progress, over their estimated useful lives, using the straight-line method, on the following basis:

Buildings, improvements and additions	–	10 to 20 years
Plant, machinery and equipment	–	5 years
Furniture, fittings and fixtures	–	5 years
Outdoor furniture, fittings and fixtures	–	3 years
Motor vehicles	–	5 years
China, glass and silverware	–	3 years

Freehold land has an unlimited useful life and therefore is not depreciated.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

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 amounts of the asset and is recognised in profit or loss.

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

Impairment of Non-Financial Assets – At the end of each reporting period, the Club reviews the carrying amounts of its non-financial assets to determine whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Club estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows 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 for which the estimates of future cash flows have not been adjusted. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit or loss, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions – Provisions are recognised when the Club has a present obligation (legal or constructive) as a result of a past event, it is probable that the Club will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

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

Revenue Recognition (before 1 July 2018) – Revenue is measured at the fair value of the consideration received or receivable.

Revenue from food and beverage is recognised upon sale of the food and beverage items.

Revenue from member activities and club services are recognised when the services have been rendered.

Revenue from membership dues is recognised on accrual basis.

Entrance fees are recognised when a member is elected into full membership. Until that time funds received are retained in an account as fees received in advance from potential members.

Rental income is accounted for on a straight-line basis over the lease terms on ongoing leases. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Revenue Recognition (from 1 July 2018) – The Club recognises revenue when control of a goods or service is transfer to a customer.

Revenue from food and beverage is recognised upon sale of the food and beverage items at the point in time.

Revenue from member activities are recognised when the services have been rendered over time.

Revenue from club services are recognised when the services have been rendered over time.

Revenue from membership dues is recognised on accrual basis over time.

Entrance fees are recognised when a member is elected into full membership at the point in time. Until that time funds received are retained in an account as fees received in advance from potential members.

Interest income is accrued on a time basis over time, by reference to the principal outstanding and at the effective interest rate applicable.

Retirement Benefit Obligations – Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contributions plans where the Club's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

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

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

Foreign Currency Transactions and Translation – The financial statements of the Club are measured and presented in the currency of the primary economic environment in which the Club operates (its functional currency). The financial statements are presented in Singapore dollars, which is the functional currency of the Club.

In preparing the financial statements of the Club, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Club's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary diffference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Club intends to settle its current tax assets and liabilities on a net basis.

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

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case that tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively).

Cash and Cash Equivalents – Cash and cash equivalents in the statement of cash flows comprise cash on hand and demand deposits, and other short-term liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Club's accounting policies, which are described in Note 2, the General Committee is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

i) Critical judgements in applying the Club's accounting policies

The General Committee is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements.

ii) Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Useful lives of property, plant and equipment

As described in Note 2, the Club reviews the estimated useful lives of property, plant and equipment at the end of each reporting period.

The Club depreciates its property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives reflect the General Committee's estimate of the periods that the Club expects to derive future economic benefits from the use of the property, plant and equipment. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charge could be revised.

The carrying amounts of the Club's property, plant and equipment at the end of the reporting period are disclosed in Note 9.

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	2019	2018
	$	$
Financial assets		
Amortised cost:		
Cash and bank balances	29,374,675	54,814,036
Due from members and other receivables	2,360,295	2,050,781
Financial assets at FVTOCI	10,242	12,227
	31,745,212	56,877,044
Financial liabilities		
Amortised cost:		
Trade and other payables	8,658,077	7,650,667

(b) *Financial risk management policies and objectives*

The Club's principal financial instruments, other than derivative financial instruments and investment securities, comprise cash and short term deposits. The Club has various other financial assets and liabilities such as amounts due from members and trade payables, which arise directly from its operations.

Risk management is carried out by the Club's investment advisor under policies approved by the General Committee. Compliance with policies and exposure limits are reviewed by the Investment Sub-committee and reported to the General Committee on a regular basis.

The Club is exposed to financial risks arising from its operations and the use of financial instruments. The main risks arising from the Club's financial instruments are foreign currency risk, interest rate risk, credit risk, market price risk and liquidity risk The General Committee reviews and agrees to policies for managing these risks as indicated below:

(i) <u>Foreign exchange risk management</u>

The Club is not exposed to significant foreign currency exchange risk as the transactions are mainly denominated in Singapore dollars, which is the functional currency of the Club.

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(ii) Interest rate risk

The main source of interest rate risk is the interest-bearing fixed deposit. The Club's policy is to obtain favourable interest rates that are available.

Interest rate from interest income for the financial year is between 0.65% to 1.90% (2018 : 0.65% to 1.48%) per annum.

No sensitivity analysis is prepared as the Club does not expect any material effect on the Club's profit and loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the reporting period.

(iii) Credit risk management

Credit risk refers to the risk that members will default on their contractual obligations resulting in financial loss to the Club. The Club has adopted procedures in monitoring collections from members and in monitoring default of payments from members.

The Club places its cash and investments with creditworthy financial institutions.

The Club develops and maintains its credit risk grading to categorise exposures according to their degree of risk of default. The Club uses its own trading records to rate its major customers and other debtors.

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is > 90 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - credit-impaired
In default	Amount is > 180 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Club has no realistic prospect of recovery.	Amount is written off

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

The Club determines the expected credit losses based on historical credit loss experience based on the past due status of the member, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

The Club mitigates its credit risks through its various credit evaluation processes, credit policies, credit control and collection procedures. There is no concentration of credit exposure to any one particular member.

All due from members that are neither past due nor impaired relate to members that the Club has assessed to be creditworthy, based on the credit evaluation process performed by management.

The maximum exposure to credit risk in the event that members fail to perform their obligations as at the end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets stated in the statement of financial position.

Further details of credit risks on due from members and other receivables are disclosed in Note 7 and 8 respectively.

(iv) Market price risk management

Market price risk refers to the risk that the fair value or future cash flows of the Club's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Club is not exposed to market price risk. Specific investment guidelines are used to monitor the risk in the Club's investments.

No sensitivity analysis is prepared as the Club does not expect any material effect on the Club's profit and loss arising from the effects of reasonably possible changes to market price on fair value of financial instruments at the end of the reporting period.

(v) Liquidity risk management

Liquidity risk arises from the possibility that the Club is unable to meet its obligations towards other counterparties.

The Club aims to maintain flexibility in funding by maintaining sufficient cash and bank balances, and internally generated cash flows to finance its activities.

All financial liabilities in 2019 and 2018 are repayable on demand or due within 1 year from the end of the reporting period. The effective interest rates, where applicable, are disclosed in the respective notes to the financial statements.

(vi) Fair value of financial assets and liabilities

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

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

All investment securities are classified as financial assets at fair value through other comprehensive income ("FVTOCI").

Except as detailed in the following table, the General Committee considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values:

Fair value of financial instruments that are carried at fair value

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

	Quoted prices in active markets for identical instrucments	Significant other observable inputs	Unobservable inputs	Total
	(Level 1)	(Level 2)	(Level 3)	
	$	$	$	$
2019				
Financial assets:				
Alternative investments	-	-	10,242	10,242
2018				
Financial assets:				
Alternative investments	-	-	12,227	12,227

Fair value hierarchy

The Club classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs);

4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

During the current financial year, there were no transfers of financial instruments between the levels of the fair value hierarchy.

Determination of fair value

Alternative investments: These investments are valued using valuation models which use both observable and non-observable data. The non-observable inputs to the models include assumptions regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates.

Movements in Level 3 financial instruments measured at fair value

The following table presents the reconciliation for all financial assets measured at fair value based on significant unobservable inputs (Level 3).

	2019	**2018**
	$	$
Opening balance	12,227	13,634
Total losses:		
- in other comprehensive income	(1,985)	(1,407)
Closing balance	10,242	12,227

(c) *Capital risk management policies and objectives*

The Club strives to maintain positive accumulated funds to ensure that the Club will be able to continue as a going concern. Members of the Club have passed a resolution at the Extraordinary General Meeting on 3 June 2015 for the Club to maintain not less than $20 million in reserves (cash and cash equivalents and financial assets at FVTOCI) throughout the final completion of the Club's redevelopment project. The Club's overall strategy remains unchanged from prior year. The Club is not subject to any externally imposed regulatory reserve requirement.

As at the end of the reporting period, the Club maintains a reserve of $29,384,917 (2018 : $54,826,263). This reserve will be drawn down to pay for amounts committed but unpaid under contracts related to the redevelopment project.

5. RELATED PARTY TRANSACTIONS

Related parties consist of members of the General Committee and key management personnel. Parties are considered to be related if one party has the ability to control the Club or exercise significant influence over the Club in making financial and operating decision. These related party transactions occurred at market related prices and the General Committee and key management personnel declared their potential conflict of interest. The General Committee Members were not involved in the Club's assessment and decision making process for these contracts.

	2019	2018
	$	$
Rental of premises to General Committee member:		
- related organisations (American Association of Singapore ("AAS") and American Women's Association of Singapore ("AWA"))	-	19,083
Food and beverages income:		
- related organisations (AAS and AWA)	42,416	33,142

Compensation of key management personnel

Key management personnel of the Club are those persons having the authority and responsibility for planning, directing and controlling the activities of the Club. The General Committee members and senior managers of the Club are considered as key management personnel of the Club.

	2019	2018
	$	$
Short-term benefits	2,782,049	2,601,410

The General Committee members do not receive any remuneration for their services to the Club.

6. CASH AND CASH EQUIVALENTS

	2019	2018
	$	$
Cash on hand and in banks	6,974,675	6,414,036
Short term deposits	22,400,000	48,400,000
	29,374,675	54,814,036

Cash and cash equivalents in the statement of cash flows comprise:

	2019	2018
	$	$
Cash and bank balances (as above)	29,374,675	54,814,036
Less: Deposits in banks and held by investment advisor	(21,400,000)	(47,400,000)
Less: Pledged deposits (Note A)	(1,000,000)	(1,000,000)
	6,974,675	6,414,036

6. CASH AND CASH EQUIVALENTS (cont'd)

Note A:

A short term deposit amounting to $1,000,000 (2018 : $1,000,000) is pledged to a bank for an overdraft facility and a performance guarantee facility. As at the end of the reporting period, the performance guarantees issued amounted to $322,600 (2018 : $312,600). The bank overdraft facility remains unutilised.

Fixed deposits bear average effective interest rate of 1.77% (2018 : 1.39%) per annum and for a tenure of approximately 1 to 3 months (2018 : 1 to 12 months). The fixed deposits are readily convertible to cash at minimal costs.

7. DUE FROM MEMBERS

	2019	2018
	$	$
Amounts receivable from members	2,117,625	1,814,130
Loss allowance	(12,331)	(52,409)
	2,105,294	1,761,721

Due from Members

The average credit period is 30 days. No interest is charged on the outstanding balance.

Loss allowance for due from members has been measured at an amount equal to lifetime expected credit losses (ECL). The ECL on due from members are estimated using a provision matrix by reference to past default experience of the member and an analysis of the member's current financial position, adjusted for factors that are specific to the members.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Amounts receivable from members will be written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

The movement in allowance for expected credit losses of trade receivables and related party balances computed based on lifetime ECL are as follows:

	2019
	$
At beginning of year	52,409
Adoption of FRS 109	-
At beginning of year (adjusted)	52,409
Movement recognised in profit or loss during the year on:	
- Assets originated and changes in credit risk	13,016
- Amounts written off	(34,301)
- Amounts recovered	(18,793)
At end of year	12,331

7. DUE FROM MEMBERS (cont'd)

Previous accounting policy for impairment of amounts due from members

The average credit period is 30 days (2018 : 30 days).

The concentration of credit risk is limited due to the member base being large and unrelated. Accordingly, the management believes that there is no further credit allowance required in excess of the allowance for doubtful debts.

The table below is an analysis of balances due from members as at 30 June:

	2018
	$
Not past due and not impaired	1,503,245
Past due but not impaired (i)	258,476
	1,761,721
Impaired members' balances (ii)	52,409
Less: Allowance for impairment	(52,409)
	-
Total members' balances, net	1,761,721

(i) Aging of members' balances that are past due but not impaired:

	2018
	$
< 30 days	140,049
30 to 60 days	102,707
More than 60 days	15,720
	258,476

Before accepting any new member, the Club will assess the potential member's credit quality and define credit limits for each of the member. Limits attributed to members are reviewed periodically.

Included in the Club's members balances are receivables with a carrying amount of $258,476 which are past due at the end of the reporting date for which the Club has not made any allowance for doubtful debts as there has not been a significant change in credit quality and the amounts are still considered recoverable. These receivables are mainly arising from members that have good records with the Club and have placed minimum required deposits.

7. DUE FROM MEMBERS (cont'd)

(ii) These amounts are stated before any deductions for impairment losses.

Movement in the allowance for doubtful debts:

	2018
	$
Balance at beginning of year	65,673
Increase in allowance recognised in profit or loss	44,652
Write-back for the year	(27,372)
Write-off for the year	(30,544)
Balance at end of year	52,409

8. OTHER RECEIVABLES

	2019	**2018**
	$	$
Deposits	52,717	4,519
Miscellaneous debtors	214,644	260,983
	267,361	265,502

9. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings, improvements and additions*	Plant, machinery and equipment	Furniture, fittings and fixtures	Outdoor furniture, fittings and fixtures	Motor vehicles	China, glass and silver-ware	Construction-in-progress	Total
	$	$	$	$	$	$	$	$	$
Cost									
At 1 July 2017	5,158,145	29,310,184	13,279,207	2,953,211	938,015	139,521	561,779	9,494,750	61,834,812
Additions	-	127,701	832,528	435,746	63,150	-	55,986	29,947,396	31,462,507
Disposals/ Write-off	-	(7,065,646)	(5,096,663)	(1,706,874)	(573,026)	-	(200,191)	(2,000)	(14,644,400)
Transfers in (out)*	-	30,589,214	1,877,669	3,577	-	-	-	(32,470,460)	-
At 30 June 2018	5,158,145	52,961,453	10,892,741	1,685,660	428,139	139,521	417,574	6,969,686	78,652,919
Additions	-	56,925	495,552	335,913	43,703	-	102,498	18,405,412	19,440,003
Disposals/ Write-off	-	-	(89,367)	(33,343)	-	(66,420)	(791)	-	(189,921)
Transfers in (out)*	-	16,279,222	648,942	79,605	-	-	7,332	(17,015,101)	-
At 30 June 2019	5,158,145	69,297,600	11,947,868	2,067,835	471,842	73,101	526,613	8,359,997	97,903,001
Accumulated depreciation									
At 1 July 2017	-	21,635,420	10,694,166	2,673,036	932,215	127,790	525,078	-	36,587,705
Depreciation	-	1,521,202	1,024,079	127,026	8,669	5,026	36,791	-	2,722,793
Disposals/ Write-off	-	(5,852,796)	(5,029,963)	(1,628,547)	(571,346)	-	(199,819)	-	(13,282,471)
At 30 June 2018	-	17,303,826	6,688,282	1,171,515	369,538	132,816	362,050	-	26,028,027
Depreciation	-	2,914,094	1,342,485	173,165	24,849	5,026	36,828	-	4,496,447
Disposals/ Write-off	-	-	(87,843)	(21,550)	-	(66,419)	(791)	-	(176,603)
At 30 June 2019	-	20,217,920	7,942,924	1,323,130	394,387	71,423	398,087	-	30,347,871
Carrying amount									
At 30 June 2019	5,158,145	49,079,680	4,004,944	744,705	77,455	1,678	128,526	8,359,997	67,555,130
At 30 June 2018	5,158,145	35,657,627	4,204,459	514,145	58,601	6,705	55,524	6,969,686	52,624,892

* Transfers from Construction-in-progress to Buildings, improvements and additions amounting to $16,279,222 (2018 : $30,589,214) related to the redevelopment of the Club's premises and were recognised based on certificates of completion issued by the Club's appointed architect.

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

The Club appointed a professional independent appraiser to assess the current market value of the land and building at 10 Claymore Hill, Singapore 229573. The valuation was based on cost method, comprising 2 components; value of land and value of improvement erected thereon. Value of land is then assessed based on a combination of market comparison method and residual method. The report, dated 24 July 2015, reflects the following valuation:

Land value	:	$89,000,000
Building value	:	$32,000,000

The assets will remain stated at cost less accumulated depreciation and any accumulated impairment losses. Freehold land has an unlimited useful life and therefore is not depreciated.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2019	2018
	$	$
Alternative investments	10,242	12,227

The Club classified fair value measurement using a fair value hierarchy that reflects the nature and complexity of the significant inputs used in making the measurement. As at 30 June 2019, the fair value measurement of the alternative investments are classified within Level 3 of the fair value hierarchy. There were no transfers between different levels during the year.

11. OTHER PAYABLES

	2019	2018
	$	$
CPF payable	324,299	280,174
Provision for unutilised leave	373,380	305,928
Deferred income (Note 12)	-	59,719
Deposits received	62,954	38,855
Other accrued operating expenses	3,948,454	3,848,056
	4,709,087	4,532,732

12. CONTRACT LIABILITIES

This relates to consideration received to render services in future periods.

Prepayments are paid upfront as part of the initial sales transaction whereas revenue is recognised over time when services are provided to the customer. A contract liability is recognised for revenue relating to the Club at the time of the initial sales transaction and is released when services are rendered.

12. CONTRACT LIABILITIES (cont'd)

At the end of the reporting period, the Club has contract liabilities of $434,373. In 2018, the balance is recognised as deferred income (Note 11) amounting to $59,719 and partially in members' deposits amounting to $366,355.

13. CLUB FUNDS

Before 1 July 2018

Capital Fund comprises mainly Net Investment in Property, Plant and Equipment, Renewal and Replacement Fund, Security Fund and Legacy Fund. Entrance fees, interest, investment income, investment management expenses and allowance for impairment in value of investments, depreciation, gain or loss on sale of property, plant and equipment and a portion of taxation are attributable to the Capital Fund. All other income and expenses are attributable to the Operating Fund.

(a) **Operating Fund** comprises three components:

(i) A bank guarantee account;

(ii) A working capital component needed on demand or with short notification periods to meet operating cash flow timing needs; and

(iii) Operating surpluses brought forward from prior years.

The Operating Fund may be utilised for operating expenses approved by the General Committee. If the Operating Fund has been drawn down for unbudgeted operating expenses, it will be topped up with funds from the Legacy Fund at the end of the reporting period.

(b) **Net Investment in Property, Plant and Equipment** comprises the net book value of property, plant and equipment including an asset revaluation reserve of $2,304,416 arising from the revaluation of The Clubhouse building and land in 1972.

(c) **Renewal and Replacement Fund** comprises accumulated entrance fees and investment earnings and losses. A portion of the Renewal and Replacement Fund earnings is being accumulated towards the eventual cost of major replacements at the Club and the remainder of earnings to be used for annual renewal and replacement expenditures.

(d) **Security Fund** comprises a principal invested to generate earnings to be used for the additional security expenses The Club incurs due to its unique profile.

(e) **Legacy Fund** comprises the remainder of the Capital Fund not otherwise designated, including unrealised gains and losses on investment securities. Earnings from the Legacy Fund are being accumulated for future improvements and expansion and are available to fund annual maintenance upon the recommendation of the Finance Committee and approval of the General Committee.

The basis of allocation among the various fund designations will be adjusted periodically in response to the prevailing market conditions for investments.

13. CLUB FUNDS (cont'd)

From 1 July 2018

Operating Fund

Operating Fund comprises other income and expenses.

Capital Fund

Following Members' approval on 3 June 2015 for the Club to undertake the Redevelopment Project, the instructions for the fund redemption of the GAP portfolio were issued on 10 June 2015 and placed as short-term deposits to protect the Club from market risk and volatility but with significantly reduced investment earnings. The Club liquidated its investment portfolio in August 2015 and recognised a net realised gain in investment securities and financial derivatives of $17.9 million in FY2016. The funds are currently placed as short-term deposits to meet redevelopment progress payments.

As a result of the redemption of majority of the investment portfolio in August 2015, the intention of the sub-funds is no longer aligned as there are insufficient investment returns from the remaining Capital Funds for the annual distribution to these sub-funds. The General Committee therefore has approved to present the sub-funds as a consolidated Capital Fund from FY2019.

The Statement of Changes in Club Funds for the year ended 30 June 2019 is re-presented below for comparative purpose:

13. CLUB FUNDS (cont'd)

2019	Operating Fund	Capital Fund					Total Funds
		Net investment in property, plant and equipment	Renewal and replacement fund	Security fund	Legacy fund	Total Capital fund	
	$	$	$	$	$	$	$
Balance at 1 July 2018	3,200,005	52,624,892	35,957,563	3,600,000	5,244,913	97,427,368	100,627,373
Legacy Fund drawn down for topping up of Operating Fund	8,279,089	-	-	-	(8,279,089)	(8,279,089)	-
(Loss) Income net of tax, before net investment gain	(8,279,089)	(4,509,765)	1,268,472	-	-	(3,241,293)	(11,520,382)
Net investment gain	-	-	553,420	-	-	553,420	553,420
Other comprehensive loss for the year	-	-	-	-	(1,985)	(1,985)	(1,985)
Total comprehensive (loss) income for the year	-	(4,509,765)	1,821,892	-	(8,281,074)	(10,968,947)	(10,968,947)
Amount transferred for capital expenditure	-	19,440,003	(19,440,003)	-	-	-	-
Balance at 30 June 2019	3,200,005	67,555,130	18,339,452	3,600,000	(3,036,161)	86,458,421	89,658,426

13. CLUB FUNDS (cont'd)

	Operating Fund	Capital Fund					Total Funds
2018		Net investment in property, plant and equipment	Renewal and replacement fund	Security fund	Legacy fund	Total Capital fund	
	$	$	$	$	$ (Note 13)	$	$
Balance at 1 July 2017	3,200,005	25,247,107	64,097,668	3,600,000	10,845,057	103,789,832	106,989,837
Legacy Fund drawn down for current year income tax expense	110,267	-	-	-	(110,267)	(110,267)	-
Legacy Fund drawn down for topping up of Operating Fund	5,488,470	-	-	-	(5,488,470)	(5,488,470)	-
(Loss) Income net of tax, before net investment gain	(5,598,737)	(4,084,722)	2,562,890	-	-	(1,521,832)	(7,120,569)
Net investment gain	-	-	759,512	-	-	759,512	759,512
Other comprehensive loss for the year	-	-	-	-	(1,407)	(1,407)	(1,407)
Total comprehensive (loss) income for the year	-	(4,084,722)	3,322,402	-	(5,600,144)	(6,362,464)	(6,362,464)
Amount transferred for capital expenditure	-	31,462,507	(31,462,507)	-	-	-	-
Balance at 30 June 2018	3,200,005	52,624,892	35,957,563	3,600,000	5,244,913	97,427,368	100,627,373

14. MEMBERSHIP DUES

	2019	2018
	Total number of members	
Voting		
Honorary	12	11
Ordinary	1,284	1,293
Service	78	81
Corporate	219	231
Vacant	105	102
	1,698	1,718
Non-voting		
Honorary	28	34
Associate	1,301	1,311
Term	159	132
Restricted	90	130
	1,578	1,607
Total	3,276	3,325

	Members' dues	
	$	$
Ordinary	3,185,144	3,267,988
Associate	2,967,163	2,926,326
Corporate	728,662	775,567
Term	574,387	536,290
Absent	86,130	103,346
Visitor	57,485	34,714
Junior Member Extension	77,198	87,725
	7,676,169	7,731,956

15. NET INVESTMENT GAIN

	2019	2018
	$	$
Interest income	553,420	759,512

16. OTHER INCOME

	2019	2018
	$	$
New Member operations surcharge	546,810	701,567
Premium Fee - Non binding payment plan	46,594	-
Parking fees	433,458	459,707
Rental income	-	19,083
Advertising income	89,506	141,834
Sundry income	439,816	408,337
	1,556,184	1,730,528

17. EXPENDITURE

	Food and beverage	Member activities	Club services	Facilities, front office and administration	Membership and marketing	Total
	$	$	$	$	$	$
2019						
Cost of sales/services	2,862,368	18,263	1,833,010	37,087	-	4,750,728
Salaries, wages, bonuses and other related expenses	7,202,068	3,681,476	1,941,690	6,200,818	400,363	19,426,415
Central provident fund contributions	993,592	242,635	254,945	741,535	43,198	2,275,905
Audit and legal fees	-	-	-	130,810	-	130,810
Professional fees	-	-	-	271,190	-	271,190
Allowance for doubtful debts	-	-	-	(5,778)	-	(5,778)
Repair and maintenance	103,508	47,084	17,351	577,796	-	745,739
Utilities	-	-	-	955,643	-	955,643
Other operating expenses	902,849	651,197	207,161	2,815,288	833,645	5,410,140
Finance charges	-	-	-	109,483	-	109,483
Subtotal for Operating Fund	**12,064,385**	**4,640,655**	**4,254,157**	**11,833,872**	**1,277,206**	**34,070,275**
Depreciation	1,063,446	1,796,569	220,669	1,403,909	11,854	4,496,447
Loss (Gain) on sale of property, plant and equipment	9,847	(4,646)	(5,721)	(98)	-	(618)
Subtotal for Capital Fund	**1,073,293**	**1,791,923**	**214,948**	**1,403,811**	**11,854**	**4,495,829**
Total	**13,137,678**	**6,432,578**	**4,469,105**	**13,237,683**	**1,289,060**	**38,566,104**

17. EXPENDITURE (cont'd)

	Food and beverage	Member activities	Club services	Facilities, front office and administration	Membership and marketing	Total
	$	$	$	$	$	$
2018						
Cost of sales/services	2,766,705	14,652	1,869,305	43,962	-	4,694,624
Salaries, wages, bonuses and other related expenses	6,320,820	3,345,500	1,850,054	5,527,827	329,660	17,373,861
Central provident fund contributions	917,983	197,014	236,852	650,117	35,035	2,037,001
Audit and legal fees	-	-	-	56,000	-	56,000
Professional fees	-	-	-	21,162	-	21,162
Allowance for doubtful debts	-	-	-	17,281	-	17,281
Repair and maintenance	90,508	47,372	13,047	485,157	-	636,084
Utilities	-	-	-	912,860	-	912,860
Other operating expenses	666,171	924,019	234,515	2,550,816	793,336	5,168,857
Finance charges	-	-	-	141,154	-	141,154
Subtotal for Operating Fund	**10,762,187**	**4,528,557**	**4,203,773**	**10,406,336**	**1,158,031**	**31,058,884**
Depreciation	569,269	1,079,481	146,736	919,424	7,883	2,722,793
Loss (Gain) on sale of property, plant and equipment	341,969	87,746	401,517	500,394	(800)	1,330,826
Subtotal for Capital Fund	**911,238**	**1,167,227**	**548,253**	**1,419,818**	**7,083**	**4,053,619**
Total	**11,673,425**	**5,695,784**	**4,752,026**	**11,826,154**	**1,165,114**	**35,112,503**

18. INCOME TAX EXPENSE

	2019	2018
	$	$
Tax expense comprises:		
Current tax expense	-	103,590
Underprovision in prior financial years	-	6,677
	-	110,267

For the financial year ended 30 June 2019, less than 50% of the Club's gross takings are from its Voting Members. As such, the Club did not meet the 50% threshold requirements under Section 11(1) of the Singapore Income Tax Act ("SITA"). In this regard, the provisional income tax computation has been prepared on the basis that the Club is deemed to be carrying on a business and will be taxed on its operating surplus (total receipts of income less tax-deductible operating expenses), in addition to income from other sources derived from dealings with non-members, such as interest income.

The total charge for the year can be reconciled to the accounting loss as follows:

	2019	2018
	$	$
Loss before tax	(10,966,962)	(6,250,790)
Income tax credit at statutory rate (2018 : 17%)	(1,864,384)	(1,062,634)
Non-deductible items	763,538	1,192,149
Effect of revenue that is exempt from taxation	-	(25,925)
Effect of unused tax losses not recognised as deferred tax assets	1,100,846	-
Underprovision in prior financial years	-	6,677
	-	110,267

19. COMMITMENTS

(a) Future capital expenditure

	2019	2018
	$	$
Amounts approved and not contracted for	2,554,700	3,816,450
Amounts approved and contracted for	80,385	183,550

(b) Operating lease commitments - the Club as lessor

	2019	2018
	$	$
Rental income included in the Club's profit or loss	-	19,083

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