

The American Club

ANNUAL REPORT



2019 / 2020



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



The past year has been a time of both major achievements and significant challenges at The Club.

After nearly four years, redevelopment was completed during the first half of Fiscal Year 2020, which ran from July 1, 2019 through June 30, 2020. The remaining dining outlets, the gym and other areas all opened, enabling Members to enjoy the full range of facilities in the Clubhouse. While some rectifications are still in progress, Members have been delighted that we can get back to the activities we cherish. The Club celebrated with a special birthday bash in September, bringing in hundreds of Members both to celebrate The Club's birthday and to enjoy everything The Club has to offer.

Behind the scenes, The Club leveraged technology, automation and new layouts to increase efficiency and deliver better service. A centralized kitchen, for instance, enables easier preparation of food such as pastries and grab-and-go items. Enhancements to the website, media such as The Club's WhatsApp channel and a new JOGA app allow more frequent communications with Members and simpler booking of events. New equipment, including energy-efficient fryers and technology for managing staff uniforms, reduced costs and improved food or service quality.

As facilities opened and activities resumed, Members came back. While usage was still below the levels prior to renovation, it rose significantly throughout 2019. More new Members joined, and the total number of Members exceeded expectations.

The Club also completed reviews that were approved at the Annual General Meeting (AGM) in 2018. Accuracy, a firm engaged by the Audit Review Group to analyze the redevelopment project, found that while a number of processes that could be improved, financial reporting was accurate. When the Pool Area Working Group concluded its pool area redesign project and Members voted on its two alternatives for further renovating the pool, as well as a third alternative of not making changes, a majority voted not to change the pool area.

There were also changes to the General Committee. Following the resignation of former Club president Dana Hvide in early November, I was elected as president and Peter Proft was elected as secretary. Four new Members were elected to the General Committee at the AGM, ushering in a period of significant change in some practices or processes.

Despite the momentum towards continued growth in usage and activities in the new year, unexpected changes forced shifts in how The Club operates. The Club issued its first advisory relating to Covid-19 at the end of January 2020, then asked Members to exercise social responsibility and implemented increasingly strict restrictions as the intensity of the pandemic grew. Usage of services and activities at The Club gradually dropped, as Members found it more difficult to enjoy all that they had come to expect.

In early April, the government ordered The Club to shut. The closure both hit The Club hard and enabled new models to evolve.

With the entire Clubhouse closed, revenue plummeted. The Club was only permitted to have a small number of staff on site, so most staff worked from home. Fortunately, support from the government enabled The Club to continue to pay salaries to staff even when they were at home.

At the same time, The Club quickly pivoted to a digital model that enabled Members to enjoy it from the comfort of their homes. Fitness and Leisure activities were among the first to go virtual, with everything from group classes and personal training to tennis lessons and Pilates online. The Club developed TAC2Go! and Essentials2Go! so that Members could order their favorite meals or supplies they needed from The Club and pick them up or have them delivered. For younger Members, The Club developed an online summer camp as well as virtual activities ranging from storytelling and crafts, to cooking and first aid. Online events replaced on-site events with, for example, speakers who spoke about American politics, resilience and more. There were thousands of sign-ups for virtual services.

We also continued to support our staff through development programs internally and training programs externally, with many staff taking classes online and being trained as Safe Distancing Ambassadors or certified health experts to ensure Member safety.

The study of compensation by the globally recognized consultant that was mentioned in last year's annual report was completed in May 2020. The General Committee approved changes to the bonus structure that align performance more closely with goals for The Club and, while finding that salaries are close to market averages, approved small adjustments to ensure competitive yet prudent remuneration.

Several initiatives reflected the spirit in The Club community of caring for each other and working for the greater good. When Covid-19 restrictions resulted in layoffs of employees' family members and children staying at home or other disruptions, we set up the

Employee Care Program and distributed financial support to help 167 staff members. The Green Team expanded its efforts to make The Club more sustainable, with programs and communications that reduced The Club's carbon footprint and saved money. We also initiated a Diversity Dashboard to ensure that we have a wide range of staff at all levels and train them for promotions.

While redevelopment and the restrictions due to Covid-19 made it harder for Members to enjoy the usual benefits of being part of The Club community, online activities have resulted in new friendships united by common interests and new learning. Hundreds of Members contributed to the Employee Care Program. And Members flocked back to The Club as soon as Covid-19 restrictions eased while continuing to interact online too.

On a daily basis, each of us gets to see The Club's vision in action, as we are part of a vibrant community with a distinct American culture and a place that families call their home away from home. As I reach term limits and leave the General Committee after a decade of service, I am heartened that our values of safety, respect and integrity remain strong, and I would ask Members to ensure compassion and kindness in all we do. Be safe and be well.



Richard Hartung

MESSAGE FROM THE TREASURER



It is my privilege to present the annual report for the financial year ending June 30, 2020 (FY20) highlighting 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 12 months. Furthermore, there is a new Management Discussion & Analysis (MD&A) section this year, outlining a short narrative and comparison to the prior year financials, which we hope will provide more color to Members.

A Tale of Two Halves

FY20 was a classic tale of two halves. After the opening of Tradewinds in early July 2019, we developed significant momentum in the key drivers for usage and revenues. As the statistics presented in the new MD&A section show, foot fall, covers, usage, revenue and thus monthly spend all increased quarter over quarter from Q4FY19 to Q1FY20 and then to Q2FY20. With the onset of Covid-19, and despite the related safe distancing and safety measures (large gatherings prohibited, buffets cancelled, outlet capacity decreased substantially, etc.), Q3FY20 usage statistics and revenue were only down marginally. Q4FY20 statistics fell off significantly with the closure of The Club for one week for deep cleaning and the closure of the facilities during the circuit breaker. However, it is worth noting that despite the closure of The Club for 2½ months, usage was still 44%, meaning that 44% of the Members had spending at The Club during this time (virtual fitness classes, TAC2Go!, Essentials2Go!, etc.)

A similar storyline played out on the new Membership front. We attracted 241 new

Members in the first two quarters of the fiscal year (vs 259 in all of FY19), then 97 in Q3FY20 despite the Covid-19-related restrictions imposed to keep our Members and staff safe. It speaks of the resilience of our Membership team that we even managed to attract 27 new Members during Q4FY20 while The Club was closed for the vast majority of the time, and operated with a "no guest" policy in place. This also speaks volumes about the attractiveness of The American Club to Members, both new and existing.

Resilience

Our beloved staff, who give The Club its heart and feeling of home, have been resilient through all the challenges and have been on the front lines working tirelessly to keep our facilities welcoming, while keeping our Clubhouse safe. Given that 36 of our staff have remained in Malaysia since the Malaysian border was closed under the Movement Control Order, Management has slightly reduced hours, closed The 2nd Floor and opened Grillhouse only on weekends. Again, this demonstrates the resilience of our Members (who have continued to use The Club facilities since we reopened in June) and staff (who have been flexible about being trained and deployed to working in multiple outlets to cover for staff stuck in Malaysia).

We ended the year with 3,316 Members, well ahead of budget and also ahead of what was projected under the original redevelopment financial model. This success came in large part from the Membership team, who worked tirelessly despite shifting market conditions, competition, Covid-19, Clubhouse closure and circuit breaker. Over the last five years,

The Club has attracted a total of 1,692 new Members (this implies 47% of our Members joined since redevelopment began) with a cumulative \$19 million in Club entrance fees.

We ended FY20 with reserves of \$22.753 million, fulfilling our mandate of maintaining reserves of not less than \$20 million through the final completion of the redevelopment. 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 these reserves will be reduced by the remaining redevelopment payments, operating losses, capital expenditures, and increased by new Member joining fees in FY21.

Looking Forward

With increased revenue (despite The Club being closed for 2½ months and impacted by Covid-19-related measures for the last five months of the fiscal year), proactive management of headcount and minimizing the use of part-time staff, payroll as a percentage of revenue has improved substantially in FY20 (please see MD&A for details). The introduction of our Central Production Kitchen has allowed the Food & Beverage Culinary team to improve overall efficiency as had been envisioned prior to redevelopment. While there is still more work to be done, Management efforts with various Committees, the Finance Committee, and the General Committee's partnership and oversight, has resulted in significant progress despite the challenges thrown up by the pandemic.

Recognizing the new environment in which we are operating, The Club is identifying ways to balance the goal of delivering superior service to members with the need to manage expenses effectively.

We have budgeted for a loss in FY21 given the significant uncertainties brought about by the pandemic and the related safe distancing measures and other impacts on usage, revenue, as well as the additional costs associated with processes, and procedures for keeping our Clubhouse safe. Furthermore, the Finance Committee and the General Committee have

committed to revisiting the budget (which was based on conservative assumptions given the considerable uncertainties) after Q1FY21 and potentially quarterly thereafter, throughout this financial year. However, we are performing much better in Q1 of our new fiscal year (Q1FY21) than budgeted. We are hopeful this trend will both continue and grow as the world in general and Singapore in particular get their arms around the pandemic.

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. Furthermore, in order to achieve breakeven, The Club will need to grow Membership, grow revenue and prudently manage expenses, all while delivering superior service.

We are grateful for our Members' patience, understanding and resilience during this challenging period. With our enhanced facilities, trademark American service, vibrant community with a distinct American culture, and a place that families can proudly call their home away from home, The Club is positioned to continue its long tradition as one of Singapore's premier social clubs well into the future.



Rahul Arora

GENERAL COMMITTEE



Richard Hartung
President



Justin Baldauf
Vice President



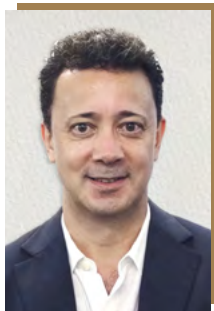
Peter Proft
Secretary



Rahul Arora
Treasurer



Alex Elkies
Member at Large



Alex Zecha
Member at Large



Landy Eng
Member at Large



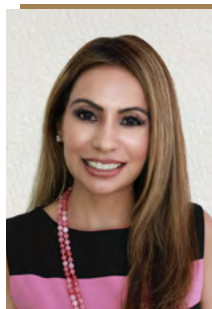
Lindsay Fipp
Member at Large



Jay Jobanputra
Member at Large



Nasir Kausar
Member at Large



Neetu Mirchandani
Member at Large



Phua Swee Leng
Co-opted Member



Caitlin McNeal
American Association
of Singapore



Caitlin Fry
American Women's
Association



Sandra Johnson
Canadian Association
of Singapore



**LT Col Douglas
Krugman**
US Embassy
Representative



THE
AMERICAN CLUB
SINGAPORE

THE SENIOR MANAGERS



Patricia Au
Acting 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



Elaine Chan
Director of Marketing,
Communications &
Member Engagement



Randy Simon
Director of
Fitness & Leisure



Dan Durkin
Director of
Food & Beverage

**MEETING THE MOMENT:
BUSINESS TRANSFORMATION
IN THE YEAR OF COVID-19**

MEMBERSHIP

The launch of the Lobby, Tradewinds and The Gourmet Pantry in the Claymore Hill building in the summer of 2019 signalled the completion of the key aspects of a Clubhouse redevelopment project that had lasted about 3½ years. Good news traveled fast and the Membership team was soon busy fielding Membership enquiries and conducting tours of our new Clubhouse.

Strong Market Interest Post-redevelopment Completion

In the first nine months of FY20, the Membership team conducted 317 tours, 17% more than the same period last year. The new Member intake for the first nine months was 338, +26% to the Budget target for the period. The new Member intake activity during this period made up 93% of the full year's new Member intake of 365. New Member activity in the last quarter of the fiscal year was impacted by the pandemic and ensuing regulatory restrictions. Net Membership resignation for the full year was only 325, so Membership level for FY20 closed at 3,316, +40 accounts or +1% from 3,276 at the end of the last fiscal year. The pandemic threw a curve ball in an otherwise strong Membership growth trajectory.

Strong Demand for Term Membership and Payment Plan Options

Despite a 5% increase in Term Membership entrance fees with effect from July 1, 2019, the demand from this market segment remained

strong. We welcomed 75 new Term Members, +41% to Budget and prior year number of 56. While there was no change to The Club's Ordinary Membership entrance fees, the four-year payment plan for Ordinary Members proved popular. We welcomed 101 Ordinary and six Service Members on this payment plan option, compared to 36 Ordinary and three Service Members on the lump sum payment option, despite a premium for the Ordinary payment plan option.

Increase in Associate Membership Entrance Fees (Closed Category)

Effective July 1, 2019, the price of Associate Membership was increased by 25% to \$70,375. As this is a closed category, new activity was largely limited to new Legacy Memberships or the upgrade opportunity offered to long-time Term Members who had joined The Club prior to July 1, 2019 and supported The Club through the redevelopment.

Revision of Transfer Fee

In view of The Club's sustained and strong open market value, the General Committee approved the Membership Committee's recommendation to revise the transfer fee for open market transfers to 25% of open market value or \$24,075, whichever is higher. With open market value ranging between \$123,000 and \$135,000 during the year, this revision of transfer fee boded well for The Club's transfer fee income.



New Lobby

INNOVATION & MEMBER ENGAGEMENT

Virtual Programming Keeps Members Engaged

Despite two months of closure during the circuit breaker, The Club was able to keep Members engaged through our robust portfolio of virtual programming, branded under the newly formed 'At Home with The American Club'. Departments involved included Club Services, Youth & Family, Food & Beverage, Fitness & Leisure and Member Engagement. Reservations were supported by the Front Office team, who were working remotely from home.

For the adults, activities included Get Fit with Coach Greg Fasala, Tennis Drills with Coach Tomas Biernacki, Group Fitness Virtual Classes, Happy Hour Trivia with Dan & Randy, Weekly Virtual Wine Tasting, Weekly Virtual Cooking Classes with our In-house Chefs, as well as Guest Chefs, and more. Some programs, such as the Exercise at Home with Robert Hoffman series, and Making Cocktails with Monzie series, were pre-recorded and uploaded on The Club's YouTube channel for Members to access.

For the Junior Members and younger children, The Club quickly rolled out Junior Member Trivia Night, Taekwondo with Master Patrick, Junior Bingo, Craft-making Workshops, Arts and Crafts, Teeny Tiny Tots, Virtual Kids Storytelling, and more.

Thanks to an organized and unified team effort, 'At Home with The American Club' was launched within six days of the circuit breaker. The staff team worked together to set up our virtual platform, organizing shoots, and getting props on time to staff delivering their programs from home, before the circuit breaker kicked in.

Several virtual events under 'The Speakers Series' were also held from April 2020 and continue to gain momentum today. In March 2020, in partnership with REACH (Reaching Everyone for Active Citizenry @ Home), a national feedback and engagement unit of the Ministry of Communications and Information, 'In Conversation with Senior Minister of State for Communications & Information (MCI) and for Transport, Dr. Janil Puthucheary', was organized virtually, and moderated by Club President Richard Hartung.

We also had the pleasure of hosting Dr. William Wan, General Secretary of the Singapore Kindness Movement, Margie Warrell, best-selling author and global leadership expert, PN Balji, former editor of Today and The New Paper, Ken Tong, President of Singapore Optometric Association, and Steve Okun, commentator on U.S. politics and current events, on our virtual programs.



The Speakers Series: 'Stop Playing Safe' with Margie Warrell



Webinar: Richard Hartung in conversation with Senior Minister of State for Communications & Information and for Transport, Dr. Janil Puthucheary



Virtual Programs by The American Club Singapore

‘At Home with The American Club’ was launched within six days of the circuit breaker.



The Impossible Burger



Food & Beverage Evolves

FY20 presented an opportunity for us to reinvent our food & beverage offerings. The HEAL subcommittee was formed in late 2019, to promote healthy eating. After research and deliberation, the Culinary team developed new menus that included gluten-light options, dairy-free options, and more vegetarian options, including the popular Impossible Burger - much to our Members' delight.



Weekly Virtual Cooking Class

During the circuit breaker, the Food & Beverage team launched TAC2Go!, a food delivery and takeaway service. We also listened to Members' feedback and made progressive enhancements to menu offerings, resulting in greater menu diversity. Creative Family Meal Bundles, Mini Meal Bundles, Vegetarian Bundles, Themed Meals, as well as Chefs' Workshops on DIY Dinners were launched during the circuit breaker months.



A New Way to Serve Members

To better serve Members during the circuit breaker, Club Services team launched Essentials2Go!



Creative Meal Bundles by TAC2Go!

Essentials2Go! is a delivery service for groceries, gourmet products, wines and spa home care items. Both TAC2Go! and Essentials2Go! provided The Club with new revenue streams, and more importantly, created new avenues to stay engaged with our Members during these unique times.

INCREASED COMMUNICATIONS

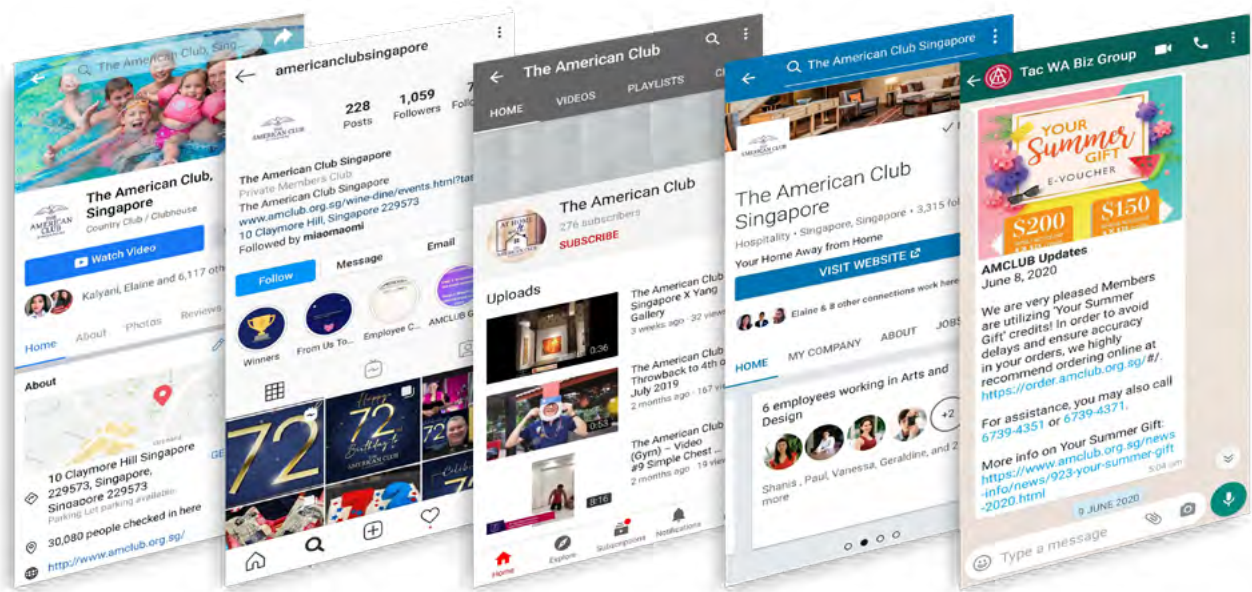
During FY20, The Club expanded its digital communications with the goal of boosting Member engagement.

We increased the frequency of digital publication of What's On, The Club's regular newsletter, to twice per week during the circuit breaker. In addition, we relaunched the Youth & Kids edition of What's On to provide more focused content coverage for a significant segment of the Membership.

The Club also debuted a dedicated WhatsApp broadcast channel, which was launched in March 2020. It has provided us with a more cost-efficient channel to communicate with Members than the traditional e-SMS platform.



Youth & Kids What's On



The Club's social media platforms

Early on in the Covid-19 crisis, we understood the importance of keeping lines of communications open and active with our Members. A total of 33 Covid-19-related General Manager Messages were sent and a total of 138 responses from Members were received during this time. These frequent and timely communications kept Members updated on new advisories from the government and precautionary measures implemented at The Club.

Complementing communications through these various channels were regular postings on The Club's social media platforms, namely, Facebook, Instagram, YouTube and LinkedIn.

In May this year, The Club introduced its digital Rant & Rave, enabling Members to conveniently submit their feedback and suggestions online.

OUR COMMITMENT TO CARE, SAFETY AND CLEANLINESS



The American Club Singapore was one of the first clubs in Singapore to be certified SG Clean

In March 2020, The Club launched a Community Care Campaign themed 'We've Got it. Together.' to promote social responsibility within The Club community, and to keep the community connected and united in the fight to overcome the pandemic, and to show care and consideration for fellow Members and staff.

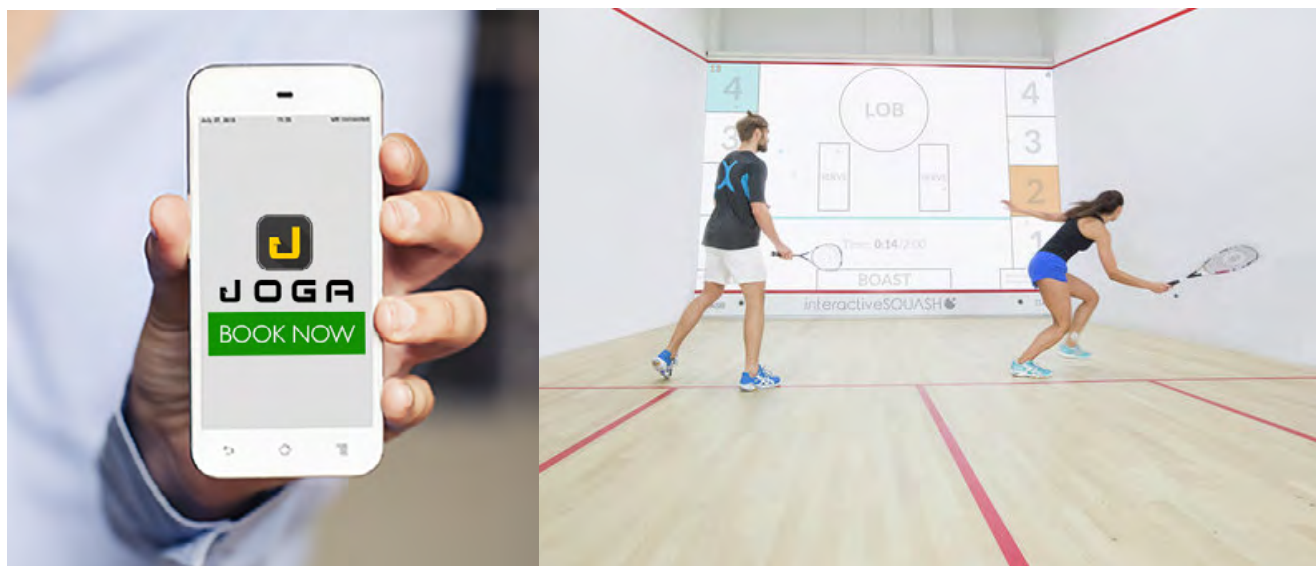
The Housekeeping team had the arduous task of ensuring the Clubhouse was maintained at the highest standards of hygiene and cleanliness. Covid-19 challenged the team to increase the frequency of cleaning and sanitizing routines even with manpower being stretched due to staffing shortage arising from Malaysia's Movement Control Order, and the pressure to reduce payroll cost by reducing reliance on part-time labor. The team also procured specialized sanitizing equipment to enable in-house staff to carry out frequent Clubhouse sanitizing.



The Clubhouse was maintained at the highest standards of hygiene and cleanliness

Singapore's National Environmental Agency (NEA) launched its SG Clean campaign in February 2020, as a proactive response to mitigate the spread of Covid-19 and to make cleanliness a way of life in Singapore. SG Clean campaign aims to raise the hygiene standards and transform cleanliness level of public spaces and rally premises operators to take ownership by adopting the SG Clean Quality Mark. The Club submitted an application for the SG Clean Quality mark near the end of FY20, leading to certification in August 2020.

The American Club Singapore was one of the first clubs in Singapore to be certified SG Clean - Passing the SG Clean assessment is a stamp of assurance and our promise to our Members, to uphold good sanitation and hygiene practices at The Club.



JOGA APP

I-Squash - The only one in Asia

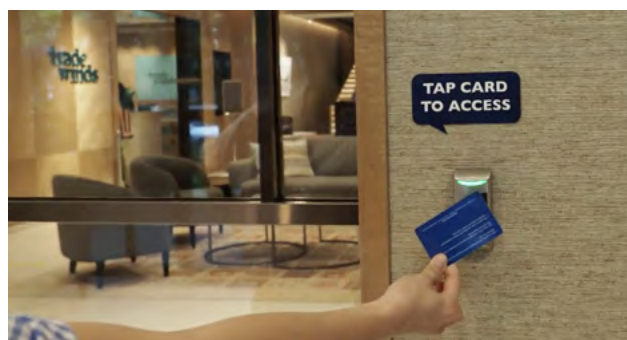
USING TECHNOLOGY TO BUILD A BETTER EXPERIENCE

FY20 saw the Information Technology and Security teams build on the momentum to embrace technology to create a better experience at The Club for Members, guests and staff alike.

The launch of the JOGA app allows Members to conveniently book tennis lessons from their phones or desktops, greatly reducing the amount of time and manpower allocated to scheduling. It also provides up-to-date visibility of training hours and facility availability. The Gym also acquired the InBody Analysis, a bioelectrical impedance analysis, that accurately measures detailed composition of the body (body water, proteins, minerals, and body fat), in October last year, and I-Squash, which uses an overhead projector and motion-sensing cameras to turn the front wall of the squash court into an interactive screen, was introduced in March this year. The American Club Singapore is the first and only club in Asia with this interactive squash program.

Tap card access at the Gym became mandatory in April.

In addition to the Gym, The Club also added tap card access to the Thinkspace meeting rooms. The system allows staff to pre-set meeting room access times. This enables Members to access the meeting rooms at allocated booking



Tap card access was introduced in March 2020

times independently without waiting in line for counter assistance.

The Library is also equipped with a barcode scanning system, which significantly improves the efficiency of reconciling our book inventory at the end of each month. The book-borrowing pad, available at Thinkspace and within the Library, also enables Members to borrow and return books independently, freeing up the Thinkspace staff to attend to other Member queries.

The staff changing room is also equipped with an RFID laundry system which helps to streamline the staff laundry process, reducing manual labour for receiving and issuing staff uniforms, freeing Housekeeping staffing to Clubhouse cleaning.

IMPROVED COST EFFICIENCIES

Through careful planning and effective management, we were able to reduce costs in many departments.

With an increase in square footage allocated to Member areas, the air-conditioning needs have increased in the new Clubhouse. The Facilities team closely monitored electricity rates well in advance of the expiry of our electricity contract and secured more favorable renewal rates. This potentially saves The Club between \$1,000 and \$1,500 each month, based on the same usage levels.

Members requested larger television screens at the Gym, Union Bar and Thinkspace. TV programming subscription rates are exponentially higher for larger TV screens. We conducted a review and unsubscribed from less popular programmes, garnering savings of \$5,000 per month.

Some of our cost-saving measures were more practical in nature. The increased overall usable floor area forced us to rethink the way housekeeping tasks are managed. To improve cost effectiveness without compromising on standards, we improved staff training, re-defined roles and responsibilities, and innovated staff rosters. We acquired scaffolding equipment and training our housekeepers to set this up. Managing the cleaning of high surfaces in-house has saved The Club \$30,000 per year.

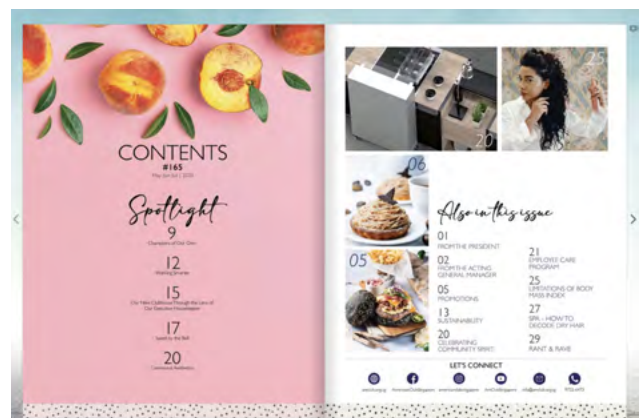
The Culinary team took bold steps to cut costs and improve overall efficiency as well. One of the most impactful changes was the opening of the new Central Production Kitchen, which

produces common basic sauces and condiments, to complement and support the functions of outlet kitchens which prepare, assemble and cook dishes to completion.

While centralization has greatly increased procurement efficiency, reduced manpower needs, and allowed us to add more useable space to our outlets, streamlining of outlet menus has resulted in increased kitchen efficiency, and reduction in unnecessary wastage.

The Finance team embarked on the first phase of their digital transformation journey in June this year, announcing that Members' monthly statements and monthly bill payments will be switched to an all-digital model. From November 2020, Members will no longer receive paper statements for the month of October 2020.

The Marketing Communications team has moved away from printed quarterly magazines to e-magazines, and savings are estimated at \$48,000 per year.



The Club's e-magazine



Large television screens at the Gym

GRANTS

The Club received a \$94,600 grant from e2i to defray the cost of capital investment for the livecookintable® buffet & display system. We have also received a \$108,976 grant from e2i for the RFID staff uniform laundry system, which has increased productivity and enabled us to reduce staff headcount in the staff uniform room.

In recognition of our efforts to implement Flexi-Work arrangements so as to foster work-life harmony and balance, The Club received a grant of \$70,000 from the Work-Life Grant.



RFID staff uniform laundry system

TOTAL WORKPLACE SAFETY & HEALTH PROGRAM

In September 2019, we embarked on the Total Workplace Safety & Health (TWSH) program, in collaboration with the Workplace Safety and Health Council.

TWSH is a holistic and integrated approach to manage and address safety and health risks, and to promote the well-being of staff in order to achieve (1) A healthy workforce in a safe workplace, (2) Lower absenteeism rate and healthcare costs, (3) Better worker engagement and retention, and (4) A more productive workforce, which will translate to better business performance.



Workplace Safety promotional material

A MORE SUSTAINABLE AMERICAN CLUB

In FY20 we were able to build upon the efforts of The Green Team, which was established at the end of FY19. The team is made up of Management staff from Facilities, Housekeeping, Engineering, Marketing Communications, Food & Beverage, and Fitness & Leisure departments.

Throughout the year, The Green Team worked hand-in-hand with the Sustainability Working Group and our external consultant to improve The Club's sustainability efforts. Through our efforts, we have achieved energy savings of \$30,021 as of end March 2020 (before circuit breaker), and energy savings of \$176,964 as of end June 2020 (inclusive of circuit breaker period), reduced general waste by 5,943kg in FY20, increased sustainability awareness within

The Club community, and gradually introduced more sustainable products and incentives, such as:

- Replacing all straws at Food and Beverage outlets with biodegradable straws in individual paper packaging. This allows Members to return straws easily without compromising hygiene standards, if they choose not to use a straw.
- B.Y.O.B.: Members who bring their own cups for dine-in or takeaway at Central enjoy \$1 off their beverages.
- The Housekeeping department has switched to bulk purchase of liquid detergent, and plastic bottles are returned to the supplier for recycling when supply runs out.



Infographic extracted from Club Magazine, Summer 2020 edition

CARING FOR OUR EMPLOYEES

Throughout the crisis, many staff stepped up to take on additional and new roles to help The Club uphold the hiring freeze and reduce reliance on part-time labor. Our staff manned the access points and supported with temperature taking, travel and health declaration, SafeEntry and Membership verification.

Due to staffing shortage caused by Malaysia's Movement Control Order, we closed The 2nd Floor. Many team members had to be trained for job functions in different outlets.

During the circuit breaker, when the Clubhouse was closed, staff worked tirelessly to ensure permitted essential services such as food deliveries and takeaways, hair and online grocery services continued to operate. The team also ensured the continuous upkeep and maintenance of the Clubhouse, as well as a daily security presence. Overall, The Club was operating with tightly regulated staff strength

approved daily by the Ministry of Trade and Industry, due to the government's safe management measures, and strict compliance was required in order to enable The Club to continue operating permitted essential services.

To prepare for the safe reopening of the Clubhouse, 51 full-time staff attended the Safe Management Officer training and an additional 36 staff attended our in-house Safe Distancing Ambassador training in June 2020.

The staff team's willingness to being deployed to different duties enabled The Club to reduce reliance on part-time employees and also enabled us to preserve employment of our full-time staff.

Members consider the staff an integral part of The Club community. In April this year, a group of Members came together and initiated the Employee Care Program. This was approved

OUR SAFE MANAGEMENT OFFICERS & SAFE DISTANCING AMBASSADORS



Not pictured: Acting General Manager: Patricia, Aquatics: Greg, Aquatics: Abdul, Aquatics: Hariz, Club Services: Su-Ann, Engineering: Poh Ching, Engineering: Nerang, Essentials: Francis, F&B: Dan, F&B: Esther, F&B: Cathy, F&B: Naresh, F&B: Yusman, F&B: Leng Chuan, F&B: Chin An, F&B: Hui Hui, F&B: Sharon, F&B: Yvonne, F&B: Dahlan, F&B: Kris, F&B: How Sen, F&B: See Kuan, F&B: Shiao Fong, F&B: Dass, F&B: Kristopher, F&B: Lei Dong, F&B: Dens, F&B: Marie, F&B: Simon, F&B: Hon Boon, F&B: Stephen, Finance: Chui Guan, Fitness & Leisure: Randy, Housekeeping: Anita, Housekeeping: Sures, IT VP: Marcom: Elaine, Membership: Elle, Membership: Mitchell, Membership: Kimberly, People Development: Lee Lee, People Development: Mack, Security: Simon, sdn: May, sdn: Rizel, sdn: Julianne, Stewarding: Jia Lei, Store: Mike, Store: Karen, Tennis: Tomas, Youth: Kelroy, Youth: Fyy, Youth: Lois, Youth: Rohana

by the General Committee, and the Employee Care Program team set about working with Management to generate ideas and provide financial and emotional support to staff and their families affected by Covid-19. The outpouring of support and offers of help from Members were truly heart-warming. More than \$85,000 was raised over the first two months. Staff who benefitted from the Employee Care Program expressed their gratitude and thanked Members via a series of videos that were shared with the Membership.

The People Development team also launched a Staff WhatsApp broadcast channel to facilitate expeditious dissemination of information, Club news and updates.

The Club received support from the Singapore government's special budgets to help companies cope with the effects of the pandemic. These included a waiver of foreign worker levy and

levy rebate, disbursements via the Job Support Scheme, as well as property tax rebates. The generous support from the Singapore government helped to mitigate adverse impact on the staff.

Staff learning and development efforts continued during the pandemic by adapting to virtual learning. During the circuit breaker, the Training team organized online training courses, and staff were encouraged to attend, to up-skill or acquire a new skill. Courses were funded by the National Trades Union Congress (NTUC).

This year, The Club was recertified as a Human Capital Partner. The HCPartner program is an effort by the Ministry of Manpower of Singapore to support progressive employers in strengthening the country's local workforce. Through the HCPartner programme, The Club enjoys additional support from the government and recognition as an 'Employer of Choice'.



REDEVELOPMENT UPDATE

The final phase of the redevelopment (TOP 4), consisting of the Tennis Gallery, Admin Office and M & E areas were fully handed over to The Club on February 7, 2020. With the completion, the 12-month Defects Liability Period (DLP) commenced on February 8, 2020, and will end on February 7, 2021, unless otherwise extended due to the pandemic and other reasons.

During the DLP, The Club is not allowed to carry out our own rectification work, nor appoint other contractors.

Due to restrictions placed on the main contractor's workforce brought about by the circuit breaker measures, a majority of defects rectification work were put on hold. Work has now resumed.

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE YEAR ENDED 30 JUNE 2020

The Club delivered an improved performance for the 12 months' period in the fiscal year 2020 (FY2020) from July 2019 to June 2020 as compared to FY2019, despite the impact of Covid-19. During the first nine months, we were 25% ahead of FY2019. However, with the onset of circuit breaker from April 7, 2020, The Club's one-week closure for deep cleaning and the clubhouse re-opening under Phase 2 on June 19 with limited service offerings, Q4 FY2020 performance was negatively impacted.

To cushion the financial impact of \$3.77 million resulting from the Covid-19 pandemic, The Club launched the following initiatives:

- 1) Developed new revenue streams from virtual programs and services (including TAC2Go! and Essentials2Go!), generating incremental gross profit of approximately \$250,000.
- 2) Implemented cost-saving measures through payroll management and operating expense control.
- 3) Tapped on government grants for capital investments to improve productivity and operational efficiency.

These Management efforts helped to reduce the Covid-19 impact by \$1.62 million, and The Club delivered a GOP loss before bonus of \$5.39 million, a 9% improvement over a loss of \$5.91 million in FY2019 on a like-for-like basis.

In April 2020, the Singapore government announced the Jobs Support Scheme, Foreign Worker Levy (FWL) waivers and rebates, property tax rebates and cash grant/rental waiver. The Club received \$2.20 million of government subsidies in FY2020. In September 2020, the General Committee approved a lower aggregate bonus of \$425,000 for FY2020, payable solely to Tier 3 and Tier 4 staff, thereby reducing the GOP loss after bonus to \$3.62 million, compared to a loss in FY2019 of \$8.28 million (an improvement of \$4.66 million).

FY2020 Full Year @30th June 2020 (\$'000)	FY2020 Actual	FY2019 Actual	Variance- FY2020 vs FY2019	
GOP loss before Outlet opening delays & COVID-19 Impact	(3,101)	(4,537)	1,436	-32%
Outlet opening delays and haze impact- loss of gross profits	(131)	(1,435)	1,304	-91%
COVID-19 Impact - Loss of gross profits due to social distancing & circuit breaker	(3,439)		(3,439)	#DIV/0!
COVID-19 Impact - member engagement expenses and staff welfare	(336)		(336)	#DIV/0!
Forecasted GOP before BONUS excluding Management efforts	(7,007)	(5,972)	(1,035)	-17%
Incremental gross profits from new revenue initiatives during COVID-19				
- TAC2GO!	153		153	#DIV/0!
- Essentials2Go!	18		18	#DIV/0!
- Flash wine sale	36		36	#DIV/0!
- Virture programs	42		42	#DIV/0!
Total incremental gross profits	249	0	249	#DIV/0!
Cost savings due to Management efforts				
- Payroll	326		326	#DIV/0!
- Operating expenses	703		703	#DIV/0!
- Unutilised annual leave by lowering c/f threshold	67	(67)	134	-200%
- Government grants	274	134	140	104%
Total savings due to Management efforts	1,371	67	1,304	1954%
Forecasted GOP before Bonus after Management efforts	(5,387)	(5,905)	518	9%
Fortitude Subsidies	2,193		2,193	#DIV/0!
Variable Bonus-current year	(425)	(2,374)	1,949	-82%
Forecasted GOP after Bonus including Management efforts and Fortitude Subsidies	(3,619)	(8,279)	4,660	56%

The improved performance in FY2020 can be summarized with the following key indicators:

	FY2015	FY2019 Q1	FY2019 Q2	FY2019 Q3	FY2019 Q4	FY2019	FY2020 Q1	FY2020 Q2	FY2020 Q3	FY2020 Q4	FY2020
Number of new Membership Entrance Fee (S\$'000)	364 4,983	60 760	64 682	59 707	76 706	259 2,855	128 800	113 1,558	97 1,552	27 708	365 4,618
Redevelopment Payments (S\$'000)	0	5,868	6,486	2,850	2,305	17,509	1,281	355	328	30	1,994
As at end											
	FY2015	FY2019 Q1	FY2019 Q2	FY2019 Q3	FY2019 Q4	FY2019	FY2020 Q1	FY2020 Q2	FY2020 Q3	FY2020 Q4	FY2020
Total Reserves (S\$'000)	101,113	47,967	39,963	32,958	29,385	29,385	26,302	24,347	23,157	22,753	22,753
No. of Closing Memberships	3,569	3,303	3,303	3,308	3,276	3,276	3,320	3,361	3,370	3,316	3,316

The Club attracted a total of 365 new Members in FY2020, of which 338 new Members joined during the first nine months and 27 new Members joined in Q4 FY2020, which included the circuit breaker period. This total is 106 more than the 259 new Members who joined in FY2019 and one more than those who joined in FY2015, pre-redevelopment. This significantly higher number of new Members helped to generate entrance fees of \$4.62 million in FY2020, an increase of 62% over the FY2019 entrance fees of \$2.86 million.

As The Club progressed into the final phase of redevelopment, total progress payments made to the contractors and consultants were \$1.99 million in FY2020. Coupled with higher entrance fee income, The Club maintained Total Reserves of \$22.75 million as at the end of FY2020, fulfilling the mandate to maintain reserves of not less than \$20 million through the final completion of the redevelopment.

OPERATIONAL REVIEW

With the opening of Tradewinds in July 2019, we saw healthy usage trends of 80%-81% for Q1 and Q2, close to the usage of 82% pre-redevelopment. This improved usage resulted in an increase in Club covers and monthly spend. The usage and other key indicators were partially affected by Covid-19 from late January 2020 and then significantly negatively impacted by The Club closure and the circuit breaker from April 2020.

	FY2015	FY2019 Q1	FY2019 Q2	FY2019 Q3	FY2019 Q4	FY2019	FY2020 Q1	FY2020 Q2	FY2020 Q3	FY2020 Q4	FY2020
Usage %	82.0%	72.7%	74.3%	75.9%	76.3%	74.8%	80.4%	81.8%	76.4%	44.0%	70.6%
Club foot Fall	N/A	62,130	67,254	68,367	73,359	271,110	77,453	82,117	82,199	13,044	254,813
Covers	682,282	103,707	115,286	128,014	135,565	482,572	146,781	162,925	151,086	24,069	484,861
Monthly Spend (S\$)	602	464	513	523	546	512	528	638	604	324	549
Revenue (Operating Fund) (S\$'000)	36,501	7,487	5,894	6,076	6,334	25,791	8,445	7,488	7,053	5,979	28,965

For the first nine months in FY2020, higher membership level, usage and monthly spend resulted in a revenue increase of \$3.53 million or 18% and also resulted in a \$1.04 million lower GOP (Gross Operating Profit) loss compared to the same period in FY2019. Despite the impact of Covid-19 in Q4, The Club generated total revenue of \$28.97 million for full year FY2020, compared to \$25.79 million in FY2019, an improvement of 12%.

MANAGING COST & EXPENSES UNDER CHALLENGING ENVIRONMENT

With lower revenue due to outlet opening delays and the Covid-19 pandemic, Management has been actively managing expenses:

(S\$'000)		FY2019 Q1	FY2019 Q2	FY2019 Q3	FY2019 Q4		FY2020 Q1	FY2020 Q2	FY2020 Q3	FY2020 Q4	
	FY2015					FY2019					FY2020
Revenue (Operating Fund)	36,501	7,487	5,894	6,076	6,334	25,791	8,445	7,488	7,053	5,979	28,965
Total Cost of Goods	9,218 25.3%	1,018 13.6%	1,228 20.8%	1,243 20.5%	1,262 19.9%	4,751 18.4%	1,249 14.8%	1,744 23.3%	1,493 21.2%	677 11.3%	5,163 17.8%
Number of Full Time Headcount as at	303	293	309	306	311	311	318	313	298	291	291
Total Payroll Costs	19,344	4,503	4,813	5,018	7,368	21,702	4,986	5,000	4,986	4,496	19,468
Payroll Costs as % of Revenue	53.0%	60.1%	81.7%	82.6%	116.3%	84.1%	59.0%	66.8%	70.7%	75.2%	67.2%
Operating Expenses	8,084	1,746	1,975	2,008	1,888	7,617	1,938	2,579	1,907	1,529	7,953
Opex as % of Revenue	22.1%	23.3%	33.5%	33.0%	29.8%	29.5%	22.9%	34.4%	27.0%	25.6%	27.5%

1) Cost of Goods Sold

Management adopted the strategy of consolidating purchases for various outlets, which created economies of scale and better negotiating power with vendors, thereby reducing purchase costs. This strategy was achieved via:

- o Streamlining food menus.
- o Reviewing recipe costing while still delivering the same or better food quality.
- o Cross-utilizing more products across F&B outlets.
- o Increasing the selection of imported wines with higher profit margins.

2) Active Payroll Management

As at end June 2020, The Club had a total full-time staff strength of 291, compared to a level in FY2019 of 311 (an improvement of 20 fewer staff) and a level in FY2015 (pre-redevelopment) of 303 (an improvement from FY2015 to FY2020 of 12 fewer staff). The reductions in the number of staff occurred despite the usable square footage in The Club increasing by 15%.

Management took proactive steps to manage payroll costs via right-sizing the team. The consolidation of preparation works at the Central Production Kitchen allowed The Club to utilize kitchen resources better, thereby reducing kitchen headcount by seven.

With higher revenue and proactive headcount management throughout the year, The Club lowered payroll costs from 84.1% of revenue in FY2019 to 67.2% of revenue in FY2020, an improvement of 16.9 percentage points.

3) Reduction of Operating Expenses

Measures to reduce operating expenses included:

- o Negotiated an annual electricity contract at a lower fixed rate.
- o Revised the Pay TV subscription based on completed IPTV infrastructure.
- o Rearranged the security roster at the Scotts Road entrance, utilizing security technology to enable a reduction of two Senior Security Officers.
- o Implemented sustainability initiatives: Gas Fry technology, food waste management and recycling.

4) Managing Covid-19 Expenses

Part-time cost was reduced by mobilizing our full-time staff team to man stations at Club entrances (Claymore, Scotts Road and car park entrances) on weekdays.

5) Unbudgeted Expenses

Despite the initiatives to reduce expenses, The Club did incur unbudgeted expenses:

- o Unbudgeted expenses related to outlet opening delays.
- o Unbudgeted Covid-19 expenses such as sanitization supplies and accommodation and allowance for Malaysian staff.

TAPPING ON GOVERNMENT GRANTS

The Club tapped on innovation and technology to improve operational efficiencies and productivity. To defray the investment costs, Management worked very closely with e2i to apply for the Inclusive Growth Programme (IGP) and Workpro grants. In FY2020, the Club received the following grants:

	FY2019			FY2020		
	Investment	Approved	Grant %	Investment	Approved	Grant%
Kitchen, Business Centre and Guest Services	S\$ 196,673	133,881	68%	S\$	S\$	
Livecookintable Buffer & Display System				131,126	94,600	72%
RFID Staff Uniform System				136,300	108,976	80%
Work-Life Grant					70,000	100%
	196,673	133,881	68%	267,426	273,576	98%

The Club had utilized the maximum grant amount of \$300,000 by e2i as of June 2020.

LOOKING AHEAD

We expect a challenging year ahead due to uncertainty with Covid-19 and reduced business volume due to safe distancing measures. Management is actively exploring initiatives such as a hybrid business model and digitization in order to generate incremental revenue and manage costs in FY2021.

FINANCIAL

R E P O R T

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2020

CLUB INFORMATION**EXECUTIVE COMMITTEE**

President	Richard Hartung	(Appointed on November 4, 2019)
Vice President	Justin Baldauf	(Appointed on April 6, 2020)
Treasurer	Rahul Arora	
Secretary	Peter Proft	(Appointed on November 4, 2019)

GENERAL COMMITTEE

Alex Elkies
Alex Zecha
Jay Jobanputra
John Winsell Davies
Landy Eng
Lindsay Fipp
Nasir Kausar
Neetu Mirchandani
Phua Swee Ling
Caitlin McNeal
Caitlin Fry
Sandra Johnson
Lt Col Douglas Krugman

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
Bank of Singapore

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 2020, 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 36 to 66.

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 2020 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.

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

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.

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

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

15 September 2020

STATEMENT OF FINANCIAL POSITION**30 June 2020**

	Note	2020	2019
		\$	\$
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	6	22,743,675	29,374,675
Due from members	7	1,266,262	2,105,294
Transferable club memberships		23,558	23,558
Prepayments		152,365	342,425
Other receivables	8	1,383,620	267,361
Consumable stocks		<u>720,101</u>	<u>566,605</u>
Total current assets		<u>26,289,581</u>	<u>32,679,918</u>
Non-current assets			
Property, plant and equipment	9	64,883,151	67,555,130
Financial assets at fair value through other comprehensive income	10	<u>9,211</u>	<u>10,242</u>
Total non-current assets		<u>64,892,362</u>	<u>67,565,372</u>
Total assets		<u>91,181,943</u>	<u>100,245,290</u>
<u>LIABILITIES AND FUNDS</u>			
Current liabilities			
Trade payables and accruals		1,734,923	4,387,481
Other payables	11	3,197,030	4,709,087
Fees received in advance from potential members		310,060	492,282
Members' deposits		430,240	444,750
Contract liabilities	12	1,514,439	434,373
Provision for taxation		<u>15,300</u>	<u>118,891</u>
Total current liabilities		<u>7,201,992</u>	<u>10,586,864</u>
Club Funds			
Operating Fund	13	3,200,005	3,200,005
Capital Fund	13	<u>80,779,946</u>	<u>86,458,421</u>
Total Club Funds		<u>83,979,951</u>	<u>89,658,426</u>
Total liabilities and Club Funds		<u>91,181,943</u>	<u>100,245,290</u>

Richard Hartung
PresidentRahul Arora
Treasurer

See accompanying notes to financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 30 June 2020

	Note	2020			2019		
		Operating fund	Capital fund	Total	Operating fund	Capital fund	Total
		\$	\$	\$	\$	\$	\$
Income							
Food and beverage		7,750,068	-	7,750,068	7,115,713	-	7,115,713
Member activities		2,990,580	-	2,990,580	3,342,254	-	3,342,254
Club services		4,598,317	-	4,598,317	4,500,866	-	4,500,866
Membership dues	14	7,801,261	-	7,801,261	7,676,169	-	7,676,169
Entrance fees		-	4,618,031	4,618,031	-	2,854,536	2,854,536
Net investment gain	15	-	285,449	285,449	-	553,420	553,420
Allocation from Capital Fund		1,600,000	(1,600,000)	-	1,600,000	(1,600,000)	-
Other income	16	4,225,009	-	4,225,009	1,556,184	-	1,556,184
Total Income		28,965,235	3,303,480	32,268,715	25,791,186	1,807,956	27,599,142
Expenditure							
Food and beverage	17	11,415,447	1,382,514	12,797,961	12,064,385	1,073,293	13,137,678
Member activities		4,327,901	2,333,344	6,661,245	4,640,655	1,791,923	6,432,578
Club services		4,325,612	212,371	4,537,983	4,254,157	214,948	4,469,105
Facilities, front office and administration		11,370,652	1,422,601	12,793,253	11,833,872	1,403,811	13,237,683
Membership and marketing		1,144,452	11,265	1,155,717	1,277,206	11,854	1,289,060
Total expenditure		32,584,064	5,362,095	37,946,159	34,070,275	4,495,829	38,566,104
Loss before tax		(3,618,829)	(2,058,615)	(5,677,444)	(8,279,089)	(2,687,873)	(10,966,962)
Income tax expense	18	-	-	-	-	-	-
Loss net of tax		(3,618,829)	(2,058,615)	(5,677,444)	(8,279,089)	(2,687,873)	(10,966,962)

See accompanying notes to financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (cont'd)
Year ended 30 June 2020

	<u>2020</u>	<u>2019</u>
	\$	\$
Loss net of tax	(5,677,444)	(10,966,962)
Other comprehensive loss:		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Net loss on financial assets at fair value through other comprehensive income	<u>(1,031)</u>	<u>(1,985)</u>
Other comprehensive loss for the year, net of tax	<u>(1,031)</u>	<u>(1,985)</u>
Total comprehensive loss for the year	<u><u>(5,678,475)</u></u>	<u><u>(10,968,947)</u></u>

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN CLUB FUNDS

Year ended 30 June 2020

2020	Operating Fund	Capital Fund	Total Funds
	\$	\$	\$
	(Note 13)	(Note 13)	
Balance at 1 July 2019	3,200,005	86,458,421	89,658,426
Capital Fund drawn down for topping up of Operating Fund	3,618,829	(3,618,829)	-
Loss net of tax, before net investment gain	(3,618,829)	(2,344,064)	(5,962,893)
Net investment gain	-	285,449	285,449
Other comprehensive loss for the year	-	(1,031)	(1,031)
Total comprehensive loss for the year	-	(5,678,475)	(5,678,475)
Balance at 30 June 2020	<u>3,200,005</u>	<u>80,779,946</u>	<u>83,979,951</u>

2019	Operating Fund	Capital Fund	Total Funds
	\$	\$	\$
	(Note 13)	(Note 13)	
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	<u>3,200,005</u>	<u>86,458,421</u>	<u>89,658,426</u>

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS

Year ended 30 June 2020

	2020	2019
	\$	\$
Operating activities		
Loss before tax	(5,677,444)	(10,966,962)
Adjustments for:		
Depreciation of property, plant and equipment	5,350,499	4,496,447
Loss (Gain) on sale of property, plant and equipment	11,596	(618)
Write back of allowance for due from members	(18,633)	(18,793)
Loss allowance for due from members	46,989	13,016
Interest income	(285,449)	(553,420)
Operating cash flows before movements in working capital	(572,442)	(7,030,330)
Due from members	810,676	(337,795)
Other receivables and prepayments	(926,199)	(112,014)
Consumable stocks	(153,496)	(46,168)
Trade and other payables and accruals	(4,164,615)	1,025,073
Fees paid in advance from potential members	(182,222)	(117,166)
Members' deposits	(14,510)	(375,855)
Contract liabilities	1,080,066	434,373
Cash (used in) operations	(4,122,742)	(6,559,882)
Income taxes paid	(103,591)	(6,832)
Interest received	285,449	553,420
Net cash (used in) operating activities	(3,940,884)	(6,013,294)
Investing activities		
Purchase of property, plant and equipment	(2,704,330)	(19,440,003)
Proceeds from sale of property, plant and equipment	14,214	13,936
Proceeds from redemption of short term deposits	6,000,000	26,000,000
Net cash from investing activities	3,309,884	6,573,933
Net (decrease) increase in cash and cash equivalents	(631,000)	560,639
Cash and cash equivalents at beginning of financial year	6,974,675	6,414,036
Cash and cash equivalents at end of financial year (Note 6)	6,343,675	6,974,675

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

30 June 2020

1. GENERAL

The Club is registered under The Societies Act, Chapter 311 and is established in 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 2020 were authorised for issue by the General Committee on 15 September 2020.

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 116 *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 - On 1 January 2019, the Club has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations.

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.

NOTES TO FINANCIAL STATEMENTS

30 June 2020

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

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 and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition.

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.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

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

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Despite the foregoing, the Club may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Club may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Club may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

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.

NOTES TO FINANCIAL STATEMENTS

30 June 2020

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

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.

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.

NOTES TO FINANCIAL STATEMENTS

30 June 2020

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

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.

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.

NOTES TO FINANCIAL STATEMENTS

30 June 2020

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 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.

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.

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.

NOTES TO FINANCIAL STATEMENTS

30 June 2020

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

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.

Fully depreciated assets still in use are retained in the financial statements.

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.

NOTES TO FINANCIAL STATEMENTS

30 June 2020

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

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.

Government grants - Government grants are not recognised until there is reasonable assurance that the Club will comply with the conditions attaching to them and the grants will be received. The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. Government grants whose primary condition is that the Club should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Revenue Recognition – 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 when 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.

NOTES TO FINANCIAL STATEMENTS

30 June 2020

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

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.

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 difference 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.

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.

NOTES TO FINANCIAL STATEMENTS

30 June 2020

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

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.

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.

NOTES TO FINANCIAL STATEMENTS

30 June 2020

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.

NOTES TO FINANCIAL STATEMENTS

30 June 2020

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:

	<u>2020</u>	<u>2019</u>
	\$	\$
Financial assets		
Amortised cost:		
Cash and bank balances	22,743,675	29,374,675
Due from members and other receivables	2,673,440	2,396,213
Financial assets at FVTOCI	9,211	10,242
	<u>25,426,326</u>	<u>31,781,130</u>
Financial liabilities		
Amortised cost:		
Trade and other payables	<u>5,055,956</u>	<u>9,167,938</u>

(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) **Foreign exchange risk management**

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.

NOTES TO FINANCIAL STATEMENTS

30 June 2020

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

(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 0.05% to 1.90% (2019 : 0.65% to 1.90%) 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 receivables.

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 - not 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

NOTES TO FINANCIAL STATEMENTS

30 June 2020

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 Notes 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 2020 and 2019 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.

NOTES TO FINANCIAL STATEMENTS

30 June 2020

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 instruments <u>(Level 1)</u> \$	Significant other observable inputs <u>(Level 2)</u> \$	Unobservable inputs <u>(Level 3)</u> \$	<u>Total</u> \$
--	--	--	--	--------------------

2020

Financial assets:

Alternative investments	-	-	9,211	9,211
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2019

Financial assets:

Alternative investments	-	-	10,242	10,242
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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).

NOTES TO FINANCIAL STATEMENTS

30 June 2020

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).

	<u>2020</u>	<u>2019</u>
	\$	\$
Opening balance	10,242	12,227
Total losses:		
- In other comprehensive income	(1,031)	(1,985)
Closing balance	<u>9,211</u>	<u>10,242</u>

(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 \$22,752,886 (2019 : \$29,384,917). This reserve will be drawn down to pay for amounts committed but unpaid under contracts related to the redevelopment project.

NOTES TO FINANCIAL STATEMENTS

30 June 2020

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.

	<u>2020</u>	<u>2019</u>
	\$	\$
Food and beverages income:		
- Related organisations (American Association of Singapore, American Women's Association of Singapore and Canadian Association)	<u>12,566</u>	<u>42,416</u>

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.

	<u>2020</u>	<u>2019</u>
	\$	\$
Short-term benefits	<u>2,011,836</u>	<u>2,782,049</u>

Short-term benefits comprise salaries, wages, bonuses, statutory contributions and other related expenses of the senior managers as disclosed in the Club's Annual Report, including three who resigned and one who joined during the year. No bonus provision was made for senior managers for this financial year.

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

6. CASH AND CASH EQUIVALENTS

	<u>2020</u>	<u>2019</u>
	\$	\$
Cash on hand and in banks	6,343,675	6,974,675
Short term deposits	<u>16,400,000</u>	<u>22,400,000</u>
	<u>22,743,675</u>	<u>29,374,675</u>

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

	<u>2020</u>	<u>2019</u>
	\$	\$
Cash and bank balances (as above)	22,743,675	29,374,675
Less: Deposits in banks and held by investment advisor	(15,400,000)	(21,400,000)
Less: Pledged deposit (Note A)	(1,000,000)	(1,000,000)
	<u>6,343,675</u>	<u>6,974,675</u>

NOTES TO FINANCIAL STATEMENTS

30 June 2020

6. CASH AND CASH EQUIVALENTS (cont'd)

Note A:

A short term deposit amounting to \$1,000,000 (2019 : \$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 \$249,680 (2019 : \$322,600). The bank overdraft facility remains unutilised.

Fixed deposits bear average effective interest rate of 1.49% (2019 : 1.77%) per annum and for a tenure of approximately 1 to 4 months (2019 : 1 to 3 months). The fixed deposits are readily convertible to cash at minimal costs.

7. DUE FROM MEMBERS

	<u>2020</u>	<u>2019</u>
	\$	\$
Amounts receivable from members	1,304,419	2,117,625
Loss allowance	(38,157)	(12,331)
	<u>1,266,262</u>	<u>2,105,294</u>

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:

	<u>2020</u>	<u>2019</u>
	\$	\$
At beginning of year	12,331	52,409
Movement recognised in profit or loss during the year on:		
- Assets originated and changes in credit risk	46,989	13,016
- Amounts recovered	(18,633)	(18,793)
Amounts written off	(2,530)	(34,301)
At end of year	<u>38,157</u>	<u>12,331</u>

NOTES TO FINANCIAL STATEMENTS**30 June 2020**

8. OTHER RECEIVABLES

	<u>2020</u>	<u>2019</u>
	\$	\$
Deposits	22,369	52,717
Fortitude budget subsidy (Note 1)	1,189,610	-
Miscellaneous debtors	171,641	214,644
	<u>1,383,620</u>	<u>267,361</u>
 Note 1: Fortitude budget subsidy		
- Grant income for jobs support scheme	739,544	-
- Cash grant/rental waiver	450,066	-
	<u>1,189,610</u>	<u>-</u>

NOTES TO FINANCIAL STATEMENTS

30 June 2020

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 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
Additions	-	126,240	733,620	106,184	3,875	-	14,668	1,719,743	2,704,330
Disposals/Write-off	-	(687,882)	(1,502,425)	(375,645)	(13,840)	(73,101)	(202,341)	-	(2,855,234)
Transfers in (out)*	-	9,141,731	333,594	312,264	5,108	-	104,120	(9,896,817)	-
At 30 June 2020	5,158,145	77,877,689	11,512,657	2,110,638	466,985	-	443,060	182,923	97,752,097
Accumulated depreciation									
At 1 July 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
Depreciation	-	3,553,679	1,412,927	251,668	37,339	1,257	93,629	-	5,350,499
Disposals/Write-off	-	(687,865)	(1,483,121)	(369,729)	(13,838)	(72,680)	(202,191)	-	(2,829,424)
At 30 June 2020	-	23,083,734	7,872,730	1,205,069	417,888	-	289,525	-	32,868,946
Carrying amount									
At 30 June 2020	5,158,145	54,793,955	3,639,927	905,569	49,097	-	153,535	182,923	64,883,151
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

* Transfers from construction-in-progress to buildings, improvements and additions amounting to \$9,062,471 (2019: \$16,279,222) related to the redevelopment of the Club's premises and were recognised based on certificates of completion issued by the Club's appointed architect.

NOTES TO FINANCIAL STATEMENTS**30 June 2020**

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

	<u>2020</u>	<u>2019</u>
	\$	\$
Alternative investments	<u>9,211</u>	<u>10,242</u>

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 2020, 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

	<u>2020</u>	<u>2019</u>
	\$	\$
CPF payable	274,214	324,299
Provision for unutilised leave	306,237	373,380
Deposits received	63,002	62,954
Other accrued operating expenses	<u>2,553,577</u>	<u>3,948,454</u>
	<u>3,197,030</u>	<u>4,709,087</u>

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.

NOTES TO FINANCIAL STATEMENTS

30 June 2020

12. CONTRACT LIABILITIES (cont'd)

At the end of the reporting period, the Club has contract liabilities of \$1,401,922 (2019: \$434,373).

	<u>2020</u>	<u>2019</u>
	\$	\$
Prepaid packages	474,011	405,484
Deferred income	17,070	28,889
Deferred grant income (jobs support scheme)	910,841	-
Deferred grant income (cash grant/ rental waiver)	112,517	-
	<u>1,514,439</u>	<u>434,373</u>

13. CLUB FUNDS

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 2016. 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 2019.

NOTES TO FINANCIAL STATEMENTS

30 June 2020

14. MEMBERSHIP DUES

	<u>2020</u>	<u>2019</u>
	<i>Total number of members</i>	
<u>Voting</u>		
Honorary	12	12
Ordinary	1,389	1,284
Service	83	78
Corporate	204	219
Vacant	84	105
	<u>1,772</u>	<u>1,698</u>
 <u>Non-voting</u>		
Honorary	35	28
Associate	1,303	1,301
Term	206	159
Restricted	-	90
	<u>1,544</u>	<u>1,578</u>
 Total	 <u><u>3,316</u></u>	 <u><u>3,276</u></u>
	<i>Membership dues</i>	
	\$	\$
Ordinary	3,464,406	3,185,144
Associate	2,965,991	2,967,163
Corporate	677,736	728,662
Term	465,037	574,387
Absent	84,844	86,130
Visitor	64,174	57,485
Junior Member Extension	79,073	77,198
	<u>7,801,261</u>	<u>7,676,169</u>

NOTES TO FINANCIAL STATEMENTS

30 June 2020

15. NET INVESTMENT GAIN

	<u>2020</u>	<u>2019</u>
	\$	\$
Interest income	285,449	553,420

16. OTHER INCOME

	<u>2020</u>	<u>2019</u>
	\$	\$
New member operations surcharge	750,540	546,810
Premium fee - new member instalment payment plan	108,155	46,594
Parking fees	426,034	433,458
Advertising income	47,402	89,506
Sundry income	699,433	439,816
Fortitude budget subsidy (Note 1)	2,193,445	-
	<u>4,225,009</u>	<u>1,556,184</u>
Note 1: Fortitude budget subsidy		
- Grant income for jobs support scheme	1,232,867	-
- Foreign worker levy waiver and rebate	273,378	-
- Property tax rebate	365,650	-
- Cash grant/rental waiver	321,550	-
	<u>2,193,445</u>	<u>-</u>

NOTES TO FINANCIAL STATEMENTS

30 June 2020

17. EXPENDITURE

	Food and beverage	Member activities	Club services	Facilities, front office and administration	Membership and marketing	Total
	\$	\$	\$	\$	\$	\$
2020						
Cost of sales/services	3,030,530	15,482	2,092,361	24,820	-	5,163,193
Salaries, wages, bonuses and other related expenses	6,580,233	3,428,365	1,798,124	5,226,264	350,063	17,383,049
Central provident fund contributions	879,096	236,681	234,950	698,937	34,943	2,084,607
Audit and legal fees	-	-	-	115,455	-	115,455
Professional fees	-	-	-	586,684	-	586,684
Allowance for doubtful debts	-	-	-	28,356	-	28,356
Repair and maintenance	96,305	60,246	10,463	429,603	-	596,617
Utilities	-	-	-	1,053,920	-	1,053,920
Other operating expenses	829,283	587,127	189,714	3,049,533	759,446	5,415,103
Finance charges	-	-	-	157,080	-	157,080
Subtotal for Operating Fund	11,415,447	4,327,901	4,325,612	11,370,652	1,144,452	32,584,064
Depreciation	1,375,052	2,335,381	207,582	1,421,332	11,152	5,350,499
Loss (Gain) on sale of property, plant and equipment	7,462	(2,037)	4,789	1,269	113	11,596
Subtotal for Capital Fund	1,382,514	2,333,344	212,371	1,422,601	11,265	5,362,095
Total	12,797,961	6,661,245	4,537,983	12,793,253	1,155,717	37,946,159

NOTES TO FINANCIAL STATEMENTS

30 June 2020

17. EXPENDITURE (cont'd)

	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

NOTES TO FINANCIAL STATEMENTS**30 June 2020**

18. INCOME TAX EXPENSE

	<u>2020</u>	<u>2019</u>
	\$	\$
Tax expense comprises:		
Current tax expense	-	-
	<u>-</u>	<u>-</u>

For the financial year ended 30 June 2020, 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:

	<u>2020</u>	<u>2019</u>
	\$	\$
Loss before tax	<u>(5,677,444)</u>	<u>(10,966,962)</u>
Income tax credit at statutory rate (2019 : 17%)	(965,165)	(1,864,384)
Non-deductible items	914,530	763,538
Effect of unused tax losses not recognised as deferred tax assets	<u>50,635</u>	<u>1,100,846</u>
	<u>-</u>	<u>-</u>

19. CAPITAL COMMITMENTS

	<u>2020</u>	<u>2019</u>
	\$	\$
Amounts approved and not contracted for	1,340,571	2,554,700
Amounts approved and contracted for	<u>273,350</u>	<u>80,385</u>

20. COVID-19 IMPACT

The outbreak of COVID-19 in early 2020 has caused disruptions to many industries globally. Despite the challenges, governments and international organisations have implemented a series of measures to contain the pandemic. The Club will closely monitor the development of the pandemic and assess its impact on its operations continuously. Notwithstanding this, management has assessed that the Club is still able to maintain sufficient liquidity, to enable the Club to continue as a going concern for at least the next 12 months from the date of these financial statements.



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