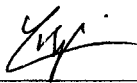



**CHANGI AIRPORT RECREATION CLUB
STATEMENT BY MANAGEMENT COMMITTEE
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

On behalf of the Management Committee of Changi Airport Recreation Club (Club), we do hereby state that in our opinion, the financial statements of the Club are properly drawn up in accordance with the provisions of the Club's Constitution, Societies Act and Singapore Financial Reporting Standards so as to present fairly, the state of affairs of the Club as at 31 March 2023 and of its results, changes in accumulated fund and cash flows for the financial year ended on that date.

On behalf of the management committee,



LIM WEI WEI
President



CAO GUO DONG
Honorary Treasurer

05 JUN 2023

**CHANGI AIRPORT RECREATION CLUB
INDEPENDENT AUDITORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CHANGI AIRPORT RECREATION CLUB

Report on the Financial Statements

Opinion

We have audited the financial statements of Changi Airport Recreation Club (the "Club"), which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, statement of changes in accumulated funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act 1966 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to present fairly, in all material respects, the state of affairs of the Club as at 31 March 2023 and the results, changes in accumulated 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 *Auditors' 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.

Other Information

Management is responsible for the other information. The other information comprises the Statement by the Management Committee which set out on page 1.

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

**INDEPENDENT AUDITORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (Continued)**

Auditors' Responsibilities for the Audit of the Financial Statements.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Club's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**INDEPENDENT AUDITORS' REPORT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023 (Continued)**

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Societies Regulations enacted under the Act to be kept by the Club have been properly kept in accordance with those Regulations.



**LEE AND JONATHAN PAC
Public Accountants and
Chartered Accountants**

Singapore,

05 JUN 2023

140 Paya Lebar Road #07-20
AZ@Paya Lebar Singapore 409015
Tel: 6298 3059 Fax: 6291 9389

**CHANGI AIRPORT RECREATION CLUB
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023**

	Note	2023 \$	2022 \$
ACCUMULATED FUNDS AND RESERVES			
General management fund:			
Balance at 1 April		2,774,980	2,960,916
Deficit for the year		(126,050)	(185,936)
Fair value reserve		-	-
Balance at 31 March		<u>2,648,930</u>	<u>2,774,980</u>
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,038,862	1,362,098
Right of use assets	5	<u>100,322</u>	<u>501,609</u>
		<u>1,139,184</u>	<u>1,863,707</u>
Current assets			
Trade and other receivables	6	52,036	393,699
Cash and cash equivalents	7	<u>1,729,731</u>	<u>1,242,287</u>
		<u>1,781,767</u>	<u>1,635,986</u>
Total assets		<u>2,920,951</u>	<u>3,499,693</u>
LIABILITIES			
Non-current liability			
Lease liability	8	<u>-</u>	<u>111,174</u>
Current liabilities			
Lease liability	8	111,174	430,418
Trade and other payables	9	158,245	182,431
Provision for taxation		<u>2,602</u>	<u>690</u>
		<u>272,021</u>	<u>613,539</u>
Total liabilities		<u>272,021</u>	<u>724,713</u>
		<u>2,648,930</u>	<u>2,774,980</u>

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

CHANGI AIRPORT RECREATION CLUB
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	Note	2023 \$	2022 \$
INCOME			
Jackpot machines collections	10	139,143	90,753
Booking and course fees	11	90,767	48,804
Membership fees	12	39,517	21,045
Subscription fees	13	1,215,722	1,273,875
Other income	14	83,298	78,499
Finance income	15	13,240	865
Total operating income		<u>1,581,687</u>	<u>1,513,841</u>
Less: other items of expense			
Amortisation of right of use assets		401,287	401,287
Club activities		27,532	13,850
Depreciation of property, plant & equipment (excluding jackpot machines)		301,097	383,849
General administrative expenses		21,603	21,965
Repair & maintenance		228,495	207,651
Employee benefits expense		488,666	448,346
Other operating expenses		220,924	183,065
Interest expense on lease liability		16,221	38,188
Total operating expenses		<u>1,705,825</u>	<u>1,698,201</u>
Deficit before tax	16	(124,138)	(184,360)
Income tax expense	17	(1,912)	(1,576)
Deficit for the financial year, representing total comprehensive income for the financial year		<u>(126,050)</u>	<u>(185,936)</u>

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

CHANGI AIRPORT RECREATION CLUB
STATEMENT OF CHANGES IN ACCUMULATED FUNDS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	Accumulated funds \$
At 1 April 2021	2,960,916
Deficit for the financial year, representing total comprehensive income for the financial year	(185,936)
At 31 March 2022	<u>2,774,980</u>
At 1 April 2022	2,774,980
Deficit for the financial year, representing total comprehensive income for the financial year	(126,050)
At 31 March 2023	<u>2,648,930</u>

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

CHANGI AIRPORT RECREATION CLUB
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	2023	2022
	\$	\$
Cash flows from operating activities		
Deficit before tax	(124,138)	(184,360)
Adjustments for:		
Amortisation of right of use assets	401,287	401,287
Bad debts	16,150	-
Depreciation of property, plant and equipment	339,067	421,688
Interest expense on lease liability	16,221	38,188
Interest income	(13,240)	(865)
	<u>635,347</u>	<u>675,938</u>
Changes in working capital:		
Trade and other receivables	325,513	(46,228)
Trade and other payables	(24,186)	45,216
Cash generated from operations	<u>936,674</u>	<u>674,926</u>
Income tax paid	-	(1,679)
Net cash generated from operating activities	<u>936,674</u>	<u>673,247</u>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(15,831)	(23,959)
Interest received	13,240	865
Net cash used in investing activities	<u>(2,591)</u>	<u>(23,094)</u>
Cash flows from financing activities		
Interest expense on lease liability	(16,221)	(38,188)
Payment of principal portion of lease liabilities	(430,418)	(408,451)
Net cash used in financing activities	<u>(446,639)</u>	<u>(446,639)</u>
Net changes in cash and cash equivalents	487,444	203,514
Cash and cash equivalents at 1 April	<u>1,242,287</u>	<u>1,038,773</u>
Cash and cash equivalents at 31 March	<u><u>1,729,731</u></u>	<u><u>1,242,287</u></u>

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

**CHANGI AIRPORT RECREATION CLUB
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

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

1. General corporate information

The Club was established under Section 4 of the Societies Act, Cap. 311 and domiciled in Singapore. The registered office of the Club is Singapore Changi Airport, 60 Airport Boulevard Singapore Changi Airport, Level 3 & 3M, Terminal 1 Carpark, Terminal 2 Singapore 819643.

The principal activities of the Club are to promote the interest of and to encourage the employees of Civil Aviation Authority of Singapore and Changi Airport Group (Singapore) Pte Ltd to participate in indoor and outdoor sports, recreational, social and cultural activities, and to maintain a clubhouse and other facilities for use by members of the Club.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Club have been drawn up in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (\$), which is the Club's functional currency. All financial information presented in Singapore Dollars has been rounded to the nearest dollar, unless otherwise indicated.

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Company has adopted all the new and amended standards which are relevant to the Company and are effective for annual financial periods beginning on 1 January 2022. The adoption of these standards did not have any material effect on the financial statements of the Club.

2.3 Standards issued but not yet effective

A number of new standards and amendments to standard that have been issued are not yet effective and have not been applied in preparing these financial statements.

The Chairman expects that the adoption of these new and amended standards will have no material impact on the financial statements in the year of initial application.

2.4 Foreign currency transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Club and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

**CHANGI AIRPORT RECREATION CLUB
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

2. Summary of significant accounting policies (Continued)

2.5 Property, plant and equipment

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

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	<u>Useful lives</u>
Improvements to club house	10 years
Jackpot machines	10 years
Sport and gym equipment	5-10 years
Office equipment	5 years
Furniture & fixtures	5 years
Plant & equipment	5-10 years
Lounge equipment	5 years
Right of use assets	Over the lease period of 4 years

The residual value, useful lives and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.6 Impairment of non-financial assets

The Club assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, (or, where applicable, when an annual impairment testing for an asset is required), the Club makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

**CHANGI AIRPORT RECREATION CLUB
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

2. Summary of significant accounting policies (Continued)

2.7 Financial instruments

a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Club measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Club expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; fair value through other comprehensive income (FVOCI) – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the club changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the club considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the club considers:

2. Summary of significant accounting policies (Continued)

2.7 Financial instruments (Continued)

a) Financial assets (Continued)

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the club's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Club becomes a party to the contractual provisions of the financial instrument. The Club determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVTPL, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVTPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

**CHANGI AIRPORT RECREATION CLUB
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

2. Summary of significant accounting policies (Continued)

2.7 Financial instruments (Continued)

b) Financial liabilities (Continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.8 Impairment of financial assets

The Club recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Club expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 -months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Club applies a simplified approach in calculating ECLs. Therefore, the Club does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Club has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

The Club considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Club may also consider a financial asset to be in default when internal or external information indicates that the Club is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Club. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and banks which are subject to an insignificant risk of changes in value.

2.10 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 an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. Summary of significant accounting policies (Continued)

2.11 Government grants

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2.12 Finance costs

Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

2.13 Finance income

Finance income comprise interest income on deposits. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

2.14 Employee benefits

a) Defined contribution plans

The Club makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

b) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Club has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.15 Leases

The Club assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Club applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Club recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

**CHANGI AIRPORT RECREATION CLUB
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

2. Summary of significant accounting policies (Continued)

2.15 Leases (Continued)

Right-of-use assets

The Club recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Club at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.6.

The Club's right-of-use assets are presented in Note 5.

Lease liabilities

At the commencement date of the lease, the Club recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Club and payments of penalties for terminating the lease, if the lease term reflects the Club exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Club uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Club's lease liabilities are disclosed in Note 8.

As lessor

Leases in which the Club does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases on the Club's properties is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

CHANGI AIRPORT RECREATION CLUB
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

2. Summary of significant accounting policies (Continued)

2.16 Revenue

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

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

Subscription fees

Subscriptions are received from associates, social, supplementary, ordinary and special members. Revenue from subscription fee is recognised on an accrual basis.

Entrance fees

Revenue is recognised when they are earned.

Fruit Machines takings

Fruit machine takings are recognised when they are earned.

2.17 Taxes

a) Current income tax

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

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

b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**CHANGI AIRPORT RECREATION CLUB
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

2. Summary of significant accounting policies (Continued)

2.17 Taxes (Continued)

c) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.18 Related parties

A related party is defined as follows:

- a) A person or a close member of that person's family is related to the group and Club if that person:
 - (i) Has control or joint control over the Club;
 - (ii) Has significant influence over the Club; or
 - (iii) Is a member of the key management personnel of Club or of a parent Club.
- b) An entity is related to the Club if any of the following conditions applies:
 - (i) The entity and the Club are members of the same Club (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Club of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Club or an entity related to the Club. If the Club is itself such a plan, the sponsoring employers are also related to the Club;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

**CHANGI AIRPORT RECREATION CLUB
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

3. Significant accounting judgments and estimates

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

3.1 Judgments made in applying accounting policies

Determination of functional currency

In determining the functional currency of the Club, judgment is used by the Club to determine the currency of the primary economic environment in which the Club operates. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

3.2 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 are discussed below. The Club based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Club. Such changes are reflected in the assumptions when they occur.

a) Useful lives of right of use assets, property, plant and equipment

The useful life of an item of right of use assets, property, plant and equipment is estimated at the time the asset is acquired and is based on historical experience with similar assets and takes into account anticipated technological or other changes. If changes occur more rapidly than anticipated or the asset experiences unexpected level of wear and tear, the useful life will be adjusted accordingly. The carrying amount of the Club's right of use assets, property, plant and equipment as at 31 March 2023 was \$1,139,184 (2022: \$1,863,707).

b) Provision for expected credit losses of trade receivables

The Club uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Club's historical observed default rates. The Club will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Club's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The carrying amount of the Club's trade and other receivables as at 31 March 2023 was \$52,036 (2022: \$393,699).

**CHANGI AIRPORT RECREATION CLUB
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

3. Significant accounting judgements and estimates (Continued)

3.2 Key sources of estimation uncertainty (Continued)

c) Income taxes

Significant judgements are involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters differs from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the financial year in which such determination is made. The carrying amount of the Club's provision for taxation as at 31 March 2023 was \$2,602 (2022: \$690).

CHANGI AIRPORT RECREATION CLUB
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

4. Property, plant and equipment

	Improvement to club house	Jackpot machines	Sports and gym equipment	Office equipment	Furniture & fixtures	Plant & equipment	Lounge equipment	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Cost								
At 1 April 2021	2,331,392	464,406	379,593	69,631	1,163,985	224,437	72,940	4,706,384
Additions	-	-	-	-	-	23,959	-	23,959
Disposals	-	-	-	-	-	(33,417)	-	(33,417)
As at 31 March 2022	2,331,392	464,406	379,593	69,631	1,163,985	214,979	72,940	4,696,926
Additions	-	15,552	-	-	-	-	279	15,831
Disposals	-	(48,730)	-	-	-	-	(26,767)	(75,497)
As at 31 March 2023	2,331,392	431,228	379,593	69,631	1,163,985	214,979	46,452	4,637,260
Accumulated depreciation								
At 1 April 2021	1,044,761	298,799	325,747	56,151	988,412	163,337	69,350	2,946,557
Charges for the financial year	219,736	37,839	15,160	6,551	124,317	14,495	3,590	421,688
Disposals	-	-	-	-	-	(33,417)	-	(33,417)
As at 31 March 2022	1,264,497	336,638	340,907	62,702	1,112,729	144,415	72,940	3,334,828
Charges for the financial year	219,185	37,970	12,324	3,178	51,256	15,126	28	339,067
Disposals	-	(48,730)	-	-	-	-	(26,767)	(75,497)
As at 31 March 2023	1,483,682	325,878	353,231	65,880	1,163,985	159,541	46,201	3,598,398
Net book value								
As at 31 March 2022	1,066,895	127,768	38,686	6,929	51,256	70,564	-	1,362,098
As at 31 March 2023	847,710	105,350	26,362	3,751	-	55,438	251	1,038,862

CHANGI AIRPORT RECREATION CLUB
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

5. Right of use assets

	\$
Cost	
At 1 April 2021, 31 March 2022 and 31 March 2023	<u>1,705,470</u>
Accumulated amortisation	
At 1 April 2021	802,574
Amortisation for the financial year	<u>401,287</u>
At 31 March 2022	1,203,861
Amortisation for the financial year	<u>401,287</u>
At 31 March 2023	<u>1,605,148</u>
Net book value	
At 31 March 2022	<u>501,609</u>
At 31 March 2023	<u>100,322</u>

6. Trade and other receivables

	2023	2022
	\$	\$
Trade receivables:		
Accrued jackpot income	26,110	179,294
Subscription fee receivables	<u>(3)</u>	<u>205,624</u>
	<u>26,107</u>	<u>384,918</u>
Other receivables:		
Deposits	4,080	4,623
Interest receivables	518	208
Prepayments	<u>21,331</u>	<u>3,950</u>
	<u>25,929</u>	<u>8,781</u>
Total trade and other receivables	<u>52,036</u>	<u>393,699</u>

Trade receivables are non-interest bearing and are generally on 30 to 90 days' term.

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The carrying amounts of trade and other receivables approximate their fair values.

All trade and other receivables are denominated in Singapore Dollars.

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL was not material to the financial statements.

CHANGI AIRPORT RECREATION CLUB
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

7. Cash and cash equivalents

	2023	2022
	\$	\$
Cash at banks	1,439,931	1,119,917
Cash on hand	180,405	63,383
Fixed deposit	109,395	58,987
Total cash and cash equivalents	<u>1,729,731</u>	<u>1,242,287</u>

The fixed deposits earn interest income at interest rates of 0.35% to 2.8% (2022: 0.10% to 0.40%) per annum with various maturity date.

The carrying amounts of the cash and cash equivalents approximate their fair values.

Cash and cash equivalents are denominated in Singapore dollars.

8. Lease Liabilities

	2023	2022
	\$	\$
Non-current Lease liability	-	111,174
Current Lease liability	<u>111,174</u>	<u>430,418</u>
Total lease liabilities	<u>111,174</u>	<u>541,592</u>

	01-04-2022	Cash flows	Non-cash changes		31-03-2023
<u>Liabilities</u>		Payments	Accretion of interest	Other	
Lease liabilities					
- current	430,418	(446,639)	16,221	111,174	111,174
- non- current	111,174	-	-	(111,174)	-
	<u>541,592</u>	<u>(446,639)</u>	<u>16,221</u>	<u>-</u>	<u>111,174</u>

	01-04-2021	Cash flows	Non-cash changes		31-03-2022
<u>Liabilities</u>		Payments	Accretion of interest	Other	
Lease liabilities					
- current	408,451	(446,639)	38,188	430,418	430,418
- non- current	541,592	-	-	(430,418)	111,174
	<u>950,043</u>	<u>(446,639)</u>	<u>38,188</u>	<u>-</u>	<u>541,592</u>

CHANGI AIRPORT RECREATION CLUB
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

9. Trade and other payables

	2023	2022
	\$	\$
Trade payables:		
Third parties	15,552	1,118
GST payables	<u>26,352</u>	<u>28,281</u>
	<u>41,904</u>	<u>29,399</u>
Other payables:		
Accrued tax - jackpot	6,553	35,209
Accruals	93,289	108,323
Other payables	<u>16,499</u>	<u>9,500</u>
	<u>116,341</u>	<u>153,032</u>
Total trade and other payables	<u>158,245</u>	<u>182,431</u>

These amounts are non-interest bearing. Trade payables are normally settled on 30 days' terms.

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

All trade and other payables are denominated in Singapore Dollars.

10. Jackpot machine collections

	2023	2022
	\$	\$
Collections	<u>2,354,448</u>	<u>1,450,794</u>
Less:		
Payment to Commissioner of Betting Duties	499,873	320,144
Jackpot claims	1,546,376	906,437
Jackpot miscellaneous expenses	<u>169,056</u>	<u>133,460</u>
	<u>2,215,305</u>	<u>1,360,041</u>
Net collections	<u>139,143</u>	<u>90,753</u>

11. Booking and course fees

	2023	2022
	\$	\$
Pool table	790	810
Badminton	37,641	14,762
Karaoke	16,822	-
Participation / others	<u>35,514</u>	<u>33,232</u>
	<u>90,767</u>	<u>48,804</u>

CHANGI AIRPORT RECREATION CLUB
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

12. Membership fees

	2023	2022
	\$	\$
Gymnasium fees	32,413	18,216
Guest fees	7,104	2,829
	<u>39,517</u>	<u>21,045</u>

13. Subscription fees

	2023	2022
	\$	\$
Ordinary members	491,554	500,144
Special members	709,898	761,481
Associate members	1,544	1,877
Social members	8,220	7,483
Supplementary members	4,506	2,890
	<u>1,215,722</u>	<u>1,273,875</u>

14. Other income

	2023	2022
	\$	\$
Job support scheme	-	6,959
Miscellaneous income	28,298	63,040
Rental Income	55,000	8,500
Total other income	<u>83,298</u>	<u>78,499</u>

15. Finance income

	2023	2022
	\$	\$
Bank interest	6,254	644
Fixed deposit interest	6,986	221
	<u>13,240</u>	<u>865</u>

CHANGI AIRPORT RECREATION CLUB
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

16. Deficit before tax

	2023	2022
	\$	\$
Deficit before tax has been arrived at after charging:		
*Employee benefits expense comprises:		
Staff salaries & bonuses	430,676	427,518
Staff CPF contributions	<u>70,269</u>	<u>70,359</u>
	<u>500,945</u>	<u>497,877</u>
Depreciation expense comprises:		
Amortisation of right of use assets	401,287	401,287
Property, plant and equipment (excluding jackpot machine)	<u>301,097</u>	<u>383,849</u>
	<u>702,384</u>	<u>785,136</u>
Finance costs comprise:		
Interest expense on lease liability	<u>16,221</u>	<u>38,188</u>
Other operating expenses include:		
Corporate membership	9,778	12,598
Gas and utilities	<u>156,225</u>	<u>102,667</u>

*Includes Jackpot staff which had been included in Jackpot miscellaneous expenses in Note 10.

17. Income tax expense

The major components of income tax expense recognised in profit or loss for the financial years ended 31 March 2023 and 2022 were:

	2023	2022
	\$	\$
Current income tax		
- Current tax	1,912	690
- Under provision in respect of prior years	<u>-</u>	<u>886</u>
	<u>1,912</u>	<u>1,576</u>

CHANGI AIRPORT RECREATION CLUB
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

17. Income tax expense (Continued)

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial years ended 31 March 2023 and 2022 were as follows:

	2023	2022
	\$	\$
Deficit before income tax	<u>(124,138)</u>	<u>(184,360)</u>
Income tax using the statutory tax rate of 17% (2022: 17%)	(21,103)	(31,341)
Tax effects of:		
Non-taxable income	(264,213)	(255,123)
Non-deductible expenses	289,990	288,694
Exempt amount	(2,762)	(1,540)
Under provision in respect of prior years	<u>-</u>	<u>886</u>
Income tax expense recognised in profit or loss	<u>1,912</u>	<u>1,576</u>

18. Leases

Club as a lessee

The Club has lease contract for right of use assets. The Club's obligations under this lease are secured by the lessor's title to the leased asset. The Club is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension options which are further discussed below.

(a) Carrying amounts of right-of-use assets

	Right of use assets
	\$
At 1 April 2021	902,896
Amortisation	<u>(401,287)</u>
At 31 March 2022	501,609
Amortisation	<u>(401,287)</u>
At 31 March 2023	<u>100,322</u>

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are disclosed in Note 8 and the maturity analysis of lease liabilities is disclosed in Note 20.

(c) Amount recognised in profit or loss

	2023	2022
	\$	\$
Amortisation of right-of-use assets	401,287	401,287
Interest expense on lease liabilities (Note 16)	<u>16,221</u>	<u>38,188</u>
Total amount recognised in profit or loss	<u>417,508</u>	<u>439,475</u>

**CHANGI AIRPORT RECREATION CLUB
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

18. Leases (Continued)

(d) Total cash flow

The Club had total cash outflows for leases of \$446,639 (2022: \$446,639).

Club as a lessor

The Club has entered into operating leases on its property consisting of a café. This lease is negotiated for one and a half years. This includes a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The lessee is also required to provide a residual value guarantee on the properties.

Rental income from the properties is disclosed in Note 14.

The future minimum rental receivable under non-cancellable operating leases contracted for at the reporting period are as follows:

	2023	2022
	\$	\$
Within 1 year	55,000	60,000
More than 1 year but not later than 5 years	-	15,000
	<u>55,000</u>	<u>75,000</u>

19. Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions with related parties took place at terms agreed between the parties during the financial year:

	2023	2022
	\$	\$
With related parties		
- Subscription fees income	1,201,452	1,261,625
- Rental income	<u>55,000</u>	<u>8,500</u>

20. Financial risk management

The Club's activities expose it to a variety of financial risks from its operation. The key financial risks include credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk).

The Chairman reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Club's policy that no trading in derivatives for speculative purposes shall be undertaken.

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

There has been no change to the Club's exposure to these financial risks or the manner in which it manages and measures the risks.

**CHANGI AIRPORT RECREATION CLUB
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

20. Financial risk management (Continued)

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Club. The Club's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash), the Club minimises credit risk by dealing exclusively with high credit rating counterparties.

The Club has adopted a policy of only dealing with creditworthy counterparties. The Club performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Club considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Club has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 90 days, default of interest due for more than 90 days or there is significant difficulty of the counterparty.

To minimise credit risk, the Club has developed and maintained the Club's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Club's own trading records to rate its major customers and other debtors. The Club considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant increases in credit risk on other financial instruments of the same debtor
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Club determined that its financial assets are credit-impaired when:

- There is significant difficulty of the debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

The Club categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

CHANGI AIRPORT RECREATION CLUB
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

20. Financial risk management (Continued)

Credit risk (Continued)

The Club's current credit risk grading framework comprises the following categories:

Category	Definition of category	Basis for recognising expected credit loss (ECL)
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
II	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
III	Amount is >60 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL – credit-impaired
IV	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

The table below details the credit quality of the Club's financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

	Note	Category	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				\$	\$	\$
31 March 2023						
Trade receivables	6	Note 1	Lifetime ECL (simplified)	26,107	-	26,107
Other receivables (exc. prepayments)	6	I	12-month ECL	4,598	-	4,598
31 March 2022						
Trade receivables	6	Note 1	Lifetime ECL (simplified)	384,918	-	384,918
Other receivables (exc. prepayments)	6	I	12-month ECL	4,831	-	4,831

Trade receivables (Note 1)

For trade receivables, the Club has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL. The Club determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Accordingly, the Club measured the impairment loss allowance using lifetime ECL (simplified) and determined that the ECL is insignificant.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Club's performance to developments affecting a particular industry.

CHANGI AIRPORT RECREATION CLUB
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

20. Financial risk management (Continued)

Credit risk (Continued)

Exposure to credit risk

At the reporting date, the Club has no significant concentration of credit risk. The Club has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Club. Cash and cash equivalents are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Other receivables

The Club assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets.

Accordingly, the Club measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

Liquidity risk

Liquidity risk refers to the risk that the Club will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Club's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Club's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Club's operations are financed mainly through accumulated funds. The Chairman is satisfied that funds are available to finance the operations of the Club.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Club's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Carrying amount	Total contractual undiscounted cash flows	Within 1 year	Within 2 to 5 years
	\$	\$	\$	\$
At 31 March 2023				
Trade and other payables (exc. GST)	131,893	(131,893)	(131,893)	-
Lease liabilities	111,174	(111,174)	(111,174)	-
	<u>243,067</u>	<u>(243,067)</u>	<u>(243,067)</u>	<u>-</u>
At 31 March 2022				
Trade and other payables (exc. GST)	153,951	(153,951)	(153,951)	-
Lease liabilities	541,592	(541,592)	(430,418)	(111,174)
	<u>695,543</u>	<u>(695,543)</u>	<u>(584,369)</u>	<u>(111,174)</u>

**CHANGI AIRPORT RECREATION CLUB
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

20. Financial risk management (Continued)

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Club's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Club's financial instruments will fluctuate because of changes in market interest rates. The Club's exposure to interest rate risk arises primarily from their cash and cash equivalents.

The Club does not expect any significant effect on the Club's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the financial year.

At the reporting date, the Club is not exposed to significant interest rate risk.

(ii) Foreign currency risk

The Club's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Club does not have any formal policy for hedging against currency risk. The Club ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances.

At the reporting date, the Club is not exposed to significant foreign currency risk.

21. Fair value of assets and liabilities

Fair value hierarchy

At the reporting date, there are no financial instruments carried at fair value by valuation method.

Assets and liabilities not measured at fair value

Cash and cash equivalents, other receivables and other payables

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

Trade receivables and trade payables

The carrying amounts of these receivables and payables (including trade balances) approximate their fair values as they are subject to normal trade credit terms.

Borrowings

The carrying amounts of borrowings approximate their fair values as they are subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

**CHANGI AIRPORT RECREATION CLUB
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

22. Financial instruments by category

At the reporting date, the aggregate carrying amounts of financial assets at amortised cost and financial liabilities at amortised cost were as follows:

	2023	2022
	\$	\$
Financial asset measured at amortised cost		
Trade and other receivables (exc. prepayments)	30,705	389,749
Cash and cash equivalents	<u>1,729,731</u>	<u>1,242,287</u>
Total financial assets measured at amortised cost	<u>1,760,436</u>	<u>1,632,036</u>
Less: Financial liabilities measured at amortised cost		
Trade and other payables (exc. GST)	131,893	154,150
Lease liabilities	<u>111,174</u>	<u>541,592</u>
Total financial liabilities measured at amortised cost	<u>243,067</u>	<u>695,742</u>
Total net undiscounted financial assets	<u><u>1,517,369</u></u>	<u><u>936,294</u></u>

23. Capital management

The Club's objectives when managing the funds are: -

- a) to safeguard the Club's ability to continue as a going concern;
- b) to support the Club's stability and growth; and
- c) to provide funds for the purpose of strengthening the Club's risk management capability.

The Club actively and regularly review and manages its funds to ensure optimal structure taking into consideration the future fund requirements of the Club, prevailing and projected probability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

24. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 March 2023 were authorised for issue with the date of statement by management committee.

**CHANGI AIRPORT RECREATION CLUB
SUPPLEMENTARY DISCLOSURE TO FRUIT MACHINES
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

	2023	2022
	\$	\$
Fruit Machine ("FM") Operations		
Collections from FM	2,412,899	1,488,860
Winnings paid	(1,546,376)	(906,437)
Private Lotteries Duty incurred	(499,873)	(320,144)
GST incurred	<u>(58,451)</u>	<u>(38,066)</u>
Gross Gaming Revenue	<u>308,199</u>	<u>224,213</u>
	\$	\$
Direct expenses incurred to support FM Operations		
FM maintenance expenses	20,895	16,624
Audit expenses	6,800	6,000
Salaries and related expenses	69,371	62,352
Other FM related miscellaneous expenses:		
Skill development funds	154	135
FM depreciation expenses	37,970	37,839
Sundry expenses	<u>33,866</u>	<u>10,510</u>
Total direct expenses	<u>169,056</u>	<u>133,460</u>
	\$	\$
Income earned by Club		
Gross Gaming Revenue	308,199	224,213
Subscription / Membership Fees	1,255,239	1,294,920
Revenue from other recreational facilities and/or activities	90,767	48,804
Other income	<u>96,538</u>	<u>79,364</u>
Total income	<u>1,750,743</u>	<u>1,647,301</u>
	\$	\$
Summary		
Total income	1,750,743	1,647,301
Total expenses	<u>(1,876,793)</u>	<u>(1,833,237)</u>
Total comprehensive income for the financial year	<u>(126,050)</u>	<u>(185,936)</u>