

2017/18 ANNUAL REPORT

BUILDING THE FUTURE







OUR MISSION

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

OUR CORE VALUES

Safety . Respect . Integrity

OUR VISION

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

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MESSAGE FROM THE PRESIDENT & TREASURER

On behalf of the Executive and General Committees, we are pleased to present the annual report for the financial year ended June 30, 2018.

The theme for our report this year is *Building the Future* – an apt expression of what we are striving for as we power through the final stages of redevelopment towards a brand new clubhouse. We are making strides in creating a premier social club in Singapore – thank you for your patience and support throughout this process.

Despite many challenges such as the rising costs of ingredients, the government's mandate to reduce foreign worker reliance, and more than half of the Club being closed for the majority of the financial year, we concluded FY18 on an encouraging note – with gross operating profit landing \$206K better than budget (GOP loss -\$5.49M vs. Budget -\$5.70M vs. PY -\$5.05M). This was based on total operating revenue of \$25.57M vs. Budget \$24.50M and vs. PY \$27.75M. The Club surpassed its new Member intake, with a total of 3,325 Members at the close of FY18, 32% higher than the financial model projection of 2,515. Entrance fees for this period totaled \$4.14M vs. the financial model of \$0. We attribute this steady performance to our Club's focus on operational efficiency, careful cost management, continuous innovation, and keeping Member engagement high.

The redevelopment has not been without its challenges. At the Extraordinary General Meeting in June 2015 – when Members approved the motion to redevelop the Club – we were mandated to continue operations throughout the construction of the new Clubhouse facilities. The project committees, Management, and staff were pressed to find ways around outlet closures and service disruptions while continuing to provide a high-level Club experience expected by Members.

With the completion of Phases 1 and 2, the Club saw the opening of the new Central café, poolside BBQ restaurant Grillhouse, sên Spa, the swimming pools, as well as the much-anticipated return of our Aquatics team and programs. Construction continues in the Scotts Road building, the Sports Complex and the Claymore Building. The end is now in sight as we look to a completed clubhouse by Q2, 2019. Once major construction is finished we will continue to work on improvements and enhancement of spaces as Members provide feedback and suggestions. We want the new and improved clubhouse to be one Members can be proud of.

We are very fortunate to have a strong team of passionate people who contribute daily to our continued success. Despite the operational constraints and outlet closures, our staff has stayed resilient and positive, embracing different job roles, supporting new initiatives, and continuing to create magic moments for our Members. At the start of the redevelopment project we made a commitment to job preservation for our team. To further support this, Management has focused on skills training and upgrading to give our staff members the opportunity to thrive at the Club. With these efforts, staff attrition closed at 1.6% at the end of FY18, a much better result than the industry benchmark of 3.6%.

At the close of this project, we envision a clubhouse that better meets the evolving needs of our current and future membership. We will continue to further our technology agenda to enhance operational efficiencies and improve our Member experience. We will put more focus on sustainability at the Club to do better for our community. This, we hope, will position us well to meet the needs of current and future Members.

September 2018 marked our 70th anniversary, a significant milestone as we undergo our transformation. As we celebrate this accomplishment, we would like to thank our Members, staff and partners for their support and confidence as we continue to journey forward in our mission; and for making us the successful, thriving community that we are today.



Kristen Graff President



Rahul Arora Treasurer

GENERAL COMMITTEE



Kristen Graff
President



Kenneth Fagan Vice President



Neil Goldwax Secretary



Rahul Arora Treasurer



Aaron Kim Member at Large



Amitava Guharoy Member at Large



Ashok K. Lalwani Member at Large



Beng Bak Low Co-opted Member



Dana Hvide Member at Large



Lindsay Fipp Member at Large



Ngiam Siew Wei Member at Large



Peter Proft Member at Large



Phua Swee Leng Co-opted Member



Richard Hartung Member at Large



Stephanie Nash American Association



Susan Studebaker-Rutledge American Women's Association



Sandra Johnson Canadian Association



Lt Col Howard Eyth American Embassy

SENIOR MANAGERS



Devin Kimble General Manager



Patricia Au Assistant General Manager



Vijayakumar Raj Assistant General Manager



Tan Lee Lee Senior Director of People Development



Tang Teck Wah Senior Director of Facilities & Security



Su-Ann Khor Senior Director of Club Services



Angie Ng Director of Finance



Malik Riley
Director of
Food & Beverage



Randy Simon
Director of
Fitness & Leisure



BUILDING THE FUTURE

Built upon the value of diversity, The American Club has strived to enrich the lives and experiences of North Americans, their families and the greater expat-local community in Singapore through the cultivation of a vibrant, positive and close-knit social environment.

From modest beginnings in rented quarters and an initial membership of 146, The Club has grown steadily—and is now a place that more than 10,000 Members from around the world call their home away from home.

The Club continues to be an open and diverse community, with Members from various walks of life forming an integral part of our identity. Over the years, we have built bridges across our different Member segments and forged an inclusive network of individuals, all united by our shared aspirations of building and sustaining a club for posterity.

The Fiscal Year 18 was a milestone year for The Club, complete with its challenges. With redevelopment in full swing and ongoing construction works leading to service disruptions and a reduced operational footprint, the need to stay positive and retain exceptional customer service and Member engagement remained high on our agenda.

The Club's strategic focuses evolved to meet this challenge head on, centering on 3 key pillars:

Supporting the Redevelopment Project

Together with the redevelopment consultants and Member committees, Management worked hard to prepare the relevant business units for a timely and professional launch. This included the mapping and development of all new software and operational processes, as well as re-deploying, recruiting, and training staff to ready our team for the new outlets.

Driving Member Satisfaction, Engagement and Retention

With the closure of several outlets and spaces due to the redevelopment, our team found ways to innovate and enhance services. This entailed the creation of new and unique events like the Fintech Forum and Author Book Launch series to bring the community together and enhance the overall Member experience, as well as rejuvenate existing Club offerings to encourage usage.

• Building a Future-Ready Organization through Employee Development

Intensive training, re-training and development of our workforce took center stage to ensure team members are not only well-prepared for the future clubhouse, but that service levels remain consistently high.

In tandem with our landmark redevelopment, a professional brand consultant was also appointed to undertake a brand development strategy, with the aim of creating stronger brand equity and further strengthening the Club's identity. This has seen new outlet identities, logos and colors to signify the Club's evolution and a revitalized clubhouse as we transit to our next phase of growth.

While our continued efforts are focused on delivering a successful outcome for the redevelopment, endeavors are also underway to lay the foundation for our continued progress. We press on to drive our technological and digital capabilities, with steps to leverage more software and hardware advancements to deliver fast, seamless and integrated services to our Members while increasing productivity and efficiency.

The Club has also made nascent shifts toward sustainability as we look to reduce our environmental impact and combat climate change.

It is through these initiatives and forward planning that we continue to build our Club of the future. Initiatives have been undertaken while keeping the staffing level largely unchanged despite preparing to open new spaces and adjusting to changes in workflows for outlets that have been newly handed over.

MEMBERSHIP

As the Club worked to develop and execute new and improved programs and activities to drive visitation, membership remained buoyant even as redevelopment work saw the temporary closure of several outlets and spaces.

New Member intake

- The ExtraOrdinary membership promotion ran during the thick of redevelopment from July to December 2017, offering new Members \$6,000 in Club credits. The program was a resounding success, with 77 new Ordinary and 3 Service Members joining during this period.
- Pathway membership, a new one-year restricted membership category for Americans and Canadians, was also created in early 2017. The Club welcomed a total of 96 Ordinary and 8 Service Members under this program, which offers a membership option for those who will be staying in Singapore for shorter postings.
- The last fiscal year also saw 45 new Term Members (non-Americans, non-Canadians and non-Singaporeans) joining our community.

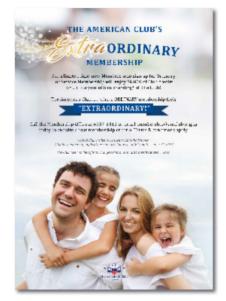
Term to Associate Membership upgrade

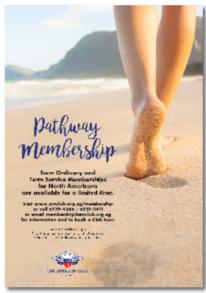
 The upgrade program for a select number of Term Members was offered for a limited period to acknowledge the commitment of these long-term Members to our Club community, and to thank them for supporting the Club during the redevelopment period. 67
 Term Members were upgraded from Term to Lifetime membership.

Open market transfers

 The Club achieved a new record in open market transfers, with a total of 22 transfers processed and a new transfer price high of \$150.5K; +77% above the open market transfer price in 2016 when the construction first began.

These initiatives kept Member numbers and utilization at healthy levels. The closing membership level for FY18 was 3,325, +11 to the previous year's membership level, +9.7% ahead of budget and +32.2% compared to the redevelopment financial model projection. Entrance fee income totaled \$4.13M, +72.5% above the budget of \$2.39M and +\$4.13M compared to the financial model projection.





DRIVING MEMBER ENGAGEMENT

Ramping up the connection with and between our Members to maintain a relatively high level of engagement was the driving force behind the creation of several new events in the past year.

On top of our popular mainstay events like the Superbowl, Christmas Tree Lighting, Chinese New Year celebrations and wine tasting dinners, the last fiscal year saw a slew of differentiated and cross-collaborative programs designed to meet the evolving and emerging preferences of our Members:

- Dive-in movie screenings
- Live event screenings (e.g. the Royal Wedding)
- Wheel of Fitness—spin and win at the gym
- Whites & Woodies tennis social
- Youth boot camp
- Sunrise yoga
- Scuba diving at the SEA Aquarium
- Chartered fishing
- Rock climbing
- Aqua Stand-Up fitness classes
- Latte Art workshop
- Financial Technology and Blockchain edutainment series
- Talks on trending and expat-relevant topics, in partnership with the American Association of Singapore

Special events were also introduced to our niche group calendar, a long-standing loyalty program to thank and acknowledge our Club's most active users:

- Exclusive preview of Vacheron-Constantin at ION, in collaboration with World Sport Group
- Free yoga week

To further augment and diversify our offerings, more exclusive activities are currently in the pipeline, some of which include:

- FitGen DNA testing
- Photography workshop in Japan
- Paintball & Archery







OUR PEOPLE

As the clubhouse redevelopment surged forward, there was a need for us to retain and build talent to meet the Club's changing requirements, while maintaining employee engagement during this period of service and operational disruption.

The impending launch of new spaces meant recruitment activities took central focus. With a persistently tight labor market, the HR team worked hard to attract talent. Initiatives included participation in roadshows and career fairs as well as collaboration with educational institutes for the provision of internship programs at the Club.





While hiring efforts were boosted, The Club also continued its push to improve service standards. This was achieved via audits and training for existing culinary teams, as well as the development of the Service Quality & Excellence program, where SQ Centre was engaged to develop and train staff in service sequences for the Club's new F&B outlets.

Myriad learning and development opportunities were also provided to employees to equip them with the skills and capabilities to excel in their jobs post-redevelopment. In the last year, our ongoing Leadership and People Management training program for Senior Managers was cascaded down to our Executives and Supervisors, enabling the latter groups to learn about organizational management skills. Additionally, three of our chefs were sent to Texas for 2.5 weeks to learn the art of Texas-style BBQ in preparation for the launch of our new poolside BBQ restaurant, Grillhouse. A new initiative was also launched this year to sponsor team members in attaining educational degrees, with our first recipient currently completing his part-time program in Facilities and Events Management at the Singapore University of Social Sciences.

In our drive to enhance staff retention throughout the redevelopment, the Club continued to organize regular employee engagement programs to provide an environment for team members to remain motivated and committed. These included team bonding activities, extra-curricular courses and workshops, as well as staff appreciation and recognition events and awards.

These measures proved fruitful as the Club continued to trend at a lower attrition rate than the industry, with a turnover of 19% in FY18, a decrease from the prior year. In an employee satisfaction survey conducted in July, over 94% of our staff indicated that they are "proud to be part of The American Club."



INNOVATION FOR EFFICIENCY

In today's fast-changing digital and technological landscape, innovation is no longer a luxury, but a necessity. With this in mind, ongoing efforts are being made by the Club to keep abreast of current technology and its impact on fulfilling Members' needs. In the last fiscal year, the Club embarked on a slew of digital initiatives to improve the efficiency of services, streamline workflow across outlets, and more importantly, allow our staff to focus on the things that truly matter—engaging with Members and providing a pleasant Member experience.

Thinkspace Door Access System

A new digital door system was installed in the four meeting rooms and Boardroom at Thinkspace, eliminating the need for staff to manually check Members in. This upgrade is more convenient for Members, who simply have to tap their cards to access the rooms. It has also enabled our team to easily track bookings and created more time for our staff to provide other Member-facing services. With the usage data the system provides, the Club is able to plan better services.

Grillhouse & Central Ordering Queue System

To ensure service remains swift at our newly opened outlets, a new ordering queue system was set up at Grillhouse and Central that allows our team a bird's eye view of current and upcoming orders, reduces paper usage (with orders sent to the kitchen digitally), and streamlines the ordering process for a more efficient kitchen.

Other innovations recently deployed by the Club include a salad dryer, which can dry 10kg of salad greens in 15 minutes (vs. 1 hour manually), a burger patty forming machine that converts 30kg of ground beef into 140 patties in 1.25 hours (vs. 3 hours manually), a people counting analytics system that enables teams across departments to manage foot traffic and staffing, a guest self-check-in kiosk to enhance Member convenience and ease staff administrative processes, as well as an AutoCoach system for our Aquatics team that provides instant feedback and allows for coach-swimmer communication while the swimmer is in action.

With these changes being brought on board, management took on a proactive approach of tapping available government grants to help defray the costs of implementation. Through a concerted effort, we managed to obtain total funding of \$157,300 from e2i (under the Inclusive Growth Programme) and the Job Redesign Rider (under Workpro Programme). This facilitated our journey toward technological advancement as we continue to explore new innovations.





TRANSFORMING FOR THE FUTURE

The Club's redevelopment began in June 2015, when the membership voted to approve the \$65 million project at an Extraordinary General Meeting. Its vision and objective centered on improving the facilities and services to better meet the needs of our current and future Members. This transformative undertaking encompasses the demolition and reconstruction of the Scotts Road building and swimming pools, the reconfiguration of the Sports building, as well as the renovation of the Claymore building.

The Project Control Group – a project management, compliance and control body made up of Member volunteers and reporting to the General Committee – was established to exercise accountability, manage project financials, and facilitate the delivery of the entire project. Concurrently, the Project Stakeholder Group, which consisted of Member and management representatives, was set up to work on design-related matters. Numerous focus groups were also conducted to engage various stakeholders and ensure representation of all segments throughout the project.

In the summer of 2017, work was well underway to lay the foundation for the new Scotts Road building, which was being designed to integrate into the existing Claymore building. Due to the demolition and closure of several Club outlets and facilities as part of this phase, creative thinking needed to be employed to allow Members to continue enjoying The Club's amenities and programs. This included negotiating of access for our membership to off-site premises for the use of swimming pools, gym, squash and fitness studios; as well as temporarily converting our 2nd Floor restaurant into an all-day dining facility to provide more meal services.

In March 2017, the new sên Spa was opened, featuring a host of enhanced amenities such as generous seating, separate male & female relaxation rooms, dedicated manicure / pedicure stations, individual hair service stations, new products and services and a refreshed menu. In the same month, Central café was launched,









replacing Thyme Café as a casual spot for Members to grab an easy lunch, order a gourmet coffee, or meet with friends. The café was designed by EDG, our F&B consultants, with input from our Member committees – and features both indoor and outdoor seating.

In May, the new pools and pool deck area were ready for Member use. The pool deck features three pools – a 25m lap pool, a recreation pool, and a toddler pool – and spans the Claymore and Scotts Road buildings. It is also home to our new Texas-style BBQ restaurant, Grillhouse.

When fully completed, the redesigned Scotts Road building will house the new youth space, bowling alley, banqueting facility, Union Bar, the production kitchens, and administrative offices.











A BRAND NEW US

As the Club embarked on the redevelopment project, a Brand Consultant was appointed to assist with the development of a refreshed brand strategy for our new clubhouse. The desired outcome was a revitalized Club brand that is clear, differentiated and continues to resonate deeply with our Members in the years to come.

A Branding Committee made up of Club Members with a variety of cross-functional expertise in the field was established, supplemented by numerous branding surveys, which were carried out throughout the project to encourage our membership's involvement in the evolution of our brand.

To date, extensive work has been carried out by the consultant, in conjunction with the Brand Committee and management, to establish a new visual brand identity system including logos, colors, fonts and graphic elements for the Club as well as for the outlets. This is followed by the implementation of the new brand identity across key touch points, including the Club's website, publicity and marketing collaterals, staff uniforms, and more.







CENTRAL





trade winds



Star Anise

In 1978, marigator Themas Cavendish first introduced Europe to star anise when he brought the count over them the Philoppines.

tradewinds





SUMMER. POOL. PARTY.
THREE THINGS THAT WILL
MAKE A GRAND TIME FOR YOU
AND YOUR FAMILY AND FRIENDS.
AND YOUR FAMILY OF BURNING
ENJOY THE SMELL OF BURNING
WOOD, THE SOUNDS OF HAPPY
WOOD, THE SOUNDS OF HAPPY
CONVERSTIONS AND CHIEDREN'S
LAUGHTER FROM THE POOL!



THE FUTURE BEYOND THE CLUB

The Club is facing a new paradigm—an increasing pressure to create long-term, sustainable practices that do more for the environment and protect the prospects of future generations.

Cognizant that over the past year, numerous callouts have been received from Members to switch to more sustainable practices, the Sustainability Working Group was established to outline a strategy for enhancing the Club's sustainability and reducing its carbon footprint.

Initial work has begun to create an assessment of sustainability and environmental practices and processes at the Club. The results will be examined in conjunction with sustainability-related metrics and compared against benchmarks to identify gaps and opportunities for improvement. The Group will then develop a sustainability plan and roadmap that the Club can use for at least the next three to five years.

As its first active campaign, the Sustainability Working Group is working with the F&B team to launch a Club-wide program that will reduce single-use plastics in all of our dining venues. The culinary and housekeeping teams have also introduced an eco-waste digester to reduce the total tonnage of waste produced by the Club (and consequently our carbon footprint). The food waste is eventually converted into fertilizer and non-potable water, which the Club then uses for other functions.

Along with making the Club more sustainable and doing our part to reduce our impact on climate change, these initiatives are expected to reduce the costs of maintenance and ultimately, make the Club a more pleasant place for Members.





EXECUTIVE COMMITTEE

President Kristen Graff
Vice President Kenneth Fagan
Treasurer Rahul Arora

Secretary Neil Goldwax (Appointed on 2 July 2018)

GENERAL COMMITTEE

Aaron Kim

Amitava Guharoy (Appointed on 2 July 2018)

Ashok K. Lalwani Beng Bak Low Dana Hvide

Lindsay Fipp (Appointed on 6 August 2018)

Ngiam Siew Wei

Peter Proft

Phua Swee Leng Richard Hartung Sandra Johnson Stephanie Nash

Susan Studebaker-Rutledge (Appointed on 2 July 2018)

Lt Col Howard Eyth

REGISTERED OFFICE

21 Scotts Road Singapore 228219

AUDITORS

Deloitte & Touche LLP

BANKERS

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

THE CLUB'S FISCAL POLICY

CAPITAL FUNDS

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

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

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

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

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

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

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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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 2018, 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 27 to 61.

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 2018 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.

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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' 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.

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.

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

13 September 2018

STATEMENT OF FINANCIAL POSITION 30 June 2018

30 June 2016	<u>Note</u>	<u>2018</u>	<u>2017</u>
ASSETS		¥	•
Current assets			
Cash and cash equivalents	6	54,814,036	85,612,504
Due from members	7	1,761,721	2,055,879
Transferable club memberships		23,558	23,558
Prepayments		232,270	210,067
Other receivables	8	265,502	671,353
Consumable stocks		520,437	749,901
Total current assets		57,617,524	89,323,262
Non-current assets			
Property, plant and equipment	9	52,624,892	25,247,107
Investment securities	10	12,227	13,634
Total non-current assets		52,637,119	25,260,741
Total assets		110,254,643	114,584,003
LIABILITIES AND FUNDS			
Current liabilities			
Trade payables and accruals		3,538,763	3,767,146
Other payables	11	4,532,732	2,401,127
Fees received in advance from potential members		609,448	462,524
Members' deposits		820,605	785,302
Provision for taxation		125,722	<u>178,067</u>
Total current liabilities		9,627,270	7,594,166
Club Funds			
Operating Fund	12	3,200,005	3,200,005
Capital Fund			
Net investment in property, plant and equipment	12	52,624,892	25,247,107
Renewal and Replacement Funds	12	35,957,563	64,097,668
Security Fund	12	3,600,000	3,600,000
Legacy Fund	13	5,244,913	10,845,057
Total Club Funds		100,627,373	106,989,837
Total liabilities and Club Funds		110,254,643	114,584,003

Kristen Graff Rahul Arora
President Treasurer

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME Year ended 30 June 2018

		2018			2017			
	<u>Note</u>	Operating fund	Capital <u>fund</u>	<u>Total</u>	Operating fund	Capital <u>fund</u>		
		\$	\$	\$	\$	\$	\$	
Income								
Food and beverage		7,009,719	-	7,009,719	8,217,329	-	8,217,329	
Jackpot room*		-	-	-	258,189	-	258,189	
Member activities		3,093,109	-	3,093,109	3,175,807		3,175,807	
Club services		4,405,102	-	4,405,102	4,703,427	-	4,703,427	
Membership dues	14	7,731,956	-	7,731,956	7,827,887		7,827,887	
Entrance fees		-	4,131,787	4,131,787	-	3,225,487	3,225,487	
Net investment gain	15	-	759,512	759,512	-	4,327,746	4,327,746	
Allocation from capital fund		1,600,000	(1,600,000)		1,600,000	(1,600,000)		
Other income	16	1,730,528		1,730,528	1,971,823		1,971,823	
Total income		25,570,414	3,291,299	28,861,713	27,754,462	5,953,233	33,707,695	
Expenditure	17							
Food and beverage		10,762,187	911,238	11,673,425	11,792,690	869,925	12,662,615	
Jackpot room*		-	-	-	253,650	69,731	323,381	
Member activities		4,528,557	1,167,227	5,695,784	4,848,649	1,241,610	6,090,259	
Club services		4,203,773	548,253	4,752,026	4,374,440	126,667	4,501,107	
Facilities, front office								
and administration		10,406,336	1,419,818	11,826,154	10,527,097	1,160,432	11,687,529	
Membership and marketing		1,158,031	7,083	1,165,114	1,006,997	24,974	_1,031,971	
Total expenditure		31,058,884	4,053,619	35,112,503	32,803,523	3,493,339	36,296,862	
(Loss) Profit before tax		(5,488,470)	(762,320)	(6,250,790)	(5,049,061)	2,459,894	(2,589,167)	
Income tax expense	18	(110,267)		(110,267)	(162,930)	-	(162,930)	
(Loss) Profit net of tax		(5,598,737)	(762,320)	(6,361,057)	(5,211,991)	2,459,894	(2,752,097)	

^{*}The Jackpot Room's last day of operation was on 31 August 2016.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (cont'd) Year ended 30 June 2018

	<u>Note</u>	<u>2018</u> \$	<u>2017</u>
Loss net of tax		(6,361,057)	(2,752,097)
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss			
Net loss on available-for-sale financial assets	13	(1,407)	(3,288,091)
Other comprehensive loss for the year, net of tax		(1,407)	(3,288,091)
Total comprehensive loss for the year		(6,362,464)	(6,040,188)

STATEMENT OF CHANGES IN CLUB FUNDS Year ended 30 June 2018

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

STATEMENT OF CHANGES IN CLUB FUNDS (cont'd) Year ended 30 June 2018

	Operating Fund	Capital Fund				Total Funds	
2017	\$	Net investment in property, plant and equipment	Renewal and replacement <u>fund</u> \$	Security fund \$	Legacy <u>fund</u> \$ (Note 13)	Total capital <u>fund</u> \$	\$
Balance at 1 July 2016	3,223,084	15,861,870	71,023,011	3,600,000	19,322,060	109,806,941	113,030,025
Legacy Fund drawn down for topping up of Operating Fund for prior years	49,667	-	-	-	(49,667)	(49,667)	-
Legacy Fund drawn down for current year income tax expense	162,930	-	-	-	(162,930)	(162,930)	-
Legacy Fund drawn down for topping up of Operating Fund	5,049,061	-	-	-	(5,049,061)	(5,049,061)	-
Legacy Fund drawn down for advisory fee relating to customised forecasting and planning tool	(72,746)	-	-	-	72,746	72,746	
(Loss) Income net of tax, before net investment gain	(5,211,991)	(3,548,463)	1,680,611			(1,867,852)	(7,079,843)
Net investment gain	-	-	4,327,746	-	-	4,327,746	4,327,746
Other comprehensive loss for the year	-	-	-	-	(3,288,091)	(3,288,091)	(3,288,091)
Total comprehensive (loss) income for the year	(23,079)	(3,548,463)	6,008,357	-	(8,477,003)	(6,017,109)	(6,040,188)
Amount transferred for capital expenditure	-	12,933,700	(12,933,700)	-	-	-	-
Balance at 30 June 2017	3,200,005	25,247,107	64,097,668	3,600,000	10,845,057	103,789,832	106,989,837

STATEMENT OF CASH FLOWS Year ended 30 June 2018

	2018	2017
	\$	\$
Operating activities		
Loss before tax	(6, 250, 790)	(2,589,167)
Adjustments for:		
Depreciation of property, plant and equipment	2,722,793	2,491,117
Loss on sale of property, plant and equipment	1,330,826	1,002,222
Write back of allowance for doubtful debt	(27,372)	(35,642)
Allowance for doubtful debt	44,652	91,871
Interest income	(759,512)	(927,328)
Coupon income	-	(12,462)
Realised gain on investment securities	-	(3,394,010)
Unrealised gain on financial derivatives	-	(547)
Investment management fees		6,601
Operating cash flows before movements in working capital	(2,939,403)	(3,367,345)
Due from members	276,878	327,034
Other receivables	383,648	(387, 270)
Consumable stocks	229,464	223,983
Trade and other payables and accruals	1,903,222	604,840
Fees paid in advance from potential members	146,924	(283,067)
Members' deposits	35,303	(6,500)
Cash from (used in) operations	36,036	(2,888,325)
Income taxes paid	(162,612)	(159,205)
Interest received	759,512	927,328
Net cash from (used in) operating activities	632,936	(2,120,202)
Investing activities		
Purchase of property, plant and equipment	(31,462,507)	(12,933,700)
Proceeds from sale of property, plant and equipment	31,103	55,124
Proceeds from redemption of investments	-	2,711,310
Proceeds from redemption of deposit	30,009,025	14,893,982
Coupon income received	<u> </u>	12,462
Net cash (used in) from investing activities	(1,422,379)	4,739,178
Net (decrease) increase in cash and cash equivalents	(789,443)	2,618,976
Cash and cash equivalents at the beginning of financial year	7,203,479	_4,584,503
Cash and cash equivalents at the end of financial year	6,414,036	7,203,479

NOTES TO FINANCIAL STATEMENTS 30 June 2018

1. GENERAL

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

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

The financial statements of the Club for the financial year ended 30 June 2018 were authorised for issue by the General Committee on 13 September 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

Adoption of New and Revised Standards – On 1 July 2017, the Club adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are effective from that date and 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 2018

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

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRS that are relevant to the Club were issued but not effective:

- FRS 109 Financial Instruments¹
- FRS 115 Revenue from Contracts with Customers¹
- FRS 116 Leases²
- ¹ Applies to annual periods beginning on or after 1 January 2018, with early application permitted.
- ² Applies to annual periods beginning on or after 1 January 2019, with earlier application permitted if FRS 115 is adopted.

Consequential amendments were also made to various standards as a result of these new or revised standards.

The General Committee anticipates that the adoption of these FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Club in the period of their initial adoption except for the following:

FRS 109 Financial Instruments

FRS 109 was issued in December 2014 to replace FRS 39 Financial Instruments: Recognition and Measurement and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting and (iii) impairment requirements for financial assets.

Key requirements of FRS 109:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value. Specifically, debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt instruments and equity investments are measured at fair value through profit or loss (FVTPL) at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.
- •With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of such financial liability that is attributable to changes in the credit risk be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to the financial liability's credit risk are not subsequently reclassified to profit or loss.

NOTES TO FINANCIAL STATEMENTS 30 June 2018

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

- •In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- •The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Management has performed an analysis of the requirements of the initial application of the new FRS 109 which will result in changes to the accounting policies relating to the impairment provisions of financial assets. Management anticipates that the adoption of FRS 109 will not have a material impact on the financial statements of the Club in the period of their initial adoption. Management does not plan to early adopt FRS 109.

FRS 115 Revenue from Contracts with Customers

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 Revenue, FRS 11 Construction Contracts and the related Interpretations when it becomes effective. Further clarifications to FRS 115 were also issued in June 2016.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1 : Identify the contract(s) with a customer
- Step 2 : Identify the performance obligations in the contract
- Step 3 : Determine the transaction price
- Step 4 : Allocate the transaction price to the performance obligations in the contract
 Step 5 : Recognise revenue when (or as) the entity satisfies a performance obligation

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

NOTES TO FINANCIAL STATEMENTS 30 June 2018

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

Management has performed an analysis of the requirements of the initial application of the new FRS 115. Management anticipates that the adoption of FRS 115 will not have a material impact on the financial statements of the Club in the period of their initial adoption. Management does not plan to early adopt FRS 115.

FRS 116 Leases

FRS 116 was issued in June 2016 and will supersede FRS 17 Leases and its associated interpretative guidance.

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

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

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

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.

Effective interest method

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

NOTES TO FINANCIAL STATEMENTS 30 June 2018

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

Financial assets

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

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

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

Available-for-sale financial assets

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

Loans and receivables

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

NOTES TO FINANCIAL STATEMENTS 30 June 2018

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

Impairment of financial assets

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

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

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

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS 30 June 2018

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

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

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

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.

NOTES TO FINANCIAL STATEMENTS 30 June 2018

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

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

The Club as lessor

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

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

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS 30 June 2018

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

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

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS 30 June 2018

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

Revenue Recognition - Revenue is measured at the fair value of the consideration received or receivable.

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

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

Revenue from membership dues is recognised on accrual basis.

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

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

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

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 statemanaged 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.

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

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

NOTES TO FINANCIAL STATEMENTS 30 June 2018

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

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

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

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

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary 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.

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 2018

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 2018

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>2018</u> \$	<u>2017</u> \$
Financial assets	·	·
Cash and bank balances Due from members and other receivables Investment securities	54,814,036 2,050,781 12,227 56,877,044	85,612,504 2,707,890 13,634 88,334,028
Financial liabilities		
Trade and other payables, at amortised cost	7,650,667	5,689,854

(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:

NOTES TO FINANCIAL STATEMENTS 30 June 2018

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

(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.

(ii) Interest rate risk

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

Interest rate from interest income for the financial year is between 0.65% to 1.48% (2017 : 0.65% to 1.38%) 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 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.

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

(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.

NOTES TO FINANCIAL STATEMENTS 30 June 2018

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

(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 2018 and 2017 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.

The Club has carried all investment securities that are classified as available-for-sale financial assets at their fair value, obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

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:

NOTES TO FINANCIAL STATEMENTS 30 June 2018

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

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 (Level 1)	Significant other observable <u>inputs</u> (Level 2)	Unobservable <u>inputs</u> (Level 3) \$	<u>Total</u> \$
2018 Financial assets: Alternative investments			12,227	12,227
2017 Financial assets: Alternative investments			13,634	13,634

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)

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

NOTES TO FINANCIAL STATEMENTS 30 June 2018

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

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>2018</u> \$	<u>2017</u> \$
Opening balance	13,634	2,625,079
Redemptions during the year	-	(2,265,009)
Total gains (losses)		
- in other comprehensive income	(1,407)	(3,288,091)
- in profit or loss	<u> </u>	2,941,655
Closing balance	12,227	13,634

(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 & cash equivalent and investment securities) 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 \$54,826,263 (2017: \$85,626,138). 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 2018

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 assessments and decision making process for these contracts.

	<u>2018</u> \$	<u>2017</u> \$
Rental of premises to General Committee member - related organisations (American Association of Singapore ("AAS") and American Women's Association of Singapore ("AWA"))		
	19,083	140,487
Food and beverages income - related organisations (AAS and AWA)	33,142	37,089

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>2018</u>	<u>2017</u> \$
Short-term benefits	2,601,410	2,493,980

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

6. CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS	2018	<u>2017</u>
Cash on hand and in banks Short term deposits	6,414,036 48,400,000 54,814,036	7,203,479 78,409,025 85,612,504
Cash and cash equivalents in the statement of cash flows comprise:	<u>2018</u>	<u>2017</u>
Cash and bank balances (as above) Less: Deposits in banks and held by investment advisor Less: Pledged deposits (Note A)	54,814,036 (47,400,000) (1,000,000) 6,414,036	85,612,504 (77,409,025) (1,000,000) 7,203,479

NOTES TO FINANCIAL STATEMENTS 30 June 2018

6. CASH AND CASH EQUIVALENTS (cont'd)

Note A:

A short term deposit amounting to \$1,000,000 (2017: \$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 \$312,600 (2017: \$312,600). The bank overdraft facility remains unutilised.

Fixed deposits bear average effective interest rate of 1.39% (2017 : 1.20%) per annum and for a tenure of approximately 1 to 12 months (2017 : 1 to 12 months). The fixed deposits are readily convertible to cash at minimal costs.

7. DUE FROM MEMBERS

	<u>2018</u> \$	<u>2017</u>
Amounts receivable from members Allowance for doubtful debts	1,814,130 (52,409) 1,761,721	2,121,552 (65,673) 2,055,879

The average credit period is 30 days (2017: 30 days).

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

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

	<u>2018</u> \$	<u>2017</u> \$
Not past due and not impaired Past due but not impaired (i)	1,503,245 <u>258,476</u> 1,761,721	1,747,056 308,823 2,055,879
Impaired members' balances (ii) Less: Allowance for impairment	52,409 (52,409)	65,673 (65,673)
Total members' balances, net	1,761,721	2,055,879
(i) Aging of members' balances that are past due but not impaired:	<u>2018</u>	<u>2017</u> \$
< 30 days 30 to 60 days More than 60 days	140,049 102,707 15,720 258,476	234,970 56,630 17,223 308,823

NOTES TO FINANCIAL STATEMENTS 30 June 2018

7. DUE FROM MEMBERS (cont'd)

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

Included in the Club's members balances are receivables with a carrying amount of \$258,476 (2017: \$308,823) which are past due at the end of the reporting date for which the Club has not made any allowance for doubtful debts as there has not been a significant change in credit quality and the amounts are still considered recoverable. These receivables are mainly arising from members that have good records with the Club and have placed minimum required deposits.

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

Movement in the allowance for doubtful debts:

	<u>2018</u> \$	<u>2017</u>
Palance at hearinging of year	45 472	42 207
Balance at beginning of year Increase in allowance recognised in profit or loss	65,673 44,652	63,387 91,871
Write-back for the year	(27,372)	(35,642)
Write-off for the year	(30,544)	(53,943)
Balance at end of the year	52,409	65,673
8. OTHER RECEIVABLES		
	2018	2017
	\$	\$
Deposits	4,519	60,494
Miscellaneous debtors	260,983	610,859
	265,502	671,353

NOTES TO FINANCIAL STATEMENTS 30 June 2018

9. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings, improvements and additions		fittings and	Outdoor furniture, fittings and fixtures	Motor vehicles		Construction in-progres	_
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost									
At 1 July 2016	5,158,145	30,502,009	15,415,632	4,664,381	1,231,418	139,521	1,101,371	2,380,221	60,592,698
Additions		15,180	862,954	48,314	5,064		761	12,001,427	12,933,700
Disposals/Write-off	-	(5,544,149)	(3,549,133)	(1,759,484)	(298,467)	-	(540,353)	-	(11,691,586)
Transfers in (out)*		4,337,144	549,754					(4,886,898)	.
At 30 June 2017	5,158,145	29,310,184	13,279,207	2,953,211	938,015	139,521	561,779	9,494,750	61,834,812
Additions	-	127,701	832,528	435,746	63,150	-	55,986	29,947,396	31,462,507
Disposals/Write-off	-	(7,065,646)	(5,096,663)	(1,706,874)	(573,026)	-	(200, 191)	(2,000)	(14,644,400)
Transfers in (out)*		30,589,214	1,877,669	3,577				(32,470,460)	
At 30 June 2018	5,158,145	52,961,453	10,892,741	1,685,660	428,139	139,521	417,574	6,969,686	78,652,919

	land	Buildings, improvements and additions	equipment		Outdoor furniture, fittings and fixtures	Motor vehicles	ware	onstruction in-progres	_
Accumulated deprecia	\$ ution	\$	\$	\$	\$	\$	\$	\$	\$
At 1 July 2016		25,123,993	13,044,819	4,230,596	1,206,464	122,763	1,002,193	-	44,730,828
Depreciation	-	1,194,529	1,039,734	165,440	23,393	5,027	62,994	-	2,491,117
Disposals/Write-off		(4,683,102)	(3,390,387)	(1,723,000)	(297,642)		(540,109)		(10,634,240)
At 30 June 2017	-	21,635,420	10,694,166	2,673,036	932,215	127,790	525,078	-	36,587,705
Depreciation	-	1,521,202	1,024,079	127,026	8,669	5,026	36,791	-	2,722,793
Disposals/Write-off		(5,852,796)	(5,029,963)	(1,628,547)	(571,346)		(199,819)		(13,282,471)
At 30 June 2018		17,303,826	6,688,282	1,171,515	369,538	132,816	362,050		26,028,027
Carrying amount									
At 30 June 2018	5,158,145	35,657,627	4,204,459	514,145	58,601	6,705	55,524	6,969,686	52,624,892
At 30 June 2017	5,158,145	7,674,764	2,585,041	280,175	5,800	11,731	36,701	9,494,750	25,247,107

^{*}Transfers from Construction-in-progress to Buildings, improvements and additions amounting to \$30,589,214 (2017: \$4,337,144) 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 2018

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.INVESTMENT SECURITIES

The Club appointed investment advisors to manage the investment portfolio. Under the direction of the General Committee, the Finance Committee and Investment Sub-Committee, the investment advisors invested the majority of the Club's cash holdings into various mutual funds.

	2018	2017
	\$	\$
Alternative investments	12,227	13,634

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 2018, 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.

1 1. OTHER PAYABLES	2018	2017
	\$	\$
CPF payable	280,174	293,829
Provision for unutilised leave	305,928	306,322
Deferred income	59,719	69,430
Deposits received	38,855	-
Other accrued operating expenses	3,848,056	1,731,546
	4,532,732	2,401,127

NOTES TO FINANCIAL STATEMENTS 30 June 2018

12. CLUB FUNDS

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

- (a) **Operating Fund** comprises three components:
 - (i) A bank guarantee account;
 - (ii) A working capital component needed on demand or with short notification periods to meet operating cash flow timing needs; and
 - (iii) Operating surpluses brought forward from prior years.

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

- (b) **Net Investment in Property, Plant and Equipment** comprises the net book value of property, plant and equipment including an asset revaluation reserve of \$2,304,416 arising from the revaluation of The Clubhouse building and land in 1972.
- (c) Renewal and Replacement Fund comprises accumulated entrance fees and investment earnings and losses. A portion of the Renewal and Replacement Fund earnings is being accumulated towards the eventual cost of major replacements at the Club and the remainder of earnings to be used for annual renewal and replacement expenditures.
- (d) Security Fund comprises a principal invested to generate earnings to be used for the additional security expenses The Club incurs due to its unique profile.
- (e) Legacy Fund comprises of the remainder of the Capital Fund not otherwise designated, including unrealised gains and losses on investment securities. Earnings from the Legacy Fund are being accumulated for future improvements and expansion and are available to fund annual maintenance upon the recommendation of the Finance Committee and approval of the General Committee.

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

NOTES TO FINANCIAL STATEMENTS 30 June 2018

13. LEGACY FUND

Legacy Fund comprises:

2018	Other legacy <u>fund</u> \$	Unrealised gain (loss) on investment securities \$	<u>Total</u> \$
At beginning of financial year Legacy Fund drawn down for current year	10,861,201	(16,144)	10,845,057
income tax expense Legacy Fund drawn for topping up of	(110,267)	-	(110,267)
operating Fund Net change in unrealised investment loss At end of financial year	(5,488,470) - 5,262,464	(1,407) (17,551)	(5,488,470) (1,407) 5,244,913
2017			
At beginning of financial year Legacy Fund drawn down for topping up of	16,050,113	3,271,947	19,322,060
operating fund for prior years Legacy Fund drawn down for current year	(49,667)	-	(49,667)
income tax expense Legacy Fund drawn for topping up of	(162,930)	-	(162,930)
operating Fund Legacy Fund drawn down for advisory fee relating to customised forecasting	(5,049,061)	-	(5,049,061)
and planning tool	72,746	-	72,746
Net change in unrealised investment loss At end of financial year	10,861,201	(3,288,091) (16,144)	(3,288,091) 10,845,057

NOTES TO FINANCIAL STATEMENTS 30 June 2018

14. MEMBERSHIP DUES

4. MEMBERSHIP DUES		
	2018	2017
Total number of members		
Voting		
Honorary	11	11
Ordinary	1,293	1,315
Service	81	84
Corporate	231	254
Vacant	102	123
	1,718	1,787
Non-voting		
Honorary	34	32
Associate	1,311	1,252
Term	132	200
Restricted	130	43
	1,607	1,527
Total	3,325	3,314
	2018	2017
	\$	\$
Members' dues		
Ordinary	3,267,988	3,369,510
Associate	2,926,326	2,695,976
Corporate	775,567	843,488
Term	536,290	674,085
Absent	103,346	103,823
Visitor	34,714	42,354
Junior Member Extension	87,725	98,651
	7,731,956	7,827,887

NOTES TO FINANCIAL STATEMENTS 30 June 2018

15. NET INVESTMENT GAIN

15. NET INVESTMENT GAIN		
	2018	2017
	\$	\$
Coupon income	-	12,462
Interest income	759,512	927,328
Realised gain on investment securities	-	3,394,010
Unrealised gain on financial derivatives	-	547
Investment management fees	_	(6,601)
	<u>759,512</u>	4,327,746
16. OTHER INCOME		
	2018	2017
	\$	\$
New Member operations surcharge	701,567	532,523
Parking fees	459,707	498,126
Rental income	19,083	140,487
Advertising income	141,834	147,923
Sundry income	408,337	652,764

1,730,528

1,971,823

NOTES TO FINANCIAL STATEMENTS 30 June 2018

17. EXPENDITURE

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

2017					Facilities,	M l l- !	
	Food and beverage	Jackpot room \$	Member activities	Club services \$	front office I and administration	and	Total
Cost of sales/services	3,235,898	219,250	7,489	2,078,701	50,970	-	5,592,308
Salaries, wages, bonuses and other related expenses	6,694,489	28,034	3,410,841	1,823,782	5,501,906	312,083	17,771,135
Central provident fund contributions	1,011,304	2,837	205,322	248,986	653,586	33,170	2,155,205
Audit and legal fees	-	-		-	59,358	-	59,358
Professional fees	-	-	-	-	85,978	-	85,978
Allowance for doubtful debts	-	-	-	-	56,229	-	56,229
Repair and maintenance	108,825	3,529	97,087	9,468	622,316	-	841,225
Utilities	-	-	-	-	1,005,325	-	1,005,325
Other operating expenses	742,174	-	1,127,910	213,503	2,365,906	661,744	5,111,237
Finance charges					125,523		125,523
Subtotal for Operating Fund	11,792,690	253,650	4,848,649	4,374,440	10,527,097	1,006,997	32,803,523
Depreciation	610,170	-	1,091,513	120,751	660,849	7,834	2,491,117
Loss on sale of property, plant and equipment	259,755	69,731	150,097	5,916_	499,583	17,140	_1,002,222
Subtotal for Capital Fund	869,925	69,731	1,241,610	126,667	1,160,432	24,974	3,493,339
Total	12,662,615	323,381	6,090,259	4,501,107	11,687,529	1,031,971	36,296,862

NOTES TO FINANCIAL STATEMENTS 30 June 2018

18. INCOME TAX

	<u>2018</u> \$	<u>2017</u> \$
Tax expense comprises:		
Current tax expense	103,590	162,930
Under provision in prior financial years	6,677_	
	110,267	162,930

Under Section 11(1) of the Income Tax Act, Chapter 134, the Club's revenue (excluding investment income, interest income and rental income) is exempted from tax if more than 50% of the Club's gross takings are from its voting members. Investment income, interest income and rental income are taxable at the statutory rate of 17% (2017: 17%).

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

	<u>2018</u> \$	<u>2017</u>
Loss before tax	(6,250,790)	(2,589,167)
Income tax credit at statutory rate of 17% (2017 : 17%) Non-deductible items Effect of revenue that is exempt from taxation Under provision in prior financial years	(1,062,634) 1,192,149 (25,925) <u>6,677</u>	(440,158) 629,013 (25,925)
	110,267	162,930

NOTES TO FINANCIAL STATEMENTS 30 June 2018

19. COMMITMENTS

(a) Future capital expenditure		
	2018	2017
	\$	\$
Amounts approved and not contracted for	3,816,450	2,084,923
Amounts approved and contracted for	183,550	3,100
(b) Operating lease commitments - the Club as lessor		
· /	2018	2017
	\$	\$
Rental income included in the Club's profit or loss	19,083	140,487
At the end of the reporting period, the Club has contracted with following future minimum lease payments:	community orgo	unisations for the
	<u>2018</u>	<u>2017</u> \$
	Ş	Ş
Within one year*		10,592

^{*}Lease agreements for the community offices were not renewed when they expired on 31 July 2017.