

INTERNATIONAL UNION OF PURE AND APPLIED PHYSICS SINGAPORE LTD.

(Incorporated in Singapore)

(A Company limited by guarantee and not having a share capital)

UEN No.: 201437064G

Audited Financial Statements for the financial year ended
31 December 2020

AAA ASSURANCE PAC

Public Accountants and Chartered Accountants

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INTERNATIONAL UNION OF PURE AND APPLIED PHYSICS SINGAPORE LTD.

Directors' Statement for the financial year ended 31 December 2020

The directors are pleased to present their statement to the members together with the audited financial statements of INTERNATIONAL UNION OF PURE AND APPLIED PHYSICS SINGAPORE LTD. (the "Company") for the financial year ended 31 December 2020.

Opinion of the Directors

In the opinion of the directors,

- (a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2020 and the financial performance, changes in funds and cash flows of the Company for the year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

Michel Spiro
Phua Kok Khoo

Arrangements to Enable Directors to Acquire Shares or Debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

Directors' interests in shares or debentures

As the Company is a company limited by guarantee and not having a share capital, there are no matters to be disclosed under Section 201(6)(g), Section 201(6A)(h), Section 201(11) and Section 201(12) of the Singapore Companies Act, Cap 50.

INTERNATIONAL UNION OF PURE AND APPLIED PHYSICS SINGAPORE LTD.

Directors' Statement for the financial year ended 31 December 2020 - continued

Share Options

As the Company is a company limited by guarantee and has no share capital, the statutory information required to be disclosed under Section 201(12) of the Companies Act, Cap 50 does not apply.

Auditor

AAA ASSURANCE PAC, has expressed its willingness to accept re-appointment as auditor.

Signed by,

Michel Spiro
Director

Phua Kok Khoo
Director

Singapore

INTERNATIONAL UNION OF PURE AND APPLIED PHYSICS SINGAPORE LTD.

**INDEPENDENT AUDITOR'S REPORT
FOR FINANCIAL YEAR ENDED 31 DECEMBER 2020
UEN No.: 201437064G**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERNATIONAL UNION
OF PURE AND APPLIED PHYSICS SINGAPORE LTD.**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of INTERNATIONAL UNION OF PURE AND APPLIED PHYSICS SINGAPORE LTD. (the "Company"), which comprise the statement of financial position of the Company as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in funds and statement of cash flows of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 December 2020 and of the financial performance, changes in funds and cash flows of the Company for the financial 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 Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors' statement set out on pages 2 to 3.

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

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

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
INTERNATIONAL UNION OF PURE AND APPLIED PHYSICS SINGAPORE LTD.
UEN No.: 201437064G - continued**

Responsibilities of Management and Directors for the Financial Statements

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

The directors' responsibilities include overseeing the Company'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 assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
INTERNATIONAL UNION OF PURE AND APPLIED PHYSICS SINGAPORE LTD.
UEN No.: 201437064G - continued**

Auditor's Responsibilities for the Audit of the Financial Statements - continued

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

	<u>Note</u>	<u>2020 Euro</u>	<u>2019 Euro</u>
Revenue			
Membership fees - current	4	615,890	592,618
Other Income			
Grants	5	87,500	84,717
Expenses			
Banking and Accounting		1,936	6,810
Conferences & Travel Grants		-	191,000
Commissions		905	17,885
Council and Commission Meetings		-	47,166
Developing Country Workshop		-	30,000
Exchange loss		123	-
Gender Gap		300	5,000
IUPAP Young Scientist Prizes		13,733	23,647
ICPE newsletter		4,000	4,000
Impairment loss on financial assets		42,942	13,119
LAAMP IUPAP		10,000	3,000
LAAMP (ICSU)		2,677	81,939
Membership Drive		-	1,589
New Initiatives		21,564	11,371
Newsletter Reports		632	2,710
President		-	2,730
SASAME		-	5,000
Secretariat		4,843	26,742
Subscriptions ICSU		24,100	23,627
Women in physics conference		17,000	-
Working Groups		20,000	20,154
Total Expenses		(164,755)	(517,489)
Surplus before taxation		538,635	159,846
Income tax	6(a)	-	-
Surplus for the financial year, representing total comprehensive surplus for the financial year		538,635	159,846

The annexed notes form an integral part of the audited financial statements.

	<u>Note</u>	<u>2020 Euro</u>	<u>2019 Euro</u>
Current assets			
Bank balances	7	1,917,074	1,685,877
Membership dues receivables	8	150,291	57,395
		<u>2,067,365</u>	<u>1,743,272</u>
Less: current liabilities			
Accruals	9	-	2,915
Other payables	10	9,373	221,000
		<u>(9,373)</u>	<u>(223,915)</u>
Net current assets		2,057,992	1,519,357
Total net assets		<u>2,057,992</u>	<u>1,519,357</u>
General funds			
Accumulated funds	11	<u>2,057,992</u>	<u>1,519,357</u>

The annexed notes form an integral part of the audited financial statements.

	Accumulated Funds Euro
Balance as at 1 January 2019	1,359,511
Surplus for the financial year, representing total comprehensive income for the year	159,846
Balance as at 31 December 2019	1,519,357
Surplus for the financial year, representing total comprehensive income for the year	538,635
Balance as at 31 December 2020	2,057,992

The annexed notes form an integral part of the audited financial statements.

	2020	2019
	Euro	Euro
Cash flows from operating activities		
Surplus before taxation	538,635	159,846
Adjustments for:		
Impairment loss on membership dues receivables	42,942	13,119
Operating cash flows before working capital changes	<u>581,577</u>	<u>172,965</u>
Working capital changes:		
Membership dues receivables	(135,838)	(47,475)
Accruals	(2,915)	(33,396)
Other payables	(211,627)	15,000
Membership dues received in advance	-	(1,902)
Net cash generated from operating activities	<u>231,197</u>	<u>105,192</u>
Net increase in cash and cash equivalents	231,197	105,192
Cash and cash equivalents at the beginning of the financial year	<u>1,685,877</u>	<u>1,580,685</u>
Cash and cash equivalents at the end of the financial year	<u><u>1,917,074</u></u>	<u><u>1,685,877</u></u>
Comprising:		
Bank Balances	<u><u>1,917,074</u></u>	<u><u>1,685,877</u></u>

The annexed notes form an integral part of the audited financial statements.

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

1. General

INTERNATIONAL UNION OF PURE AND APPLIED PHYSICS SINGAPORE LTD. (the “Company”) is company limited by guarantee which is registered and domiciled in Singapore with its registered office and place of business at Academic Building North, Level 1 Section B Unit No. 7 61 Nanyang Drive, Singapore 637335.

The principal activities of the Company are those of worldwide development of physics.

The Company was incorporated for the purpose of carrying out the administration of The International Union of Pure and Applied Physics (IUPAP), an unincorporated member association founded in 1922 which is domiciled in Switzerland. Until such time the administration is taken over by the entity of the next country of administration, the country of administration is Singapore and the Company is the administering entity.

There has been no significant change in the nature of these activities during the financial year.

2. Summary of Significant Accounting Policies

2.1 Basis of preparation

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

The financial statements are presented in Euro, which is the Company’s functional currency. All financial information presented in Euro has been rounded to the nearest dollar, unless otherwise indicated.

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Company has adopted all the new and amended standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 January 2020. The adoption of these standards did not have any material effect on the financial performance or position of the Company.

2. Summary of Significant Accounting Policies – continued

2.3 Standards issued but not yet effective

The Company has not adopted the following standards applicable to the Company that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 109 Financial Instruments, FRS 39 Financial Instruments: Recognition and Measurement, FRS 107 Financial Instruments: Disclosures, FRS 104 Insurance Contracts, FRS 116 Leases: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to FRS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to FRSs 2018-2020	1 January 2022
Amendments to FRS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2023

The directors are still assessing the effect that the adoption of the above standards will have on the financial statements in the year of initial application.

2.4 Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for annual membership, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised membership to the member. A performance obligation may be satisfied over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) Membership dues

Members' annual subscription and contribution are recognised on a straight line basis over the annual subscription period.

2.5 Employee benefits

Short-term employee benefits

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

2. Summary of Significant Accounting Policies – continued

2.6 Income taxes

(a) Current income tax

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

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

(b) Deferred tax

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

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

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

(c) Goods and services tax (GST)

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

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

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

2. Summary of Significant Accounting Policies – continued

2.7 Financial instrument

(a) Financial assets

Initial recognition and measurement

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

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

Membership dues receivables are measured at the amount of consideration to which the Company expects to be entitled in exchange for membership status excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive income (FVOCI) and FVPL. The Company only has debt instruments at amortised cost.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

Derecognition

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

2. Summary of Significant Accounting Policies – continued

2.7 Financial instrument – continued

(b) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

Derecognition

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

2.8 Impairment of financial assets

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

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

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

2. Summary of Significant Accounting Policies – continued

2.8 Impairment of financial assets (Continued)

The Company considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.9 Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

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

2.10 Cash and cash equivalents

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

2.11 Foreign currency transactions and balances

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

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

2. Summary of Significant Accounting Policies – continued

2.12 Related party

A related party is defined as follows:

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

3. Significant accounting judgments and estimates

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

Judgements made in applying accounting policies

Determination of functional currency

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

3. Significant accounting judgments and estimates - continued

Key sources of estimating uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Provision for expected credit losses of membership dues receivables

The Company uses a provision matrix to calculate ECLs for membership dues receivables. The provision rates are based on days past due for groupings of various segments that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of member's actual default in the future. The information about the ECLs on the IUPAP's membership dues receivables is disclosed in **Note 12**.

The carrying amount of the IUPAP's membership dues receivables as at 31 December 2020 was Euro 150,291 (2019: Euro 57,395).

4. Revenue

	2020	2019
	Euro	Euro
Disaggregation of revenue		
<u>Type of service</u>		
Membership dues	615,890	592,618
<u>Timing of transfer of service</u>		
Over time	615,890	592,618

There are no contract balances and refund liabilities that have arisen in the current and the prior year. No disclosure has been made for transaction price allocated to unsatisfied or partially unsatisfied performance obligations as at 31 Decemebr 2020 and 31 Decemebr 2019 as there are none.

5. Other income

	2020	2019
	Euro	Euro
Grant received from ICSU for LAAMP events	-	84,717
Other income	87,500	-
	<u>87,500</u>	<u>84,717</u>

6. Income tax expense

	2020	2019
	Euro	Euro
(a) Tax expense		
Current taxation – On results for the financial year	-	-
(b) Reconciliation between the tax expense and the product of accounting surplus multiplied by the applicable tax rate for the financial years ended 31 December 2020 and 2019 were as follows:		
	2020	2019
	Euro	Euro
Surplus before taxation	538,635	159,846
Tax calculated at a tax rate of 17% (2019: 17%)	91,568	27,174
Tax effects of exclusion of receipts from members under Section 11(1) of the Income Tax Act (cap. 134)	(91,568)	(27,174)
Tax expense	-	-

7. Bank balances

At the reporting date, bank balances are denominated in the following currencies:

	2020	2019
	Euro	Euro
Singapore Dollars	3,154	9,845
Euro	1,913,920	1,676,032
	<u>1,917,074</u>	<u>1,685,877</u>

8. Membership dues receivables

	2020	2019
	Euro	Euro
Membership dues receivables	271,704	135,865
Less: Allowance for impairment	(121,413)	(78,470)
	<u>150,291</u>	<u>57,395</u>

The credit period on membership dues is 30 days (2019: 30 days). No interest is charged on membership dues receivables.

Expected credit losses

The movement in allowance for expected credit losses of membership dues receivables computed based on lifetime ECL was as follows:

Movement in allowance accounts:	Euro
At 1 January 2019	65,351
Allowance made	13,119
At 31 December 2019	78,470
Allowance made	42,943
At 31 December 2020	<u>121,413</u>

9. Accruals

As at reporting date, the Company's accruals were denominated in Singapore dollars.

10. Other payables

These represent committed funding payable for conferences, travel and developing country workshops.

11. Accumulated funds

The Company is limited by guarantee and does not have a share capital.

12. Financial risk management

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

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

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

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

Credit risk

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

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

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

The Company has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 60 days or there is significant difficulty of the counterparty.

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

- Internal credit rating
- External credit rating

12. Financial risk management – continued

Credit risk - continued

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the member’s ability to meet its obligations
- Actual or expected significant changes in the operating results of the member
- Significant increases in credit risk on other financial instruments of the same member
- Significant changes in the expected performance and behaviour of the member, including changes in the payment status of members in the company and changes in the operating results of the member.

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

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

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

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

The Company’s current credit risk grading framework comprises the following categories:

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

12. Financial risk management - continued

Credit risk - continued

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

	Note	Category	12-month or lifetime ECL	Gross carrying amount Euro	Loss allowance Euro	Net carrying amount Euro
31 December 2020						
Membership dues receivables	8	Note 1	Lifetime ECL (simplified)	271,704	<u>(121,413)</u> 121,413	150,291
31 December 2019						
Membership dues receivables	8	Note 1	Lifetime ECL (simplified)	135,865	<u>(78,470)</u> 78,470	57,395

Membership dues receivables (Note 1)

For membership dues receivables, the Company has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL. The Company determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the members, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of membership dues receivables is presented based on their past due status in terms of the provision matrix.

	Membership dues receivables						Total Euro
	Not past due Euro	≤ 30 days Euro	31-60 days Euro	61-90 days Euro	Days past due		
					90-365 days Euro	>365 days	
31 December 2020							
ECL rate	0%	0%	0%	0%	0%	100%	
Estimated total gross carrying amount at default	-	-	-	-	150,291	121,413	271,704
ECL	-	-	-	-	-	(121,413)	<u>(121,413)</u> <u>150,291</u>
31 December 2019							
ECL rate	0%	0%	0%	0%	18.3%	100%	
Estimated total gross carrying amount at default	-	-	-	-	69,691	65,904	135,865
ECL	-	-	-	-	(12,566)	(65,904)	<u>(78,470)</u> <u>57,395</u>

Information regarding loss allowance movement of membership dues receivables is disclosed in Note 8.

12. Financial risk management - continued

Credit risk - continued

Excessive risk concentration

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

Exposure to credit risk

The Company has no significant concentration of credit risk other than 18(2019: 4) membership dues receivables comprising 97% (2019: 83%) of membership dues receivables. The Company has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

Liquidity risk

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

2020	Carrying Amount Euro	Contractual Cash Flows Euro	One Year or Less Euro
Financial assets			
Bank balances	1,917,074	1,917,074	1,917,074
Membership dues receivables	150,291	150,291	150,291
Total undiscounted financial assets	2,067,365	2,067,365	2,067,365
Financial liabilities			
Other payables	9,373	9,373	9,373
Total undiscounted financial liabilities	(9,373)	(9,373)	(9,373)
Total net undiscounted financial assets	2,057,992	2,057,992	2,057,992

12. Financial risk management - continued

Liquidity risk - continued

2019	Carrying Amount Euro	Contractual Cash Flows Euro	One Year or Less Euro
Financial assets			
Bank balances	1,685,877	1,685,877	1,685,877
Membership dues receivables	57,395	57,395	57,395
Total undiscounted financial assets	1,743,272	1,743,272	1,743,272
Financial liabilities			
Accruals	2,915	2,915	2,915
Other payables	221,000	221,000	221,000
Total undiscounted financial liabilities	(223,915)	(223,915)	(223,915)
Total net undiscounted financial assets	1,519,357	1,519,357	1,519,357

Market risk

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

i) Interest rate risk

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

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

12. Financial risk management - continued

Market risk - continued

ii) Foreign currency risk

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

The Company has transactional currency exposures that are denominated in a currency other than the functional currency of the Company, primarily Singapore Dollar (SGD)

The Company's currency exposures based on the information provided to key management were as follows:

<u>2020</u>	<u>SGD Euro</u>
Financial assets	
Bank balances	3,154
	<u>3,154</u>
Financial liabilities	
Accruals	-
	<u>-</u>
Currency exposure	<u>3,154</u>
	<u><u>3,154</u></u>
<u>2019</u>	<u>SGD Euro</u>
Financial assets	-
	<u>-</u>
Financial liabilities	
Accruals	2,915
	<u>(2,915)</u>
Currency exposure	<u>(2,915)</u>
	<u><u>(2,915)</u></u>

A 10% strengthening of Euro against the foreign currencies denominated balances as at the reporting date would (decrease) / increase profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss (after tax)	
	2020	2019
	Euro	Euro
Singapore Dollars	<u>262</u>	<u>242</u>

A 10% weakening of Euro against the above currencies would have had equal but opposite effect on the above currencies to the amount showing above, on the basis that all other variable remains constant.

13. Assets and liabilities not measured at fair value

Bank balances, accruals and other payables.

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

Membership dues receivables

The carrying amounts of these receivables approximate their fair values as they are subject to normal credit terms.

14. Financial instruments by category

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

	2020	2019
	Euro	Euro
Financial assets measured at amortised cost		
Bank balances	1,917,074	1,685,877
Membership dues receivables	150,291	57,395
Total financial assets measured at amortised cost	<u>2,067,365</u>	<u>1,743,272</u>
Financial liabilities measured at amortised cost		
Accruals	-	2,915
Other payables	9,373	221,000
Total financial liabilities measured at amortised cost	<u>9,373</u>	<u>223,915</u>

15. Fund management

The Company's objectives when managing its funds are to safeguard and maintain adequate working capital to continue as a going concern. The directors consider the accumulated fund as the capital of the Company and no changes were made to the Company's fund management objectives during the financial years ended 31 December 2020 and 31 December 2019.

16. Authorisation of financial statements for issue

The financial statements of the Company for the financial year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Board of Directors of the company on the date of the directors' statement.