

Architects Regional Council Asia (ARCASIA) Ltd.
(Company Registration Number: 202018266H)

AUDITED FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2023



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Architects Regional Council Asia (ARCASIA) Ltd.
(Company Registration Number: 202018266H)

AUDITED FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2023

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Architects Regional Council Asia (ARCASIA) Ltd.

DIRECTORS' STATEMENT

For the Financial Year Ended 31 December 2023

The directors present their statement to the members together with the audited financial statements of Architects Regional Council Asia (ARCASIA) Ltd. (the "Company") for the financial year ended 31 December 2023.

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 2023, and the financial performance, changes in funds and cash flows of the Company for the financial year 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:

Abu Sayeed Mostaque Ahmed
Soh Siow Lan
Sardar Mohammad Jahangir Khan

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

As the Company is limited by guarantee and has no share capital or debentures, the statutory information required to be disclosed by the directors under Schedule 12(8)(a) and Schedule 12 (8)(b) of the Companies Act 1967 does not apply.

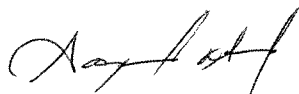
The liability of each member is limited to \$100 while he/she is a member, or within one year after he/she ceases to be a member.

As at the end of the reporting period, the Company has total 2 (2022: 2) members.

INDEPENDENT AUDITOR

The independent auditor, Tan, Chan & Partners, has expressed its willingness to accept re-appointment as auditor.

On behalf of the Board of Directors



.....
Abu Sayeed Mostaque Ahmed
Director



.....
Soh Siow Lan
Director

Singapore

Date: 07 March 2024

INDEPENDENT AUDITOR'S REPORT

**To The Members of
Architects Regional Council Asia (ARCASIA) Ltd.
For the Financial Year Ended 31 December 2023**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Architects Regional Council Asia (ARCASIA) Ltd. (the "Company"), which comprise the statement of financial position as at 31 December 2023, and the statement of financial activities, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Companies 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 2023 and of the financial performance, changes in equity and cash flows of the Company 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 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.

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.

INDEPENDENT AUDITOR'S REPORT

To The Members of
Architects Regional Council Asia (ARCASIA) Ltd.
For the Financial Year Ended 31 December 2023

Report on the Audit of the Financial Statements (Cont'd)

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

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

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

INDEPENDENT AUDITOR'S REPORT
To The Members of
Architects Regional Council Asia (ARCASIA) Ltd.
For the Financial Year Ended 31 December 2023

Report on the Audit of the Financial Statements (Cont'd)

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

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

- 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.



Tan, Chan & Partners
*Public Accountants and
Chartered Accountants*

Singapore

Date: 07 March 2024

Architects Regional Council Asia (ARCASIA) Ltd.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2023

	Note	2023 US\$	2022 US\$
ASSETS			
Non-current asset			
Intangible asset	4	<u>4,441</u>	<u>5,628</u>
Current assets			
Other receivable	5	4,322	2,190
Bank balances	6	164,810	148,307
		<u>169,132</u>	<u>150,497</u>
Total assets		<u><u>173,573</u></u>	<u><u>156,125</u></u>
LIABILITIES AND EQUITY			
Current liabilities			
Other payables	7	20,576	7,623
Income tax payable	8	359	1,923
		<u>20,935</u>	<u>9,546</u>
Equity			
Accumulated fund		<u>152,638</u>	<u>146,579</u>
Total liabilities and equity		<u><u>173,573</u></u>	<u><u>156,125</u></u>

The accompany notes form an integral part of the financial statements.

Architects Regional Council Asia (ARCASIA) Ltd.

**STATEMENT OF FINANCIAL ACTIVITIES
For the Financial Year Ended 31 December 2023**

	Note	2023 US\$	2022 US\$
Income from generated fund			
Subscription fee		20,400	19,400
ARCASIA Architecture Award - income		30,277	22,399
		<u>50,677</u>	<u>41,799</u>
Less: Governance and administrative costs			
Accounting service		30	40
Amortisation cost	4	6,655	8,298
Audit fee		2,301	3,000
Bank charges		200	251
ARCASIA Architecture Award - expenses		23,278	23,782
Exchange loss/(gain)		649	(4,071)
Printing and stationery		3,711	239
Secretarial fee		2,670	4,050
Tax service fee		742	1,000
Website hosting and maintenance		4,447	4,902
		<u>44,683</u>	<u>41,491</u>
Surplus before tax		5,994	308
Taxation	8	65	(193)
Surplus for the financial year, representing total comprehensive income for the financial year		<u>6,059</u>	<u>115</u>

The accompany notes form an integral part of the financial statements.

Architects Regional Council Asia (ARCASIA) Ltd.

**STATEMENT OF CHANGES IN EQUITY
For the Financial Year Ended 31 December 2023**

	Accumulated fund US\$
As at 01 January 2022	146,464
Surplus for the financial year, representing total comprehensive income for the financial year	<u>115</u>
As at 31 December 2022	146,579
Surplus for the financial year, representing total comprehensive income for the financial year	<u>6,059</u>
As at 31 December 2023	<u>152,638</u>

The accompany notes form an integral part of the financial statements.

Architects Regional Council Asia (ARCASIA) Ltd.

**STATEMENT OF CASH FLOWS
For the Financial Year Ended 31 December 2023**

	Note	2023 US\$	2022 US\$
Operating activities			
Surplus before tax		5,994	308
<u>Adjustment for:</u>			
Amortisation of intangible asset	4	6,655	8,298
Operating cash flows before working capital changes		12,649	8,606
<u>Changes in working capital:</u>			
Other receivable		(2,132)	(1,363)
Other payables		12,953	3,278
Cash flow generated from operating activities		23,470	10,521
Income tax paid		(1,499)	-
Net cash generated from operating activities		21,971	10,521
Investing activity			
Acquisition of intangible asset		(5,468)	-
Net cash used in financing activity		(5,468)	-
Net changes in cash and cash equivalents		16,503	10,521
Cash and cash equivalents at the beginning of financial year		148,307	137,786
Cash and cash equivalents at the end of financial year	6	164,810	148,307

The accompany notes form an integral part of the financial statements.

Architects Regional Council Asia (ARCASIA) Ltd.

**NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2023**

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

1. GENERAL INFORMATION

Architects Regional Council Asia (ARCASIA) Ltd. (the “Company”) is incorporated and domiciled in Singapore, limited by guarantee, and not having a share capital. The Company is registered under the Companies Act 1967. The registered office and principal place of business of the Company is located at 26 Eng Hoon Street, 169776 Singapore.

The principal activities of the Company are to promote the recognition of the architect’s role and promote the development and education of architects to serve society in the Asian region.

The financial statements of the Company for the financial year ended 31 December 2023 were authorised for issue by the Board of Directors on 07 March 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standards in Singapore (“FRSs”) under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements of the Company are presented in United States dollars (“US\$”), which is the Company’s functional currency.

2.2 Adoption of new and amended standards and interpretations

The Company has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 01 January 2023. The adoption of these new/revised standards and interpretations did not result in any substantial changes to the accounting policies of the Company, or have any material effect on the financial performance or position of the Company.

2.3 Standards issued but not yet effective

Certain new standards, amendments to standards and interpretations are issued but effective for annual financial periods beginning after 01 January 2024, and which the Company has not early adopted in preparing these financial statements. The directors are of the opinion that the new standards, amendments and interpretations will have no material impact on the financial statements in the year of initial adoption.

Architects Regional Council Asia (ARCASIA) Ltd.

**NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2023**

2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

2.4 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.

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

2.5 Intangible assets

Intangible assets acquired separately are recorded at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses.

Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives, and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

Website development

Amortisation of the intangible asset begins when development is completed and the asset is available for use. Websites are amortised over the period of 3 years on a straight line basis.

2.6 Impairment of non-financial assets

The Organisation assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Organisation makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and written down to its recoverable amount.

Impairment losses are recognised in statement of financial activities.

Architects Regional Council Asia (ARCASIA) Ltd.

**NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2023**

2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

2.6 Impairment of non-financial assets (cont'd)

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

2.7 Financial instruments

(a) Financial assets

Initial recognition and measurement

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

At initial recognition, the 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 fair value through profit and loss ("FVPL") are expensed in profit or loss.

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

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.

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.

Architects Regional Council Asia (ARCASIA) Ltd.

**NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2023**

2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

2.7 Financial instruments (cont'd)

(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, net of 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 trade 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.

Architects Regional Council Asia (ARCASIA) Ltd.

**NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2023**

2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

2.8 Impairment of financial assets (cont'd)

The Company considers a financial asset in default when contractual payments are 90 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 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank which are subject to an insignificant risk of changes in value.

2.10 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position when there is a currently legal enforceable right to set off the recognised amounts and the Company intends to either settle on a net basis, or to realise the assets and settle the liability simultaneously.

2.11 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 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 resources embodying economic benefits 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.

2.12 Revenue

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

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

Event and activity fund are recognised upon receipt. Subscription fee is recognised over time.

Architects Regional Council Asia (ARCASIA) Ltd.

**NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2023**

2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

2.13 Taxation

(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 authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

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

(b) Deferred tax

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

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits will be available against which deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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.

Architects Regional Council Asia (ARCASIA) Ltd.

**NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2023**

2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)

2.14 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) the amount of the obligation cannot be measured within sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Management is of the opinion that there is no significant judgement made in applying accounting policies, and no estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Architects Regional Council Asia (ARCASIA) Ltd.

**NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2023**

4. INTANGIBLE ASSET

	Website development US\$
<u>Cost</u>	
At 01 January 2022 and 31 December 2022	23,051
Additions	5,468
At 31 December 2023	28,519
<u>Accumulated amortisation</u>	
At 01 January 2022	9,125
Charge for the year	8,298
At 31 December 2022	17,423
Charge for the year	6,655
At 31 December 2023	24,078
<u>Carrying amount</u>	
At 31 December 2022	5,628
At 31 December 2023	4,441

5. OTHER RECEIVABLE

	2023 US\$	2022 US\$
Receivables from members	4,322	2,190

6. BANK BALANCES

	2023 US\$	2022 US\$
Cash at bank	164,810	148,307

7. OTHER PAYABLES

	2023 US\$	2022 US\$
Accrued expenses	20,076	7,123
Deferred revenue	500	500
	20,576	7,623

Architects Regional Council Asia (ARCASIA) Ltd.

**NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2023**

8. TAXATION

	2023	2022
	\$	\$
<u>Major components of income tax expense:</u>		
- Current financial year	166	193
- Overprovision in respect of prior financial years	(231)	-
	<u>(65)</u>	<u>193</u>

Relationship between tax expense and accounting profit

The reconciliation between tax expense and the accounting profit multiplied by applicable corporate tax rate for the financial year ended 31 December 2023 is as follows:

	2023	2022
	US\$	US\$
Profit before taxation	<u>5,994</u>	<u>308</u>
Tax calculated at statutory tax rate of 17%	1,019	52
<u>Adjustments:</u>		
Non-deductible expenses	1,131	1,411
Non-taxable income	(110)	(692)
Utilisation of tax benefits	(930)	-
Effect of tax exemption and rebates	(832)	(578)
Overprovision in respect of prior financial years	(231)	-
Income tax rebate	(167)	-
	<u>(65)</u>	<u>193</u>
<u>Movement in provision for taxation:</u>		
At the beginning of financial year	1,923	1,730
Current year income tax	166	193
Income tax paid	(1,499)	-
Overprovision in respect of prior financial years	(231)	-
At the end of financial year	<u>359</u>	<u>1,923</u>

9. MEMBERS' GUARANTEE

The liability of each member is limited to S\$100 while being a member, or within one year after ceased being a member.

As at the end of the reporting date, the Company has 2 members (2022: 2 members).

Architects Regional Council Asia (ARCASIA) Ltd.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 December 2023

10. FINANCIAL INSTRUMENTS

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

	Note	2023 US\$	2022 US\$
<u>Financial assets</u>			
Other receivable	5	4,322	2,190
Cash and bank balances	6	164,810	148,307
Financial assets carried at amortised cost		169,132	150,497
<u>Financial liability</u>			
Other payables, representing financial liability carried at amortised cost	7	20,576	7,623

11. FAIR VALUE OF ASSETS AND LIABILITIES

Assets and liabilities not measured at fair value

Cash and bank balances, other receivable and other payables

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

12. FUND MANAGEMENT

The Company's objectives when managing its funds are to safeguard and to maintain adequate working capital to continue as going concern and to develop its principal activities.

The Company manages its fund structure and makes adjustments to it, in light of changes in economic conditions. No changes were made to the objectives, policies or processes during the financial year ended 31 December 2023 and 31 December 2022.

The Company is not subjected to externally imposed capital requirements.

13. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks from its operations. The key financial risks include credit risk, liquidity risk and foreign currency risk.

The directors review and agree policies and procedures for the management of these risks, which is executed by the management team. It is, and has been throughout the current and previous financial period, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

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13. FINANCIAL RISK MANAGEMENT (Cont'd)

The following sections provide details regarding the Company's exposure to the above-mentioned financial risk 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 trade and other receivables. For other financial assets (including cash and 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 90 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 categories 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 customers and other debtors. The Company considers available reasonable and supportive forward-looking information where applicable.

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

The 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

Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

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13. FINANCIAL RISK MANAGEMENT (Cont'd)

Credit risk (cont'd)

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 >90 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL – credit-impaired
IV	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

The table below details the credit quality of the 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	Loss allowance	Net carrying amount
				US\$	US\$	US\$
<u>31 December 2023</u>						
Other receivables	5	I	12-month ECL	4,322	-	4,322
<u>31 December 2022</u>						
Other receivables	5	I	12-month ECL	2,190	-	2,190

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 of trade receivables. The Company has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

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13. FINANCIAL RISK MANAGEMENT (Cont'd)

Other receivable

The Company assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulties to settle or meet its financial obligations due to shortage of available funds. The Company's objective is to maintain sufficient level of cash and cash equivalents, and internally generated cash flows to finance its activities. The Company actively manages its operating cash flows and availability of funding so as to ensure that all repayment and funding needs are met.

All financial liabilities at the end of the reporting period is repayable within one year from the reporting date.

Foreign currency risk

The Company has foreign currency risk on transactions and balances that are denominated in a currency other than its functional currency. The Company does not have any formal policy with respect to foreign currency exposure but monitors it on an ongoing basis.

The Company's principal net foreign currency exposure mainly relates to the Singapore Dollar ("SGD") for the financial year.

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13. FINANCIAL RISK MANAGEMENT (Cont'd)

Foreign currency risk (cont'd)

The Company currency exposure to SGD at the reporting date were as follows:

<u>At 31 December 2023</u>	US\$
<i>Financial assets:</i>	
Other receivable	4,322
Bank balance	164,810
	<u>169,132</u>
<i>Financial liability:</i>	
Trade and other payables	20,576
	<u>20,576</u>
Net currency exposure	<u>189,708</u>
<u>At 31 December 2022</u>	US\$
<i>Financial assets:</i>	
Other receivable	2,190
Bank balance	148,307
	<u>150,497</u>
<i>Financial liability:</i>	
Trade and other payables	7,623
	<u>7,623</u>
Net currency exposure	<u>158,120</u>

Sensitivity analysis for foreign exchange risk

If the foreign currency changes against the United States Dollar by 5% each respectively with all other variables being held constant, the effects arising from the net financial asset position for the Company respectively for the financial year ended 31 December 2023 will be as follows:

	+ / (-) in profit before taxation 2023 US\$	+ / (-) in profit before taxation 2022 US\$
<u>SGD against USD</u>		
- Strengthened	9,485	7,906
- Weakened	<u>(9,485)</u>	<u>(7,906)</u>