FIDReC

Financial Industry Disputes Resolution Centre

Resolution Made Easier

Annual Report 2018/2019

Content

About Us

Who We Are

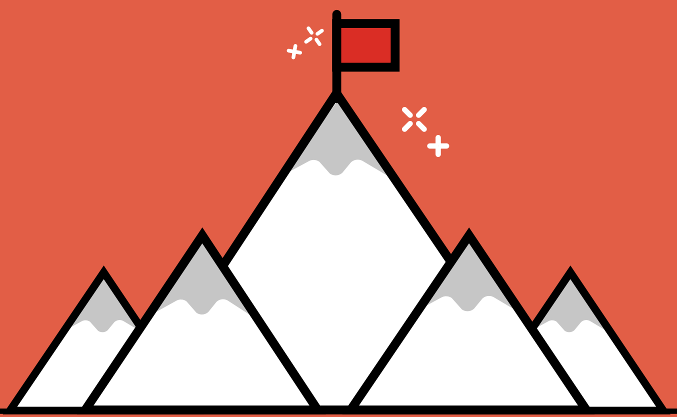
Launched on 31 August 2005, the Financial Industry Disputes Resolution Centre Ltd (FIDReC) is an independent and impartial institution specialising in the resolution of consumer financial disputes through mediation and adjudication. It is a not-for-profit company limited by guarantee.

At present, FIDReC's services are available to consumers who are individuals or sole-proprietors. Consumers may seek FIDReC's help where they have issues they cannot resolve with financial institutions like banks, finance companies, life insurers, general insurers, capital markets services licensees, licensed financial advisers and insurance brokers.

Our Mission

To provide an affordable alternative dispute resolution scheme that is independent and impartial, so as to encourage and assist in the resolution of disputes between consumers and financial institutions in an amicable and fair manner.

Our Core Principles



Accessibility
We are committed to providing an affordable and accessible dispute resolution service that does not require parties to obtain external help from lawyers.

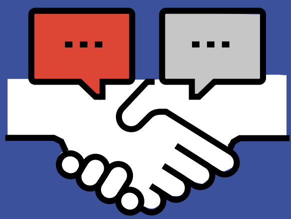
Independence
We operate independently of the government, financial institutions and consumer bodies, and are impartial, credible and worthy of public trust.

Effectiveness
We set targets to measure the effectiveness and promptness of our services and regularly review our processes to ensure they remain relevant and in line with best practices.

Accountability
We report on our performance, including sharing statistics and case studies where appropriate, and submit to regular independent reviews.

Fairness
We monitor our procedures and process outcomes to ensure they are consistent with the law and what is fair and equitable.

Message from the Chair



We are particularly proud that FIDReC has continued to improve in providing amicable resolution by being able to conclude more cases at the first stage of mediation without going to the second stage of adjudication.

FIDReC plays an important role in maintaining the resilience of Singapore's financial system by resolving disputes between consumers and financial institutions. As an independent and impartial dispute resolution service provider, it represents an affordable and accessible way for consumers to achieve a fair outcome whether through mediation or adjudication.

The work of FIDReC has grown steadily in recent years, especially in responding to enquiries from the public. In 2016/2017, FIDReC handled 2,385 enquiries. This figure rose to 3,764 in 2017/2018 and then 6,175 in 2018/2019. This perhaps reflects a growing awareness of FIDReC's services as well as public trust in FIDReC as a reliable source of information and assistance.

For the enquiries that crystallise into claims, FIDReC has continued to do well in handling them. In 2018/2019, including claims from the previous year, FIDReC received 1,037 claims and concluded 1,218 claims. In the previous year, FIDReC received 1,266 claims and concluded 945 claims. Meanwhile, the average rate of concluding cases at mediation has increased from 72% in 2017/2018 to 85% in 2018/2019. The turnaround time for handling claims at FIDReC has also remained good, with 94% of cases being concluded within 6 months.

More than being figures, these numbers represent the mission of FIDReC in action. In each of these cases, FIDReC has facilitated the resolution of disputes between consumers and financial institutions, while upholding FIDReC's core Principles of accessibility, independence, effectiveness, accountability and fairness.

We are particularly proud that FIDReC has continued to improve in providing amicable resolution by being able to conclude more cases at the first stage of mediation without going to the second stage of adjudication. This is bearing in mind that awards at adjudication are made less than 8% of the time.

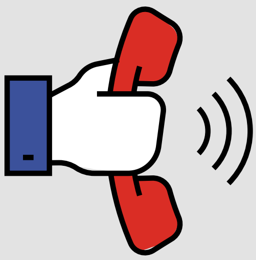
Beyond resolving disputes, FIDReC also recognises that it can play a role in providing insights into the relationships between consumers and financial institutions. This annual report includes information on the amounts claimed, the age profiles of consumers, and mediation outcomes.

In 2018/2019, more than 55% of cases involved consumers aged 51 and older and the median claim amount was $5,000. Of the 85% cases that concluded at mediation, 39% were concluded with a settlement, and in 61% there was no settlement but the complaint did not proceed to adjudication. As with recent years, the top three types of financial institutions complained against were banks and finance companies (51%), life insurers (26%), and general insurers (16%). For the claims against banks and finance companies, 43% involved disputes on inappropriate advice, misrepresentation or disclosure issues, and 30% involved disputes relating to unauthorised credit card transactions. For the claims against life insurers, 29% involved disputes on inappropriate advice, misrepresentation or disclosure issues, and 27% involved disputes on liability. For the claims against general insurers, 78% related to disputes on liability.

To conclude, I wish to recognise and thank the Directors of FIDReC for their valuable contributions, and the management and staff of FIDReC for their hard work and attitude of service. Credit is due to former CEO, Mr Ng Wee Jin, who resigned in April 2019 to pursue other interests. The team under the leadership of current CEO Ms Eunice Chua has the continued support of the Board of Directors as they embark in 2019/2020 on new public outreach and education initiatives, as well as a digital transformation project to better equip FIDReC for future challenges and keep up with international best practices.

Koh Juat Jong
Chairperson, FIDReC

Message from the CEO



The heartening compliments our staff received include: I just hung up my phone after a 40 mins call, attended by [staff]. He is a very patient person...I am much clearer than I was before the call on my options in terms of what I could achieve through the FIDReC processes.

FIDReC has come a long way since its launch on 31 August 2005. Overcoming the global financial crisis in its early years, FIDReC has grown its expertise and experience, and built up a strong team of staff in the course of handling 36,562 enquiries and 12,931 cases.

FIDReC has continued to add to its achievements in the financial year under review. As part of improving customer experience, FIDReC made an online Dispute Resolution Form available for customers and launched the FIDReC Star Awards to motivate staff to offer excellent customer service. The heartening compliments our staff have received include the following:

"I just hung up my phone after a 40 mins call, attended to by [staff]. He is a very patient person who went over with me ... your processes and my case which I intend to file. There should be more folks in the service industry like him assisting public. I am much clearer than I was before the call on my options in terms of what I could achieve through the FIDReC processes."

"An excellent mediation conducted professionally and most amicably."

"I'm thankful for the assistance ... provided me throughout this period. [Staff] was helpful and considerate in understanding my situation. [He] had bridged the relationship between [the bank] and myself and I'm glad I'm able to put a clean and grateful closure to the case. Thanks."

To raise awareness about FIDReC's services at key customer touchpoints, FIDReC has partnered with financial institutions to put up messages informing customers about FIDReC on their ATM screens and TV screens. We thank DBS (including POSB), HSBC, OCBC, and Standard Chartered Bank for their support in this initiative. We look forward to working further with them and other financial institutions to expand this initiative.

Separately, FIDReC has continued to engage with all its stakeholders, including MoneySense. It has also conducted seminars for and meetings with players in the financial industry, including the FIDReC Induction Course on 28 June 2019, and the FIDReC Training and Industry Engagement Forum on 26 October 2018.

In order to safeguard the confidentiality of the FIDReC process and the personal information of its customers, FIDReC has invested significant resources in 2018/2019 to strengthen its cybersecurity and data protection, including implementing internet-intranet separation and migrating to a Tier 3 data centre. We will build on these efforts as we embark on a digital transformation project in 2019/2020.

The globalised world and technological changes present new opportunities and risks for FIDReC. To better position itself for the future, FIDReC will focus on two themes in the 2019/2020 financial year. First, *reaching up* by improving FIDReC as a whole – our hardware, systems and processes – and developing our staff to reach their maximum potential. Second, *reaching out* to all our stakeholders, including the public, financial institutions, and the Monetary Authority of Singapore, to share our experiences and knowledge. Our stakeholders can look forward to articles and write-ups, as well as information talks to promote awareness about FIDReC's services and processes in 2019/2020.

FIDReC's success is very much a team effort and I would like to conclude by thanking our Chairperson and Board of Directors for their guidance and support, as well as all FIDReC staff for their warm welcome, and commitment to resolving consumer financial disputes with professionalism and heart. I would also like to express my appreciation to the Adjudicators of FIDReC for their invaluable service and former CEO, Mr Ng Wee Jin, upon whose work I build.

Eunice Chua
Chief Executive Officer, FIDReC

2018/2019 at a Glance

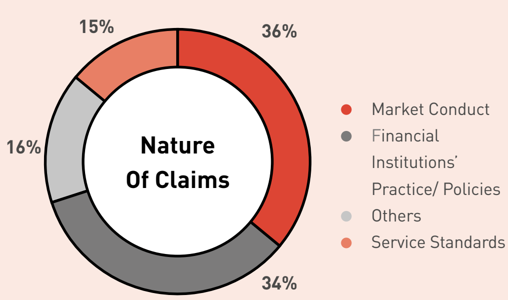
FIDReC Received

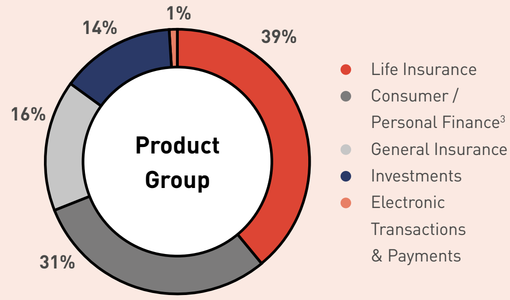
6,175
enquiries

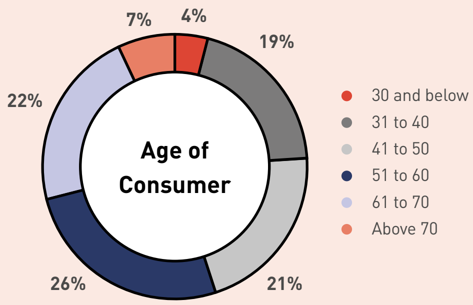
1,037
claims, subsequently handling[1]

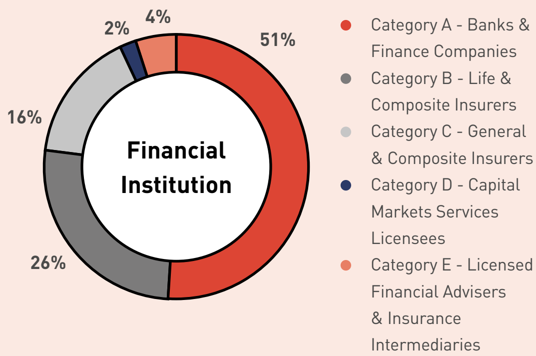
1,026
Claims

The profiles of the claims handled were as follows[2]:









FIDReC completed handling

6,175
enquiries

1,218
claims involving

72
Financial Institutions

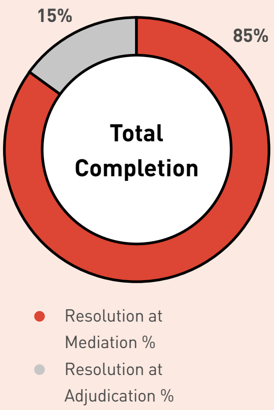
The median claim amount was
$5,000
while the average claim amount was about
$24,000
The largest claim amount was about
$679,000

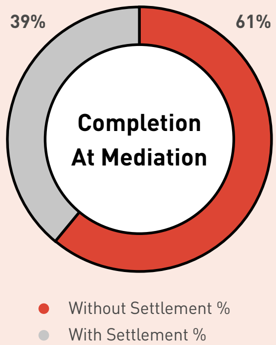
94%
of claims were completed within 6 months.[4]

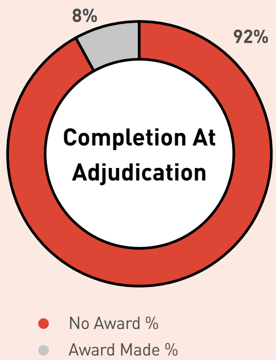
Of the completed claims, most were completed at mediation.

Of the claims completed at mediation, 39% had consumers accepting an offer from a financial institution and 61% had consumers deciding not to pursue their case further.

Of the claims completed at adjudication, 8% had an award in favour of the consumer and 92% had no award made.







Other achievements

- Increasing accessibility by making FIDReC's Dispute Resolution Form available online
- Strengthening cybersecurity
- Promoting awareness of FIDReC's services to the public

Note:

1 See page 15 for a detailed explanation.

2 May not add to 100% due to rounding.

3 Consumer / Personal Finance includes disputes such as Credit Cards / Charge Cards, Savings Account / Fixed Deposits / Current Account, and Housing / Renovation Loans disputes.

4 The time between the completion of mediation and commencement of adjudication is excluded as this is the time afforded to consumers to decide whether to proceed with adjudication.

The FIDReC Process

1

Dispute Resolution Form filed

- The consumer files a Dispute Resolution Form at FIDReC
- This signifies the start of a case at FIDReC
- The FIDReC process is private and confidential

2

Case management

- A Case Manager will look into the dispute to verify if the complaint is within FIDReC's jurisdiction
- If so, the Case Manager may arrange for mediation
- If not, FIDReC will be unable to handle the complaint

3

Mediation

- The Case Manager will facilitate discussions with the aim of helping all parties find a mutually acceptable outcome
- This may be done by telephone, over email or at a meeting
- If a case is not settled, the consumer has the option to proceed with adjudication

4

Adjudication

- All parties will prepare submissions and have the opportunity to present their case to an Adjudicator
- FIDReC has a panel of independent and highly-qualified Adjudicators to preside over and decide on cases

5

Reading of decision of adjudicator

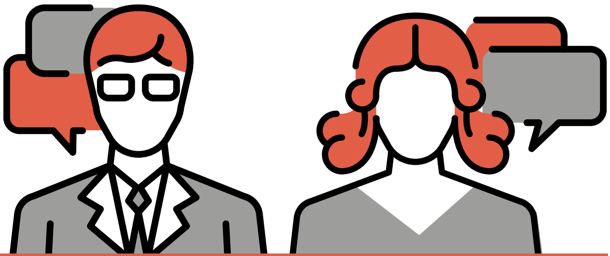
- Where an award is made in favour of the consumer, it is binding on the financial institution
- The consumer can choose whether or not to accept the award

FIDReC Dispute Resolution Scheme

The FIDReC Dispute Resolution Scheme applies to most cases at FIDReC. Where a dispute is settled at mediation, FIDReC's services are free-of-charge to the consumer and the financial institution pays $50 per claim. If mediation is unsuccessful and the case is referred for adjudication, the consumer has to pay a nominal fee of $50 per claim and the financial institution pays $500 per claim (all amounts are subject to prevailing GST).

There is no claim limit for mediation at FIDReC, but the jurisdiction for adjudications at FIDReC is up to $100,000 per claim.

There are two stages for claims at FIDReC:
- Mediation (Stage 1)
- Adjudication (Stage 2)

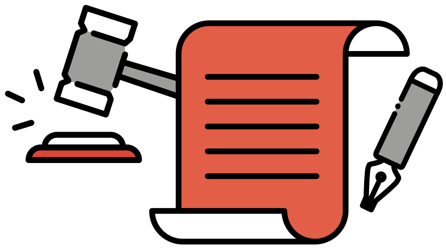


Mediation (Stage 1)

After a dispute is filed at FIDReC, a case manager is assigned to look into it to verify if the complaint is within FIDReC's jurisdiction. If so, the case manager will proceed to mediate the dispute between the parties.

Mediation is a voluntary process and the case manager does not have the power to force a decision on either party. During mediation, the case manager will facilitate discussions between the consumer and the financial institution to help them understand each other's perspectives. At the same time, the case manager will also facilitate and guide the parties in negotiating a mutually acceptable settlement if they are willing to do so. Mediation may be conducted through telephone or email, but, where appropriate, mediation conferences are arranged to allow face-to-face communication.

The majority of claims at FIDReC are concluded at this stage.



Adjudication (Stage 2)

Should the parties fail to come to an agreement, the consumer may refer the case to adjudication. Among FIDReC Adjudicators are former judges, senior lawyers and retired industry professionals.

Before the adjudication hearing, both parties must prepare written submissions and provide all the relevant evidence they wish the Adjudicator to consider. Consumers who are not fluent in English may be assisted by a nominee, who can help the consumer with preparing the written submissions. During the adjudication hearing, all parties will be given adequate opportunity to present their case to the Adjudicator. The consumer may be assisted by his or her nominee where necessary. No representation by lawyers is allowed.

The Adjudicator will make a decision based on the facts of the case, the evidence produced by the parties, and the law. Where the Adjudicator makes an award in favour of the consumer, it is binding on the financial institution, but not on the consumer. The consumer is free to choose whether or not to accept the award. Where the consumer chooses not to accept the award or no award is made in the consumer's favour, he or she is free to pursue the complaint elsewhere, including court proceedings.

FIDReC Non-Injury Motor Accident (NIMA) Scheme

Launched on 14 May 2008, the FIDReC NIMA Scheme helps consumers resolve non-injury motor accident disputes where the amount claimed is below $3,000. These are motor accident disputes that do not involve bodily injury and that are claims by consumers against insurers of the other party/parties.

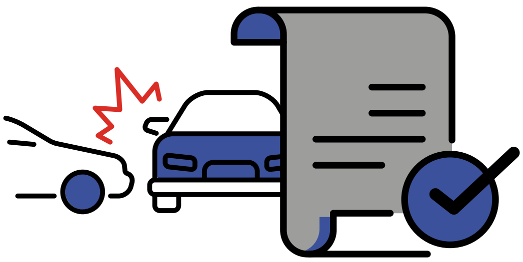
The FIDReC NIMA Scheme is governed by the "Pre-action Protocol for Non-Injury Motor Accident Cases (Appendix C of the State Courts Practice Directions)" issued by the State Courts of Singapore. Under the FIDReC NIMA Scheme, non-injury motor accident claims below $3,000 must generally be first heard by FIDReC before court proceedings can be commenced.

If the dispute is completed at mediation (stage 1), FIDReC's services are free-of-charge to the consumer and the financial institution pays $50 per claim. Where the dispute is referred for adjudication, the consumer pays $250 per claim and the financial institution pays $500 per claim (all amounts are subject to prevailing GST).

A sum of $200 may be refunded to either the consumer or the insurer after the adjudication of the case is completed, as determined by the Adjudicator based on FIDReC's prevailing Refund Rules.

There are two stages for claims under the FIDReC NIMA Scheme:

- Mediation (Stage 1)
- Adjudication (Stage 2)

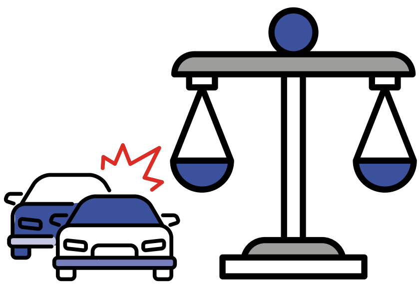


Mediation (Stage 1)

At the mediation stage, the case manager looks into and mediates the dispute between the parties, just as with the FIDReC Dispute Resolution Scheme.

If the consumer and the insurance company are unable to settle their dispute, FIDReC will appoint a separate Mediator who will provide an Indication as to whether an award is likely to be made in favour of the consumer and, if so, the likely monetary amount of the award. The Mediator will be guided by the Barometer of Liability developed by the State Courts of Singapore. The Barometer of Liability provides guidance on the degree of liability each driver should bear in common accident scenarios.

The Mediator's Indication is not binding on the consumer or the insurance company. Both are free to accept or disagree with the Mediator's Indication. If both the consumer and the insurance company accept the Mediator's Indication, the dispute is settled, otherwise it may proceed for adjudication.



Adjudication (Stage 2)

As with the adjudication process under the FIDReC Dispute Resolution Scheme, both the consumer and the insurance company present their own case and representation by lawyers is not allowed.

The Adjudicator will make a decision based on the facts of the case, the evidence produced by the parties, and the law. The Adjudicator will also be guided by the Barometer of Liability.

The decision of the Adjudicator is binding on the insurer but the consumer is free to choose whether to accept the decision or to pursue his or her claim via other avenues. However, the Court may impose cost sanctions on the consumer if he or she obtains a court judgment which is less favourable than FIDReC's adjudication award.

International & Industry Engagement

International Engagement

In December 2018, FIDReC played host to two senior lecturers from the Law Faculty of Universitas Padjadjaran, a university in Bandung, Indonesia. They were researching on the prospects of introducing alternative dispute resolution for Sharia banking. As part of their field research, they wanted to know firsthand about FIDReC's history, set-up, processes and procedures, etc. We were most happy to share our knowledge with our Indonesian guests.

In June 2019, Ho Meng Hee, FIDReC's Director of Alternative Resolution, was invited by the World Bank International Finance Corporation (IFC) and the Bangladesh International Arbitration Centre (BIAC) to speak at an international conference on alternative dispute resolution in the financial industry. This conference, entitled "International Workshop on Resolving Financial Disputes through ADR: the Status of Financial ADR in Bangladesh and the Asia Region" was jointly organised by the World Bank IFC, BIAC and the Association of Bankers Bangladesh Limited. Mr Fazle Kabir, the Governor of Bangladesh Bank (the country's Central Bank), was the chief guest at the conference, which was also attended by several legal and financial luminaries, including former judges and the Attorney-General of Bangladesh, CEOs, heads of financial institutions, and legal counsels of banks. The Bangladeshi authorities and their financial ADR organisations wanted to promote the use of ADR (mediation and arbitration) within the banking sector in their country, both for debt resolution and for commercial disputes. FIDReC shared our experiences in this area, and the workshop proceedings were prominently reported in the local newspapers the following day.

Industry Engagement

There were several engagements that FIDReC had with the financial industry (our subscribers) in this financial year. In addition to smaller meetings between the management of FIDReC and that of other financial institutions, FIDReC organised two significant events for its subscribers.

On 26 October 2018, FIDReC conducted a seminar for industry professionals entitled "FIDReC Advanced Seminar on Mediation and Alternative Dispute Resolution of Financial Disputes" (FASM). The two main topics covered were mis-selling and misrepresentation in the context of financial products and services. Almost 70 representatives from several financial institutions in Singapore participated in FASM. It was very well-received, with 91% of the participants answering "yes" to the questions "Are the contents of the training useful to you?" and "Is the presentation of the trainers clear?" in an electronic feedback done at the end of the seminar.

On 28 June 2019, FIDReC conducted an Induction Course for financial institutions. 40 representatives from about 15 financial institutions attended this half-day course at FIDReC's office. This course covered FIDReC's work processes, especially mediation and adjudication, and included explanations of our Terms of Reference. This half-day course was also well-received by the participants, with many of them describing it as "interesting", "useful", "insightful" etc.

International & Industry Engagement

The participants of FIDReC's FASM Course in October 2018 with FIDReC trainers former CEO Ng Wee Jin and Director ADR Ho Meng Hee

Participants at FIDReC's FASM Course listening attentively

A light-hearted moment during FIDReC's FASM Course

International & Industry Engagement

Interesting anecdote shared at FIDReC's FASM Course

Participants networking at FIDReC's FASM Course

Participants of international seminar on financial ADR organised by Bangladesh International Arbitration Centre in June 2019

Director ADR Ho Meng Hee speaking at Bangladesh International Arbitration Centre's seminar in June 2019

Law Faculty staff of Universitas Padjadjaran, Bandung, Indonesia, with FIDReC staff Ho Meng Hee, Beverly Wee and Ong Siang Looi, during their study visit to FIDReC in December 2018

Director ADR Ho Meng Hee at FIDReC Induction Course for FIs in June 2019

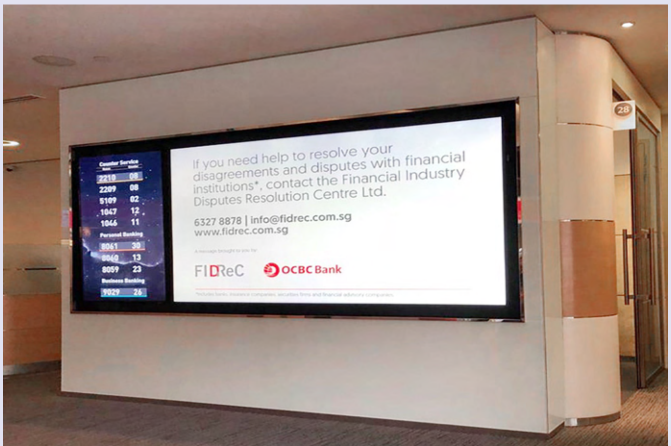
Initiative by FIDReC and Banks to Create Greater Awareness of FIDReC's Services

FIDReC's message displayed at a branch of DBS Bank

FIDReC's message displayed at a branch of POSB Bank

FIDReC's message on ATM of Standard Chartered Bank

FIDReC's message on ATM of HSBC Bank



FIDReC's message displayed at an OCBC branch

A closer look at FIDReC's message

Board of Directors

FIDReC is an independent organisation with a Board chaired by Former Solicitor-General Mrs Koh Juat Jong. The Board includes directors with financial industry backgrounds and directors with backgrounds from outside the financial industry. The composition of the Board ensures FIDReC's independence.

The management of FIDReC is accountable to the Board of Directors, and both work together to ensure the success of FIDReC.

Responsibilities of the Board

Among other things, the Board is responsible for:

- Ensuring the independence and impartiality of FIDReC;
- Providing leadership, and setting the strategic aims and direction of FIDReC to meet its objectives stated in the Memorandum and Articles of Association;
- Establishing a framework of prudent and effective controls to enable risks to be assessed and managed;
- Overseeing the management and operations of FIDReC;
- Appointing and reviewing the performance of the Adjudicators;
- Approving FIDReC's annual budget; and
- Evaluating FIDReC's progress and management performance.

Profiles of Board and Management

Koh Juat Jong

Chairperson

Mrs Koh Juat Jong had an illustrious career in the public service for over 30 years. Trained in both economics and law, she was involved in public work in the Ministry of Finance in the early part of her career. She was later a judge for many years, presiding over civil cases in the Subordinate Courts (now known as the State Courts) and heading the Family Court. She was Registrar of the Supreme Court from 2003 to 2008 and then Solicitor-General in the Attorney-General's Chambers from 2008 to 2014.

For her outstanding contributions to the public service, Mrs Koh was awarded the National Day Public Administration Gold Medal in 2005 and Public Administration Gold Bar Medal in 2011. As a Principal Mediator of the Singapore Mediation Centre, Mrs Koh currently mediates regularly in commercial, shareholders and matrimonial disputes.

Elsie Foh

Director

Mrs Elsie Foh has more than 30 years of in-depth management experience in the financial services industry having held various senior management positions with DBS Bank over the course of her career, such as Managing Director as well as Chief Operating Officer of the bank's consumer banking group.

Mrs Foh has also served on the Boards of DBS Asset Management Ltd, previously the Insurance Corporation of Singapore, and DBS Finance Ltd. She was also a past Chairman and Director of the Network for Electronic Transfers (S) Pte Ltd and a member of the Public Education committee on Family. She was an alternate council member of the Association of Banks in Singapore and served as a panel member of the previous Consumer Mediation Unit (CMU).

Lim Biow Chuan

Director

Mr Lim Biow Chuan has been in legal practice since 1989 and is currently Managing Partner of the law firm he founded. He was elected as a Member of Parliament for Marine Parade GRC (Mountbatten) in 2006; re-elected as the MP for Mountbatten SMC in 2011 and then again in 2015. In 2016, Mr Lim was elected as Deputy Speaker of Parliament.

Mr Lim currently serves as the Chairman of the Marine Parade Town Council and sits as a member of the Government Parliamentary Committee for Ministry of Transport and Ministry of Manpower. Outside Parliamentary work, he serves as President for the Consumers Association of Singapore and Honorary Adviser to Amalgamated Union of Public Employees, Singapore Engineering Merchants' Association, Singapore Pawnbrokers' Association and Singapore Lam Ann Association. He has been actively involved in community service since 1990 and was awarded the Public Service Medal (PBM) in 2001 for community service.

Profiles of Board and Management

Tan Tiong Jin, Clifton

Director

Mr Tan Tiong Jin, Clifton qualified with the Association of Chartered and Certified Accountants (ACCA) in 1980. He was subsequently conferred with the Fellowship from the ACCA (FCCA) in 1986. He has been a member of ICPAS (renamed Institute of Singapore Chartered Accountants) since 1985 and is currently the Chairman of the Chen Su Lan Methodist Children's Home amongst other appointments.

Mr Tan started his career with the public accounting firms of Ernst and Young and PwC before becoming Group Finance Manager at Scott Paper Singapore. He was headhunted to start up the Estee Lauder Companies in Singapore where he served in different capacities for 27 years before leaving the organisation as concurrently its Director, Finance & Administration, and Regional Finance Director for the Asia Pacific Travel Retailing operations. Mr Tan was previously on the Board of the Health Sciences Authority of Singapore.

Tan Hock Lye

Director

Mr Tan Hock Lye had a career both in the public and private sectors. He was with PSA for 26 years serving 20 years as part of the senior management team while concurrently serving as CEO of the Singapore Cable Car. He joined Great Eastern Life in 1997 and served as Chief Corporate Officer and then as Managing Director (Operations). He spearheaded the obtaining of insurance licenses in China and Vietnam and was the President Commissioner of Great Eastern Indonesia. He retired at end 2008. For his services to PSA, he was awarded the Public Administration Medal (Silver) in 1989.

Mr Tan is presently on the Advisory Board of Singapore Human Resources Institute and is Honorary Treasurer of Singapore Professionals' and Executives' Co-operative.

Lim Chee Hua, Andrew

Director

With over 25 years of experience in the general insurance industry, Mr Andrew Lim is presently a member of the Strategic Corporate Development Committee of United Overseas Insurance Limited (UOI). Prior to UOI, he was Head of General Insurance with The Overseas Assurance Corporation Limited (renamed Great Eastern General Insurance Ltd in 2017) from 2013 to 2019. He was previously Executive Director of MSIG Insurance (Singapore) Pte Ltd.

Mr Lim was appointed to the Management Committee of General Insurance Association (GIA) from 2007 to 2013 and again from 2015 to 2019. During these periods, he served as Convenor of the Property and Marine Committee, a member of the Special Risks Pool Committee and Nomination, Appointment and Remuneration Committee, as well as Chairman of the Agents' Registration Board. He has represented GIA as a member of the National Fire & Civil Emergency Preparedness Council and National Crime Prevention Council.

Patrick Teow

Director

Mr Patrick Teow has been the Chief Executive Officer of AIA Singapore since 2015, responsible for overseeing and managing AIA's operations in the market. With a strong track record of transforming agency teams into strong contributors of business growth, his experience spans more than 34 years within the life insurance industry both locally and regionally, succeeding in key leadership roles throughout his career

Before moving to AIA, Mr Teow spent close to 28 years at Prudential where he held the role of Regional Chief Agency Officer for Asia in his last year. He also served as the President of Life Insurance Association for 2 years from March 2017.

Eunice Chua

Chief Executive Officer

Ms Eunice Chua has more than 12 years' experience in mediating, managing and adjudicating disputes during a multi-faceted legal career. Prior to her appointment at FIDReC, Ms Chua was an Assistant Professor of Law at the Singapore Management University School of Law.

Ms Chua has served as a Justices' Law Clerk and an Assistant Registrar of the Supreme Court of Singapore. While at the Supreme Court, she concurrently held appointments as a Magistrate of the State Courts and Assistant Director of the Singapore Mediation Centre. She was also the Deputy Chief Executive Officer of the Singapore International Mediation Centre and played a key role in its initial set up.

Case Study - The Shopper*

Mary was an administrative assistant who would be retiring from her job in a few years. One afternoon, Mary went shopping at a mall when she was approached by a financial advisor, John, during a roadshow. John told Mary that she could convert her local bank savings account to a "savings policy" that could earn her interest at 3%. Attracted, Mary sat down to listen to more. She heard John say that she could draw or save yearly for a maximum of 15 years. She filled up a financial needs analysis with John's assistance and agreed to purchase the product with a view to save for her old age.

However, when Mary chatted with her financial advisor friend some months later about this policy, she was shocked to discover that the policy was an insurance plan and that she would have to pay monthly premiums of $1,000. She worried that she would not be able to finance the premiums after she retired. She approached the relevant financial institution to ask if she could be refunded the amounts she had paid. After a few unfruitful discussions, she was referred to FIDReC.

Mary went through mediation at FIDReC. The financial institution felt that there was no wrongdoing on the part of its financial advisor based on its interviews with the advisor, and the documents that Mary had signed. However, the financial institution acknowledged Mary's plight and eventually worked with the insurer to reduce the sum assured so that the monthly premiums were reduced to $180 a month, a sum that Mary was comfortable paying. Mary and the financial institution entered into a written settlement agreement and the case was concluded.

Key Learning Points

- There are many different types of insurance products, from traditional life policies to investment-linked ones. If you have questions, ask the officer. Life insurance products, whether bought through a bank or other financial advisory institution, have the same characteristics as those bought from an insurance company. The early termination of an insurance product may result in losses on the principal sum invested in the policy. There may even be zero surrender value if you terminate the policy within the first two years.

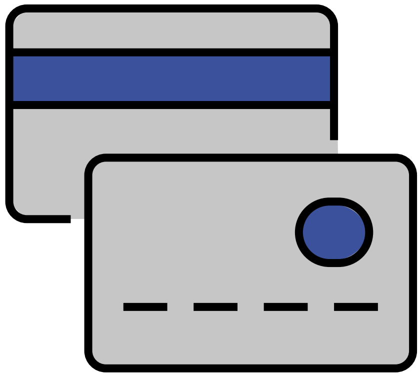
- **Before agreeing to purchase a product, ask yourself questions such as what are your financial goals, protection needs, the amounts you can afford, risk appetite, etc.** Answer all the questions posed to you in a financial needs analysis properly.

- **Before you sign on any document to buy a financial product, you should read and understand its terms.** For instance, projected returns are often for illustration only and are not guaranteed. Ask the officer if you are unsure.

- Ensure that you have contingency plans for your daily and other expected expenses before you commit yourself to an investment (including some types of insurance). Buying insurance can be a long-term commitment.

- Some insurance products come with a cooling-off period for consumers to reconsider their purchase, such as a 14-day free-look period. If you change your mind within that time, you should quickly inform the company.

Case Study - The Holiday Maker*



Tom went on an overseas holiday with his friends and they went out to a pub on their last night. He and his friends drank till the early hours of the morning. Tom was in a celebratory mood and paid for everyone's drinks with his credit card. He and his friends left for their hotel at 3am. Tom only woke up at 2pm the next day and hurriedly rushed to catch his flight back to Singapore with his friends. After he arrived in Singapore, he realised that one of his credit cards was missing. He took some time to search around and eventually made a police report and called the bank to report the loss 3 days later.

However, in the meantime, someone had gone on a shopping spree with Tom's credit card and bought various items to the tune of $7,000. The bank billed Tom for this amount, but Tom disagreed. He brought his case to FIDReC. At mediation, the bank offered to settle the matter with Tom by giving him a 30% "discount". However, Tom refused this offer and chose to proceed with adjudication.

At adjudication, Tom argued that he had notified both the police and the bank once he was sure his card was lost. The bank countered that the facts suggested that Tom had not been careful with his credit card and should have reported its loss more promptly.

Having heard both parties the Adjudicator ruled in favour of the bank. The Adjudicator reasoned that Tom was unable to recount how his card went missing. It was not disputed that Tom was high after several hours of drinking and when he paid the bill with his credit card at the pub. More likely than not, a tipsy Tom had lost his card then. It was more than 3 days later that Tom reported the loss of his card. The Adjudicator ruled that Tom had been negligent. Thus, Tom had to pay the full sum of $7,000.

Key Learning Points

- **Do not assume that because you made a report to the police and to the bank about the loss of your credit card, this means that you will not be liable for fraudulent purchases made with it.** Typically, the bank will also require that you take all reasonable steps to help recover or stop the use of the card, that you did not cause or contribute to the loss or theft, and that the loss or theft was not due to your negligence, fraudulent act or default.

- The Adjudicator considers all relevant facts in finding whether you have been negligent and also applies the terms and conditions between you and your credit-card issuing bank. Then he determines whether you are liable or not.

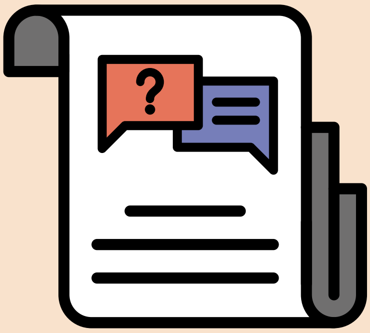
- In this scenario, Tom should have accepted the bank's offer at the mediation session at FIDReC. Once the case proceeds to adjudication, the bank can – and often will – withdraw its offer to settle. **Don't be too quick to dismiss an offer made at mediation and try to think objectively about how strong your case really is.**

- When you go overseas, mind the bar that you are going to! There are cases where patrons allege that they have been forced to sign or present their credit card for exorbitant drinks bills, and they later try to avoid paying their credit card bill. Do note that for chip-read and card-present transactions (meaning, both cardholder and the microchip-embedded credit card, which is more secure, were physically present at the point of sale), it will be more challenging for you to dispute the transaction.

- **If you have several credit cards, be more careful as a loss of one of your cards may not be immediately apparent to you.** Your credit card is valuable and should be treated as such. If you do not pay your bank for credit card charges, for whatever reasons, you may end up having an adverse credit record.

* These case studies have been modified so as not to identify any actual cases at FIDReC. They are provided for purposes of learning and are not necessarily indicative of outcomes at FIDReC.

Detailed Statistics



PROGRESS OF FIDReC

FY 2018/19 (1 July 2018 to 30 June 2019)

Cases and Inquiries Received by FIDReC

Number of cases received by FIDReC (via email, post, fax and phone)*	1,037
Number of inquiries handled by FIDReC	6,175

Claims Received and Handled by FIDReC

Number of claims received by FIDReC*	1,037
Number of claims accepted (which were at the Pre-Acceptance Stage in the previous financial year)**	4
Number of claims handled by FIDReC*	1,026
Number of claims referred back to FI	0
Number of claims outside jurisdiction	2
Number of claims at Pre-Acceptance Stage	13

* In the period from 1 July 2018 to 30 June 2019, FIDReC received 1,037 claims. Out of these 1,037 claims, 15 claims were either referred back to FI, outside FIDReC jurisdiction or were at the Pre-Acceptance Stage. In addition, FIDReC handled another 4 claims which were at the Pre-Acceptance Stage in the previous financial year. Accordingly, a total of 1,026 claims were handled by FIDReC.

** These claims were lodged in the preceding periods.

Status

Status	Claims*	Inquiries
Completed by FIDReC	1,218	6,175
Pending (as at 30 June 2019)	445	–
Referred to FI	0	–
Out of jurisdiction	2	–
Pre-Acceptance Stage	13	–
Total	1,678	6,175

* These figures include claims lodged in the preceding periods which were completed in the period 1 July 2018 to 30 June 2019.

Turnaround Time for Claims Completed by FIDReC**

Turnaround Time	Claims completed by FIDReC
Within three months	36.21%
Within six months	94.09%
Within nine months	99.59%
More than nine months	0.41 %

** Turnaround Time tracks the period from the date a claim is filed to its completion at mediation or the reading of the ground of decision where the claim is adjudicated. The time between completion of mediation and commencement of adjudication is excluded.

Outcome of Claims

Number of claims completed by mediation	1,030
Number of claims adjudicated where awards were made	15
Number of claims adjudicated where no awards were made	173
Total number of adjudicated claims	188

Detailed Statistics

Period: 1 July 2018 to 30 June 2019

Breakdown by Nature of Claims

	Claims Handled						Claims Completed#			
Block*	**Financial Institutions' Practice/ Policies**	**Market Conduct**	**Service Standards**	**Others**	**Total**	**%**	**No. of claims completed by mediation**	**No. of claims adjudicated (awards made)**	**No. of claims adjudicated (no awards made)**	**No. of claims pending as at 30 June 2019**
A	45	227	96	159	527	51.36%	330	9	70	273
B	151	79	40	0	270	26.32%	515	1	66	94
C	147	8	6	0	161	15.69%	159	5	17	41
D	5	7	8	2	22	2.14%	8	0	8	16
E	0	44	2	0	46	4.48%	18	0	12	21
Total	348	365	152	161	1,026	100.00%	1,030	15	173	445
%^	33.92%	35.58%	14.82%	15.69%	100.00%					

*** Notes :**

Block A – Banks and Finance Companies
Block B – Life and Composite Insurers
Block C – General and Composite Insurers
Block D – Capital Markets Services Licensees
Block E – Licensed Financial Advisers and Insurance Intermediaries

These figures include claims lodged in the preceding periods which were completed in the period 1 July 2018 to 30 June 2019
^ These percentages may not add to 100% due to rounding

Detailed Statistics

Period: 1 July 2018 to 30 June 2019
(Breakdown by Nature of Claims) - Category A

	Claims Handled		Claims Completed[#]			
Breakdown of claims	**No. of claims**	**%**	**No. of claims completed by mediation**	**No. of claims adjudicated (awards made)**	**No. of claims adjudicated (no awards made)**	**No. of claims pending as at 30 June 2019**
Financial Institutions' Practice / Policies						
Disputes on claim amount awarded	2	0.38%	0	0	0	2
Debt restructuring	0	0.00%	0	0	0	0
Disputes on liability	4	0.76%	4	0	5	2
Non-renewal of services/ underwriting	0	0.00%	1	0	0	0
Other contractual matters	6	1.14%	6	0	1	1
Policy values and investment returns	3	0.57%	2	0	0	2
Pricing policies / premiums / interest rates / fees & charges	30	5.69%	28	2	4	13
Rejection of new applications / underwriting decisions	0	0.00%	0	0	0	0
Sub-Total for : Financial Institutions' Practice / Policies	45	8.54%	41	2	10	20
Market Conduct						
Aggressive sales tactics	0	0.00%	0	0	0	0
Inappropriate advice / misrepresentation / disclosure issues	225	42.69%	110	2	36	157
Other misconduct	0	0.00%	0	0	0	0
Unauthorised transactions / fraud / forgery	2	0.38%	1	0	1	2
Unregulated / unlicensed activities	0	0.00%	0	0	0	0
Sub-Total for : Market Conduct	227	43.07%	111	2	37	159
Service Standards						
Delay / Failure in processes	85	16.13%	50	3	7	41
Staff-related issues	11	2.09%	10	0	0	2
Sub-Total for : Service Standards	96	18.22%	60	3	7	43
Others						
Others – Fraud / Unauthorised transactions / Scam	159	30.17%	118	2	16	51
Sub-Total for : Others	159	30.17%	118	2	16	51
Grand Total for All Nature of Claims	527	100.00%	330	9	70	273

These figures include claims lodged in the preceding periods which were completed in the period 1 July 2018 to 30 June 2019

Detailed Statistics

Period: 1 July 2018 to 30 June 2019

(Breakdown by Nature of Claims) - Category B

Breakdown of claims	Claims Handled: No. of claims	Claims Handled: %	Claims Completed#: No. of claims completed by mediation	Claims Completed#: No. of claims adjudicated (awards made)	Claims Completed#: No. of claims adjudicated (no awards made)	No. of claims pending as at 30 June 2019
Financial Institutions' Practice / Policies						
Disputes on claim amount awarded	10	3.70%	7	0	2	6
Disputes on liability	72	26.67%	45	0	16	34
General industry feedback	0	0.00%	0	0	0	0
Non-renewal of services / underwriting	18	6.67%	11	0	4	4
Other contractual matters	3	1.11%	299	0	1	0
Policy values and investment returns	25	9.26%	29	0	14	8
Pricing policies / premiums / interest rates / fees & charges	22	8.15%	17	0	2	4
Rejection of new applications / underwriting decisions	1	0.37%	5	0	0	0
Sub-Total for : Financial Institutions' Practice / Policies	151	55.93%	413	0	39	56
Market Conduct						
Aggressive sales tactics	0	0.00%	0	0	0	0
Inappropriate advice / misrepresentation / disclosure issues	79	29.26%	66	0	19	29
Issues on fitness and propriety of licensees / regulated persons	0	0.00%	0	0	0	0
Other misconduct	0	0.00%	0	0	0	0
Unauthorised transactions / fraud / forgery	0	0.00%	5	0	0	0
Sub-Total for : Market Conduct	79	29.26%	71	0	19	29
Service Standards						
Delay / Failure in processes	38	14.07%	30	1	5	8
Staff-related issues	2	0.74%	1	0	3	1
Sub-Total for : Service Standards	40	14.81%	31	1	8	9
Others						
Others	0	0.00%	0	0	0	0
Sub-Total for : Others	0	0.00%	0	0	0	0
Grand Total for All Nature of Claims	270	100.00%	515	1	66	94

These figures include claims lodged in the preceding periods which were completed in the period 1 July 2018 to 30 June 2019

Detailed Statistics

Period: 1 July 2018 to 30 June 2019

(Breakdown by Nature of Claims) - Category C

	Claims Handled		Claims Completed#			
Breakdown of claims	**No. of claims**	**%**	**No. of claims completed by mediation**	**No. of claims adjudicated (awards made)**	**No. of claims adjudicated (no awards made)**	**No. of claims pending as at 30 June 2019**
Financial Institutions' Practice / Policies						
Disputes on claim amount awarded	17	10.56%	20	1	2	5
Disputes on liability	125	77.64%	122	4	15	30
Non-renewal of services / underwriting	3	1.86%	0	0	0	3
Other contractual matters	0	0.00%	1	0	0	0
Pricing policies / premiums / interest rates / fees & charges	2	1.24%	2	0	0	0
Rejection of new applications / underwriting decisions	0	0.00%	0	0	0	0
Sub-Total for : Financial Institutions' Practice / Policies	147	91.30%	145	5	17	38
Market Conduct						
Inappropriate advice / misrepresentation / disclosure issues	8	4.97%	6	0	0	2
Unauthorised transactions / fraud / forgery	0	0.00%	0	0	0	0
Sub-Total for : Market Conduct	8	4.97%	6	0	0	2
Service Standards						
Delay / Failure in processes	6	3.73%	8	0	0	1
Sub-Total for : Service Standards	6	3.73%	8	0	0	1
Grand Total for All Nature of Claims	161	100.00%	159	5	17	41

These figures include claims lodged in the preceding periods which were completed in the period 1 July 2018 to 30 June 2019

Detailed Statistics

Period: 1 July 2018 to 30 June 2019
(Breakdown by Nature of Claims) - Category D

Breakdown of claims	Claims Handled		Claims Completed#			
	No. of claims	%	No. of claims completed by mediation	No. of claims adjudicated (awards made)	No. of claims adjudicated (no awards made)	No. of claims pending as at 30 June 2019
Financial Institutions' Practice / Policies						
Disputes on liability	0	0.00%	0	0	0	0
Non-renewal of services / underwriting	4	18.18%	0	0	0	4
Other contractual matters	0	0.00%	0	0	0	0
Policy values and investment returns	0	0.00%	0	0	0	0
Pricing policies / premiums / interest rates / fees & charges	1	4.55%	0	0	1	0
Sub-Total for : Financial Institutions' Practice / Policies	5	22.73%	0	0	1	4
Market Conduct						
Inappropriate advice / misrepresentation / disclosure issues	3	13.64%	3	0	2	0
Other misconduct	0	0.00%	0	0	0	0
Unauthorised transactions / fraud / forgery	4	18.18%	0	0	0	4
Sub-Total for : Market Conduct	7	31.82%	3	0	2	4
Service Standards						
Delay / Failure in processes	7	31.82%	4	0	5	6
Staff-related issues	1	4.55%	1	0	0	0
Sub-Total for : Service Standards	8	36.36%	5	0	5	6
Others						
Others	2	9.09%	0	0	0	2
Sub-Total for : Others	2	9.09%	0	0	0	2
Grand Total for All Nature of Claims	22	100.00%	8	0	8	16

These figures include claims lodged in the preceding periods which were completed in the period 1 July 2018 to 30 June 2019

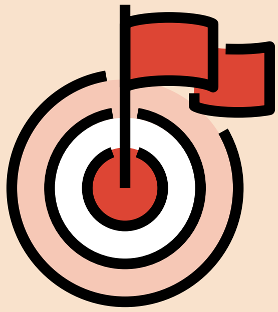
Detailed Statistics

Period: 1 July 2018 to 30 June 2019

(Breakdown by Nature of Claims) - Category E

Breakdown of claims	Claims Handled: No. of claims	Claims Handled: %	Claims Completed#: No. of claims completed by mediation	Claims Completed#: No. of claims adjudicated (awards made)	Claims Completed#: No. of claims adjudicated (no awards made)	No. of claims pending as at 30 June 2019
Financial Institutions' Practice / Policies						
Disputes on liability	0	0.00%	0	0	0	0
Sub-Total for : Financial Institutions' Practice / Policies	0	0.00%	0	0	0	0
Market Conduct						
Inappropriate advice / misrepresentation / disclosure issues	44	95.65%	16	0	12	20
Other misconduct	0	0.00%	0	0	0	0
Unregulated / unlicensed activities	0	0.00%	0	0	0	0
Unathorised transactions/ fraud/ forgery	0	0.00%	0	0	0	0
Sub-Total for : Market Conduct	44	95.65%	16	0	12	20
Service Standards						
Delay / Failure in processes	2	4.35%	2	0	0	1
Staff-related issues	0	0.00%	0	0	0	0
Sub-Total for : Service Standards	2	4.35%	2	0	0	1
Grand Total for All Nature of Claims	46	100.00%	18	0	12	21

These figures include claims lodged in the preceding periods which were completed in the period 1 July 2018 to 30 June 2019



Outcome Distribution:

	Total Completion		
	No. of claims	Completion at Mediation %	Completion at Adjudication %
Category A	409	80.68%	19.32%
Category B	582	88.49%	11.51%
Category C	181	87.85%	12.15%
Category D	16	50.00%	50.00%
Category E	30	60.00%	40.00%
Total	1,218	84.56%	15.44%

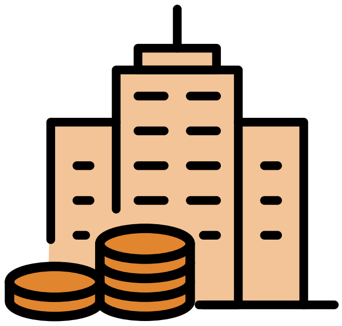
	Completion at Mediation				
	No. of claims	With Settlement	Without Settlement	With Settlement %	Without Settlement %
Category A	330	170	160	51.52%	48.48%
Category B	515	102	413	19.81%	80.19%
Category C	159	117	42	73.58%	26.42%
Category D	8	2	6	25.00%	75.00%
Category E	18	8	10	44.44%	55.56%
Total	1,030	399	631	38.74%	61.26%

	Completion at Adjudication				
	No. of claims	Award Made	No Award	Award Made %	No Award %
Category A	79	9	70	11.39%	88.61%
Category B	67	1	66	1.49%	98.51%
Category C	22	5	17	22.73%	77.27%
Category D	8	0	8	0.00%	100.00%
Category E	12	0	12	0.00%	100.00%
Total	188	15	173	7.98%	92.02%

Categories of Claims

Nature of Dispute	Definitions / Examples
Service Standards	
Staff-related issues	Dissatisfaction with FI's standard of service (e.g. rude or incompetent staff); Mistake or oversight by staff.
Delay / failure in processes	Delay or inability of FI to perform certain services due to system problems or inflexible procedures. Delays in processing and settlement of insurance claims should be included here.
General industry feedback	General feedback on service standards of the financial services industry, not targeted at any particular FI.
Financial Institutions Practice / Policies	
Pricing policies / premiums / interest rates / fees & charges	Disputes over interest rates on credit facilities, savings accounts and other banking facilities; insurance premiums; and fees & charges of investment products and services (e.g. subscription fees, fees and charges for opening of accounts, etc.).
Policy values & investment returns	Lower policy values (including bonus cuts, dividends etc); Poor investment returns (not relating to misrepresentation by adviser).
Disputes on liability	FI has repudiated liability but complainant argues that it is a valid claim.
Disputes on claim amount awarded	Complainant is unhappy with the claim amount awarded.
Other contractual matters	Disputes relating to the terms & conditions of contractual agreements (except pricing matters, which should be classified under "Pricing Policies").
Rejection of new applications / underwriting decisions (new applications)	Disputes over FI's assessment / underwriting decisions leading to a rejection of new applications for credit cards, loans, insurance policies and other financial products and services.
Non-renewal of services / underwriting decisions (renewal)	Disputes over FI's assessment / underwriting decisions leading to FI's refusal to renew existing insurance policies or other financial products or services, or inclusion by FI of additional costs or exclusion clauses in view of higher claims / higher risks assumed (except matters on pricing / premiums, which should be classified under "Pricing Policies").
Debt Restructuring	Appeals to have debts restructured due to complainants' inability to service their debts.
General industry feedback	General feedback on commercial practices and business decisions of the financial services industry, not targeted at any particular FI.

Categories of Claims



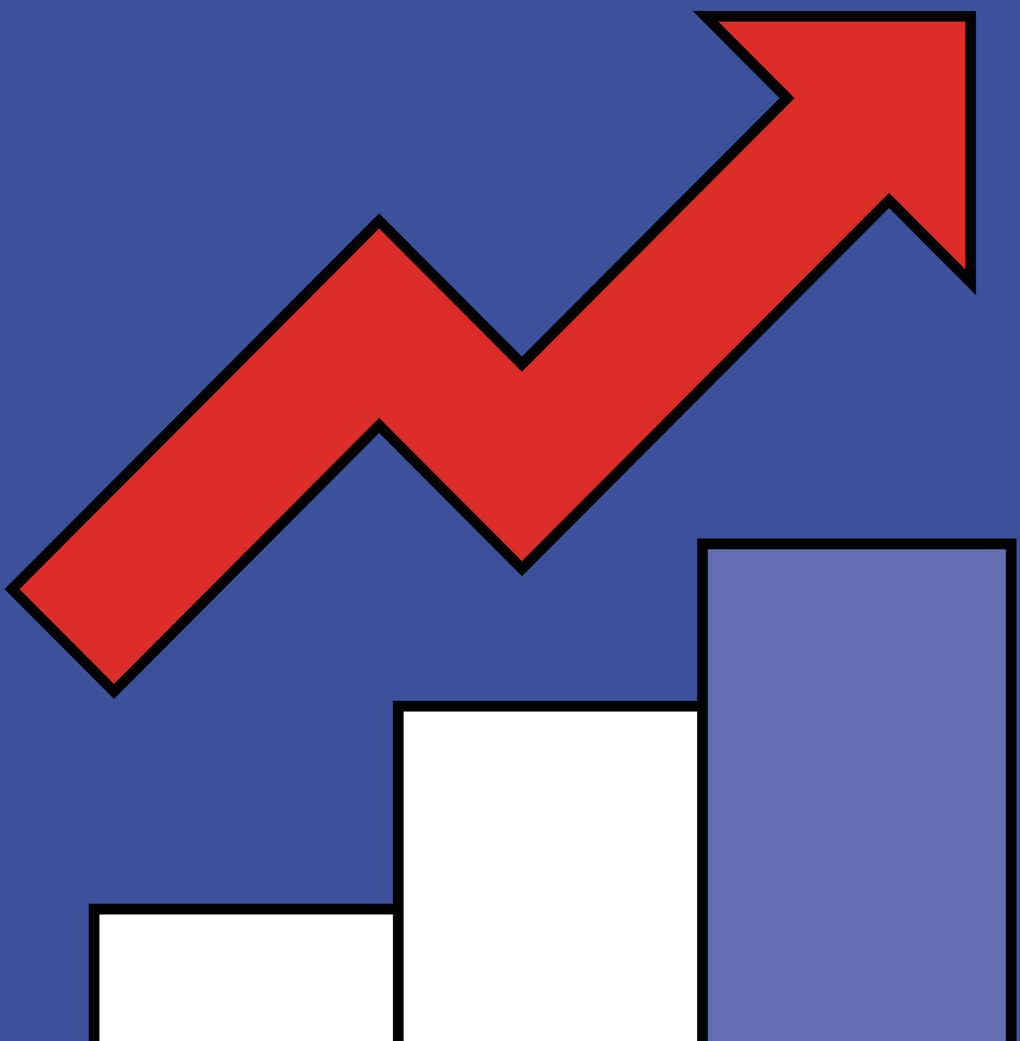
Nature of Dispute	Definitions / Examples
Market Conduct	
Unauthorised transactions / fraud / forgery	Allegations of unauthorised / dishonest transactions by FIs / FI's staff and cases of cheating & fraud.
Inappropriate advice / misrepresentation / disclosure issues	Making recommendations without due consideration to the client's financial objectives, financial situation and particular needs (insufficient explanation of product features / risks or insufficient fact-find analysis); Making deceptive, false and misleading statements; Not making full and / or adequate disclosure of all facts for clients to make an informed decision.
Unregulated / unlicensed activities	Unlicensed persons carrying on licensable activities; Regulated entities carrying on activities without proper licence / authorisation.
Issues on fitness and propriety of licensees / regulated persons	Claims about the integrity / fitness and propriety of licensees / persons providing financial advisory services.
Aggressive sales tactics	Aggressive product pushing and marketing of financial products and services; Nuisance calls and hard selling by advisers.
Other misconduct	Misconduct other than those described above. Examples of such misconduct include 'pooling' (Agent A submits a new application under Agent B in order to help Agent B reach his quota), 'financing' (Agent is subsidising the payment of premiums for policyholder in order to close sales and achieve production quota), 'phantom policy' (Agent submits proposal using fictitious policyholder name in order to achieve production quota) and 'replacement of policy'.
General industry feedback	General feedback on market conduct issues relevant to the financial services industry including unfair / unethical practices undertaken by industry as a whole (e.g. cartel pricing).
Enquiries	General enquiries on procedures for filing a dispute, when to file a dispute, operating hours, etc.
Others	Other types of disputes not listed above.

Financial Industry Disputes Resolution Centre Limited

(Company registration number: 200502125D)

Directors' Statement and Financial Statements

For the financial year ended 30 June 2019



Directors' Statement

For the financial year ended 30 June 2019

The directors are pleased to present their statement to the members together with the audited financial statements of Financial Industry Disputes Resolution Centre Limited (the "Company") for the financial year ended 30 June 2019.

1. OPINION OF THE DIRECTORS

In the opinion of the directors:

(i) 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 30 June 2019 and the financial performance, changes in accumulated fund and cash flows of the Company for the year ended; and

(ii) 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.

2. DIRECTORS

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

Han Juat Jong	(Chairman)
Elsie Low	
Lim Biow Chuan	
Tan Tiong Jin Clifton	
Tan Hock Lye	
Andrew Lim Chee Hua	
Patrick Teow Foh Ken	(Alternate Director to Andrew Lim Chee Hua)

3. SHARE CAPITAL AND OPTIONS AND DIRECTORS' INTEREST IN SHARES

As the Company is limited by guarantee, there is no information on share capital to be disclosed as required under the provisions of the Twelfth Schedule.

4. INDEPENDENT AUDITOR

The independent auditor, RT LLP has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Han Juat Jong
Director

Elsie Low
Director

Singapore, 7 October 2019

Independent Auditor's Report

To the members of Financial Industry Disputes Resolution Centre Limited
For the financial year ended 30 June 2019

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Financial Industry Disputes Resolution Centre Limited (the "Company"), which comprise the statement of financial position as at 30 June 2019, and the statement of profit or loss and other comprehensive income, statement of changes in accumulated fund and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the 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 30 June 2019 and of the financial performance, changes in accumulated fund 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 obtained at the date of this auditor's report comprises only the Directors' Statement set out on pages 1 to 2.

Our opinion on the financial statements does not cover the other information (apart from the Directors' Statement) in the annual report which we expect to receive in November 2019. Accordingly, we do not express any form of assurance or 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 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.

Independent Auditor's Report

To the members of Financial Industry Disputes Resolution Centre Limited
For the financial year ended 30 June 2019

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.

- 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.

Independent Auditor's Report

To the members of Financial Industry Disputes Resolution Centre Limited
For the financial year ended 30 June 2019

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

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.

RT LLP
Public Accountants and
Chartered Accountants

Singapore, 7 October 2019

Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 30 June 2019

	Note	2019 $	2018 $
Revenue	4	3,393,359	3,418,730
Other operating income	5	48,152	44,229
Total income		3,441,511	3,462,959
Expenditures:			
Adjudicator fees		(117,300)	(158,500)
Depreciation of property, plant and equipment	11	(118,973)	(244,563)
Directors' remuneration/honorarium	16	(86,000)	(86,000)
Employee benefits expense	6	(2,174,530)	(1,930,030)
Hire purchase interest		(694)	(339)
Insurance		(24,774)	(24,822)
Office maintenance		(120,509)	(97,702)
Office rental expense	15	(617,283)	(601,272)
Professional fees		(163,042)	(190,069)
Rental of office equipment		–	(3,600)
Security services		(50,850)	(42,900)
Training and courses		(30,641)	(26,245)
Other administrative expenses		(110,506)	(134,433)
Total expenditures		(3,615,102)	(3,540,475)
Deficit before income tax		(173,591)	(77,516)
Income tax expense	7	–	–
Net deficit, representing total comprehensive loss for the financial year		(173,591)	(77,516)

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

Statement of Financial Position

As at 30 June 2019

	Note	2019 $	2018 $
ASSETS			
Current assets			
Cash and bank balances	8	2,412,712	2,488,817
Trade receivables	9	41,564	40,143
Other receivables	10	161,528	155,496
Prepayment		19,024	18,035
Total current assets		2,634,828	2,702,491
Non-current assets			
Property, plant and equipment	11	52,031	160,464
Total non-current assets		52,031	160,464
Total assets		2,686,859	2,862,955
LIABILITIES AND ACCUMULATED FUND			
Current liabilities			
Other payables and accruals	12	517,249	517,042
Finance lease liabilities	13	2,868	2,712
Total current liabilities		520,117	519,754
Non-current liability			
Provision for restoration cost	14	165,000	165,000
Finance lease liabilities	13	8,139	11,007
Total non-current liabilities		173,139	176,007
Total liabilities		693,256	695,761
Accumulated fund:			
Accumulated surplus		1,993,603	2,167,194
Total liabilities and accumulated fund		2,686,859	2,862,955

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

Statement of Changes in Accumulated Fund

For the financial year ended 30 June 2019

	Accumulated surplus $
As at 1 July 2018	2,167,194
Net deficit, representing total comprehensive loss for the financial year	(173,591)
Balance as at 30 June 2019	1,993,603
As at 1 July 2017	2,244,710
Net deficit, representing total comprehensive loss for the financial year	(77,516)
Balance as at 30 June 2018	2,167,194

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

Statement of Cash Flows

For the financial year ended 30 June 2019

	Note	2019 $	2018 $
Cash flows from operating activities			
Deficit before income tax		(173,591)	(77,516)
Adjustments for:			
Depreciation of property, plant and equipment	11	118,973	244,563
Accrual for unutilised leave		–	94,892
Interest expense		2,884	339
Operating surplus before working capital changes		(51,734)	262,278
Trade receivables		(1,421)	(7,043)
Other receivables		(6,032)	43,970
Prepayment		(989)	13,684
Other payables and accruals		207	(112,759)
Cash generated from operations		(59,969)	200,130
Interest paid		(2,190)	–
Net cash (used in)/generated from operating activities		(62,159)	200,130
Cash flows from investing activity			
Purchase of property, plant and equipment **(Note A)**		(10,540)	(38,260)
Net cash used in investing activity		(10,540)	(38,260)
Cash flows from financing activities			
Repayment of finance lease liabilities	A	(2,712)	(1,083)
Interest paid	A	(694)	(339)
Net cash used in financing activities		(3,406)	(1,422)
Net (decrease)/increase in cash and bank balances		(76,105)	160,448
Cash and cash equivalents at beginning of the financial year		2,488,817	2,328,369
Cash and cash equivalents at end of the financial year (Note 8)		2,412,712	2,488,817

Note A:

During the financial year, the Company acquired property, plant and equipment with an aggregate costs of $10,540 (2018: $53,062). A cash payment of $10,540 (2018: $38,260) was made to purchase property, plant and equipment.

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

Statement of Cash Flows (Cont'd)

For the financial year ended 30 June 2019

Reconciliation of liabilities arising from financing activities

	1 July 2018	Principal and interest	Non-cash changes: Acquisition of property, plant and equipment	Non-cash changes: Interest expense	30 June 2019
	$	$	$	$	$
Finance lease liabilities	13,719	(3,406)	–	694	11,007

	1 July 2017	Principal and interest	Non-cash changes: Acquisition of property, plant and equipment	Non-cash changes: Interest expense	30 June 2018
	$	$	$	$	$
Finance lease liabilities	–	(1,422)	14,802	339	13,719

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

Notes To The Financial Statements

For the financial year ended 30 June 2019

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

1. General

Financial Industry Disputes Resolution Centre Limited (the "Company") is incorporated and domiciled in the Republic of Singapore as a public company limited by guarantee. Each member's liability is limited to S$1.

The Company's registered office and principal place of business is at 36 Robinson Road, #15-01 City House, Singapore 068877.

Its principal activities are to act as an independent and impartial institution specialising in the resolution of disputes between financial institutions and complainants.

The financial statements of the Company for the financial year ended 30 June 2019 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements are expressed in Singapore dollar and prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the financial year, and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

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 2018. Except for the adoption of FRS 109 *Financial Instruments* and FRS 115 *Revenue from Contracts with Customers* described below, 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 (Cont'd)

2.2 Adoption of new and amended standards and interpretations (Cont'd)

New accounting standards effective on 1 January 2018

FRS 109 *Financial Instruments*

FRS 109 replaces FRS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company applied FRS 109 retrospectively, with an initial application date of 1 July 2018. The Company has not restated comparative information which continues to be reported under FRS 39 and the disclosure requirements of FRS 107 *Financial Instruments: Disclosures* relating to items within the scope of FRS 39. There is no impact arising from FRS 109 adoption on the opening retained earnings and other components of equity at the date of initial application.

The Company's financial assets in the previous financial year comprise only loans and receivables which in the current financial year are classified as financial assets at amortised costs.

Under FRS 109, debt instruments are subsequently measured either at fair value through profit or loss (FVPL), amortised cost or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Company's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on debt instruments solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

With respect to new FRS 109, management has assessed and concluded that there is no significant impact arising from the adoption of FRS 109 due to the following reasons:

- There is no significant impact arising from the impairment assessment for the new FRS 109 which requires assessment of expected credit losses associated with its debt financial assets carried at amortised costs. This Company has estimated the impairment based on historical credit loss experience based on past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions for the trade receivables of $ 40,143 as at 30 June 2018.

- The Company does not have any financial assets in the last financial year that are currently classified as fair value through other comprehensive income (FVOCI) or as fair value through profit or loss (FVPL).

2. Summary of significant accounting policies (Cont'd)

2.2 Adoption of new and amended standards and interpretations (Cont'd)

New accounting standards effective on 1 January 2018 (Cont'd)

FRS 115 *Revenue from Contracts with Customers*

The Company adopted FRS 115 which is effective for annual periods beginning on or after 1 January 2018.

FRS 115 *Revenue from Contracts with Customers* supersedes FRS 11 *Construction Contracts*, FRS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. FRS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflect the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

FRS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted FRS 115 using the modified retrospective method of adoption with the date of initial application of 1 July 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at 1 July 2018.

With respect to new FRS 115, management has assessed and concluded that there is no significant impact on its revenue recognition policy due to the following reasons:

- There is no variation consideration involved as the contracts does not provide customers with (a) right of returns; (b) trade discounts; (c) volume rebates.
- There is no service-type of warranties nor the option to purchase extended warranties.
- There is no contract that are recognised upon completion basis.
- There is no capitalised of contract cost.

Accordingly, the initial application of FRS 115 has no significant impact to the Company's financial statements and no adjustments to the opening balance of the retained earnings is required.

2. Summary of significant accounting policies (Cont'd)

2.3 Standards issued but not yet effective

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Company's accounting periods beginning on or after 1 July 2019 and which the Company has not early adopted:

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

Description	Effective for the Company's annual periods beginning on or after
FRS 116 *Leases*	1 July 2019
Annual improvements to FRS(s) (March 2018)	1 July 2019
Amendments to FRS 1 and FRS 8 *Definition of Material*	1 July 2020

Currently, management is still assessing the impact of FRS 116 but does not expect it to have any significant impact on the financial statements.

FRS 116 *Leases*

FRS 116 requires lessees to recognise most leases on the statement of financial position. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. FRS 116 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make lease payment (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Company plans to adopt FRS 116 retrospectively with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 July 2019.

On the adoption of FRS 116, the Company expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

(i) its carrying amount as if FRS 116 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 July 2019; or

(ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 July 2019.

2. Summary of significant accounting policies (Cont'd)

2.3 Standards issued but not yet effective (Cont'd)

FRS 116 *Leases (Cont'd)*

In addition, the Company plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply FRS 116 to all contracts that were previously identified as leases;
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 July 2019; and
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

The Company has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Company adopts FRS 116 in financial year ending 30 June 2020.

On the adoption of FRS 116, the Company expects an increase in total assets and total liabilities, EBITDA and gearing ratio.

2.4 Foreign currency transaction and balances

Transactions in a 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 item that are measured in term of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transaction. Non-monetary items are 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 and other comprehensive income.

2. Summary of significant accounting policies (Cont'd)

2.5 Property, plant and equipment

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

Depreciation is calculated using the straight-line basis to write off the cost of property, plant and equipment over the estimated useful lives of the assets as follows:

	Estimated useful lives
Furniture and fittings	3 years
Office equipment	3 years
Computer and software	3 years

Fully depreciated property, plant and equipment still in use are retained in the financial statement.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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

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

2.6 Impairment of non-financial assets

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

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

Impairment losses are recognised in profit or loss.

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

2. Summary of significant accounting policies (Cont'd)

2.7 Financial instruments

These accounting policies are applied on and after the initial application date of FRS 109, 1 July 2018:

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised 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 fair value through profit or loss, 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.

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, 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.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised 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.

2. Summary of significant accounting policies (Cont'd)

2.7 Financial instruments (Cont'd)

(b) Financial liabilities (Cont'd)

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.

These accounting policies are applied before the initial application date of FRS 109, 1 July 2018:

(a) Financial assets

Classification

Financial assets are classified into the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Initial recognition and measurement

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables comprise trade and other receivables and cash and bank balances.

De-recognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On de-recognition 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 has been recognised in other comprehensive income is recognised in profit or loss.

2. Summary of significant accounting policies (Cont'd)

2.7 Financial instruments (Cont'd)

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised 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.

Subsequent measurement

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

Such financial liabilities comprise amount due to other payables and accruals and finance lease liabilities.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such as exchange or medication is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.8 Impairment of financial assets

These accounting policies are applied on and after the initial application date of FRS 109, 1 July 2018:

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 Corporation determines the ECL by using debtor by debtor basis as the number of customers are not significant and are not homogeneous.

2. Summary of significant accounting policies (Cont'd)

2.8 Impairment of financial assets (Cont'd)

These accounting policies are applied on and after the initial application date of FRS 109, 1 July 2018: (Cont'd)

The Company considers a financial asset in default when contractual payments are 120 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.

These accounting policies are applied before the initial application date of FRS 109,1 July 2018:

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying amount of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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 to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2. Summary of significant accounting policies (Cont'd)

2.9 Revenue recognition

These accounting policies are applied on and after the initial application date of FRS 115, 1 July 2018:

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.

a) Case fees

Revenue for levy and case fees are recognised when the services have been performed and rendered.

This revenue recognition policy is no different from last year prior to initial application date of FRS 115 on 1 July 2018.

b) Interest income

Interest income is recognised using the effective interest method.

This revenue recognition policy is no different from last year prior to initial application date of FRS 115 on 1 July 2018.

2.10 Leases

Finance leases which transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2. Summary of significant accounting policies (Cont'd)

2.11 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 substantively enacted at the reporting date.

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

b) Deferred tax

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

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from a transaction that affects neither the accounting profit nor taxable profit or loss.

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

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

Deferred tax assets are 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 profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences 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 profit 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.

2. Summary of significant accounting policies (Cont'd)

2.11 Income taxes

(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.

2.12 Functional currency

The Company conducts all its transactions in Singapore Dollars ("SGD"). Consequently, all the balances in the financial statements of the Company are denominated in SGD.

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in SGD, which is the Company's functional and presentation currency.

2.13 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past events, it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

2.14 Employee compensation

Employee benefits are recognised as an expense.

(i) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid.

(ii) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for leave as a result of services rendered by employees up to the end of the reporting period.

2. Summary of significant accounting policies (Cont'd)

2.15 Cash and bank balances

For the purpose of presentation in the statement of cash flows, cash and bank balances include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.16 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Company will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

Government grants relating to expenses are shown separately as other operating income in profit or loss.

3. Significant accounting judgements 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.

3.1 Judgments made in applying accounting policies

Management is of the opinion that there are no significant judgements made in applying accounting estimates and policies that have a significant risk causing a material adjustment to the carrying amounts of assets and liabilities (apart from those involving estimations, which is dealt with below) within the next financial year.

3.2 Key sources of estimates 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.

<u>Provision for restoration cost</u>

As stated in Note 14, in accordance with a lease agreement dated 11 June 2015 (which was subsequently replaced by a new lease agreement dated 10 August 2018), the Company will need to restore the new office premise to its original condition when the Company vacates the office premise upon expiry of the lease term which will end on 31 December 2021 (based on superseded lease agreement dated 11 June 2015, the expiry date was previously on 31 December 2018). Accordingly, the Company capitalised a provision for restoration costs pursuant to its legal obligation as stated in the lease agreement. Significant assumptions are required to estimate the provision for restoration costs. In determining the provision for restoration costs, management has relied on past experience, performed research on the various costs quoted by various contractors to arrive at management's best estimate made on the restoration costs required to be incurred at the end of the lease term.

Notes To The Financial Statements

For the financial year ended 30 June 2019

4. Revenue

	2019 $	2018 $
Levy from subscriber financial institutions	3,240,105	3,238,780
Case fees from subscriber financial institutions and complainants	153,254	179,950
	3,393,359	3,418,730
Timing of transfer of goods or services:		
At a point of time	3,393,359	3,418,730
Over time	–	–
	3,393,359	3,418,730

5. Other operating income

	2019 $	2018 $
Government grants – Special Employment Credit (SEC)	389	300
Government grants – Wage Credit Scheme (WCS)	30,600	26,382
Government grants – Temporary Employment Credit (TEC)	–	5,457
Fixed deposit interest	17,163	12,090
	48,152	44,229

Special employment credit ("SEC")

The Special Employment Credit (SEC) was introduced as a Budget Initiative in 2011 to support employers, and to raise the employability of older Singaporeans. It was enhanced in 2012 to provide employers with continued support to hire older Singaporean workers and Persons with Disabilities (PWDs). At Budget 2016, the SEC was extended for three years (viz. 2017 to 2019) to provide wage offsets to employers hiring Singaporean workers aged 55 and above, and earning up to $4,000.

5. Other operating income (Cont'd)

Wage Credit Scheme ("WCS")

Under the Wage Credit Scheme (WCS) introduced in Budget 2013 and extended in Budget 2015, the Government co-funded 40% of wage increases from 2013-2015 and 20% of wage increases from 2016-2017 given to Singapore Citizen employees who earned a gross monthly wage of up to $4,000. Only Employers are eligible for the co-funding.

In Budget 2018, it was announced that the WCS will be extended for three more years, i.e. 2018, 2019 and 2020, to support businesses embarking on transformation efforts and encourage sharing of productivity gains with workers. Government co-funding will be maintained at 20% in 2018. Subsequently, the co-funding ratio will be stepped down to 15% in 2019 and 10% in 2020.

Temporary Employment Credit ("TEC")

The Temporary Employment Credit was announced as a Budget 2014 initiative to help employers, adjust to the 1 percentage point increase in Medisave contribution rates which took effect in January 2015. Employers will receive a one-year offset of 0.5% of wages for Singaporean and Singapore Permanent Resident (PR) employees in 2015. As announced at Budget 2015, the TEC will be further enhanced and extended to help companies adjust to the cost increases associated with 1% increase in employer CPF contribution rates for older workers and increase in the CPF salary ceiling. TEC payments will be made based on CPF contributions paid to eligible employees from January 2015 to December 2017.

6. Employee benefits expense

	2019 $	2018 $
Wages, salaries and bonus	1,962,482	1,702,882
Employer's contribution to the Central Provident Fund	212,048	227,148
	2,174,530	1,930,030

7. Income tax expense

	2019	2018
	$	$
Current income tax	–	–
Deferred tax		
– movements in temporary difference	–	–
Income tax expense	–	–

The income tax expense varied from the amount of income tax expense determined by applying the Singapore statutory income tax rate of 17% (2018: 17%) to deficit before income tax as a result of the following differences:

	2019	2018
	$	$
Deficit before income tax	(173,591)	(77,516)
Income tax benefit at statutory rate of 17%	(29,510)	(13,178)
Tax effect on non-deductible items	21,061	28,207
Deferred tax assets not recognised	8,449	(15,029)
Income tax expense	–	–

As at 30 June 2019, deferred tax assets amounting to $86,221 (2018: $57,545) are not recognised in the financial statements due to future surplus streams not being probable.

These deferred tax assets relate to the following:

	2019	2018
	$	$
Unrecognised capital allowance	377,291	373,903
Unabsorbed losses	49,700	–
Excess of carrying amount of property, plant and equipment over tax written down value	80,186	(35,399)
	507,177	338,504

The realisation of the future income tax benefits from temporary differences from capital allowances is available for an unlimited future period subject to the conditions imposed by law.

Notes To The Financial Statements

For the financial year ended 30 June 2019

8. Cash and bank balances

	2019 $	2018 $
Fixed deposit at bank	1,000,000	1,200,000
Cash at bank	1,412,618	1,288,474
Cash on hand	94	343
Cash and cash equivalents as per statement of cash flows	2,412,712	2,488,817

9. Trade receivables

	2019 $	2018 $
Trade receivables	2,814	43
Unbilled account receivables (Accrued service revenue)	38,750	40,100
	41,564	40,143

The average credit period on trade receivables is 30 days (2018: 30 days).

Accrued service revenue relates to services rendered but not billed to financial institutions and complainants.

10. Other receivables

	2019 $	2018 $
Refundable deposits	155,513	154,183
Other receivables	6,015	1,313
	161,528	155,496

Notes To The Financial Statements

For the financial year ended 30 June 2019

11. Property, plant and equipment

	Furniture and fittings $	Office equipment $	Computer and software $	Total $
Cost:				
As at 1 July 2017	626,831	137,452	393,907	1,158,190
Additions	–	26,117	26,945	53,062
As at 30 June 2018	626,831	163,569	420,852	1,211,252
Additions	–	–	10,540	10,540
As at 30 June 2019	626,831	163,569	431,392	1,221,792
Accumulated depreciation:				
As at 1 July 2017	337,315	119,871	349,039	806,225
Depreciation charge	208,944	16,317	19,302	244,563
As at 30 June 2018	546,259	136,188	368,341	1,050,788
Depreciation charge	78,535	14,137	26,301	118,973
As at 30 June 2019	624,794	150,325	394,642	1,169,761
Carrying amount:				
As at 30 June 2019	2,037	13,244	36,750	52,031
As at 30 June 2018	80,572	27,381	52,511	160,464

As at 30 Jun 2019, the Company has office equipment partially acquired under finance lease with a carrying amount of $7,812 (2018: $12,746).

Leased assets are pledged as security for the related finance lease liabilities.

12. Other payables and accruals

	2019 $	2018 $
Accrued operating expenses	262,361	190,656
Accrual for unutilised leave	32,516	94,892
Accrued salary cost	182,202	195,389
GST payable (net)	40,170	36,105
	517,249	517,042

The general credit period granted to the Company to settle payables is about 30 days (2018: 30 days).

13. Finance lease liabilities

	Minimum lease payments 2019 $	Present value of minimum lease payments 2019 $	Minimum lease payments 2018 $	Present value of minimum lease payments 2018 $
Within one year	3,394	2,868	3,406	2,712
After one year but not more than five years	8,718	8,139	12,112	11,007
Total minimum lease payments	12,112	11,007	15,518	13,719
Less: Amounts representing finance charges	(1,105)	–	(1,799)	–
Present value of minimum lease payments	11,007	11,007	13,719	13,719

The Company leases certain items of office equipment (Note 11) from non-related parties under finance lease. The lease has no escalation clauses. There is no restriction placed upon the Company entering the lease. The lease is on a fixed repayment basis. The obligations under finance leases are secured by the lessor's charge over the leased assets.

14. Provision for restoration cost

	2019 $	2018 $
As at 1 July and 30 June	165,000	165,000

In financial year ended 30 June 2016 ("FY 2016"), the Company shifted into a new office. In accordance with a lease agreement dated 11 June 2015 (which was subsequently replaced by a new lease agreement dated 10 August 2018), the Company will need to restore the new office premise to its original condition when the Company vacates the new office premise upon expiry of the lease term which will end on 31 December 2021 (based on superseded lease agreement dated 11 June 2015, the expiry date was previously on 31 December 2018). Accordingly, the Company capitalised a provision for restoration costs under furniture and fittings in property, plant and equipment in FY2016 (Note 11) pursuant to its legal obligation as stated in the lease agreement. This provision is based on management's best estimate of the restoration costs required to be incurred at the end of the lease term. As management does not expect to shift office until the end of the lease term, the entire provision for restoration cost has been classified as non-current.

15. Operating lease commitments

The Company leases office premises from non-related parties under non-cancellable operating lease agreements. These leases have an average tenure of three years with renewal option for further three years. The Company is restricted from subleasing the leased office premises to third parties.

The future minimum lease payables under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as liabilities, are as follows:

	2019 $	2018 $
Payable:		
Not later than one year	618,451	609,862
Later than one year and not later than five years	927,677	1,546,128

Rental expense for the current year charged to profit or loss was $617,283 (2018: $601,272).

16. Related party transactions

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling activities of the Company. The directors and executive officers of the Company are considered as key management personnel of the Company.

Key management personnel compensation:

	2019 $	2018 $
Salaries and bonuses and honorariums	1,013,246	1,444,897
Employer's contribution to Central Provident Fund	32,562	126,328
	1,045,808	1,571,225

Included in the above was total compensation to directors and alternate director of the Company amounting to $86,000 (2018: $86,000).

17. Financial risk management

The Company's activities expose it to a variety of financial risk 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 above-mentioned 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.

a) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligation 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, where applicable. The Company performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

Where applicable, 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.

Where applicable, 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 120 days, default of interest due for more than 30 days or there is significant difficulty of the counterparty.

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 >120 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

17. Financial risk management (Cont'd)

a) Credit risk (Cont'd)

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 $
30 June 2019						
Trade receivables	9	Note A	Lifetime ECL (simplified)	41,564	-	41,564
Other receivables	10	Note B	12-month ECL	161,528	-	161,528
Cash and bank balances	8	Note B	12-month ECL	2,412,712	-	2,412,712
30 June 2018						
Trade receivables	9	Note A	Lifetime ECL (simplified)	40,143	-	40,143
Other receivables	10	Note B	12-month ECL	155,496	-	155,496
Cash and bank balances	8	Note B	12-month ECL	2,488,817	-	2,488,817

Trade receivables (Note A)

For trade 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 debtor by debtor basis, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

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

Other receivables and cash and bank balances (Note B)

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. Cash and bank balances that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default. Accordingly, the Company measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

17. Financial risk management (Cont'd)

a) Credit risk (Cont'd)

Significant concentration of credit risk

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 obligation 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.

The Company's financial liabilities are expected to be settled within a year.

The Company has no significant concentration of credit risk. The Company has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

Previous accounting policy for impairment of trade receivables

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due or impaired

There is no other class of financial asset that is past due and/or impaired.

b) 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.

Management is of the view that there is no liquidity risk as the Company maintains adequate highly liquid assets in the form of cash and fixed deposits to assure its liquidity. Cash and bank balances are placed with creditworthy financial institutions.

All financial liabilities are repayable on demand or due within 1 year from the reporting date, and are non-interest bearing.

17. Financial risk management (Cont'd)

b) Liquidity risk (Cont'd)

Analysis of financial instruments by remaining contractual maturities

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

	2019			
	Carrying amount	Contractual cash flows	One year or less	One to five years
Financial assets				
Trade receivables	41,564	41,564	41,564	–
Other receivables	161,528	161,528	161,528	–
Cash and bank balances	2,412,712	2,412,712	2,412,712	–
Total undiscounted financial assets	2,615,804	2,615,804	2,615,804	–
Financial liabilities				
Other payables	477,079	477,079	477,079	–
Finance lease liabilities	11,007	11,007	2,868	8,139
Total undiscounted financial liabilities	488,086	488,086	479,947	8,139
Total net undiscounted financial assets/ (liabilities)	2,127,718	2,127,718	2,135,857	(8,139)

	2018			
	Carrying amount	Contractual cash flows	One year or less	One to five years
Financial assets				
Trade receivables	40,143	40,143	40,143	–
Other receivables	155,496	155,496	155,496	–
Cash and bank balances	2,488,817	2,488,817	2,488,817	–
Total undiscounted financial assets	2,684,456	2,684,456	2,684,456	–
Financial liabilities				
Other payables	480,937	480,937	480,937	–
Finance lease liabilities	13,719	13,719	2,712	11,007
Total undiscounted financial liabilities	494,656	494,656	483,649	11,007
Total net undiscounted financial assets/ (liabilities)	2,189,800	2,189,800	2,200,807	(11,007)

17. Financial risk management (Cont'd)

c) 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 optimizing 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 is not exposed to interest rate risk.

(ii) Foreign currency risk

Majority of the Company's transactions are settled in Singapore dollar as at the end of the reporting period. In the opinion of the directors, the Company would not have significant foreign currency exposure.

18. Financial instruments by category

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

	2019	2018
	$	$
Financial assets measured at amortised cost		
Trade receivables (Note 9)	41,564	40,143
Other receivables (Note 10)	161,528	155,496
Cash at bank (Note 8)	2,412,712	2,488,817
Total loans and receivables	2,615,804	2,684,456
Financial liabilities carried at amortised cost		
Other payables (Note 12) (excluding GST payables)	477,079	480,937
Finance lease liabilities (Note 13)	11,007	13,719
Total financial liabilities measured at amortised cost	488,086	494,656

19. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to support its business. In order to maintain or achieve an optimal capital structure, the Company needs to ensure profitability by consciously obtaining general levy and supplementary levy from financial institutions.

The Company regards the accumulated surplus as its capital.

The Company is not subject to any externally imposed capital requirements. The Company's overall strategy remains unchanged since the last financial year ended 30 June 2018. No changes were made in the objectives, policies or processes during the years ended 30 June 2019 and 30 June 2018.

Financial Industry Disputes Resolution Centre Limited

(Company registration number: 200502125d)

The accompanying supplementary statement of comprehensive income
has been prepared for management purposes only
and does not form part of the audited financial statements

Appendix 1

Detailed Profit and Loss Statement

For the financial year ended 30 June 2019

	2019 $	2018 $
Revenue	3,393,359	3,418,730
Other operating income	48,152	44,229
	3,441,511	3,462,959
Expenditure: -		
Depreciation of property, plant and equipment	(118,973)	(244,563)
Directors' remuneration/honorarium	(86,000)	(86,000)
Office rental expense	(617,283)	(601,272)
Professional fees	(163,042)	(190,069)
Employee benefits expense	(2,174,530)	(1,930,030)
Hire purchase interest	(694)	(339)
Other administrative expenses *(Appendix 2)*	(454,580)	(488,202)
Total expenditures	(3,615,102)	(3,540,475)
Deficit before income tax	(173,591)	(77,516)

Does not form part of the audited financial statements

Appendix 2

Detailed Other Administrative Expenses

For the financial year ended 30 June 2019

	2019	2018
	$	$
Adjudicator fees	117,300	158,500
Bank charges	1,221	1,578
Company activities & retreat	4,828	13,531
Gifts and floral, books and periodical	795	1,395
Insurance	24,774	24,822
Luncheon (Board of directors and adjudicators)	3,126	4,074
Meals	4,675	3,029
Mediators' Honorarium	300	1,400
Medical	18,934	10,027
Miscellaneous	4,976	6,500
Newspapers	743	728
Office cleaning	12,710	14,203
Other interest expenses	2,190	–
Office maintenance	120,509	97,702
Postage and courier	4,301	3,785
Recruitment	6,295	13,236
Refreshments	5,182	4,674
Rental of office equipment	–	3,600
Security services	50,850	42,900
Stationery	8,368	27,795
Storages	4,953	4,509
Subscription	4,541	2,115
Telephone	11,807	11,709
Training and courses	30,641	26,245
Transportation	5,518	4,774
Utilities	5,043	5,371
	454,580	488,202

Does not form part of the audited financial statements

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Financial Industry Disputes Resolution Centre

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