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Singapore Canoe Federation

Registration No. S71SS0035C

Registered office: 10 Stadium Lane
Kallang Water Sports Centre
Singapore 397774

Annual Report for the Year Ended
31 March 2015

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REPORT OF THE MANAGEMENT COUNCIL MEMBERS

We, the undersigned Management Committee Members, submit this annual report to the members together with the audited financial statements of **Singapore Canoe Federation** for the financial year ended 31 March 2015.

Management Committee Members

The Management Committee members at the date of this report are as follows:

Management Committee Members

Mr Yip Kwan Guan	- President
Dr Zason Chian Lit Khoon	- Vice-President
Mr Sean Chan Sik Lung	- Vice-President
Mr Ng Yong Kiat Francis	- Vice-President
Mr Noor Hisham B. Mohd Ranny	- Vice-President
Mr Gideon Lu Yi	- Honorary Secretary
Mr Henry Sim	- Honorary Asst. Secretary
Ms Qiu Yunru	- Honorary Treasurer
Ms Peng Lilin	- Honorary Asst. Treasurer
Mr Chua Kee Huat	- Honorary Member

Auditors

The auditors, S B Tan & Co, have expressed willingness to accept re-appointment as auditors.

Statement by Management Committee Members

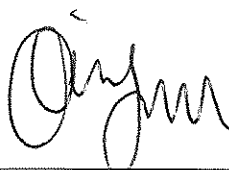
The Management Committee of **Singapore Canoe Federation** is responsible for the preparation and fair presentation of these financial statements in accordance with the Societies Act, Chapter 311, Charities Act, Chapter 37 and Singapore Financial Reporting Standards. This responsibility includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

In our opinion, the accompanying financial statements are drawn up so as to give a true and fair view of the state of affairs of the Federation as at 31 March 2015, and of the results, changes in funds and cash flows of the Federation for the year ended on that date in accordance with the provisions of the Acts.

The Management Committee Members have, on the date of this statement, authorised these financial statements for issue.



Mr Yip Kwan Guan
President



Ms Qiu Yunru
Honorary Treasurer

Singapore
26 JUNE 2015

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
SINGAPORE CANOE FEDERATION**

Report on the Financial Statements

We have audited the accompanying financial statements of **Singapore Canoe Federation** for the year ended 31 March 2015 which comprise the statement of financial position of the Federation as at 31 March 2015, the statements of comprehensive income, changes in funds and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Societies Act, Chapter 311, Charities Act, Chapter 37 and Singapore Financial Reporting Standards ("FRS"), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition; and transactions are properly authorized and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we comply with ethical requirements, plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements of the financial statements. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the Societies Act, Chapter 311, Charities Act Chapter 37 and the FRS and so as to give a true and fair view of the state of affairs of the Federation as at 31 March 2015 and the results, changes in funds and cash flows of the Federation for the year ended on that date.

Report on Other legal and Regulatory Requirements

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



Statement of Financial Position
As at 31 March 2015

		2015	2014
	Note	\$	\$
Property, Plant and Equipment	3	631,913	35,649
Current Assets			
Trade and other receivables	4	376,057	105,466
Other assets	5	138,175	28,875
Cash and bank balances		771,567	185,228
		<u>1,285,799</u>	<u>319,569</u>
Current Liabilities			
Trade and other payables	6	1,307,510	239,243
		<u>1,307,510</u>	<u>239,243</u>
Net Current (Liabilities) / Assets		(21,711)	80,326
Net Assets		<u>610,202</u>	<u>115,975</u>
<i>Representing:</i>			
Accumulated Funds	7	610,202	115,975
		<u>610,202</u>	<u>115,975</u>

The accompanying notes form part of the financial statements

Statement of Comprehensive Income
For the year ended 31 March 2015

		2015	2014
	Note	\$	\$
Income	8	2,139,879	1,108,170
<i>Less Expenditure</i>			
Bad debts	4	4,846	20,273
Coaching		193,706	125,539
Contract services		68,114	54,274
Depreciation of property, plant and equipment	3	58,492	11,857
Event expenditures		246,316	78,015
Facilities and equipment		30,324	65,978
Licence fee		39,055	22,447
Overseas and local training and competitions		448,009	214,003
Rental		85,345	79,218
Staff costs - CPF contribution		48,186	25,688
- Salaries and other staff costs		326,487	200,397
Other operating expenses		96,772	92,475
		(1,645,652)	(990,164)
Surplus before taxation		<u>494,227</u>	<u>118,006</u>
Taxation	10	-	-
Surplus after taxation		<u><u>494,227</u></u>	<u><u>118,006</u></u>

Statement of Changes in Funds
For the year ended 31 March 2015

	2015	2014
	\$	\$
Accumulated Funds		
Accumulated surplus / (deficit) brought forward	115,975	(2,031)
Surplus after taxation	494,227	118,006
Accumulated surplus carried forward	<u><u>610,202</u></u>	<u><u>115,975</u></u>

The accompanying notes form part of the financial statements

Statement of Cash Flows

For the year ended 31 March 2015

		2015	2014
	Note	\$	\$
Cash Flows From Operating Activities:			
Surplus before taxation		494,227	118,006
<i>Adjustment for:</i>			
Depreciation of property, plant and equipment	3	58,492	11,857
Operating cash flow before working capital changes		<u>552,719</u>	<u>129,863</u>
<i>Change in operating assets and liabilities:</i>			
Trade and other receivables		(270,591)	(26,985)
Other assets		(109,300)	(20,875)
Trade and other payables		1,068,267	11,938
Cash generated from operations		<u>1,241,095</u>	<u>93,941</u>
Net cash from operating activities		<u>1,241,095</u>	<u>93,941</u>
Cash Flows From Investing Activities:			
Purchase of property, plant and equipment	3	(654,756)	(36,734)
Net cash outflow from investing activities		<u>(654,756)</u>	<u>(36,734)</u>
Net increase in cash and cash equivalents		586,339	57,207
Cash and cash equivalents at beginning of year		185,228	128,021
Cash and cash equivalents at end of year		<u><u>771,567</u></u>	<u><u>185,228</u></u>

The accompanying notes form part of the financial statements

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

1 General

Singapore Canoe Federation (the "Federation") is registered in the Republic of Singapore and has its registered office at 10 Stadium Lane Kallang Water Sports Centre Singapore 397774. The Federation was registered as a charity on 12 January 2011.

The principal activities of the Federation are those relating to the promotion of canoeing and kayaking in Singapore. There have been no significant changes in the nature of these activities during the year.

The financial statements were authorised for issue by the Management on 26 June 2015.

2 Significant Accounting Policies

2.1 Basis of Accounting

The financial statements, expressed in Singapore dollars, are prepared under the historical cost convention and in accordance with the Societies Act, Charities Act and Singapore Financial Reporting Standards ("FRS").

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised, and in any future periods affected. Judgements made by management in the application of FRS that have a significant effect on the financial statements and in arriving at estimates with a significant risk of material adjustment in the following year are discussed in subsequent note to accounts.

2.2 Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for changes resulting from adoption of new FRS. The adoption of these standards did not have any significant effect on the financial performance or position of the Federation.

2.3 New Standards and Interpretations Not Yet Effective

The Federation has not applied the new/revised accounting standards (including its consequential amendments) and interpretations that have been issued as of the date of the statements of financial position but are not yet effective. The initial application of these standards and interpretations is not expected to have any material impact on the Federation's financial statements.

2.4 Reserve Policy

The Federation maintains unrestricted funds. Funds set up for specific purposes are classified as restricted funds. All income and expenses other than those attributable to restricted funds and common overheads are recorded in the unrestricted fund's statement of comprehensive income.

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Federation, the financial statements of the Federation are maintained such that the resources for various purposes are classified for accounting and reporting purposes that are in accordance with activities or objectives specified.

2.5 Revenue Recognition

Affiliation fee, coaching and training fee, and storage income is recognized on accrual basis when due and payable. Tournament, seminar and workshop fee is recognized when the event takes place.

Sponsorship and contribution is recognized upon receipt.

Subsidies from government that compensate the Federation for expenses incurred are recognized as revenue in the income statement on a systematic basis in the same periods in which the expenses are incurred.

Interest income is recognised as the interest accrues unless collectibility is in doubt.

2.6 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 or valuation less accumulated depreciation and any accumulated impairment losses. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Federation and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on the straight line method to write off the cost of the assets over their estimated useful lives as follows:

	<u>Number of years</u>
Office equipment & furniture	3
Computer Equipment	3
Sport Equipment	3
Motor Vehicle	5

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 residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

2.7 Foreign Currencies

Items included in the financial statements of the Federation are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity. The functional currency of the Federation is the Singapore dollar. The financial statements of the Federation are presented in Singapore dollars. Foreign currency transactions are translated into Singapore dollars at rates of exchange approximating those ruling at transaction dates. Foreign currency monetary assets and liabilities are translated at the rates ruling at the year-end. The resulting profits and losses on exchange are dealt with through the profit and loss account. Balances in notes are in functional currency unless otherwise stated.

2.8 Cash and Cash Equivalents

Cash and cash equivalents comprise cash and bank deposits which are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value.

2.9 Employee Benefit

The Federation makes contributions to the Central Provident Fund scheme in Singapore. Such contributions are recognised as an expense in the period in which the related service is performed.

2.10 Related Party

A related party is defined as follows:

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

2.11 Impairment

The carrying amounts of the Federation's assets are reviewed at year-end to determine if there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. All impairment losses are recognised in the profit and loss account. An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

2.12 Financial Instruments

Non-derivative financial instruments comprise investment in equity securities, trade and other receivables, cash and cash equivalents, and trade and other payables. They are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

2.12 *Financial Instruments (cont'd)*

A financial instrument is recognised if the Federation becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Federation's contractual rights to the cash flows from the financial assets expire or if the Federation transfers the financial asset to another party without retaining control or transfers substantially all the risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, ie the date the Federation commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Federation's obligations specified in the contract expire or are discharged or cancelled.

2.13 *Financial Assets*

i) Classification

The Federation classifies its financial assets according to the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. The Federation's only financial assets is receivables.

Loans and receivables

Loan and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the balance sheet date which are classified as non-current assets. Other receivables excluding prepayments are presented as "other receivables" and "cash and bank balances" on the statement of financial position.

ii) Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date - the date on which the Federation commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Federation has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised in statement of comprehensive income. Any amount in the fair value reserve relating to that asset is also transferred to statement of comprehensive income.

iii) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through statement of comprehensive income, which are recognised at fair value. Transaction costs for financial assets at fair value through pstatement of comprehensive income are recognised as expenses.

iv) Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method.

Interest income on financial assets are recognised separately in statement of comprehensive income.

2.14 *Financial Liabilities*

Financial liabilities include trade payables and other payables. Financial liabilities are recognised on the balance sheet when, only when, the Federation becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value of consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method.

2.15 Provisions

Provisions are recognised when the Federation has a present obligation (legal or constructive) where, as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of time value of money is material, the amount of the provision is the present value of the expenditure expected to be required to settle the obligation.

2.16 LeasesFinance leases

Leases of assets in which the Federation assumes substantially the risks and rewards of ownership are classified as finance leases. Property, plant and equipment acquired through finance leases are capitalised at the inception of the lease at the lower of its fair value and the present value of the minimum lease payments. Subsequent to the initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. 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.

Operating leasesLessee

Leases where significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to statement of comprehensive income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Lessor

Leases where the Federation retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

3 Property, Plant and Equipment

	Office and Computer Equipment	Motor Vehicle	Sports Equipment	Sport equipment under construction	Total
	\$	\$	\$	\$	\$
Cost:					
At 1 April 2013	20,659	13,800	248,658	-	283,117
Additions	3,771	-	32,963	-	36,734
Disposal	(10,425)	-	(8,722)	-	(19,147)
At 31 March 2014 and 1 April 2014	14,005	13,800	272,899	-	300,704
Additions	3,497	-	407,834	243,425	654,756
At 31 March 2015	17,502	13,800	680,733	243,425	955,460
Accumulated Depreciation:					
At 1 April 2013	19,536	11,040	241,769	-	272,345
Charge for the year	1,634	2,760	7,463	-	11,857
Disposal	(10,425)	-	(8,722)	-	(19,147)
At 31 March 2014 and 1 April 2014	10,745	13,800	240,510	-	265,055
Charge for the year	2,464	-	56,028	-	58,492
At 31 March 2015	13,209	13,800	296,538	-	323,547
Net Book Value:					
Balance at 31 March 2015	4,293	-	384,195	243,425	631,913
Balance at 31 March 2014	3,260	-	32,389	-	35,649

4 Trade and Other Receivables

	2015 \$	2014 \$
<u>Trade receivables:</u>		
Third parties	182,171	90,244
Less Provision for doubtful debt	(4,046)	-
	<u>178,125</u>	<u>90,244</u>
<u>Other receivables:</u>		
Deposit	160,389	15,119
Sundry debtors	37,543	103
	<u>197,932</u>	<u>15,222</u>
	<u>376,057</u>	<u>105,466</u>

4 Trade and Other Receivables (cont'd)

The Federation has trade receivables amounting to \$35,826 (2014: \$24,128) that are past due at the balance sheet date. These receivables are unsecured and the analysis of their ageing at the balance sheet date is as follows:

	Gross Amount 2015	Provision for doubtful debt 2015	Gross Amount 2014	Provision for doubtful debt 2014
Trade receivables past due:	\$	\$	\$	\$
Lesser than 30 days	2,337	-	65,576	-
31 to 60 days	525	-	540	-
61 to 90 days	-	-	-	-
More than 90 days	35,826	(4,046)	24,128	-
	<u>38,688</u>	<u>(4,046)</u>	<u>90,244</u>	<u>-</u>

The movement in the provision for doubtful debt in respect of receivables during the year was as follows:

	Carrying Amount	
	2015	2014
	\$	\$
At beginning of year	-	20,764
Provision recognised for the year	4,846	20,273
Written off	(800)	(41,037)
Balance at end of year	<u>4,046</u>	<u>-</u>

Trade receivables that are determined to be impaired at the statement of financial position date relate to debtors that are in financial difficulties and have defaulted on payments. Based on historic default rates, the Federation believes that, apart from the above, no provision is necessary. The provision account in respect of receivables is used to record provision for doubtful debt unless the Federation is satisfied that no recovery of the amount owing is possible; at that point, the amounts are considered irrecoverable and are written off against the financial asset directly. At 31 March 2015, the Federation's collective impairment on its receivables is \$4,046 (2014: \$Nil).

5 Other Assets

	2015	2014
	\$	\$
Prepayments	<u>138,175</u>	<u>28,875</u>

6 Trade and Other Payables

	2015	2014
	\$	\$
<u>Trade Payables:</u>		
Third parties	30,280	83,470
Deferred income	856,567	46,456
	886,847	129,926
<u>Other Payables:</u>		
Accrual and other creditors	77,480	74,799
Amount due to SportSG	-	27,102
Advance income received	-	7,416
Grant for assets	343,183	-
	420,663	109,317
	<u>1,307,510</u>	<u>239,243</u>

Deferred grant of \$856,567 (2014: \$46,456) refers to remaining funds to be used at SEA Games event to be held in June 2015.

7 Reserve	2015	2014
	\$	\$
Unrestricted Fund - Accumulated Fund	<u>610,202</u>	<u>115,975</u>
Annual Operating Expenditure	<u>1,645,652</u>	<u>990,164</u>
Ratio of Reserves to Annual Operating Expenditure	0.37	0.12

The reserves of the Federation provide financial stability and the means for the development of the Federation's activities. The Management Committee Members review the level of reserves regularly for the Federation's continuing obligations.

8 Income

Income mainly represent contributions received and receivable for sports activities conducted during the year as follows:

	2015	2014
	\$	\$
Affiliation and entrance fees	21,450	10,359
Contribution from SportSG	928,107	441,082
Contribution from Singapore Sports Institute	441,363	243,779
Course fees	206,000	141,780
Donation and contribution	125,392	39,510
Rental income	48,158	49,883
Sale of certificates, logbooks and etc.	37,461	34,912
Storage fee	204,019	128,573
Sponsorship income in kind	78,500	-
Sundry income	49,429	18,292
	<u>2,139,879</u>	<u>1,108,170</u>

Tax deductible donation income for the year amounted to \$84,800 (2014:\$34,000).

9 Staff Costs

	2015	2014
	\$	\$
Top three executives' annual remuneration (including CPF)		
- S\$100,000 to S\$149,999	118,200	-
- Less than S\$100,000	89,995	153,007
Number of key management in remuneration bands:		
	2015	2014
\$100,001 - \$150,000	1	-
\$50,000 - \$100,000	2	3

10 Taxation

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities.

The Federation is a registered charity under the Charities Act, Chapter 37 and is exempted from income tax under Section 13 of the Income Tax Act.

10 Taxation (cont'd)

A reconciliation between the tax expense and that derived by applying statutory tax rate on book profit is as follows:

	\$	\$
Surplus before taxation	<u>494,227</u>	<u>118,006</u>
Tax at statutory rate on book profit	84,019	20,061
Items not subject to tax	<u>(84,019)</u>	<u>(20,061)</u>
	<u><u>-</u></u>	<u><u>-</u></u>

11 Operating Lease Commitments

The Federation has commitments for future lease payments under non-cancellable operating leases as follows:

	2015	2014
	\$	\$
Payable:		
- within one year	50,220	51,580
- within 2 to 5 years	<u>-</u>	<u>-</u>
	<u><u>50,220</u></u>	<u><u>51,580</u></u>

Leases where the lessor effectively retains substantially all risks and benefits of ownership of the leased items are classified as operating leases.

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 the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

12 Related Party Transactions

The Federation had no other significant related party transactions for the year.

13 Financial Risk Management Objectives and Policies

The main risks arising from Federation's financial instruments are liquidity risk and credit risk. The policies for managing each of these risks are summarised as follows:

Liquidity risk

The Federation's financing activities are managed by maintaining an adequate level of cash and cash equivalents to finance the Federation's operations. Funds from SportSG ensure continuity of funding.

	2015	2014
	Trade and	Trade and
	other	other
	payables	payables
	\$	\$
Within 1 year	<u><u>1,307,510</u></u>	<u><u>239,243</u></u>

13 Financial Risk Management Objectives and Policies (Cont'd)***Credit risk***

Credit risk arises mainly from the risk on counterparties defaulting on the terms of their agreements. The carrying amounts of cash and cash equivalents and debtors represent the Federation's maximum exposure to credit risk in relation to financial assets.

The Federation monitors the exposure to credit risk on an ongoing basis and credit evaluations are performed on customers requiring credit over a certain amount. Cash terms or advance payments are required for customers of lower credit standing. The credit risk on balances of cash and cash equivalents is low as these balances are placed with a reputable bank.

14 Fair Values of Financial Instruments

The carrying value of cash at bank, and amounts receivable and payable approximates fair value due to the relatively short-term maturity of these financial instruments.

15 Accounting Estimates and Judgement in Applying Accounting Policies

The Federation makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Key source of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

Impairment loss on trade receivables

The Federation evaluates whether there is any objective evidence that trade receivables are impaired and determine the amount of impairment loss as a result of the inability of the debtors to make required payments. The Federation bases the estimates on the ageing of the trade receivables balance, credit-worthiness of the debtors and historical write-off experience. If the financial conditions of the debtors were to deteriorate, actual write-offs would be higher than estimated.

Depreciation of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over their respective useful lives. Management estimates the useful lives of this property, plant and equipment to be within 3 to 5 years. The carrying amount of the Federation's property, plant and equipment as at 31 March 2015 is stated in Note 3. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets. Therefore future depreciation charges could be revised and impact the profit in future years.

16 Capital Management

The primary objective of the management of the Federation's capital structure is to maintain an efficient mix of debt and funds in order to achieve a low cost of capital, while taking into account the desirability of retaining financial flexibility to pursue opportunities and adequate access to liquidity to mitigate the effect of unforeseen events on cash flows.

The Management regularly review the Federation's capital structure and make adjustments to reflect economic conditions, business strategies and future commitments.

The Federation did not breach any gearing covenants during the financial years ended 31 March 2015 or 31 Mar 2014. In the same period, no significant changes were made in the objectives, policies or processes relating to the management of the Federation's capital structure.