

INTERNATIONAL RUBBER STUDY GROUP

AUDITED FINANCIAL STATEMENTS

for the financial year ended 30 June 2019

INDEPENDENT AUDITOR'S REPORT TO THE HEADS OF DELEGATION OF INTERNATIONAL RUBBER STUDY GROUP

Page 1 of 4

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of International Rubber Study Group ("IRSG"), which comprise the statement of financial position as at 30 June 2019, the statement of income and expenditure, statement of changes in funds 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, except for the effect of the matter described in the Basis of Qualified Opinion section of our report, the accompanying financial statements are properly drawn up in accordance with the provisions of the International Financial Reporting Standards ("IFRSs") so as to give a true and fair view of the financial position of IRSG as at 30 June 2019 and of the financial performance, changes in funds and cash flows of IRSG for the year ended on that date.

Basis of Qualified Opinion

IRSG receives membership fees from its associate members. The membership period is for one year, commencing either from the first day of the month immediately following the month of receipt (for new members), or the anniversary date of the initial date of commencement (for renewals). During the financial year ended 30 June 2019, associate membership fees received amounted to S\$441,000 (2018: S\$460,000). In preparing IRSG's financial statements, the Secretariat's practice is, and has been in the previous financial years, to recognize revenue in full upon receipt. Only fees pertaining to memberships that have yet to commence are recorded as contract liabilities. This constitutes a departure from the International Financial Reporting Standard 15 ("IFRS 15") - *Revenue from Contracts with Customers*. Had the Secretariat accounted for membership fees in accordance with IFRS 15, revenue for the financial year would have been lower by S\$30,000 (2018: higher by S\$24,000), contract liabilities would have been higher by S\$241,000 (2018: deferred revenue would have been higher by S\$159,000), and accumulated funds brought forward would have been lower by S\$159,000 (2018: S\$184,000).

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

**INDEPENDENT AUDITOR'S REPORT TO THE HEADS OF DELEGATION OF
INTERNATIONAL RUBBER STUDY GROUP**

Page 2 of 4

Independence

We are independent of IRSG 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.

Other Information

The Heads of Delegation are responsible for the other information. The other information comprises the information included in the Statement by the Heads of Delegation included in page 3 but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the Heads of Delegation for the Financial Statements

The Heads of Delegation are responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of IFRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, the Heads of Delegation are responsible for assessing IRSG's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Heads of Delegation either intends to liquidate IRSG or to cease operations, or has no realistic alternative but to do so.

The responsibilities of the Heads of Delegation include overseeing IRSG's financial reporting process.

**INDEPENDENT AUDITOR'S REPORT TO THE HEADS OF DELEGATION OF
INTERNATIONAL RUBBER STUDY GROUP**
Page 3 of 4

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 ISAs 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 ISAs, we exercise professional judgment 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 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 IRSG's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Heads of Delegation.
- Conclude on the appropriateness of the Heads of Delegation'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 IRSG'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 IRSG 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 HEADS OF DELEGATION OF
INTERNATIONAL RUBBER STUDY GROUP**

Page 4 of 4

We communicate with the Heads of Delegation 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.

Ardent Associates LLP

ARDENT ASSOCIATES LLP
Public Accountants and
Chartered Accountants
Singapore

30 September 2019

INTERNATIONAL RUBBER STUDY GROUP

STATEMENT OF INCOME AND EXPENDITURE

for the financial year ended 30 June 2019

	<u>Note</u>	<u>2019</u> S\$	<u>2018</u> S\$
<u>Income</u>			
Contributions from member governments		777,893	878,108
Other income	4	622,727	756,032
Other credit		-	54
Total income		<u>1,400,620</u>	<u>1,634,194</u>
<u>Expenditure</u>			
Employee benefits expense	5	(1,071,765)	(1,046,344)
Rental expense		(136,455)	(132,634)
Data subscription and other related fees		(80,296)	(79,104)
Other expenses	6	(110,959)	(163,317)
Other charges		(250)	(517)
Total expenditures		<u>(1,399,725)</u>	<u>(1,421,916)</u>
Total surplus for the year, representing total comprehensive income for the year		<u>895</u>	<u>212,278</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

INTERNATIONAL RUBBER STUDY GROUP

STATEMENT OF FINANCIAL POSITION

as at 30 June 2019

	<u>Note</u>	<u>2019</u> S\$	<u>2018</u> S\$
<u>Assets</u>			
Current assets			
Trade receivables	7	41,610	130,657
Other receivables, deposits and prepayments	8	83,810	89,811
Cash	9	1,906,879	1,697,756
		<u>2,032,299</u>	<u>1,918,224</u>
Total assets		<u>2,032,299</u>	<u>1,918,224</u>
<u>Liabilities</u>			
Current liabilities			
Contract liabilities		70,000	-
Other payables and accruals	10	90,604	47,424
Total liabilities		<u>160,604</u>	<u>47,424</u>
Net assets		<u>1,871,695</u>	<u>1,870,800</u>
Represented by:			
Funds			
Accumulated funds		<u>1,871,695</u>	<u>1,870,800</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.