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World Vision International
(Incorporated in U.S.A.)
Singapore Operations
Registration Number: S81FC3015E

Annual Report
Year ended 30 September 2019

Statement by Agents

We, Devairakkam Christopher Samuel and Chung Yeong Ming, the agents of World Vision International - Singapore Operations ("the Branch"), state that in our opinion:

(a) the financial statements set out on pages FS1 to FS27 are drawn up so as to give a true and fair view of the financial position of the Branch's operations in Singapore as at 30 September 2019 and the results, changes in funds and cash flows of the Branch's operations in Singapore for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50, the Charities Act, Chapter 37 and other relevant regulations, and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Branch will be able to pay its debts as and when they fall due.

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

Devairakkam Christopher Samuel
Local Agent

Chung Yeong Ming
Local Agent

Singapore
6 February 2020

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Independent auditors' report

World Vision International, Singapore Operations
(Incorporated in U.S.A.)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of the Singapore Operations of World Vision International ('the Branch'), pursuant to Section 373 of the Companies Act, Chapter 50 ('the Act'). These financial statements comprise the statement of financial position as at 30 September 2019, the statement of comprehensive income, 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, as set out on pages FS1 to FS27.

The Branch is a segment of World Vision International and is not a separately incorporated legal entity. The accompanying financial statements have been prepared from the records of the Branch and reflect only transactions recorded therein.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Act, the Charities Act, Chapter 37 and other relevant regulations ('the Charities Act and Regulations') and Financial Reporting Standards in Singapore ('FRSs') so as to give a true and fair view of the assets used in, and liabilities arising out of, the Branch's operations in Singapore as at 30 September 2019 and the results, changes in head office account and cash flows of the Branch's operations 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 '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Branch in accordance with the Accounting and Corporate Regulatory Authority *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

The Branch's management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

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We have obtained all other information prior to the date of this auditors' report.

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 management and those charged with governance for the financial statements

The Branch's management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, the Charities Act and Regulations 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, the Branch's management is responsible for assessing the Branch'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 Branch's management either intends to liquidate the Branch or to cease operations, or has no realistic alternative but to do so.

The responsibilities of those charged with governance include overseeing the Branch's financial reporting process.

Auditors' 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 auditors' 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 controls.

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- Obtain an understanding of internal controls 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 Branch's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Branch's management.

- Conclude on the appropriateness of the management of the Branch'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 Branch's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Branch to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

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

During the course of our audit, nothing has come to our attention that causes us to believe that during the year the Branch has not complied with the requirements of Regulation 7 of the Charities (Fund-Raising Appeals for Local and Foreign Charitable Purposes) Regulations 2012.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
6 February 2020

Statement of financial position
As at 30 September 2019

		2019			2018		
	Note	SAPO $	Support office $	Total $	SAPO $	Support office $	Total $
Non-current asset							
Property, plant and equipment	4	23,083	153,045	176,128	39,600	218,843	258,443
Current assets							
Receivables	5	74,734	473,693	548,427	51,272	513,605	564,877
Cash and cash equivalents	6	149,251	6,083,075	6,232,326	263,997	5,731,416	5,995,413
		223,985	6,556,768	6,780,753	315,269	6,245,021	6,560,290
Total assets		247,068	6,709,813	6,956,881	354,869	6,463,864	6,818,733
Funds and liabilities							
Funds							
Head office account		(273,681)	5,161,281	4,887,600	(200,547)	4,984,076	4,783,529
Woods Square Office Space Fund	7	–	1,000,000	1,000,000	–	1,000,000	1,000,000
Total funds		(273,681)	6,161,281	5,887,600	(200,547)	5,984,076	5,783,529
Current liabilities							
Other payables and accruals	8	520,749	548,532	1,069,281	555,416	479,788	1,035,204
Total liabilities		520,749	548,532	1,069,281	555,416	479,788	1,035,204
Total funds and liabilities		247,068	6,709,813	6,956,881	354,869	6,463,864	6,818,733

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

Statement of comprehensive income
Year ended 30 September 2019

		2019			2018		
	Note	SAPO $	Support office $	Total $	SAPO $	Support office $	Total $
Donations received	9	–	17,488,789	17,488,789	–	17,988,245	17,988,245
Funds received from World Vision International		4,258,578	–	4,258,578	5,052,910	–	5,052,910
Other income	10	250,204	127,029	377,233	496,753	123,841	620,594
Donations remitted to World Vision International for international ministry		–	(14,487,926)	(14,487,926)	–	(13,888,793)	(13,888,793)
Programs' expenditures	11	–	(72,210)	(72,210)	(34,792)	(79,976)	(114,768)
		4,508,782	3,055,682	7,564,464	5,514,871	4,143,317	9,658,188
Administrative expenses	12	(4,581,916)	(2,878,477)	(7,460,393)	(5,397,265)	(3,004,441)	(8,401,706)
(Deficit)/Surplus before tax		(73,134)	177,205	104,071	117,606	1,138,876	1,256,482
Income tax expense	13	–	–	–	–	–	–
Net (deficit)/surplus for the year and total comprehensive income for the year		(73,134)	177,205	104,071	117,606	1,138,876	1,256,482

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

Statement of changes in funds
Year ended 30 September 2019

	Head office account		Woods Square Office Space Fund	
	SAPO	Support office	Support office	Total
	$	$	$	$
At 1 October 2017	(318,153)	4,845,200	–	4,527,047
Transfer to Woods Square Office Space Fund (Note 7)	–	(1,000,000)	1,000,000	–
Net surplus for the year and total comprehensive income for the year	117,606	1,138,876	–	1,256,482
At 30 September 2018	(200,547)	4,984,076	1,000,000	5,783,529
Net (deficit)/surplus for the year and total comprehensive income for the year	(73,134)	177,205	–	104,071
At 30 September 2019	(273,681)	5,161,281	1,000,000	5,887,600

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

Statement of cash flows
Year ended 30 September 2019

	Note	2019 SAPO $	2019 Support office $	2019 Total $	2018 SAPO $	2018 Support office $	2018 Total $
Cash flows from operating activities							
(Deficit)/Surplus before tax		(73,134)	177,205	104,071	117,606	1,138,876	1,256,482
Adjustments for:							
Depreciation of property, plant and equipment		16,517	84,467	100,984	–	92,881	92,881
Loss on disposal of property, plant and equipment		–	–	–	–	1,612	1,612
Interest income		(965)	(112,297)	(113,262)	(1,330)	(69,128)	(70,458)
		(57,582)	149,375	91,793	116,276	1,164,241	1,280,517
Changes in:							
(Increase)/decrease in receivables		(23,462)	39,912	16,450	506,014	(405,644)	100,370
(Decrease)/increase in payables		(34,667)	68,744	34,077	(386,061)	15,894	(370,167)
Cash (used in)/generated from operations		(115,711)	258,031	142,320	236,229	774,491	1,010,720
Interest received		965	112,297	113,262	1,330	69,128	70,458
Net cash (used in)/from operating activities		(114,746)	370,328	255,582	237,559	843,619	1,081,178
Cash flows from investing activity							
Acquisition of property, plant and equipment		–	(18,669)	(18,669)	(39,600)	(23,046)	(62,646)
Net cash used in investing activity		–	(18,669)	(18,669)	(39,600)	(23,046)	(62,646)
Cash flows from financing activity							
Increase in restricted cash	6	–	–	–	(62,240)	–	(62,240)
Net cash used in financing activity		–	–	–	(62,240)	–	(62,240)
Net (decrease)/increase in cash and cash equivalents		(114,746)	351,659	236,913	135,719	820,573	956,292
Cash and cash equivalents at beginning of the year		201,757	5,731,416	5,933,173	66,038	4,910,843	4,976,881
Cash and cash equivalents at end of the year	6	87,011	6,083,075	6,170,086	201,757	5,731,416	5,933,173

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Branch's management on 6 February 2020.

1 Domicile and activities

World Vision International, Singapore Operations (the "Branch") is registered and domiciled in the Republic of Singapore. Its registered office and place of operation are located at 750C Chai Chee Road, #02-14 Viva Business Park, Singapore 469003.

The Branch is a segment of World Vision International, a Branch incorporated in U.S.A. and is not a separately incorporated legal entity. The financial statements have been prepared from the records of the Branch and reflect only transactions recorded locally.

The principal activities of the Branch are as follows:

(a) Support Office

The support office provides administrative support for World Vision projects, promotion and publicity of its work to the public in Singapore, maintaining its relationship with the Christian church and servicing supporters of its work around the world;

(b) Regional Office

The principal activities of SAPO are to:

(i) implement regional strategy and management control of World Vision operations across 10 countries in South Asia and the Pacific region;

(ii) support national offices in delivering quality development projects across the region; and

(iii) develop appropriate capacity for large-scale responses to major humanitarian emergencies within the Asia Pacific area.

The Branch is a registered Charity under the Charity Act, Chapter 37 since 27 September 1986.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRSs).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except as otherwise described in the notes below.

2.3 Functional and presentation currency

The Branch presents its financial statements in Singapore dollars, which is also its functional currency.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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.

There were no significant assumptions or estimation uncertainties that have a significant risk of resulting in a material adjustment to the financial statements within the next financial year.

2.5 Changes in accounting policies

New standards and amendments

The Branch has applied the following FRSs, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 October 2018:

- FRS 115 *Revenue from Contracts with Customers*;
- *Clarifications to FRS 115 Revenue from Contracts with Customers* (Amendments to FRS 115);
- FRS 109 *Financial Instruments*; and
- Applying FRS 109 *Financial Instruments* with FRS 104 *Insurance Contracts* (Amendments to FRS 104).

Other than FRS 109, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

FRS 109 *Financial Instruments*

FRS 109 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. It also introduces a new expected credit losses (ECL) model and a new general hedge accounting model. The Branch assessed the ECL to be insignificant on 1 October 2018.

Classification and measurement of financial assets and financial liabilities

Under FRS 109, financial assets are classified in the following categories: measured at amortised cost, fair value through other comprehensive income (FVOCI) – debt instrument, FVOCI – equity instrument, or fair value through profit or loss (FVTPL). The classification of financial assets under FRS 109 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. FRS 109 eliminates the previous FRS 39 categories of held to maturity, loans and receivables and available for sale.

FRS 109 largely retains the existing requirements in FRS 39 for the classification and measurement of financial liabilities.

The adoption of FRS 109 has not had a significant effect on the Branch's accounting policies related to financial liabilities.

For an explanation of how the Branch classifies and measures financial instruments and accounts for related gains and losses under FRS 109, see note 3.2.

The Branch has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Accordingly, the information presented for 2018 does not generally reflect the requirements of FRS 109, but rather those of FRS 39.

The following table and the accompanying notes below explain the original measurement categories under FRS 39 and the new measurement categories under FRS 109 for each class of the Branch's financial assets and financial liabilities as at 1 October 2018.

			SAPO		Support office	
	Original classification under FRS 39	**New classification under FRS 109**	**Original carrying amount under FRS 39**	**New carrying amount under FRS 109**	**Original carrying amount under FRS 39**	**New carrying amount under FRS 109**
			$	$	$	$
Financial assets						
Receivables	Loans and receivables	Amortised cost	51,272	51,272	513,605	513,605
Cash and cash equivalents	Loans and receivables	Amortised cost	263,997	263,997	5,731,416	5,731,416
Total financial assets			315,269	315,269	6,245,021	6,245,021
Financial liabilities						
Other payables and accruals	Amortised cost	Amortised cost	555,416	555,416	479,788	479,788
Total financial liabilities			555,416	555,416	479,788	479,788

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Branch.

3.1 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Branch at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognised in profit or loss.

3.2 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Branch becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a loan receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement – Policy applicable from 1 October 2018

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Branch changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Non-derivative financial assets: Business model assessment

The Branch makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Branch's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Branch's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Branch considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Branch considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Branch's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. These financial liabilities comprised operating expenses and amount payable to grantees.

(iii) Derecognition

Financial assets

The Branch derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Branch neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Branch enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Branch derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Branch also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Branch currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and fixed deposits which are readily convertible to a known amount of cash and subject to an insignificant risk of changes in their fair value, and are used by the Branch in the management of its short-term commitments.

(vi) Impairment – Policy applicable from 1 April 2018

The Branch recognises loss allowances for ECLs on financial assets measured at amortised costs.

Loss allowances of the Branch are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Branch applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Branch applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Branch assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Branch considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Branch's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Branch considers a financial asset to be in default when:
- the borrower is unlikely to pay its credit obligations to the Branch in full, without recourse by the Branch to actions such as realising security (if any is held); or
- the financial asset remains outstanding for more than a reasonable range of past due days, taking into consideration historical payment track records, current macroeconomics situation as well as general industry trends.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Branch is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Branch expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Branch assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Branch on terms that the Branch would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Branch determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Branch's procedures for recovery of amounts due.

(vii) Policies applicable before 1 October 2018

Non-derivative financial assets

The Branch initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Branch becomes a party to the contractual provisions of the instrument.

The Branch derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retain substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Branch is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Branch has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Branch classifies non-derivative financial assets into the loans and receivables category.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise receivables and cash and cash equivalents.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Branch in the management of its short-term commitments.

Non-derivative financial liabilities

All financial liabilities are recognised initially on the trade date, which is the date that the Branch becomes a party to the contractual provision of the instrument.

The Branch derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Branch has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Branch classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise other payables and accruals.

Impairment of non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Branch on terms that the Branch would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers of the Branch or economic conditions that correlate with defaults.

Loans and receivables

The Branch considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Branch uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Branch considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

3.3 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Branch, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment unless it is included in the carrying amount of another asset.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Computer	3 – 12 years
Office equipment	3 – 5 years
Furniture and fittings	10 years
Office improvements	2 – 3 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.4 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Short-term employee benefits

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

Short-term compensated absences

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for employee entitlements to annual leave as a result of services rendered by employees up to the reporting date.

3.5 Provisions

Provisions are recognised when the Branch has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

3.6 Revenue recognition

Donations received

Donations are recognised upon receipt.

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 Branch will comply with all the attached conditions.

Government grants 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 part of other income.

Funds received from World Vision International

Funds received from World Vision International (WVI) for SAPO are recognised to the extent of expenses incurred for operations.

3.7 Gifts-in-kind (GIK)

Gifts-in-kind consist primarily of private gift donations from companies for distribution to the communities helped by World Vision. Gifts-in-kind are included in revenue of the Branch at estimated fair value based on values certified by the donor. Gifts-in-kind expense is recorded when the goods are distributed to program beneficiaries.

3.8 Lease payments

When the Branch is the lessor, assets leased out under operating leases are included in property, plant and equipment. Income arising from such operating lease is recognised on a straight line basis over the lease term.

When the Branch is the lessee, operating lease payments are recognised as an expense on a straight line basis over the lease term.

3.9 Finance income

Finance income comprises interest income on funds invested that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either other income or administrative expenses depending on whether foreign currency movements are in a net gain or net loss position.

3.10 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective and have not been applied in preparing these financial statements. An explanation of the impact, if any, on adoption of these new requirements is provided in note 17.

4 Property, plant and equipment

	Computer $	Office equipment $	Furniture and fittings $	Office improvements $	Total $
(a) SAPO					
Cost					
At 1 October 2017	53,354	18,000	–	272,749	344,103
Additions	–	19,696	–	19,904	39,600
At 30 September 2018	53,354	37,696	–	292,653	383,703
Additions	–	–	–	–	–
At 30 September 2019	53,354	37,696	–	292,653	383,703
Accumulated depreciation					
At 1 October 2017	53,354	18,000	–	272,749	344,103
Charge for the year	–	–	–	–	–
At 30 September 2018	53,354	18,000	–	272,749	344,103
Charge for the year	–	6,565	–	9,952	16,517
At 30 September 2019	53,354	24,565	–	282,701	360,620
Carrying amounts					
At 1 October 2017	–	–	–	–	–
At 30 September 2018	–	19,696	–	19,904	39,600
At 30 September 2019	–	13,131	–	9,952	23,083
(b) Support office					
Cost					
At 1 October 2017	700,393	34,320	59,764	162,432	956,909
Additions	22,416	630	–	–	23,046
Disposals	(27,928)	(2,140)	(1,541)	–	(31,609)
At 30 September 2018	694,881	32,810	58,223	162,432	948,346
Additions	18,669	–	–	–	18,669
Disposals	(72,105)	–	–	–	(72,105)
At 30 September 2019	641,445	32,810	58,223	162,432	894,910
Accumulated depreciation					
At 1 October 2017	492,253	32,209	34,725	107,432	666,619
Charge for the year	55,671	1,545	5,665	30,000	92,881
Disposals	(26,869)	(2,140)	(988)	–	(29,997)
At 30 September 2018	521,055	31,614	39,402	137,432	729,503
Charge for the year	53,217	713	5,537	25,000	84,467
Disposals	(72,105)	–	–	–	(72,105)
At 30 September 2019	502,167	32,327	44,939	162,432	741,865
Carrying amounts					
At 1 October 2017	208,140	2,111	25,039	55,000	290,290
At 30 September 2018	173,826	1,196	18,821	25,000	218,843
At 30 September 2019	139,278	483	13,284	–	153,045

	Computer $	Office equipment $	Furniture and fittings $	Office improvements $	Total $
<u>Total (a) + (b)</u>					
Cost					
At 1 October 2017	753,747	52,320	59,764	435,181	1,301,012
Additions	22,416	20,326	–	19,904	62,646
Disposals	(27,928)	(2,140)	(1,541)	–	(31,609)
At 30 September 2018	748,235	70,506	58,223	455,085	1,332,049
Additions	18,669	–	–	–	18,669
Disposals	(72,105)	–	–	–	(72,105)
At 30 September 2019	694,799	70,506	58,223	455,085	1,278,613
Accumulated depreciation					
At 1 October 2017	545,607	50,209	34,725	380,181	1,010,722
Charge for the year	55,671	1,545	5,665	30,000	92,881
Disposals	(26,869)	(2,140)	(988)	–	(29,997)
At 30 September 2018	574,409	49,614	39,402	410,181	1,073,606
Charge for the year	53,217	7,278	5,537	34,952	100,984
Disposals	(72,105)	–	–	–	(72,105)
At 30 September 2019	555,521	56,892	44,939	445,133	1,102,485
Carrying amounts					
At 1 October 2017	208,140	2,111	25,039	55,000	290,290
At 30 September 2018	173,826	20,892	18,821	44,904	258,443
At 30 September 2019	139,278	13,614	13,284	9,952	176,128

5 Receivables

	2019			2018		
	SAPO $	Support office $	Total $	SAPO $	Support office $	Total $
Deposits	29,260	42,579	71,839	14,910	39,157	54,067
Staff loans and advances	16,329	–	16,329	1,000	–	1,000
Other receivables	–	205,576	205,576	–	427,918	427,918
Financial assets at amortised costs (2018: Loans and receivables)	45,589	248,155	293,744	15,910	467,075	482,985
Prepayments	29,145	225,538	254,683	35,362	46,530	81,892
	74,734	473,693	548,427	51,272	513,605	564,877

Deposits, staff loans and advances and other receivables are unsecured, interest-free and are repayable on demand.

Included in Support office's other receivables are mainly receivables of donation monies held by payment agents.

6 Cash and cash equivalents

	2019			2018		
	SAPO	Support office	Total	SAPO	Support office	Total
	$	$	$	$	$	$
Fixed deposits[1]	–	5,465,000	5,465,000	–	5,455,501	5,455,501
Cash and bank balances[2]	149,251	618,075	767,326	263,997	275,915	539,912
	149,251	6,083,075	6,232,326	263,997	5,731,416	5,995,413

[1] Fixed deposits with financial institutions mature at varying periods within 6 months (2018: 6 months) from the financial year-end. Interest rates range from 0.35% to 2.55% (2018: 0.35% to 2.30%) per annum.

[2] Cash and bank balances includes restricted cash of $62,240 (2018: $62,240) set aside for a bank guarantee relating to an office lease. This is excluded from the cash and cash equivalents in the statement of cash flows.

7 Woods Square Office Space Fund

On 24 November 2017, the Branch obtained approval to set aside funds of S$1,000,000 from the head office account to cover the cost of renovation and any other costs for the right of abode to the shared space at Woods Square developed by Far East Organisation under the Community Sports Facilities Scheme administered by the Urban Development Authority. Any excess funds not utilised to meet the above commitment will be returned to the head office.

8 Other payables and accruals

	2019			2018		
	SAPO	Support office	Total	SAPO	Support office	Total
	$	$	$	$	$	$
Non-trade payables	67,390	40,569	107,959	39,741	50,473	90,214
Accruals	453,359	507,963	961,322	515,675	429,315	944,990
	520,749	548,532	1,069,281	555,416	479,788	1,035,204

Non-trade payables are unsecured, non-interest bearing and are normally settled within 90 days or on demand.

9 Donations received

The breakdown of the donations received are as follows:

	Support office 2019 $	Support office 2018 $
Area Development Program income	1,817,905	1,958,371
Child sponsorship	12,990,417	12,941,476
Children in Crisis	532,168	952,068
General childcare	616,308	518,604
Ministry - Christian commitment	600	2,625
Relief and rehabilitation	1,131,044	1,339,431
Trips and Events	70,246	87,927
Microfinance	266,495	98,745
Youth Ministry	53,606	88,998
Cash donations received	17,478,789	17,988,245
Gift-in-kind (donated goods value)	10,000	–
	17,488,789	17,988,245

10 Other income

	2019			2018		
	SAPO $	Support office $	Total $	SAPO $	Support office $	Total $
Hosting charges received	–	–	–	95,976	–	95,976
Interest income	965	112,297	113,262	1,330	69,128	70,458
Service fees received	12,891	–	12,891	82,197	–	82,197
Government grant income	233,473	13,981	247,454	274,543	49,991	324,534
Exchange gain	–	431	431	5,618	4,722	10,340
Others	2,875	320	3,195	37,089	–	37,089
	250,204	127,029	377,233	496,753	123,841	620,594

11 Programs' expenditures

	2019			2018		
	SAPO $	Support office $	Total $	SAPO $	Support office $	Total $
Local ministry programs' expenditures	–	72,210	72,210	34,792	79,976	114,768

12 Administrative expenses

Included in administrative expenses are the following items:

	2019			2018		
	SAPO	Support office	Total	SAPO	Support office	Total
	$	$	$	$	$	$
Depreciation on property, plant and equipment	16,517	84,467	100,984	–	92,881	92,881
Employee benefits expense:						
- wages and salaries	2,419,116	1,449,703	3,868,819	2,900,496	1,583,689	4,484,185
- employer's contributions to central provident fund	87,451	203,242	290,693	85,889	224,871	310,760
- foreign pension funds	64,256	–	64,256	83,913	–	83,913
- staff benefits (including housing rental expense)	730,441	3,889	734,330	917,553	(1,504)	916,049
Operating lease expense	134,908	147,072	281,980	156,440	148,965	305,405

13 Income tax expense

The Branch is an approved charity organisation under the Charity Act, Chapter 37 and exempted from income tax under Section 13(1) (zm) of the Income Tax Act, Cap. 134.

14 Operating lease commitments

As at the balance sheet date, the Branch has the following commitments arising from non-cancellable operating leases where the Branch is the lessee:

	2019			2018		
	SAPO	Support office	Total	SAPO	Support office	Total
	$	$	$	$	$	$
Operating lease payments due:						
- within 1 year	292,377	38,340	330,717	162,676	111,100	273,776
- after 1 year but not later than 5 years	83,835	4,776	88,611	127,627	7,961	135,588
	376,212	43,116	419,328	290,303	119,061	409,364

15 Significant related party transactions

Significant transactions with related parties, not otherwise disclosed in the financial statements, are as follows:

	Support office 2019	Support office 2018
	$	$
With a business unit of World Vision International		
- IT services	68,628	93,816

Key management personnel compensation

The key management personnel compensation are as follows:

	2019 SAPO	2019 Support office	2019 Total	2018 SAPO	2018 Support office	2018 Total
	$	$	$	$	$	$
Short-term employee benefits	719,445	251,764	971,209	696,965	288,815	985,780
Post-employment benefits	36,823	16,269	53,125	34,475	16,118	50,593
	756,268	268,033	1,024,301	731,440	304,933	1,036,373

The annual remuneration of the three highest paid staff employed by SAPO and Support Office respectively, classified in bands of $100,000, are as follows:

	2019 SAPO	2019 Support office	2019 Total	2018 SAPO	2018 Support office	2018 Total
Number of staff with annual remuneration						
- exceeding $200,000 but not more than $300,000	3	1	4	2	1	3
- exceeding $100,000 but not more than $200,000	0	2	2	1	2	3

16 Financial risk management

Overview

The Branch has exposure to the following risks from its operations and use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Branch's exposure to each of the above risks and the Branch's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

Risk management is integral to the whole business of the Branch. The Branch has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Branch's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Branch's activities.

Credit risk

Credit risk is the potential risk of financial loss resulting from the failure of debtors or other counterparties to settle their financial and contractual obligations to the Branch as and when they fall due.

The Branch's exposure to credit risk arises primarily from cash and cash equivalents and other receivables (that consists primarily of donation monies held by payment agents). For these financial assets, the Branch minimises credit risk by dealing with high credit rating counterparties and regulated financial institutions. The amount of expected credit loss on these financial assets are negligible.

At the reporting, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

There are no financial assets that are past due or impaired as at the reporting date.

Liquidity risk

Liquidity risk is the risk that the Branch will encounter difficulty in meeting financial obligations due to shortage of funds.

The Branch monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate to finance the Branch's operations and to mitigate the effects of fluctuations in cash flows.

All financial liabilities of the Branch are repayable on demand or mature within one year, as disclosed in note 8 to the financial statements.

Market risk

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Branch's financial instruments will fluctuate because of changes in market interest rates.

The Branch does not have any interest-bearing financial liabilities. Its only exposure to changes in interest rates relates to interest-earning bank deposits. The Branch monitors movements in interest rates to ensure deposits are placed with financial institutions offering optimal rates of return.

The interest rates and terms of maturity of financial assets of the Branch are disclosed in note 6 to the financial statements.

Foreign exchange risk

The Branch is primarily exposed to fluctuations in United States Dollars (USD) exchange rates arising from cash flows from anticipated transactions. The Branch reviews periodically monetary assets and liabilities held in currencies other than its functional currency to ensure that net exposure is kept at an acceptable level.

The significant foreign currency amounts held by the Branch are as follows:

	2019			2018		
	SAPO **$**	**Support office** **$**	**Total** **$**	**SAPO** **$**	**Support office** **$**	**Total** **$**
Held in USD						
Receivables	16,229	–	16,229	–	–	–
Cash and cash equivalents	30,532	28,140	58,672	103,025	170,444	273,469
Other payables	(221,121)	–	(221,121)	(306,007)	–	(306,007)
	(174,360)	28,140	(146,220)	(202,982)	170,444	(32,538)

Sensitivity analysis

A 10% strengthening of the Singapore Dollar against the following currency at the balance sheet date would increase/(decrease) the net surplus and head office account balance by the amounts shown below. This analysis assumes that all other variables, in particular, interest rates, remain constant.

	2019			2018		
	SAPO	**Support office**	**Total**	**SAPO**	**Support office**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
United States dollars	17,436	(2,814)	14,622	20,298	(17,044)	3,254

A 10% weakening of the Singapore Dollar against the above currency would have had the equal but opposite effects on the above currency to the amounts shown above, on the basis that all other variables remain constant.

Classification and determination of fair values of financial instruments

	2019			2018		
	SAPO	**Support office**	**Total**	**SAPO**	**Support office**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Financial assets at amortised cost (2018: Loans and receivables):						
- Receivables	45,589	248,155	293,744	15,910	467,075	482,985
- Cash and cash equivalents	149,251	6,083,075	6,232,326	263,997	5,731,416	5,995,413
	194,840	6,331,230	6,526,070	279,907	6,198,491	6,478,398
Financial liabilities at amortised cost:						
- Other payables and accruals	520,749	548,532	1,069,281	555,416	479,788	1,035,204

The notional financial assets and liabilities with a maturity of less than one year (including receivables, cash and cash equivalents, and other payables) are assumed to approximate their fair values because of the short period to maturity.

No fair value hierarchy information is disclosed for financial assets and liabilities whose carrying amounts are measured on amortised cost basis which approximate their fair value due to their short-term nature and where the effect of discounting is immaterial.

17 New standards and interpretations not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 October 2018 and earlier application is permitted; however, the Branch has not early adopted the new or amended standards in preparing these financial statements.

The following standards are expected to have an impact on the Branch's financial statements in the period of initial application.

New standards Summary of the requirements	**Potential impact on the financial statements**
FRS 116 ***Leases***	
FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. FRS 116 is effective for annual periods beginning on or after 1 October 2019, with early adoption permitted if FRS 115 is also applied.	The Branch has performed a preliminary assessment of the new standard on its existing operating lease arrangements as a lessee. Based on the preliminary assessment, the Branch expects these operating leases to be recognised as ROU assets with corresponding lease liabilities under the new standard. The operating lease commitments on an undiscounted basis amount to approximately 99% and 0% of SAPO and Support Office's total assets respectively; and 47% and 0% of SAPO and Support Office's total liabilities respectively. The Branch plans to adopt the standard when it becomes effective for the financial year ending 2020. The Branch will perform a detailed analysis of the standard, including the transition options and practical expedients for the financial year ending 2020.

THE FOLLOWING STATEMENTS DO NOT FORM PART OF THE AUDITED STATUTORY FINANCIAL STATEMENTS OF THE BRANCH

Detailed statement of comprehensive income
Year ended 30 September 2019

	2019			2018		
	SAPO	Support office	Total	SAPO	Support office	Total
	$	$	$	$	$	$
Audit fee	30,194	28,355	58,549	32,144	36,701	68,845
Bank charges	11,953	199,281	211,234	7,138	189,566	196,704
Central provident fund contributions	87,451	203,242	290,693	85,889	224,871	310,760
Conferences and meetings	–	–	–	–	–	–
Consultancy	197,301	–	197,301	297,280	–	297,280
Depreciation on property, plant and equipment	16,517	84,467	100,984	–	92,882	92,882
Education/training	89,055	14,332	103,387	94,454	10,620	105,074
Exchange loss	2,284	–	2,284	–	–	–
Foreign pension funds	64,256	–	64,256	83,913	–	83,913
Hospitality and refreshments	13,115	5,655	18,770	17,520	7,071	24,591
Hosting	(36,903)	–	(36,903)	21,669	–	21,669
Internet	24,151	12,696	36,847	22,352	12,283	34,635
IT hardware	–	1,571	1,571	–	1,775	1,775
IT services	–	173,134	173,134	–	189,160	189,160
IT software	–	29,115	29,115	–	26,192	26,192
Legal and professional fees	11,781	18,865	30,646	10,119	7,592	17,711
Mail handling cost	–	22,084	22,084	–	26,378	26,378
Medical expenses and insurance	75,600	23,803	99,403	32,829	21,276	54,105
Ministry supplies	80,227	–	80,227	138,589	2,975	141,564
Postages	582	71,155	71,737	245	81,311	81,556
Printing	4,844	134,262	139,106	10,273	106,230	116,503
Loss on disposal of property, plant and equipment	–	–	–	–	1,612	1,612
Operating lease expenses	134,908	147,072	281,980	156,440	148,965	305,405
Publicity/advertising	–	143,726	143,726	80	79,093	79,173
Recruitment expenses	–	4,807	4,807	–	2,159	2,159
Rent – miscellaneous	–	971	971	–	784	784
Repatriation allowance	(7,112)	–	(7,112)	(2,096)	–	(2,096)
Salaries	2,419,116	1,449,703	3,868,819	2,900,496	1,583,689	4,484,185
Staff benefits	730,441	3,889	734,330	917,553	(1,504)	916,049
Staff relations	–	2,311	2,311	–	649	649
Stationery	28,919	2,247	31,166	14,438	1,979	16,417
Telephone and telex	23,588	4,116	27,704	32,788	4,437	37,225
Temporary help	–	24,360	24,360	–	53,675	53,675
Transport	–	2,291	2,291	–	3,619	3,619
Travelling expenses	490,714	17,471	508,185	499,451	29,432	528,883
Upkeep of office	10,725	25,221	35,946	(45,628)	25,489	(20,139)
Upkeep of office equipment	62,998	5,093	68,091	50,938	7,196	58,134
Utilities	15,211	23,182	38,393	18,391	26,284	44,675
	4,581,916	2,878,477	7,460,393	5,397,265	3,004,441	8,401,706