

The financial information set out in pages FS1 to FS19 has been extracted from the financial statements of the Singapore Operations of World Vision International (the Branch) for the financial year ended 30 September 2018 which have been audited by the Company's independent auditors in accordance with Singapore Standards on Auditing. The financial information includes only the statement of financial position as at 30 September 2018, the statement of comprehensive income, statement of changes in head office account and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information of the **Support Office** of the Branch. The financial statements that were audited were those of the Branch.

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

Annual Report  
Year ended 30 September 2018

## **Statement by Agents**

We, Lizano Zuniga Renan Martin 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 FS21 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 2018 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.

  
.....  
**Lizano Zuniga Renan Martin**  
*Local Agent*

  
.....  
**Chung Yeong Ming**  
*Local Agent*

**Singapore**  
25 February 2019

## **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 2018, 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 FS19.

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 2018 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.

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.

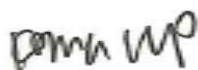
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Branch's internal controls.
- Evaluate the appropriateness of accounting policies 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**  
*Public Accountants and*  
*Chartered Accountants*

**Singapore**  
25 February 2019

**Statement of financial position**  
**As at 30 September 2018**

	Note	2018 Support office \$	2017 Support office \$
<b>Non-current asset</b>			
Property, plant and equipment	4	218,843	290,290
<b>Current assets</b>			
Receivables	5	513,605	107,961
Cash and cash equivalents	6	5,731,416	4,910,843
		<u>6,245,021</u>	<u>5,018,804</u>
<b>Total assets</b>		<u><u>6,463,864</u></u>	<u><u>5,309,094</u></u>
<b>Funds and liabilities</b>			
<b>Funds</b>			
Head office account		4,984,076	4,845,200
Woods Square Office Space Fund	7	1,000,000	-
<b>Total funds</b>		<u>5,984,076</u>	<u>4,845,200</u>
<b>Current liabilities</b>			
Other payables and accruals	8	479,788	463,894
<b>Total liabilities</b>		<u>479,788</u>	<u>463,894</u>
<b>Total funds and liabilities</b>		<u><u>6,463,864</u></u>	<u><u>5,309,094</u></u>

**Statement of comprehensive income**  
**Year ended 30 September 2018**

	<b>Note</b>	<b>2018</b> <b>Support</b> <b>office</b> <b>\$</b>	<b>2017</b> <b>Support</b> <b>office</b> <b>\$</b>
Donations received	9	17,988,245	18,503,634
Funds received from World Vision International		–	–
Other income	10	123,841	145,740
Donations remitted to World Vision International for international ministry		(13,888,793)	(15,223,568)
Programs' expenditures	11	(79,976)	(97,336)
		<u>4,143,317</u>	<u>3,328,470</u>
Administrative expenses	12	(3,004,441)	(2,727,322)
<b>Surplus before tax</b>		<u>1,138,876</u>	<u>601,148</u>
Income tax expense	13	–	–
<b>Net surplus for the year and total comprehensive income for the year</b>		<u><u>1,138,876</u></u>	<u><u>601,148</u></u>



**Statement of changes in funds**  
**Year ended 30 September 2018**

	<u>Head office account</u> Support office \$	<u>Woods Square Office Space Fund</u> Support office \$	Total \$
At 1 October 2016	4,244,052	–	4,244,052
Net surplus for the year and total comprehensive income for the year	601,148	–	601,148
At 30 September 2017	4,845,200	–	4,845,200
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	1,138,876	–	1,138,876
At 30 September 2018	4,984,076	1,000,000	5,984,076

**Statement of cash flows**  
**Year ended 30 September 2018**

	<b>Note</b>	<b>2018</b> <b>Support</b> <b>office</b> <b>\$</b>	<b>2017</b> <b>Support</b> <b>office</b> <b>\$</b>
<b>Cash flows from operating activities</b>			
Surplus before tax		1,138,876	601,148
<b>Adjustments for:</b>			
Depreciation of property, plant and equipment		92,881	95,734
Loss on disposal of property, plant and equipment		1,612	–
Interest income		(69,128)	(52,202)
		<u>1,164,241</u>	<u>644,680</u>
Changes in working capital:			
Decrease/(increase) in receivables		(405,644)	15,286
Increase/(decrease) in payables		15,894	6,816
<b>Cash generated from/(used in) operations</b>		<u>774,491</u>	<u>666,782</u>
Interest received		69,128	52,202
<b>Net cash from/(used in) operating activities</b>		<u>843,619</u>	<u>718,984</u>
<b>Cash flows from investing activity</b>			
Acquisition of property, plant and equipment		(23,046)	(14,829)
<b>Net cash used in investing activity</b>		<u>(23,046)</u>	<u>(14,829)</u>
<b>Cash flows from financing activity</b>			
Increase in restricted cash	6	–	–
<b>Net cash used in financing activity</b>		<u>–</u>	<u>–</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		820,573	704,155
Cash and cash equivalents at beginning of the year		<u>4,910,843</u>	<u>4,206,688</u>
<b>Cash and cash equivalents at end of the year</b>	6	<u>5,731,416</u>	<u>4,910,843</u>

## **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 25 February 2019.

### **1 Domicile and activities**

World Vision International, Singapore Operations (the "Branch") is registered and domiciled in the Republic of Singapore. Its registered office and support office is located at 10 Tannery Lane #06-01/02 BBS Building, Singapore 347773.

The Branch is a segment of World Vision International, a company 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:

#### 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;

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 for the revaluation of certain financial instruments.

#### **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.

## 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

#### *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.

### 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 Impairment

#### ***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.

## 3.5 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 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.

## 3.6 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.

## 3.7 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.

### ***Interest income***

Interest income is recognised on a time proportion basis, using the effective interest method, unless collectability is in doubt.

### ***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.

#### **3.8 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.

#### **3.9 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.

#### **3.10 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.

#### **3.11 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 \$
<b>(b) Support office</b>					
<b>Cost</b>					
At 1 October 2016	694,787	34,320	59,933	77,432	866,472
Additions	14,829	–	–	85,000	99,829
Disposals	(9,223)	–	(169)	–	(9,392)
At 30 September 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
<b>Accumulated depreciation</b>					
At 1 October 2016	444,251	29,391	29,203	77,432	580,277
Charge for the year	57,225	2,818	5,691	30,000	95,734
Disposals	(9,223)	–	(169)	–	(9,392)
At 30 September 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
<b>Carrying amounts</b>					
At 1 October 2016	250,536	4,929	30,730	–	286,195
At 30 September 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

## 5 Receivables

	2018 Support office \$	2017 Support office \$
Deposits	39,157	43,242
Staff loans and advances	–	–
Other receivables	427,918	34,030
Loans and receivables	467,075	77,272
Prepayments	46,530	30,689
	513,605	107,961

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

	<b>2018</b> <b>Support</b> <b>office</b> \$	<b>2017</b> <b>Support</b> <b>office</b> \$
Fixed deposits <sup>1</sup>	5,455,501	4,138,945
Cash and bank balances	275,915	771,898
	<u>5,731,416</u>	<u>4,910,843</u>

<sup>1</sup> Fixed deposits with financial institutions mature at varying periods within 6 months (2017: 3 months) from the financial year-end. Interest rates range from 0.35% to 2.30% (2017: 0.25% to 1.30%) per annum.

## 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

	<b>2018</b> <b>Support</b> <b>office</b> \$	<b>2017</b> <b>Support</b> <b>office</b> \$
Non-trade payables	50,473	54,770
Accruals	429,315	409,124
	<u>479,788</u>	<u>463,894</u>

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	
	2018	2017
	\$	\$
Area Development Program income	1,958,371	3,092,115
Child sponsorship	12,941,476	12,525,060
Children in Crisis	952,068	486,778
General childcare	518,604	1,384,590
Ministry - Christian commitment	2,625	59,195
One life fund	–	48,920
Relief and rehabilitation	1,339,431	795,452
Trips and Events	87,927	37,394
Microfinance	98,745	23,587
Youth Ministry	88,998	50,543
Cash donations received	17,988,245	18,503,634

## 10 Other income

	2018 Support office \$	2017 Support office \$
Interest income	69,128	52,202
Government grant income	49,991	79,730
Exchange gain	4,722	13,808
	123,841	145,740

## 11 Programs' expenditures

	2018 Support office \$	2017 Support office \$
Local ministry programs' expenditures	79,976	97,336

## 12 Administrative expenses

Included in administrative expenses are the following items:

	<b>2018</b> <b>Support</b> <b>office</b> \$	<b>2017</b> <b>Support</b> <b>office</b> \$
Depreciation on property, plant and equipment	92,881	95,734
Employee benefits expense:		
- wages and salaries	1,583,689	1,378,679
- employer's contributions to central provident fund	224,871	197,813
- staff benefits	(1,504)	(3,590)
Operating lease expense	<u>148,965</u>	<u>155,313</u>

## 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:

	<b>2018</b> <b>Support</b> <b>office</b> \$	<b>2017</b> <b>Support</b> <b>office</b> \$
Operating lease payments due:		
- within 1 year	111,100	148,965
- after 1 year but not later than 5 years	7,961	119,061
	<u>119,061</u>	<u>268,026</u>

## 15 Significant related party transactions

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

	<b>Support office</b>	
	<b>2018</b>	<b>2017</b>
	\$	\$
With a business unit of World Vision International		
- IT services	93,816	95,059
	<u>93,816</u>	<u>95,059</u>

***Key management personnel compensation***

The key management personnel compensation are as follows:

	<b>2018</b> <b>Support</b> <b>office</b> \$	<b>2017</b> <b>Support</b> <b>office</b> \$
Short-term employee benefits	288,815	166,042
Post-employment benefits	<u>16,118</u>	<u>7,126</u>
	<u><u>304,933</u></u>	<u><u>173,168</u></u>

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

	<b>2018</b> <b>Support</b> <b>office</b>	<b>2017</b> <b>Support</b> <b>office</b>
Number of staff with annual remuneration		
- exceeding \$200,000 but not more than \$300,000	1	–
- exceeding \$100,000 but not more than \$200,000	<u>2</u>	<u>3</u>

## **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 other receivables. For other financial assets (including cash and cash equivalents), the Branch minimises credit risk by dealing with high credit rating counterparties.

The management has credit policies in place to minimise exposure to credit risk.

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:

	<b>2018</b>	<b>2017</b>
	<b>Support office</b>	<b>Support office</b>
	<b>\$</b>	<b>\$</b>
<u>Held in USD</u>		
Cash and cash equivalents	170,444	44,243
	<u>170,444</u>	<u>44,243</u>

***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.

	<b>2018</b>	<b>2017</b>
	<b>Support office</b>	<b>Support office</b>
	<b>\$</b>	<b>\$</b>
United States dollars	(17,044)	(4,424)
	<u>(17,044)</u>	<u>(4,424)</u>

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**

	<b>2018</b>	<b>2017</b>
	<b>Support</b>	<b>Support</b>
	<b>office</b>	<b>office</b>
	<b>\$</b>	<b>\$</b>
Loans and receivables:		
- Receivables	467,075	77,272
- Cash and cash equivalents	5,731,416	4,910,843
	<u>6,198,491</u>	<u>4,988,115</u>
 Financial liabilities at amortised cost:		
- Other payables and accruals	479,788	463,894
	<u>479,788</u>	<u>463,894</u>

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 2017 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 109 Financial Instruments**

FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39.

During 2018, the Branch completed its initial assessment of the impact on the Branch's financial statements.

Overall, the Branch does not expect a significant impact from the adoption of FRS 109.

The Branch's initial assessment of the three elements of FRS 109 is as described below.

FRS 109 is effective for annual periods

**Classification and measurement** - The Branch does not expect a significant change



beginning on or after 1 October 2018, with early adoption permitted. Retrospective application is generally required, except for hedge accounting. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Restatement of comparative information is not mandatory. If comparative information is not restated, the cumulative effect is recorded in opening equity as at 1 October 2018.

to the measurement basis arising from adopting the new classification and measurement model under FRS 109.

Loans and receivables that are currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109.

**Impairment** - The Branch plans to apply the general approach. On adoption of FRS 109, the Branch does not expect a significant increase in the impairment loss allowance.

**Transition** - The Branch plans to adopt the standard when it becomes effective for the financial year ending 2019 without restating comparative information.

## 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 high-level 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 82% and 2% of SAPO and Support Office's total assets respectively; and 52% and 25% of SAPO and Support Office's total liabilities respectively. Assuming no additional new operating leases in future years until the effective date, the Branch expects the amount of ROU asset and lease liability to be lower due to discounting and as the lease terms run down.

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 2019.

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 2018**

	<b>2018</b>	<b>2017</b>
	<b>Support</b>	<b>Support</b>
	<b>office</b>	<b>office</b>
	<b>\$</b>	<b>\$</b>
Audit fee	36,701	27,606
Bank charges	189,566	173,494
Central provident fund contributions	224,871	197,813
Depreciation on property, plant and equipment	92,882	95,734
Education/training	10,620	29,665
Hospitality and refreshments	7,071	8,124
Internet	12,283	12,263
IT hardware	1,775	2,457
IT services	189,160	119,940
IT software	26,192	39,163
Legal and professional fees	7,592	10,397
Mail handling cost	26,378	26,080
Medical expenses and insurance	21,276	21,044
Ministry supplies	2,975	–
Postages	81,311	59,105
Printing	106,230	100,107
Loss on disposal of property, plant and equipment	1,612	–
Operating lease expenses	148,965	155,313
Publicity/advertising	79,093	148,544
Recruitment expenses	2,159	1,281
Rent – miscellaneous	784	784
Salaries	1,583,689	1,378,679
Staff benefits	(1,504)	(3,590)
Staff relations	649	442
Stationery	1,979	2,195
Telephone and telex	4,437	4,299
Temporary help	53,675	33,719
Transport	3,619	4,108
Travelling expenses	29,432	25,093
Upkeep of office	25,489	24,407
Upkeep of office equipment	7,196	4,995
Utilities	26,284	24,061
	<u>3,004,441</u>	<u>2,727,322</u>