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

# Annual Report
Year ended 30 September 2020

## 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 FS30 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 2020 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**
23 March 2021

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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 2020, 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 FS30.

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 2020 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

**KPMG LLP**
*Public Accountants and*
*Chartered Accountants*

**Singapore**
23 March 2021

**Statement of financial position**
**As at 30 September 2020**

| | | 2020 | | | 2019 | | |
|---|---|---|---|---|---|---|---|
| | **Note** | **SAPO** | **Support office** | **Total** | **SAPO** | **Support office** | **Total** |
| | | **$** | **$** | **$** | **$** | **$** | **$** |
| **Non-current asset** | | | | | | | |
| Property, plant and equipment | 4 | 120,860 | 536,078 | 656,938 | 23,083 | 153,045 | 176,128 |
| **Current assets** | | | | | | | |
| Receivables | 5 | 58,340 | 866,082 | 924,422 | 74,734 | 473,693 | 548,427 |
| Cash and cash equivalents | 6 | 175,202 | 5,505,370 | 5,680,572 | 149,251 | 6,083,075 | 6,232,326 |
| | | 233,542 | 6,371,452 | 6,604,994 | 223,985 | 6,556,768 | 6,780,753 |
| **Total assets** | | 354,402 | 6,907,530 | 7,261,932 | 247,068 | 6,709,813 | 6,956,881 |
| **Funds and liabilities** | | | | | | | |
| **Funds** | | | | | | | |
| Head office account | | (220,153) | 5,230,508 | 5,010,355 | (273,681) | 5,161,281 | 4,887,600 |
| Woods Square Office Space Fund | 7 | – | 1,000,000 | 1,000,000 | – | 1,000,000 | 1,000,000 |
| **Total funds** | | (220,153) | 6,230,508 | 6,010,355 | (273,681) | 6,161,281 | 5,887,600 |
| **Non-current liabilities** | | | | | | | |
| Other payables and accruals | 8 | 52,481 | – | 52,481 | – | – | – |
| **Current liabilities** | | | | | | | |
| Other payables and accruals | 8 | 522,074 | 677,022 | 1,199,096 | 520,749 | 548,532 | 1,069,281 |
| **Total liabilities** | | 574,555 | 677,022 | 1,251,577 | 520,749 | 548,532 | 1,069,281 |
| **Total funds and liabilities** | | 354,402 | 6,907,530 | 7,261,932 | 247,068 | 6,709,813 | 6,956,881 |

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

**Statement of comprehensive income**
**Year ended 30 September 2020**

| | | 2020 | | | 2019 | | |
|---|---|---|---|---|---|---|---|
| | **Note** | **SAPO** **$** | **Support office** **$** | **Total** **$** | **SAPO** **$** | **Support office** **$** | **Total** **$** |
| Donations received | 9 | – | 18,614,473 | 18,614,473 | – | 17,488,789 | 17,488,789 |
| Funds received from World Vision International | | 3,603,413 | – | 3,603,413 | 4,258,578 | – | 4,258,578 |
| Other income | 10 | 187,218 | 368,470 | 555,688 | 250,204 | 127,029 | 377,233 |
| Donations remitted to World Vision International for international ministry | | – | (15,950,411) | (15,950,411) | – | (14,487,926) | (14,487,926) |
| Programs' expenditures | 11 | – | (133,638) | (133,638) | – | (72,210) | (72,210) |
| | | 3,790,631 | 2,898,894 | 6,689,525 | 4,508,782 | 3,055,682 | 7,564,464 |
| Administrative expenses | 12 | (3,759,608) | (2,897,024) | (6,656,632) | (4,581,916) | (2,878,477) | (7,460,393) |
| Finance income | 13 | 29,304 | 67,356 | 96,660 | – | – | – |
| Finance costs | 13 | (8,803) | – | (8,803) | – | – | – |
| **Net finance income** | | 20,501 | 67,356 | 87,857 | – | – | – |
| **Surplus/(Deficit) before tax** | | 51,524 | 69,226 | 120,750 | (73,134) | 177,205 | 104,071 |
| Income tax expense | 14 | – | – | – | – | – | – |
| **Net surplus/(deficit) for the year and total comprehensive income for the year** | | 51,524 | 69,226 | 120,750 | (73,134) | 177,205 | 104,071 |

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

**Statement of changes in funds**
**Year ended 30 September 2020**

| | Head office account | | Woods Square Office Space Fund | |
|---|---|---|---|---|
| | SAPO<br>$ | Support office<br>$ | Support office<br>$ | Total<br>$ |
| At 1 October 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 |
| At 1 October 2019 | (273,681) | 5,161,281 | 1,000,000 | 5,887,600 |
| Adjustment on initial application of FRS 116 (net of tax) | 2,005 | – | – | 2,005 |
| Adjusted balance at 1 October 2019 | (271,676) | 5,161,281 | 1,000,000 | 5,889,605 |
| Net surplus/(deficit) for the year and total comprehensive income for the year | 51,524 | 81,726 | (12,500) | 120,750 |
| At 30 September 2020 | (220,152) | 5,243,007 | 987,500 | 6,010,355 |

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

## Statement of cash flows
## Year ended 30 September 2020

| | Note | 2020 SAPO $ | 2020 Support office $ | 2020 Total $ | 2019 SAPO $ | 2019 Support office $ | 2019 Total $ |
|---|---|---|---|---|---|---|---|
| **Cash flows from operating activities** | | | | | | | |
| **Surplus/(Deficit) before tax** | | 51,524 | 69,226 | 120,750 | (73,134) | 177,205 | 104,071 |
| **Adjustments for:** | | | | | | | |
| Depreciation of property, plant and equipment | | 308,018 | 79,974 | 387,992 | 16,517 | 84,467 | 100,984 |
| Loss on disposal of property, plant and equipment | | – | 11,283 | 11,283 | – | – | – |
| Interest income | | (379) | (65,004) | (65,383) | (965) | (112,297) | (113,262) |
| Interest expense | | 8,803 | – | 8,803 | – | – | – |
| | | 367,966 | 95,479 | 463,445 | (57,582) | 149,375 | 91,793 |
| Changes in: | | | | | | | |
| Decrease/(Increase) in receivables | | 16,394 | (392,389) | (375,995) | (23,462) | 39,912 | 16,450 |
| (Decrease)/Increase in payables | | (62,259) | 128,491 | 66,232 | (34,667) | 68,744 | 34,077 |
| **Cash generated from/(used in) operations** | | 322,101 | (168,419) | 153,682 | (115,711) | 258,031 | 142,320 |
| Interest received | | 379 | 65,004 | 65,383 | 965 | 112,297 | 113,262 |
| **Net cash from/(used in) operating activities** | | 322,480 | (103,415) | 219,065 | (114,746) | 370,328 | 255,582 |
| **Cash flows from investing activity** | | | | | | | |
| Acquisition of property, plant and equipment | | – | (474,290) | (474,290) | – | (18,669) | (18,669) |
| **Net cash used in investing activity** | | – | (474,290) | (474,290) | – | (18,669) | (18,669) |
| **Cash flows from financing activities** | | | | | | | |
| Lease payments | | (287,726) | – | (287,726) | – | – | – |
| Interest paid | | (8,803) | – | (8,803) | – | – | – |
| **Net cash used in financing activities** | | (296,529) | – | (296,529) | – | – | – |
| **Net increase/(decrease) in cash and cash equivalents** | | 25,951 | (577,705) | (551,754) | (114,746) | 351,659 | 236,913 |
| Cash and cash equivalents at beginning of the year | | 87,011 | 6,083,075 | 6,170,086 | 201,757 | 5,731,416 | 5,933,173 |
| **Cash and cash equivalents at end of the year** | 6 | 112,962 | 5,505,370 | 5,618,332 | 87,011 | 6,083,075 | 6,170,086 |

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 23 March 2021.

## 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 6 Woodlands Square, #03-01, Singapore 737737.

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:

(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 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.

## 2.5 Changes in accounting policies

**New standards and amendments**

The Branch has applied the following FRSs, amendments to and interpretations of FRSs for the first time for the annual period beginning on 1 October 2019:

- FRS 116 *Leases*
- FRS INT 123 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to FRS 28)
- *Prepayment Features with Negative Compensation* (Amendments to FRS 109)
- *Previously Held Interest in a Joint Operation* (Amendments to FRS 103 and 111)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to FRS 12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to FRS 23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to FRS 19)

Other than FRS 116, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

**FRS 116 *Leases***

The Branch applied FRS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 October 2019. Accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported, under FRS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in FRS 116 have not generally been applied to comparative information.

**Definition of a lease**

Previously, the Branch determined at contract inception whether an arrangement was or contained a lease under INT FRS 104 *Determining whether an Arrangement contains a Lease*. The Branch now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in FRS 116.

On transition to FRS 116, the Branch elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Branch applied FRS 116 only to contracts that were previously identified as leases. Contracts that were not identified as leases under FRS 17 and INT FRS 104 were not reassessed for whether there is a lease under FRS 116. Therefore, the definition of a lease under FRS 116 was applied only to contracts entered into or changed on or after 1 October 2019.

**As a lessee**

As a lessee, the Branch leases many assets including property and IT equipment. The Branch previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Branch. Under FRS 116, the Branch recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Branch allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property the Branch has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

***Leases classified as operating leases under FRS 17***

Previously, the Branch classified property leases as operating leases under FRS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the incremental borrowing rates applicable to the leases as at 1 October 2019. Right-of-use assets are measured at their carrying amount as if FRS 116 had been applied since the commencement date, discounted using the Branch's incremental borrowing rate at the date of initial application.

The Branch has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Branch used a number of practical expedients when applying FRS 116 to leases previously classified as operating leases under FRS 17. In particular, the Branch:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment); and
- used hindsight when determining the lease term.

**Impact on financial statements**

***Impact on transition****

On transition to FRS 116, the Branch recognised right-of-use assets and lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below.

| | **1 October 2019 $** |
|---|---|
| Right-of-use assets – property, plant and equipment | 250,801 |
| Lease liabilities | (248,796) |
| Retained earnings | (2,005) |

* For the impact of FRS 116 on profit or loss for the period, see note 15. For the details of accounting policies under FRS 116 and FRS 17, see 3.8.

When measuring lease liabilities for leases that were classified as operating leases, the Branch discounted lease payments using its incremental borrowing rate at 1 October 2019. The weighted-average rate applied is 2.18%.

| | | **1 October 2019** | |
|---|---|---|---|
| | **SAPO $** | **Support office $** | **Total $** |
| Operating lease commitments at 30 September 2019 as disclosed under FRS 17 in the Branch's financial statements | 376,212 | 43,116 | 419,328 |
| Discounted using the incremental borrowing rate at 1 October 2019 | 363,643 | 43,116 | 406,759 |
| - Recognition exemption for leases of low-value assets | – | (35,155) | (35,155) |
| - Recognition exemption for leases with less than 12 months of lease term at transition | – | (7,961) | (7,961) |
| - Extension options reasonably certain to be exercised | 40,147 | – | 40,147 |
| - Lease commitment as at 30 September 2019 where lease term has not commenced | (154,994) | – | (154,994) |
| Lease liabilities recognised at 1 October 2019 | 248,796 | – | 248,796 |

## 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, except as explained in note 2.5, which addresses changes in accounting policies.

### 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**

**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 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 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 of 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**

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

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 or contract asset.

***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 that 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 and contract assets 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 borrower 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.

## 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 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 Leases

The Branch has applied FRS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under FRS 17 and INT FRS 104. The details of accounting policies under FRS 17 and INT FRS 104 are disclosed separately.

**Policy applicable from 1 October 2019**

At inception of a contract, the Branch assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Branch uses the definition of a lease in FRS 116.

This policy is applied to contracts entered into, on or after 1 October 2019.

**As a lessee**

At commencement or on modification of a contract that contains a lease component, the Branch allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Branch has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Branch recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Branch by the end of the lease term or the cost of the right-of-use asset reflects that the Branch will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Branch's incremental borrowing rate. Generally, the Branch uses its incremental borrowing rate as the discount rate.

The Branch determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- the exercise price under a purchase option that the Branch is reasonably certain to exercise, lease payments in an optional renewal period if the Branch is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Branch is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Branch's estimate of the amount expected to be payable under a residual value guarantee, if the Branch changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Branch presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'other payables and accruals' in the statement of financial position.

*Short-term leases and leases of low-value assets*

The Branch has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Branch recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**Leases - Policy applicable before 1 October 2019**

For contracts entered into before 1 October 2019, the Branch determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

**As a lessee**

In the comparative period, as a lessee the Branch classified its property leases as operating lease and was not recognised in the Company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

## 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 finance income or finance costs 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, interpretations and amendments to standards are effective for annual periods beginning after 1 October 2019 and earlier application is permitted; however, the Company has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new FRSs, interpretations and amendments to FRSs are not expected to have a significant impact on the Company's statement of financial position.

- *Amendments to References to Conceptual Framework in FRS Standards*
- *Definition of a Business* (Amendments to FRS 103)
- *Definition of Material* (Amendments to FRS 1 and FRS 8)
- FRS 117 *Insurance Contracts*

# 4 Property, plant and equipment

| | Computer<br>$ | Office equipment<br>$ | Furniture and fittings<br>$ | Office improve-ments<br>$ | Property<br>$ | Total<br>$ |
|---|---|---|---|---|---|---|
| **(a) SAPO** | | | | | | |
| **Cost** | | | | | | |
| At 1 October 2018 and 30 September 2019 | 53,354 | 37,696 | – | 292,653 | – | 383,703 |
| Recognition of ROU asset on initial application of FRS 116 | – | – | – | – | 429,557 | 429,557 |
| Adjusted balance at 1 October 2019 | 53,354 | 37,696 | – | 292,653 | 429,557 | 813,260 |
| Additions | – | – | – | – | 154,994 | 154,994 |
| Disposals | – | (18,000) | – | – | (23,175) | (41,175) |
| At 30 September 2020 | 53,354 | 19,696 | – | 292,653 | 561,376 | 927,079 |
| **Accumulated depreciation** | | | | | | |
| At 1 October 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 |
| Recognition of ROU asset on initial application of FRS 116 | – | – | – | – | 178,756 | 178,756 |
| Adjusted balance at 1 October 2019 | 53,354 | 24,565 | – | 282,701 | 178,756 | 539,376 |
| Charge for the year | – | 6,565 | – | 9,952 | 291,501 | 308,018 |
| Disposals | – | (18,000) | – | – | (23,175) | (41,175) |
| At 30 September 2020 | 53,354 | 13,130 | – | 292,653 | 447,082 | 806,219 |
| **Carrying amounts** | | | | | | |
| At 1 October 2018 | – | 19,696 | – | 19,904 | – | 39,600 |
| At 30 September 2019 | – | 13,131 | – | 9,952 | – | 23,083 |
| At 30 September 2020 | – | 6,566 | – | – | 114,294 | 120,860 |
| **(b) Support office** | | | | | | |
| **Cost** | | | | | | |
| At 1 October 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 |
| Additions | 197,891 | 13,899 | – | 262,500 | – | 474,290 |
| Disposals | (3,093) | – | (50,643) | (156,576) | – | (210,312) |
| At 30 September 2020 | 836,243 | 46,709 | 7,580 | 268,356 | – | 1,158,888 |

| | Computer $ | Office equipment $ | Furniture and fittings $ | Office improve-ments $ | Property $ | Total $ |
|---|---|---|---|---|---|---|
| **Accumulated depreciation** | | | | | | |
| At 1 October 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 |
| Charge for the year | 64,220 | 2,187 | 1,067 | 12,500 | – | 79,974 |
| Disposals | (3,093) | – | (39,360) | (156,576) | – | (199,029) |
| At 30 September 2020 | 563,294 | 34,514 | 6,646 | 18,356 | – | 622,810 |
| **Carrying amounts** | | | | | | |
| At 1 October 2018 | 173,826 | 1,196 | 18,821 | 25,000 | – | 218,843 |
| At 30 September 2019 | 139,278 | 483 | 13,284 | – | – | 153,045 |
| At 30 September 2020 | 272,949 | 12,195 | 934 | 250,000 | – | 536,078 |

**<u>Total (a) + (b)</u>**

| | Computer $ | Office equipment $ | Furniture and fittings $ | Office improve-ments $ | Property $ | Total $ |
|---|---|---|---|---|---|---|
| **Cost** | | | | | | |
| At 1 October 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 |
| Recognition of ROU asset on initial application of FRS 116 | – | – | – | – | 429,557 | 429,557 |
| Adjusted balance at 1 October 2019 | 694,799 | 70,506 | 58,223 | 455,085 | 429,557 | 1,708,170 |
| Additions | 197,891 | 13,899 | – | 262,500 | 154,994 | 629,284 |
| Disposals | (3,093) | (18,000) | (50,643) | (156,576) | (23,175) | (251,487) |
| At 30 September 2020 | 889,597 | 66,405 | 7,580 | 561,009 | 561,376 | 2,085,967 |
| **Accumulated depreciation** | | | | | | |
| At 1 October 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 |
| Recognition of ROU asset on initial application of FRS 116 | – | – | – | – | 178,756 | 178,756 |
| Adjusted balance at 1 October 2019 | 555,521 | 56,892 | 44,939 | 445,133 | 178,756 | 1,281,241 |
| Charge for the year | 64,220 | 8,752 | 1,067 | 22,452 | 291,501 | 387,992 |
| Disposals | (3,093) | (18,000) | (39,360) | (156,576) | (23,175) | (240,204) |
| At 30 September 2020 | 616,648 | 47,644 | 6,646 | 311,009 | 447,082 | 1,429,029 |
| **Carrying amounts** | | | | | | |
| At 1 October 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 |
| At 30 September 2020 | 272,949 | 18,761 | 934 | 250,000 | 114,294 | 656,938 |

## 5 Receivables

| | 2020 | | | 2019 | | |
|---|---|---|---|---|---|---|
| | **SAPO** | **Support office** | **Total** | **SAPO** | **Support office** | **Total** |
| | **$** | **$** | **$** | **$** | **$** | **$** |
| Deposits | 17,510 | 8,965 | 26,475 | 29,260 | 42,579 | 71,839 |
| Staff loans and advances | 14,788 | – | 14,788 | 16,329 | – | 16,329 |
| Other receivables | – | 366,240 | 366,240 | – | 205,576 | 205,576 |
| Prepayments | 26,042 | 490,877 | 516,919 | 29,145 | 225,538 | 254,683 |
| | 58,340 | 866,082 | 924,422 | 74,734 | 473,693 | 548,427 |

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

| | 2020 | | | 2019 | | |
|---|---|---|---|---|---|---|
| | **SAPO** | **Support office** | **Total** | **SAPO** | **Support office** | **Total** |
| | **$** | **$** | **$** | **$** | **$** | **$** |
| Fixed deposits[1] | – | 4,615,000 | 4,615,000 | – | 5,465,000 | 5,465,000 |
| Cash and bank balances[2] | 175,202 | 890,370 | 1,065,572 | 149,251 | 618,075 | 767,326 |
| | 175,202 | 5,505,370 | 5,680,572 | 149,251 | 6,083,075 | 6,232,326 |

[1] Fixed deposits with financial institutions mature at varying periods within 3 months (2019: 6 months) from the financial year-end. Interest rates range from 0.05% to 1.57% (2019: 0.35% to 2.55%) 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

| | 2020 | | | 2019 | | |
|---|---|---|---|---|---|---|
| | **SAPO** | **Support office** | **Total** | **SAPO** | **Support office** | **Total** |
| | **$** | **$** | **$** | **$** | **$** | **$** |
| **Non-current liabilities** | | | | | | |
| Lease liabilities | 52,481 | – | 52,481 | – | – | – |
| **Current liabilities** | | | | | | |
| Non-trade payables | 669 | 3,160 | 3,829 | 67,390 | 40,569 | 107,959 |
| Accruals | 457,822 | 673,862 | 1,131,684 | 453,359 | 507,963 | 961,322 |
| Lease liabilities | 63,583 | – | 63,583 | – | – | – |
| | 522,074 | 677,022 | 1,199,096 | 520,749 | 548,532 | 1,069,281 |

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

***Reconciliation of movements of liabilities to cash flows arising from financing activities***

| | **Lease liabilities SAPO $** |
|---|---|
| **At 1 October 2019*** | 248,796 |
| **Changes from financing cash flows** | |
| Payment of lease liabilities | (287,726) |
| Interest paid | (8,803) |
| **Total changes from financing cash flows** | (296,529) |
| **Other liability-related changes** | |
| Interest expense | 8,803 |
| Additions | 154,994 |
| **Total liability-related other changes** | 163,797 |
| **At 30 September 2020** | 116,064 |

* see note 2.5

## 9 Donations received

The breakdown of the donations received are as follows:

| | Support office 2020 $ | Support office 2019 $ |
|---|---|---|
| Area Development Program income | 2,239,243 | 1,817,905 |
| Child sponsorship | 12,840,810 | 12,990,417 |
| Children in Crisis | 488,056 | 532,168 |
| General childcare | 384,577 | 616,308 |
| Ministry - Christian commitment | – | 600 |
| Relief and rehabilitation | 1,986,901 | 1,131,044 |
| Trips and Events | 26,535 | 70,246 |
| Microfinance | 102,287 | 266,495 |
| Youth Ministry | 17,960 | 53,606 |
| Children in the Cities | 9,000 | – |
| Fight Climate Change | 15,903 | – |
| Cash donations received | 18,111,272 | 17,478,789 |
| Gift-in-kind (donated goods value) | 503,201 | 10,000 |
| | 18,614,473 | 17,488,789 |

## 10 Other income

| | 2020 SAPO $ | 2020 Support office $ | 2020 Total $ | 2019 SAPO $ | 2019 Support office $ | 2019 Total $ |
|---|---|---|---|---|---|---|
| Interest income | – | – | – | 965 | 112,297 | 113,262 |
| Service fees received | – | – | – | 12,891 | – | 12,891 |
| Government grant income | 187,218 | 278,371 | 465,589 | 233,473 | 13,981 | 247,454 |
| Exchange gain | – | – | – | – | 431 | 431 |
| Changes in estimates relating to accrued restoration costs | – | 85,000 | 85,000 | – | – | – |
| Others | – | 5,099 | 5,099 | 2,875 | 320 | 3,195 |
| | 187,218 | 368,470 | 555,688 | 250,204 | 127,029 | 377,233 |

## 11 Programs' expenditures

| | 2020 | | | 2019 | | |
|---|---|---|---|---|---|---|
| | **SAPO** | **Support office** | **Total** | **SAPO** | **Support office** | **Total** |
| | **$** | **$** | **$** | **$** | **$** | **$** |
| Local ministry programs' expenditures | – | 133,638 | 133,638 | – | 72,210 | 72,210 |

## 12 Administrative expenses

Included in administrative expenses are the following items:

| | 2020 | | | 2019 | | |
|---|---|---|---|---|---|---|
| | **SAPO** | **Support office** | **Total** | **SAPO** | **Support office** | **Total** |
| | **$** | **$** | **$** | **$** | **$** | **$** |
| Depreciation on property, plant and equipment | 308,018 | 79,974 | 387,992 | 16,517 | 84,467 | 100,984 |
| Employee benefits expense: | | | | | | |
| - wages and salaries | 2,159,386 | 1,536,993 | 3,696,379 | 2,419,116 | 1,449,703 | 3,868,819 |
| - employer's contributions to central provident fund | 68,072 | 202,703 | 270,775 | 87,451 | 203,242 | 290,693 |
| - foreign pension funds | 79,632 | – | 79,632 | 64,256 | – | 64,256 |
| - staff benefits (including housing rental expense) | 739,045 | 29,013 | 768,058 | 730,441 | 3,889 | 734,330 |

## 13 Finance income and finance costs

| | 2020 | | | 2019 | | |
|---|---|---|---|---|---|---|
| | **SAPO** | **Support office** | **Total** | **SAPO** | **Support office** | **Total** |
| | **$** | **$** | **$** | **$** | **$** | **$** |
| Interest income | 379 | 65,004 | 65,383 | – | – | – |
| Exchange gain, net | 28,925 | 2,352 | 31,277 | – | – | – |
| **Finance income** | 29,304 | 67,356 | 96,660 | – | – | – |
| Interest on lease liabilities | (8,803) | – | (8,803) | – | – | – |
| **Finance cost** | (8,803) | – | (8,803) | – | – | – |
| **Net finance income recognised in profit or loss** | 20,501 | 67,356 | 87,857 | – | – | – |

## 14 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.

## 15 Leases

**Leases as lessee (FRS 116)**

The Branch leases office and employee accommodation. The leases typically run for a period of 2 years, with an option to renew the lease after that date. Previously, these leases were classified as operating leases under FRS 17.

The Branch leases IT equipment with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Branch has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Branch is a lessee is presented below.

**Right-of-use assets**

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment (see note 4).

| | SAPO | Support office | Total |
|---|---|---|---|
| | Property | Office improvements | |
| | $ | $ | $ |
| **2020** | | | |
| Balance at 1 October | 250,801 | – | 250,801 |
| Depreciation charge for the year | (291,501) | (12,500) | (304,001) |
| Additions | 154,994 | 262,500 | 417,494 |
| **Balance at 30 September** | 114,294 | 250,000 | 364,294 |

**Amounts recognised in profit or loss**

| | SAPO | Support office | Total |
|---|---|---|---|
| | $ | $ | $ |
| **2020 – Leases under FRS 116** | | | |
| Interest on lease liabilities | 8,803 | – | 8,803 |
| Expenses relating to short-term leases | 5,316 | 51,166 | 56,482 |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets | – | 3,184 | 3,184 |
| **2019 – Operating leases under FRS 17** | | | |
| Lease expense | 134,908 | 147,072 | 281,980 |

**Amounts recognised in statement of cash flows**

| | SAPO | Support office | Total |
|---|---|---|---|
| | $ | $ | $ |
| **2020 – Total cash outflow for leases** | 296,529 | – | 296,529 |

## 16 Significant related party transactions

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

| | Support office | |
|---|---|---|
| | 2020 | 2019 |
| | $ | $ |
| With a business unit of World Vision International | | |
| - IT services | 101,174 | 68,628 |

***Key management personnel compensation***

The key management personnel compensation are as follows:

| | 2020 | | | 2019 | | |
|---|---|---|---|---|---|---|
| | **SAPO** | **Support office** | **Total** | **SAPO** | **Support office** | **Total** |
| | **$** | **$** | **$** | **$** | **$** | **$** |
| Short-term employee benefits | 894,755 | 244,385 | 1,139,140 | 719,445 | 251,764 | 971,209 |
| Post-employment benefits | 28,835 | 19,210 | 48,045 | 36,823 | 16,269 | 53,092 |
| | 923,590 | 263,595 | 1,187,185 | 756,268 | 268,033 | 1,024,301 |

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:

| | 2020 | | | 2019 | | |
|---|---|---|---|---|---|---|
| | **SAPO** | **Support office** | **Total** | **SAPO** | **Support office** | **Total** |
| Number of staff with annual remuneration | | | | | | |
| - exceeding $300,000 but not more than $400,000 | 2 | 0 | 2 | 0 | 0 | 0 |
| - exceeding $200,000 but not more than $300,000 | 0 | 1 | 1 | 3 | 1 | 4 |
| - exceeding $100,000 but not more than $200,000 | 1 | 2 | 3 | 0 | 2 | 2 |

## 17 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 borrowers 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.

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.

The following are the expected contractual undiscounted cash flows of financial liabilities:

| | | **Contractual cash flows** | | |
|---|---|---|---|---|
| | **Carrying amount** | **Total** | **Within 1 year** | **Within 1 to 5 years** |
| | **$** | **$** | **$** | **$** |
| **2020** | | | | |
| **Non-derivative financial liabilities** | | | | |
| Other payables and accruals* | | | | |
| - SAPO | 120,673 | (120,673) | (120,673) | – |
| - Support office | 70,559 | (70,559) | (70,559) | – |
| Lease liabilities – SAPO | 116,064 | (119,832) | (63,800) | (56,032) |
| | 307,296 | (311,064) | (255,032) | (56,032) |

| | | Contractual cash flows | | |
|---|---|---|---|---|
| | **Carrying amount** | **Total** | **Carrying amount** | **Total** |
| | **$** | **$** | **$** | **$** |
| **2019** | | | | |
| **Non-derivative financial liabilities** | | | | |
| Other payables and accruals* | | | | |
| - SAPO | 181,309 | (181,309) | (181,309) | – |
| - Support office | 104,836 | (104,836) | (104,836) | – |
| | 286,145 | (286,145) | (286,145) | – |

* exclude lease liabilities, payroll and tax payables

***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:

| | --------------- 2020 --------------- | | | ---------------- 2019 ---------------- | | |
|---|---|---|---|---|---|---|
| | **SAPO** | **Support office** | **Total** | **SAPO** | **Support office** | **Total** |
| | **$** | **$** | **$** | **$** | **$** | **$** |
| Held in USD | | | | | | |
| Receivables | 14,253 | – | 14,253 | 16,229 | – | 16,229 |
| Cash and cash equivalents | 27,723 | 44,350 | 72,073 | 30,532 | 28,140 | 58,672 |
| Other payables | (140,970) | – | (140,970) | (221,121) | – | (221,121) |
| | (98,994) | 44,350 | (54,644) | (174,360) | 28,140 | (146,220) |

***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.

| | 2020 | | | 2019 | | |
|---|---|---|---|---|---|---|
| | **SAPO** | **Support office** | **Total** | **SAPO** | **Support office** | **Total** |
| | **$** | **$** | **$** | **$** | **$** | **$** |
| United States dollars | 9,899 | (4,435) | 5,464 | 17,436 | (2,814) | 14,622 |

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***

| | 2020 | | | 2019 | | |
|---|---|---|---|---|---|---|
| | **SAPO** | **Support office** | **Total** | **SAPO** | **Support office** | **Total** |
| | **$** | **$** | **$** | **$** | **$** | **$** |
| Financial assets at amortised cost | | | | | | |
| - Receivables | 32,298 | 375,205 | 407,503 | 45,589 | 248,155 | 293,744 |
| - Cash and cash equivalents | 175,202 | 5,505,370 | 5,680,572 | 149,251 | 6,083,075 | 6,232,326 |
| | 207,500 | 5,880,575 | 6,088,075 | 194,840 | 6,331,230 | 6,526,070 |
| Financial liabilities at amortised cost: | | | | | | |
| - Other payables and accruals | 574,555 | 677,022 | 1,251,577 | 520,749 | 548,532 | 1,069,281 |

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.

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 2020**

| | 2020 | | | 2019 | | |
|---|---|---|---|---|---|---|
| | SAPO<br>$ | Support office<br>$ | Total<br>$ | SAPO<br>$ | Support office<br>$ | Total<br>$ |
| Audit fee | 27,488 | 27,499 | 54,987 | 30,194 | 28,355 | 58,549 |
| Bank charges | 11,671 | 217,692 | 229,363 | 11,953 | 199,281 | 211,234 |
| Central provident fund contributions | 68,072 | 202,703 | 270,775 | 87,451 | 203,242 | 290,693 |
| Consultancy | 38,648 | – | 38,648 | 197,301 | – | 197,301 |
| Depreciation on property, plant and equipment | 308,018 | 79,974 | 387,992 | 16,517 | 84,467 | 100,984 |
| Education/training | 20,395 | 13,773 | 34,168 | 89,055 | 14,332 | 103,387 |
| Exchange loss | – | – | – | 2,284 | – | 2,284 |
| Foreign pension funds | 79,632 | – | 79,632 | 64,256 | – | 64,256 |
| Hospitality and refreshments | 6,351 | 4,314 | 10,665 | 13,115 | 5,655 | 18,770 |
| Hosting | (54,379) | – | (54,379) | (36,903) | – | (36,903) |
| Internet | 16,202 | 14,473 | 30,675 | 24,151 | 12,696 | 36,847 |
| IT hardware | – | 3,700 | 3,700 | – | 1,571 | 1,571 |
| IT services | – | 238,723 | 238,723 | – | 173,134 | 173,134 |
| IT software | – | 47,058 | 47,058 | – | 29,115 | 29,115 |
| Legal and professional fees | 2,990 | 11,892 | 14,882 | 11,781 | 18,865 | 30,646 |
| Mail handling cost | – | 20,994 | 20,994 | – | 22,084 | 22,084 |
| Medical expenses and insurance | 2,401 | 26,848 | 29,249 | 75,600 | 23,803 | 99,403 |
| Ministry supplies | 7,747 | – | 7,747 | 80,227 | – | 80,227 |
| Postages | 2,507 | 73,843 | 76,350 | 582 | 71,155 | 71,737 |
| Printing | 6,132 | 32,415 | 38,547 | 4,844 | 134,262 | 139,106 |
| Loss on disposal of property, plant and equipment | – | 11,283 | 11,283 | – | – | – |
| Lease expenses (2019: Operating lease expenses) | 5,316 | 54,350 | 59,666 | 134,908 | 147,072 | 281,980 |
| Publicity/advertising | 1 | 103,966 | 103,967 | – | 143,726 | 143,726 |
| Recruitment expenses | – | 15,910 | 15,910 | – | 4,807 | 4,807 |
| Rent – miscellaneous | – | 665 | 665 | – | 971 | 971 |
| Repatriation allowance | 40,566 | – | 40,566 | (7,112) | – | (7,112) |
| Salaries | 2,159,386 | 1,536,993 | 3,696,379 | 2,419,116 | 1,449,703 | 3,868,819 |
| Staff benefits | 739,045 | 29,013 | 768,058 | 730,441 | 3,889 | 734,330 |
| Staff relations | – | 1,038 | 1,038 | – | 2,311 | 2,311 |
| Stationery | 9,759 | 1,152 | 10,911 | 28,919 | 2,247 | 31,166 |
| Telephone and telex | 16,668 | 4,456 | 21,124 | 23,588 | 4,116 | 27,704 |
| Temporary help | – | 10,117 | 10,117 | – | 24,360 | 24,360 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Transport | – | 1,148 | 1,148 | – | 2,291 | 2,291 |
| Travelling expenses | 164,655 | 11,600 | 176,255 | 490,714 | 17,471 | 508,185 |
| Upkeep of office | 7,142 | 85,965 | 93,107 | 10,725 | 25,221 | 35,946 |
| Upkeep of office equipment | 62,249 | 3,695 | 65,944 | 62998 | 5,093 | 68,091 |
| Utilities | 10,946 | 9,772 | 20,718 | 15,211 | 23,182 | 38,393 |
| | 3,759,608 | 2,897,024 | 6,656,632 | 4,581,916 | 2,878,477 | 7,460,393 |