World Vision Singapore

Audited Financial Statements FY2014

The financial information set out in pages FS1 to FS20 has been extracted from the financial statements of the Singapore Operations of World Vision International (the Branch) for the financial year ended 30 September 2014 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 2014, 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

Financial Statements Pursuant to Section 373 of the Singapore Companies Act, Chapter 50
Year ended 30 September 2014

Statement by Agents

I, Foo Pek Hong, the agent of World Vision International - Singapore Operations ("the Branch"), state that in our opinion:

(a) the financial statements set out on pages FS1 to FS20 are drawn up 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 2014, and the results, changes in head office account and cash flows of the Branch's operations in Singapore for the year then ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50, the Charities Act ("Chapter 37") 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 agent has, on the date of this statement, authorised these financial statements for issue.

....
Foo Pek Hong
Local Agent

Singapore
4 March 2015

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Independent auditors' report
pursuant to Section 373 of the Singapore Companies Act

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

Report on the financial statements

We have audited the accompanying financial statements of World Vision International, Singapore Operations (the "Branch"), pursuant to Section 373 of the Singapore Companies Act, Chapter 50 (the "Act"). These financial statements comprise the statement of financial position as at 30 September 2014, 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, as set out on pages FS1 to FS20.

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 locally.

Management's responsibility for the financial statements

The management of the Branch is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, the Singapore Charities Act, Chapter 37 (the "Charities Act") and Singapore Financial Reporting Standards, 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements of the Branch are properly drawn up in accordance with the provisions of the Act, the Charities Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Branch as at 30 September 2014 and the results, changes in head office account of the Branch's operations and the cash flows from such operations for the year ended on that date.

Report on other legal and regulatory requirements

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

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
4 March 2015

Statement of financial position
As at 30 September 2014

	Note	2014 Support office $	2013 Support office $
Non-current asset			
Property, plant and equipment	4	397,739	500,744
Current assets			
Receivables	5	342,084	287,580
Cash and cash equivalents	6	2,953,825	2,198,851
		3,295,909	2,486,431
Total assets		3,693,648	2,987,175
Funds and liabilities			
Funds			
Head office account		3,371,584	2,632,467
Total funds		3,371,584	2,632,467
Current liabilities			
Other payables and accruals	7	322,064	354,708
Total liabilities		322,064	354,708
Total funds and liabilities		3,693,648	2,987,175

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

Statement of comprehensive income
Year ended 30 September 2014

	Note	2014 Support office $	2013 Support office $
Donations received	8	16,351,880	15,813,128
Other income	9	52,703	6,907
Donations remitted to World Vision International for:			
- International ministry		(12,699,370)	(11,760,545)
- Microfinance		(176,752)	(573,353)
Programs' expenditures	10	(114,899)	(296,078)
		3,413,562	3,190,059
Administrative expenses	11	(2,674,445)	(2,803,777)
(Deficit)/Surplus before tax		739,117	386,282
Income tax expense	12	–	–
Net (deficit)/surplus for the year/ Total comprehensive income for the year		739,117	386,282

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

Statement of changes in head office account
Year ended 30 September 2014

	Support office **$**
At 30 September 2012	2,246,185
Total comprehensive income for the year	386,282
At 30 September 2013	2,632,467
Total comprehensive income for the year	739,117
At 30 September 2014	3,371,584

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

Statement of cash flows
Year ended 30 September 2014

	Note	2014 Support office $	2013 Support office $
Cash flows from operating activities			
(Deficit)/Surplus before tax		739,117	386,282
Adjustments for:			
Depreciation of property, plant and equipment		119,991	113,454
Gain on sale of property, plant and equipment		(717)	–
Interest income		(1,272)	(1,418)
		857,119	498,318
Changes in working capital:			
Decrease/(increase) in receivables		(54,504)	(31,221)
Increase/(decrease) in payables		(32,644)	60,953
Cash generated from operations		769,971	528,050
Interest received		1,272	1,418
Net cash from operating activities		771,243	529,468
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		800	–
Purchase of property, plant and equipment		(17,069)	(34,786)
Net cash used in investing activities		(16,269)	(34,786)
Net (decrease)/increase in cash and cash equivalents		754,974	494,682
Cash and cash equivalents at beginning of the year		2,198,851	1,704,169
Cash and cash equivalents at end of the year	6	2,953,825	2,198,851

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 4 March 2015.

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:

<u>Support Office</u>

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 Singapore Financial Reporting Standards (FRSs).

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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 currencies 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 end of the reporting period are retranslated 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 retranslated 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 and deposits 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. 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, deposits 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. For the purpose of the statement of cash flows, pledged cash balances are excluded.

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 expired.

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

Property, plant and equipment are stated 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 is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other expenses 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 in profit or loss on a straight-line basis over their estimated useful lives of each component of an item of plant and equipment.

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 equipment	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 a loss event has occurred after the initial recognition of the asset, and that the loss event 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 a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Branch's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

Impairment losses are recognised in profit or loss. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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 balance sheet 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 are recognised upon receipt.

Government grants are recognised as income upon receipt.

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

3.8 Gifts-in-kind (GIK)

Gifts-in-kind consist primarily of food commodities and agricultural seeds donations from the World Food Programme for target communities facing severe food shortages in Africa. Gifts-in-kind are included in revenue of the Branch at estimated fair value based on commodity values certified by WFP and World Vision National Office on the Commodities Summary Statement on the date the goods are distributed to the beneficiaries. 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 adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 October 2014, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Branch.

4 Property, plant and equipment

	Computer equipment $	Office equipment $	Furniture and fittings $	Office improvements $	Total $
<u>Support office</u>					
Cost					
At 1 October 2012	663,069	36,109	60,673	77,432	837,283
Additions	29,477	5,309	–	–	34,786
Disposals	(12,856)	(991)	(30)	–	(13,877)
At 30 September 2013	679,690	40,427	60,643	77,432	858,192
Additions	13,631	3,438	–	–	17,069
Disposals	(1,610)	(1,712)	(102)	–	(3,424)
At 30 September 2014	691,711	42,153	60,541	77,432	871,837
Accumulated depreciation					
At 1 October 2012	216,418	20,483	5,914	15,056	257,871
Charge for the year	77,281	4,400	5,963	25,810	113,454
Disposals	(12,856)	(991)	(30)	–	(13,877)
At 30 September 2013	280,843	23,892	11,847	40,866	357,448
Charge for the year	83,045	5,180	5,956	25,810	119,991
Disposals	(1,610)	(1,712)	(19)	–	(3,341)
At 30 September 2014	362,278	27,360	17,784	66,676	474,098
Carrying amounts					
At 1 October 2012	446,651	15,626	54,759	62,376	579,412
At 30 September 2013	398,847	16,535	48,796	36,566	500,744
At 30 September 2014	329,433	14,793	42,757	10,756	397,739

5 Receivables

	2014 Support office $	2013 Support office $
Deposits	37,157	37,157
Staff loans and advances	–	–
Other receivables	280,439	212,778
Loans and receivables	317,596	249,935
Prepayments	24,488	37,645
	342,084	287,580

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

6 Cash and cash equivalents

	2014 Support office $	2013 Support office $
Fixed deposits	15,000	11,138
Cash and bank balances	2,938,825	2,187,713
	2,953,825	2,198,851

The fixed deposits bear interest at the rates of 0.25% (2013: 0.25% to 0.57%) per annum.

For the purpose of the statement of cash flow, cash and cash equivalents comprise the following as at 30 September:

	2014 Support office $	2013 Support office $
Fixed deposits	15,000	11,138
Cash and bank balances	2,938,825	2,187,713
	2,953,825	2,198,851
Cash and bank balances pledged with bank	–	–
Cash and cash equivalents	2,953,825	2,198,851

7 Other payables and accruals

	2014 Support office $	2013 Support office $
Non-trade payables	12,400	18,090
Accruals	309,664	336,618
	322,064	354,708

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

8 Donations received

The breakdown of the donations received are as follows:

	Support office 2014 $	Support office 2013 $
Area Development Program income	1,384,744	2,332,711
Cash World Food Program grant income	5,983	33,719
Child sponsorship	11,841,920	10,649,838
Community development	664,457	769,180
General childcare	438,139	572,231
Gifts-in-kind (cash donations)	–	240
Ministry - Christian commitment	71,960	101,500
One life fund	52,204	197,455
Relief and rehabilitation	1,245,982	322,293
Sponsorship to events	35,616	63,099
Microfinance	557,699	617,480
Youth Ambassadors Program	18,577	1,604
Cash donations received	16,317,281	15,661,350
Gifts-in-kind (donated goods value)	34,599	151,778
	16,351,880	15,813,128

9 Other income

	2014 Support office $	2013 Support office $
Interest income	1,272	1,418
Exchange gain	1,622	1,176
Health Promotion Board Grant	12,235	–
Special Employment Credit	4,099	4,313
Wage Credit Scheme	19,218	–
Others	14,257	–
	52,703	6,907

10 Programs' expenditures

	2014 Support office $	**2013 Support office $**
GIK expenses – World Food Programme	34,599	151,778
Local ministry programs' expenditures	80,300	144,300
	114,899	296,078

11 Administrative expenses

Included in administrative expenses are the following items:

	2014 Support office $	**2013 Support office $**
Depreciation on property, plant and equipment	119,991	113,454
Employee benefits expense:		
- wages and salaries	1,355,429	1,387,615
- employer's contributions to central provident fund	178,030	185,150
- staff benefits	(11,233)	1,271
Operating lease expense	163,553	163,553

12 Income tax expense

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

13 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:

	2014 Support office $	2013 Support office $
Operating lease payments due:		
- within 1 year	157,874	163,553
- after 1 year but not later than 5 years	347,566	51,058
	505,440	214,611

14 Significant related party transactions

For the purposes of these financial statements, parties are considered to be related to the Branch if the Branch has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Branch and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

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

	Support office	
	2014 $	2013 $
With a business unit of World Vision International		
- IT maintenance services	113,792	96,882

Key management personnel compensation

The key management personnel compensation are as follows:

	2014 Support office $	2013 Support office $
Short-term employee benefits	147,446	149,657

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:

	2014 Support office	**2013 Support office**
Number of staff with annual remuneration		
- exceeding $100,000 but not more than $200,000	3	3

15 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 quantitive 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 7 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:

	2014 Support office $	**2013 Support office $**
Held in USD		
Cash and cash equivalents	108,897	51,035

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.

	2014 Support office $	**2013 Support office $**
United States dollars	(10,890)	(5,104)

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

	2014 Support office $	**2013 Support office $**
Loans and receivables comprise of:		
- Receivables	317,596	249,935
- Cash and cash equivalents	2,953,825	2,198,851
	3,271,421	2,448,786

	2014 Support office $	**2013 Support office $**
Financial liabilities at amortised cost comprise of:		
- Other payables and accruals	322,064	354,708

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.

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

	2014 Support office $	**2013 Support office $**
Audit fee	30,696	23,594
Bank charges	174,596	156,304
Central provident fund contributions	178,030	185,150
Depreciation on property, plant and equipment	119,991	113,454
Education/training	9,467	11,229
Hospitality and refreshments	6,031	3,846
Internet	11,979	8,023
IT hardware	4,497	326
IT services	138,529	138,276
IT software	22,046	51,872
Legal and professional fees	11,003	4,183
Mail handling cost	10,414	17,702
Medical expenses and insurance	16,600	16,917
Postages	77,953	91,272
Printing	27,639	105,041
Provision for unutilised leave	(11,233)	1,271
Publicity/advertising	171,125	175,858
Recruitment expenses	3,789	1,321
Rental expenses	166,848	164,203
Salaries	1,355,429	1,387,615
Staff relations	1,408	16,843
Stationery	1,431	1,766
Telephone and telex	4,645	7,370
Temporary help	2,895	7,238
Transport	6,284	5,209
Travelling expenses	79,595	53,221
Upkeep of office	16,771	11,212
Upkeep of office equipment	5,283	10,143
Utilities	30,704	33,318
	2,674,445	2,803,777