World Vision

Singapore

World Vision Singapore
Audited Financial Statements FY2016

*The financial information set out in pages FS1 to FS21 has been extracted from the financial statements of the Singapore Operations of World Vision International (the Branch) for the financial year ended 30 September 2016 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 2016, 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 2016

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 FS21 are drawn up so as to give a true and fair view of the financial position of the Branch's operations in Singapore as at 30 September 2016 and the financial performance, changes in the head office account 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 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
10 February 2017

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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 2016, the statements of comprehensive income, changes in head office account and 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 FS21.

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 financial statements 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 so as to give a true and fair view of the financial position of the Branch as at 30 September 2016 and the financial performance, changes in head office account and cash flows of the Branch's 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.

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) Regulations.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
10 February 2017

Statement of financial position
As at 30 September 2016

	Note	2016 Support office $	2015 Support office $
Non-current asset			
Property, plant and equipment	4	286,195	335,017
Current assets			
Receivables	5	123,247	94,125
Cash and cash equivalents	6	4,206,688	3,999,227
		4,329,935	4,093,352
Total assets		4,616,130	4,428,369
Funds and liabilities			
Funds			
Head office account		4,244,052	4,018,227
Total funds		4,244,052	4,018,227
Current liabilities			
Other payables and accruals	7	372,078	410,142
Total liabilities		372,078	410,142
Total funds and liabilities		4,616,130	4,428,369

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

Statement of comprehensive income
Year ended 30 September 2016

	Note	2016 Support office $	2015 Support office $
Donations received	8	16,580,843	17,579,960
Funds received from World Vision International		–	–
Other income	9	165,202	116,795
Donations remitted to World Vision International for:			
- International ministry		(13,648,296)	(14,107,119)
Programs' expenditures	10	(169,646)	(194,403)
		2,928,103	3,395,233
Administrative expenses	11	(2,702,278)	(2,748,590)
(Deficit)/surplus before tax		225,825	646,643
Income tax expense	12	–	–
Net (deficit)/surplus for the year and total comprehensive income for the year		225,825	646,643

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

Statement of changes in head office account
Year ended 30 September 2016

	Support office $
At 30 September 2014	3,371,584
Net (deficit)/surplus for the year and total comprehensive income for the year	646,643
At 30 September 2015	4,018,227
Net (deficit)/surplus for the year and total comprehensive income for the year	225,825
At 30 September 2016	4,244,052

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

Statement of cash flows
Year ended 30 September 2016

	2016 Support office $	2015 Support office $
Cash flows from operating activities		
(Deficit)/surplus before tax	225,825	646,643
Adjustments for:		
Depreciation of property, plant and equipment	72,635	86,006
Loss on disposal of property, plant and equipment	702	74
Interest income	(40,816)	(31,933)
	258,346	700,790
Changes in working capital:		
(Increase)/decrease in receivables	(29,122)	247,959
Increase/(decrease) in payables	(38,064)	88,078
Cash generated from operations	191,160	1,036,827
Interest received	40,816	31,933
Net cash (used in)/from operating activities	231,976	1,068,760
Cash flows from investing activity		
Acquisition of property, plant and equipment	(24,515)	(23,358)
Net cash used in investing activity	(24,515)	(23,358)

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

Statement of cash flows (cont'd)
Year ended 30 September 2016

	Note	Support office $	2015 Support office $
Net (decrease)/increase in cash and cash equivalents		207,461	1,045,402
Cash and cash equivalents at beginning of the year		3,999,227	2,953,825
Cash and cash equivalents at end of the year	6	4,206,688	3,999,227

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 10 February 2017.

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:

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

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

2 Basis of preparation

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

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

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

3 Significant accounting policies

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

3.1 Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Branch at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the 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 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

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.

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

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

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

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

3.4 Impairment

Non-derivative financial assets

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

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

Loans and receivables

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

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

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

3.5 Employee benefits

Defined contribution plans

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

Short-term compensated absences

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

3.6 Provisions

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

3.7 Revenue recognition

Donations received

Donations are recognised upon receipt.

Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Branch will comply with all the attached conditions.

Government grants are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as part of other income.

Interest income

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

3.8 Gifts-in-kind (GIK)

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

3.9 Lease payments

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

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

3.10 Finance income

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

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

3.11 New standards and interpretations not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 October 2015 and earlier application is permitted; however, the Branch has not early applied the following new or amended standards in preparing these statements.

For those new standards and amendments to standards that are expected to have an effect on the financial statements of the Branch in future financial periods, the Branch is currently assessing the transition options and the potential impact on its financial statements, and to implement these standards. The Branch does not plan to adopt these standards early.

New standards Summary of the requirements	**Potential impact on the financial statements**
FRS 116 *Leases*	
FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. FRS 116 substantially carries forward the lessor accounting requirements in FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the FRS 17 operating lease and finance lease accounting models respectively. However, FRS 116 requires more extensive disclosures to be provided by a lessor.	The Branch has performed a preliminary high-level assessment of the new standard on its existing operating lease arrangements as a lessee. Based on the preliminary assessment, the Branch expects these operating leases to be recognised as ROU assets with corresponding lease liabilities under the new standard. The operating lease commitments on an undiscounted basis amount to approximately 4% of Support Office's total assets and 51% of Support Office's total liabilities. Assuming no additional new operating leases in future years until the effective date, the Branch expects the amount of ROU asset and lease liability to be lower due to discounting and as the lease terms run down. The Branch plans to adopt the standard when it becomes effective for the financial year ending 2020. The Branch will perform a detailed analysis of the standard, including the transition options and practical expedients for the financial year ending 2018.

When effective, FRS 116 replaces existing lease accounting guidance, including FRS 17, INT FRS 104 *Determining whether an Arrangement contains a Lease*; INT FRS 15 *Operating Leases—Incentives*; and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

FRS 116 is effective for annual periods beginning on or after 1 October 2019, with early adoption permitted if FRS 115 is also applied.

4 Property, plant and equipment

	Computer $	Office equipment $	Furniture and fittings $	Office improvements $	Total $
Support office					
Cost					
At 1 October 2014	691,711	42,153	60,541	77,432	871,837
Additions	23,358	–	–	–	23,358
Disposals	(44,484)	(6,989)	(102)	–	(51,575)
At 30 September 2015	670,585	35,164	60,439	77,432	843,620
Additions	24,515	–	–	–	24,515
Disposals	(313)	(844)	(506)	–	(1,663)
At 30 September 2016	694,787	34,320	59,933	77,432	866,472
Accumulated depreciation					
At 1 October 2014	362,278	27,360	17,784	66,676	474,098
Charge for the year	64,458	4,848	5,944	10,756	86,006
Disposals	(44,484)	(6,989)	(28)	–	(51,501)
At 30 September 2015	382,252	25,219	23,700	77,432	508,603
Charge for the year	62,312	4,594	5,729	–	72,635
Disposals	(313)	(422)	(226)	–	(961)
At 30 September 2016	444,251	29,391	29,203	77,432	580,277
Carrying amounts					
At 1 October 2014	329,433	14,793	42,757	10,756	397,739
At 30 September 2015	288,333	9,945	36,739	–	335,017
At 30 September 2016	250,536	4,929	30,730	–	286,195

5 Receivables

	2016 Support office $	2015 Support office $
Deposits	38,357	37,157
Staff loans and advances	–	–
Other receivables	41,496	23,509
Loans and receivables	79,853	60,666
Prepayments	43,394	33,459
	123,247	94,125

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

6 Cash and cash equivalents

	2016 Support office $	2015 Support office $
Fixed deposits	3,501,912	2,460,796
Cash and bank balances	704,776	1,538,431
	4,206,688	3,999,227

Fixed deposits with financial institutions mature at varying periods within three months (2015: three months) from the financial year-end. Interest rates range from 0.25% to 0.80% (2015: 0.25% to 1.10%) per annum.

7 Other payables and accruals

	2016 Support office $	2015 Support office $
Non-trade payables	32,134	56,091
Accruals	339,944	354,051
	372,078	410,142

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	
	2016	2015
	$	$
Area Development Program income	2,367,249	2,101,728
Child sponsorship	12,964,779	12,746,968
Community development	454,288	550,212
General childcare	359,798	416,672
Ministry - Christian commitment	41,362	5,400
One life fund	56,718	96,454
Relief and rehabilitation	262,798	1,175,855
Sponsorship to events	49,096	27,255
Microfinance	650	454,819
Youth Ministry	20,260	4,597
Cash donations received	16,576,998	17,579,960
Gifts-in-kind (donated goods value)	3,845	–
	16,580,843	17,579,960

9 Other income

	2016 Support office	2015 Support office
	$	$
Hosting charges received	–	–
Interest income	40,816	31,933
Economic Development Board (EDB) Grant	–	–
Exchange gain	–	10,978
National Youth Council Grant	38,669	25,000
Temporary Employment Credit	11,356	–
Special Employment Credit	4,710	3,355
Wage Credit Scheme	60,301	45,529
Others	9,350	–
	165,202	116,795

10 Programs' expenditures

	2016 Support office $	2015 Support office $
Local ministry programs' expenditures	169,646	194,403
Overseas ministry program's expenditures	–	–
	169,646	194,403

11 Administrative expenses

Included in administrative expenses are the following items:

	¤ 2016 Support office $	2015 Support office $
Depreciation on property, plant and equipment	72,635	86,006
Employee benefits expense:		
- wages and salaries	1,412,489	1,403,456
- employer's contributions to central provident fund	198,706	196,545
- foreign pension funds	–	–
- staff benefits (including housing rental expense)	(996)	3,268
Operating lease expense	156,735	157,874

12 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.

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:

	2016 Support office $	2015 Support office $
Operating lease payments due:		
- within 1 year	153,721	155,980
- after 1 year but not later than 5 years	37,865	191,586
	191,586	347,566

14 Significant related party transactions

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

	Support office	
	2016 $	2015 $
With a business unit of World Vision International		
- IT services	91,621	90,372

Key management personnel compensation

The key management personnel compensation are as follows:

	2016 Support office $	2015 Support office $
Short-term employee benefits	202,789	162,817

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

	2016 Support office	2015 Support office
Number of staff with annual remuneration		
- exceeding $200,000 but not more than $300,000	1	–
- exceeding $100,000 but not more than $200,000	2	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 quantitative disclosures are included throughout these financial statements.

Risk management framework

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

Credit risk

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

The Branch's exposure to credit risk arises primarily from other receivables. For other financial assets (including cash and cash equivalents), the Branch minimises credit risk by dealing with high credit rating counterparties.

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

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

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

Liquidity risk

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

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

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

	2016 Support office $	2015 Support office $
Held in USD		
Receivables	–	–
Cash and cash equivalents	935,253	145,389
Other payables	–	–
	935,253	145,389

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.

	2016 Support office $	2015 Support office $
United States dollars	93,525	(14,539)

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

	2016 Support office $	2015 Support office $
Loans and receivables:		
- Receivables	79,853	60,666
- Cash and cash equivalents	4,206,688	3,999,227
	4,286,541	4,059,893

	2016 Support office $	2015 Support office $
Financial liabilities at amortised cost:		
- Other payables and accruals	372,078	410,142

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 2016

	2016 Support office $	2015 Support office $
Audit fee	28,195	37,711
Bank charges	177,492	184,931
Central provident fund contributions	198,706	196,545
Conferences and meetings	–	–
Consultancy	–	–
Depreciation on property, plant and equipment	72,635	86,006
Education/training	17,110	26,230
Exchange loss	16,457	–
Foreign pension funds	–	–
Hospitality and refreshments	7,104	3,986
Hosting	–	–
Internet	14,796	13,670
IT hardware	3,181	584
IT services	105,957	118,024
IT software	29,888	31,543
Legal and professional fees	6,751	7,020
Mail handling cost	18,090	11,282
Medical expenses and insurance	21,373	18,508
Ministry supplies	–	–
Office reinstatement	–	–
Postages	81,844	87,093
Printing	99,141	65,472
Loss on disposal of property, plant and equipment	702	74
Publicity/advertising	124,609	161,540
Recruitment expenses	3,206	2,371
Rental expenses	156,735	158,606
Repatriation allowance	–	–
Salaries	1,412,489	1,403,456
Staff benefits	(996)	3,268
Staff relations	852	1,434
Stationery	2,467	2,228
Telephone and telex	5,122	4,900
Temporary help	4,770	901
Transport	5,320	6,289
Travelling expenses	31,647	57,714
Upkeep of office	25,626	24,980
Upkeep of office equipment	5,864	6,572
Utilities	25,145	25,652
	2,702,278	2,748,590