SAVE THE CHILDREN AUSTRALIA (SINGAPORE BRANCH)

Registration No. T17FC0068C

ANNUAL REPORT
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2018

Lee & Jonathan PAC
Public Accountants and
Chartered Accountants

CONTENT

I, Peter John Hodgson, Director of Save The Children Australia (Singapore Branch) ("the Branch"), state that in my opinion:

(a) the financial statements 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 31 December 2018, and the results, changes in head office account and cash flows of the Branch's operations in Singapore for the period then ended on that date are in accordance with the provisions of the Singapore Companies Act, Chapter 50 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 director, has on the date of this statement, authorised these financial statements for issue.

PETER JOHN HODGSON
Director

12 May 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAVE THE CHILDREN AUSTRALIA (SINGAPORE BRANCH)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Save The Children Australia (Singapore Branch) (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 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in head office account and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

The Branch is a segment of Save The Children Australia 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 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 31 December 2018, and of the results, changes in head office account and cash flows of the Branch's operations in Singapore 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 *Auditor's 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 (ACRA) *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. The other information comprises the Director's Statement set out on pages 1.

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 Directors 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 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, 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 management either intends to liquidate the Branch or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Branch's financial reporting process.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level 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 control.

• Obtain an understanding of internal control 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 control.

• 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 management'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 auditor's 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 auditor's 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 control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records examined by us relating to the Branch's operations in Singapore have been properly kept in accordance with the provisions of the Act.

Lee & Jonathan PAC

LEE & JONATHAN PAC
Public Accountants and
Chartered Accountants

Singapore,
12 May 2020

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SAVE THE CHILDREN AUSTRALIA (SINGAPORE BRANCH)
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 A$	2017 A$
ASSETS			
Non-current assets			
Property, plant and equipment	**4**	36,683	6,085
Other receivables	**5**	285,387	273,987
		322,070	280,072
Current assets			
Deferred purchases	**6**	-	44,114
Contract assets	**7**	27,605	-
Trade and other receivables	**5**	757,883	14,839
Cash and cash equivalents	**8**	27,262	-
		812,750	58,953
Total assets		1,134,820	339,025
EQUITY AND LIABILITIES			
Equity attributable to owners			
Head office account	**9**	1,066,105	428,045
Accumulated losses		(391,045)	(126,157)
		675,060	301,888
Current Liabilities			
Contract liabilities	**7**	346,382	-
Other payables	**10**	113,378	37,137
Total liabilities		459,760	37,137
Total equity and liabilities		1,134,820	339,025

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

SAVE THE CHILDREN AUSTRALIA (SINGAPORE BRANCH)
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 A$	28 June 2017 (Date of incorporation) to 31 December 2017 A$
REVENUE	**11**	916,027	-
Other items of income	**12**	771	-
TOTAL INCOME		916,798	-
Other items of expenses			
Depreciation expenses		(3,158)	(358)
Employee benefits expenses	**13**	(644,770)	-
Other operating expenses		(533,758)	(125,799)
		(1,181,686)	(126,157)
Loss before tax	**14**	(264,888)	(126,157)
Income tax expenses	**15**	-	-
Loss for the financial year / period, representing total comprehensive income for the financial year / period		(264,888)	(126,157)

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

SAVE THE CHILDREN AUSTRALIA (SINGAPORE BRANCH)
STATEMENT OF CHANGES IN HEAD OFFICE ACCOUNT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Head office account A$	Accumulated losses A$	Total A$
At 28 June 2017 (Date of incorporation)	-	-	-
Changes in head office account	428,045	-	428,045
Loss for the financial period, representing total comprehensive income for the financial period	-	(126,157)	(126,157)
At 31 December 2017	428,045	(126,157)	301,888
At 1 January 2018	428,045	(126,157)	301,888
Changes in head office account	638,060	-	638,060
Loss for the financial year, representing total comprehensive income for the financial year	-	(264,888)	(264,888)
At 31 December 2018	1,066,105	(391,045)	675,060

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

SAVE THE CHILDREN AUSTRALIA (SINGAPORE BRANCH)
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 A$	2017 A$
Cash flows from operating activities			
Loss before tax		(264,888)	(126,157)
Adjustment for:			
Depreciation of property, plant and equipment		3,158	358
		(261,730)	(125,799)
Changes in working capital			
Deferred purchases		44,114	(44,114)
Contract assets		(27,605)	-
Trade and other receivables		(754,444)	(288,826)
Contract liabilities		346,382	-
Other payables		76,241	37,137
Net cash used in operating activities		(577,042)	(421,602)
Cash flows from investing activity			
Purchase of property, plant and equipment		(33,756)	(6,443)
Net cash used in investing activity		(33,756)	(6,443)
Cash flows from financing activity			
Funding from head office		638,060	428,045
Net cash used in financing activity		638,060	428,045
Net changes in cash and cash equivalents		27,262	-
Cash and cash equivalents at beginning of financial year		-	
Cash and cash equivalents at end of financial year		27,262	-

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

These notes form an integral part of and should be read in conjunction with the financial statements.

1. General corporate information

Save The Children Australia (Singapore Branch) (the "Branch") is a foreign Branch registered and domiciled in Singapore with its registered office and principal place of business at 55 Duxton Road, Singapore 089519.

The principal activities of the Branch are charitable and other supporting activities aimed at humanitarian work and supporting the welfare and rights of children.

The Branch is a segment of Save The Children Australia, a company incorporated in Australia 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.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Branch have been drawn up in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Australian Dollars (A$), which is the Branch's functional currency. All financial information presented in Australian Dollars has been rounded to the nearest dollar, unless otherwise indicated.

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial period except in the current financial year, the Branch has adopted all the new and revised standards which are relevant to the Branch and are effective for annual financial periods beginning on or after 1 January 2018. The adoption of these standards did not have any material effect on the financial performance or position of the Branch.

<u>FRS 109 Financial Instruments</u>

FRS 109 replaces FRS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Branch applied FRS 109 retrospectively, with an initial application date of 1 January 2018. The Branch has not restated comparative information which continues to be reported under FRS 39 and the disclosure requirements of FRS 107 Financial Instruments: Disclosures relating to items within the scope of FRS 39. The impact arising from FRS 109 adoption did not have any material effect on the financial performance or position of the Branch.

2. Summary of significant accounting policies (Continued)

2.3 Adoption of new and amended standards and interpretations (Continued)

The effect of adopting FRS 109 as at 1 January 2018 was as follows:

(a) Classification and measurement

Under FRS 109, debt instruments are subsequently measured either at fair value through profit or loss (FVPL), amortised cost or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Branch's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Branch's business model was made as of the date of initial application, 1 January 2018. The assessment of whether contractual cash flows on debt instruments solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of FRS 109 did not have a significant impact to the Branch. The Branch continued measuring at fair value all financial assets previously held at fair value under FRS 39. The following are the changes in the classification and measurement of the Branch's financial assets:

- Trade and other receivables classified as loans and receivables as at 1 January 2018 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These were classified and measured as debt instruments at amortised cost beginning 1 January 2018.

The Branch has not designated any financial liabilities at FVPL. There are no changes in classification and measurement of the Branch's financial liabilities.

(b) Impairment

The adoption of FRS 109 has fundamentally changed the Branch's accounting for impairment losses for financial assets by replacing FRS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. FRS 109 requires the Branch to recognise an allowance for ECLs for all debt instruments not held at FVPL.

The adoption of FRS 109 did not have any material effect on the financial performance or position of the Branch.

<u>FRS 115 Revenue from Contracts with Customers</u>

FRS 115 supersedes FRS 11 Construction Contracts, FRS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. FRS 115 establishes a five -step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflect the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

FRS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Branch is in the business of charitable and other supporting activities aimed at humanitarian work and supporting the welfare and rights of children. The adoption of FRS 115 had no material effect on the financial statements.

2. Summary of significant accounting policies (Continued)

2.4 Standards issued but not yet effective

The Branch has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
FRS 116 Leases	1 Jan 2019
INT FRS 123 Uncertainty over Income Tax Treatments	1 Jan 2019
Amendments to FRS 109 Prepayment Features with Negative Compensation	1 Jan 2019
Amendments to FRS 28 Long-term Interests in Associates and Joint Ventures	1 Jan 2019
Annual Improvements to FRSs (March 2018)	1 Jan 2019
Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

Except for 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 116 are described below.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on the statement of financial position. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. FRS 116 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

The Branch plans to adopt the new standard on the required effective date by applying FRS 116 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings as at 1 January 2019.

On the adoption of FRS 116, the Branch expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

- its carrying amount as if FRS 116 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or

- an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

2. Summary of significant accounting policies (Continued)

2.4 Standards issued but not yet effective (Continued)

In addition, the Branch plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply FRS 116 to all contracts that were previously identified as leases;
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019; and
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

The Branch has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Branch adopts FRS 116 in 2019.

2.5 Foreign currency transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Branch and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting period are recognised in profit or loss.

2.6 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful life
Office equipment	5 years
Furniture and fittings	3 years
Renovation	3 years

The residual value, useful lives and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, is appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2. Summary of significant accounting policies (Continued)

2.7 Impairment of non-financial assets

The Branch assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Branch makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.8 Financial instruments

These accounting policies are applied on and after the initial application date of FRS 109, 1 January 2018:

a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Branch becomes a party to the contractual provisions of the financial instrument.

At initial recognition, the Branch measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Branch expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

2. Summary of significant accounting policies (Continued)

2.8 Financial instruments (Continued)

a) Financial assets (Continued)

Classification and subsequent measurement

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.

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

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).

2. Summary of significant accounting policies (Continued)

2.8 Financial instruments (Continued)

a) Financial assets (Continued)

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

<u>Non-derivative financial assets: Subsequent measurement and gains and losses</u>

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.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Branch becomes a party to the contractual provisions of the financial instrument. The Branch determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2. Summary of significant accounting policies (Continued)

2.8 Financial instruments (Continued)

These accounting policies are applied before the initial application date of FRS 109, 1 January 2018:

a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Branch becomes a party to the contractual provisions of the financial instrument. The Branch determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at FVPL, directly attributable transaction costs.

Subsequent measurement

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables comprise trade and other receivables and cash and cash equivalents.

Cash and cash equivalents comprise cash at banks.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received (and, where applicable, any cumulative gain or loss that has been recognised in other comprehensive income) is recognised in profit or loss.

b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Branch becomes a party to the contractual provisions of the financial instrument. The Branch determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVTPL, directly attributable transaction costs.

2. Summary of significant accounting policies (Continued)

2.8 Financial instruments (Continued)

b) Financial liabilities (Continued)

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVTPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Such financial liabilities comprise trade and other payables.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.9 Impairment of financial assets

These accounting policies are applied on and after the initial application date of FRS 109, 1 January 2018:

The Branch recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Branch expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 -months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Branch applies a simplified approach in calculating ECLs. Therefore, the Branch does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Branch has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors’ ability to pay.

The Branch considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Branch may also consider a financial asset to be in default when internal or external information indicates that the Branch is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Branch. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. Summary of significant accounting policies (Continued)

2.9 Impairment of financial assets (Continued)

These accounting policies are applied before the initial application date of FRS 109, 1 January 2018:

The Branch assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Branch first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Branch determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying amount of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Branch considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and are subject to an insignificant risk of changes in value.

2. Summary of significant accounting policies (Continued)

2.11 Provision

General

Provisions are recognised when the Branch has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.12 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2.13 Employee benefits

a) Defined contribution plans

The Branch makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

b) Short-term employee benefits

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

2. Summary of significant accounting policies (Continued)

2.14 Leases

a) As lessees

Finance leases which transfer to the Branch substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Branch will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.15 Revenue recognition

These accounting policies are applied on and after the initial application date of FRS 115, 1 January 2018:

Revenue is measured based on the consideration to which the Branch expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Branch satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Contract revenue

The Branch provides research services to customers through fixed-price contracts. Contract revenue is recognised when the Branch's performance creates or enhance an asset that the customer controls as the asset is created or enhanced.

For these contracts, revenue is recognised over time by reference to the Branch's progress towards completion of the contract. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs ("input method"). Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred.

In some circumstances such as in the early stages of a contract where the Branch may not be able to reasonably measure its progress but expects to recover the contract costs incurred, contract revenue is recognised only to the extent of the contract costs incurred until such time when the Branch can reasonably measure its progress.

2. Summary of significant accounting policies (Continued)

2.15 Revenue recognition (Continued)

Contract revenue (Continued)

Contract modification that do not add distinct goods or services are accounted for as a continuation of the original contract and the change is recognised as a cumulative adjustment to revenue at the date of modification.

Estimates of revenue, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenue or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

The period between the transfer of the promised services and customer payment may exceed one year. For such contracts, there is no significant financing component present as the payment terms is an industry practice to protect the customers from the performing entity's failure to adequately complete some or all of its obligations under the contract. As a consequence, the Branch does not adjust any of the transaction prices for the time value of money.

The customer is invoiced on a milestone payment schedule. If the value of the goods transferred by the Branch exceed the payments, a contract asset is recognised. If the payments exceed the value of the goods transferred, a contract liability is recognised.

For costs incurred in fulfilling the contract which are within the scope of another FRS (Eg. Inventories), these have been accounted for in accordance with those other FRS. If these are not within the scope of another FRS, the Branch will capitalise these as contract costs assets only if (a) these cost relate directly to a contract or and anticipated contract which the Branch can specifically identify; (b) these cost generate or enhance resources of the Branch that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) these costs are expected to recovered. Otherwise, such costs are recognised as an expense immediately.

Rendering of services

The Branch provides research services. The rendering of services is either sold separately or in bundled packages. For bundles packages, the Branch accounts for the services separately. The transaction price is allocated to the services based on their relative stand-alone selling prices. Revenue from rendering employment services and related handling fees is recognised when the services have been performed and rendered.

These accounting policies are applied before the initial application date of FRS 115, 1 January 2018:

Contract revenue

Revenue from contracts are recognised upon the percentage of completion method by reference to physical progress of each contract at balance sheet date determined by actual costs incurred to date to the estimated total costs or surveys of work performed, after making appropriate allowance for uncertainties and estimated cost to completion.

Rendering of services

Revenue from rendering of services and handling fees is recognised when the services have been performed and rendered.

2. Summary of significant accounting policies (Continued)

2.16 Taxes

a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax asset is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

c) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of GST included.

- The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2. Summary of significant accounting policies (Continued)

2.17 Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.18 Related parties

A related party is defined as follows:

a) A person or a close member of that person's family is related to the group and Branch if that person:

- Has control or joint control over the Branch;

- Has significant influence over the Branch; or

- Is a member of the key management personnel of Branch or of a parent Branch.

b) An entity is related to the Branch if any of the following conditions applies:

- The entity and the Branch are members of the same Branch (which means that each parent, subsidiary and fellow subsidiary is related to the others).

- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Branch of which the other entity is a member).

- Both entities are joint ventures of the same third party.

- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

- The entity is a post-employment benefit plan for the benefit of employees of either the Branch or an entity related to the Branch. If the Branch is itself such a plan, the sponsoring employers are also related to the Branch;

- The entity is controlled or jointly controlled by a person identified in (a);

- A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

- The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

3. Significant accounting judgments and estimates

The preparation of the Branch's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgments made in applying accounting policies

Determination of functional currency

In determining the functional currency of the Branch, judgment is used by the Branch to determine the currency of the primary economic environment in which the Branch operates. Consideration factors include the currency that mainly influences sales prices of goods and services and the currency of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Branch based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Branch. Such changes are reflected in the assumptions when they occur.

a) Useful lives of property, plant and equipment

The useful life of an item of property, plant and equipment is estimated at the time the asset is acquired and is based on historical experience with similar assets and takes into account anticipated technological or other changes. If changes occur more rapidly than anticipated or the asset experiences unexpected level of wear and tear, the useful life will be adjusted accordingly. The carrying amount of the Branch's property, plant and equipment as at 31 December 2018 was A$36,683 (2017: A$6,085).

b) Provision for expected credit losses of trade receivables

The Branch uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Branch's historical observed default rates. The Branch will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Branch's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The carrying amounts of the Branch's trade and other receivables as at 31 December 2018 were A$1,043,270 (2017: A$288,826) respectively.

3. Significant accounting judgments and estimates (Continued)

3.2 Key sources of estimation uncertainty (Continued)

c) Estimation of total contract costs for research contracts

The Company has significant ongoing contracts as at 31 December 2018 that ae non-cancellable. For these contracts, revenue is recognised over time by reference to the Company's progress towards completion of the contract. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs ("input method").

Management has to estimate the total contract costs to complete, which are used in the input method to determine the Company's recognition of research revenue. When it is probable that the total contract costs will exceed the total research revenue, a provision for onerous contracts is recognised immediately.

Significant assumptions are used to estimate the total contract sum and the total contract costs which affect the accuracy of revenue recognition based on the percentage-of-completion and completeness of provision for onerous contracts recognised. In making these estimates, management has relied on past experience and the work of specialists.

d) Income taxes

Significant judgements are involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters differs from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the financial year in which such determination is made. The carrying amount of the Branch's current income tax payable as at 31 December 2018 was $Nil (2017: $Nil).

4. Property, plant and equipment

	Office equipment A$	Furniture and fittings A$	Renovation A$	Total A$
Cost				
At 28 June 2017 (Date of incorporation)	-	-	-	-
Additions	6,443	-	-	6,443
At 31 December 2017	6,443	-	-	6,443
At 1 January 2018	6,443	-	-	6,443
Additions	14,436	12,775	6,545	33,756
At 31 December 2018	20,879	12,775	6,545	40,199
Accumulated depreciation				
At 28 June 2017 (Date of incorporation)	-	-	-	-
Charges for the financial period	358	-	-	358
At 31 December 2017	358	-	-	358
At 1 January 2018	358	-	-	358
Charges for the financial period	2,735	355	68	3,158
At 31 December 2018	3,093	355	68	3,516
Carrying amount				
At 31 December 2017	6,085	-	-	6,085
At 31 December 2018	17,786	12,420	6,477	36,683

5. Trade and other receivables

	2018	2017
	A$	A$
Non-current		
Deposit	285,387	273,987
Current		
Trade receivables	718,691	-
Other receivables		
- Accrued revenue	6,442	-
- Deposits	32,750	-
- Other debtors	-	135
- Prepayment	-	14,704
	39,192	14,839
Total current trade and other receivables	757,883	14,839
Total trade and other receivables	1,043,270	288,826

Deposits relates to monies kept by their customers, as a security placement to provide the customer a protection against the Branch failing to adequately complete its obligations under the contract. As the deposit is not a significant financing component, it is stated at cost.

Trade receivables are non-interest bearing and are generally on 30 days' term.

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

The carrying amounts of trade and other receivables approximate their fair values.

All trade and other receivables are denominated in Singapore Dollars.

Receivables that are past due but not impaired

The Branch had trade receivables amounting to Nil (2017: $Nil) that were past due at the reporting date but not impaired. These receivables were unsecured and the analysis of their aging at the reporting date was as follows:

	2018	2017
	A$	A$
Not past due	718,691	-

5. Trade and other receivables (Continued)

Trade receivables that were determined to be impaired at the reporting date relate to debtors that were in significant financial difficulties and had defaulted on payments. These receivables were not secured by any collateral or credit enhancements.

At the statement of financial position date, the two largest receivables account for 100% (2017: Nil) of total trade receivables. Except for the above, there were no significant concentrations 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.

The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL was not material to the financial statements.

6. Deferred purchases

	2018	2017
	A$	A$
Deferred purchases	-	44,114

Deferred purchases refer to expenditure incurred in fulfilling a contract to generate revenue for the Branch. As at last financial period from 28 June 2017 (Date of incorporation) to 31 December 2017, no revenue has been recognised as the performance obligation has not been achieved. Accordingly, the cost incurred in fulfilling this contract has been deferred.

7. Contract assets / (liabilities)

	2018	2017
	A$	A$
Contract assets:		
Research contracts	27,605	-
Contract liabilities:		
Research contracts	(346,382)	-

Contract assets primarily relates to the Company's right to consideration for work completed but not yet billed at reporting date on research contracts. Contract liabilities relates to the works that has been invoiced by the Branch for works that has not been completed.

7. Contract asset / (liabilities) (Continued)

As at 31 December 2018, the contracts work-in-progress comprised the following:

	2018 A$	2017 A$
Contract costs incurred plus recognised profits, less recognised losses to date	903,334	-
Less: Invoices	(1,222,111)	-
	(318,777)	-
Presented as follows:		
- Gross amount due from customers	27,605	-
- Gross amount due to customers	(346,382)	-
	(318,777)	-

8. Cash and cash equivalents

	2018 A$	2017 A$
Cash at bank	27,262	-

The carrying amounts of the cash and cash equivalents approximate their fair values.

All cash and cash equivalents are denominated in Singapore Dollars.

9. Head office account

The Branch is a part of Save The Children Australia, a non-profit organisation incorporated in Australia. Its resources and existence are at the disposal of the corporate management. Its assets are legally available for the satisfaction of debts of the entire Branch, not solely those appearing on the accompanying financial statements, and its debts may result in claims against assets not appearing thereon.

Many of the Branch's transactions and arrangements are with its head office and the effect of these on the basis determined between the parties is reflected in these financial statements. The balance in the head office account as at year end reflects the monies paid by the head office on behalf of the Branch.

	2018 A$	2017 A$
Head office account	1,066,105	428,045

10. Other payables

	2018 A$	2017 A$
Accruals	68,648	37,137
GST payables	37,357	-
Other payables	7,373	-
	113,378	37,137

Trade payables were non-interest bearing and are generally on 30-days term. They are recognised at their original invoiced amounts which represents their fair value on initial recognition.

The carrying amounts of other payables approximate their fair values.

All other payables are denominated in the following currencies:

	2018 A$	2017 A$
Singapore Dollars	51,993	4,655
Australian Dollars	61,385	32,482
	113,378	37,137

11. Revenue

	2018 A$	28 June 2017 (Date of incorporation) to 31 December 2017 A$
Type of services		
Research services	916,027	-
Timing of transfer of services		
At a point in time	650,007	-
Over time	266,020	-
	916,027	-

12. Other income

	2018 A$	28 June 2017 (Date of incorporation) to 31 December 2017 A$
Gain on foreign exchange	771	-

13. Employee benefit expenses

	2018 A$	28 June 2017 (Date of incorporation) to 31 December 2017 A$
CPF contributions	69,264	-
Staff salaries and bonuses	575,506	-
	644,770	-

14. Loss before tax

	2018 A$	28 June 2017 (Date of incorporation) to 31 December 2017 A$
Loss before taxation is stated after charging:		
Depreciation of property, plant and equipment	3,158	358
Legal and professional fee	10,216	23,051
Management fee	28,903	32,482
Other programme supplies	239,284	-
Rental expenses	180,930	69,060

15. Income tax expense

The major components of income tax expense recognised in profit or loss for the financial year ended 31 December 2018 and financial period from 28 June 2017 (Date of incorporation) to 31 December 2017 were:

	2018	28 June 2017 (Date of incorporation) to 31 December 2017
	A$	A$
Current income tax		
- Current tax	-	-

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the financial year ended 31 December 2018 and financial period from 28 June 2017 (Date of incorporation) to 31 December 2017 were as follows:

	2018	28 June 2017 (Date of incorporation) to 31 December 2017
	A$	A$
Loss before taxation	(264,888)	(126,157)
Income tax using the statutory tax rate of 17% (2017: 17%)	(45,031)	(21,447)
Tax effects of :		
- Non-deductible expenses	537	883
- S14Q	(371)	-
- Capital allowances	(3,178)	(4,382)
- Unutilised capital allowances brought forward	(4,382)	-
- Unutilised capital allowances carried forward	7,790	4,382
- Unutilised business losses brought forward	(20,564)	-
- Unutilised business losses carried forward	66,509	20,564
- Exchange differences	(1,310)	-
Income tax expenses recognised in profit or loss	-	-

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Branch has unrecognised tax losses of $391,233 (2018: A$120,965) and unutilised capital allowances of A$45,825 (2018: A$25,775) at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements. The tax losses have no expiry date.

16. Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following transactions with related parties took place at terms agreed between the parties during the financial year:

	2018	28 June 2017 (Date of incorporation) to 31 December 2017
	A$	A$
Head office		
Management fee	28,903	32,482

In 2018, most of the expenses and deposits were paid by the Head Office on behalf of the Branch. The Head Office had agreed to absorb all liability and pay on behalf of the Branch, without requiring payment from the Branch.

17. Commitments

Operating lease commitments – as lessee

The Branch leases office under non-cancellable operating lease agreements. This lease has varying terms, escalation clauses and renewal rights. The leases have an average tenure of between 6 months to 1 year with an option to renew the lease after that date.

The future minimum rental payable under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are as follows:

	2018	2017
	A$	A$
Not later than one year	161,893	49,655
Later than one year but not later than five years	148,402	-
	310,295	49,655

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2018 amounted to A$180,930 (2017: A$69,060).

18. Fair value of assets and liabilities

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value.

Cash and cash equivalents, other receivables and other payables

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances

Trade receivables

The carrying amounts of these receivables and payables approximate their fair values as they are subject to normal trade credit terms.

19. Financial risk management

The Branch's activities expose it to a variety of financial risks from its operation. The key financial risks include credit risk, liquidity risk and market risk (including foreign currency risk and interest rate risk).

The Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Branch's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Branch's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Branch's exposure to these financial risks or the manner in which it manages and measures the risks.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Branch. The Branch's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash), the Branch minimises credit risk by dealing exclusively with high credit rating counterparties.

The Branch has adopted a policy of only dealing with creditworthy counterparties. The Branch performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Branch considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Branch has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 90 days, default of interest due for more than 90 days or there is significant difficulty of the counterparty.

19. Financial risk management (Continued)

Credit risk (Continued)

To minimise credit risk, the Branch has developed and maintained the Branch's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by publicly available financial information and the Branch's own trading records to rate its major customers and other debtors. The Branch considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating

- External credit rating

- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations

- Actual or expected significant changes in the operating results of the debtor

- Significant increases in credit risk on other financial instruments of the same debtor

- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Branch determined that its financial assets are credit-impaired when:

- There is significant difficulty of the debtor

- A breach of contract, such as a default or past due event

- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation

- There is a disappearance of an active market for that financial asset because of financial difficulty

The Branch categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 120 days past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

The Branch's current credit risk grading framework comprises the following categories:

Category	Definition of category	Basis for recognising expected credit loss (ECL)
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
II	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
III	Amount is >60 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL – credit-impaired
IV	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

19. Financial risk management (Continued)

Credit risk (Continued)

The table below details the credit quality of the Branch's financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

	Note	Category	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				$	$	$
31 December 2018						
Trade receivables	5	Note 1	Lifetime ECL (simplified)	718,691	-	718,691
Other receivables	5	I	12-month ECL	324,579	-	324,579
1 January 2018						
Other receivables	5	I	12-month ECL	288,826	-	288,826

Trade receivables (Note 1)

For trade receivables, the Branch has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL. The Branch determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Accordingly, the Branch measured the impairment loss allowance using lifetime ECL (simplified) and determined that the ECL is insignificant.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Branch's performance to developments affecting a particular industry.

Exposure to credit risk

As at the reporting date, the Branch has no significant concentration of credit risk other than those stated in Note 5. The Branch has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

Financial assets that are neither past due nor impaired

Trade and other receivables and gross amount due from customers for contract work-in-progress that are neither past due nor impaired are with creditworthy debtors with good payment record with the Branch. Cash and cash equivalents are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

19. Financial risk management (Continued)

Credit risk (Continued)

<u>Other receivables</u>

The Branch assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets.

Accordingly, the Branch measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

Liquidity risk

Liquidity risk refers to the risk that the Branch will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Branch's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Branch's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Branch's operations are financed mainly through equity. The Directors are satisfied that funds are available to finance the operations of the Branch.

The Branch actively manages its operating cash flows so as to ensure that all repayment needs are met. As part of its overall prudent liquidity management, the Branch maintains sufficient levels of cash to meet its working capital requirement.

The expected undiscounted cash flows of financial liabilities at amortised cost approximate the carrying amounts and are due within 1 year.

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.

(i) 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's exposure to interest rate risk arises primarily from their cash and cash equivalents.

The Branch does not expect any significant effect on the Branch's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the financial year.

At the reporting date, the Branch has no financial liability that bears interest.

19. Financial risk management (Continued)

Market risk (Continued)

(ii) Foreign currency risk

The Branch's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Branch does not have any formal policy for hedging against currency risk. The Branch ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances.

The Branch's currency exposures to the Singapore Dollars at the reporting date were as follows:

		2018	
	Australian Dollars	**Singapore Dollars**	**Total**
	A$	**A$**	**A$**
Financial assets			
Contract assets	-	27,605	27,605
Trade and other receivables	-	1,043,270	1,043,270
Cash and cash equivalents	-	27,262	27,262
	-	1,098,137	1,098,137
Financial liabilities			
Contract liabilities	-	346,382	346,382
Other payables	61,385	51,993	113,378
	61,385	398,375	459,760
Net financial (liabilities) / assets	(61,385)	699,762	638,377
Less: Net functional assets denominated in functional currency	61,385	-	61,385
Foreign currency exposure	-	699,762	699,762

19. Financial risk management (Continued)

Market risk (Continued)

(ii) Foreign currency risk (Continued)

	2017 Australian Dollars A$	2017 Singapore Dollars A$	2017 Total A$
Financial assets			
Other receivables	-	288,826	288,826
	-	288,826	288,826
Financial liabilities			
Other payables	32,482	4,655	37,137
	32,482	4,655	37,137
Net financial assets / (liabilities)	(32,482)	284,171	251,689
Less: Net functional assets denominated in functional currency	32,482	-	32,482
Foreign currency exposure	-	284,171	284,171

Sensitivity analysis for foreign currency risk

A 10% strengthening of Australian Dollars against the foreign currencies denominated balances as at the reporting date would decrease profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	2018 A$	28 June 2017 (Date of incorporation) to 31 December 2017 A$
Singapore Dollars	66,518	28,417

A 10% weakening of Australian Dollars against the foreign currencies would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

20. Financial instruments by category

At the reporting date, the aggregate carrying amounts of loans and receivables and financial liabilities at amortised cost were as follows:

	2018	2017
	A$	A$
Financial assets		
At amortised cost		
Contract assets	27,605	-
Trade and other receivables	1,043,270	288,826
Cash and cash equivalents	27,262	-
	1,098,137	288,826
Financial liabilities		
At amortised cost		
Contract liabilities	346,382	-
Trade and other payables	113,378	37,137
Total financial liabilities measured at amortised cost	113,378	37,137
Total net undiscounted financial assets	984,759	251,689

21. Capital management

The Branch's objective when managing capital, which remains unchanged throughout the year, is to safeguard the Branch's ability to continues as a going concern and to maintain an optimal capital structure.

Management monitors its capital based on retained earnings. Retained earnings is calculated based on the difference between total assets and total liabilities.

The Branch is not subject to any externally imposed capital requirements. The Branch's overall strategy remains unchanged.

22. Comparative information

The financial statements for 2017 cover from period 28 June 2017 (Date of incorporation) to 31 December 2017.

23. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2018 were authorised for issue in accordance with a resolution of the Board of Directors of the Branch on the date of Directors' Statement.

SAVE THE CHILDREN AUSTRALIA (SINGAPORE BRANCH)
DETAILED PROFIT OR LOSS ACCOUNT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 A$	28 June 2017 (Date of incorporation) to 31 December 2017 A$
REVENUE		**916,027**	**-**
Add: Other items of income			
Gain on foreign exchange		771	
		771	-
TOTAL GROSS (LOSS) / PROFIT		**916,798**	**-**
Less: Operating expenses			
Accomodation expenses		3,764	-
Advertisement		1,212	-
Bank charges		672	169
Depreciation of property, plant and equipment		3,158	358
Legal and professional fees		10,216	23,051
Management fees		28,903	32,482
Meal expenses		2,313	-
Membership fees		266	-
Monitoring expenses		7,493	-
Office supplies		774	1,037
Other programme supplies		239,284	-
Postage and courier		549	-
Printing and stationery		2,704	-
Professional development		1,980	-
Rental expenses		180,930	69,060
Staff's salaries and bonuses		644,770	-
Staff entertainment		2,694	-
Telecommunication expenses		4,941	-
Translation expenses		2,826	-

SAVE THE CHILDREN AUSTRALIA (SINGAPORE BRANCH)
DETAILED PROFIT OR LOSS ACCOUNT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 A$	28 June 2017 (Date of incorporation) to 31 December 2017 A$
Less: Operating expenses (Continued)			
Travelling expenses		25,050	-
Unutilised leave		11,221	-
Upkeep of computer		4,818	-
Upkeep of office		1,148	-
		1,181,686	126,157
Loss before tax		(264,888)	(126,157)

THE DETAILED PROFIT AND LOSS ACCOUNTS HAS BEEN PREPARED FOR MANAGEMENT PURPOSES ONLY AND DOES NOT FORM PART OF THE AUDITED FINANCIAL STATEMENTS.