

COMMON PURPOSE ASIA-PACIFIC LIMITED

(A company incorporated in Singapore, limited by guarantee)
(Registration No: 201331830Z)

Statement by Directors and Financial Statements

Year Ended 31 July 2019

RSM Chio Lim LLP

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COMMON PURPOSE ASIA-PACIFIC LIMITED

Statement by Directors and Financial Statements

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COMMON PURPOSE ASIA-PACIFIC LIMITED

Statement by Directors

The directors of the company are pleased to present the financial statements of the company for the reporting year ended 31 July 2019.

1. Opinion of the directors

In the opinion of the directors,

- (a) the accompanying financial statements are drawn up so as to give a true and fair view of the financial position and performance of the company for the reporting year covered by the financial statements; and
- (b) at the date of the statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

2. Directors

The directors of the company in office at the date of this statement are:

Adirupa Sengupta
Ameek Akash Parikh
Robert Frank Care
Melvin Poon Kai Leon

3. Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures and directors' interests in shares and debentures

The company is a company limited by guarantee and has no share capital.

4. Options

The company is a company limited by guarantee. As such, there are no shares options or unissued shares of the company under option.

COMMON PURPOSE ASIA-PACIFIC LIMITED

5. Future plans


Over the next year, the company's main focus will be to continue grow its presence in the ASEAN and the wider Asia-Pacific region. It will do this by continuing to build Singapore as a hub for the company's activities at three levels:

- Global – to drive Global Leadership Programmes such as the ASEAN Leaders Programme from an ASEAN base;
- Regional – to give an Asia-Pacific focus to the company and help spread its work across this region. This would mean delivering and growing the ASEAN Leaders Programme for the ASEAN and the wider region and become a crucial player in expanding cross-sector leadership in the Asia-Pacific region; and
- Local – to make the Singapore base operate to its optimum, the company will make its presence relevant to the local community by running relevant programmes especially for young people in partnership with local and regional stakeholders.

6. Independent auditor

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

On behalf of the directors


.....
Adirupa Sengupta
Director


.....
Ameer Akash Parikh
Director

7 January 2020

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**Independent Auditor's Report to the Member of
COMMON PURPOSE ASIA-PACIFIC LIMITED**

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Common Purpose Asia-Pacific Limited which comprise the statement of financial position as at 31 July 2019, and the statement of financial activities, statement of changes in funds and statement of cash flows for the reporting year then ended, and notes to the financial statements, including the significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act"), the Charities Act, Chapter 37 and other relevant regulations ("the Charities Act and Regulations") and the Singapore Financial Reporting Standards ("SFRSs") so as to give a true and fair view of the financial position of the company as at 31 July 2019 and of the financial performance, changes in equity and cash flows of the company 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 company 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

Management is responsible for the other information. The other information comprises the statement by directors but does not include the financial statements and our auditor's report thereon.

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.

**Independent Auditor's Report to the Member of
COMMON PURPOSE ASIA-PACIFIC LIMITED**

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Responsibilities of management and directors for the financial statements

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 SFRS, 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 company'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 company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the company'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 of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- a) 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.
- b) 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 company's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

**Independent Auditor's Report to the Member of
COMMON PURPOSE ASIA-PACIFIC LIMITED**

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Auditor's responsibilities for the audit of the financial statements (cont'd)

- d) 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 company'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 company to cease to continue as a going concern.
- e) 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 directors 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 required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Chua Ling Ling.



RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

7 January 2020

Engagement partner - effective from year ended 31 July 2018

COMMON PURPOSE ASIA-PACIFIC LIMITED

Statement of Financial Activities Year Ended 31 July 2019

| | <u>Notes</u> | <u>2019</u> \$ | <u>2018</u> \$ |
|------------------------------------|--------------|--------------------|--------------------|
| <u>Incoming resources</u> | | | |
| Grant from member | | 70,307 | 160,440 |
| Income from related companies | | 302,101 | 411,584 |
| Charitable customised programme | | 141,835 | 158,640 |
| Commercial customised programme | | 280,750 | 256,960 |
| Commercial student programme | | 791,688 | 505,102 |
| ASEAN sponsorship | | 75,000 | 175,182 |
| ASEAN fees | | 293,312 | 194,990 |
| Other income | 5 | 135,682 | 161,937 |
| Total income | | <u>2,090,675</u> | <u>2,024,835</u> |
| <u>Resources expended</u> | | | |
| Charitable customised programme | | (251,062) | (240,527) |
| Commercial customised programme | | (13,383) | (22,817) |
| Commercial Student programme | | (808,460) | (468,931) |
| ASEAN programme | | (184,754) | (187,155) |
| Administrative expenses | 6 | (800,794) | (841,752) |
| Total expenditures | | <u>(2,058,453)</u> | <u>(1,761,182)</u> |
| Net income for the year | | <u>32,222</u> | <u>263,653</u> |
| Other comprehensive income | | – | – |
| Total funds carried forward | | <u>32,222</u> | <u>263,653</u> |

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

COMMON PURPOSE ASIA-PACIFIC LIMITED

Statement of Financial Position As at 31 July 2019

| | <u>Notes</u> | <u>2019</u> \$ | <u>2018</u> \$ |
|---------------------------------------|--------------|-------------------|-------------------|
| ASSETS | | | |
| <u>Current assets</u> | | | |
| Trade and other receivables | 8 | 274,327 | 869,953 |
| Other non-financial assets | 9 | 71,429 | 136,333 |
| Cash and cash equivalents | 10 | 450,709 | 553,473 |
| Total current assets | | <u>796,465</u> | <u>1,559,759</u> |
| Total assets | | <u>796,465</u> | <u>1,559,759</u> |
| FUNDS AND LIABILITIES | | | |
| <u>Funds</u> | | | |
| Accumulated funds | | <u>433,855</u> | <u>401,633</u> |
| Total funds | | <u>433,855</u> | <u>401,633</u> |
| <u>Current liabilities</u> | | | |
| Trade and other payables | 11 | <u>362,610</u> | <u>1,158,126</u> |
| Total current liabilities | | <u>362,610</u> | <u>1,158,126</u> |
| Total liabilities | | <u>362,610</u> | <u>1,158,126</u> |
| Total funds and liabilities | | <u>796,465</u> | <u>1,559,759</u> |

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

COMMON PURPOSE ASIA-PACIFIC LIMITED

**Statement of Changes in Funds
Year Ended 31 July 2019**

| | <u>Accumulated Funds</u> \$ |
|---|------------------------------------|
| Current Year: | |
| Opening balance at 1 August 2018 | 401,633 |
| Income for the reporting year | 32,222 |
| Closing balance at 31 July 2019 | <u>433,855</u> |
| Previous Year: | |
| Opening balance at 1 August 2017 | 137,980 |
| Income for the reporting year | 263,653 |
| Closing balance at 31 July 2018 | <u>401,633</u> |

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

COMMON PURPOSE ASIA-PACIFIC LIMITED

**Statement of Cash Flows
Year Ended 31 July 2019**

| | <u>2019</u> \$ | <u>2018</u> \$ |
|---|-----------------------|-----------------------|
| <u>Cash flows from operating activities</u> | | |
| Net income for the reporting year | 32,222 | 263,653 |
| Trade receivables | 619,854 | (296,532) |
| Other non-financial assets | 64,904 | 47,103 |
| Trade and other payables | (775,295) | 307,033 |
| Net cash flows (used in) / from operating activities | <u>(58,315)</u> | <u>321,257</u> |
| <u>Cash flows from financing activities</u> | | |
| Grants received in advance | (20,221) | 63,796 |
| Net movements in amounts due to member | (19,028) | (100) |
| Net movements in amounts due from related companies | (5,200) | – |
| Net cash flows (used in) / from financing activities | <u>(44,449)</u> | <u>63,696</u> |
| Net (decrease) / increase in cash and cash equivalents | (102,764) | 384,953 |
| Cash and cash equivalents, statement of cash flows, beginning balance | <u>553,473</u> | <u>168,520</u> |
| Cash and cash equivalents, statement of cash flows, ending balance (Note 10) | <u><u>450,709</u></u> | <u><u>553,473</u></u> |

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

COMMON PURPOSE ASIA-PACIFIC LIMITED

Notes to the Financial Statements 31 July 2019

1. General

The company is incorporated in Singapore as a company limited by guarantee not having any share capital. The financial statements are presented in Singapore dollar.

The board of directors approved and authorised these financial statements for issue on the date of statement by directors.

The company is a non-profit organisation established to provide charitable and other supporting activities aimed at educational work.

Each member of the company has undertaken to contribute such amounts not exceeding \$10 to the assets of the company in the event the company is wound up and the monies are required for payment of the liabilities of the company. The company has 1 member at the end of the reporting year.

The memorandum and articles of the company restricts the use of company monies to the furtherance of the objects of the company. They prohibit the payment of dividend, bonus or profit to members or related companies.

The registered office is: 7 Straits View, Marina One, East Tower, Level 12, Singapore 018936. The company is situated in Singapore.

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("SFRSs") and the related interpretations to SFRS ("INT SFRS") as issued by the Singapore Accounting Standards Council. They are in compliance with the provisions of the Companies Act, Chapter 50.

Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

COMMON PURPOSE ASIA-PACIFIC LIMITED

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, trade discounts, volume rebates and changes to the transaction price arising from modifications), net of any related sales taxes and excluding any amounts collected on behalf of third parties. An asset (services) is transferred when or as the customer obtains control of that asset. Revenues including donations, gifts and grants that provide core funding or are of general nature are recognised where the above five-step model is completed. Revenue from rendering of services that are not significant transactions is recognised as the services are provided or when the significant acts have been completed.

Distinct services created over time – For long-term service contracts the customer value is created over time during the contract period and it is accounted for as separate performance obligations that are satisfied over time. This is because the customer simultaneously receives and consumes the benefits of the entity's performance in processing each transaction as and when each transaction is processed; or the performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date. The revenue is recognised over time by using the output method. For the output method the revenue is recognised on the basis of direct measurements of the value to the customer of the services transferred to date relative to the remaining services promised under the contract.

Grants

Grants are recognised at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received. Grants in recognition of specific expenses are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis.

Gifts-in-kind

A gift-in-kind (if any) is included in the statement of financial activities based on an estimate of the fair value at the date of the receipt of the gift of the non-monetary asset or the grant of a right to the monetary asset. The gift is recognised if the amount of the gift can be measured reliably and there is no uncertainty that it will be received. No value is ascribed to volunteer and accounting services.

COMMON PURPOSE ASIA-PACIFIC LIMITED

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increase their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. The presentation is in the functional currency.

Income tax

As a charity, the fund is exempt from income tax on income and gains under the Income Tax Act, Chapter 134 to the extent that these are applied to its charitable objects.

Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires. At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

COMMON PURPOSE ASIA-PACIFIC LIMITED

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial instruments (cont'd)

Classification and measurement of financial assets:

1. Financial asset classified as measured 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 fair value through profit or loss (FVTPL), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.
2. Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income (FVTOCI): There were no financial assets classified in this category at reporting year end date
3. Financial asset that is an equity investment measured at fair value through other comprehensive income (FVTOCI): There were no financial assets classified in this category at reporting year end date.
4. Financial asset classified as measured at fair value through profit or loss (FVTPL): There were no financial assets classified in this category at reporting year end date.

Classification and measurement of financial liabilities:

Financial liabilities are classified as at fair value through profit or loss (FVTPL) in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand that form an integral part of cash management.

Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

COMMON PURPOSE ASIA-PACIFIC LIMITED

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Fair value measurement (cont'd)

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

2B. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Allowance for doubtful trade accounts:

The trade receivables are subject to the expected credit loss model under the financial reporting standard on financial instruments. The expected lifetime losses are recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the expected credit losses. The allowance matrix is based on its historical observed default rates (over a period of certain months) over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The loss allowance was determined accordingly. The carrying amounts might change materially within the next reporting year but these changes may not arise from assumptions or other sources of estimation uncertainty at the end of the reporting year. The carrying amount is disclosed in the Note 8 on trade and other receivables.

COMMON PURPOSE ASIA-PACIFIC LIMITED

3. Related party relationships and transactions

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

3A. Members of a group:

| <u>Name</u> | <u>Relationship</u> | <u>Country of incorporation</u> |
|---------------------------------|--|---------------------------------|
| Common Purpose Charitable Trust | Parent company and ultimate parent company | United Kingdom |

Related companies in these financial statements include the members of the above group of companies.

3B. Related party transactions:

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and any financial guarantees are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

Significant related party transactions:

| | <u>Member</u> | |
|---|--------------------------|----------------|
| | <u>2019</u> | <u>2018</u> |
| | \$ | \$ |
| Grant from member | (70,307) | (160,440) |
| Income from member | (287,270) | (304,778) |
| Core cost expense | <u>45,000</u> | <u>198,677</u> |
| | | |
| | <u>Related companies</u> | |
| | <u>2019</u> | <u>2018</u> |
| | \$ | \$ |
| Income from related companies | (14,831) | (106,806) |
| Service fees charged by related companies | 808,460 | 468,931 |
| License fee expense | <u>77,598</u> | <u>93,713</u> |

COMMON PURPOSE ASIA-PACIFIC LIMITED

3. Related party relationships and transactions (cont'd)

3C. Key management compensation:

| | <u>2019</u> | <u>2018</u> |
|---|----------------|----------------|
| | \$ | \$ |
| Salaries and other short-term employee benefits | <u>300,846</u> | <u>214,375</u> |

The above amounts are included under administrative expenses. Included in the above amounts is the following item:

| | <u>2019</u> | <u>2018</u> |
|---|----------------|----------------|
| | \$ | \$ |
| Remuneration of a director of the company | <u>228,477</u> | <u>214,375</u> |

Key management personnel include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. The above amounts for key management compensation are for one director of the company.

3D. Other receivables from and other payables to related parties:

The trade transactions and the related receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from and other payables to related parties are as follows:

| | <u>Member</u> | |
|---|--------------------------|-------------|
| | <u>2019</u> | <u>2018</u> |
| | \$ | \$ |
| <u>Other receivables/(other payables)</u> | | |
| Balance at beginning of the year | - | (100) |
| Amounts paid out and settlement of liabilities on behalf of another party | <u>19,028</u> | <u>100</u> |
| Balance at end of year | <u>19,028</u> | <u>-</u> |
| | <u>Related companies</u> | |
| | <u>2019</u> | <u>2018</u> |
| | \$ | \$ |
| <u>Other receivables</u> | | |
| Balance at beginning of the year | - | - |
| Amounts paid out and settlement of liabilities on behalf of another party | <u>5,200</u> | <u>-</u> |
| Balance at end of year | <u>5,200</u> | <u>-</u> |

4. Incoming resources

The various sources of incoming resources arise from services. The customers are commercial consumers and government agencies. About \$1,203,750 (2018: \$659,285) is recognised based on over time and the balance is point in time. A large portion is for customers overseas. The contracts vary from a few days to 12 months.

COMMON PURPOSE ASIA-PACIFIC LIMITED

5. Other income

| | <u>2019</u> | <u>2018</u> |
|----------------------------|-----------------|----------------|
| | \$ | \$ |
| Singapore government grant | 142,808 | 140,722 |
| Other income | 3,854 | 27,629 |
| Foreign exchange losses | <u>(10,980)</u> | <u>(6,414)</u> |
| Total other income | <u>135,682</u> | <u>161,937</u> |

6. Administrative expenses

The major components of administrative expenses include the following:

| | <u>2019</u> | <u>2018</u> |
|---------------------------|----------------|----------------|
| | \$ | \$ |
| Employee benefits expense | <u>562,646</u> | <u>507,243</u> |

7. Employee benefits expense

| | <u>2019</u> | <u>2018</u> |
|---|----------------|----------------|
| | \$ | \$ |
| Short term employee benefits expense | 530,453 | 500,933 |
| Contribution to defined contribution plan | <u>32,193</u> | <u>6,310</u> |
| Total employee benefits expense | <u>562,646</u> | <u>507,243</u> |

8. Trade and other receivables

| | <u>2019</u> | <u>2018</u> |
|----------------------------------|----------------|----------------|
| | \$ | \$ |
| <u>Trade receivables:</u> | | |
| Outside parties | 19,883 | 164,286 |
| Accrued income | 173,349 | 124,319 |
| Member | 40,997 | 334,575 |
| Related companies | <u>15,870</u> | <u>246,773</u> |
| Net trade receivables – subtotal | <u>250,099</u> | <u>869,953</u> |

Other receivables:

| | | |
|-----------------------------------|----------------|----------------|
| Member (Note 3) | 19,028 | – |
| Related companies (Note 3) | <u>5,200</u> | <u>–</u> |
| Net other receivables – subtotal | <u>24,228</u> | <u>–</u> |
| Total trade and other receivables | <u>274,327</u> | <u>869,953</u> |

Movement in the above allowance on trade receivables:

| | | |
|----------------------------------|----------|---------------|
| Balance at beginning of the year | – | (13,791) |
| Bad debts written off | <u>–</u> | <u>13,791</u> |
| Balance at end of the year | <u>–</u> | <u>–</u> |

COMMON PURPOSE ASIA-PACIFIC LIMITED

8. Trade and other receivables (cont'd)

The trade receivables are subject to the expected credit loss model under the financial reporting standard on financial instruments. The methodology applied for impairment loss is the simplified approach to measuring expected credit losses (ECL) which uses a lifetime expected loss allowance for all trade receivables and contract assets. The expected lifetime losses are recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the expected credit losses. The allowance matrix is based on its historical observed default rates (over a period of 36 months) over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The loss allowance was determined as follows:

| | <u>Gross amount</u> | | <u>Loss allowance</u> | |
|---------------------------------------|---------------------|----------------|-----------------------|-------------|
| | <u>2019</u> | <u>2018</u> | <u>2019</u> | <u>2018</u> |
| | \$ | \$ | \$ | \$ |
| Trade receivables and accrued income: | | | | |
| Current | 214,397 | 722,653 | – | – |
| 1 to 30 days past due | 5,665 | 145,764 | – | – |
| 31 to 60 days past due | – | 680 | – | – |
| 61 to 90 days past due | 15,870 | – | – | – |
| Over 90 days past due | 14,167 | 856 | – | – |
| Total | <u>250,099</u> | <u>869,953</u> | <u>–</u> | <u>–</u> |

The amounts are written off when there are indications that there is no reasonable expectation of recovery or the failure of a debtor to make contractual payments over an extended period.

There are no collateral held as security and other credit enhancements for the trade receivables.

At each subsequent reporting date, an evaluation is made whether there is a significant change in credit risk by comparing the debtor's credit risk at initial recognition (based on the original, unmodified cash flows) with the credit risk at the reporting date (based on the modified cash flows). Adjustment to the loss allowance is made for any increase or decrease in credit risk.

As part of the process of setting customer credit limits, different credit terms are used. The average credit period generally granted to trade receivable customers is about 30 to 60 days (2018: 30 to 60 days). But some customers take a longer period to settle the amounts.

(a) Concentration of trade receivable customers as at the end of reporting year:

| | <u>2019</u> | <u>2018</u> |
|-----------------|---------------|----------------|
| | \$ | \$ |
| Top 1 customer | 40,997 | 61,960 |
| Top 2 customers | 56,866 | 89,293 |
| Top 3 customers | <u>71,520</u> | <u>102,942</u> |

Other receivables are normally with no fixed terms and therefore there is no maturity.

COMMON PURPOSE ASIA-PACIFIC LIMITED

9. Other non-financial assets

| | <u>2019</u> | <u>2018</u> |
|-------------|---------------|----------------|
| | \$ | \$ |
| Prepayments | <u>71,429</u> | <u>136,333</u> |

10. Cash and cash equivalents

| | <u>2019</u> | <u>2018</u> |
|-----------------------|----------------|----------------|
| | \$ | \$ |
| Not restricted in use | <u>450,709</u> | <u>553,473</u> |

The interest earning balances are not significant.

11. Trade and other payables

| | <u>2019</u> | <u>2018</u> |
|---|----------------|------------------|
| | \$ | \$ |
| <u>Trade payables:</u> | | |
| Outside parties and accrued liabilities | 100,853 | 126,863 |
| Member | 6,895 | 477,788 |
| Related companies | – | 206,556 |
| Holding payments | <u>70,000</u> | <u>141,836</u> |
| Net trade payables – subtotal | <u>177,748</u> | <u>953,043</u> |
| <u>Other payables:</u> | | |
| Deferred income | <u>184,862</u> | <u>205,083</u> |
| Net other payables – subtotal | <u>184,862</u> | <u>205,083</u> |
| Total trade and other payables | <u>362,610</u> | <u>1,158,126</u> |

12. Financial instruments: information on financial risks

12A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting year:

| | <u>2019</u> | <u>2018</u> |
|---|----------------|------------------|
| | \$ | \$ |
| <u>Financial assets:</u> | | |
| Financial assets at amortised cost | <u>725,036</u> | <u>1,423,426</u> |
| At end of the year | <u>725,036</u> | <u>1,423,426</u> |
| <u>Financial liabilities:</u> | | |
| Financial liabilities at amortised cost | <u>177,748</u> | <u>953,043</u> |
| At end of the year | <u>177,748</u> | <u>953,043</u> |

Further quantitative disclosures are included throughout these financial statements.

COMMON PURPOSE ASIA-PACIFIC LIMITED

12. Financial instruments: information on financial risks (cont'd)

12B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk and liquidity risk. Management has certain practices for the management of financial risks. However these are not documented in formal written documents. The following guidelines are followed: All financial risk management activities are carried out and monitored by senior management staff. All financial risk management activities are carried out following acceptable market practices.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

12C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

12D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner. These arise principally from cash balances with banks, cash equivalents, receivables and other financial assets. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For expected credit losses (ECL) on financial assets, the three-stage approach in the financial reporting standard on financial instruments is used to measure the impairment allowance. Under this approach the financial assets move through the three stages as their credit quality changes. However, a simplified approach is permitted by the financial reporting standards on financial instruments for financial assets that do not have a significant financing component, such as trade receivables. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired. For credit risk on trade receivables an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Note 10 discloses the maturity of the cash and cash equivalents balances. Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

COMMON PURPOSE ASIA-PACIFIC LIMITED

12. Financial instruments: information on financial risks (cont'd)

12E. Liquidity risk – financial liabilities maturity analysis

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. There are no liabilities contracted to fall due after twelve months at the end of the reporting year. The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be settled at their contractual maturity. The average credit period taken to settle trade payables is about 60 days (2017: 60 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

12F. Interest rate risk

There is no exposure to interest rate risk as part of its normal business.

12G. Foreign currency risk

Analysis of amounts denominated in non-functional currency:

| | <u>Australian dollar</u> \$ | <u>US dollar</u> \$ | <u>British pound</u> \$ | <u>Total</u> \$ |
|---|------------------------------------|------------------------|--------------------------------|--------------------|
| 2019: | | | | |
| <u>Financial assets:</u> | | | | |
| Loan and receivables | 2,033 | 19,305 | 123,519 | 144,857 |
| Total financial assets | <u>2,033</u> | <u>19,305</u> | <u>123,519</u> | <u>144,857</u> |
| <u>Financial liabilities:</u> | | | | |
| Trade and other payables | – | – | 7,023 | 7,023 |
| Total financial liabilities | <u>–</u> | <u>–</u> | <u>7,023</u> | <u>7,023</u> |
| Net financial assets at end of the year | <u>2,033</u> | <u>19,305</u> | <u>116,496</u> | <u>137,834</u> |
| | | | | |
| | <u>Australian dollar</u> \$ | <u>US dollar</u> \$ | <u>British pound</u> \$ | <u>Total</u> \$ |
| 2018: | | | | |
| <u>Financial assets:</u> | | | | |
| Loan and receivables | – | 87,718 | 594,611 | 682,329 |
| Total financial assets | <u>–</u> | <u>87,718</u> | <u>594,611</u> | <u>682,329</u> |
| <u>Financial liabilities:</u> | | | | |
| Trade and other payables | – | – | 716,230 | 716,230 |
| Total financial liabilities | <u>–</u> | <u>–</u> | <u>716,230</u> | <u>716,230</u> |
| Net financial assets / (liabilities) at end of the year | <u>–</u> | <u>87,718</u> | <u>(121,619)</u> | <u>(33,901)</u> |

Sensitivity analysis: The effect on pre-tax profit is not significant.

COMMON PURPOSE ASIA-PACIFIC LIMITED

13. Changes and adoption of financial reporting standards

For the current reporting year new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. Those applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

| <u>SFRS No.</u> | <u>Title</u> |
|-----------------|---|
| SFRS 109 | Financial Instruments |
| SFRS 115 | Revenue from Contracts with Customers. Amendments to, Clarifications to SFRS 115 Revenue from Contracts with Customers |

14. New or amended standards in issue but not yet effective

For the future reporting years certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. None of these are applicable to the reporting entity based on the reporting entity's current operations.