PROJECT ORBIS INTERNATIONAL INC. (SINGAPORE) LTD.

(Company Registration No. 201332607E)

Directors' Statement and Financial Statements
for the financial year ended 31 December 2017

BDO

PROJECT ORBIS INTERNATIONAL INC. (SINGAPORE) LTD.
(Registration Number: 201332607E)

DIRECTORS' STATEMENT
AND
FINANCIAL STATEMENTS

31 DECEMBER 2017

Description (Sec: Others)	**Requested by**	**Done by**	**Date**
Roll forward	Mary Ng	Mingchoo	7 Mar 18
Align	ef Mary Ng	Halimah	18 Apr 2018
Align	ef Mary Ng	Halimah	30 Apr 2018

BDO LLP
Public Accountants and
Chartered Accountants

The Directors of Project ORBIS International Inc. (Singapore) Ltd. ("ORBIS") present their statement to the members together with the audited financial statements of ORBIS for the financial year ended 31 December 2017.

1. Opinion of the Directors

In the opinion of the Board of Directors,

(a) the financial statements of ORBIS together with the notes thereon are drawn up so as to give a true and fair view of the financial position of ORBIS as at 31 December 2017, and of the financial performance, changes in funds and cash flows of ORBIS for the financial year then ended; and

(b) at the date of this statement with the continued financial support of Project Orbis International Inc., which has provided a letter of financial support to the Company, there are reasonable grounds to believe that the ORBIS will be able to pay its debts as and when they fall due.

2. Directors

The Directors in office at the date of this statement are:

Khoo Seng Thiam
Kulasegaran Sabaratnam
Liu Norman Chee Tah
Yeo Yew San Lan
Stuart L Dean
Sng Zhi Wei, Joel
Moo Yi Sin, Jason
Kwok Seat Moey
Tan Mui Seok, Alvina

3. Arrangements to enable Directors to acquire shares or debentures

Twelfth Schedule paragraph 8 and Section 164(1)(d) of the Singapore Companies Act, Chapter 50 (the "Act") do not apply to ORBIS as it is a company limited by guarantee and without share capital and debentures.

4. Directors' interests in shares or debentures

Twelfth Schedule paragraph 9, Section 164(1)(a) and Section 164(1)(b)of the Act do not apply to ORBIS as it is a company limited by guarantee and without share capital and debentures.

5. Share options

Twelfth Schedule paragraphs 2, 4, 5 and 6 of the Act do not apply to ORBIS as it is a company limited by guarantee.

6. Independent auditor

The independent auditor, BDO LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

KHOO SENG THIAM
Director

KULASEGARAN SABARATNAM
Director

Singapore
20 April 2018

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Project Orbis International Inc. (Singapore) Ltd. ("ORBIS"), which comprise the statement of financial position as at 31 December 2017, and the statement of financial activities, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Companies Act"), the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the ORBIS as at 31 December 2017 and of the financial performance, changes in funds and cash flows of the ORBIS 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 ORBIS 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 comprise the Directors' Statement.

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.

Report on the Audit of the Financial Statements (Continued)

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 Companies Act, the Charities Act and Regulations and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing ORBIS'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.

Those charged with governance comprise the directors. Their responsibilities include overseeing ORBIS'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:

- 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 ORBIS's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Report on the Audit of the Financial Statements (Continued)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- 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 ORBIS'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 ORBIS 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 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 to be kept by ORBIS have been properly kept in accordance with the provisions of the Companies Act, and the Charities Act and Regulations.

According to Regulation 7 of the Charities (Fund-Raising Appeals for Local and Foreign Charitable Purposes) Regulations 2012, the total fund-raising expenses of ORBIS shall not exceed 30% of the total receipts from fund-raising and sponsorships for the year. For the financial year ended 31 December 2017, ORBIS exceeded the 30% threshold and as such did not comply with the requirements of Regulation 7 of the Charities (Fund-Raising Appeals for Local and Foreign Charitable Purposes) Regulations 2012.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	2017	2016
		$	**$**
ASSETS			
Non-current asset			
Plant and equipment	4	-	-
Total non-current asset		-	-
Current assets			
Inventories	5	4,550	5,916
Trade and other receivables	6	27,727	27,727
Prepayments		18,148	-
Cash and cash equivalents	7	579,900	444,481
Total current assets		630,325	478,124
Less:			
Current liability			
Other payables and accruals	8	821,905	492,851
Total current liability		821,905	492,851
Net asset		(191,580)	(14,727)
Funds			
(Accumulated loss)/Retained earnings on:			
- Unrestricted funds		(592,609)	(385,259)
- Temporarily restricted funds		401,029	361,657
Permanently restricted fund	9	-	8,875
		(191,580)	(14,727)

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

PROJECT ORBIS INTERNATIONAL INC. (SINGAPORE) LTD.

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR 31 DECEMBER 2017

		1 January 2017 to 31 December 2017			1 January 2016 to 31 December 2016		
	Note	Unrestricted funds	Temporarily restricted funds	Total	Unrestricted funds	Temporarily restricted funds	Total
Incoming resources		$	$	$	$	$	$
General:	10						
- Contribution		42,931	-	42,931	400,498	-	400,498
Restricted	10	-	151,331	151,331	-	351,833	351,833
Energon-BWLEH-Orbis REACH Project		-	71,569	71,569	-	67,363	67,363
National Childhood Blindness Project, Bangladesh		-	-	-	-	61,002	61,002
ORBIS Blindfold Lunch		-	6,000	6,000	-	6,975	6,975
China Programs		-	-	-	-	5,076	5,076
Saving Sight Worldwide program		-	-	-	-	30,000	30,000
Orbis Charity Singapore Gala: Gifts in kind		-	-	-	-	57,629	57,629
Flying Eye Hospital Tour, Singapore: Gifts in kind		-	-	-	-	53,033	53,033
ORBIS Flying Eye Hospital program, Shenyang, China		-	-	-	-	70,755	70,755
ORBIS Flying Eye Hospital program, Can Tho, Vietnam		-	45,119	45,119	-	-	-
General campaigns		-	28,643	28,643	-	-	-
Other income		210	-	210	735	-	735
Foreign exchange gain		-	-	-	1,266	1,280	2,546
Total incoming resources		43,141	151,331	194,472	402,499	353,113	755,612

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

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR 31 DECEMBER 2017

	Note	1 January 2017 to 31 December 2017			1 January 2016 to 31 December 2016		
		Unrestricted funds	Temporarily restricted funds	Total	Unrestricted funds	Temporarily restricted funds	Total
		$	$	$	$	$	$
Resources expended							
Employee benefits expense	11	(149,038)	-	(149,038)	(218,382)	-	(218,382)
Other operating costs	12	(112,848)	-	(112,848)	(184,094)	-	(184,094)
Development expenditure of affiliates							
General		(486)	-	(486)	(128,827)	-	(128,827)
Restricted:		-	(99,405)	(99,405)	-	(285,530)	(285,530)
Energon-BWLEH-Orbis REACH Project		-	(69,765)	(69,765)	-	(70,500)	(70,500)
ORBIS Blindfold Lunch		-	(997)	(997)	-	(5,345)	(5,345)
China Programs		-	-	-	-	(5,076)	(5,076)
Saving Sight Worldwide program		-	-	-	-	(30,000)	(30,000)
ORBIS Flying Eye Hospital program, Shenyang, China		-	-	-	-	(67,363)	(67,363)
Orbis Charity Singapore Gala: Gifts in kind		-	-	-	-	(54,213)	(54,213)
Flying Eye Hospital Tour, Singapore: Gifts in kind		-	-	-	-	(53,033)	(53,033)
General campaigns		-	(28,643)	(28,643)	-	-	-
Foreign exchange loss		(5,413)	(4,135)	(9,548)	-	-	-
Total expenditure		(267,785)	(103,540)	(371,325)	(531,303)	(285,530)	(816,833)
Net (deficit)/surplus transferred to accumulated fund		(224,644)	47,791	(176,853)	(128,804)	67,583	(61,221)

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

STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Unrestricted funds	Temporarily restricted funds	Permanently restricted funds	Total
	$	$	$	$
Balance at 1 January 2017	(385,259)	361,657	8,875	(14,727)
Total (deficit)/surplus for the financial year	(224,644)	47,791	-	(176,853)
Realisation of permanently restricted funds	8,875	-	(8,875)	-
Transfer of funds *	8,419	(8,419)	-	-
Balance at 31 December 2017	(592,609)	401,029	-	(191,580)
Balance at 1 January 2016	(293,585)	295,704	44,375	46,494
Total (deficit)/surplus for the financial year	(128,804)	67,583	-	(61,221)
Realisation of permanently restricted funds	35,500	-	(35,500)	-
Transfer of funds *	1,630	(1,630)	-	-
Balance at 31 December 2016	(385,259)	361,657	8,875	(14,727)

* The transfer of funds from temporary restricted funds to unrestricted funds represents excess contributions of restricted income over the expenses and such transfers were agreed by the donors of the temporary restricted income.

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017	2016
		$	$
Cash flows from operating activities			
Net deficit for the year		(176,853)	(61,221)
Adjustments for:			
Inventories of gifts in kind		1,366	(3,416)
Depreciation expense	4	-	374
Operating cash flows before movements in working capital		(175,487)	(64,263)
Trade and other receivables		-	(16,224)
Prepayments		(18,148)	-
Other payables and accruals		115,232	11,174
Net cash used in operating activities		(78,403)	(69,313)
Financing activity			
Amount due to Project Orbis International Inc, representing net cash generated from financing activity		213,822	276,106
Net changes in cash and cash equivalents		135,419	206,793
Cash and cash equivalents at beginning of year		444,481	237,688
Net changes in cash and bank balances, representing balances as at end of the reporting year	7	579,900	444,481

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

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

1. General

Project ORBIS International Inc. (Singapore) Ltd. ("ORBIS") was incorporated on 4 December 2013 as a company limited by guarantee and domiciled in the Republic of Singapore. The registered office and principal place of business is at 352 Tanglin Road #02-03, Tanglin International Center, Singapore 247671. ORBIS's registration number is 201332607E. ORBIS is registered as a charity under the Charities Act, Chapter 37 since 2 December 2014.

ORBIS is a not-for-profit organisation and a pioneer in global eye care. ORBIS has affiliated organisations in South Africa, Canada, Ireland, Macau and the United Kingdom, all of which are organised with a common mission to that of Project Orbis International, Inc. a not-for-profit, humanitarian organisation headquartered in New York, USA whose mission is to prevent and treat blindness in developing countries by providing medical education and skills transfer in current ophthalmic, surgical, medical, community health, and biomedical techniques. ORBIS operates under an agreement with Project Orbis International, Inc. which provides the use of the Orbis name, logo and trademarks.

Each member of ORBIS has undertaken to contribute such amount not exceeding $1 to the assets of ORBIS in the event ORBIS is wound up and the monies are required for payment of the liabilities of ORBIS.

The memorandum and articles of association of ORBIS restricts the use of the fund monies to the furtherance of the objects of ORBIS. They prohibit the payment of dividends, bonus, or otherwise howsoever by way of profit to the members of ORBIS.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50, Charities Act, Chapter 37 and Singapore Financial Reporting Standards ("FRS") including related Interpretations of FRS ("INT FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements of ORBIS are measured in the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements of ORBIS are presented in Singapore dollar, which is the functional currency of ORBIS.

The preparation of financial statements in compliance with FRS requires management to make judgements, estimates and assumptions that affect the Company's application of accounting policies and reported amounts of assets, liabilities, revenue and expenses. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The areas where such judgements or estimates have the most significant effect on the financial statements are disclosed in Note 3.

In the current financial year, ORBIS has adopted all the new and revised FRS and INT FRS that are relevant to its operations and effective for the current financial year. The adoption of these new/revised FRS and INT FRS does not result in changes to ORBIS's accounting policies and has no material effect on the amounts reported for the current or prior financial years.

2. Significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

Going Concern Assumption

The Company incurred a net loss of $176,853 (2016: $61,221) during the year ended 31 December 2017 and, as of that date, the Company's current liabilities exceeded its current assets by $191,580 (2016: $14,727). Based on the assurance provided by Project Orbis International Inc. to the Board of Directors of the Company, it is therefore the Directors' view that it is appropriate for the financial statements to be prepared on a going concern basis and there is no material uncertainty related to going concern as Project Orbis International Inc. having the financial ability has undertaken to provide continuing financial support so as to enable the Company to pay its debts as and when they fall due and shall not recall the amount owing of $537,813 until resources permit.

If the Company is unable to continue in operational existence for the foreseeable future, the Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Company may have to reclassify non-current assets and liabilities. No such adjustments have been made to these financial statements.

FRS issued but not yet effective

At the date of authorisation of these statements, the following FRS that may be relevant to ORBIS were issued but not yet effective, and have not been adopted early in these financial statements:

		Effective date (annual periods beginning on or after)
FRS 115	: Revenue from Contracts with Customers	1 January 2018
FRS 115 (Amendments)	: Clarifications to FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 109	: Financial Instruments	1 January 2018
FRS 116	: Leases	1 January 2019

Consequential amendments were also made to various standards as a result of these new or revised standards.

Management anticipates that the adoption of the above FRS in future periods will not have a material impact on the financial statements of ORBIS in the period of their initial adoption.

FRS 109 Financial instruments

FRS 109 supersedes FRS 39 Financial Instruments: Recognition and Measurement with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

2. Significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

FRS issued but not yet effective (Continued)

FRS 109 Financial instruments (Continued)

Classification and measurement

Under FRS 109, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the Company can elect to recognise the gains and losses in other comprehensive income. Debt instruments that meet the Solely Payments of Principal and Interest contractual cash flow characteristics test and where the Company is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets can also be measured at fair value through other comprehensive income.

FRS 109 carries forward the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised on other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, FRS 109 retains the requirements in FRS 39 for de-recognition of financial assets and financial liabilities.

The Company has completed its preliminary assessment of the classification and measurement of its financial assets and financial liabilities and does not expect any significant changes to the classification and measurement of its financial assets and liabilities currently measured at amortised cost.

Impairment

FRS 109 introduces a new forward-looking impairment model based on expected credit losses to replace the incurred loss model in FRS 39. This determines the recognition of impairment loss allowances as well as interest revenue. For financial assets at amortised cost or debt instruments at fair value through other comprehensive income, the Company will recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition under the three-stage model or from initial recognition if the simplified model is applied.

The new impairment requirements are expected to result in changes to and likely increases in impairment loss allowances on trade receivables and other receivables, due to earlier recognition of credit loss. The Company expects to adopt the simplified model for its trade receivables and will record an allowance for lifetime expected losses from initial recognition.

Under the impairment model, the Company estimates that the impairment loss on trade receivables and/or other receivables will not result in significant impact as at 1 January 2018.

Transition

The Company plans to adopt FRS 109 in the financial year beginning on 1 January 2018 with retrospective effect in accordance with the transitional provisions and intends to elect not to restate comparatives for the previous financial year.

2. Significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

<u>*FRS issued but not yet effective*</u> (Continued)

FRS 109 Financial instruments (Continued)

Transition (Continued)

FRS 109 also requires additional financial statements disclosures which the Company will include in its financial statements in the financial year when FRS 109 is adopted.

FRS 115 Revenue from contracts with customers

FRS 115 introduces a comprehensive model that applies to revenue from contracts with customers and supersedes all existing revenue recognition requirements under FRS. The model features a five-step analysis to determine whether, how much and when revenue is recognised, and two approaches for recognising revenue: at a point in time or over time. The core principle is that an entity recognises revenue when control over promised goods or services is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FRS 115 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

On initial adoption of this standard, the Company has preliminarily assessed that there will be no significant impact on the timing and pattern on the income recognition as disclosed in Note 2.6 to the financial statements.

The Company plans to adopt FRS 115 in the financial year beginning 1 January 2018 using full retrospective method in accordance with transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

FRS 116 Leases

FRS 116 supersedes FRS 17 Leases and introduces a new single lessee accounting model which eliminates the current distinction between operating and finance leases for lessees. FRS 116 requires lessees to capitalise all leases on the statement of financial position by recognising a ‘right-of-use’ asset and a corresponding lease liability for the present value of the obligation to make lease payments, except for certain short-term leases and leases of low-value assets. Subsequently, the lease assets will be depreciated and the lease liabilities will be measured at amortised cost.

From the perspective of a lessor, the classification and accounting for operating and finance leases remains substantially unchanged under FRS 116. FRS 116 also requires enhanced disclosures by both lessees and lessors.

On initial adoption of this standard, there may be a potentially significant impact on the accounting treatment for leases, which the Company as lessee currently accounts for as operating leases. On adoption of FRS 116, the Company will be required to capitalise its rented office premise on the statement of financial position by recognising it as ‘right-of-use’ assets and its corresponding lease liabilities for the present value of future lease payments. The Company plans to adopt the standard in the financial year beginning on 1 January 2019 using the modified retrospective method in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

2. Significant accounting policies (Continued)

2.2 Presentation of financial statements

The classification of a not-for-profit organisation's net assets and its support, revenue and expense is based on the existence or absence of donor-imposed restrictions. The amounts for each of the three classes of net assets, permanently restricted, temporarily restricted and unrestricted are disclosed in the statement of financial position and the amounts of change in each of those classes of net assets are disclosed in the statement of financial activities.

(i) Permanently restricted – Net assets resulting from contributions and other inflows of assets whose use by ORBIS is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of ORBIS.

(ii) Temporarily restricted – Net assets resulting from contributions and other inflows of assets whose use by ORBIS is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of ORBIS pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of financial activities.

(iii) Unrestricted – The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations. The unrestricted net assets are used to account for all sources over which the Board of Directors has discretionary control.

Board-designated net assets represent the designation of Board of Directors on certain current unrestricted net assets. The purpose is to establish a reserve to ensure that resources are available in the event of a contingency; however, any portion of these designated net assets may be expended at the direction of the Board of Directors.

2.3 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand, bank balances and demand deposit which are subject to insignificant risk of changes in value.

2.4 Financial assets

All financial assets are recognised on a trade date where the purchase of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

ORBIS classifies its financial assets as loans and receivables. The classification depends on the nature and purpose of these financial assets is determined at the time of initial recognition.

Loans and receivables

Non-derivative financial assets which have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost, using the effective interest method, less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

ORBIS's loans and receivables in the statements of financial position comprise of trade and other receivables (excluding prepayments) and cash and cash equivalents.

2. Significant accounting policies (Continued)

2.4 Financial assets (Continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been adversely impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amounts of all financial assets are reduced by the impairment losses directly with the exception of trade receivables where the carrying amounts are reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in the profit or loss.

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 loss was recognised, the previously recognised impairment loss is reversed through the profit or loss to the extent the carrying amount of the assets at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

ORBIS derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition, any difference between the carrying amount and the sum of proceeds received and amounts previously recognised in other comprehensive income is recognised in profit or loss.

2.5 Financial liabilities

Financial liabilities are recognised on the statement of financial position when, and only when, ORBIS becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are classified as other financial liabilities and the accounting policies adopted for specific financial liabilities are set out below.

Other financial liabilities

Other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, ORBIS's contractual obligation has been discharged or cancelled or expired.

On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in profit or loss.

2. Significant accounting policies (Continued)

2.6 Income recognition

Income including donations, gifts and grants that provide core funding or are general nature are recognised where there is (a) entitlement (b) certainty and (c) sufficient reliability of measurement. Such income is only deferred when: the donor specifies that the grant or donation must only be used in future accounting periods; or the donor has imposed conditions which must be met before ORBIS has unconditional entitlement.

2.6.1 Donations and corporate sponsorship

Income from donation and corporate sponsorship are accounted for when received except for committed donations and corporate sponsorship that are recorded when the commitments are signed.

2.6.2 Fund raising

Revenue from special event is recognised when the event takes place.

2.6.3 Gifts-in-Kind

A gift in kind 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.

2.6.4 Funds

Fund balances restricted by outside sources are so indicated and are distinguished from unrestricted fund allocated to specific purposes if any by action of the organisation. Externally restricted funds may only be utilised in accordance with the purposes established by the source of such funds through the terms of an appeal and are in contrast with unrestricted funds over which the organisation retains full control to use in achieving any of its intended purposes. An expense resulting from operating activities of a fund that is directly attributable to the fund is charged to that fund. Common expenses if any are allocated on a reasonable basis to the funds based on a method most suitable to that common expense.

Monies received where ORBIS is not the owner and beneficiary is accounted for as a trust fund. The receipts and payments in respect of trust funds are taken directly to the statement of financial activities and net assets relating to these funds are shown as separate lines in the statement of financial position.

2.7 Employee benefits

Defined contribution plan

Contributions to defined contribution plans are recognised as an expense in profit or loss in the same financial year as the employment that gives rise to the contributions.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated undiscounted liability for annual leave expected to be settled wholly within 12 months from the reporting date as a result of services rendered by employees up to the end of the financial year.

2. Significant accounting policies (Continued)

2.8 Income tax expense

Under the provisions of the Singapore Income Tax Act Cap.134, Section 13(U), income derived from ORBIS, being a registered charity entity, will not be subject to tax.

2.9 Foreign currency transactions

In preparing the financial statements of Orbis, transactions in currencies other than the Orbis's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity.

2.10 Leases

<u>Operating leases</u>

Rentals payable under operating leases (net of any incentives received from lessors) are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.11 Property, plant and equipment

Plant and equipment are initially recorded at cost. Subsequent to initial recognition, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Subsequent expenditure relating to the plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to ORBIS and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

2. Significant accounting policies (Continued)

2.11 Property, plant and equipment (Continued)

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

Depreciation is calculated on the straight-line method so as to write off the depreciable amount of the plant and equipment over their estimated useful lives as follows:

Renovation	10 years or the lease term, whichever is lower

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the residual values, period of depreciation and depreciation method are consistent with previous estimates and expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

2.12 Impairment of non-financial assets

At the end of each financial year, ORBIS reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, ORBIS estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

2.13 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

2. **Significant accounting policies** (Continued)

2.13 **Provisions** (Continued)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in Note 2, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying the Company's accounting policies

Management is of the opinion that there is no critical judgement (other than those involving estimates) that has significant effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

The key assumption concerning the future and other key sources of estimation uncertainty at the end of the financial year, that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, is discussed below.

Fair value of gifts-in-kind

Estimation is required to determine the fair value of the gifts-in-kind with reference to the most reliable evidence available at the time the estimates are made. This represents the value of the gifts-in-kind which are expected to realise as estimated by management. These estimates take into consideration the fluctuations of price or cost, or gifts-in-kind held as inventories that may not be realised, directly relating to events occurring after the end of the period. As at 31 December 2017, ORBIS has capitalised non-monetary gifts-in-kind in its inventories brought forward from previous financial year and recognised in expenses for those gifts-in-kind given out to donors during the year, amounting to $4,550 (2016: $5,916) and $1,366 (2016: $110,662) in the statement of financial position and statement of financial activities, respectively.

4. Plant and equipment

	Renovation
	$
2017	
Cost	
Balance at 1 January/31 December 2017	7,412
Accumulated depreciation	
Balance at 1 January/31 December 2017	7,412
Carrying amount	
At 31 December 2017	-

	Renovation
	$
2016	
Cost	
Balance at 1 January/31 December 2016	7,412
Accumulated depreciation	
Balance at 1 January 2016	7,038
Depreciation charge for the year	374
Balance at 31 December 2016	7,412
Carrying amount	
At 31 December 2016	-

5. Inventories

	2017	2016
	$	$
Paintings	2,500	2,500
Merchandise	2,050	3,416
	4,550	5,916

The cost of inventories recognised as a gift-in-kind expense in the statement of financial activities amounted to $1,366 (2016: $Nil).

As at reporting date, the inventories are valued at fair value based on the management’s best estimate. Management intends to auction the paintings and distribute the merchandise in future fund raising events.

6. Trade and other receivables

	2017	2016
	$	$
Contribution receivables		
- Project Orbis International, Inc.	24,529	24,529
Other receivables		
- Refundable deposit	3,198	3,198
Total trade and other receivables	27,727	27,727
Add:		
Cash and bank balances (Note 7)	579,900	444,481
Total loans and receivables	607,627	472,208

Contributions receivable from Project Orbis International, Inc. relates to donations received on our behalf and are denominated in United States Dollar, unsecured, non-interest bearing, receivable on demand and are to be received in cash.

Refundable deposit is denominated in Singapore dollar.

7. Cash and cash equivalents

	2017	2016
	$	$
Cash on hand	500	500
Cash at bank and demand deposits	579,400	443,981
	579,900	444,481

The currency profile of ORBIS's cash and cash equivalents as at reporting date are as follows:

	2017	2016
	$	$
United States dollar	41,916	112,389
Singapore dollar	537,984	332,092
	579,900	444,481

8. Other payables and accruals

	2017	2016
	$	$
Accrued expense	85,412	115,740
Advance contribution – refundable	198,680	53,120
Amount due to Project Orbis International, Inc.	537,813	323,991
Financial liabilities carried at amortised cost	821,905	492,851

Amount due to Project Orbis International, Inc. is unsecured, interest-free, repayable on demand and is to be settled in cash. In the current financial year, advance contributions relates to donations for ORBIS SG Gala Event and ORBIS Blindfold Lunch programs for year 2018 (2016: ORBIS Flying eye hospital program in Can Tho, Vietnam and ORBIS Blindfold Lunch programs for year 2017). In the previous financial year, included in accrued expenses amounting to $71,000 is in respect of the purchase of the ophthalmic equipment as detailed in Note 9 to the financial statements, which had been fully repaid as at 31 December 2017.

Other payables are denominated in Singapore dollar.

9. Permanently restricted fund

Permanently restricted fund is in respect of contribution by a donor amounting to $71,000 with stipulation for the purchase of ophthalmic equipment for the Linko County Hospital Eye Centre (“hospital”) in China as part of the Heilongjiang Family Vision project which will run for 5 years from 1 April 2013 to 31 March 2017. In financial year ended 31 December 2015, the corporate shareholder purchased the equipment on ORBIS’s behalf and was held in trust by the hospital. As at 31 December 2017, the equipment had been transferred to the hospital upon successful completion of the project on 31 March 2017. This fund had been transferred to the unrestricted fund on a time proportion basis until the end of the project on 31 March 2017.

The cost of the ophthalmic equipment purchased on 30 June 2015 on behalf by Project Orbis International, Inc. was charged to statement of changes in funds in the financial year ended 31 December 2015. As of 31 December 2017, the total amount of $71,000 had been fully amortised into unrestricted funds.

10. Contributions

Contributions relates to general or designated donations received from individuals, corporations, Trust and Foundations which may be monetary or non-monetary contributions (gifts-in-kind). Designated donations relate to donations for a specific program and general donations are for general working capital.

11. Employee benefits expense

	2017	2016
	$	$
Salaries and allowances	129,104	194,546
Contribution to the Central Provident Fund	16,595	21,952
Other staff expenses	3,339	1,884
	149,038	218,382

12. Other operating costs

	2017	2016
	$	$
Professional fees	36,870	36,876
Rental of office	14,291	13,940
Insurance	6,590	7,056
Development expenses	10,549	105,121
Travelling and accommodation	2,432	-
Telecommunications	5,441	5,266
Depreciation	-	374
Printing and publications	60	2,735
Recruitment fee	26,636	-
Other office expenses	9,979	12,726
	112,848	184,094

13. Income tax

ORBIS being a registered charity entity is exempted from tax on income and gains falling within the Singapore Income Tax Act Chapter 134, Section 13(U). Accordingly, no provision for income tax is made in the financial statements.

14. Significant related party transactions

During the financial year, in addition to those disclosed elsewhere in these financial statements, ORBIS entered into the following transactions with related parties:

	2017	2016
	$	$
Project Orbis International, Inc.		
Donation received by ORBIS on behalf	4,154	887
Donation received on behalf of ORBIS	-	17,384
Expenses paid on behalf of ORBIS	209,668	278,392

Key management personnel remuneration

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of ORBIS, directly or indirectly. ORBIS's key management personnel are the Directors of ORBIS.

	2017	2016
	$	$
Key management personnel		
Salary and allowances	92,709	131,598
Contribution to the Central Provident Fund	10,125	12,362
	102,834	143,960

14. Significant related party transactions (Continued)

Key management personnel remuneration (Continued)

The number of employee, whose remuneration amounted to over $100,000 during the financial year, is as follow:

	2017	2016
	$	$
- Exceeding $100,000 but not more than $200,000	-	1

15. Financial risks management

The main purpose of the financial instruments is to raise and manage finances for ORBIS's operations. The main risks that ORBIS is exposed to are credit risk, liquidity risk and foreign exchange risk. ORBIS does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations in interest and foreign exchange rates.

15.1 Credit risk

Credit risk refers to the risk that counterparties will default on their contractual obligations resulting in financial loss to ORBIS.

As at 31 December 2017, ORBIS deposited 99% (2016: 99%) of its total cash and bank balances in one (2016: one) bank. Management is not expecting any counterparties to fail to meet its obligations.

ORBIS does not have any significant credit exposure other than amount due from Project Orbis International, Inc. and other receivables amounting to $24,529 and $3,198, respectively. All trade receivables are neither past due nor impaired as at reporting date. As ORBIS is in a net total amount due to its corporate shareholder, no significant credit exposure would arise from the receivable. Non-trade receivables pertaining to refundable rental deposit is not impaired as ORBIS is confident of its recovery and there has been no history of default.

15.2 Liquidity risk

ORBIS monitors and maintains a level of bank balance deemed adequate to finance ORBIS's operations and mitigate the effects of fluctuation in the cash flows. ORBIS operations are financed mainly through the financial support from Project Orbis International, Inc. a not-for-profit organisation incorporated in the United States of America.

At the end of the financial year, the contractual cash flows of ORBIS's financial liabilities approximate the carrying values and they are expected to be settled within the next twelve months.

15.3 Foreign currency risk

ORBIS incurs most of its operating expenses in Singapore dollar. ORBIS also incurs foreign currency risk on transactions that are denominated in a currency other than Singapore dollar. The currency giving rise to this risk is United States Dollar ("USD").

15. Financial risks management (Continued)

15.3 Foreign currency risk (Continued)

As at the reporting date, the material carrying amounts of monetary assets denominated in currencies other than ORBIS functional currency are as follows:

	Assets	
	2017	**2016**
	$	**$**
United States Dollar	66,445	136,918

The following table details the sensitivity to a 5% (2016: 1%) increase and decrease in the relevant foreign currencies against the Singapore dollar (functional currency). 5% (2016: 1%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represent management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the reporting date for a 5% (2016: 1%) change in foreign currency rates.

If the relevant foreign currency strengthens/(weakens) by 5% (2016: 1%) against the functional currency, net surplus/(deficit) transferred to accumulated fund increase/(decrease) by:

	2017	**2016**
	$	**$**
United States dollar impact:-		
Net surplus/(deficit) transferred to accumulated fund	3,322	1,369

16. Fair values

The carrying amounts of ORBIS's financial assets and liabilities as at the end of financial year approximate their fair values.

17. Authorisation of financial statements

The financial statements of the Company for the financial year ended 31 December 2017 were authorised for issue by the Board of Directors on 20 April 2018.