

Foundation Registration No. 200308081M

Halogen Foundation (Singapore)

Annual Financial Statements
31 December 2018



Halogen Foundation (Singapore)

General information

Directors

Ramlee Bin Buang (Treasurer)	(EXCO Member, appointed on 29 Nov 2018)
Martin Tan Beng Chong (Chen Mingzong)	(EXCO Member, appointed on 29 Nov 2018)
Lim Hwee Seh	(EXCO Member, appointed on 29 Nov 2018)
Ann Tan Sian Ann (Dr)	
Mark John Sayer	
Tam Chee Chong	(EXCO Member, appointed on 29 Nov 2018)
Thong Yuen Siew Jessie	
Seah Gek Choo	
Derrick Kon Sen Choeng (Dr)	

Finance and Establishment Committee

Ramlee Bin Buang (Chairperson)
Tam Chee Chong (Co-Chairperson)
Martin Tan Beng Chong (Chen Mingzong)
Lim Hwee Seh

Audit and Risk Management Committee

Seah Gek Choo (Chairperson)
Mark John Sayer (Co-Chairperson)
Thong Yuen Siew Jessie
Derrick Kon Sen Choeng (Dr)

Sponsorships Committee

Ann Tan Sian Ann (Dr) (Chairperson)
Thong Yuen Siew Jessie
Mark John Sayer
Lim Hwee Seh
Lim Soon Hock
Derrick Kon Sen Cheong (Dr)
Martin Tan Beng Chong (Chen Mingzong)
Tam Chee Chong

Business Development Committee

Mark John Sayer (Chairperson)
Derrick Kon Sen Cheong (Dr) (Co-Chairperson)
Martin Tan Beng Chong (Chen Mingzong)
Seah Gek Choo

Company secretary

Moncy Mathew

Halogen Foundation (Singapore)

General information

Registered Office

133 New Bridge Road
#13-10 Chinatown Point
Singapore 059413

Banker

The Development Bank of Singapore Limited

Auditor

Ernst & Young LLP

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Halogen Foundation (Singapore)

Directors' statement

The directors are pleased to present their statement to the members together with the audited financial statements of Halogen Foundation (Singapore) (the "Foundation") for the financial year ended 31 December 2018.

Opinion of the directors

In the opinion of the directors,

- (i) the accompanying balance sheet, statement of comprehensive income, statement of changes in funds and statement of cash flows together with notes thereto, are drawn up so as to give a true and fair view of the financial position of the Foundation as at 31 December 2018 and the financial performance, changes in funds and cash flows of the Foundation for the financial year ended on that date; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they fall due.

Directors

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

Ramlee Bin Buang (Treasurer)
Ann Tan Sian Ann (Dr)
Lim Hwee Seh
Mark John Sayer
Martin Tan Beng Chong (Chen Mingzong)
Tam Chee Chong
Thong Yuen Siew Jessie
Seah Gek Choo
Derrick Kon Sen Choeng (Dr)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Foundation a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Foundation to acquire benefits by means of the acquisition of shares or debentures of any other body corporate.

Directors' interests in shares and debentures

As the Foundation is a company limited by guarantee and not having a share capital, the statutory information required to be disclosed in the directors' statement under Section 201(6)(g) of the Singapore Companies Act, Chapter 50 does not apply.

Halogen Foundation (Singapore)

Directors' statement

Directors' contractual benefits

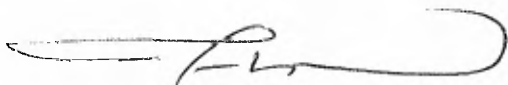
Since the end of the previous financial year:

- (a) Except as disclosed in note (b) below, no other director of the Foundation has been paid any remuneration for being a director of the Foundation saves for reasonable reimbursements incurred by them in connection with their office as a director pursuant to Article 7.5 of the Articles of Association.
- (b) No director of the Foundation has received or become entitled to receive a benefit by reason of a contract made by the Foundation or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditors.

On behalf of the board of directors



Martin Tan Beng Chong
Director



Ramlee Bin Buang (Treasurer)
Director

Singapore
17 May 2019

Halogen Foundation (Singapore)

Independent auditor's report For the financial year ended 31 December 2018

Independent auditor's report to the members of Halogen Foundation (Singapore)

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Halogen Foundation (Singapore) (the "Foundation"), which comprise the balance sheet as at 31 December 2018, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Foundation are properly drawn up in accordance with the Charities Act, Chapter 37 (the Charities Act) and Financial Reporting Standards in Singapore (FRSs) so as to present fairly, in all material respects, the state of affairs of the Foundation as at 31 December 2018 and the results, changes in equity and cash flows of the Foundation for the period 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 Foundation 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 other information. The other information comprises General information and Directors' statement set out on pages 1 to 2.

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.

Halogen Foundation (Singapore)

Independent auditor's report For the financial year ended 31 December 2018

Independent auditor's report to the members of Halogen Foundation (Singapore)

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Charities Act and FRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation'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 Foundation to cease to continue as a going concern.

Halogen Foundation (Singapore)

**Independent auditor's report
For the financial year ended 31 December 2018**

Independent auditor's report to the members of Halogen Foundation (Singapore)

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

- 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 Foundation have been properly kept in accordance with the provisions of the Charities Act.

During the course of our audit, nothing has come to our attention that causes us to believe that during the financial year:

- a. The use of the donation moneys was not in accordance with the objectives of the Foundation as required under regulation 16 of the Charities (Institutions of a Public Character) Regulations; and
- b. The Foundation has not complied with the requirements of regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.

The logo for Ernst & Young LLP, featuring the company name in a stylized, handwritten blue font.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

17 May 2019

Halogen Foundation (Singapore)

Balance sheet

As at 31 December 2018

	Note	2018 \$	2017 \$
Members' guarantee			
Members' guarantee at \$10 each	4	110	110
Accumulated surplus		3,268,892	2,884,742
Non-current asset			
Plant and equipment	5	126,104	66,422
Intangible assets	6	27,499	43,319
		153,603	109,741
Current assets			
Trade and other receivables	7	369,186	92,659
Prepaid operating expenses		1,620	71,380
Cash and short-term deposit	8	3,270,324	2,821,244
		3,641,130	2,985,283
Current liabilities			
Trade payables and accruals	9	158,111	128,035
Deferred income	10	367,730	82,247
		525,841	210,282
Net current assets		3,115,289	2,775,001
Net assets		3,268,892	2,884,742

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Halogen Foundation (Singapore)

**Statement of comprehensive income
For the financial year ended 31 December 2018**

	Note	2018 \$	2017 \$
Sponsorships in kind		87,750	60,349
Donations (including fund raising)	11	899,570	234,756
Grants	12	851,198	1,161,456
Sales of event tickets		15,775	3,271
Academy income		565,113	587,611
Merchandise sales		3,754	6,381
Other income	13	52,250	42,422
		<hr/> 2,475,410	<hr/> 2,096,246
Less: operating expenditures			
Academy expenses		453,011	354,785
Other expenses (including cost for fund raising expenses)		315,869	166,102
Depreciation of plant and equipment	5	65,734	16,418
Amortisation of intangible assets	6	15,819	11,513
Rental expense		110,247	99,617
Staff costs		1,130,580	899,822
		<hr/> 2,091,260	<hr/> 1,548,257
Surplus before taxation	14	384,150	547,989
Income tax expenses	15	—	—
Surplus net of tax, representing total comprehensive income for the financial period		<hr/> 384,150	<hr/> 547,989

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Halogen Foundation (Singapore)**Statement of changes in funds****For the for the financial year ended 31 December 2018**

	Note	Restricted funds \$	Operating funds \$	Total accumulated surplus \$
2018				
Balance at 1 January 2018		(42,739)	2,927,481	2,884,742
Surplus for the financial year	21	55,712	328,438	384,150
Balance at 31 December 2018		12,973	3,255,919	3,268,892
2017				
Balance at 1 January 2017		64,149	2,272,604	2,336,753
(Deficit)/surplus for the financial year	21	(106,888)	654,877	547,989
Balance at 31 December 2017		(42,739)	2,927,481	2,884,742

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Halogen Foundation (Singapore)

Statement of cash flows
For the financial year ended 31 December 2018

	2018	2017
	\$	\$
Operating activities		
Surplus before taxation	384,150	547,989
Adjustments:		
Depreciation of plant and equipment	65,734	16,418
Amortisation of intangible assets	15,819	11,513
Plant and equipment written off	—	726
Interest income	(26,654)	(24,314)
Operating cash flows before changes in working capital	54,899	552,332
<u>Changes in working capital</u>		
Increase in trade and other receivables	(263,747)	(3,331)
Increase in prepaid operating expenses	69,760	(39,725)
Increase in trade payables and accruals	30,075	46,114
Increase in deferred income	285,483	35,977
Cash flows generated from operations	560,622	591,367
Interest income received	13,874	27,267
Net cash flows generated from operating activities	574,496	618,634
Investing activities		
Increase in fixed deposit	(1,069,117)	(27,143)
Purchase of plant and equipment	(125,416)	(63,535)
Purchase of intangible assets	—	(54,832)
Net cash flows used in investing activities	(1,194,533)	(145,510)
Net (decrease)/increase in cash and cash equivalents	(620,037)	473,124
Cash and cash equivalents at 1 January	890,361	417,237
Cash and cash equivalents at 31 December (Note 8)	270,324	890,361

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Halogen Foundation (Singapore)

Notes to the financial statements For the financial year ended 31 December 2018

1. General

Halogen Foundation Singapore (the "Foundation") is domiciled and incorporated in Singapore as a Foundation limited by guarantee and not having a share capital. The Foundation was registered as a charity under the Charities Act with effect from 15 November 2003 and was first awarded the Institution of Public Character ("IPC") status on 16 November 2007 for a period of one year, expiring on 15 November 2008. The IPC status has since been renewed on 1 October 2017 and is effective for a further period of two years, expiring on 30 September 2019.

The registered office of the Foundation is located at 133 New Bridge Road, #13-10 Chinatown Point, Singapore 059413. The principal place of business of the Foundation is located at 336 Smith Street #07-303, Singapore 050336.

The principal activities of the Foundation, a charitable organisation, are to undertake, pursue, promote and advance educational, leadership and entrepreneurial causes and activities among young leaders and entrepreneurs irrespective of race, creed or religion. The Foundation relies mainly on sponsorships, grants and donations to fund such activities for needy and underprivileged youth.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Foundation have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") as issued by the Accounting Standards Council of Singapore as well as all related Interpretations to FRS ("INT FRS"). The Foundation is also subject to the provisions of the Charities Act, Cap. 37.

The financial statements have been prepared on a historical cost basis except for fair value policies as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars ("SGD" or "\$").

2.2 Changes in accounting policies

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

The nature and the impact of FRS 115 Revenue from Contracts with Customers and FRS 109 Financial Instruments are described below:

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies (cont'd)

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model to account for revenue arising from contracts with customers, and introduces a new contract cost guidance. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Foundation has applied the changes in accounting policies on a modified retrospective approach. There is no material effect on the financial statements of the Foundation.

FRS 109 Financial Instruments

On 1 January 2018, the Foundation adopted FRS 109 Financial Instruments, which is effective for annual periods beginning on or after 1 January 2018. The changes arising from the adoption of FRS 109 have been applied retrospectively. The Foundation has elected to not to restate the comparative information, which was prepared in accordance with the requirements of FRS 39.

Classification and measurement

FRS 109 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVPL). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 January 2018, and then applied retrospectively to those financial assets that were not de-recognised before 1 January 2018.

The Foundation's debt instruments have contractual cash flows that are solely payments of principal and interest. There is no significant impact arising from measurement of these instruments under FRS 109.

Impairment

FRS 109 requires the Foundation to record expected credit losses on all of its financial assets measured at amortised cost, either on a 12-month or lifetime basis. The Foundation previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired. Given the limited exposure of the Foundation to credit risk, this amendment has no material impact on the financial statements.

2.3 Standards issued but not yet effective

The Foundation has not adopted the following standards and interpretations that have been issued but are not yet effective:

Description	Effective for annual periods beginning on or after
INT FRS 123: Uncertainty over Income Tax Treatments	1 January 2019
FRS 116: Leases	1 January 2019
Amendments to FRS 109: Prepayment Features with Negative Compensation	1 January 2019
Amendments to FRS 28: Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to FRS 2015-2017 Cycle	1 January 2019
Amendments to FRS 110 & FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

FRS 116 Leases

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

The Foundation is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Foundation expects the adoption of the new standard will result in increase in total assets and total liabilities, surplus before tax and gearing ratio.

2.4 Foreign currencies

The Foundation's financial statements are presented in Singapore Dollars, which is also the Foundation's functional currency.

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

2. Summary of significant accounting policies (cont'd)

2.4 Foreign currencies (cont'd)

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

2.5 Plant and equipment

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Furniture and fittings	-	3 years
Renovation	-	5 years
Office equipment	-	2 years
Computers	-	3 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

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

2.6 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

2. Summary of significant accounting policies (cont'd)

2.6 Intangible assets (cont'd)

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

a) Software

Software was acquired separately and is amortised on a straight line basis over its finite useful life of 5 years

b) Trademark

Trademark was acquired separately and is amortised on a straight line basis over its finite useful life of 10 years.

2.7 Impairment of non-financial assets

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

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

Impairment losses are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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

2. Summary of significant accounting policies (cont'd)

2.8 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the entity becomes a party to the contractual provisions of the instruments.

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

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

Subsequent measurement

Subsequent measurement of debt instruments depends on the Foundation's business model for managing the asset and the contractual cash flow characteristics of the asset. The following is applicable to the Foundation:

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

Derecognition

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

2. Summary of significant accounting policies (cont'd)

2.8 Financial instruments (cont'd)

(b) *Financial liabilities*

Initial recognition and measurement

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

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

Subsequent measurement

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

Derecognition

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

2. Summary of significant accounting policies (cont'd)

2.9 Impairment of financial assets

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

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

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

The Foundation considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Foundation may also consider a financial asset to be in default when internal or external information indicates that the Foundation is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Foundation. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value..

2.11 Provisions

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

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

2. Summary of significant accounting policies (cont'd)

2.12 Government grants

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

Where loans or similar assistance are provided by governments or related institutions with favourable interest is regarded as additional government grant.

2.13 Funds

Operating funds

Operating Funds include funds to manage the daily operations of the Foundation.

Restricted funds

Donations to fund designated projects are taken directly to the restricted funds.

Income, expenditure, assets and liabilities of all funds are pooled in the income statement and balance sheet.

2.14 Employee benefits

(a) Defined contribution plans

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

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

2.15 Leases

As lessee

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

2. Summary of significant accounting policies (cont'd)

2.16 Revenue recognition

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

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

(a) *Grants*

Grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

(b) *Interest income*

Interest income is recognised using the effective interest method.

(c) *Rendering of services*

Revenue from rendering of services, which include Young Leaders Academy income and event management income that are of short duration, are recognised when the services are completed.

(d) *Donations and sponsorships*

Revenue from committed donations from government agencies are recognised when government agencies, provide written commitments and there are no uncertainties regarding receipts.

Revenue from other donations and sponsorships are recognised when cash or cheques are received.

2. Summary of significant accounting policies (cont'd)

2.17 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Foundation; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Foundation.

Contingent liabilities and assets are not recognised on the balance sheet of the Foundation, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. Significant accounting judgements and estimates

The preparation of the Foundation's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods. Management is of the opinion that there is no significant judgement made in applying accounting policies and no estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. Membership

The members of the Foundation comprise Martin Tan Beng Chong, Melissa Aratani Kwee Mei Wan, Palmer Michael Anthony, Lim Soon Hock, Tam Chee Chong, Ann Tan Sian Ann (Dr), Cho Pei Lin (Zhu Peilin) , Mark John Sayer, Ramlee Bin Buang, Thong Yuen Siew Jessie Lim Hwee Seh, Seah Gek Choo and Derrick Kon Sen Cheong.

The Memorandum of Association of the Foundation provides that the liability of the Foundation members is limited and each member undertakes to contribute \$10 to the assets of the Foundation in the event of it being wound-up during the time he is a member, or within one year afterwards for payment of the debts and liabilities of the Foundation contracted before he ceases to be a member.

Halogen Foundation (Singapore)

Notes to the financial statements
For the financial year ended 31 December 2018

5. Plant and equipment

	Furniture and fittings \$	Renovation \$	Office equipment \$	Computers \$	Total \$
Cost:					
At 1 January 2017	5,919	54,288	10,905	32,852	103,964
Additions	8,069	39,690	5,600	10,176	63,535
Write-off	(250)	(54,288)	(858)	—	(55,396)
At 31 December 2017 and at 1 January 2018	13,738	39,690	15,647	43,028	112,103
Additions	13,983	82,952	21,428	7,053	125,416
Write-off	(5,669)	—	(2,759)	—	(8,428)
At 31 December 2018	22,052	122,642	34,316	50,081	229,091
Accumulated depreciation:					
At 1 January 2017	5,845	44,315	10,550	23,223	83,933
Charge for the financial year	74	9,246	285	6,813	16,418
Write-off	(250)	(53,561)	(859)	—	(54,670)
At 31 December 2017 and at 1 January 2018	5,669	—	9,976	30,036	45,681
Charge for the financial year	7,148	37,176	13,157	8,253	65,734
Write-off	(5,669)	—	(2,759)	—	(8,428)
At 31 December 2018	7,148	37,176	20,374	38,289	102,987
Net carrying amounts:					
At 31 December 2017	8,069	39,690	5,671	12,992	66,422
At 31 December 2018	14,904	85,466	13,942	11,793	126,104

Halogen Foundation (Singapore)

Notes to the financial statements For the financial year ended 31 December 2018

6. Intangible assets

	Software \$	Trademark \$	Total \$
Cost:			
At 1 January 2017, 31 December 2017, 1 January 2018 and 31 December 2018	81,648	10,534	92,182
Accumulated depreciation:			
At 1 January 2017, 31 December 2017 and at 1 January 2018	48,424	439	48,863
Charge for the financial year	14,767	1,053	15,820
At 31 December 2018	63,191	1,492	64,683
Net carrying amounts:			
At 31 December 2017	33,224	10,095	43,319
At 31 December 2018	18,457	9,042	27,499

7. Trade and other receivables

	2018 \$	2017 \$
Trade receivables	47,648	21,949
Other receivables	308,884	27,035
Refundable deposits	12,654	30,491
Withholding tax recoverable	–	13,184
Total trade and other receivables	369,186	92,659
Add: Cash and short-term deposits (Note 8)	3,270,324	2,821,244
Financial asset at amortised cost	3,639,510	2,913,903

Trade receivables

Trade receivables are non-interest bearing and are on 30 days' terms. They are recognised at their original invoice amounts which represent their fair values on recognition.

Halogen Foundation (Singapore)

Notes to the financial statements For the financial year ended 31 December 2018

7. Trade and other receivables (cont'd)

Receivables that are past due but not impaired

The Foundation has receivables amounting to approximately \$47,648 (2017: \$16,858) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	2017 \$
Trade receivables past due:	
Less than 30 days	—
31 to 60 days	16,858
	<hr/> 16,858 <hr/>

Expected credit losses

The Foundation has assessed the estimated credit losses as immaterial as at financial year end.

8. Cash and short-term deposits

For the purpose of the cash flow statement, cash and cash equivalents comprise the following at the end of the reporting period:

	2018 \$	2017 \$
Cash and short-term deposits	3,270,324	2,821,244
Less: Short-term deposits	(3,000,000)	(1,930,883)
Cash and cash equivalents	<hr/> 270,324 <hr/>	<hr/> 890,361 <hr/>

Short-term deposits are placed for approximately six months to one year and earn interests at the respective short-term deposit rates. The weighted average effective interest rate of short-term deposits is 1.7% to 1.8% (2017: 1.2 to 1.8%) per annum.

9. Trade and other payables

	2018 \$	2017 \$
Trade payables	9,118	9,223
Accrued operating expenses	148,993	118,812
Total trade and other payables, representing total financial liabilities at amortised cost	<hr/> 158,111 <hr/>	<hr/> 128,035 <hr/>

Trade payable are trade in nature, non-interest bearing and are normally settled on 30 to 60 days' terms.

Halogen Foundation (Singapore)

Notes to the financial statements For the financial year ended 31 December 2018

10. Deferred income

Deferred income represents consideration received for services not yet rendered.

11. Donations

The Foundation was first awarded the Institution of Public Character ("IPC") status on 16 November 2007 for a period of one year, expiring on 15 November 2008. The IPC status has since been renewed on 1 October 2017 and is effective for a further period of two years, expiring on 30 September 2019.

As an IPC, the Foundation enjoys a concessionary tax treatment whereby qualifying donors are granted 2.5 times tax deduction for the donations made to the Foundation. The tax-exempt receipts for donations collected during the year are as follows:

	2018 \$	2017 \$
Tax-exempt receipts issued	574,413	180,505
Non tax-exempt receipts	325,157	54,251
	<u>899,570</u>	<u>234,756</u>

Tax-exempted receipts issued amounted to \$574,413 (2017: \$180,505) as indicated in the IPC Return of Tax-Deductible Donations. Non-tax exempt receipts for 2018 include deferred income of \$325,157 (2017: \$54,251).

12. Grant Income

	2018 \$	2017 \$
Credit Suisse AG	30,500	31,620
Goldbell Foundation	35,000	—
Google Data Grant	—	40,015
National Council of Social Services (TBSSF)	216,364	210,552
National Council of Social Services (Care & Share and Others)	13,368	651,879
Salesforce.org	14,000	14,190
Silicon Valley Community Foundation	20,424	—
Singapore Totalisator Board	223,042	—
Tata Communications Pte Ltd	—	35,000
UBS AG Fund	262,500	175,000
Deutsche Bank	1,000	3,200
Yongle Fund	35,000	—
Total grant income	<u>851,198</u>	<u>1,161,456</u>

These grants are for the purposes of partnership between Halogen Foundation Singapore and respective grantors projects undertaken by the Foundation.

Halogen Foundation (Singapore)

**Notes to the financial statements
For the financial year ended 31 December 2018**

13. Other income

	2018	2017
	\$	\$
Wages credit scheme	—	8,097
Temporary employment credit	2,031	4,251
Reimbursement from Ministry of Manpower	16,846	—
Interest income	26,654	23,414
Others	6,719	5,760
	<u>52,250</u>	<u>42,422</u>

14. Surplus before taxation

The following items have been included in arriving at surplus before taxation:

	2018	2017
	\$	\$
Audit fee	(7,395)	(3,388)
Depreciation of plant and equipment	(65,734)	(16,418)
Amortisation of intangible assets	(15,819)	(11,513)
Rental expense	(110,247)	(99,616)
Plant and equipment written off	-	(726)
Staff cost		
- Salaries and bonus	(980,333)	(783,995)
- CPF contribution	(150,247)	(115,827)

15. Income tax expense

The Foundation has been registered as a Charity under the Charities Act, Chapter 37. Being a Charity, the Foundation is exempted from income tax.

16. Operating lease commitments

Operating lease commitments - as lessee

The Foundation leases its office unit under a non-cancellable lease. The lease is for a period of 3 years with no renewal option or contingent rent provision included in the contracts.

The Foundation is not restricted from subleasing its premises to third parties. Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2018 amounted to \$110,247 (2017: \$99,617).

16. Operating lease commitments (cont'd)

Operating lease commitments - as lessee (cont'd)

The future minimum rentals under the non-cancellable lease as of 31 December 2018 are as follows:

	2018	2017
	\$	\$
Within one year	118,476	116,388
After one year but less than five years	100,559	191,615
	<u>219,035</u>	<u>308,003</u>

17. Related party transactions

In addition to related party transactions disclosed elsewhere in the financial statements, the following significant related party transactions took place between the Foundation and related parties based on terms agreed between the parties:

	2018	2017
	\$	\$
<i>Compensation of key management personnel</i>		
Short-term employee benefits	218,561	76,895
CPF contributions	32,134	12,740
Total compensation paid to key management personnel	<u>250,695</u>	<u>89,635</u>

No employees received more than \$100,000 in annual remuneration for the financial years ended 2018 and 2017. There is no compensation paid to directors for financial years ended 2018 and 2017.

18. Fair value of financial instruments

Fair values

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

Financial instruments whose carrying amount approximates fair value

Management has determined that the carrying amounts of cash and short-term deposits, trade and other receivables and, trade and other payables based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature.

19. Financial risk management objectives and policies

The Foundation is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include liquidity risk and credit risk. The board of directors reviews and agrees policies and procedures for managing each of these risks and they are summarised below:

Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting obligations due to shortage of funds. The Foundation maintains sufficient liquidity by closely monitoring its cash flow and obtains financing via bank overdraft facility.

The table below summarises the majority profile of the Foundation's financial liabilities at the end of the reporting period based on contractual undiscounted cash flows:

	Less than 1 year	
	2018	2017
	\$	\$
Trade and other payables	158,111	128,035

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Foundation. The carrying amount of bank balances, trade and other receivables represent the Foundation's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

For receivables, the Foundation adopts the policy of dealing with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Foundation adopts the policy of dealing only with high credit rated counterparties.

Receivable balances are monitored on an on-going basis with the result that the Foundation's exposure to bad debts is not significant.

20. Capital management

The primary objective of the Foundation's capital management is to ensure that it maintains sufficient funds to support its operations.

The Foundation manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The immediate focus is to continue to optimise its operations with prudent cash management. The Foundation will continue to be guided by prudent financial policies.

There was no change to the Foundation's approach to capital management during the financial years ended 31 December 2018 and 31 December 2017.

21. Operating and restricted funds

For financial statement disclosure purpose, the Foundation disclosed the statement of comprehensive income in relation to the programme "Halogen SPARK!" also known as The Network for Teaching Entrepreneurship (NFTE) which is a restricted fund. The disclosure includes the breakdown of expenditure on manpower, including staff salaries, bonuses and related costs.

Staff costs and overheads are allocated proportionally to the Halogen SPARK! (NFTE) based on staff hours spent on the programme. This includes training and preparation, back-end operations and school & corporate engagement.

Halogen Foundation (Singapore)

Notes to the financial statements
For the financial year ended 31 December 2018

21. Operating and restricted funds (cont'd)

	Note	Restricted Fund Halogen SPARK! (NFTE) \$	General funds \$	Operating funds Care and Share \$	Total operating funds \$	Total accumulated funds \$
FY2018						
Sponsorships in kind		–	87,750	–	87,750	87,750
Donations (including fund raising)		75,695	823,875	–	823,875	899,570
Grants		579,364	271,834	–	271,834	851,198
Sales of event tickets		–	15,775	–	15,775	15,775
Academy income		7,750	557,363	–	557,363	565,113
Merchandise sales		30	3,724	–	3,724	3,754
Other income		148	52,102	–	52,102	52,250
		662,987	1,812,423	–	1,812,423	2,475,410
Less: Operating expenditures						
Academy expenses		174,000	241,114	37,897	279,011	453,011
Other expenses (including cost for fund raising expenses)		–	315,139	730	315,869	315,869
Depreciation of plant and equipment		28,175	52,325	–	52,325	80,500
Amortisation of intangible assets		–	1,053	–	1,053	1,053
Rental expense		35,785	74,462	–	74,462	110,247
Staff costs	21(a)	369,315	753,679	7,586	761,265	1,130,580
		607,275	1,437,772	46,213	1,483,985	2,091,260
Surplus/(deficit) before taxation						
Income tax expenses		55,712	374,651	(46,213)	328,438	384,150
		–	–	–	–	–
Surplus/(deficit) net of tax, representing total comprehensive income for the financial year for the financial year		55,712	374,651	(46,213)	328,438	384,150

Halogen Foundation (Singapore)

Notes to the financial statements
For the financial year ended 31 December 2018

21. Operating and restricted funds (cont'd)

	Note	Restricted Fund Halogen SPARK! (NFTE) \$	General funds \$	Operating funds Care and Share \$	Total operating funds \$	Total accumulated funds \$
FY2017						
Sponsorships in kind		—	60,349	—	60,349	60,349
Donations (including fund raising)		—	234,756	—	234,756	234,756
Grants		465,612	51,585	644,259	695,844	1,161,456
Sales of event tickets		3,271	—	—	—	3,271
Academy income		8,500	579,111	—	579,111	587,611
Merchandise sales		—	6,381	—	6,381	6,381
Other income		—	42,422	—	42,422	42,422
		477,383	974,604	644,259	1,618,863	2,096,246
Less: Operating expenditures						
Academy expenses		132,329	154,082	68,374	222,456	354,785
Other expenses (including cost for fund raising expenses)		—	166,102	—	166,102	166,102
Depreciation of plant and equipment		5,604	6,850	3,964	10,814	16,418
Amortisation of intangible assets		5,181	6,332	—	6,332	11,513
Rental expense		44,828	54,789	—	54,789	99,617
Staff costs	21(a)	396,329	494,921	8,572	503,493	899,822
		584,271	883,076	80,910	963,986	1,548,257
(Deficit)/surplus before taxation		(106,888)	91,528	563,349	654,877	547,989
Income tax expenses		—	—	—	—	—
(Deficit)/surplus net of tax, representing total comprehensive income for the financial year for the financial year		(106,888)	91,528	563,349	654,877	547,989

Halogen Foundation (Singapore)

Notes to the financial statements
For the financial year ended 31 December 2018

21. Operating and restricted funds (cont'd)

Staff costs

Staff costs for the year ended 31 December 2018 comprises of the following:-

	Restricted funds Halogen SPARK! (NFTE) \$	General funds \$	Operating funds Care and Share \$	Total staff cost – operating funds \$	Total Staff cost \$
2018					
Salaries	275,648	515,033	–	515,033	790,681
Bonus	23,180	80,452	–	80,452	103,632
Central provident funds	51,039	99,208	–	99,208	150,247
Allowances	15,431	32,181	–	32,181	47,612
Medical and insurance	1,738	15,352	–	15,352	17,090
Levy	–	6,976	–	6,976	6,976
Staff training & development	–	–	7,586	7,586	7,586
Staff welfare	2,279	4,477	–	4,477	6,756
	369,315	753,679	7,586	757,225	1,130,580

Halogen Foundation (Singapore)

Notes to the financial statements
For the financial year ended 31 December 2018

21. Operating and restricted funds (cont'd)

Staff costs (cont'd)

Staff costs for the year ended 31 December 2017 comprises of the following:-

	Restricted funds Halogen SPARK! (NFTE) \$	Operating funds			Total
		General funds \$	Care and Share \$	Total staff cost – operating funds \$	Staff cost \$
2017					
Salaries	291,939	356,786	–	356,786	648,725
Bonus	31,515	38,518	–	38,518	70,033
Central provident funds	52,122	63,705	–	63,705	115,827
Allowances	17,782	22,191	–	22,191	39,973
Medical and insurance	1,650	8,675	–	8,675	10,325
Levy	756	4,885	–	4,885	5,641
Staff training & development	–	–	3,150	3,150	3,150
Staff welfare	565	161	5,422	5,583	6,148
	396,329	494,921	8,572	503,493	899,822

22. Authorisation of financial statements for issue

The financial statements of the Foundation for the financial year ended 31 December 2018 were authorised for issue in accordance with a resolution of the board of directors on 17 May 2019.