

**COMPASSION FUND LTD.**  
(Co. Reg. No. 200904371Z)

**FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
31 MARCH 2011**

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**BAKER TILLY  
TFW LLP**

Certified Public Accountants



an independent member of

**BAKER TILLY  
INTERNATIONAL**

**DIRECTORS' REPORT**

The directors are pleased to present their report to the members together with the audited financial statements of the Company for the financial year ended 31 March 2011.

**1 Directors**

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

Sheryn-Kaye Von Senden  
Diane Chi-Yi Siak Palmer  
Sharon Tock Tsu-Lin  
Chia Oon Su Joy

Ranganayaki D/O K. Thangavelu  
Yeo Hui Hong  
Kay Mary Taylor  
Chan Wai Ming

**2 Arrangement to enable directors to acquire benefits**

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

**3 Directors' contractual benefits**

Since the end of the previous financial period no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

**4 Other matters**

As the Company is limited by guarantee and does not have a share capital, matters relating to the issue of shares or share options are not applicable.

**5 Independent auditor**

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the Directors



Sharon Tock Tsu-Lin  
Director



Diane Chi-Yi Siak Palmer  
Director

22 June 2011

**COMPASSION FUND LTD.**

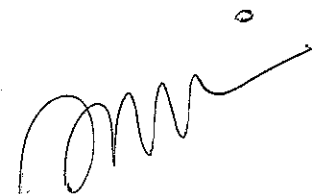
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**STATEMENT BY DIRECTORS**

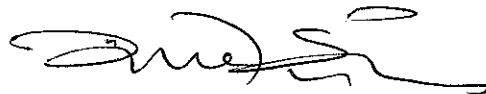
In the opinion of the Directors:

- (i) the financial statements of the Company as set out on pages 5 to 14 are drawn up so as to give a true and fair view of the state of affairs of the Company at 31 March 2011 and of the results, changes in funds and cash flows of the Company for the financial year ended on that date; and
- (ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Directors



Sharon Tock Tsu-Lin  
Director



Diane Chi-Yi Siak Palmer  
Director

22 June 2011



**BAKER TILLY  
TFW LLP**

Certified Public Accountants

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
COMPASSION FUND LTD.**

(A public company limited by guarantee)

**Report on the Financial Statements**

We have audited the accompanying financial statements of Compassion Fund Ltd. as set out on pages 5 to 14, which comprise the balance sheet as at 31 March 2011 and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility 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 Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets.

*Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
COMPASSION FUND LTD. (cont'd)**  
(A public company limited by guarantee)

*Opinion*

In our opinion, the financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31 March 2011 and the results, changes in funds and cash flows of the Company for the financial year ended on that date.

**Report on Other Legal and Regulatory Requirements**

In our opinion,

- (a) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act;
- (b) the Company has complied with the requirements of regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations 2007; and
- (c) the use of donation money is in accordance with the objectives of the Company.

**Baker Tilly TFW-LLP**  
Public Accountants and  
Certified Public Accountants  
Singapore

22 June 2011

**COMPASSION FUND LTD.**  
(A public company limited by guarantee)

**STATEMENT OF COMPREHENSIVE INCOME**  
**For the financial year ended 31 March 2011**

	Note	1.4.2010 to 31.3.2011 \$	11.3.2009 to 31.3.2010 \$
Donations	3	272,944	588,483
Sponsorship-in-kind		15,790	–
Other income		1,253	513
Direct costs			
- Share-A-Meal fundraising expenses		(2,922)	–
- Share-A-Meal fundraising expenses sponsored		(15,790)	–
- Financial support to needy families		(169,200)	(13,550)
- Personnel costs		(30,198)	(964)
Indirect costs			
- General and administrative expenses		(6,475)	(3,655)
<b>Surplus for the financial year and total comprehensive income for the year</b>		<b>65,402</b>	<b>570,827</b>

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

**COMPASSION FUND LTD.**  
(A public company limited by guarantee)

**BALANCE SHEET**  
**At 31 March 2011**

	Note	2011 \$	2010 \$
<b>Current assets</b>			
Fixed deposits	4	400,976	400,033
Cash and bank balances		238,620	172,594
Other receivables		845	480
<b>Total assets</b>		<b>640,441</b>	<b>573,107</b>
<b>Current liabilities</b>			
Other payables		4,212	2,280
<b>Total liabilities</b>		<b>4,212</b>	<b>2,280</b>
<b>Net assets</b>		<b>636,229</b>	<b>570,827</b>
<b>Fund</b>			
General Fund		636,229	570,827

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

**COMPASSION FUND LTD.**  
(A public company limited by guarantee)

**STATEMENT OF CHANGES IN FUNDS**  
**For the financial year ended 31 March 2011**

	General Fund \$
Opening balance at 11 March 2009	–
Total comprehensive income for the period	570,827
Balance at 31 March 2010	<hr/> 570,827
Total comprehensive income for the year	65,402
<b>Balance at 31 March 2011</b>	<hr/> <b>636,229</b> <hr/>

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



**COMPASSION FUND LTD.**  
(A public company limited by guarantee)

**STATEMENT OF CASH FLOWS**  
**For the financial year ended 31 March 2011**

	<b>1.4.2010 to 31.3.2011 \$</b>	<b>11.3.2009 to 31.3.2010 \$</b>
<b>Cash flows from operating activities</b>		
Net surplus for the financial year	65,402	570,827
Receivables	(365)	(480)
Payables	1,932	2,280
<b>Cash generated from operations</b>	<b>66,969</b>	<b>572,627</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>572,627</b>	–
<b>Cash and cash equivalents at end of year</b>	<b>639,596</b>	<b>572,627</b>
 <b>Cash and cash equivalents comprise:-</b>		
Fixed deposits	400,976	400,033
Cash and bank balances	238,620	172,594
	<b>639,596</b>	<b>572,627</b>

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

## **COMPASSION FUND LTD.**

(A public company limited by guarantee)

### **NOTES TO THE FINANCIAL STATEMENTS**

**For the financial year ended 31 March 2011**

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

#### **1 Corporate information**

The Company (Co. Reg. No 200904371Z) is incorporated and domiciled in Singapore with its principal place of operations located at 1 Kaki Bukit Road 1, #02-10 Enterprise One, Singapore 415934 and its registered office located at 4 Shenton Way, #17-01 SGX Centre 2, Singapore 068807.

The principal activity of the Company is that of providing social and welfare services for children, youths and families. The Company is registered as a charity under the Charities Act with effect from 28 August 2009 and is approved as an institution of a public character ("IPC") under the provision of the Income Tax Act.

The Company is limited by its members' guarantee to contribute to the assets of the Company up to \$100 for each member in the event of it being wound up.

#### **2 Summary of significant accounting policies**

##### **2.1) Basis of preparation**

The financial statements, (expressed in Singapore dollars which is the Company's functional currency), have been prepared in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

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

There were no significant judgments and estimates made during the financial year.

The carrying amounts of cash and cash equivalents, other current receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

In the current financial year, the Company has adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the current financial year.

## 2 Significant accounting policies (cont'd)

### 2.1) Basis of preparation (cont'd)

At the date of the balance sheet, the following FRSs and INT FRSs were issued, revised or amended but not effective:

FRS 24	Related Party Disclosures
INT FRS 115	Agreements for the Construction of Real Estate
INT FRS 119	Extinguishing Financial Liabilities with Equity Instruments
Amendments to FRS 12	Deferred Tax: Recovery of Underlying Assets
Amendments to FRS 101	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to FRS 101	Limited Exemption from Comparative FRS 107 Disclosures for First-time Adopters
Amendments to FRS 107	Disclosures - Transfers of Financial Assets
Amendments to INT FRS 114	Prepayments of a Minimum Funding Requirement
Improvements to FRSs 2010 project	

The Company anticipates that the adoption of these FRSs and INT FRSs (where applicable) in future years will have no material impact on the financial statements of the Company.

### 2.2) Revenue recognition

Revenue comprises the fair value for donations. Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow to the entity, and the amount of revenue and related cost can be reliably measured.

Income is recognised on the following basis:

Donations - when received in cash or when a firm commitment is received before year end and the cash is received before date of report.

Interest - on a time proportion basis over the year of placement of deposits with banks.

### 2.3) Financial assets

#### i) Classification

The Company classifies its financial assets according to the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. The Company's only financial assets are loans and receivables.

#### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are presented as "other receivables", "fixed deposits" and "cash and bank balances" on the balance sheet.

## **2 Significant accounting policies (cont'd)**

### **2.3) Financial assets (cont'd)**

#### ***ii) Recognition and derecognition***

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is also taken to profit or loss.

#### ***iii) Initial measurement***

Financial assets are initially recognised at fair value plus transaction costs.

#### ***iv) Subsequent measurement***

Loans and receivables are carried at amortised cost using the effective interest method.

#### ***v) Impairment***

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset is impaired.

##### *Loans and receivables*

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account, and the amount of the loss is recognised in profit or loss. The allowance amount 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. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

### **2.4) Financial liabilities**

Financial liabilities include other payables. Financial liabilities are recognised on the balance sheet when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

### **2.5) Cash and cash equivalents**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents comprise cash on hand and deposits with financial institutions which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

## **2 Significant accounting policies (cont'd)**

### **2.6) Income taxes**

The Company is a registered charity under the Charities Act and is exempted from income tax.

### **2.7) Provisions**

Provisions are recognised when the Company has a present obligation as a result of past events, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at each balance sheet date, and are discounted to present value where the effect is material.

### **2.8) Funds**

Unless specifically indicated, fund balances are not represented by any specific assets, but are represented by all assets of the Company. Income and expenditure relating to the various funds specifically set up are taken directly to these funds.

All other income and expenditure are reflected in the statement of comprehensive income.

### **2.9) Employee benefits**

#### *Employee leave entitlement*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the balance sheet date.

#### *Defined contributions plans*

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as Central Provident Fund, and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee service in current or preceding year. Contributions to national pension schemes are recognised as an expense in which the related service is performed.

### **2.10) Reserve policy**

Reserves shall be built up continuously as much as the Directors shall in their absolute discretion deem necessary to achieve the Company's vision, and accordingly, that it shall not be necessary to set or fix a desired level of reserves. Investment of reserves shall be in Singapore Dollar-denominated bank deposits held with licensed bank/s within Singapore only. The reserves policy will be reviewed from time to time on a need basis and shall be disclosed in the annual report of the Company.

## **3 Donations with tax-deductible receipts issued**

Total tax-deductible receipts issued for the financial year is \$157,681 (period from 11 March 2009 to 31 March 2010: \$487,975).

#### 4 Fixed deposits

The interest rates at the balance sheet date range from 0.1% to 0.375% (2010: 0.1% to 0.375%) per annum. The fixed deposits mature within 12 months from the balance sheet date.

#### 5 Related party transactions

In addition to information disclosed elsewhere in the financial statements, the following transaction took place between the Company and a related party during the financial year on terms agreed by the party concerned:-

	1.4.2010 to 31.3.2011 \$	11.3.2009 to 31.3.2010 \$
Donation received - MILK (Mainly I Love Kids) Fund *	<b>78,597</b>	487,475

\* The Company and MILK Fund have common board members. MILK Fund provides administrative support including the use of office space, infrastructure support cost including and not limited to communication, printing and stationery, utilities, office equipment as well as staff support to the Company at no cost.

#### 6 Financial instruments

##### a) Categories of financial instruments

Financial instruments at balance sheet date are as follows:

	2011 \$	2010 \$
Loans and receivables	<b>640,441</b>	573,107
Financial liabilities at amortised cost	<b>4,212</b>	2,280

##### b) Financial risk management

The Company's overall risk management is determined and carried out by the board of directors on an informal basis. The Company is not exposed to significant foreign currency risk. The Company is exposed to the following financial risks:-

##### *Interest rate risk*

The Company's income and operating cash flows are substantially independent of changes in market interest rates. The significant interest bearing financial assets are its fixed deposits with banks. An increase or decrease in interest rates by 50 basis points is not expected to have a significant impact on the Company's surplus for the year.

##### *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's maximum exposure to credit risk is represented by the carrying amounts of loans and receivables. Cash and bank balances and fixed deposits are placed in financial institutions with good credit ratings.

## **6 Financial instruments (cont'd)**

### ***b) Financial risk management (cont'd)***

#### *Liquidity risk*

The board of directors exercises prudent liquidity and cash flow risk management policies and aims at maintaining an adequate level of liquidity and cash flow at all times. Financial liabilities are all payable within twelve months from the balance sheet date due to their short term nature.

### ***c) Fair values of financial instruments***

The carrying amounts of the financial assets and liabilities recorded in the financial statements of the Company approximate their fair values.

## **7 Fund management**

The Company's objectives when managing its funds are to safeguard and maintain adequate working capital to continue as a going concern and to develop its principal activities over the longer term through donations.

## **8 Commitments**

At the balance sheet date, the Company has approved support to needy families of approximately \$10,300 (2010: \$5,000) that will be disbursed subsequent to the financial year end. The company has also received a voucher of \$5 during the year that was disbursed to a needy family in April 2011.

## **9 Comparative figures**

The financial statements for 2011 cover the financial year from 1 April 2010 to 31 March 2011. The financial statements for 2010 covered the financial period from 11 March 2009 (date of incorporation) to 31 March 2010. As such, the statement of comprehensive income, statement of changes in funds and statement of cash flows and related notes for the current financial year and the previous financial period are not comparable.

## **10 Authorisation of financial statements**

The financial statements of the Company for the financial year ended 31 March 2011 were authorised for issue in accordance with a resolution of the directors dated 22 June 2011.