

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

**FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD FROM
11 MARCH 2009 (DATE OF INCORPORATION)
TO 31 MARCH 2010**

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**BAKER TILLY
TFWLCL**

Certified Public Accountants



an independent member of
**BAKER TILLY
INTERNATIONAL**

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

DIRECTORS' REPORT

The directors are pleased to present their first report to the members together with the audited financial statements of the Company for the financial period from 11 March 2009 (date of incorporation) to 31 March 2010.

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

2 Arrangement to enable directors to acquire benefits

Neither at the end of nor at any time during the financial period 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 date of incorporation 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 TFWLCL, has expressed its willingness to accept re-appointment.

On behalf of the Directors



Sharon Tock Tsu-Lin
Director



Diane Chi-Yi Siak Palmer
Director

5 July 2010

COMPASSION FUND LTD.

(A public company limited by guarantee)

STATEMENT BY DIRECTORS

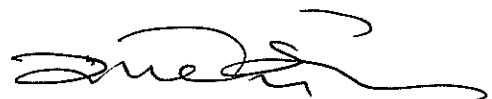
In the opinion of the Directors:

- (i) the financial statements of the Company as set out on pages 4 to 13 are drawn up so as to give a true and fair view of the state of affairs of the Company at 31 March 2010 and of the results, changes in funds and cash flows of the Company for the financial period from 11 March 2009 (date of incorporation) to 31 March 2010; 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

5 July 2010



**BAKER TILLY
TFWCL**

Certified Public Accountants

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

(A public company limited by guarantee)

We have audited the accompanying financial statements of Compassion Fund Ltd. as set out on pages 4 to 13, which comprise the balance sheet as at 31 March 2010 and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the financial period from 11 March 2009 (date of incorporation) to 31 March 2010, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes 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; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 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 judgement, 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 and fair presentation of the financial statements 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.

Opinion

In our opinion,

- (a) the financial statements 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 2010 and the results, changes in funds and cash flows of the Company for the financial period from 11 March 2009 (date of incorporation) to 31 March 2010;
- (b) 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;
- (c) the use of donation money is in accordance with the objectives of the Company.

Baker Tilly TFWCL
Public Accountants and
Certified Public Accountants
Singapore

5 July 2010

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

STATEMENT OF COMPREHENSIVE INCOME
For the financial period from 11 March 2009 (date of incorporation) to 31 March 2010

	Note	\$
Donations	3	588,483
Other income		513
Direct costs		
- Financial support to needy families		(13,550)
- Personnel costs		(964)
Indirect costs		
- General and administrative expenses		(3,655)
Surplus for the financial period and total comprehensive income for the period		570,827

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 2010

	Note	\$
Current assets		
Fixed deposits	4	400,033
Cash and bank balances		172,594
Other receivables		480
Total assets		<u>573,107</u>
Current liabilities		
Other payables		2,280
Total liabilities		<u>2,280</u>
Net assets		<u>570,827</u>
Fund		
General Fund		<u>570,827</u>

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 period from 11 March 2009 (date of incorporation) to 31 March 2010

	General Fund \$
Opening balance	—
Total comprehensive income for the period	570,827
Balance at 31 March 2010	<u>570,827</u>

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 period from 11 March 2009 (date of incorporation) to 31 March 2010

	\$
Cash flows from operating activities	
Net surplus for the financial period	570,827
Receivables	(480)
Payables	2,280
	<hr/>
Cash generated from operations and cash and cash equivalents at end of financial period	572,627
	<hr/>
 Cash and cash equivalents comprise:-	
Fixed deposits	400,033
Cash and bank balances	172,594
	<hr/>
	572,627
	<hr/>

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 period from 11 March 2009 (date of incorporation) to 31 March 2010

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 from 28 August 2009 to 31 August 2010.

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 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 period. 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 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.

There were no significant judgements and estimates made during the financial period.

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 period, 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 period.

2 Significant accounting policies (cont'd)

2.1) Basis of preparation (cont'd)

At the date of the balance sheet, the following FRS and Interpretations of FRS ("INT FRS") were issued, revised or amended but not effective:

FRS 24	Related Party Disclosures
FRS 27	Consolidated and Separate Financial Statements
FRS 103	Business Combinations
INT FRS 117	Distributions of Non-cash Assets to Owners
INT FRS 118	Transfers of Assets from Customers
INT FRS 119	Extinguishing Financial Liabilities with Equity Instruments
Amendments to FRS 32	Classification of Rights Issues
Amendments to FRS 39	Financial Instruments: Recognition and Measurement – Eligible Hedged Items
Amendments to FRS 101	Additional Exemptions for First-time Adopters
Amendments to FRS 102	Group Cash-settled Share-based Payment Transactions
Amendments to FRS 105	Non-Current Assets Held for Sale and Discontinued Operations
Amendments to INT FRS 114	Prepayments of a Minimum Funding Requirement
Improvements to FRS 2009	

The Company anticipates that the adoption of these FRS and INT FRS (where applicable) in future periods 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.

Interest - on a time proportion basis over the period 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 directors' 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 period from 11 March 2009 (date of incorporation) to 31 March 2010 is \$487,975.

4 Fixed deposits

The interest rates at the balance sheet date range from 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 period on terms agreed by the party concerned:-

	\$
Donation received - MILK (Mainly I Love Kids) Fund *	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:

	\$
Loans and receivables	573,107
Financial liabilities at amortised cost	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 period.

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 \$5,000 that will be disbursed subsequent to the financial year end.

9 Comparative figures

There are no comparative figures as this is the Company's first set of financial statements since its incorporation on 11 March 2009.

10 Authorisation of financial statements

The financial statements of the Company for the financial period from 11 March 2009 (date of incorporation) to 31 March 2010 were authorised for issue in accordance with a resolution of the directors dated 5 July 2010.