

2017 ANNUAL REPORT



**IshK
Tolaram**
FOUNDATION



1A International Business Park, #13-01,
Singapore 609933

Ishk Tolaram Foundation Ltd. is a company limited
by guarantee and governed by a constitution and a
board charter.

The company was incorporated in October 2016,
became operational in February 2017 and was
registered under the Commissioner of Charities in
Singapore as a charity in September 2017.

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UEN 201627578E

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LETTER FROM OUR FOUNDER

Ishk Tolaram Foundation was established in commemoration of my parents at the end of 2016 and became operational in February 2017. It was therefore rightly named “IshK” (Ishwaribai and Khanchand Tolaram) after them. "Ishq" in the Sindhi language also means Love.

The Foundation was conceptualized keeping in mind the communities that we are a part of and the desire to be more strategic in our philanthropy. The spirit of giving back has been deeply ingrained since our forefathers and we are fully aware of the social responsibility we have to the world around us as we evolve and grow.

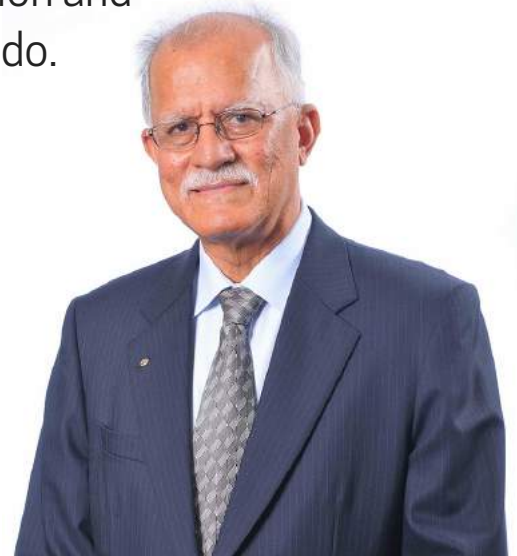
Ishk Tolaram Foundation is a beneficiary of 25% of the dividends of the Tolaram Family Trust and Family Office. In addition, it also draws income from the investment returns of our own endowment. 100% of our resources are committed to philanthropic purposes.

Our mission is to develop programs that enable self-sufficiency and independence in vulnerable communities in Indonesia, Nigeria and Singapore, geographies that have played a significant role in our journey so far. To achieve this, we focus on education, entrepreneurial and vocational training, and healthcare.

We will continue to seek effective ways to expand our programs and to keep our guiding values of humility, compassion and responsibility at the core of everything that we do.



Mohan K. Vaswani



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ABOUT US

VISION

Our vision is for all individuals to be empowered to contribute beyond themselves for the benefit of all.

MISSION

Ishk Tolaram Foundation develops programs that enable self-sufficiency and independence in vulnerable communities, with a focus on education, entrepreneurial and vocational training, and healthcare; and advocates social awareness and responsible giving in our partners, business and family.

VALUES

Humility, Compassion, Responsibility.



INDONESIA

The culturally vibrant nation of Indonesia was the first home of the Tolaram family following their departure from Sindh during the political turbulence of the 1940s. The family business Tolaram Group was founded in Malang, Indonesia in 1948 and continues to operate in the country today.

NIGERIA

Tolaram Group first entered this spirited and resilient country in 1976, in search of new opportunities. Today, a majority of the business continues to operate out of Nigeria, leading many members of both the family and business to call the nation home.

SINGAPORE

The bustling island city of Singapore has played a key role in Tolaram Group's journey since the 1970s when the business established its corporate headquarters in the country.

OUR APPROACH

1

Understand the issues facing communities on the ground and identify the gaps we are best suited to address

2

Conduct thorough research and collect data to support our decision-making and implementation plans

3

Leverage the power of co-creation and partnerships and engage relevant stakeholders to achieve shared goals

4

Monitor and evaluate the impact of our programs and grants through continual engagement and feedback

2017

This year was formational for us as we worked to get things off the ground philosophically and administratively.

It was a year of

LEARNING

We went on numerous site visits, attended educational conferences globally, and sought expert consultation and advice to put together our structure and strategy

RESEARCH

We worked hard to understand the community needs on the ground prior to launching new projects by employing a data-driven, evidence-based and best-practice approach

BUILDING

We developed our long-term plan and began to grow a team to carry the vision through



URABAYA

Bundaku
BILANG aku itu
• Pinta
• Tamp
• Gagah
• Lucu
• Sopan
• Manis
Bener ka?

INDONESIA

ISHK PEDULI ANAK INDONESIA

A community-based program focused on supporting quality early childhood education in East Java. The initiative aims to address early inequality gaps, allowing children to develop to their fullest potential and be equipped for further schooling.

Brain plasticity is particularly high in the early childhood stage, a crucial period for cognitive and psychosocial development. Investments in this period can have long-term impacts on a child.

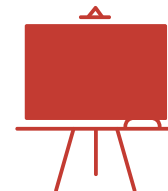


(Gertler et al., 2014)

Studies show that under-stimulating environments that do not develop these cognitive and non-cognitive skills lead to inequalities in the early ages and place children at a disadvantage. A child who falls behind in [these years] may never fully bridge the gaps and catch up.

(Heckman, 2006)

International research indicates that the most successful ECED programmes have the following features: they start at birth, they involve the children's families and they are targeted at the poorest children. Interventions shown to have the largest and most long-lasting impact also include health, nutrition and parenting services on top of education.



(Hail and Hasan, 2016)

Improving teacher quality was identified as an area of opportunity to strengthen Indonesia's education system. [The study found that] 0% of post-certification teachers were rated as pedagogically competent or very competent in Indonesia and additionally, 8% of teachers rated their principles as competent at leadership.

(Catalysing Productive Livelihoods : Education Giving Guide Indonesia, Asia Philanthropy Circle, 2017)

As a first step, **Ishk Peduli Anak Indonesia** is working on building the capacity of early childhood teachers and school leaders, who will then go on to create an impact on the ecosystem around the child.



In courses run by SINAU Teacher Development Center, teachers undergo rigorous training sessions.

Modules covered:

- Key concepts of early childhood education
- Child development
- Teaching children with special needs
- Health and nutrition
- Lesson planning
- Ethics and character
- Peer teaching
- Assessing children positively
- Ways children learn
- Communicating with parents



Following the training, teachers are required to complete a further 200 hours of capstone projects- engaging parents, other teachers and the wider community- before they attain full certification under the Ministry of Education and Culture.



NIGERIA

ISHK LIMB CENTRE

The establishment of **Ishk Limb Centre** preceded Ishk Tolaram Foundation, beginning operations in 2009 as part of the philanthropic activities of Tolaram Group. In 2017, the Centre was adopted by the Foundation.

1

MEASUREMENT OF STUMP



2

FABRICATION OF PROSTHETIC LIMB



Ishk Limb Centre provides free, custom-made prosthetic limbs to amputees across Nigeria. Presently, there are two clinics located in Lagos and Port Harcourt, but the majority of recipients are reached through mobile camps that are conducted across different states over the year. Since 2009, the team at the Centre has fitted more than 12,000 limbs, including above and below knee prostheses, arm prostheses and polio callipers.

In 2017, Ishk Limb Centre impacted 10,719 lives.

3

FITTING OF PROSTHETIC LIMB



4

GAIT TRAINING





GRANTS

GRANTS

Our grant-making is mission-driven within our geographies. Our team invites grants on a rolling basis, usually for a cycle of 3-5 years. Each grant application undergoes a due diligence process before it is approved.

Examples of grants include:

HELP THE CHILDREN

Help the Children is an annual program run by Rotary Club to alleviate education barriers facing children from low-income families in Malang, East Java. The program aims to provide assistance with students' basic necessities for education and to support them as well as their parents and teachers in overcoming these barriers.



THE LEARNING FARM

The Learning Farm is an initiative that enables Indonesian youths from disadvantaged backgrounds by teaching them the principles of organic farming. The program focuses on both technical skills as well as the personal development of these students through residential programs on their farm in Cianjur, West Java.



OUR TEAM

Board of Directors

Mohan Vaswani

Date joined: Oct'16

Raj Vaswani

Date joined: Oct'16

Sumitra Aswani

Date joined: Mar '17

Board of Trustees

Mohan Vaswani

Date joined: Oct'16

Raj Vaswani

Date joined: Oct'16

Shahul Hameed

Date joined: Jan '17

Executive Director

Sumitra Aswani

Programs Team

Mimu Nanwani

Program Director, Indonesia

Neha Mehra

Program Director, Nigeria

Sandhya Aswani

Research and Communications Officer

ACKNOWLEDGEMENTS

Ishk Tolaram Foundation would like to thank our family, business and partners, including:



Tolaram Group



We would like to express our gratitude to Dr. Shahul Hameed for providing the foundation invaluable advice over this past year.

FINANCIAL STATEMENTS

ISHK TOLARAM FOUNDATION LTD.

(Registration No: 201627578E)

Statement by Directors and Financial Statements

Year Ended 31 December 2017

RSM Chio Lim LLP

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www.RSMSingapore.sg

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RSM Chio Lim LLP is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

ISHK TOLARAM FOUNDATION LTD.

Statement by Directors and Financial Statements

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ISHK TOLARAM FOUNDATION LTD.

Statement by Directors

The directors of the company are pleased to present the audited financial statements of the company for the reporting year ended 31 December 2017. The reporting year covers the period since incorporation on 7 October 2016 to 31 December 2017.

1. Opinion of the directors

In the opinion of the directors,

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

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

2. Directors

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

Mohan K. Vaswani	(Appointed on 7 October 2016)
Rajeshlal Mohanlal Vaswani	(Appointed on 7 October 2016)
Sumitra Sajen Aswani	(Appointed on 16 January 2017)

3. Directors' interest in shares and debentures, and arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

The company is a company limited by guarantee and has no shares and debentures.

4. Options

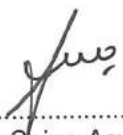
The company is a company limited by guarantee. As such, there are no share options or unissued shares under option.


ISHK TOLARAM FOUNDATION LTD.

5. Independent auditor

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

On behalf of the directors


.....
Sumitra Sajen Aswani
Director


.....
Rajeshlal Mohanlal Vaswani
Director

27 APR 2018

**Independent Auditor's Report to the Member of
ISHK TOLARAM FOUNDATION LTD.****Report on the financial statements****Opinion**

We have audited the financial statements of Ishk Tolaram Foundation Ltd. (the "company"), which comprise the statement of financial position as at 31 December 2017, and the statement of financial activities, statement of changes in fund and statement of cash flows for the reporting year then ended, and notes to the financial statements, including the significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Companies Act), the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the company as at 31 December 2017 and of the financial performance, changes in fund and cash flows of the company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 3 of the financial statements. As at the end of the reporting year, the company's total liabilities exceeded its total assets by \$118,975. The external liabilities amounted to about \$1,016,216. The company's continuation as a going concern is dependent on the sole member not demanding payment of the amounts payable to him; and the company being profitable in the future. At the date of this report, the management is satisfied that the financial support will be available when required for at least a year from the end of the reporting year. Our opinion is not modified in respect of this matter.

**Independent Auditor's Report to the Member of
ISHK TOLARAM FOUNDATION LTD.**

– 2 –

Other information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

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

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

**Independent Auditor's Report to the Member of
ISHK TOLARAM FOUNDATION LTD.**

– 3 –

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

- a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

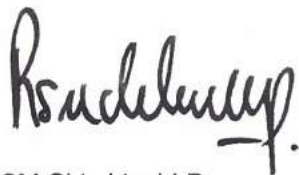
**Independent Auditor's Report to the Member of
ISHK TOLARAM FOUNDATION LTD.**

– 4 –

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required to be kept by the company have been properly kept in accordance with the provisions of the Companies Act and the Charities Act and Regulations.

The engagement partner on the audit resulting in this independent auditor's report is Chan Sek Wai.



RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

27 APR 2018

ISHK TOLARAM FOUNDATION LTD.

Statement of Financial Activities
Year Ended 31 December 2017

	<u>Notes</u>	7.10.2016 to <u>31.12.2017</u>
		\$
2017:		
<u>Incoming resources</u>		
Contribution from a related party		345,335
Other gains	5	22,809
Other income		<u>1,120</u>
Total incoming resources		<u>369,264</u>
<u>Resources expended</u>		
Employee benefit expenses	6	(149,311)
Other expenses	7	<u>(338,928)</u>
Total resources expended		<u>(488,239)</u>
Net deficit of the year	.	<u>(118,975)</u>

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

ISHK TOLARAM FOUNDATION LTD.

Statement of Financial Position
As at 31 December 2017

	<u>Notes</u>	<u>2017</u> \$
ASSETS		
<u>Current assets</u>		
Other financial assets	8	1,341,894
Other non-financial assets	9	1,000
Cash and cash equivalents	10	64,205
Total current assets		<u>1,407,099</u>
Total assets		<u>1,407,099</u>
 FUND AND LIABILITIES		
<u>Fund</u>		
Accumulated fund (deficit)		(118,975)
Total fund		<u>(118,975)</u>
 <u>Current liabilities</u>		
Other payables	11	532,142
Other financial liabilities	12	993,932
Total current liabilities		<u>1,526,074</u>
Total liabilities		<u>1,526,074</u>
Total fund and liabilities		<u>1,407,099</u>

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

ISHK TOLARAM FOUNDATION LTD.

**Statement of Changes in Fund
Year Ended 31 December 2017**

	Accumulated <u>fund</u> \$
Current year:	
Opening balance at date of incorporation on 7 October 2016	–
Movements in fund:	
Total deficit for the year	<u>(118,975)</u>
Closing balance at 31 December 2017	<u><u>(118,975)</u></u>

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

ISHK TOLARAM FOUNDATION LTD.

Statement of Cash Flows
Year Ended 31 December 2017

	7.10.2016 to 31.12.2017 \$
<u>Cash flows from operating activities</u>	
Deficit for the year	(118,975)
Adjustments for:	
Fair value gains on other financial assets	<u>(13,707)</u>
Operating cash flows before changes in working capital	(132,682)
Other non-financial assets	(1,000)
Other payables	<u>22,284</u>
Net cash flows used in operating activities	<u>(111,398)</u>
<u>Cash flows from investing activities</u>	
Other financial assets	(1,328,187)
Other financial liabilities	<u>993,932</u>
Net cash flows used in investing activities	<u>(334,255)</u>
<u>Cash flows from financing activities</u>	
Net movements in amounts due to the sole member of the company	<u>509,858</u>
Net cash flows from financing activities	<u>509,858</u>
Net increase in cash and cash equivalents	64,205
Cash and cash equivalents, statement of cash flows, on incorporation	<u>—</u>
Cash and cash equivalents, statement of cash flows, ending balance (Note 10)	<u>64,205</u>

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

ISHK TOLARAM FOUNDATION LTD.

Notes to the Financial Statements 31 December 2017

1. General

The company is incorporated in Singapore as a company limited by guarantee. It is registered as a charity under the Charities Act, Chapter 37. The financial statements are presented in Singapore dollars.

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

The principal activities of the company are that of carrying out charitable activities in general, in Singapore, Indonesia, India and countries in Africa generally, including but not limited to the relief of poverty, the advancement of education, the promotion of health, the advancement of citizenship or community development, the advancement of arts, heritage or science etc.

The member of the company has undertaken to contribute such amount not exceeding \$1.00 to the assets of the company in the event the company is wound up and the monies are required for payment of liabilities of the company.

The constitution of the company restricts the use of accumulated fund to the furtherance of the objects of the company. They prohibit the payment of dividends to member of the company.

The registered office is: 1A International Business Park #13-01 Singapore 609933.

Accounting convention

The financial statements of the company as the reporting entity have been prepared in accordance with the Financial Reporting Standards in Singapore ("FRSs") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The company is also subject to the provisions of the Charities Act, Chapter 37. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRSs require an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs may not be applied when the effect of applying them is not material. The disclosures required by FRSs need not be provided if the information resulting from that disclosure is not material. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in profit or loss, as required or permitted by FRSs.

ISHK TOLARAM FOUNDATION LTD.

1. General (cont'd)

Basis of preparation of the financial statements

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

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Income recognition

Revenues including contributions from the sole member and other partners of the Company that provide funding or are of general nature are recognised where there is (a) entitlement (b) certainty and (c) sufficient reliability of measurement. Such income is only deferred when: the member or grantor specifies that the contribution or grant must only be used in future accounting periods; or the partner or grantor has imposed conditions which must be met before the company has unconditional entitlement. Interest revenue is recognised on a time-proportion basis using the effective interest rate that takes into account the effective yield on the asset. Dividend from equity instruments is recognised as income when the entity's right to receive dividend is established.

Employee benefits

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

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowings and are recognised as an expense in the period in which they are incurred. Interest expense is calculated using the effective interest rate method.

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

2A. Significant accounting policies (cont'd)

Foreign currency transactions

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

Income tax

As a charity, the company is exempt from tax on income and gains falling within section 13(1)(zm) of the Income Tax Act to the extent that these are applied to its charitable objects. No tax charges have arisen in the Company.

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

ISHK TOLARAM FOUNDATION LTD.

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

2A. Significant accounting policies (cont'd)

Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: Assets are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading assets) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to assets at fair value through profit or loss are recognised directly in profit or loss.

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

2A. Significant accounting policies (cont'd)

Financial assets (cont'd)

2. **Loans and receivables:** Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables are classified in this category.
3. **Held-to-maturity financial assets:** As at end of the reporting year date there were no financial assets classified in this category.
4. **Available for sale financial assets:** As at end of the reporting year date there were no financial assets classified in this category.

Cash and cash equivalents

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

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

2A. Significant accounting policies (cont'd)

Financial liabilities

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit or loss: As at end of the reporting year there were no financial liabilities classified in this category.
2. Liabilities at amortised cost: These liabilities are carried at amortised cost using the effective interest method.

Fair value measurement

When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. It is a market-based measurement, not an entity-specific measurement. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

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

2A. Significant accounting policies (cont'd)

Fair value measurement (cont'd)

The fair value measurements categorise the inputs used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

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

2B. Other explanatory information

Provisions

A liability or provision is recognised when there is 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 a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

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

2B. Other explanatory information (cont'd)

Funds

Externally restricted funds may only be utilised in accordance with the purposes established by the source of such funds or through the terms of an appeal and are in contrast with unrestricted funds over which management retains full control to use in achieving any of its institutional purposes. An expense resulting from the operating activities of a fund that is directly attributable to the fund is charged to that fund. Common expenses, if any, are allocated on a reasonable basis to the funds based on a method most suitable to that common expense unless impractical to do so.

2C. Critical judgements, assumptions and estimation uncertainties

There were no critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements. There were no key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting year.

3. Financial support

As at the end of the reporting year, the company's total liabilities exceeded its total assets by \$118,975. The external liabilities amounted to about \$1,016,216. The company's continuation as a going concern is dependent on the sole member not demanding payment of the amounts payable to him; and the company being profitable in the future. At the date of this report, the management is satisfied that the financial support will be available when required for at least a year from the end of the reporting year.

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4. Related party relationships and transactions

FRS 24 on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

4A. Members of a group:

Mohan K Vaswani is the sole member of the company.

4B. Related party transactions:

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

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

Significant related party transactions:

	7.10.2016 to 31.12.2017 \$
Contribution from sole member	<u>345,335</u>

4C. Key management compensation:

	7.10.2016 to 31.12.2017 \$
Salaries and other short-term employee benefits	<u>93,700</u>

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

No employee of the company received more than \$100,000 in annual remuneration each.

5. Other gains

	7.10.2016 to 31.12.2017 \$
Fair value gains on other financial assets	13,707
Foreign exchange transaction gains	9,102
	<u>22,809</u>

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6. Employee benefits expense	7.10.2016 to <u>31.12.2017</u> \$
Short term employee benefits expense	139,111
Contributions to defined contribution plan	<u>10,200</u>
Total employee benefits expense	<u>149,311</u>
7. Other expenses	7.10.2016 to <u>31.12.2017</u> \$
The major components include the following:	
Donation expense	273,754
Travel expense	<u>26,487</u>
8. Other financial assets	<u>2017</u> \$
Investments at fair value through profit or loss (FVTPL)	<u>1,341,894</u>
8A. Movements in other financial assets	<u>2017</u> \$
Movement during the year:	
Fair value at beginning of the year	-
Additions	1,328,187
Increase in fair value through profit or loss under other gains (Note 5)	<u>13,707</u>
	<u>1,341,894</u>
8B. Disclosure relating to investments	
The information gives a summary of the significant sector concentration within the investment portfolio including level 1, 2 and 3 securities:-	
	<u>2017</u> \$
Balance is made up of:	
Quoted funds	<u>Level</u> 1
Total investment at FVTPL	<u>1,341,894</u> <u>1,341,894</u>

The fair value of quoted funds is based on prices in an active market at the end of the reporting year.

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9. Other non-financial assets	<u>2017</u>
	\$
Deposits	<u>1,000</u>
10. Cash and cash equivalents	<u>2017</u>
	\$
Not restricted in use	<u>64,205</u>
The interest earning balances are not significant.	
11. Other payables	<u>2017</u>
	\$
Other payables and accrued liabilities	22,284
Other payables to the sole member of the company (Note 4A)	<u>509,858</u>
	<u>532,142</u>
12. Other financial liabilities	<u>2017</u>
	\$
<u>Financial instruments with floating interest rates:</u>	
Short-term borrowings (secured)	<u>993,932</u>

The bank borrowing is a revolving loan at floating rates of interest at 0.75% in addition to LIBOR per annum. The fair value (Level 2) was reasonable approximation of the carrying amount due to their short term nature or that they are floating rate instruments that are frequently re-priced to market interest rate.

The bank loan is secured by the other financial assets (Note 8).

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13A. Categories of financial assets and liabilities

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

	<u>2017</u>
	\$
<u>Financial assets:</u>	
Cash and cash equivalents	64,205
Other financial assets at fair value through profit or loss	<u>1,341,894</u>
At end of year	<u>1,406,099</u>
<u>Financial liabilities:</u>	
Other payables measured at amortised cost	532,142
Other financial liabilities measured at amortised cost	<u>993,932</u>
At end of year	<u>1,526,074</u>

Further quantitative disclosures are included throughout these financial statements.

13B. Financial risk management

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

13C. Fair values of financial instruments

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

13D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents and certain other financial assets. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. Certain risk on other financial assets is limited because the other parties are entities with acceptable credit ratings.

Note 10 disclose the maturity of the cash and cash equivalents balances.

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

13E. Liquidity risk – financial liabilities maturity analysis

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

13F. Foreign currency risks

Analysis of amounts denominated in non-functional currency:

	US dollars	Total
	\$	\$
<u>2017:</u>		
<u>Financial assets:</u>		
Cash and cash equivalents	60,857	60,857
Other financial assets	1,341,894	1,341,894
Total financial assets	<u>1,402,751</u>	<u>1,402,751</u>
<u>Financial liabilities:</u>		
Other payables	509,858	509,858
Other financial liabilities	993,932	993,932
Total financial liabilities	<u>1,503,790</u>	<u>1,503,790</u>
Net financial liabilities at end of the year	<u>(101,039)</u>	<u>(101,039)</u>

There is exposure to foreign currency risk as part of its normal business.

Sensitivity analysis:

	<u>2017</u> \$
A hypothetical 10% strengthening in the exchange rate of the functional currency \$ against US dollar with all other variables held constant would have a favourable effect on pre-tax profit of	<u>10,104</u>

The above table shows sensitivity to the hypothetical percentage variations in the functional currency against the relevant non-functional foreign currencies. The sensitivity rate used is the reasonably possible change in foreign exchange rates. For similar rate weakening of the functional currency against the relevant foreign currencies above, there would be comparable impacts in the opposite direction.

In management's opinion, the above sensitivity analysis is unrepresentative of the foreign currency risks as the historical exposure does not reflect the exposure in future.

The hypothetical changes in exchange rates are not based on observable market data (unobservable inputs). The sensitivity analysis is disclosed for each non-functional currency to which the entity has significant exposure at end of the reporting year. The analysis above has been carried out on the basis that there are no hedged transactions.

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14. Reserve Policy

	<u>2017</u>
	\$
Unrestricted fund ("Reserve")	(118,975)
Total resources expended for the year	<u>488,239</u>
Ratio of Reserve to total resources expended	<u>N.M.</u>
N.M. Not meaningful	

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

For the future reporting years new or revised Financial Reporting Standards in Singapore and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below.

<u>FRS No.</u>	<u>Title</u>	<u>Effective date for periods beginning on or after</u>
FRS 109	Financial Instruments	1 Jan 2018

16. Comparative figures

The financial statements cover the reporting year since incorporation on 7 October 2016 to 31 December 2017. This being the first set of financial statements, there are no comparative figures.

