

( 1 )

**WORLD VISION INTERNATIONAL**

( Incorporated in U.S.A. )

**SINGAPORE OPERATION**

**AUDITORS' REPORT PURSUANT TO SECTION 373  
OF THE SINGAPORE COMPANIES ACT**

We have audited the financial statements and notes thereon set out on pages 2 to 15. These financial statements are the responsibility of the branch's management. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

The Singapore branch is a segment of World Vision International and is not a separately incorporated legal entity. The attached financial statements have been prepared from the records of the Singapore branch and reflect only transactions recorded locally.

In our opinion,

- (a) the financial statements are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the assets used in, and liabilities arising out of, the branch's operations in Singapore as at 30 September 2006, and the results, movements in head office account and cash flows of the branch's operations in Singapore for the year then ended; and
- (b) the accounting and other records examined by us relating to the branch's operations in Singapore have been properly kept in accordance with the provisions of the Act.

Singapore, 6 December 2006

  
LO HOCK LING & CO.  
CERTIFIED PUBLIC ACCOUNTANTS

**WORLD VISION INTERNATIONAL**

( Incorporated in U.S.A. )

**SINGAPORE OPERATION**

Balance Sheet as at 30 September 2006

		2006		
	<u>Notes</u>	<u>Support Office</u>		<u>2005</u>
		\$		\$
<u>HEAD OFFICE ACCOUNT</u>		<u>923,140</u>		<u>464,224</u>
REPRESENT BY				
<u>PROPERTY, PLANT AND EQUIPMENT</u>	4	53,488		20,019
<u>CURRENT ASSETS</u>				
Other receivables	5	74,485		35,664
Cash and bank balances		880,166		505,869
Fixed deposits with bank	6	1,095		1,088
		<u>955,746</u>		<u>542,621</u>
<u>LESS CURRENT LIABILITIES</u>				
Accruals		80,555		96,622
Provision for taxation		5,539		1,794
		<u>86,094</u>		<u>98,416</u>
Net current (liabilities)/assets		869,652		444,205
Total net assets		<u>923,140</u>		<u>464,224</u>

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

I, Sim Cher Young, local agent of World Vision International Singapore Operation, certify that the financial statements set out on pages 2 to 15 are true and correct.




---

SIM CHER YOUNG  
LOCAL AGENT

Singapore,

**WORLD VISION INTERNATIONAL**

( Incorporated in U.S.A. )

**SINGAPORE OPERATION**

Income Statement for the year ended 30 September 2006

		2006	
	<u>Notes</u>	<u>Support Office</u>	<u>2005</u>
		\$	\$
Donations received	7	6,938,279	6,922,648
Funds received with World Vision International		-	-
Other income	8	43,218	15,956
Donations to World Vision International on:			
- Local ministry		( 9,800 )	-
- International ministry		( 5,195,716 )	( 5,812,048 )
- Partnership services		( <u>25</u> )	( <u>23,109</u> )
		1,775,956	1,103,447
Administrative expenses		( 726,034 )	( 628,804 )
Communication expenses		( 580,599 )	( 437,408 )
Public information expenses		( <u>6,662</u> )	( <u>826</u> )
(Deficit)/surplus before tax	9	462,661	36,409
Taxation	10	( <u>3,745</u> )	<u>1,120</u>
Net (deficit)/surplus for the year		<u>458,916</u>	<u>37,529</u>

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

**WORLD VISION INTERNATIONAL**

( Incorporated in U.S.A. )

**SINGAPORE OPERATION**Statement of Movements in Head Office Account for the year ended 30 September 2006

	<u>Support Office</u>
	\$
Balance as at 30 September 2004	426,695
Advances	-
Surplus for the year	37,529
Translation differences	-
	<hr/>
Balance as at 30 September 2005	464,224
(Deficit)/surplus for the year	458,916
Translation differences	-
	<hr/>
Balance as at 30 September 2006	<u>923,140</u>

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

**WORLD VISION INTERNATIONAL**

( Incorporated in U.S.A. )

**SINGAPORE OPERATION****Cash Flow Statement for the year ended 30 September 2006**

	2006		
<u>Note</u>	<u>Support Office</u>		<u>2005</u>
	\$		\$
<b><u>CASH FLOW FROM OPERATING ACTIVITIES:</u></b>			
(Deficit)/surplus before tax	462,661		36,409
Adjustments for:			
Depreciation on property, plant and equipment	26,044		19,309
(Gain)/loss on disposal of property, plant and equipment	( 400 )		83
Exchange difference	-		( - )
Interest income	( 43,218 )		( 15,956 )
Operating (deficit)/surplus before working capital changes	445,087		39,845
Increase in receivables	( 38,821 )		( 13,581 )
Increase/(decrease) in payables	( 16,067 )		1,524
Cash generated from operations	390,199		24,740
Interest earned	43,218		15,956
Payment of income tax	-		( 938 )
Net cash from operating activities	433,417		39,758
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>			
Proceeds from disposal of property, plant and equipment	400		680
Purchase of property, plant and equipment	( 59,513 )		( 20,253 )
Net cash used in investing activities	( 59,113 )		( 19,573 )
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES:</u></b>			
Advances received from World Vision International	-		-
Net cash from financing activities	-		-
Net increase in cash and cash equivalents	374,304		20,185
Cash and cash equivalents at beginning of the year	506,957		486,772
Cash and cash equivalents at end of the year	11 <u>881,261</u>		<u>506,957</u>

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

## WORLD VISION INTERNATIONAL

( Incorporated in U.S.A. )

### SINGAPORE OPERATION

---

---

#### NOTES TO THE FINANCIAL STATEMENTS - 30 September 2006

The following notes form an integral part of the financial statements.

#### 1. CORPORATE INFORMATION

The branch is registered and domiciled in the Republic of Singapore. Its registered office and support office is located at 10 Anson Road, #13-08 International Plaza, Singapore 079903 while the Asia Tsunami Response Team ("ATRT") operates from an office at 750B Chai Chee Road, #03-02 Technopark @ Chai Chee, Singapore 469002.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### (a) Basis of Preparation

The branch presents its financial statements in Singapore dollars, which is also its functional currency.

These financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and comply with Singapore Financial Reporting Standards (FRS), including related Interpretations promulgated by the Council on Corporate Disclosure and Governance, as required by the Companies Act.

During the financial year, the branch adopted all the applicable new/revised FRSs which are effective on or before 1 October 2005.

The adoption of these new/revised FRSs did not have any material effect on the company's financial statements and did not result in substantial changes to the branch's accounting policies.

##### (b) FRS and INT FRS not yet effective

At the date of authorisation of these financial statements, the branch has not applied any new FRS or INT FRS (Interpretations of Financial Reporting Standards) that has been issued but is not yet effective. The directors do not anticipate the adoption of the new FRS and INT FRS in future financial periods to have any material impact on the branch's financial statements in the period of initial application.

##### (c) Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment loss recognised in accordance with note 2(k) to the financial statements. Depreciation is calculated on the straight line basis so as to write off the cost of the assets over their estimated useful lives. The annual rates of depreciation are as follows:

Renovation	33.33%
Computer equipment	33.33%
Office equipment	20%
Furniture and fittings	10%

Fully depreciated assets are retained in the financial statements until they are no longer in use.

## WORLD VISION INTERNATIONAL

( Incorporated in U.S.A. )

### SINGAPORE OPERATION

---

---

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Trade and Other Receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. Receivables with a short duration are not discounted.

When there is objective evidence that the branch will not be able to collect all amounts due according to the original terms of the receivables, an impairment loss is recognised. The amount of the impairment loss is measured as the difference between the carrying value of the receivable and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of the receivable is reduced directly or through the use of an allowance account. The amount of the loss is recognised in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The amount of the reversal shall be recognised in the income statement.

(e) Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand and cash at bank which are subject to an insignificant risk of changes in value. Cash equivalents are stated at amounts at which they are convertible into cash.

(f) Trade and Other Payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(g) Income Taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case, it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided using the balance sheet liability method, on all temporary differences at the balance sheet date arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred tax are charged or credited to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

## WORLD VISION INTERNATIONAL

( Incorporated in U.S.A. )

### SINGAPORE OPERATION

---

---

#### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Foreign Currency Transactions

Foreign currency transactions are recorded, on initial recognition, in the functional currency (Singapore dollars) by applying to the foreign currency amounts the rates of exchange prevailing on the transaction dates. Recorded monetary balances that are denominated in foreign currencies as at balance sheet date are translated at the rates ruling on that date. Profit or loss on foreign currency translation are included in the income statement.

(i) Revenue Recognition

Donation are recognised on a cash basis.

Interest income is recognised on an accrual basis.

(j) Employee Benefits

(i) Defined Contribution Plans

The company makes contributions to the state provident fund (Central Provident Fund). Such contributions are recognised as compensation expenses in the same period as the employment that gave rise to the contributions.

(k) Impairment of Assets

The carrying amounts of the branch's property, plant and equipment subject to impairment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and its value in use. The value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.

An impairment loss is charged to the income statement unless it reverses a previous revaluation, in which case, it will be charged to equity. An impairment loss (except for impairment loss on goodwill) is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases. 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 determined if no impairment loss had been recognised.

(l) Provisions

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

## WORLD VISION INTERNATIONAL

( Incorporated in U.S.A. )

### SINGAPORE OPERATION

---

---

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Leases

Operating Leases

Leases whereby the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases.

When the branch is the lessor, assets leased out under operating leases are included in property, plant and equipment/investment property. Income arising from such operating lease is recognised on a straight line basis over the lease term.

When the branch is the lessee, operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

3. PRINCIPAL ACTIVITIES

The principal activities of the branch consist of:

(a) Support Office

The support office provides administrative support to World Vision projects, the promotion and publicity of its work to the public in Singapore, maintaining its Christian relationship with the Christian church and servicing supporters of its work around the world;

**WORLD VISION INTERNATIONAL**

( Incorporated in U.S.A. )

**SINGAPORE OPERATION****4. PROPERTY, PLANT AND EQUIPMENT**

	<u>Renovation</u>	<u>Motor vehicle</u>	<u>Computer equipment</u>	<u>Office equipment</u>	<u>Furniture and fittings</u>	<u>Total</u>
	\$	\$	\$	\$	\$	\$
<u>Support Office</u>						
<u>Cost</u>						
At 1 October 2004	-	-	59,552	20,634	7,516	87,702
Additions	-	-	19,671	235	347	20,253
Disposals	-	-	( 7,112 )	-	-	( 7,112 )
Written off	-	-	( 2,555 )	( 160 )	-	( 2,715 )
At 30 September 2005 and 1 October 2005	-	-	69,556	20,709	7,863	98,128
Additions	27,245	-	10,373	8,751	13,144	59,513
Disposal	-	-	( 2,072 )	-	-	( 2,072 )
Written off	-	-	( 19,307 )	( 5,290 )	-	( 24,597 )
At 30 September 2006	<u>27,245</u>	<u>-</u>	<u>58,550</u>	<u>24,170</u>	<u>21,007</u>	<u>130,972</u>
<u>Accumulated depreciation</u>						
At 1 October 2004	-	-	46,829	17,425	3,610	67,864
Charge for the year	-	-	15,713	2,810	786	19,309
Disposals	-	-	( 6,349 )	-	-	( 6,349 )
Written off	-	-	( 2,555 )	( 160 )	-	( 2,715 )
At 30 September 2005 and 1 October 2005	-	-	53,638	20,075	4,396	78,109
Charge for the year	9,082	-	12,819	2,042	2,101	26,044
Disposal	-	-	( 2,072 )	-	-	( 2,072 )
Written off	-	-	( 19,307 )	( 5,290 )	-	( 24,597 )
At 30 September 2006	<u>9,082</u>	<u>-</u>	<u>45,078</u>	<u>16,827</u>	<u>6,497</u>	<u>77,484</u>
<u>Carrying amount</u>						
At 30 September 2006	<u>18,163</u>	<u>-</u>	<u>13,472</u>	<u>7,343</u>	<u>14,510</u>	<u>53,488</u>
At 30 September 2005	<u>-</u>	<u>-</u>	<u>15,918</u>	<u>634</u>	<u>3,467</u>	<u>20,019</u>

**WORLD VISION INTERNATIONAL**

( Incorporated in U.S.A. )

**SINGAPORE OPERATION**5. OTHER RECEIVABLES

	2006	
	<u>Support Office</u>	<u>2005</u>
	\$	\$
Other receivables	42,119	18,602
Deposits	20,473	11,260
Prepayments	6,308	4,276
Staff and other advances	<u>5,585</u>	<u>1,526</u>
	<u>74,485</u>	<u>35,664</u>

6. FIXED DEPOSITS WITH BANK

All fixed deposits mature within one year and bear interest at 0.825% (2005: 0.625%) per annum.

**WORLD VISION INTERNATIONAL**

( Incorporated in U.S.A. )

**SINGAPORE OPERATION****7. DONATIONS RECEIVED**

The breakdown of the donations received by the branch are as follows:

	<u>2006</u>	<u>2005</u>
	\$	\$
Child sponsorship	5,145,197	4,690,742
Community development	117,011	47,614
General childcare	821,998	581,862
Relief and rehabilitation	823,073	350,107
Tsunami relief	31,000	1,252,323
Others	-	-
	<u>6,938,279</u>	<u>6,922,648</u>

**8. OTHER INCOME**

The breakdown of other income are as follows:

	<u>2006</u>	
	Support Office \$	<u>2005</u> \$
Interest income	43,218	15,956

**9. (DEFICIT)/SURPLUS BEFORE TAX**

This is stated after charging/(crediting) the following items which have not been otherwise disclosed in the income statement:-

	<u>2006</u>	
	Support Office \$	<u>2005</u> \$
Depreciation on property, plant and equipment	26,044	19,309
Employee benefits expense:		
- wages and salaries	655,398	563,000
- employer's contributions to Central Provident Fund	75,657	62,182
- foreign pension funds	-	
(Gain)/loss on disposal of property, plant and equipment	( 400 )	83
Rental expenses	69,268	44,415
Interest income	( 43,218 )	( 15,956 )
Exchange (gain)/loss	( 2 )	( 484 )

**WORLD VISION INTERNATIONAL**

( Incorporated in U.S.A. )

**SINGAPORE OPERATION****10. INCOME TAXES**

	<u>2006</u>	
	<u>Support Office</u>	<u>2005</u>
	\$	\$
Provision for current taxation	4,200	1,205
Over-provision in prior years	( 455 )	( 2,325 )
	<u>3,745</u>	<u>( 1,120 )</u>

Reconciliation of income tax expense:

	<u>2006</u>	
	<u>Support Office</u>	<u>2005</u>
	\$	\$
(Deficit)/surplus before tax	<u>462,661</u>	<u>36,409</u>
Tax at statutory rate of 20%	92,532	7,282
Tax effect of:-		
Non-taxable income	( 1,387,656 )	( 1,384,530 )
Non-deductible expenses	1,303,767	1,380,439
Statutory stepped income exemption	( 4,822 )	( 2,095 )
Over-provision in prior year	( 455 )	( 2,325 )
Others	379	( 109 )
	<u>3,745</u>	<u>( 1,120 )</u>

**11. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents in the cash flow statement comprise the following balance sheet amounts:

	<u>2006</u>	
	<u>Support Office</u>	<u>2005</u>
	\$	\$
Cash and bank balances	880,166	505,869
Fixed deposits with bank	<u>1,095</u>	<u>1,088</u>
	<u>881,261</u>	<u>506,957</u>

**WORLD VISION INTERNATIONAL**

( Incorporated in U.S.A. )

**SINGAPORE OPERATION****12. OPERATING LEASE COMMITMENTS**

As at the balance sheet date, the branch has the following commitments under non-cancellable operating leases where the branch is the lessee:

	2006	
	<u>Support Office</u>	<u>2005</u>
	\$	\$
Payable within 1 year	65,053	12,880
Payable after 1 year but not later than 5 years	81,317	
	<u>146,370</u>	<u>12,880</u>

The above operating lease commitments are based on known rental rates as at the date of this report and do not include any revision in rates which may be determined by the lessor.

**13. FINANCIAL RISK MANAGEMENT**

The branch is exposed to minimal financial risks. The company does not have a formal overall risk management programme but reviews overall risk on an informal basis. Risk management practices are determined and carried out by the board of directors and they are summarised below:

**(i) Credit risk**

Management monitors the branch's exposure to credit risks on an ongoing basis.

Cash and cash equivalents are placed with a financial institution with good credit ratings.

As at the balance sheet date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

**(ii) Foreign exchange risk**

The branch is exposed to foreign exchange risk arising from certain currency exposures. The branch monitors foreign currency exchange rates movements closely to ensure that their exposures are minimised.

**(iii) Interest rate risk**

The branch's exposure to interest rate risk arises primarily from its fixed deposits placed with bank. The branch constantly monitors movements in interest rates to ensure deposits are placed with a financial institution offering optimal rates of return.

The interest rates and terms of maturity of the financial assets of the company are disclosed in note 6 of the financial statements.

**(iv) Liquidity risk**

The branch manages its operating cash flows and the availability of funding so as to ensure that a sufficient level of cash and cash equivalents is maintained to meet its working capital requirement.

**WORLD VISION INTERNATIONAL**

( Incorporated in U.S.A. )

**SINGAPORE OPERATION**

---

---

14. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of cash and bank balances, receivables and payables approximate their fair values due to their short term nature.

15. CONTINGENT LIABILITY

To qualify for tax exempt status under the Singapore Income Tax Act, the branch must utilise eighty percent of its adjusted income for charitable purposes in Singapore. The branch has not utilised eighty percent of its adjusted income for charitable purposes in Singapore, to qualify for the tax exempt status. However, no provision for taxation, other than on interest income, has been made in the financial statements as the branch's management is of the opinion that the branch should be able to obtain the necessary exemption. If the necessary exemption is not obtained, the cumulative estimated tax payables on the income would be \$4.28 million (2005: \$4.0 million) at the balance sheet date.

16. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the branch for the year ended 30 September 2006 were authorised for issue by the Local Agent on 6 December 2006.

# WORLD VISION INTERNATIONAL

( Incorporated in U.S.A. )

## SINGAPORE OPERATION

Schedule of Expenditure for the year ended 30 September 2006

	Support Office			<u>2006</u>	<u>2005</u>
	<u>Administrative</u>	<u>Communication</u>	<u>Public information expenses</u>		
	\$	\$	\$		
Audit fee	-	-	-	-	-
Bank charges	8,610	-	-	8,610	5,775
Central provident fund contributions	32,181	-	-	32,181	29,079
Data processing	46,838	28,819	-	75,657	62,182
Depreciation on property, plant and equipment	17,928	-	-	17,928	10,007
Education/training	26,044	-	-	26,044	19,309
Exchange difference	5,303	4,366	-	9,669	11,213
General expenses	( 2 )	-	-	( 2 )	484
Hospitality and refreshments	6,027	9	-	6,036	1,936
Legal and professional fees	2,905	1,294	-	4,199	2,641
(Gain)/loss on disposal of property, plant and equipment	5,174	-	-	5,174	2,746
Mail handling cost	( 400 )	-	-	( 400 )	83
Medical expenses and insurance	545	5,598	-	6,143	15,088
Postages	9,962	2,385	-	12,347	4,190
Printing	27,082	61,160	-	88,242	106,113
Publicity/advertising	16,014	101,929	-	117,943	107,674
Rental expenses	10	93,625	5,656	99,291	38,037
Salaries	69,268	-	-	69,268	44,415
Stationery	402,942	252,456	-	655,398	563,000
Telephone and telex	962	413	-	1,376	615
Transport	3,978	814	42	4,834	3,614
Travelling expenses	3,788	3,347	964	8,099	5,167
Upkeep of Office Equipment	28,559	24,384	-	52,943	24,540
Utilities	5,490	-	-	5,490	4,231
	6,825	-	-	6,825	4,899
<b>Total expenditure</b>	<u>726,034</u>	<u>580,599</u>	<u>6,662</u>	<u>1,313,294</u>	<u>1,067,038</u>