



**Chinese Development Assistance Council  
(Limited by guarantee and not having a share capital)  
Registration Number: 199202625K**

Annual Report  
Year ended 31 December 2009

## Directors' report

We, the undersigned directors, on behalf of all the directors of Chinese Development Assistance Council (the "Council"), submit this annual report to the members together with the audited financial statements of the Council for the financial year ended 31 December 2009.

### Structure, governance and management

The founding members of the Council are the Singapore Chinese Chamber of Commerce and Industry ("SCCCI") and the Singapore Federation of Chinese Clan Associations ("SFCCA").

The Board of Directors and the Board of Trustees of the Council are formed through a tripartite nomination. The Patron, the SCCCI and the SFCCA each nominate their representatives to serve on the two Boards. The Board of Trustees comprises Chairman of the Board of Directors, seven representatives each from the SCCCI and SFCCA and ten other persons nominated by the Patron of the Council. The Board of Directors comprises four representatives each from the SCCCI and SFCCA and nine other persons nominated by the Patron.

For better governance and management, the Board of Directors has set up seven Board Committees to oversee the operation of the various programmes of the Council. Chairman of each Board Committee is appointed by Chairman of the Board of Directors. The Committees include:

<u>Board Committee</u>	<u>Programmes</u>
Education Committee	Education Programme CDAC Opportunity Fund
Skills Training Committee	Skills Training Programme
Student Service Centres Committee	Student Service Centres
Volunteers & Social Services Committee	Volunteers & Social Services Programme
B <sup>3</sup> Programme Committee	B <sup>3</sup> Programme
Silver Talent Programme Committee	Silver Talent Programme
Workfare Programme Committee	CDAC Workfare Programme

In addition, the Council also set up a Finance & Establishment Committee to oversee the manpower establishment, financial and human resource management of the Council and an Investment Committee to manage and invest the funds of the Council. The Council also set up an Audit Committee to serve as an independent and objective party to assist the Board of Directors and Board of Trustees in fulfilling its fiduciary responsibilities relating to corporate accounting and reporting practices.

### Patron

The Patron of the Council is the Prime Minister of Singapore, Mr Lee Hsien Loong.

## **Directorate**

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

Lim Swee Say (Chairman)  
Baey Yam Keng  
Chua Kee Seng, Thomas  
Eng Heng Nee, Philip  
Fu Hai Yien, Grace  
Gan Kim Yong  
Heng Chee How  
Kuah Geok Lin, James  
Ng Kok Lip  
Dr Ong Seh Hong  
Dr Ooi Giok Ling (Deceased on 5 October 2009)  
Tan Eng Lai  
Tang Kian Meng  
Tay Khiam Back  
Teo Chiang Long  
Wan Shung Ming  
Wong Luck Jaen

The roles of the Board of Directors are to:

- (1) formulate key objectives, strategies and directions for the operation of the Council;
- (2) monitor and review the progress of the various programmes and activities of the Council;
- (3) review and approve annual budget for the various programmes and activities of the Council; and
- (4) abide by the duties, responsibilities and liabilities of a Director as specified in the Companies Act as well as under the common law.

## **Trustees**

The trustees in office at the date of this report are as follows:

Wee Cho Yaw (Chairman)  
Cheng Wai Keung  
Chew Leong-Chee, Tony  
Chia Ban Seng  
Ch'ng Jit Koon  
Chua Thian Poh  
Goi Seng Hui, Sam  
Ho Nai Chuen, Charles  
Dr Hong Hin Kay, Albert  
Hu Yee Cheng, Robin  
Kwee Liong Keng  
Kwek Leng Joo  
Lee Ah Fong  
Lee Ching Yen, Stephen  
Lee Kwok Kie, Patrick  
Lee Peng Shu  
Leong Heng Keng

Lim Fang Hua  
Lim Swee Say  
Dr Loo Choon Yong  
Lum Ooi Lin, Olivia  
Tan Cheng Gay  
Tan Kien Lip  
Wong Kan Seng  
Yap Boh Pin

The roles of the Board of Trustees are to:

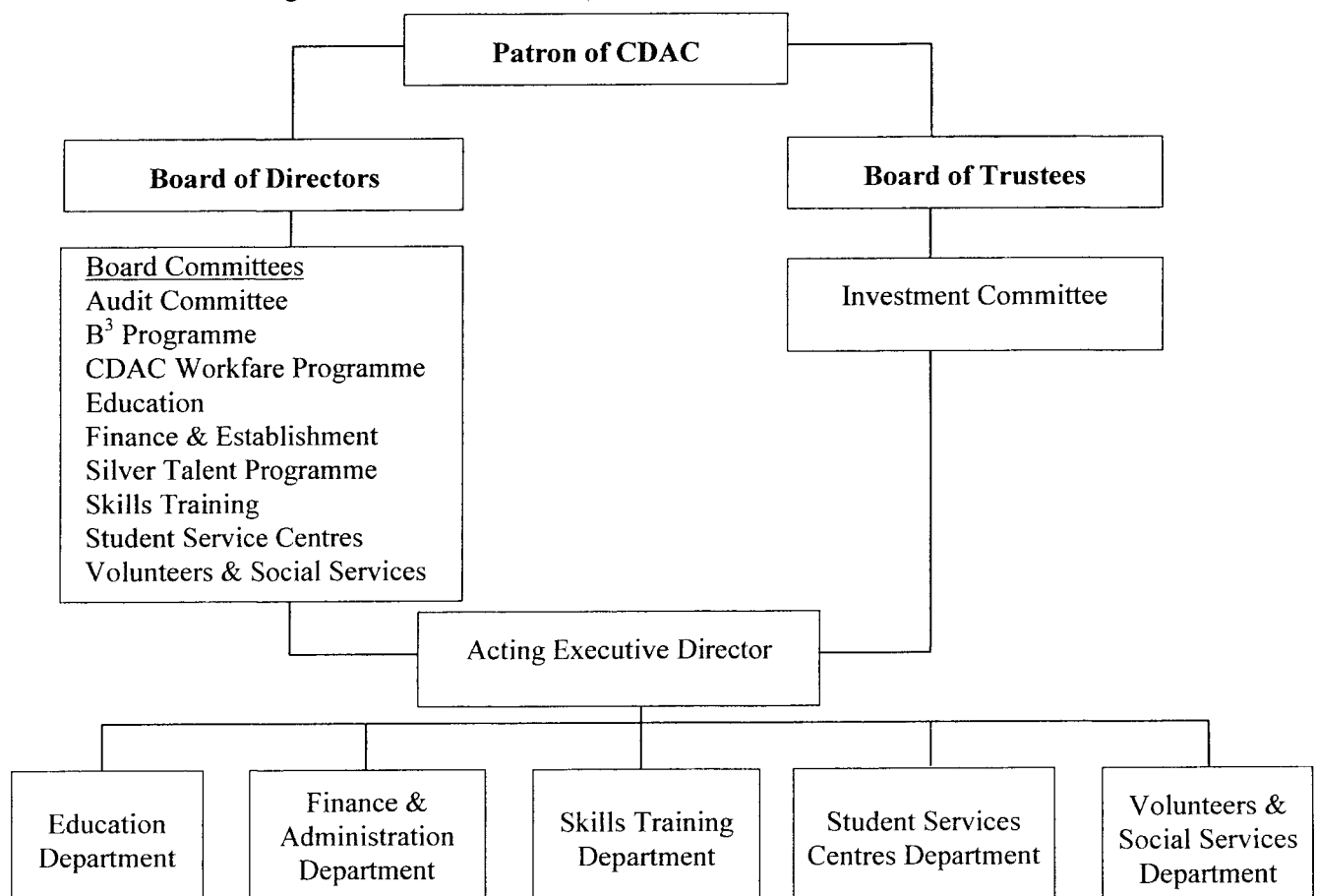
- (1) help mobilise community support to achieve the objects of the Council;
- (2) hold in trust any assets for the Council at the request of the Board of Directors; and
- (3) offer observations, comments and advice on the general programmes adopted by the Council.

### Eulogy

The Board of Directors would like to express its deepest appreciation to the late Dr Ooi Giok Ling, a member of the Board of Directors for her strong support and contributions to the Council. Dr Ooi Giok Ling served on the Board of Directors from 12 June 2004 to 5 October 2009. Dr Ooi Giok Ling had contributed much to the progress and development of the Council.

### Organisation structure of the Council

The Council's organisation structure is as follows:



## **Key roles and functions of the various committees, key management and departments of the Council**

The roles and functions of the various Board Committees are to:

- (1) oversee the operation, progress and development of the various programmes;
- (2) review and assess the effectiveness of the programmes; and
- (3) recommend and implement new programmes and activities to meet the needs of the respective target groups of the various programmes.

The key roles and functions of the management and departments of the Council are to:

- (1) carry out the day-to-day operation of the various programmes and activities;
- (2) provide secretariat support to the various Board Committees to implement the programmes and activities; and
- (3) monitor the progress of the various programmes/activities and provide Board Committees overseeing the various programmes with timely progress report of the programmes.

### **Objectives and activities**

The Council's four (4) core programmes include Education, Skills Training, Student Service Centres, Volunteers & Social Services and its three (3) other programmes are B<sup>3</sup> Programme, Silver Talent Programme and CDAC Workfare Programme. The objectives of the "4+3" programmes are as follows:

#### **Education Programme**

The Education Programme aims to help the academically weak students from less well-to-do families to improve their studies through subsidised tuition and enrichment programmes.

#### **Skills Training Programme**

The Skills Training Award programme aims to assist low-income, low-skill workers to upgrade their skills so as to enhance their earning capabilities.

#### **Student Service Centres Programme**

The CDAC Student Service Centres are set up to help students improve their studies, develop their potential and build up their self-esteem.

#### **Volunteers & Social Services Programme**

The Programme aims to manage and build up a pool of competent and committed volunteers to support and implement the various CDAC's programmes and to recognise dedicated and deserving volunteers.

At the same time, the Programme provides support, financial and other assistance programmes to needy families and students through the CDAC-SFCCA Hardship Assistance Fund and CDAC-SFCCA Bursary schemes.

### **B<sup>3</sup> Programme**

The B<sup>3</sup> Programme signifies "Benefited, Benefiting, Beneficiaries". It provides a platform for youths who have benefited from CDAC's programmes to contribute their services back to society, hence benefiting the existing beneficiaries.

### **Silver Talent Programme**

The Silver Talent Programme focuses on providing employment opportunities for the older Singaporeans and retirees who still have financial needs to join and re-join the workforce. The programme also aims to recruit active older Singaporeans who are financially sound to become CDAC's volunteers.

### **CDAC Workfare Programme**

The CDAC Workfare Programme aims to help low-income parents including single parents to join or re-join the workforce. Appropriate assistance schemes are put in place to enable the single parents, intact families with children and dysfunctional families to become self-reliant.

### **Achievements and performance in 2009**

The year 2009 was a challenge as a result of the financial and economic crises which started since second half of 2008. While continuing to offer and expand on its existing programmes and services to help its target groups, the Council also implemented CDAC Opportunity Programme (COPE) with various additional help measures in early 2009 to help those affected to ride out the downturn. During the year, the Council helped a total of 65,500 beneficiaries through our four plus three programmes. The Council has achieved its targets set for the various programmes. This is made possible through donations from the Chinese community besides receiving fee income as well as grants and subsidies from various Government Agencies.

### **Plans for future period**

CDAC Vision 2012:

*"A cohesive and resilient community that strives for upward social mobility through self-help and mutual support"*

The Council has identified three key thrusts as it moves towards its Vision 2012 when it celebrates its 20<sup>th</sup> Anniversary. The three key thrusts are:

- (a) Helping our target groups to move beyond survival towards greater social mobility;
- (b) Moving from community partnership towards community co-ownership; and
- (c) Not just being an efficient implementer, but also an effective integrator.

For greater synergy in working towards its Vision 2012, the Council has re-grouped its existing programmes to focus on three target groups, namely Students, Workers and Family. CDAC would enhance its community outreach and leverage on community resources as well as building a stronger volunteer community to reach out and help the different target groups to do better and eventually achieve social mobility. The Council has set new targets for 2010 to help 67,000 beneficiaries through this new framework. The Council will continue to review, improve, experiment and find new ways to evolve its various programmes to be able to assist more needy families.

Under the new framework starting from 2010, the CDAC's programmes are as follows:

(a) **Student Education and Development Programme**

- focusing on helping students to survive and to excel by allocating more resources and efforts to initiate and implement specialised and customised programmes including excellence development programmes to help those "one poor" (promising students from low-income families) to upgrade and excel.

(b) **Workers' Upgrading and Employment Programme**

- focusing on helping workers to acquire basic skills and to find jobs. More resources will be allocated to help workers to upgrade themselves in order to secure better jobs and achieve social mobility.

(c) **Family Workfare and Support Programme**

- focusing on helping students and their families and those with potential to move beyond self-reliance towards social mobility.

(d) **Community Outreach and Co-ownership Programme**

- focusing on enhancing the Council's outreach and co-ownership of projects with Community Development Councils and local grassroots organisations to strengthen its presence in the community.

(e) **Volunteer Engagement and Development**

- focusing on strengthening the pool of volunteers to build a stronger volunteer community.

The Council would continue to expand its programmes and initiate new programmes to move towards its Vision 2012.

### **Directors' interests**

The Council has no share capital and its liability is limited by guarantee.

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

During the financial year, the Council has, in the normal course of business, entered into deposit transactions with a company in which a director of the Council has substantial financial interest. However, the director has neither received nor become entitled to receive any benefit arising out of these transactions other than those which he may be entitled as a shareholder of this company.

Except as disclosed above, since the end of the last financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Council 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.

### **Share options**

The Council is limited by guarantee and has not issued any share options.

### **Auditors**

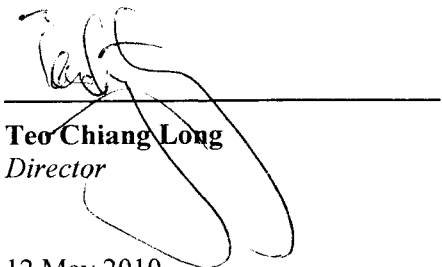
The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



---

**Lim Swee Say**  
*Chairman*



---

**Teo Chiang Long**  
*Director*

12 May 2010

## **Statement by Directors**

We, being directors of Chinese Development Assistance Council, do hereby state that in our opinion:

- (a) the financial statements set out on pages FS1 to FS35 are drawn up so as to give a true and fair view of the state of affairs of the Operation Fund and Endowment Fund as at 31 December 2009 and the results, changes in funds and cash flows of the Operation Fund and Endowment Fund of the Council for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Council will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors



---

**Lim Swee Say**  
*Chairman*



---

**Teo Chiang Long**  
*Director*

12 May 2010



**KPMG LLP**  
16 Raffles Quay #22-00  
Hong Leong Building  
Singapore 048581

Telephone +65 6213 3388  
Fax +65 6225 0984  
Internet www.kpmg.com.sg

## **Independent auditors' report**

Members of Chinese Development Assistance Council

We have audited the financial statements of Chinese Development Assistance Council (the "Council"), which comprise the balance sheets as at 31 December 2009, the statements of comprehensive income, statement of changes in funds and cash flow statements of the Operation Fund and the Endowment Fund for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages FS1 to FS35.

### *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, Chapter 50 (the Act) and Singapore Financial Reporting Standards.

Management has acknowledged that its responsibility includes:

- (a) 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 accounts and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

### *Auditors' 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 of the Council are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Operation Fund and Endowment Fund as at 31 December 2009 and the results, changes in funds and cash flows of the Operation Fund and Endowment Fund of the Council for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Council have been properly kept in accordance with the provisions of the Act.

**Report on other legal and regulatory requirements**

During the course of our audit, nothing came to our attention to cause us to believe that:

- (a) the Council did not comply with Regulation 15 of the Charities (Institutions of a Public Character) Regulations 2007; and
- (b) the donation moneys have not been used in accordance with the objectives of the Council as an institution of a public character.



**KPMG LLP**  
*Public Accountants and  
Certified Public Accountants*

**Singapore**  
12 May 2010

**Balance sheet**  
**As at 31 December 2009**

	Note	2009 \$	2008 \$
<b>Non-current assets</b>			
Property, plant and equipment	3	1,119,898	488,138
Direct investments	4	1,402,300	1,313,049
		2,522,198	1,801,187
<b>Current assets</b>			
Curriculum materials		14,261	6,681
Fund management investment schemes	5	5,120,481	5,000,000
Other receivables	6	1,869,372	1,685,861
Cash and cash equivalents	8	960,228	2,523,757
		7,964,342	9,216,299
<b>Total assets</b>		10,486,540	11,017,486
<b>Reserves</b>			
Accumulated Operation Fund	9	7,445,165	8,280,073
Fair value reserve	10	22,272	(165,939)
<b>Total reserves</b>		7,467,437	8,114,134
<b>Current liabilities</b>			
Other payables	11	3,019,103	2,903,352
<b>Total liabilities</b>		3,019,103	2,903,352
<b>Total reserves and liabilities</b>		10,486,540	11,017,486

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

**Statement of comprehensive income**  
**Year ended 31 December 2009**

	Note	2009 \$	2008 \$
<b>Income</b>			
Voluntary income:			
Donations from CPF Check-Off scheme		10,303,068	10,095,304
Other donations		129,300	99,000
	14	10,432,368	10,194,304
Income from charitable activities:			
Fee income from Education programme		860,458	914,777
Income from B <sup>3</sup> programme and Student Service Centres		1,275,444	1,302,685
Grants and subsidies from government agencies		4,593,170	2,919,814
		6,729,072	5,137,276
Other income	15	15,786	23,434
<b>Total income</b>		17,177,226	15,355,014
<b>Expenses</b>			
Agency fees paid to CPF Board		(406,963)	(379,512)
Investment management cost:			
Fund management investment schemes		(11,093)	(9,306)
Charitable activities:			
Education programme		(4,210,471)	(4,327,053)
Skills Training programme		(5,492,296)	(5,626,573)
Student Service Centres programme		(3,800,876)	(3,260,587)
Volunteers & Social Services programme		(1,777,751)	(1,436,219)
- CDAC-SFCCA Hardship Assistance and CDAC-SFCCA Bursary schemes		(998,651)	(946,332)
B <sup>3</sup> programme		(155,550)	(182,546)
Silver Talent programme		(376,591)	(376,964)
CDAC Workfare programme		(2,451,351)	(2,171,333)
CDAC Opportunity Fund programme		(178,232)	(370,852)
<b>Total expenses incurred on charitable activities</b>	16	(19,441,769)	(18,698,459)
Governance costs		(134,502)	(124,813)
Temporary Occupation Licence fee		(430,345)	(430,345)
Administration and finance		(600,210)	(618,423)
<b>Total expenses incurred</b>	17	(21,024,882)	(20,260,858)
<b>Deficit before other recognised gain/(losses) and transfers</b>		(3,847,656)	(4,905,844)

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

**Statement of comprehensive income (cont'd)**  
**Year ended 31 December 2009**

	Note	2009 \$	2008 \$
<b>Other recognised gains/(losses)</b>			
Investment income/(expense):			
Fund management investment schemes	18	211,555	(96,943)
Direct investments	18	69,468	26,944
Net change in fair value of financial assets held for trading		78,577	(62,756)
Net gain on disposal of available-for-sale financial assets transferred from equity		7,739	120,665
Changes in fair value of capital guarantees provided by fund managers		(159,658)	159,658
Gain on disposal of property, plant and equipment		6,416	2,533
		214,097	150,101
<b>Net deficit before transfers</b>		(3,633,559)	(4,755,743)
<b>Transfers</b>			
Gross transfers from Endowment to Operation Fund:			
Funding of CDAC Vision 2012 programmes		1,000,000	-
Funding of Opportunity Fund programme		250,000	250,000
Funding of Student Service Centres operating expenses		350,000	350,000
Funding of CDAC-SFCCA Hardship Assistance Fund and CDAC-SFCCA Bursary schemes		998,651	910,000
Funding of Volunteers & Social Services Programme (Ready for School Project) & Silver Talent Programme		200,000	200,000
	9	2,798,651	1,710,000
<b>Net deficit for the year</b>		(834,908)	(3,045,743)
<b>Other comprehensive income</b>			
Net change in fair value of available-for-sale financial assets		195,950	(252,342)
Net change in fair value of available-for-sale financial asset transferred to profit or loss		(7,739)	(120,665)
<b>Other comprehensive income for the year</b>		188,211	(373,007)
<b>Total comprehensive income for the year</b>		(646,697)	(3,418,750)

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

**Cash flow statement**  
**Year ended 31 December 2009**

	Note	2009 \$	2008 \$
<b>Operating activities</b>			
Cash receipts from:			
Grants received for Skills Training Award scheme		2,112,426	2,547,897
Contributions through the Central Provident Fund Check-Off scheme		10,288,462	10,055,272
Other donations		129,300	99,000
Student fees		818,493	968,362
Fees from student service centres, B <sup>3</sup> programme and Opportunity Fund programme		1,307,494	1,302,685
Endowment Fund		2,798,651	1,710,000
Grants from Government agencies		2,316,837	707,895
Cash paid to:			
The Central Provident Fund Board for agency fees		(404,664)	(376,676)
Singapore Land Authority for the Temporary Occupation Licence fee		(430,345)	(430,345)
Suppliers and employees		(19,744,137)	(18,464,640)
<b>Cash flows from operating activities</b>		<b>(807,483)</b>	<b>(1,880,550)</b>
<b>Investing activities</b>			
Purchase of plant and equipment		(968,940)	(481,507)
Proceeds from disposal of plant and equipment		9,099	2,600
Purchase of financial assets		-	(500,000)
Proceed from sale of investments		106,151	1,781,011
Interest received		182,744	149,818
Dividends received		79,634	52,453
Funds with investment managers:			
Purchase of financial assets		(4,169,019)	(4,421,639)
Proceeds from disposal of financial assets		2,468,483	7,994,093
Cash and cash equivalents held with fund managers		1,535,802	(1,158,307)
<b>Cash flows from investing activities</b>		<b>(756,046)</b>	<b>3,418,522</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,563,529)</b>	<b>1,537,972</b>
Cash and cash equivalents at beginning of year		2,523,757	985,785
<b>Cash and cash equivalents at end of year</b>	<b>8</b>	<b>960,228</b>	<b>2,523,757</b>

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

**Balance sheet**  
**As at 31 December 2009**

	Note	2009 \$	2008 \$
<b>Non-current assets</b>			
Direct investments	4	752,210	1,772,971
		752,210	1,772,971
<b>Current assets</b>			
Interest receivable		7,758	9,533
Fund management investment schemes	5	47,403,429	40,494,283
Cash and cash equivalents	8	830,187	1,165,036
		48,241,374	41,668,852
<b>Total assets</b>		48,993,584	43,441,823
<b>Reserves</b>			
Accumulated Endowment Fund	13	48,066,514	42,485,400
Fair value reserve	10	330,550	574,678
<b>Total reserves</b>		48,397,064	43,060,078
<b>Current liabilities</b>			
Other payables	11	596,520	381,745
<b>Total liabilities</b>		596,520	381,745
<b>Total reserves and liabilities</b>		48,993,584	43,441,823

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

**Statement of comprehensive income**  
**Year ended 31 December 2009**

	Note	2009 \$	2008 \$
<b>Income</b>			
Voluntary income:			
Donations from general public	14	338,222	127,619
Investment income:			
Fund management investment schemes	18	2,241,237	-
Direct investments	18	45,199	57,453
Changes in fair value of capital guarantees provided by fund managers		-	1,448,223
Net gain on disposal of available-for-sale financial assets transferred from equity		290,367	3,101,606
Net change in fair value of financial assets		7,326,536	-
Other income	15	6,847	8,829
<b>Total income</b>		<b>10,248,408</b>	<b>4,743,730</b>
<b>Expenses</b>			
Investment management cost:			
Fund management investment schemes		(420,326)	(138,761)
Investment expense:			
Fund management investment schemes	18	-	(849,821)
Changes in fair value of capital guarantees provided by fund managers		(1,448,223)	-
Net change in fair value of financial assets		-	(7,725,449)
Charitable activities:			
Other operating expenses		(94)	(54)
<b>Total expenses</b>		<b>(1,868,643)</b>	<b>(8,714,085)</b>
<b>Net surplus/(deficit) before transfers</b>		<b>8,379,765</b>	<b>(3,970,355)</b>
<b>Transfers</b>			
Gross transfers from Endowment to Operation Fund			
Funding of CDAC Vision 2012 programmes		(1,000,000)	-
Funding of Opportunity Fund programme		(250,000)	(250,000)
Funding of Student Service Centres operating expenses		(350,000)	(350,000)
Funding of CDAC-SFCCA Hardship Assistance Fund and CDAC-SFCCA Bursary schemes		(998,651)	(910,000)
Funding of Volunteers & Social Services Programme (Ready for School Project) & Silver Talent Programme		(200,000)	(200,000)
	13	<b>(2,798,651)</b>	<b>(1,710,000)</b>
<b>Net surplus/(deficit) for the year</b>		<b>5,581,114</b>	<b>(5,680,355)</b>

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

**Statement of comprehensive income (cont'd)**  
**Year ended 31 December 2009**

	Note	2009 \$	2008 \$
<b>Other comprehensive income</b>			
Net change in fair value of available-for-sale financial assets		46,239	(29,958)
Net change in fair value of available-for-sale financial asset transferred to profit or loss		(290,367)	(3,101,606)
<b>Other comprehensive income for the year</b>		<u>(244,128)</u>	<u>(3,131,564)</u>
<b>Total comprehensive income for the year</b>		<u>5,336,986</u>	<u>(8,811,919)</u>

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

**Cash flow statement**  
**Year ended 31 December 2009**

	<b>Note</b>	<b>2009</b>	<b>2008</b>
		<b>\$</b>	<b>\$</b>
<b>Operating activities</b>			
Cash receipts from:			
Donations		338,222	127,619
Cash paid to:			
Operation Fund		(2,798,651)	(1,710,000)
Others		(94)	49,945
<b>Cash flows from operating activities</b>		<b>(2,460,523)</b>	<b>(1,532,436)</b>
<b>Investing activities</b>			
Interest received		1,023,177	735,363
Dividends received		382,042	459,614
Funds with investment managers:			
Purchase of financial assets		(29,986,925)	(39,480,394)
Proceeds from disposal of financial assets		25,554,990	36,053,481
Cash and cash equivalents held with fund managers		4,078,016	4,313,456
Proceeds from disposal of other financial assets		1,074,374	349,706
<b>Cash flows from investing activities</b>		<b>2,125,674</b>	<b>2,431,226</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(334,849)</b>	<b>898,790</b>
Cash and cash equivalents at beginning of year		1,165,036	266,246
<b>Cash and cash equivalents at end of year</b>	<b>8</b>	<b>830,187</b>	<b>1,165,036</b>

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

Statement of changes in funds  
 Year ended 31 December 2009

	Accumulated fund		Operation Fund		Endowment Fund		Total reserves
	\$	\$	Fair value reserve	Total	Fair value reserve	Total	
At 1 January 2008	11,325,816	207,068	11,532,884	48,165,755	3,706,242	51,871,997	63,404,881
<b>Total comprehensive income for the year</b>							
Deficit	(3,045,743)	-	(3,045,743)	(5,680,355)	-	(5,680,355)	(8,726,098)
<b>Other comprehensive income</b>							
Net change in fair value of available-for-sale financial assets	-	(252,342)	(252,342)	-	(29,958)	(29,958)	(282,300)
Net change in fair value of available-for-sale financial assets transferred to profit or loss	-	(120,665)	(120,665)	-	(3,101,606)	(3,101,606)	(3,222,271)
Total other comprehensive income	-	(373,007)	(373,007)	-	(3,131,564)	(3,131,564)	(3,504,571)
<b>Total comprehensive income for the year</b>	<b>(3,045,743)</b>	<b>(373,007)</b>	<b>(3,418,750)</b>	<b>(5,680,355)</b>	<b>(3,131,564)</b>	<b>(8,811,919)</b>	<b>(12,230,669)</b>
At 31 December 2008	8,280,073	(165,939)	8,114,134	42,485,400	574,678	43,060,078	51,174,212

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

Chinese Development Assistance Council  
Financial statements  
Year ended 31 December 2009

	Accumulated fund		Operation Fund		Accumulated fund		Endowment Fund		Total reserves	
	\$	\$	Fair value reserve	Total	\$	\$	Fair value reserve	Total	\$	\$
At 1 January 2009	8,280,073	(165,939)	(165,939)	8,114,134	42,485,400	574,678	43,060,078	51,174,212		
<b>Total comprehensive income for the year</b>										
(Deficit)/Surplus	(834,908)	-	(834,908)	5,581,114	5,581,114	-	5,581,114	4,746,206		
<b>Other comprehensive income</b>										
Net change in fair value of available-for-sale financial assets	-	195,950	195,950	-	-	46,239	46,239	242,189		
Net change in fair value of available-for-sale financial assets transferred to profit or loss	-	(7,739)	(7,739)	-	-	(290,367)	(290,367)	(298,106)		
Total other comprehensive income	-	188,211	188,211	-	-	(244,128)	(244,128)	(55,917)		
<b>Total comprehensive income for the year</b>	(834,908)	188,211	(646,697)	5,581,114	5,581,114	(244,128)	5,336,986	4,690,289		
At 31 December 2009	7,445,165	22,272	7,467,437	48,066,514	48,066,514	330,550	48,397,064	55,864,501		

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

## **Notes to the financial statements**

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 12 May 2010.

### **1 Domicile and activities**

Chinese Development Assistance Council (the “Council”), a public company limited by guarantee and not having a share capital, is incorporated in the Republic of Singapore. The registered address of the Council is at 65 Tanjong Katong Road, Singapore 436957.

The Patron of the Council is the Prime Minister of Singapore, Mr Lee Hsien Loong.

The Council's priority is to help the less successful individuals of the Chinese community in Singapore upgrade themselves in education and skills. To achieve this, the Council organises low fee education programmes and introduces a number of Skills Training Award schemes to help low-skill, low-income workers attend courses in established training institutions. In addition, the Council sets up Student Service Centres providing studies, sports and enrichment activities for needy students. The Council also works with the Ministry of Education and schools to counsel and persuade premature school leavers to return to schools.

The Council has an Operation Fund which is used to finance the Council's operations and programmes and an Endowment Fund which is used to provide funds which can only be used for the Council's operations. Please refer to notes 9 and 13 for details of the Council's Operation and Endowment Funds respectively.

The Council has been granted Institution of a Public Character (“IPC”) status since 22 May 2007.

The current tax exemption status will expire on 21 May 2012.

The Council is registered as a charity under the Charities Act, Chapter 137 since 23 July 1992.

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

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

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”).

Prior to 2007, the Council had obtained an annual exemption order from the Accounting & Corporate Regulatory Authority (“ACRA”) to prepare and present separate balance sheets, income statements, cash flows and statement of changes in funds for its Operation Fund and the Endowment Fund under Section 202(1) of the Singapore Companies Act. In 2007, the ACRA provided a standing approval for the Council to continue its past practice of preparing and presenting such separate statements if such presentation results in a fair presentation of its state of affairs, results, cash flows and changes in funds.

The directors are of the opinion that the preparation and presentation of separate balance sheets, statements of comprehensive income, cash flows and statement of changes in funds for its Operation Fund and Endowment Fund results in a fair presentation of the state of affairs, results, cash flows and changes in funds of the Council.

The financial statements have been prepared on the historical cost basis except for certain financial assets and liabilities which are measured at fair value.

The financial statements are presented in Singapore dollars which is the Council's functional currency. All financial information is presented in Singapore dollars, unless otherwise stated.

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying policies that have the most significant effect on the amount recognised in the financial statements are described in note 22 - valuation of financial instruments.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

## 2.2 Changes in accounting policies

### ***Presentation of financial statements***

The Council applies revised FRS 1 *Presentation of Financial Statements* (2008), which became effective as of 1 January 2009. As a result, the Council presents all non-owner changes in funds in the statement of comprehensive income.

Comparative information has been re-presented so that it also is in conformity with the revised standard.

## 2.3 Foreign currencies

Transactions in foreign currencies are translated to the functional currency of the Council at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on the monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments which are recognised in other comprehensive income.

## 2.4 Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Council and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

Depreciation on property, plant and equipment is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

The estimated useful lives are as follows:

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

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

## 2.5 Funds

Separate funds are maintained for amounts received for specific purposes. Interest income is allocated to the respective funds, where appropriate, on a specific identifiable basis.

## 2.6 Financial instruments

### *Non-derivative financial instruments*

The Council initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Council becomes a party to the contractual provisions of the instruments.

The Council derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Council is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Council has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial instruments comprise investments in equity and debt securities, other receivables, student fees receivable, contributions receivable through the Central Provident Fund Board scheme, interest receivable, cash and cash equivalents and other payables.

Cash and cash equivalents comprise cash balances and deposits with financial institutions.

#### ***Financial assets at fair value through profit or loss***

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Council manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Council's documented risk management or investment strategies. Upon initial recognition, attributable transaction costs are recognised in profit or loss as incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

#### ***Loans and receivables***

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

#### ***Available-for-sale financial assets***

The Council's investments in certain quoted equity securities, quoted debt securities and unit trusts are classified as available-for-sale financial assets if they are not classified in any of the previous categories. Subsequent to initial recognition, they are measured at fair value and changes therein, other than for impairment losses, and foreign exchange gains and losses on available-for-sale monetary items (see note 2.3), are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to the profit or loss.

#### ***Non-derivative financial liabilities***

Financial liabilities are recognised initially on the trade date at which the Council becomes a party to the contractual provisions of the instrument.

The Council derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Non-derivative financial liabilities comprise other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequently to the initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

#### ***Derivative financial instruments and hedging activities***

The Council holds derivative financial instruments to hedge its foreign currency risk exposures.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

#### ***Economic hedges***

Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in the fair value of such derivatives are recognised in the profit or loss as part of foreign currency gains or losses.

#### ***Separable embedded derivatives***

Changes in the fair value of separable embedded derivative are recognised immediately in the profit or loss.

#### ***Impairment of financial assets (including receivables)***

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, indications that a debtor or issuer will enter bankruptcy, and the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Council considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss.

If, in subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

## 2.7 Impairment – non-financial assets

The carrying amounts of the Council's non-financial assets, other than curriculum materials, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing 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 purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

The Council's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro-rata basis.

An impairment loss in respect of assets recognised in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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, net of depreciation, if no impairment loss had been recognised.

## 2.8 Curriculum materials

Curriculum materials are stated at the lower of cost and net realisable value.

2.9 Income recognition

***Donations***

Donations are recognised on a receipt basis.

***Grants***

Government grants consist of grants received or receivable.

Grants that compensate the Council for expenses incurred are recognised as income in the profit or loss in the period in which it is receivable. Grants that compensate the Council for the cost of an asset are deducted in arriving at the carrying amount of the asset. Such grants are recognised in the profit or loss over the life of the depreciable asset by way of a reduced depreciation charge.

***Contributions from the Central Provident Fund scheme***

Contributions from the Central Provident Fund scheme are recognised when the right to receive payment has been established.

***Student fee income***

Student fee income is recognised when services are rendered.

***Finance income***

Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Council's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

***Government grant - Jobs credit scheme***

Cash grants received from the government in relation to the Jobs Credit Scheme are recognised as income upon receipt.

2.10 Operating leases

Where the Council has the use of assets under operating leases, payments made under the leases are recognised in the profit or loss on a straight-line basis over the term of the lease.

2.11 Employee benefits

***Defined contribution plans***

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

***Short-term benefits***

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under the short-term cash bonus if the Council has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.12 New standards and interpretations not yet adopted

New standards, amendments to standards and interpretations that are not yet effective for the year ended 31 December 2009 have not been applied in preparing these financial statements. None of these is expected to have a significant impact on the financial statements.



#### 4 Direct investments

	Operation Fund		Endowment Fund	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Non-current investments</b>				
Unit trusts available-for-sale	26,000	132,449	-	1,067,000
Quoted equity securities available-for-sale	1,376,300	1,180,600	131,300	102,700
Quoted debt securities available-for-sale	-	-	620,910	603,271
	<u>1,402,300</u>	<u>1,313,049</u>	<u>752,210</u>	<u>1,772,971</u>

The weighted average effective interest rates per annum and repricing periods of the interest earning financial assets are as follows:

	Effective interest rate %	Total \$	Within	1 to 5	After
			1 year	years	5 years
		\$	\$	\$	\$
<b>Endowment Fund 2009</b>					
Debt securities	4.95	620,910	-	-	620,910
<b>2008</b>					
Debt securities	4.95	603,271	-	-	603,271

#### 5 Fund management investment schemes

	Operation Fund		Endowment Fund	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Current investments</b>				
Quoted equity securities held for trading	526,910	91,559	13,250,639	6,386,594
Quoted debt securities held for trading	2,774,300	2,242,016	17,875,948	15,090,048
Unquoted debt securities held for trading	1,415,544	594,627	8,867,170	6,615,278
Government securities held for trading	-	-	195,700	136,032
Interest receivable	36,055	33,871	412,846	217,095
Cash and cash equivalents held with fund managers	342,467	1,878,269	6,658,023	10,727,958
Derivative assets	25,205	159,658	143,103	1,453,720
Derivative liabilities	-	-	-	(132,442)
	<u>5,120,481</u>	<u>5,000,000</u>	<u>47,403,429</u>	<u>40,494,283</u>

The above represents funds placed with financial institutions who manage the funds on a full discretionary basis for a period of 2 to 3 years. Although the book value of the investments fluctuates during the fund management period, the investment managers have provided guarantee of the return of the principal sum to the Council at the end of the relevant fund management periods on 2 (2008: 2) portfolios. The funds are invested in investments which are in compliance with the provisions of the Trustees Act.

Forward foreign exchange contracts are held as economic hedges of debt securities and cash and cash equivalents denominated in foreign currencies.

In financial year 2008, the Council reclassified its investments held in fund management investment schemes from available-for-sale to held for trading. The carrying amounts of the investments of the Operation Fund and the Endowment Fund at the date of reclassification amount to \$7,546,155 and \$49,982,570 respectively. At the date of reclassification, the cumulative gain or loss included as fair value component of equity remains in equity until derecognition of the asset. The fair value at the date of reclassification represents the new basis for recognising changes in fair value for the trading asset.

The weighted average effective interest rates per annum and repricing periods of the interest earning financial assets managed under these portfolios are as follows:

<b>Operation Fund</b>	<b>Effective</b>		<b>Within</b>	<b>1 to 5</b>	<b>After</b>
<b>2009</b>	<b>interest</b>	<b>Total</b>	<b>1 year</b>	<b>years</b>	<b>5 years</b>
	<b>rate</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
	<b>%</b>				
Debt securities, government securities and deposits	3.94	4,568,366	3,996,787	257,860	313,719
<b>2008</b>					
Debt securities, government securities and deposits	3.27	4,748,783	2,528,521	1,918,596	301,666
<b>Endowment Fund</b>					
<b>2009</b>					
Debt securities, government securities and deposits	3.54	34,009,687	16,397,050	13,006,641	4,605,996
<b>2008</b>					
Debt securities, government securities and deposits	2.15	32,786,411	13,386,612	14,358,978	5,040,821

The Council's exposure to credit, currency and interest rate risks is disclosed in note 22.

## 6 Other receivables – Operation Fund

	Note	2009 \$	2008 \$
Student fees receivable		176,493	119,460
Allowance for doubtful receivables		(4,000)	(4,000)
		<u>172,493</u>	<u>115,460</u>
Contributions receivable through the Central Provident Fund Board scheme		873,137	858,531
Other receivables	7	796,838	679,427
Loans and receivables		1,842,468	1,653,418
Prepayments		26,904	32,443
		<u>1,869,372</u>	<u>1,685,861</u>

The change in impairment loss in respect of student fees receivable during the year is as follows:

	2009 \$	2008 \$
At 1 January	4,000	4,000
Impairment loss recognised	3,810	4,000
Impairment loss utilised	(3,810)	(4,000)
At 31 December	<u>4,000</u>	<u>4,000</u>

Contributions receivable through the Central Provident Fund Board scheme relates to the December contributions made by individuals of the Chinese community.

## 7 Other receivables

	2009 \$	2008 \$
Interest receivable	200	2,047
Deposits	115,197	115,197
GST recoverable	29,023	44,091
Grants receivable	635,092	503,235
Other receivables	17,326	14,857
	<u>796,838</u>	<u>679,427</u>

Grants receivable comprise claims relating to the Skills Development Fund and Skills Redevelopment Programme.

## 8 Cash and cash equivalents

	<b>Operation Fund</b>		<b>Endowment Fund</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	\$	\$	\$	\$
Cash at bank and in hand	360,228	1,023,757	270,179	96,857
Deposits with financial institutions	600,000	1,500,000	560,008	1,068,179
	<u>960,228</u>	<u>2,523,757</u>	<u>830,187</u>	<u>1,165,036</u>

As at 31 December 2009, for cash at bank and in hand, \$355,928 or 99% (2008: \$1,019,457 or 99%) of the Operation Fund and \$270,179 or 100% (2008: \$96,857 or 100%) of the Endowment Fund were kept in interest-bearing savings or autosave accounts with financial institutions.

The weighted average effective interest rates per annum of the interest earning accounts and deposits at the balance sheet date are as follows:

	<b>Operation Fund</b>		<b>Endowment Fund</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	%	%	%	%
Cash at bank	0.04	0.04	0.08	0.11
Deposits with financial institutions	0.19	0.98	0.20	0.91

Interest rates reprice at intervals of one, three or six months.

## 9 Operation fund

The Operation Fund is a general fund of the Council to be applied for the general purposes of the Council in support of its objectives.

The Operation Fund comprises mainly the monthly contributions made by individuals of the Chinese community through the Central Provident Fund Board scheme as stipulated in The Central Provident Fund (Contributions to Community Fund (CDAC)) Rules 1992 which commences from September 1992 and the income (net) generated thereon.

The Council recorded a net deficit before transfers of \$3,633,559 (2008: \$4,755,743) for the year. During the year, \$2,798,651 (2008: \$1,710,000) was transferred from the Endowment Fund to finance the operating expenditures of the various programmes.

## 10 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of available-for-sale investments held until the investment is derecognised.

## 11 Other payables

	Note	Operation Fund		Endowment Fund	
		2009	2008	2009	2008
		\$	\$	\$	\$
Accrued operating expenses	12	2,814,110	2,633,575	595,520	381,745
Advances received		204,993	269,777	-	-
Financial liabilities at amortised cost		3,019,103	2,903,352	595,520	381,745

## 12 Accrued operating expenses

	Operation Fund		Endowment Fund	
	2009	2008	2009	2008
	\$	\$	\$	\$
Auditors' remuneration:				
- audit fees	64,200	64,200	-	-
- non-audit fees	8,600	8,100	-	-
Fund management performance fee	3,050	1,950	595,520	381,745
Skill training awards	1,076,307	1,485,240	-	-
Agency fee payable to CPF Board	35,591	33,292	-	-
CPF contribution for December	143,216	141,625	-	-
Ready for School project	620,830	261,613	-	-
CDAC programmes and other administrative cost	601,671	480,978	-	-
Provision for unutilised leave	195,811	143,624	-	-
Other accruals	64,834	12,953	-	-
	2,814,110	2,633,575	595,520	381,745

## 13 Endowment fund

The Endowment Fund is established to receive specific donations from the public and government grant. The Board of Trustees is entrusted with the duty of managing and building up the Endowment Fund. Such endowment funds can be used for the Council's operations only with the approval of the Board of Trustees. Income generated by the Endowment Fund accrues to the Endowment Fund.

During the financial year, the Board of Trustees approved the transfer of \$2,798,651 (2008: \$1,710,000) from the Endowment Fund to the Operation Fund.

**14 Donation income**

The tax deductible donations include donation income recognised but not yet received for the year. These donations are tax deductible in nature.

**15 Other income**

	<b>Operation Fund</b>		<b>Endowment Fund</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	\$	\$	\$	\$
Interest income:				
- deposits and bank balances	7,554	12,801	6,847	8,829
- student loans	7,284	10,060	-	-
Others	948	573	-	-
	<u>15,786</u>	<u>23,434</u>	<u>6,847</u>	<u>8,829</u>

**16 Resources expended on charitable activities – Operation Fund**

<b>Programme or Initiative</b>	<b>Cost</b>	<b>Support</b>	<b>2009</b>	<b>2008</b>
	<b>undertaken</b>	<b>cost</b>		
	<b>directly</b>	<b>(note 19)</b>	<b>Total</b>	<b>Total</b>
	\$	\$	\$	\$
Education Programme	3,898,577	311,894	4,210,471	4,327,053
Skills Training Programme	5,342,239	150,057	5,492,296	5,626,573
Student Service Centres Programme	3,407,034	393,842	3,800,876	3,260,587
Volunteers & Social Services Programme	1,681,293	96,458	1,777,751	1,436,219
- CDAC-SFCCA Hardship Assistance and CDAC-SFCCA Bursary schemes	998,651	-	998,651	946,332
B <sup>3</sup> Programme	132,802	22,748	155,550	182,546
Silver Talent Programme	349,057	27,534	376,591	376,964
CDAC Workfare Programme	2,411,053	40,298	2,451,351	2,171,333
CDAC Opportunity Fund Programme	178,232	-	178,232	370,852
	<u>18,398,938</u>	<u>1,042,831</u>	<u>19,441,769</u>	<u>18,698,459</u>

## 17 Expenses incurred – Operation Fund

The following items have been included in arriving at total expenses incurred:

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Allowance for doubtful receivables	3,810	4,000
Bad debts written off	-	267
Depreciation expenses	334,495	301,992
Operating lease expenses	83,108	74,452
Staff costs:		
- key management personnel	320,859	465,399
- others	3,305,729	3,238,794
Contributions to defined contribution plans included in staff costs	378,098	376,545
Waiver of student fees	222,377	159,984
	<u>222,377</u>	<u>159,984</u>

CDAC occupies a government land at 65 Tanjong Katong Road, Singapore 436857 and pays a Temporary Occupation Licence (“TOL”) fee yearly to Singapore Land Authority. Ministry of Community Development, Youth and Sports provides a yearly grant to defray the TOL fee incurred by the Council. The TOL fee for the current financial year is \$430,345 (2008: \$430,345).

## 18 Investment income/(expense)

	<b>Operation Fund</b>		<b>Endowment Fund</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Investment income/(expense) from fund management investment schemes:				
Interest income	178,214	135,675	1,012,986	780,977
Dividend income	9,619	6,094	373,917	440,172
Realised gain/(loss) on sale of investments	23,722	(238,712)	854,334	(2,070,970)
	<u>211,555</u>	<u>(96,943)</u>	<u>2,241,237</u>	<u>(849,821)</u>
Investment income from direct investments:				
Interest income from debt securities	-	1,000	29,700	34,245
Dividend income	70,015	46,359	8,125	19,442
Realised (loss)/gain on sale of investments	(547)	(20,415)	7,374	3,766
	<u>69,468</u>	<u>26,944</u>	<u>45,199</u>	<u>57,453</u>

19 Support cost – Operation Fund

Support Cost	Education Programme \$	Skills Training Programme \$	Student Service Centres Programme \$	Volunteers & Social Services Programme \$	B <sup>3</sup> Programme \$	Silver Talent Programme \$	CDAC Workfare Programme \$	Basis of allocation
Staff cost (include management)	171,653	105,480	99,010	55,952	20,759	20,759	28,769	Usage in terms of time spent
Maintenance and administrative expenses	115,854	19,898	74,834	14,713	1,989	6,775	11,529	Floor area in terms of floor area occupied and usage
Depreciation expenses	24,387	24,679	219,998	25,793	-	-	-	Usage in terms of assets acquired
Total for 2009	311,894	150,057	393,842	96,458	22,748	27,534	40,298	
Total for 2008	353,315	191,644	382,412	119,622	34,204	38,968	84,443	

Allocated staff cost includes the manpower cost of management staff, administration and Information Technology staff but exclude staff who directly handles the programme. Depreciation expenses incurred for Student Service Centres programme include the depreciation expenses of the renovation cost of Student Service Centres and the assets acquired such as computers and office equipment to operate the centres.

## 20 Fund raising expenses

During the year, there were no fund-raising activities undertaken by the Council.

## 21 Taxation

The Council is an approved charity organisation under the Charities Act, Chapter 37 and an institution of a public character under the Income Tax Act, Chapter 134. No provision for taxation has been made in the financial statements as the Council is a registered charity with income tax exemption.

## 22 Financial risk management

### *Overview*

Risk management is integral to the operations of the Fund. Management has established a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks.

### *Credit risk*

Credit risk is the risk of financial loss to the Council if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Council's receivables from counterparties and investment securities.

The maximum exposure to credit risk for loans and receivables at the reporting date (by type of debtors) is:

	<b>Operation Fund</b>	
	<b>2009</b>	<b>2008</b>
	\$	\$
Government agencies	1,537,252	1,405,857
Self-help group	170,000	113,000
Others	135,216	134,561
	<u>1,842,468</u>	<u>1,653,418</u>

The Council establishes an allowance for impairment that represents its estimate of incurred losses in respect of its trade receivables.

The ageing of receivables are as follows: -

	<b>Operation Fund</b>			
	<b>Gross</b>	<b>Impairment</b>	<b>Gross</b>	<b>Impairment</b>
	<b>2009</b>	<b>losses</b>	<b>2008</b>	<b>losses</b>
	\$	\$	\$	\$
Not past due	1,840,474	-	1,651,217	-
Past due 0 – 30 days	-	-	-	-
Past due 31 – 60 days	5,994	4,000	6,201	4,000
	1,846,468	4,000	1,657,418	4,000

Based on historical default rates, the Council believes that no impairment is necessary in respect of receivables not past due or past due up to 60 days except for specifically identified amounts. These receivables are mainly arising from Government and Self-Help Group agencies.

Similarly on investment operations, stringent criteria are adopted by the Investment Committee in the selection of professional fund managers for investments in fund management investment schemes.

These professional Investment Managers adopt very stringent quantitative and qualitative criteria in their investment process which cover research and fundamental analysis; strategy and asset allocation including portfolio construction; and risk management and performance analysis.

The debt securities comprise government securities and corporate bonds of good credit quality.

Fixed income investments are assessed using stringent investment criterion and this includes, but is not limited to, a thorough analysis of each debt security's terms and conditions, the availability and quality of the guarantor, as well as financial strength of the issuer.

Cash and cash equivalents are placed with banks and financial institutions which are regulated.

***Liquidity risk***

Liquidity risk is the risk that the Council will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Council monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Council's operations and to mitigate the effects of fluctuations in cash flows.

### Operation Fund

	Carrying amount	Cash flows			
		Contractual cash flows	Less than 1 year	Between 1 and 5 years	More than 5 years
	\$	\$	\$	\$	\$
<b>2009</b>					
Trade and other payables	3,019,103	3,019,103	3,019,103	-	-
	3,019,103	3,019,103	3,019,103	-	-
<b>2008</b>					
Trade and other payables	2,903,352	2,903,352	2,903,352	-	-
	2,903,352	2,903,352	2,903,352	-	-

### Endowment Fund

	Carrying amount	Cash flows			
		Contractual cash flows	Less than 1 year	Between 1 and 5 years	More than 5 years
	\$	\$	\$	\$	\$
<b>2009</b>					
Trade and other payables	596,520	596,520	596,520	-	-
	596,520	596,520	596,520	-	-
<b>2008</b>					
Trade and other payables	381,745	381,745	381,745	-	-
	381,745	381,745	381,745	-	-

### *Market risk*

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Council's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

### *Currency risk*

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Council is exposed to the effects of foreign currency exchange rate fluctuations, principally in US dollar and Hong Kong dollar.

The Council's foreign currency exposures are as follows:

	US dollar \$	Hong Kong dollar \$	Indonesian rupiah \$	Malaysian ringgit \$	Other currencies
<b>Operation Fund</b>					
<b>2009</b>					
Investments	16,748	99,170	-	-	-
<b>2008</b>					
Investments	-	58,559	-	-	-
<b>Endowment Fund</b>					
<b>2009</b>					
Investments	2,196,228	1,975,243	1,082,610	295,682	2,518,852
Cash and cash equivalents	-	29,151	-	35,173	162,054
	2,196,228	2,004,394	1,082,610	330,855	2,680,906
<b>2008</b>					
Investments	1,679,405	1,498,788	837,584	169,558	831,562
Cash and cash equivalents	276,253	21,100	5,151	286,871	227,885
	1,955,658	1,519,888	842,735	456,429	1,059,447

Sensitivity analysis

A strengthening of the Singapore dollar, as indicated below, against the following currencies at 31 December would have increased/(decreased) other comprehensive income and profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Council considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2008.

	Operation Fund		Endowment Fund	
	Other comprehensive income	Profit or loss	Other comprehensive income	Profit or loss
	\$	\$	\$	\$
<b>31 December 2009</b>				
US dollar	-	(1,675)	-	(219,623)
Hong Kong dollar	-	(9,917)	-	(200,439)
Indonesian rupiah	-	-	-	(108,261)
Malaysian ringgit	-	-	-	(33,085)
<b>31 December 2008</b>				
US dollar	-	-	-	(195,566)
Hong Kong dollar	-	(5,856)	-	(151,989)
Indonesian rupiah	-	-	-	(84,274)
Malaysian ringgit	-	-	-	(45,643)

A weakening of the Singapore dollar against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

***Interest rate risk***

The Council's exposure to market risk for changes in interest rates relates to the interest-bearing cash and cash equivalents and debt securities. The weighted average effective rates at balance sheet date and the periods in which they reprice or mature are disclosed in notes 4 and 5.

***Sensitivity analysis***

At the balance sheet date, management assessed that an increase/(decrease) of 100 basis points in the interest rates would have no significant impact on the results of the Council.

***Market risk***

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

***Fair value hierarchy***

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<b>31 December 2009</b>				
<b>Operation Fund</b>				
Available-for-sale financial assets	1,402,300	-	-	1,402,300
Financial assets held for trading	3,301,210	1,415,544	-	4,716,754
Financial derivatives	-	25,205	-	25,205
	4,703,510	1,440,749	-	6,144,259
<b>Endowment Fund</b>				
Available-for-sale financial assets	752,210	-	-	752,210
Financial assets held for trading	31,126,587	9,062,870	-	40,189,457
Financial derivatives	-	143,103	-	143,103
	31,878,797	9,205,973	-	41,084,770

***Investment risk***

An Investment Committee, established to advise, review and approve investment proposals and appointment of investment managers, monitors the Council's investments on an ongoing basis. Most of the Council's funds are placed with regulated financial institutions who manage the funds on a full discretionary basis.

***Estimation of fair value***

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Council.

***Investments in equity and debt securities***

The fair value of quoted financial assets at fair value through profit or loss and available-for-sale financial assets is determined by reference to their quoted bid prices at the reporting date.

The fair value of unquoted debt securities is provided by investment fund managers as obtained from recognised market makers.

***Derivatives***

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual period to maturity of the contract using a risk-free interest rate (based on government bonds).

***Other financial assets and liabilities***

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including other receivables, cash and cash equivalents and other payables) are assumed to approximate their fair values because of the short period to maturity.

## 23 Capital management

The Council is a company limited by guarantee with no issued capital. The Council build up its capital from donations received and also through prudent management of its financial resources. The capital of the Council include reserve fund in its Endowment Fund and accumulated surplus fund in its Operation Fund.

The Council's capital is closely monitored to ensure that there is sufficient capital to support its programme and activities. The Council constantly assesses its capital adequacy and explore ways to maximise existing resources within the community as it conduct its budget planning and review.

The Council has an Investment Committee to review and manage the capital fund. Most of the Council's capital fund are invested with regulated financial institutions based on stringent criteria in the selection of professional fund managers.

The Council has set guidelines on its investment to safeguard the capital. Of the funds invested with professional fund managers, two out of the five portfolios managed by fund managers are with guarantee of the return of principal sum. The funds are invested in investments which are in compliance with the provisions of the Trustees Act.

There were no changes in the Council's approach to capital management during the year.

The Council is not subject to externally imposed capital requirements.

## 24 Key management personnel compensation

Key management personnel of the Council are those having the authority and responsibility for planning, directing and controlling the activities of the Council. The Board of Directors, Board of Trustees and executive directors of the Council are considered as key management personnel of the Council. The Board of Directors and Board of Trustees did not receive any form of remuneration during the year. Key management personnel compensation comprised:

	2009	2008
	\$	\$
Short term employee benefits	320,859	465,399

## 25 Significant related party transactions

For the purpose of these financial statements, parties are considered to be related to the Council if the Council has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Council and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Other than disclosed elsewhere in the financial statements, the transactions with related parties are as follows:

	2009	2008
	\$	\$
Transactions during the year:		
Deposits placed with financial institutions	260,339	260,000
Balances at year-end:		
Deposits placed with financial institutions	-	260,000

## 26 Comparative information

During the current year, the Council modified the cash flow statement classification of funds with investment managers (including portfolio re-allocations) to present separately on a gross basis purchases and disposals of financial assets by investment managers and the Council. Funds with investment managers were presented as purchase of financial assets, proceeds from disposal of financial assets and cash and cash equivalents held with fund managers. Direct investments made by the Council were presented as purchase of financial assets and proceed from sale of investments. Comparative amounts were reclassified for consistency.