



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

Annual Report
Year ended 31 December 2010

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 2010.

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 five 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 five Board Committees are:

<u>Board Committees</u>	<u>Programmes</u>
Student Education & Development	Student Education & Excellence Development CDAC Opportunity Fund CDAC-SFCCA Bursary
Workers' Upgrading & Employment	Skills Training Award Scheme Job matching and referrals
Family Workfare & Support	Family Assistance & Development CDAC-SFCCA Hardship Assistance Fund
Community Outreach & Co-ownership	CDAC Centres
Volunteers Engagement & Development	Volunteers Programme

In addition, the Council has 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	
Eng Heng Nee, Philip	
Fu Hai Yien, Grace	
Gan Kim Yong	
Kuah Geok Lin, James	
Lau Tai San	Appointed on 25 June 2010
Lim Sau Hoong	Appointed on 25 June 2010
Ng Siew Quan	Appointed on 25 June 2010
Ong Ye Kung	Appointed on 25 June 2010
Peh Nam Chuan, Adrian	Appointed on 25 June 2010
Tan Chin Siong, Sam	Appointed on 25 June 2010
Tan Eng Lai	
Tang Kian Meng	
Tay Khiam Back	
Teo Chiang Long	
Yam Ziming, Alex	Appointed on 25 June 2010

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	
Ch'ng Jit Koon	
Chua Kee Seng, Thomas	Appointed on 25 June 2010
Chua Thian Poh	
Goh Nam Siang	Appointed on 25 June 2010
Goi Seng Hui, Sam	
Ho Kiau Seng	Appointed on 25 June 2010
Ho Nai Chuen, Charles	
Dr Hong Hin Kay, Albert	
Hu Yee Cheng, Robin	
Kwee Liong Keng	
Lee Ching Yen, Stephen	
Lee Kwok Kie, Patrick	
Lee Peng Shu	

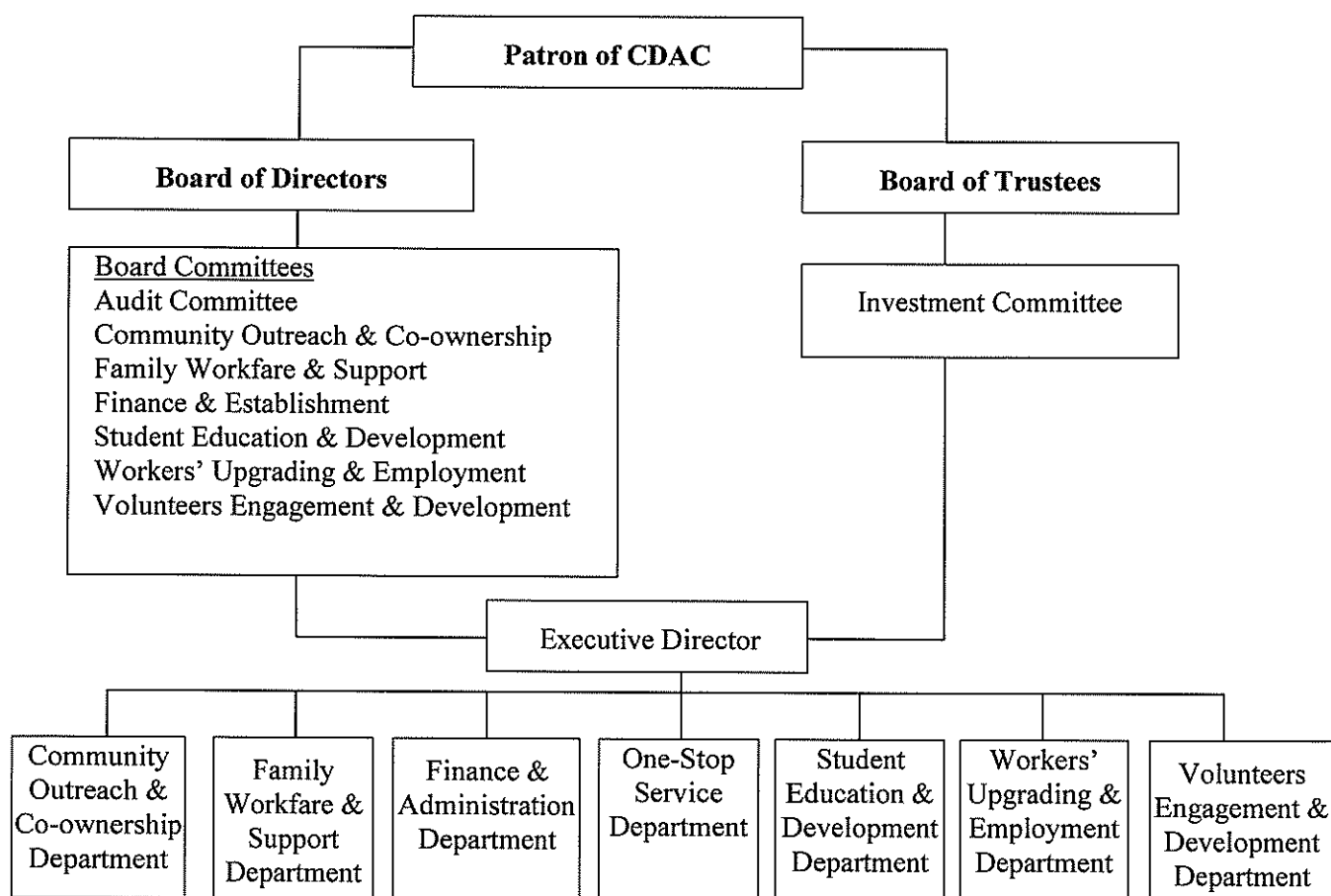
Liew Mun Leong	Appointed on 25 June 2010
Lim Fang Hua	
Lim Swee Say	
Lum Ooi Lin, Olivia	
Tan Cheng Gay	
Teo Siong Seng	Appointed on 25 June 2010
Wan Shung Ming	Appointed on 25 June 2010
Wong Kan Seng	
Yap Boh Pin	

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.

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 initiatives 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.

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 20th 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.

Objectives and activities

For greater synergy in working towards its Vision 2012, The Council re-grouped its programmes in 2010 to focus on helping three key target groups, namely, students, workers and families to survive, do better and achieve social mobility. The key programmes include Student Education & Development Programme, Workers' Upgrading & Employment Programme and Family Workfare & Support Programme. The Council also enhances its community outreach and leverages on community resources and builds a stronger volunteer community to reach out to the different target groups through its Community Outreach & Co-ownership Programme and Volunteers Engagement & Development Programme.

Student Education & Development programme

This programme aims to help the academically weak students from less well-to-do families to improve their studies through subsidised tuition and enrichment programmes. Specialised and customised programmes including excellence development programmes are provided to help the "one poor" (promising students from low-income families) to upgrade and excel.

Workers' Upgrading & Employment programme

This programme aims to help low-skilled, low-income workers enhance their employability through skills training and job-matching and referrals. This programme also helps those with potential to upgrade themselves through progression training courses in order to secure better jobs and achieve social mobility.

Family Workfare & Support programme

This programme aims to help the low-income families, including single-parent families, to become self-sufficient and self-reliant, and those families with potential to move beyond self-reliance towards social mobility.

Community Outreach & Co-ownership programme

This programme focuses 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.

Volunteers Engagement & Development programme

This programme focuses on strengthening the pool of volunteers to build a stronger volunteer community.

Achievements and performance in 2010

The year 2010 posed a good challenge for the Council. With a strong recovery of the Singapore economy in 2010, the overall number of beneficiaries needing assistance was lower than the preceding year. During the year, the Council's efforts in helping more promising students, workers and families to strive for upward social mobility and better future gained momentum. In total, 63,500 beneficiaries were assisted through the various 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's agencies.

Plans for future

The Council has set new targets for 2011 to help 65,100 beneficiaries through its various programmes. 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.

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.

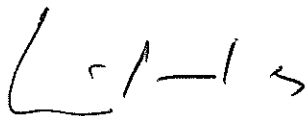
Share options

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



Ng Siew Quan
Director

20 May 2011

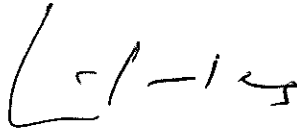
Statement by Directors

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 2010 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, the Charities Act (Chapter 37), 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



Ng Siew Quan
Director

20 May 2011



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Independent auditors' report

Members of the Council
Chinese Development Assistance Council

Report on the financial reports

We have audited the accompanying financial statements of Chinese Development Assistance Council (the "Council"), which comprise the balance sheets of the Operation Fund and the Endowment Fund as at 31 December 2010, 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 information, as set out on pages FS1 to FS35.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act"), the Charities Act, Chapter 37 (the "Charities Act"), and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act, the Charities 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 2010 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.

Report on other legal and regulatory requirements

In our opinion, 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.

During the course of our audit, nothing has come to our attention that causes us to believe that:

- (a) the Council did not comply with the requirements of Regulation 15 (fund-raising expenses) in the Charities (Institutions of a Public Character) Regulations; and
- (b) the donation monies have not been used in accordance with the objectives of the Council as an Institution of a Public Character.

KPMG LLP

KPMG LLP
*Public Accountants and
Certified Public Accountants*

Singapore
20 May 2011

**Balance sheet
As at 31 December 2010**

	Note	2010 \$	2009 \$
Non-current assets			
Property, plant and equipment	3	2,491,722	1,119,898
Direct investments	4	1,322,150	1,402,300
		3,813,872	2,522,198
Current assets			
Curriculum materials		17,483	14,261
Fund management investment schemes	5	5,018,842	5,120,481
Other receivables	6	1,930,263	1,869,372
Cash and cash equivalents	8	659,960	960,228
		7,626,548	7,964,342
Total assets		11,440,420	10,486,540
Reserves			
Accumulated Operation Fund	9	7,323,938	7,445,165
Fair value reserve	10	22,636	22,272
Total reserves		7,346,574	7,467,437
Current liabilities			
Other payables	11	4,093,846	3,019,103
Total liabilities		4,093,846	3,019,103
Total reserves and liabilities		11,440,420	10,486,540

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

**Statement of comprehensive income
Year ended 31 December 2010**

	Note	2010 \$	2009 \$
Income			
Voluntary income:			
Donations from CPF Check-Off scheme		10,811,320	10,303,068
Other donations		110,635	129,300
	14	10,921,955	10,432,368
Income from charitable activities:			
Fee income from Education programme		711,145	860,458
Income from B ³ programme and CDAC Centres		1,129,696	1,275,444
Grants and subsidies from government agencies		4,107,948	4,593,170
		5,948,789	6,729,072
Other income	15	7,943	15,786
Total income		16,878,687	17,177,226
Expenses			
Agency fees paid to CPF Board		(421,449)	(406,963)
Investment management cost:			
Fund management investment schemes		(12,234)	(11,093)
Charitable activities:			
Student Education & Development programme		(4,660,619)	(4,210,471)
Workers' Upgrading & Employment programme		(3,946,375)	(5,492,296)
Family Workfare & Support programme		(3,377,030)	(3,681,608)
Community Outreach & Co-ownership programme		(3,958,848)	(3,800,876)
Volunteers Engagement & Development programme		(451,705)	(547,494)
One-Stop Service		(541,320)	-
CDAC-SFCCA Hardship Assistance and CDAC-SFCCA Bursary schemes		(876,574)	(998,651)
B ³ programme		-	(155,550)
Silver Talent programme		-	(376,591)
CDAC Opportunity Fund programme		(167,030)	(178,232)
Total expenses incurred on charitable activities	16	(17,979,501)	(19,441,769)
Governance costs		(167,679)	(134,502)
Temporary Occupation Licence fee		(365,793)	(430,345)
Administration and finance		(752,394)	(600,210)
Total expenses incurred	17	(19,699,050)	(21,024,882)
Deficit before other recognised gains/(losses) and transfers		(2,820,363)	(3,847,656)

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

**Statement of comprehensive income (cont'd)
Year ended 31 December 2010**

	Note	2010 \$	2009 \$
Other recognised gains/(losses)			
Investment income/(expense):			
Fund management investment schemes	18	83,413	211,555
Direct investments	18	74,639	69,468
Net change in fair value of financial assets held for trading		(1,382)	78,577
Net gain on disposal of available-for-sale financial assets transferred from equity		67,686	7,739
Changes in fair value of capital guarantees provided by fund managers		–	(159,658)
(Loss)/gain on disposal of property, plant and equipment		(220)	6,416
		224,136	214,097
Net deficit before transfers	9	(2,596,227)	(3,633,559)
Transfers			
Gross transfers from Endowment to Operation Fund:			
Funding of CDAC Vision 2012 programmes		1,000,000	1,000,000
Funding of Opportunity Fund programme		–	250,000
Funding of CDAC Centres programmes		400,000	350,000
Funding of CDAC-SFCCA Hardship Assistance Fund and CDAC-SFCCA Bursary schemes		875,000	998,651
Funding of Ready for School project & Silver Talent programme		200,000	200,000
	9	2,475,000	2,798,651
Net deficit for the year		(121,227)	(834,908)
Other comprehensive income			
Net change in fair value of available-for-sale financial assets		68,050	195,950
Net change in fair value of available-for-sale financial assets transferred to profit or loss		(67,686)	(7,739)
Other comprehensive income for the year		364	188,211
Total comprehensive income for the year		(120,863)	(646,697)

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

**Cash flow statement
Year ended 31 December 2010**

	Note	2010	2009
		\$	\$
Operating activities			
Cash receipts from:			
Grants received for Skills Training Award scheme		2,021,792	2,112,426
Contributions through the Central Provident Fund Check-Off scheme		10,758,899	10,288,462
Other donations		110,635	129,300
Student fees		533,466	818,493
Fees from CDAC Centres, B ³ programme and Opportunity Fund programme		1,128,961	1,307,494
Endowment Fund		3,025,000	2,798,651
Grants from Government agencies		2,242,113	2,316,837
Cash paid to:			
The Central Provident Fund Board for agency fees		(419,998)	(404,664)
Singapore Land Authority for the Temporary Occupation Licence fee		(365,793)	(430,345)
Suppliers and employees		(18,360,388)	(19,744,137)
Cash flows from/(used in) operating activities		674,687	(807,483)
Investing activities			
Purchase of plant and equipment		(1,396,353)	(968,940)
Proceeds from disposal of plant and equipment		3,119	9,099
Proceed from sale of investments		155,503	106,151
Interest received		155,879	182,744
Dividends received		81,519	79,634
Funds with investment managers:			
Purchase of financial assets		(3,154,941)	(4,169,019)
Proceeds from disposal of financial assets		4,370,716	2,468,483
Cash and cash equivalents held with fund managers		(1,190,397)	1,535,802
Cash flows used in investing activities		(974,955)	(756,046)
Net decrease in cash and cash equivalents		(300,268)	(1,563,529)
Cash and cash equivalents at beginning of year		960,228	2,523,757
Cash and cash equivalents at end of year	8	659,960	960,228

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

Balance sheet
As at 31 December 2010

	Note	2010 \$	2009 \$
Non-current assets			
Direct investments	4	612,756	752,210
		<u>612,756</u>	<u>752,210</u>
Current assets			
Other receivables		557,486	7,758
Fund management investment schemes	5	48,056,435	47,403,429
Cash and cash equivalents	8	270,062	830,187
		<u>48,883,983</u>	<u>48,241,374</u>
Total assets		<u>49,496,739</u>	<u>48,993,584</u>
Reserves			
Accumulated Endowment Fund	13	49,070,008	48,066,514
Fair value reserve	10	137,153	330,550
Total reserves		<u>49,207,161</u>	<u>48,397,064</u>
Current liabilities			
Other payables	11	289,578	596,520
Total liabilities		<u>289,578</u>	<u>596,520</u>
Total reserves and liabilities		<u>49,496,739</u>	<u>48,993,584</u>

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

Statement of comprehensive income
Year ended 31 December 2010

	Note	2010 \$	2009 \$
Income			
Voluntary income:			
Donations from general public	14	290,357	338,222
Investment income:			
Fund management investment schemes	18	4,744,147	2,241,237
Direct investments	18	43,503	45,199
Net gain on disposal of available-for-sale financial assets transferred from equity		202,144	290,367
Net change in fair value of financial assets		(1,330,894)	7,326,536
Other income	15	127	6,847
Total income		3,949,384	10,248,408
Expenses			
Investment management cost:			
Fund management investment schemes		(470,776)	(420,326)
Investment expense:			
Changes in fair value of capital guarantees provided by fund managers		–	(1,448,223)
Charitable activities:			
Other operating expenses		(114)	(94)
Total expenses		(470,890)	(1,868,643)
Net surplus before transfers		3,478,494	8,379,765
Transfers			
Gross transfers from Endowment to Operation Fund			
Funding of CDAC Vision 2012 programmes		(1,000,000)	(1,000,000)
Funding of Opportunity Fund programme		–	(250,000)
Funding of CDAC Centres programmes		(400,000)	(350,000)
Funding of CDAC-SFCCA Hardship Assistance Fund and CDAC-SFCCA Bursary schemes		(875,000)	(998,651)
Funding of Ready for School project & Silver Talent programme		(200,000)	(200,000)
	13	(2,475,000)	(2,798,651)
Net surplus for the year		1,003,494	5,581,114

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

Statement of comprehensive income (cont'd)
Year ended 31 December 2010

	Note	2010 \$	2009 \$
Other comprehensive income			
Net change in fair value of available-for-sale financial assets		8,747	46,239
Net change in fair value of available-for-sale financial assets transferred to profit or loss		(202,144)	(290,367)
Other comprehensive income for the year		<u>(193,397)</u>	<u>(244,128)</u>
Total comprehensive income for the year		<u>810,097</u>	<u>5,336,986</u>

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

Cash flow statement
Year ended 31 December 2010

	Note	2010 \$	2009 \$
Operating activities			
Cash receipts from:			
Donations		290,357	338,222
Cash paid to:			
Operation Fund		(3,025,000)	(2,798,651)
Others		(114)	(94)
Cash flows used in operating activities		(2,734,757)	(2,460,523)
Investing activities			
Interest received		1,060,387	1,023,177
Dividends received		356,740	382,042
Funds with investment managers:			
Purchase of financial assets		(35,691,196)	(29,986,925)
Proceeds from disposal of financial assets		40,364,772	25,554,990
Cash and cash equivalents held with fund managers		(4,071,574)	4,078,016
Proceeds from sale of investments		155,503	1,074,374
Cash flows from investing activities		2,174,632	2,125,674
Net decrease in cash and cash equivalents		(560,125)	(334,849)
Cash and cash equivalents at beginning of year		830,187	1,165,036
Cash and cash equivalents at end of year	8	270,062	830,187

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

Statement of changes in funds
Year ended 31 December 2010

	Accumulated fund		Operation Fund		Endowment Fund		Total reserves
	\$	\$	Fair value reserve	Total	Fair value reserve	Total	
At 1 January 2009	8,280,073	(165,939)	8,114,134	42,485,400	574,678	43,060,078	51,174,212
Total comprehensive income for the year (Deficit)/Surplus	(834,908)	—	(834,908)	5,581,114	—	5,581,114	4,746,206
Other comprehensive income							
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)
Total comprehensive income for the year	(834,908)	188,211	(646,697)	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	330,550	48,397,064	55,864,501

Chinese Development Assistance Council
Financial statements
Year ended 31 December 2010

	Accumulated fund		Operation Fund		Accumulated fund		Endowment Fund		Total reserves	
	\$		Fair value reserve	Total	\$		Fair value reserve	Total	\$	
At 1 January 2010	7,445,165		22,272	7,467,437	48,066,514		330,550	48,397,064	55,864,501	
Total comprehensive income for the year (Deficit)/Surplus	(121,227)		—	(121,227)	1,003,494		—	1,003,494	882,267	
Other comprehensive income										
Net change in fair value of available-for-sale financial assets	—		68,050	68,050	—		8,747	8,747	76,797	
Net change in fair value of available-for-sale financial assets transferred to profit or loss	—		(67,686)	(67,686)	—		(202,144)	(202,144)	(269,830)	
Total other comprehensive income	—		364	364	—		(193,397)	(193,397)	(193,033)	
Total comprehensive income for the year	(121,227)		364	(120,863)	1,003,494		(193,397)	810,097	689,234	
At 31 December 2010	7,323,938		22,636	7,346,574	49,070,008		137,153	49,207,161	56,553,735	

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 20 May 2011.

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 Skills Training Award Scheme to help low-skilled, low-income workers attend courses in established training institutions. In addition, the Council has set up CDAC Centres to provide studies, sports and enrichment activities for needy students and other services for workers and families.

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 Fund and Endowment Fund, 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 37 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 flow statements 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 flow statements 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 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. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. 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.

2.3 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 component 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/other expenses 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 for the current and comparative years 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.

2.4 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.

2.5 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. 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.

Loans and receivables comprise cash and cash equivalents, and other receivables.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available for sale or are not classified in any of the above categories of financial assets. 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 2.2), 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.

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.

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 expired.

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 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 loans and 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.

2.6 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.

2.7 Curriculum materials

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

2.8 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.

2.9 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.

2.10 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 employee 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.

2.11 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2010, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Council.

3 Property, plant and equipment – Operation Fund

	----- CDAC Centres -----								
	Office equipment \$	Computer equipment \$	Furniture and fittings \$	Renovation \$	Office equipment \$	Computer equipment \$	Furniture and fittings \$	Renovation \$	Total \$
Cost									
At 1 January 2009	228,372	887,760	192,718	541,757	159,418	777,218	104,286	3,201,625	6,093,154
Additions	35,614	62,845	19,563	36,255	57,115	78,078	16,174	663,296	968,940
Disposals	(36,546)	(3,631)	–	–	(41,729)	(95,521)	(14,561)	(177,551)	(369,539)
At 31 December 2009	227,440	946,974	212,281	578,012	174,804	759,775	105,899	3,687,370	6,692,555
Additions	35,862	107,066	60,482	556,067	32,220	81,247	18,296	1,130,664	2,021,904
Disposals	(59,496)	(179,477)	(32,012)	(59,932)	(36,901)	(157,258)	(7,610)	(634,331)	(1,167,017)
At 31 December 2010	203,806	874,563	240,751	1,074,147	170,123	683,764	116,585	4,183,703	7,547,442
Accumulated depreciation									
At 1 January 2009	192,439	860,021	164,652	444,483	151,066	733,609	87,857	2,970,889	5,605,016
Depreciation charge for the year	32,951	35,472	11,188	34,886	15,781	53,845	7,328	143,044	334,495
Disposals	(36,546)	(3,631)	–	–	(41,729)	(95,521)	(13,961)	(175,466)	(366,854)
At 31 December 2009	188,844	891,862	175,840	479,369	125,118	691,933	81,224	2,938,467	5,572,657
Depreciation charge for the year	33,470	51,557	23,614	108,540	27,701	43,603	12,065	189,531	490,081
Disposals	(59,496)	(179,477)	(32,012)	(58,732)	(36,901)	(157,258)	(7,599)	(475,543)	(1,007,018)
At 31 December 2010	162,818	763,942	167,442	529,177	115,918	578,278	85,690	2,652,455	5,055,720
Carrying amount									
At 1 January 2009	35,933	27,739	28,066	97,274	8,352	43,609	16,429	230,736	488,138
At 31 December 2009	38,596	55,112	36,441	98,643	49,686	67,842	24,675	748,903	1,119,898
At 31 December 2010	40,988	110,621	73,309	544,970	54,205	105,486	30,895	1,531,248	2,491,722

4 Direct investments

	Operation Fund		Endowment Fund	
	2010	2009	2010	2009
	\$	\$	\$	\$
Non-current investments				
Unit trusts available-for-sale	31,000	26,000	–	–
Quoted equity securities available-for-sale	1,291,150	1,376,300	–	131,300
Quoted debt securities available-for-sale	–	–	612,756	620,910
	<u>1,322,150</u>	<u>1,402,300</u>	<u>612,756</u>	<u>752,210</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 year	1 to 5 years	After 5 years
	%	\$	\$	\$	\$
Endowment Fund 2010					
Debt securities	4.95	<u>612,756</u>	–	612,756	–
2009					
Debt securities	4.95	<u>620,910</u>	–	–	620,910

5 Fund management investment schemes

	Operation Fund		Endowment Fund	
	2010	2009	2010	2009
	\$	\$	\$	\$
Current investments				
Quoted equity securities held for trading	845,165	526,910	16,601,105	13,250,639
Quoted debt securities held for trading	2,052,305	2,774,300	13,022,922	17,875,948
Unquoted debt securities held for trading	549,621	1,415,544	7,378,877	8,867,170
Government securities held for trading	–	–	–	195,700
Interest receivable	13,684	36,055	180,833	412,846
Cash and cash equivalents held with fund managers	1,558,067	342,467	10,501,713	6,658,023
Derivative assets	–	25,205	370,985	143,103
	<u>5,018,842</u>	<u>5,120,481</u>	<u>48,056,435</u>	<u>47,403,429</u>

The above represents funds placed with financial institutions that 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 two (2009: two) portfolios. The funds are invested in investments that 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.

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

Operation Fund	Effective		Within	1 to 5	After
2010	interest	Total	1 year	years	5 years
Debt securities, government securities and deposits	rate	\$	\$	\$	\$
	%				
	1.50	4,159,993	2,849,385	1,004,284	306,324
2009					
Debt securities, government securities and deposits	3.94	4,568,366	3,996,787	257,860	313,719
Endowment Fund					
2010					
Debt securities, government securities and deposits	2.74	30,903,512	21,579,561	5,049,257	4,274,694
2009					
Debt securities, government securities and deposits	3.54	34,009,687	16,397,050	13,006,641	4,605,996

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

6 Other receivables – Operation Fund

	Note	2010	2009
		\$	\$
Student fees receivable		347,366	176,493
Allowance for doubtful receivables		(1,500)	(4,000)
		<u>345,866</u>	<u>172,493</u>
Contributions receivable through the Central Provident Fund Board scheme		925,558	873,137
Other receivables	7	635,324	796,838
Loans and receivables		1,906,748	1,842,468
Prepayments		23,515	26,904
		<u>1,930,263</u>	<u>1,869,372</u>

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

	2010	2009
	\$	\$
At 1 January	4,000	4,000
Impairment loss recognised	1,310	3,810
Impairment loss utilised	(3,810)	(3,810)
At 31 December	<u>1,500</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

	2010	2009
	\$	\$
Interest receivable	24	200
Deposits	119,395	115,197
GST recoverable	32,564	29,023
Grants receivable	479,135	635,092
Other receivables	4,206	17,326
	<u>635,324</u>	<u>796,838</u>

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

8 Cash and cash equivalents

	Operation Fund		Endowment Fund	
	2010	2009	2010	2009
	\$	\$	\$	\$
Cash at bank and in hand	348,953	360,228	270,062	270,179
Deposits with financial institutions	311,007	600,000	–	560,008
	<u>659,960</u>	<u>960,228</u>	<u>270,062</u>	<u>830,187</u>

As at 31 December 2010, for cash at bank and in hand, \$344,653 or 99% (2009: \$355,928 or 99%) of the Operation Fund and \$270,062 or 100% (2009: \$270,179 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:

	Operation Fund		Endowment Fund	
	2010	2009	2010	2009
	%	%	%	%
Cash at bank	0.05	0.04	0.08	0.08
Deposits with financial institutions	0.19	0.19	–	0.20

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 \$2,596,227 (2009: \$3,633,559) for the year ended 31 December 2010. During the year, \$2,475,000 (2009: \$2,798,651) 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	
		2010	2009	2010	2009
		\$	\$	\$	\$
Accrued operating expenses	12	3,285,010	2,814,110	289,578	595,520
Advances received		808,836	204,993	–	–
Financial liabilities at amortised cost		4,093,846	3,019,103	289,578	595,520

12 Accrued operating expenses

	Operation Fund		Endowment Fund	
	2010	2009	2010	2009
	\$	\$	\$	\$
Auditors' remuneration:				
- audit fees	80,300	64,200	—	—
- non-audit fees	8,600	8,600	—	—
Fund management performance fee	6,043	3,050	289,578	595,520
Skill training awards	770,386	1,076,307	—	—
Agency fee payable to CPF Board	37,041	35,591	—	—
CPF contribution for December	201,242	143,216	—	—
Ready for School project	717,292	620,830	—	—
CDAC programmes and other administrative costs	631,046	601,671	—	—
Provision for unutilised leave	207,510	195,811	—	—
Other accruals	625,550	64,834	—	—
	<u>3,285,010</u>	<u>2,814,110</u>	<u>289,578</u>	<u>595,520</u>

13 Endowment fund

The Endowment Fund is established to receive specific donations from the public and government grants. 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 year ended 31 December 2010, the Board of Trustees approved the transfer of \$2,475,000 (2009: \$2,798,651) from the Endowment Fund to the Operation Fund.

14 Donation income

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

15 Other income

	Operation Fund		Endowment Fund	
	2010	2009	2010	2009
	\$	\$	\$	\$
Interest income:				
- deposits and bank balances	308	7,554	127	6,847
- student loans	6,821	7,284	—	—
Others	814	948	—	—
	<u>7,943</u>	<u>15,786</u>	<u>127</u>	<u>6,847</u>

16 Resources expended on charitable activities – Operation Fund

Programme or initiative	Costs undertaken directly \$	Support costs (note 19) \$	2010 Total \$	2009 Total \$
Student Education & Development	4,407,983	252,636	4,660,619	4,210,471
Workers' Upgrading & Employment	3,804,237	142,139	3,946,376	5,492,296
Family Workfare & Support	3,270,833	106,197	3,377,030	3,681,608
Community Outreach & Co-ownership	3,513,125	445,722	3,958,847	3,800,876
Volunteers Engagement & Development	367,082	84,623	451,705	547,494
One-Stop Service	476,840	64,480	541,320	–
CDAC-SFCCA Hardship Assistance and CDAC-SFCCA Bursary schemes	876,574	–	876,574	998,651
CDAC Opportunity Fund programme	167,030	–	167,030	178,232
B ³ programme	–	–	–	155,550
Silver Talent programme	–	–	–	376,591
	<u>16,883,704</u>	<u>1,095,797</u>	<u>17,979,501</u>	<u>19,441,769</u>

17 Expenses incurred – Operation Fund

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

	Note	2010 \$	2009 \$
Allowance for doubtful receivables		1,310	3,810
Bad debts written-off		718	–
Depreciation expenses		490,081	334,495
Operating lease expenses		81,931	83,108
Staff costs:			
- key management personnel	24	226,058	320,859
- others		4,090,121	3,305,729
Contributions to defined contribution plans included in staff costs		470,230	378,098
Waiver of student fees		<u>207,116</u>	<u>222,377</u>

CDAC occupies a government land at 65 Tanjong Katong Road, Singapore 436857 and pays a Temporary Occupation Licence (“TOL”) fee yearly to the Singapore Land Authority. The 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 year ended 31 December 2010 is \$365,793 (2009: \$430,345).

18 Investment income/(expense)

	Operation Fund		Endowment Fund	
	2010	2009	2010	2009
	\$	\$	\$	\$
Investment income/(expense) from fund management investment schemes:				
Interest income	150,326	178,214	1,170,998	1,012,986
Dividend income	14,183	9,619	362,285	373,917
Realised (loss)/gain on sale of investments	(81,096)	23,722	3,210,864	854,334
	<u>83,413</u>	<u>211,555</u>	<u>4,744,147</u>	<u>2,241,237</u>
Investment income from direct investments:				
Interest income from debt securities	–	–	29,700	29,700
Dividend income	67,336	70,015	6,500	8,125
Realised (loss)/gain on sale of investments	7,303	(547)	7,303	7,374
	<u>74,639</u>	<u>69,468</u>	<u>43,503</u>	<u>45,199</u>

19 Support costs – Operation Fund

Support costs	Student Education & Development programme \$	Workers Upgrading & Employment programme \$	Family Welfare & Support programme \$	Community Outreach & Co-ownership programme \$	Volunteers Engagement & Development programme \$	One-Stop Service \$	B ³ programme \$	Silver Talent programme \$	Basis of allocation
Staff costs (include management)	102,882	86,303	86,302	105,498	40,914	18,234	–	–	Usage in terms of time spent
Maintenance and administrative expenses	115,359	17,297	19,895	67,323	10,236	16,634	–	–	Floor area in terms of floor area occupied and usage
Depreciation expenses	34,395	38,539	–	272,901	33,473	29,612	–	–	Usage in terms of assets acquired
Total for 2010	252,636	142,139	106,197	445,722	84,623	64,480	–	–	
Total for 2009	311,894	150,057	40,298	393,842	96,458	–	22,748	27,534	

Allocated staff cost includes manpower cost of management staff, administration and Information Technology staff but excludes staff who directly handles the programme. Depreciation expenses incurred for CDAC Centres programme include the depreciation expenses of the renovation cost of CDAC 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 Council. 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:

	Operation Fund	
	2010	2009
	\$	\$
Government agencies	1,437,257	1,537,252
Self-help group	343,198	170,000
Others	126,293	135,216
	<u>1,906,748</u>	<u>1,842,468</u>

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

The ageing of loans and receivables are as follows:

	Operation Fund			
	Gross 2010	Impairment losses 2010	Gross 2009	Impairment losses 2009
	\$	\$	\$	\$
Not past due	1,905,536	–	1,840,474	–
Past due 0 – 30 days	–	–	–	–
Past due 31 – 60 days	2,712	1,500	5,994	4,000
	<u>1,908,248</u>	<u>1,500</u>	<u>1,846,468</u>	<u>4,000</u>

Based on historical default rates, the Council believes that no impairment is necessary in respect of loans and 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 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 \$
2010					
Trade and other payables	4,093,846	4,093,846	4,093,846	–	–
	4,093,846	4,093,846	4,093,846	–	–
2009					
Trade and other payables	3,019,103	3,019,103	3,019,103	–	–
	3,019,103	3,019,103	3,019,103	–	–

Endowment Fund

	Carrying amount \$	Cash flows			
		Contractual cash flows \$	Less than 1 year \$	Between 1 and 5 years \$	More than 5 years \$
2010					
Trade and other payables	289,578	289,578	289,578	–	–
	289,578	289,578	289,578	–	–
2009					
Trade and other payables	596,520	596,520	596,520	–	–
	596,520	596,520	596,520	–	–

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.

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 Hong Kong dollar, Indonesian rupiah, Malaysian ringgit and US dollar.

The Council's foreign currency exposures are as follows:

	Hong Kong dollar \$	Indonesian rupiah \$	Malaysian ringgit \$	US dollar \$	Other currencies
Operation Fund 2010					
Investments	244,103	–	25,203	–	70,690
2009					
Investments	99,170	–	–	16,748	–
Endowment Fund 2010					
Investments	3,825,674	1,128,962	843,397	579,472	693,062
Cash and cash equivalents	559,100	263,012	–	–	117,830
	<u>4,384,774</u>	<u>1,391,974</u>	<u>843,397</u>	<u>579,472</u>	<u>810,892</u>
2009					
Investments	1,975,243	1,082,610	295,682	2,196,228	2,518,852
Cash and cash equivalents	29,151	–	35,173	–	162,054
	<u>2,004,394</u>	<u>1,082,610</u>	<u>330,855</u>	<u>2,196,228</u>	<u>2,680,906</u>

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 2009.

	Operation Fund		Endowment Fund	
	Other comprehensive income \$	Profit or loss \$	Other comprehensive income \$	Profit or loss \$
	2010			
Hong Kong dollar	–	(24,410)	–	(438,477)
Indonesian rupiah	–	–	–	(139,197)
Malaysian ringgit	–	(2,520)	–	(84,340)
US dollar	–	–	–	(57,947)
<hr/>				
2009				
Hong Kong dollar	–	(9,917)	–	(200,439)
Indonesian rupiah	–	–	–	(108,261)
Malaysian ringgit	–	–	–	(33,085)
US dollar	–	(1,675)	–	(219,623)

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.

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
	\$	\$	\$	\$
2010				
Operation Fund				
Available-for-sale financial assets	1,322,150	–	–	1,322,150
Financial assets held for trading	2,897,470	549,621	–	3,447,091
Financial derivatives	–	–	–	–
	4,219,620	549,621	–	4,769,241
Endowment Fund				
Available-for-sale financial assets	612,756	–	–	612,756
Financial assets held for trading	29,624,027	7,378,877	–	37,002,904
Financial derivatives	–	370,985	–	370,985
	30,236,783	7,749,862	–	37,986,645

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2009				
Operation Fund				
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
	<u>4,703,510</u>	<u>1,440,749</u>	<u>–</u>	<u>6,144,259</u>
Endowment Fund				
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
	<u>31,878,797</u>	<u>9,205,973</u>	<u>–</u>	<u>41,084,770</u>

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 that 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 builds up its capital from donations received and also through prudent management of its financial resources. The capital of the Council includes 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 programmes and activities. The Council constantly assesses its capital adequacy and explores ways to maximise existing resources within the community as it conducts 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 the executive director 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:

	2010	2009
	\$	\$
Short-term employee benefits	226,058	320,859

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:

	2010 \$	2009 \$
Transactions during the year:		
Deposits placed with financial institutions	311,007	260,339
Balances at year-end:		
Deposits placed with financial institutions	311,007	–

26 Comparative information

Certain changes have been made to the comparative of the statement of comprehensive income arising from the re-grouping of certain programmes based on the existing framework and to be consistent with the current year's presentation. The following comparative figures have been reclassified:

Year ended 31 December 2009	As previously presented \$	Reclassified \$
Statement of Comprehensive Income		
– Operation Fund		
CDAC Workfare programme	(2,451,351)	–
Volunteers & Social Services programme	(1,777,751)	–
Family Workfare & Support programme	–	(3,681,608)
Volunteers Engagement & Development programme	–	(547,494)
	<u>(4,229,102)</u>	<u>(4,229,102)</u>