



## **NTUC-U Care Fund**

Annual Report  
Year ended 31 December 2022

## **Statement by the Board of Trustees**

In our opinion:

- (a) the accompanying financial statements of NTUC-U Care Fund (the “Fund”) as set out on pages FS1 to FS21 are drawn up in accordance with the provisions of the Trade Unions Act 1940 (the “Act”), the Singapore Charities Act 1994 (the “Charities Act”) and Financial Reporting Standards in Singapore (“FRSs”), so as to give a true and fair view of the financial position of the Fund as at 31 December 2022, and of the financial performance, changes in funds and cash flows of the Fund for the year then ended;
- (b) the Fund has maintained a satisfactory system of controls over its assets and transactions in accordance with Regulation 16A of the Trade Unions Regulations;
- (c) its funds were invested in the manner as prescribed in Sections 46 and 49(1)(b) of the Act;
- (d) there were no payments made by the Fund during the year under review that were not authorised by the Act or the Trade Unions Regulations;
- (e) the Fund complied with the requirements of Regulation 15 (fund-raising expenses) of Charities (Institutions of a Public Character) Regulations of the Charities Act 1994 which states that the total relevant fund-raising and sponsorship expenses had not exceeded 30% of the total relevant receipts from fund-raising and sponsorships for the year; accounting and other records have been kept by the Fund in accordance with the requirements of Regulation 16A of the Trade Unions Regulations;
- (f) proper accounting and other records have been kept by the Fund in accordance with the requirements of Regulation 16A of the Trade Unions Regulations and Charities (Institutions of a Public Character) Regulations of the Charities Act 1994; and
- (g) the use of the donation monies was in accordance with the objectives of the Fund as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations of the Charities Act 1994.

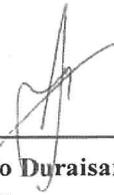
The Board of Trustees has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Trustees



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**Jason Leow Juan Thong**  
*Chairman*



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**Arasu s/o Duraisamy**  
*Treasurer*

4 May 2023



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## Independent auditors' report

Members of the Board of Trustees  
NTUC-U Care Fund

### Report on the audit of the financial statements

#### *Opinion*

We have audited the financial statements of NTUC-U Care Fund (the "Fund"), which comprise the statement of financial position as at 31 December 2022, the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS21.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Trade Unions Act 1940 (the "Act"), the Singapore Charities Act 1994 (the "Charities Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Fund as at 31 December 2022 and of the financial performance, changes in funds and cash flows of the Fund for the year ended on that date.

#### *Basis for opinion*

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

#### *Other information*

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained the statement by the Board of Trustees prior to the date of this auditors' report.

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

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

*Responsibilities of management and Board of Trustees for the financial statements*

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

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

The Board of Trustees' responsibilities include overseeing the Fund's financial reporting process.

*Auditors' responsibilities for the audit of the financial statements*

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

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

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

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

### **Report on other legal and regulatory requirements**

In our opinion, the accounting and other records required by Regulation 16A of the Trade Unions Regulations to be kept by the Fund have been properly kept in accordance with those regulations.

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

- (i) the Fund has not maintained a satisfactory system of controls over its assets and transactions in accordance with Regulation 16A of the Trade Unions Regulations;
- (ii) its funds were not invested in the manner as prescribed in Sections 46 and 49(1)(b) of the Act;
- (iii) there were payments made by the Fund during the financial year under review that were not authorised by the Act or the Trade Unions Regulations.
- (iv) the Fund has not complied with the requirements of Regulation 15 (fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations; and
- (v) the use of the donation monies was not in accordance with the objectives of the Fund as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations.



**KPMG LLP**  
*Public Accountants and  
Chartered Accountants*

**Singapore**  
4 May 2023

**Statement of financial position**  
**As at 31 December 2022**

	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>\$</b>	<b>\$</b>
<b>Non-current asset</b>			
Investments	4	<u>7,179,600</u>	<u>9,885,300</u>
<b>Current assets</b>			
Cash and cash equivalents	5	34,114,561	29,209,086
Other receivables	6	5,614,926	1,498,608
Grant receivables		300,000	–
Investments	4	<u>1,995,100</u>	<u>5,055,200</u>
		<u>42,024,587</u>	<u>35,762,894</u>
<b>Total assets</b>		<u>49,204,187</u>	<u>45,648,194</u>
<b>Fund</b>			
Trust fund		<u>44,884,873</u>	<u>41,656,452</u>
<b>Total fund</b>		<u>44,884,873</u>	<u>41,656,452</u>
<b>Current liability</b>			
Other payables and accruals	7	<u>4,319,314</u>	<u>3,991,742</u>
<b>Total liabilities</b>		<u>4,319,314</u>	<u>3,991,742</u>
<b>Total equity and liabilities</b>		<u>49,204,187</u>	<u>45,648,194</u>

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

**Statement of comprehensive income**  
**Year ended 31 December 2022**

	Note	2022 \$	2021 \$
<b>Income</b>			
Donation income	8	7,827,173	15,191,536
Government grant	9	897,745	400,925
Programme income	10	3,600	412,800
Investment revenue	11	309,062	418,645
Interest income		178,459	29,502
Reversal of unrepresented vouchers in prior year	7	133,177	661,024
<b>Total income</b>		<b>9,349,216</b>	<b>17,114,432</b>
<b>Expenditure</b>			
e-vouchers programme	7	3,503,100	3,011,000
U Care Education Co-funding Scheme	7	336,360	410,530
U Care CSR Grant	7	31,654	117,253
Contribution to Eldercare Trust		60,000	60,000
Contribution to Bright Horizon Fund		50,000	50,000
Financial assistance schemes and programmes	13	1,377,032	1,668,145
Loss on fair value of financial assets at FVTPL	12	749,487	596,325
Other expenses		13,162	7,099
<b>Total expenditure</b>		<b>6,120,795</b>	<b>5,920,352</b>
<b>Surplus before income tax</b>		3,228,421	11,194,080
Income tax expense	14	–	–
<b>Surplus for the year, representing total comprehensive income for the year</b>		<b>3,228,421</b>	<b>11,194,080</b>

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

**Statement of changes in funds**  
**Year ended 31 December 2022**

	<b>Trust fund</b>
	<b>\$</b>
At 1 January 2021	30,462,372
Surplus for the year, representing total comprehensive income for the year	11,194,080
At 31 December 2021	<u>41,656,452</u>
Surplus for the year, representing total comprehensive income for the year	3,228,421
At 31 December 2022	<u><u>44,884,873</u></u>

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

**Statement of cash flows**  
**Year ended 31 December 2022**

	Note	2022	2021
		\$	\$
<b>Cash flows from operating activities</b>			
Surplus for the year		3,228,421	11,194,080
Adjustments for:			
Investment revenue		(309,062)	(418,645)
Loss on fair value of financial assets at FVTPL		749,487	596,325
Interest income		(178,459)	(29,502)
		3,490,387	11,342,258
Changes in working capital:			
Other receivables		1,103,742	(1,096,925)
Grant receivables		(300,000)	–
Other payables and accruals		327,572	(2,274,589)
<b>Net cash flows from operating activities</b>		4,621,701	7,970,744
<b>Cash flows from investing activities</b>			
Interest received		283,774	546,414
Proceeds from maturity of quoted debt securities		–	7,500,000
<b>Net cash flows from investing activities</b>		283,774	8,046,414
<b>Net increase in cash and cash equivalents</b>		4,905,475	16,017,158
Cash and cash equivalents at beginning of year		29,209,086	13,191,928
<b>Cash and cash equivalents at end of year</b>	5	34,114,561	29,209,086

**Significant non-cash transactions during the year:**

Proceeds from quoted debt securities, amounting \$5,000,000, that matured during the financial year was received subsequent to year end. This amount is presented as other receivable (Note 6) in the statement of financial position as at 31 December 2022.

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 Trustees on 4 May 2023.

### **1 Domicile and activities**

NTUC-U Care Fund (the “Fund”), established by National Trades Union Congress (the “Congress”) on 16 February 2009, is principally engaged to support and promote the welfare of the members of the trade union movement in Singapore and of the families of the members. The registered office is 1 Marina Boulevard #11-01, NTUC Centre, Singapore 018989. On 1 November 2009, the Fund obtained its Institution of a Public Character status and commenced operations.

The Fund undertakes fund-raising activities to raise funds and solicit donations and sponsorships to provide services to the members in furtherance of its objective. The Fund is controlled by the Congress.

### **2 Basis of preparation**

#### **2.1 Statement of compliance**

The financial statements have been prepared in accordance with the provisions of the Trade Unions Act 1940 (the “Act”), the Singapore Charities Act 1994 (the “Charities Act”) and Financial Reporting Standards in Singapore (“FRSs”).

#### **2.2 Basis of measurement**

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

#### **2.3 Functional and presentation currency**

These financial statements are presented in Singapore dollars, which is the Fund’s functional currency.

#### **2.4 Use of estimates and judgements**

The preparation of financial statements in conformity with FRSs requires management to make judgments, 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.

Management is of the opinion that there are no critical judgements made in applying the Fund's accounting policies and no assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

#### ***Measurement of fair values***

A number of the Fund's accounting policies and disclosures require the measurement of fair values.

When measuring the fair value of an asset or a liability, the Fund uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in 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).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Fund recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

### **2.5 New standards and amendments**

The Fund has applied the following FRSs, amendments to and interpretations of FRS for the first time for the annual period beginning on 1 January 2022:

- *Amendments to FRS 116: COVID-19-Related Rent Concessions beyond 30 June 2021*
- *Amendments to FRS 123: Reference to the Conceptual Framework*
- *Amendment to FRS 16: Property, Plant and Equipment – Proceeds before Intended Use*
- *Amendments to FRS 37: Onerous Contracts – Cost of Fulfilling a Contract*
- *Annual Improvements to FRSs 2018-2020*

The application of these amendments to standards and interpretations does not have a material effect on the financial statements.

## **3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 2.5, which addresses changes in accounting policies.

3.1 Financial instruments

*(i) Recognition and initial measurement*

**Non-derivative financial assets and financial liabilities**

All financial assets and financial liabilities are initially recognised when the Fund becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

*(ii) Classification and subsequent measurement*

**Non-derivative financial assets**

On initial recognition, a financial asset is classified as measured at amortised cost or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Fund changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

***Financial assets at amortised cost***

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

***Financial assets at FVTPL***

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Fund may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

### **Financial assets: Business model assessment**

The Fund makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Fund's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Fund's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

### **Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest**

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Fund considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Fund considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Fund's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

### **Non-derivative financial assets: Subsequent measurement and gains and losses**

#### ***Financial assets at amortised cost***

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

#### ***Financial assets at FVTPL***

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

### **Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortised cost.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

### **(iii) *Derecognition***

#### **Financial assets**

The Fund derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either
  - substantially all of the risks and rewards of ownership of the financial asset are transferred;
  - or
  - the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Fund enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Fund also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

**(iv) *Offsetting***

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Fund currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

**(v) *Cash and cash equivalents***

Cash and cash equivalents comprise cash balances and fixed deposits that are subject to an insignificant risk of changes in their fair value, and are used by the Fund in the management of its short-term commitments.

### 3.2 Impairment

#### ***Non-derivative financial assets***

The Fund recognises loss allowances for ECLs on financial assets measured at amortised costs.

Loss allowances of the Fund are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

#### ***General approach***

The Fund applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Fund assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Fund considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Fund's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Fund assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Fund considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Fund in full, without recourse by the Fund to actions such as realising security (if any is held); or
- the financial asset is more than 180 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Fund is exposed to credit risk.

### ***Measurement of ECLs***

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

### ***Credit-impaired financial assets***

At each reporting date, the Fund assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 180 days past due;
- the restructuring of a loan or advance by the Fund on terms that the Fund would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

### ***Presentation of allowance for ECLs in the statement of financial position***

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

### ***Write-off***

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Fund determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Fund's procedures for recovery of amounts due.

3.3 Donation income

Donation income is recognised on a receipt basis.

3.4 Government grant

Government grant that compensates the Fund for expenses incurred are recognised in statement of comprehensive income on a systematic basis in the same period in which the expenses are recognised.

3.5 Interest income

Interest income is recognised on an accrual basis, using the effective interest method.

3.6 New standards and interpretations not adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2022 and earlier application is permitted; however, the Fund has not early adopted the new or amended standards in preparing these financial statements.

The following amendments to FRSs are not expected to have a significant impact on the Fund's financial statements.

- FRS 117 *Insurance Contracts* and amendments to FRS 117 *Insurance Contracts*
- Amendments to FRS 1: *Classification of Liabilities as Current or Non-current*
- Amendments to FRS 1 and FRS Practice Statement 2: *Disclosure of Accounting Policies*
- Amendments to FRS 8: *Definition of Accounting Estimates*
- Amendments to FRS 12: *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

**4 Investments**

	<b>2022</b>	<b>2021</b>
	\$	\$
<b>Non-current asset</b>		
Financial assets at FVTPL:		
Quoted debt securities	7,179,600	9,885,300
<b>Current asset</b>		
Financial assets at FVTPL:		
Quoted debt securities	1,995,100	5,055,200
	9,174,700	14,940,500

Investments in quoted debt securities have average effective interest rate of 1.817% to 2.625% (2021: 1.817% to 2.625%) per annum and mature in 2023 to 2029 (2021: 2022 to 2029). The fair value of the debt securities are based on the quoted closing market prices on the last market date of the financial year.

**5 Cash and cash equivalents**

	<b>2022</b>	<b>2021</b>
	\$	\$
Cash at bank	3,199,594	3,391,575
Fixed deposit placed with financial institutions	30,914,967	25,817,511
	34,114,561	29,209,086

Fixed deposit placed with financial institutions matures within the next 1 month to 12 months (2021: 1 month to 12 months) and bear interest rates of 0.46% to 3.80% (2021: 0.15% to 0.46%) per annum.

**6 Other receivables**

	<b>2022</b>	<b>2021</b>
	\$	\$
Sundry receivables	5,270,099	1,373,841
Interest receivables	344,827	124,767
	5,614,926	1,498,608

**7 Other payables and accruals**

	<b>2022</b>	<b>2021</b>
	\$	\$
e-Vouchers Programme	3,167,613	2,945,188
U-Care Education Co-funding Scheme	157,775	196,350
U Care CSR Grant	16,720	73,148
	3,342,108	3,214,686
Contribution received in advance:		
- CapitaLand U Care Resilience and Enablement Fund	353,600	357,200
- President's Challenge 2018/2019 - LIFT-UP Pathfinder	270,099	273,341
Other creditors	334,378	139,830
Amounts due to related parties	12,129	685
Accrued operating expenses	7,000	6,000
	4,319,314	3,991,742

	<b>e-vouchers programme</b>	<b>U-Care Education Co- funding Scheme</b>	<b>U Care CSR Grant</b>	<b>Total</b>
	\$	\$	\$	\$
<b>At 1 January 2021</b>	4,552,681	220,950	6,000	4,779,631
Vouchers given out to members/Provision for programmes	3,011,000	410,530	117,253	3,538,783
Vouchers presented by members/Programmes disbursements	(3,958,243)	(434,356)	(50,105)	(4,442,704)
Reversal of unrepresented vouchers in prior year	(660,250)	(774)	–	(661,024)
<b>At 31 December 2021</b>	2,945,188	196,350	73,148	3,214,686
Vouchers given out to members/Provision for programmes	3,503,100	336,360	31,654	3,871,114
Vouchers presented by members/Programmes disbursements	(3,179,404)	(358,985)	(72,126)	(3,610,515)
Reversal of unrepresented vouchers in prior year	(101,271)	(15,950)	(15,956)	(133,177)
<b>At 31 December 2022</b>	<b>3,167,613</b>	<b>157,775</b>	<b>16,720</b>	<b>3,342,108</b>

## 8 Donation income

During the year, donation income amounting to \$7,827,173 (2021: \$15,191,536) are tax-exempt donations of which \$7,198,314 (2021: \$7,131,499) are donation with tax deductible receipts.

The Fund received in 2021 a one-time donation of \$5,994,101 from NTUC Administration & Research Unit (NTUC-ARU), which NTUC-ARU received from the Singapore Government under the Jobs Support Scheme (“JSS”).

The Fund received in 2021 a one-time \$1,100,000 co-funding from Singapore Labour Foundation (SLF) for NTUC Care Fund and Enhanced NTUC Care Fund (Covid-19) financial assistance schemes.

## 9 Government grant

	Note	2022 \$	2021 \$
Care & Share movement	(i)	–	–
President’s Challenge 2018/2019 - LIFT-UP Pathfinder programme	(ii)/(iii)	3,242	925
Singapore Totalisator Board	(iv)	894,503	–
Bicentennial Community Fund	(v)	–	400,000
		<u>897,745</u>	<u>400,925</u>

- (i) Government grant relates to grant from National Council of Social Services (“NCSS”) based on utilisation of matching expenses incurred during the period from 1 January 2015 to 31 December 2022. The grant is capped at a maximum of \$2,900,000 and has to be utilised by 31 December 2022 (2021: 31 December 2022).

During the year, the amount of the grant received amounted to \$Nil (2021: \$Nil). The corresponding matching expenses of \$Nil (2021: \$Nil) are claimable by 31 December 2022 (2021: 31 December 2022). This grant is administered and managed by the Congress.

- (ii) Government grant relates to grant from National Council of Social Services (“NCSS”) allocated for President’s Challenge 2018 - LIFT-UP Pathfinder and has to be utilised by 30 June 2023. During the year, \$3,242 (2021: \$925) has been utilised. This grant is administered and managed by the Congress.
- (iii) Government grant relates to grant from National Council of Social Services (“NCSS”) allocated for President’s Challenge 2019 - LIFT-UP Pathfinder and has to be utilised by 30 June 2023. In the financial year ended 31 December 2020, the amount of the grant received amounted to \$100,000. The Fund has not utilise the grant as at 31 December 2022. This grant is administered and managed by the Congress.
- (iv) Government grant relates to grant from Singapore Totalisator Board to local charities for fund-raising projects to help the underserved in the community.
- (v) Government grant relates to grant from Bicentennial Community Fund (“BCF”) based on matching of eligible donations received. The grant is capped at a maximum of \$400,000.

**10 Programme income**

	<b>2022</b>	<b>2021</b>
	\$	\$
Capitaland U Care Resilience and Enablement Fund	3,600	31,200
Sembcorp Energy for Good	–	381,600
	<b>3,600</b>	<b>412,800</b>

**11 Investment revenue**

	<b>2022</b>	<b>2021</b>
	\$	\$
Interest revenue from quoted debt securities	309,062	418,645
	<b>309,062</b>	<b>418,645</b>

**12 Loss in fair value of financial assets at FVTPL**

	<b>2022</b>	<b>2021</b>
	\$	\$
Fair value loss on quoted debt securities	749,487	596,325
	<b>749,487</b>	<b>596,325</b>

**13 Financial assistance schemes and programmes**

	<b>Note</b>	<b>2022</b>	<b>2021</b>
		\$	\$
Care & Share expense	9	–	–
President's Challenge 2018/2019 - LIFT-UP			
Pathfinder expense	9	3,242	925
U FSE Short-term Relief Fund (E-scooter Delivery Riders)		–	15,000
Capitaland U Care Resilience And Enablement Fund		4,050	36,200
NTUC Care Fund (COVID-19)		–	(60,180)
NTUC Enhanced Care Fund (COVID-19)		–	1,294,600
Sembcorp Energy for Good		–	381,600
NTUC60 Cares		296,580	–
NTUC Care Fund (Special Assistance)		1,073,160	–
		<b>1,377,032</b>	<b>1,668,145</b>

**14 Income tax expense**

The Fund is a registered charity under the Singapore Charities Act 1994 and is an Institution of Public Character under the Income Tax Act 1947. No provision for taxation has been made in the financial statement as the Fund is a registered charity with income tax exemption.

## 15 Related parties

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions, or vice versa, or where the Fund and the party are subject to common control or common significant influence. Unless otherwise stated, balances with related parties are unsecured, interest free and repayable on demand.

Significant related parties transactions:

	2022	2021
	\$	\$
<b>The Congress</b>		
Donations received	230,438	6,216,301
Reimbursement of expenses	6,571	10,246
	<hr/>	<hr/>
<b>Related parties</b>		
Donations received	1,805,905	1,562,200
Purchase of services and vouchers	2,741,879	3,170,445
	<hr/>	<hr/>

## 16 Financial risks management

### *Overview*

The Fund has exposure to the following risks from its activities:

- Credit risk;
- Liquidity risk; and
- Market risk

The Fund's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the Fund. The Fund monitors and manages the financial risks relating to the operations to ensure appropriate measures are implemented in a timely and effective manner. The Fund does not hold or issue derivative financial instruments for hedging or speculative purposes.

There has been no change to the Fund's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below.

### *(i) Credit risk*

Credit risk refers to risk that counterparties may default on their contractual obligations. The Fund has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Fund's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Fund's current credit risk grading framework comprises the following categories:

<b>Category</b>	<b>Description</b>	<b>Basis for recognising expected credit losses (ECL)</b>
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is > 90 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
In default	Amount is > 180 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Fund has no realistic prospect of recovery.	Amount is written off

The table below detail the credit quality of the Fund's financial assets measured at amortised costs, by credit risk rating grades :

	<b>Note</b>	<b>Internal credit rating</b>	<b>12-month or lifetime ECL</b>	<b>Gross and net carrying amount</b> \$
<b>2022</b>				
Cash and cash equivalents	5	Performing	12-month ECL	34,114,561
Other receivables	6	Performing	12-month ECL	5,614,926
				39,729,487
<b>2021</b>				
Cash and cash equivalents	5	Performing	12-month ECL	29,209,086
Other receivables	6	Performing	12-month ECL	1,498,608
				30,707,694

The Fund's investment policies adhere to those prescribed by the Trustees Act for investment purposes. Liquid funds are deposited with regulated financial institutions. The carrying amounts of other receivables and cash and cash equivalents represent the maximum exposure to credit risk of the Fund.

*Cash and cash equivalents*

Cash and cash equivalents are placed in banks and financial institutions which are regulated. The Fund limits its credit risk exposure in respect of investments by only investing in liquid securities and only with counterparties that have a sound credit rating.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Fund considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

*Grant receivables and other receivables*

Grant receivables and other receivables are short-term in nature. Impairment on these receivables has been measured on the 12-month expected loss basis and reflected the short maturities of exposures. The Fund considers these receivables to have low credit risk and the amount of the impairment is insignificant.

**(ii) *Liquidity risk***

Liquidity risk management is carried out by the management of the Fund. The Fund adopts prudent liquidity risk management by maintaining sufficient cash.

In order to ensure that it can fulfil its financial obligations at all times, the Fund only invests in investments of high liquidity and a portion of the Fund's surplus cash are maintained with regulated banks or financial institutions.

All financial liabilities in 2022 and 2021 are interest-free and repayable on demand or due within one year from the end of the reporting period.

**(iii) *Market risk***

Market risk is the risk that changes in market prices, such as interest rates will affect the Fund's total return or the 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.

***Interest rate risk***

The Fund does not have significant interest bearing financial assets and liabilities, except for its investment in quoted debt securities and bank deposits. Quoted debt securities have fixed coupon rates. Bank deposits are short-term and with the current interest level, any future variations in interest rates are not expected to have a material impact on the Fund's results. Accordingly, no sensitivity analysis is presented.

***Investment risk***

Investment risk relates to price risk and arises when the value of instruments fluctuates as a result of changes in market prices, whether caused by factors specific to an individual investment, its issuer or all factors affecting all instruments traded in the market.

***Sensitivity analysis-security price risk***

The Fund is exposed to securities price risk arising from investments at FVTPL. Investments are held for strategic rather than trading purposes.

Further details of these investments can be found in Note 4.

*Price sensitivity*

The sensitivity analysis below has been determined based on the exposure to price risks at the reporting date.

In respect of quoted debt securities, if the inputs to the valuation model had been 10% higher/lower while all other variables were held constant, the Fund's surplus for the year ended 31 December 2022 would increase/decrease by \$917,470 (2021 : \$1,494,050).

***Fair value of financial assets and financial liabilities***

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

*Fair value hierarchy*

The table below analyses financial instruments by the levels in the fair value hierarchy based on inputs to valuation techniques.

	<b>Level 1</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Quoted debt securities	9,174,700	14,940,500

During the financial year ended 31 December 2022 and 2021, there have been no transfers between level 1, 2 and 3.

**(iv) *Categories of financial instruments***

The following table sets out the financial instruments as at the end of the reporting period:

	<b>Financial assets at amortised cost</b>	<b>Financial assets at FVTPL</b>	<b>Other financial liabilities</b>	<b>Total carrying amount</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>2022</b>				
<b>Financial assets</b>				
Investments	–	9,174,700	–	9,174,700
Cash and cash equivalents	34,114,561	–	–	34,114,561
Other receivables	5,614,926	–	–	5,614,926
Grant receivables	300,000	–	–	300,000
	40,029,487	9,174,700	–	49,204,187
<b>Financial liabilities</b>				
Other payables and accruals	–	–	(4,319,314)	(4,319,314)
	–	–	(4,319,314)	(4,319,314)

	<b>Financial assets at amortised cost</b>	<b>Financial assets at FVTPL</b>	<b>Other financial liabilities</b>	<b>Total carrying amount</b>
	\$	\$	\$	\$
<b>2021</b>				
<b>Financial assets</b>				
Investments	–	14,940,500	–	14,940,500
Cash and cash equivalents	29,209,086	–	–	29,209,086
Other receivables	1,498,608	–	–	1,498,608
	<u>30,707,694</u>	<u>14,940,500</u>	<u>–</u>	<u>45,648,194</u>
<b>Financial liabilities</b>				
Other payables and accruals	–	–	(3,991,742)	(3,991,742)