

# **Deloitte.**

**NTUC U-CARE FUND**

**REPORT AND FINANCIAL STATEMENTS**

**PERIOD ENDED DECEMBER 31, 2009**

**NTUC U-CARE FUND**

**REPORT AND FINANCIAL STATEMENTS**

**C O N T E N T S**

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## NTUC U-CARE FUND

### STATEMENT BY THE BOARD OF TRUSTEES OF NTUC U-CARE FUND

In our opinion:

- (a) the accompanying financial statements as set out on pages 4 to 13 are drawn up in accordance with the provisions of Singapore Financial Reporting Standards and the Trade Unions Act, Cap. 333, so as to give a true and fair view of the state of affairs of the Trust as at December 31, 2009, and of the surplus of income over expenditure, changes in fund and cash flows of the Trust for the period then ended;
- (b) the Trust 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 Trade Unions Act;
- (d) there were no payments made by the Trust during the financial period under review that were not authorised by the Trade Unions Act or the Trade Unions Regulations;
- (e) the total relevant fund-raising expenses did not exceed 30% of the total relevant receipts from the fund-raising and sponsorships for the year as prescribed in regulation 15 of the Charities (Institutions of a Public Character) (Amendment) Regulations 2008 of the Charities Act, Cap. 37; and
- (f) proper accounting records have been kept by the NTUC U-Care Fund (the "Trust") in accordance with requirements of Regulation 16A of the Trade Unions Regulations and Charities (Institutions of a Public Character) Regulations 2007 of the Charities Act, Cap. 37.

ON BEHALF OF THE BOARD OF TRUSTEES



Ng Ser Miang  
Chairman



Terry Lee  
Treasurer

Singapore  
May 27, 2010

## **INDEPENDENT AUDITORS' REPORT TO THE CENTRAL COMMITTEE OF NTUC**

### **NTUC U-CARE FUND**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of NTUC U-Care Fund (the "Trust") which comprise the statement of financial position as at December 31, 2009, statement of comprehensive income, the statement of changes in funds and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 13.

#### *Central Committee's Responsibility for the Financial Statements*

The Central Committee of the National Trades Union Congress ("Central Committee") is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Financial Reporting Standards and the Trade Unions Act, Cap. 333. This responsibility includes: 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 statement of income and expenditure and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Central Committee, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## *Opinion*

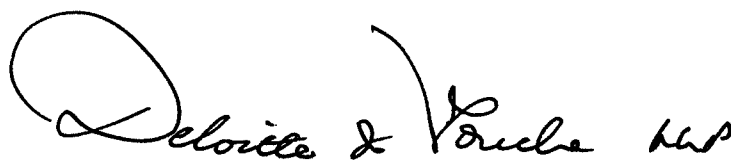
In our opinion,

- (a) the accompanying financial statements of the Trust are properly drawn up in accordance with the provisions of Singapore Financial Reporting Standards and the Trade Unions Act, Cap. 333 so as to give a true and fair view of the state of affairs of the Trust as at December 31, 2009, and of the surplus of income over expenditure, changes in fund and cash flows of the Trust for the period then ended; and
- (b) proper accounting records have been kept by the Trust in accordance with the requirements of Regulation 16A of the Trade Unions Regulations and Charities (Institutions of a Public Character) Regulations 2007 of the Charities Act, Cap. 37.

## **Report on Other Legal and Regulatory Requirements**

During the course of our audit, nothing material came to our notice that caused us to believe that:

- (i) the Trust 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 Trade Unions Act;
- (iii) there were payments made by the Trust during the financial period under review that were not authorised by the Trade Unions Act or the Trade Unions Regulations; and
- (iv) the total relevant fund-raising expenses exceeded 30% of the total relevant receipts from the fund-raising and sponsorships for the period as prescribed in regulation 15 of the Charities (Institutions of a Public Character) (Amendment) Regulations 2008 of the Charities Act, Cap. 37.



Public Accountants and  
Certified Public Accountants

Singapore  
May 27, 2010

**NTUC U-CARE FUND**

**STATEMENT OF FINANCIAL POSITION  
December 31, 2009**

	<u>Note</u>	\$
<b><u>ASSETS</u></b>		
<b>Current assets</b>		
Cash at bank		10,475,426
Other receivables and prepayments	5	<u>1,365,063</u>
Total current assets		<u>11,840,489</u>
<b>Total assets</b>		<u>11,840,489</u>
<b><u>LIABILITY AND FUND</u></b>		
<b>Current liability</b>		
Other payables	6	<u>9,673,095</u>
<b>Fund</b>		
Trust fund		<u>2,167,394</u>
<b>Total liability and fund</b>		<u>11,840,489</u>

See accompanying notes to financial statements.

## NTUC U-CARE FUND

### STATEMENT OF COMPREHENSIVE INCOME Period ended December 31, 2009

	<u>Note</u>	\$
<b>Income</b>		
Donations received	7	22,410,207
Interest received		<u>12,264</u>
		<u>22,422,471</u>
<b>Expenditure</b>		
Downturn hardship grant		99,350
Immediate assistance scheme		7,055,727
Bursary and scholarship top up		700,000
Contribution to Eldercare Trust		1,100,000
Contribution to Bright Horizon Fund		500,000
U-Stretch vouchers		5,400,000
Back-to-school vouchers		<u>5,400,000</u>
		<u>20,255,077</u>
<b>Surplus of income over expenditure, representing total comprehensive income for the financial period</b>		<u>2,167,394</u>

See accompanying notes to financial statements.

**NTUC U-CARE FUND**

**STATEMENT OF CHANGES IN FUND**  
**Period ended December 31, 2009**

	<u>Trust Fund</u> \$	<u>Total</u> \$
Balance at date of establishment of Trust	-	-
Total comprehensive income for the period	<u>2,167,394</u>	<u>2,167,394</u>
Balance at December 31, 2009	<u>2,167,394</u>	<u>2,167,394</u>

See accompanying notes to financial statements.

**NTUC U-CARE FUND**

**STATEMENT OF CASH FLOW**  
**Period ended December 31, 2009**

	\$
<b>Operating activities</b>	
Surplus of income over expenditure	2,167,394
Adjustment for interest income	<u>(12,264)</u>
Operating cash inflow before working capital changes	2,155,130
Other receivables	(1,365,063)
Other payables	<u>9,673,095</u>
Cash generated from operations	10,463,162
Interest income received	<u>12,264</u>
Net cash from operating activities	<u>10,475,426</u>
Net increase in cash and cash equivalents	10,475,426
Cash and cash equivalents at date of establishments	-
<b>Cash and cash equivalents at end of period</b>	<u><u>10,475,426</u></u>

See accompanying notes to financial statements.

## NTUC U-CARE FUND

### NOTES TO FINANCIAL STATEMENTS

December 31, 2009

#### 1 GENERAL

NTUC U-Care Fund (the “Trust”), established by National Trades Union Congress (NTUC) on February 16, 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 November 1, 2009, the Trust obtained its Institution of a Public Character status and commenced operations.

The Trust undertakes fund-raising activities to raise funds and solicit donations and sponsorships to provide services to the members in furtherance of its objective. The financial statements are presented in Singapore dollars, which is the functional currency of the Trust.

The financial statements for the period ended December 31, 2009 were authorised for issue by the Board of Trustees on May 27, 2010.

#### 2 SIGNIFICANT ACCOUNTING POLICIES

**BASIS OF PREPARATION** - The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of Singapore Financial Reporting Standards (“FRS”) and provisions of the Trades Union Act, Cap. 333.

**ADOPTION OF NEW AND REVISED STANDARDS** - In the current financial year, the Trust has adopted all the new and revised FRSs and Interpretations of FRS (“INT FRS”) that are relevant to its operations and effective for annual periods beginning on or after January 1, 2009. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Trust’s accounting policies and has no material effect on the amounts reported for the current or prior periods except as discussed below and in the notes to the financial statements.

##### ***FRS 1 – Presentation of Financial Statements (Revised)***

FRS 1 (2008) has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. In addition, the revised Standard requires the presentation of a third statement of financial position at the beginning of the earliest comparative period presented if the entity applies new accounting policies retrospectively or makes retrospective restatements or reclassifies items in the financial statements.

The management of the Trust anticipates that the adoption of the FRSs, INT FRSs and amendments to FRSs that were issued but effective only in future periods will not have a material impact on the financial statements of the Trust in the period of their initial adoption.

**FINANCIAL INSTRUMENT** - Financial assets and financial liabilities are recognised on the Trust's balance sheet when the Trust becomes a party to the contractual provisions of the instrument.

#### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income is recognised on an effective interest basis for debt instruments.

#### **Financial assets**

##### Cash and cash equivalents

Cash and cash equivalents comprise cash at bank balance which are subject to an insignificant risk of changes in value.

##### Other receivables

Other receivables that have fixed or determinable payment that are not quoted in an active market are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivable when the recognition of interest would be immaterial.

##### Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of other receivables where the carrying amount is reduced through the use of an allowance account. When other receivables are uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the statement of income and expenditure. Changes in the carrying amount of the allowance account are recognised in the statement of income and expenditure.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through the statement of income and expenditure to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

#### De-recognition of financial assets

The Trust de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Trust neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Trust recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Trust retains substantially all the risks and rewards of ownership of a transferred financial asset, the Trust continues to recognise the financial asset and also recognises a collateralised borrowing from the proceed received.

#### **Financial liabilities**

##### Other payables

Other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis, except for short-term payable when the recognition of interest would be immaterial.

##### De-recognition of financial liabilities

The Trust de-recognises financial liabilities when, and only when, the Trust's obligations are discharged, cancelled or they expire.

**PROVISIONS** - Provisions are recognised when the Trust has a present obligation (legal or constructive) as a result of a past event, it is probable that the Trust will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

CONTRIBUTION/DONATION – Contribution/donation received is recognised on a receipt basis.

INTEREST INCOME - Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

3 CRITICAL ACCOUNTING JUDGEMENTS AND  
KEY SOURCES OF ESTIMATION UNCERTAINTY

*Critical judgements in applying the Trust's accounting policies*

There are no significant judgements made by the management in applying the Trust's accounting policies.

*Key sources of estimation uncertainty*

The management has not made any significant assumptions about the future that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) *Categories of financial instruments*

The following table sets out the financial instruments as at the balance sheet date:

	<u>2009</u> \$
<b>Financial Assets</b>	
Cash and cash equivalents	10,475,426
Other receivables	<u>1,365,063</u>
	<u>11,840,489</u>
<b>Financial Liabilities</b>	
Liabilities at amortised cost	<u>9,673,095</u>

(b) *Financial risk management*

The Trust is not exposed to any significant financial risks.

(c) *Fair values of financial assets and financial liabilities*

The carrying amounts of cash and cash equivalents, other receivables and other payables as reported on the statement of financial position approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

(d) *Capital risk management policies and objectives*

The Trust reviews its capital structure at least annually to ensure that the Trust will be able to continue as a going concern. The capital structure of the Trust comprises of the Trust Fund. The Trust's overall strategy remains unchanged from date of establishment.

5 OTHER RECEIVABLES AND PREPAYMENTS

	<u>2009</u> \$
Contribution from NTUC Income	995,000
Due from unions	270,383
Others	<u>99,680</u>
	<u>1,365,063</u>

Contribution from NTUC Income was unsecured, interest-free and repayable on demand.

Amount due from unions comprised of balances in the Immediate Assistance Scheme (UCIA) float. It was unsecured, interest-free and repayable on demand.

The Trust has not recognised any allowance as the management is of the view that these receivables are collectable.

6 OTHER PAYABLES

	<u>2009</u> \$
Immediate assistance scheme (UCIA)	1,045,295
Bursary and scholarship top up	308,775
U-Stretch vouchers	2,919,025
Back-to-school vouchers	<u>5,400,000</u>
	<u>9,673,095</u>

	Immediate assistance scheme <u>(UCIA)</u> \$	Bursary and scholarship top-up \$	U-Stretch vouchers \$	Back-to school vouchers \$	<u>Total</u> \$
Balance at date of establishment	-	-	-	-	-
Additions during the year	7,100,000	700,000	5,400,000	5,400,000	18,600,000
Grants recognised	(6,325,088)	(391,225)	(2,480,975)	-	(9,197,288)
Balance at December 31, 2009	<u>774,912</u>	<u>308,775</u>	<u>2,919,025</u>	<u>5,400,000</u>	<u>9,402,712</u>

2009  
\$

Analysed as:

Immediate assistance scheme (UCIA)

Other receivables and prepayments (Note 5)	270,383
Other payables (Note 6)	<u>(1,045,295)</u>
	<u>774,912</u>

## 7 DONATIONS RECEIVED

Included in donations received during the year are tax-exempt donations of \$17,481,484. The Trust issued tax-deductible receipts of \$14,988,433 subsequent to obtaining its Institution of a Public Character ("IPC") status on November 1, 2009. The remaining tax-deductible receipts were issued by Eldercare Trust and National Council of Social Service on behalf of the Trust prior to the Trust obtaining its IPC status.

Included in donations received during the year of \$4,928,723 are donations received from unions, co-operatives societies and the National Trades Union Congress which are tax-exempt entities.

## 8 INCOME TAX

The Trust is registered under the Charities Act, Cap. 37 which is exempt from income tax under Section 13(1)(zm) of the Income Tax Act, Cap. 134.

## 9 STAFF SALARIES AND RELATED COSTS

The Trust does not have any employees and NTUC performs the administrative function for the Trust at no cost.