NTUC U-Care Fund

Annual Report
Year ended 31 December 2012

KPMG LLP (Registration No. T08LL1267L), an accounting limited liability partnership registered in Singapore under the Limited Liability Partnership Act (Chapter 163A) and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Statement by the Board of Trustees

In our opinion:

(a) the accompanying financial statements as set out on pages FS1 to FS10 are drawn up in accordance with the provisions of the Trade Unions Act, Cap.333 and Charities Act, Cap.37 (the Acts) and Singapore Financial Reporting Standards, so as to give a true and fair view of the state of affairs of the Fund as at 31 December 2012, and of the results 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 Trade Unions Act;

(d) there were no payments made by the Fund during the year under review that were not authorised by the Trade Unions Act or the Trade Unions Regulations;

(e) the Fund complied with the requirements of Regulation 15 of Charities (Institution of a Public Character) (Amendment) Regulations 2008 of the Charities Act, Cap.37 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; and

(f) proper accounting records have been kept by the NTUC U-Care Fund (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, Cap.37.

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

On behalf of the Board of Trustees

Wong Chin Huat
Chairman

Terry Lee Kok Hua
Treasurer

17 May 2013

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Independent auditors' report

Member of the Fund
NTUC U-Care Fund

Report on the financial statements

We have audited the accompanying financial statements of NTUC U-Care Fund (the Fund), which comprise the statement of financial position as at 31 December 2012, the statement of comprehensive income and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages FS1 to FS10.

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 Trade Unions Act, Cap.333 and Charities Act, Cap.37 (the Acts) and Singapore Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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 the 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.

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Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Acts and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Fund as at 31 December 2012 and the results and cash flows of the Fund for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the proper accounting 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) (Amendment) Regulations 2008 of the Charities Act, Cap. 37.

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

(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 Trade Unions Act;

(iii) there were payments made by the Fund during the year under review that were not authorised by the Trade Unions Act or the Trade Unions Regulations;

(iv) the Fund did not comply with the requirements of Regulation 15 of Charities (Institution of a Public Character) (Amendment) Regulations 2008 of the Charities Act, Cap.37 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; and

(v) the donation monies have not been used in accordance with the objectives of the Fund as an Institution of a Public Character.

KPMG LLP
Public Accountants and
Certified Public Accountants

Singapore
17 May 2013

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Statement of financial position
As at 31 December 2012

	Note	2012 $	2011 $
Current assets			
Other receivables	4	6,742	4,918
Cash and cash equivalents	5	14,716,867	14,325,375
Total assets		14,723,609	14,330,293
Fund			
Trust fund		8,282,882	7,838,511
Current liability			
Other payables	6	6,440,727	6,491,782
Total liability		6,440,727	6,491,782
Total fund and liability		14,723,609	14,330,293

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

Statement of comprehensive income
Year ended 31 December 2012

	Note	2012 $	2011 $
Income			
Donations received	7	9,048,412	8,785,363
Interest income		28,088	28,951
Reversal of unpresented vouchers in prior year		118,085	337,000
Total income		9,194,585	9,151,314
Expenditure			
Back-to-school vouchers		3,625,725	3,780,000
U Care Education Co-Funding		793,380	812,000
Contribution to Bright Horizon Fund		500,000	500,000
Contribution to Eldercare Trust		1,000,000	1,000,000
Other expenses		6,754	7,015
U Care CSR Co-Funding		30,638	45,000
U-Stretch vouchers		2,793,717	2,438,000
Total expenditure		8,750,214	8,582,015
Surplus before income tax		444,371	569,299
Income tax expense	8	-	-
Surplus for the year/total comprehensive income for the year		444,371	569,299

As the Fund does not have any item of other comprehensive income nor any reserve movements other than the total comprehensive income for the year, no separate statement of changes in fund is presented.

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

Statement of cash flows
Year ended 31 December 2012

	Note	2012 $	2011 $
Cash flows from operating activities			
Surplus for the year		444,371	569,299
Adjustment for:			
Interest income		(28,088)	(28,951)
Cash generated from operating activities		416,283	540,348
Change in other receivables		(5,000)	30,030
Change in other payables		(51,055)	2,177,295
Net cash from operating activities		360,228	2,747,673
Cash flows from investing activity			
Interest received		31,264	25,625
Net cash from investing activity		31,264	25,625
Net increase in cash and cash equivalents		391,492	2,773,298
Cash and cash equivalents at 1 January		14,325,375	11,552,077
Cash and cash equivalents at 31 December	5	14,716,867	14,325,375

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 17 May 2013.

1 Domicile and activities

NTUC U-Care Fund (the Fund), established by National Trades Union Congress (NTUC) 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.

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, Cap. 333 and Charities Act, Cap 37 (the Acts) and Singapore Financial Reporting Standards (FRSs).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described below.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars which is the Fund's functional currency.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs 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 estimate is revised and in any future periods affected.

Critical judgement in applying the Fund's accounting policies

There is no significant judgement made by management in applying the Fund's accounting policies.

Key sources of estimation and uncertainty

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.

2.5 Changes in accounting policies

The adoption of new standards, amendments to standards and interpretations that became effective for the financial year beginning 1 January 2012 did not have any effect on the financial statements of the Fund.

3 Significant accounting policies

The accounting policies used by the Fund have been applied consistently to all periods presented in these financial statements.

3.1 Fund accounting

In order to ensure observance of limitations and restrictions placed on the use of resources available to the Fund, the financial statements of the Fund are maintained substantially in accordance with the principles of 'fund accounting'. This is the procedure by which resources for various specific purposes are identified in the financial statements. Utilisation of funds is also restricted to the specific objectives of the various types of funds.

Unless specifically indicated, fund balances are not represented by any specific assets but are represented by the net assets of the Fund.

3.2 Financial instruments

Non-derivative financial assets

The Fund initially recognises receivables on the date that they originated. All other financial assets are recognised initially on the trade date which is the date that the Fund becomes a party to the contractual provisions of the instrument.

The Fund 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 Fund is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Fund 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.

The Fund classifies non-derivative financial assets into the following category: receivables.

Receivables

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, receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Receivables comprise other receivables and cash and cash equivalents.

Cash and cash equivalents comprise cash at bank and fixed deposit placed with a financial institution.

Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date, which is the date that the Fund becomes a party to the contractual provisions of the instrument.

The Fund derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Fund 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.

The Fund classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise other payables.

3.3 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through comprehensive income is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be 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 are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Fund on terms that the Fund would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers.

Receivables

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in surplus/(deficit) and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through surplus/(deficit).

3.4 Contribution/donation

Contribution/donation received is recognised on a receipt basis.

3.5 Interest income

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

3.6 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 2012, 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 Fund.

4 Other receivables

	2012 $	2011 $
Interest receivables	1,742	4,918
Other receivables	5,000	–
	6,742	4,918

The Fund has not recognised any allowance in respect of the other receivables as the management is of the view that these receivables are collectible.

5 Cash and cash equivalents

	2012 $	2011 $
Cash at bank	2,207,313	2,825,375
Fixed deposit placed with a financial institution	12,509,554	11,500,000
Cash and cash equivalents in the statement of cash flows	14,716,867	14,325,375

6 Other payables

	2012 $	2011 $
U Care Education Co-Funding	38,600	245,300
U -Stretch vouchers	2,750,000	2,433,893
Back-to-school vouchers	3,500,000	3,780,000
U Care CSR Co-Funding	8,079	26,589
Grants received in advance	6,296,679	6,485,782
Sundry creditors	138,048	-
Accrued expenses	6,000	6,000
	6,440,727	6,491,782

The Fund received the following grants:

	U Care Education Co-Funding $	U-Stretch vouchers $	Back-to-school vouchers $	U Care CSR Co-Funding $	Total $
1 January 2011	285,805	451,082	3,521,600	-	4,258,487
Grants received	812,000	2,438,000	3,780,000	45,000	7,075,000
Grants utilised	(754,980)	(366,199)	(3,371,115)	(18,411)	(4,510,705)
Reversal of unpresented vouchers in prior year	(97,525)	(88,990)	(150,485)	-	(337,000)
At 31 December 2011/ 1 January 2012	245,300	2,433,893	3,780,000	26,589	6,485,782
Grants received	793,380	2,793,717	3,625,725	-	7,212,822
Grants utilised	(999,265)	(2,404,860)	(3,861,205)	(18,510)	(7,283,840)
Reversal of unpresented vouchers in prior year	(815)	(72,750)	(44,520)	-	(118,085)
At 31 December 2012	38,600	2,750,000	3,500,000	8,079	6,296,679

7 Donations received

During the year, donations received amounting to $9,048,412 (2011: $8,185,363) are tax-exempt donations.

8 Income tax expense

The Fund is a registered charity under the Charities Act, Cap.37 and is an Institution of Public Character under the Income Tax Act, Cap.134. No provision for taxation has been made in the financial statement as the Fund is a registered charity with income tax exemption.

9 Financial risk management

Financial risk management objectives and policies

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. These risks include credit risk, liquidity risk and market risk (including interest rate risk). 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.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund.

At 31 December 2012, the following financial assets are exposed to credit risk/settlement risk: cash and cash equivalents and other receivables.

As at reporting date, there is no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. Management regularly monitors the recoverability of its financial assets and believes that it has adequately provided for any exposure to potential losses.

Cash and fixed deposits are placed with banks and financial institutions, which are regulated.

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. As at 31 December 2012, the Fund is in a net current assets position of $8,282,882 (2011: $7,838,511).

Liquidity risk analysis

Non-derivative financial liability

The tables shown in the following page detailed the contractual maturity for non-derivative financial liability. The tables have been drawn up based on the undiscounted cash flows of financial liability based on the earliest date on which the Fund can be required to pay.

	Carrying amount	Contractual cash flow	Within 1 year
2012	**$**	**$**	**$**
Non-derivative financial liability			
Other payables	6,440,727	6,440,727	6,440,727
2011			
Non-derivative financial liability			
Other payables	6,491,782	6,491,782	6,491,782

Market risk

Market risk is the risk that changes in market prices, such as interest rates will affect the Fund's total return. 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 is not exposed to interest rate risk arising from the volatility of interest rate as its fixed deposit is on fixed rate basis. Thus, no sensitivity analysis is prepared.

Estimation of fair values

Non-derivative financial assets and liabilities

The carrying amount 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.