



**CATHOLIC SOCIAL &
COMMUNITY COUNCIL
GOVERNANCE &
FINANCIAL REPORT 2007**

“Love one another, as I have loved you.”

– John 13:34

CORPORATE INFORMATION

Registration : The Catholic Social and Community Council Limited (CSCC) is a company limited by guarantee (ACRA Registration No: 200613504D) and a registered charity (Charity No: 02022).

The CSCC Agape Fund is a trust with Institution of a Public Character (IPC) status and a registered charity (Charity No: 02001).

Company Secretary : Vivienne Lim

Legal Counsel : Genesis Law Corporation
Advocates & Solicitors

Auditors : Ernst & Young
One Raffles Quay
North Tower, Level 18
Singapore 048583

Bankers : DBS Bank Ltd
6 Shenton Way
DBS Building Tower One
Singapore 068809

Registered Office : 55 Waterloo Street #09-03
Catholic Welfare Centre
Singapore 187954

Telephone : +65 6337 3711

Fax : +65 6337 7101

Website : www.cscs-singapore.org

This Governance and Financial Report 2007 accompanies the Annual Report 2007, the contents of which include:

Message from the Archbishop

FY 2007 Highlights

Programmes

- Community Strategy
- Formation
- Volunteering
- Fund Raising
- Communications
- Membership and Capacity Building
- Shared Services
- Grant Making

Stakeholders

If you did not but wish to receive the Annual Report 2007, you may download it from our website or contact us for a hardcopy.

This publication is a community service by:

- Wats Behind the Lens
- Epigram Design

CONTENTS

CORPORATE GOVERNANCE REPORT	1
FINANCIAL REPORT	
Directors' Report	13
Statement by the Directors	15
Independent Auditors' Report	16
Statement of Financial Activities/ Income and Expenditure Account	18
Balance Sheet	19
Statement of Changes in Funds	20
Statement of Cash Flow	21
Notes to the Financial Statements	22

CORPORATE GOVERNANCE REPORT

CSCC as the umbrella body for Catholic charities, is committed to ensuring that it practises the highest standard of corporate governance.

In June 2007, the Charities Council issued a draft Code of Governance for Charities and Institutions of a Public Character (“the Code”). At time of publication of this report, the Code is still in draft form. When issued, compliance to the Code is encouraged but is not mandatory. Nevertheless, the CSCC Board has decided that CSCC shall seek to adopt early and wherever possible, the principles and guidelines of the Code.

This report describes the policies, processes and practices adopted by CSCC in compliance with the Code. It has also provided explanations in areas where the Code is not complied with. In many cases, this is because CSCC is a new organisation and this being its first year of operations, the implementation of the guidelines is not ready or it is not appropriate at this early stage in its organisation.

1. STRATEGIC PLANNING

Principle: The charity is established to accomplish certain objectives for the benefit of the society. The vision and mission of the charity shall be clearly articulated, and the charitable work shall be carefully planned.

Vision and mission

The Board established CSCC’s mission at the first board meeting in September 2006. A retreat of all Board and Committee members was held in March 2007 to formulate a vision, identify strategic directions and establish the top priorities for CSCC programmes. Another retreat of Board and Committee members was held in August 2007 to develop the work plan and key goals for FY2008.

The articulated mission and vision of CSCC are:

The mission of CSCC is to provide leadership to the Catholic community in Singapore in fulfilling the Church’s social mission for the benefit of the broader community.

CSCC’s vision is to be the hub of a vibrant Church’s social outreach to the broader community and a model of social innovation and Christian leadership.

Operations plan

In its first year of operations, broad-based programmes were identified and Board Committees were formed to develop specific actions and initiatives in each programme area. These were periodically reported back to and approved by the Board when needed. With the experience of the first ten months, a structured and integrated plan for FY2008 was developed and the goals set will be used to monitor progress against the plan.

CSCC's annual report is its primary overall reporting back to the various stakeholders (the Catholic community, donors, etc). From time to time, CSCC also reports on specific activities and project progress such as fund raising on its website and through Catholic News.

2. BOARD GOVERNANCE

Principle: The charity is governed by a volunteer Board whose members are either elected or appointed according to the charity's constitution. As the highest policy and decision making body, the Board has the ultimate responsibility of ensuring that the charity is governed and managed responsibly and prudently to ensure the effectiveness, credibility and sustainability of the charity.

Board composition

CSCC is governed by a volunteer Board appointed by the Archbishop of the Catholic Archdiocese of Singapore. The first term of the board ends on 31 December 2008.

The 15 board members comprise four religious and 11 lay volunteers. One of the lay persons is employed by the Catholic Archdiocese of Singapore. The board members collectively provide the needed mix of spiritual guidance and corporate governance, non-profit management, legal, financial and other experience from the government, commercial and non-profit sectors.

In addition, CSCC has set up a trust fund, the CSCC Agape Fund ("the Fund") which has received Institution of a Public Character (IPC) status. Of the six trustees appointed by the Board to govern the Fund, two are board members and the remaining are lay volunteers. The group of trustees provides the mix of governance, management and financial experience needed for an IPC Fund.

The list of CSCC's board members and trustees is shown further below in this section. Their individual profiles are provided in pages 32 to 37 of the Annual Report 2007.

Board bylaws

The composition and appointment of the Board and the duties and functions of the directors are defined in CSCC's constitution.

During board meetings for the first year, policies on matters which are needed such as distinction of duties, have been established in board meetings and documented in the meeting minutes.

The Board does not currently have an additional set of bylaws beyond the Constitution and the board minutes. In FY2008, the Board intends to develop CSCC's own Code of Corporate Governance which will consolidate the various policies and include other best practices such as tenure, rotation, etc.

Board tenure and renewal

As this is CSCC's initial year and the Board's term expires only by end-2008, there has not been any work done to define the process for renewal. This will be undertaken in the next year before expiration of the current Board's term.

The Code has recommended a maximum of four consecutive years for the treasurer. The Board has no treasurer position because it is not a Society governed by a Council (it is a Company Limited by Guarantee governed by a Board of Directors). However, there is a chairperson of the Audit and Finance Committee. Consideration will be made in the coming year in the development of the Code of Corporate Governance on the appropriate rotation of this appointment.

Executive independence

All Board members and Trustees are non-executive, and none of them receive any remuneration for their time spent on CSCC matters.

The day-to-day operations of CSCC is managed by a team of six full time executives led by a full-time Executive Director.

The Executive Director and when appropriate, members of the Executive team attend board meetings as ex-officio to provide information and facilitate necessary discussions but they do not take part in the decision making of the Board.

Board committee structure

With the limited executive staffing, the Board has set up a number of Board Committees to assist with the governance and programmes of CSCC:

Infrastructural Committees

1. Executive Committee (Ex-Co) (Chair: Willie Cheng)
2. Audit and Finance Committee (Chair: Juliana Ng)

Programme Committees

1. Communications Committee (Chair: Benjamin Wong)
2. Community Strategy Committee (Chair: Laurence Lien)
3. Formation Committee (Chair: Wendy Louis)
4. Fund Raising Committee (Chair: Diana Quek)
5. Grants and Capacity Building Committee (Chair: Kwek Mean Luck)
6. Membership Committee (Chair: George Lim)
7. Volunteer Committee (Chair: Paul Foo)

There are several committees recommended by the Code which differs from how CSCC has implemented its committee structure:

1. Audit Committee. The audit function is part of the Audit and Finance Committee. This being CSCC's first year of operations, much of the effort and need has been in the set up of the finance function and processes before any audit can be performed. From 1 October 2007 (FY2008), the Audit and Finance Committee was split into two committees: Audit Committee, and Finance and Investment Committee.
2. Investment Committee. The investment function is part of the Audit and Finance Committee. See above point regarding the new Finance and Investment Committee for FY2008.
3. Nomination Committee. This is the first year of a Board with a two-year term. There has not, therefore, been a need for a Nomination Committee this year.
4. Human Resource Committee. The human resource needs of CSCC are covered by the Executive Committee.
5. Programmes and Services Committee. As CSCC is driven largely by volunteers, seven programme committees instead of a single, all encompassing committee, have been formed.

All committees have a defined set of Terms of Reference and is chaired by a board member. In addition to existing board members, a total of 33 other volunteers with relevant expertise, experience and network are co-opted into the committees.

Orientation briefings and documents are provided to each new board or committee member.

Board and committee meetings

Board meetings are held every two months. Committee meetings are held as needed. The quorum for meetings is one-third of members or five board members. In general, the Board and Committees seek to operate by consensus. However, the constitution provides for voting in the Board by a majority of those present. Every board member has attended most board meetings since they were appointed. The attendances of board members at board meetings and the committee meetings on which they are members are as follows:

Name	Attendance at Board Meetings	Committees	Attendance at Committee Meetings
Willie Cheng (Chairman)	6 out of 6	Executive Committee	7 out of 7
		Fund Raising	6 out of 6
George Lim (Deputy Chairman)	6 out of 6	Executive Committee	7 out of 7
		Membership	9 out of 9
Benedict Cheong ⁴	1 out of 1		
Rev Fr Patrick Goh	6 out of 6	Executive Committee	7 out of 7
Paul Foo	4 out of 6	Volunteer	12 out of 12
Benjamin Wong ²	4 out of 4	Communications	3 out of 3
Kwek Mean Luck	5 out of 6	Grants and Capacity Building	3 out of 3
Sr Maria Lau	5 out of 6	Formation	4 out of 6

Name	Attendance at Board Meetings	Committees	Attendance at Committee Meetings
Juliana Ng ²	4 out of 4	Audit and Finance	5 out of 5
Diana Quek ³	2 out of 2	Fund Raising	2 out of 2
Laurence Lien	6 out of 6	Community Strategy	3 out of 3
Francis Mane ²	3 out of 4	Membership	4 out of 7
Wendy Louis	5 out of 6	Formation	6 out of 6
Rev Fr Colin Tan, SJ	6 out of 6	Fund Raising	4 out of 6
Rev Monsignor Eugene Vaz ¹	5 out of 5	Formation	3 out of 6

¹ Appointed to the Board on 31 October 2006

² Appointed to the Board on 14 February 2007

³ Appointed to the Board on 15 June 2007

⁴ Appointed to the Board on 15 September 2007

The trustees are expected to meet twice a year under the grant making schedule established. For its first year of operations, there has been one meeting of the trustees and there was full attendance at this meeting:

Name	Attendance at Trustee Meeting
J Y Pillay (Chairman)	1 out of 1
Willie Cheng	1 out of 1
Margaret Lien	1 out of 1
Dr Lim Cheok Peng	1 out of 1
George Lim	1 out of 1
Frank Wong	1 out of 1

Minutes are kept for all board, trustees and committee meetings. All minutes are circulated to those present, and also to all board members as part of the board pack provided for each board meeting.

Board evaluation

The Board did a written self-evaluation survey for the Board's first year in office. The results were discussed at the board meeting in September 2007.

3. CONFLICT OF INTEREST

Principle: The Board, its staff, volunteers and donors to the charity shall act in the best interest of the charity. There shall be no vested or personal interest or interest of third parties. Clear policies and procedures shall be set and measures taken to prevent and address actual, potential or perceived conflict of interest that could affect the integrity, fairness and accountability of the charity.

Conflict of interests of board members

The Board has discussed the issue of conflict of interests and determined that based on the known relationships within the Board, the potential for conflict is minimal. The Board, therefore, established for a start, guidelines for declaring interests during discussions and for abstaining from decision making in the matter.

All such guidelines which are documented in board minutes, will be consolidated and further refined in the planned Code of Corporate Governance to be developed in FY2008.

All board members provided a disclosure of their interests in all other organisations in which they are directors or have control to the Board, the first time they were appointed and updates when they occur. Disclosures are circulated to all board members.

Recruitment of staff

Recruitment of the Executive Director is handled by the Board with an ad hoc Board Committee set up to do the screening and interviewing. Recruitment of other staff is handled by the Executive Director with the Executive Committee of the Board overseeing it. There is no known family relationship of the executive staff with any of the board members.

Conflict of interests of organisational members

CSCC has a number of organisational members that it works with. The major financial relationship with these organisational members is that CSCC provides grants to many of its members for their charitable work. In addition, CSCC is a recipient of a grant from Catholic Welfare Services for its start-up. These grants are disclosed in its financial statement.

In addition, from time to time, there could be other financial transactions between CSCC and related parties. These transactions are separately disclosed in page 38 (Note 16) of this Report.

4. PROGRAMME MANAGEMENT

Principle: The programmes and activities conducted by the charity determine the charitable work that the charity sets out to accomplish. They shall be carefully planned, tracked and reviewed to ensure relevancy to the mission and vision of the charity.

At the beginning of the year, the Board established that CSCC's key programmes based on its mission should cover the following:

- Fund raising for a common pool of funds
- Grant making and capacity building from this common pool of funds
- Coordination and networking of its members
- Volunteer raising and matching
- Formation of the Catholic community on living its social mission
- Development of a community strategy
- Communicating with its members and the Catholic community

Board committees for each of these areas were established. Several high priority initiatives in each area were rolled out.

This being its first year, CSCC has not developed any formal evaluation system to measure the outcomes of the programmes. Nevertheless, the committees look at their output and results and compare it to other related measures. For example, the Fund Raising Committee benchmarked the results of Charities Week against the Charities Week conducted by Catholic Welfare Services in the past.

A review of the progress of CSCC programmes was made in a board and committee retreat held in August 2007. These were then taken into account to develop a more holistic, integrated and structured plan for FY2008 with key objectives, goals and initiatives identified.

5. HUMAN RESOURCE MANAGEMENT

Principle: Human resource is an important asset of the charity. The charity has a pool of paid staff and volunteers to run its operations and programmes, and shall have human resource policies to address these groups of people.

Paid staff

CSCC has developed a Staff Manual which contains a set of human resource policies for paid staff and contract workers that covers recruitment, remuneration, benefits, training, development actions, performance appraisal and disciplinary actions.

CSCC's salary scale is pegged to that of the National Council for Social Services. None of the staff remuneration is pegged to the amount of funds raised. All staff are covered by insurance.

Volunteers

As part of its mission, CSCC promotes volunteering, recruits volunteers and matches them to its member organisations. This programme is overseen by the Volunteer Committee.

CSCC promotes volunteering through its various messaging platforms. It conducts online volunteer matching through its website and through Volunteer Fairs organised across the Archdiocese. CSCC has also conducted volunteer management workshops for its member organisations so as to increase the groups' effectiveness at using volunteers.

In addition to the support it provides to its member organisations in getting and managing volunteers, CSCC also uses volunteers extensively. In the last year, over 100 volunteers have helped out in its various committees and activities. CSCC volunteers are managed by one of its staff who has undergone a course in volunteer management conducted by the National Volunteer and Philanthropy Centre.

Volunteers do not receive any remuneration or allowances. They may, however, be reimbursed for out-of-pocket expenses incurred in performing their work. All reimbursements are made through a claim process which requires forms and documentary support which are checked and approved before payments are made.

Apart from a clear guideline on no remuneration given for volunteer work, there are no other written policies on volunteers. Instead CSCC seeks to follow best practices in managing its volunteers.

6. FINANCIAL MANAGEMENT AND CONTROLS

Principle: Being an organisation providing services for the good of the public and having public funds as its major source of income for its operations, the charity shall have sound financial management and compliance with applicable laws to ensure accountable and legitimate use of their resources.

Budgets

CSCC's first year of operations is seed funded through a grant based on a broad-based budget established in the early stages of the planning for the formation of CSCC. For the next fiscal year, a budget has been built ground up from the respective programmes agreed to at the board retreat and follow-up meeting in September 2007.

Operational controls

CSCC does not extend loans to third parties.

The Board has approved the set-up of specific bank accounts and a documented set of financial guidelines and controls, which includes:

- Receipting, payment procedures and controls such as double signatories
- System for the delegation of authority and limits of approval
- Guidelines for the investments of surplus funds
- A fixed asset register for its assets, and depreciation and capitalisation policies

Major expenditure is approved by the Board or delegated to specific committees as appropriate. The Executive Committee reviews and approves payments for significant operational expenditure. The Grants and Capacity Building Committee reviews and recommends grants made to member organisations before approval by the Board and the trustees. The Audit and Finance Committee reviews and recommends CSCC's cash management and investment policy for approval by the Board and monitors these approved investments on a regular basis.

During the year, there was internal review of the controls and accounts by professional volunteers for the two major fund raising projects (My Advent Gift and Charities Week). Apart from these, there was no other internal audit done as all other amounts were not deemed to be major.

The accounts for CSCC are outsourced to a professional third party provider. The process and financial statements are reviewed by the Audit and Finance Committee.

In FY2008, the Board intends to consolidate all the financial guidelines and controls presented in board meetings and establish further detailed guidelines in a Financial Policies and Guidelines Manual.

Asset management

This being CSCC's first year of operations, the issue of reserves is not significant. The surplus from FY2007 is expected to be less than what is needed to fund its operations and grants required for 2008.

However, from a long term standpoint, CSCC as a grant maker, needs to ensure adequate reserves available to provide for the sustainable funding of its member organisations. A reserves policy will be formulated in the coming year.

The surplus for the year is currently being invested on a conservative basis in bank deposits, in line with the investments guidelines established and approved by the Board.

To-date, CSCC has not raised any capital funds.

7. FUND RAISING PRACTICES

Principles:

- (a) **As fund raising is one of the key interactions between the charity and the public, the charity shall ensure that its fund raising activities are transparent, ethical and uphold the public's confidence in the cause of the charity.**
- (b) **The charity shall ensure that proper accounting practices and records are maintained for the fund raising activities.**
- (c) **The charity and its fund raisers shall be accountable to their donors for the donations received.**
- (d) **Charities and their fund raisers shall respect donors' confidentiality.**
- (e) **The charity and its fund raisers shall effectively manage and take care of the interests of their fund raising personnel.**
- (f) **The charity shall be prudent in engaging commercial third party fund raisers. Notwithstanding the use of a third party fund raiser, the charity itself remains responsible for complying with this Code as if it carried out the fund raising activity itself.**
- (g) **The charity shall be prudent in entering into co-ventures.**

Fund raising practices

CSCC raises funds primarily from and through the Catholic community. Its main message to Catholics on giving is based on the Church's social teachings of loving our neighbours, especially the poor and the marginalised.

The two main fund raising projects during its first year have been the My Advent Gift 2006 campaign and the Charities Week 2007. In addition, GIRO donations were started towards the end of the year.

Fund raising processes, internal controls and messages were reviewed and approved by the respective fund raising project sub-committees set up by the Fund Raising Committee to ensure integrity and transparency of the process. The processes and controls include:

- Control totals, tags and security packages in the collection and transmission of money
- Timeliness in the collection and depositing of money collected from the parishes
- More than one person involved in each stage of operation of collections, counting and deposit of money
- Confidentiality of donors' information

Accountability of donations

Information of CSCC and the causes are provided in the appeal letters and envelopes for its fund raising events. Donors are encouraged to visit its website for detailed write-ups.

Detailed records are kept for each donation. Acknowledgement letters are sent to all donors where practical, to confirm and to thank them for their gifts.

Tax-exempt donations are entered into the IPC-Link database and transmitted to the Inland Revenue Authority of Singapore.

Collections received from its major fund raising projects are reported back to each parish where most of the donations come from, and published in the Catholic News and CSCC's website.

Donors' confidentiality are observed and respected.

Fund raising personnel

CSCC uses many volunteers in its fund raising activities, none of whom are below the age of 16 years old. Volunteers are managed. All volunteers are briefed before their duties and their welfare provided for, where appropriate, during the performance of their duty. Additional precautions were taken to ensure security when volunteers transport the money collected.

Commercial third party fund raisers and co-ventures

CSCC has not used the services of any commercial third party fund raisers nor has it any co-venture arrangements during the year.

8. DISCLOSURE AND TRANSPARENCY

Principle: As the charity operates with public support through both donations and the use of volunteers, it shall be transparent in its operations to maintain the integrity of serving for public trust and community good instead of personal gain. As such, the charity shall demonstrate its openness to the public by providing the public with information about its mission, structure, programmes, activities, performance and finances.

General information on CSCC

General information on CSCC's scope and activities are communicated through its website and the Catholic community as described in Section 9.

Information on donations

Information provided to donors and other parties regarding specific donations and all donations in general, is described in Section 7 of this statement.

Financial statements

CSCC's annual financial statements are prepared in accordance with the disclosure requirements of Financial Reporting Standards (FRS) and specifically Recommended Accounting Practice 6 (RAP6) of the Institute of Certified Public Accountants of Singapore even though it is not mandatory for CSCC to follow RAP6. These financial accounts are audited by one of the big four accounting firms.

Its audited financial report and this Corporate Governance Statement forms part of CSCC's Annual Report package which is provided to all interested parties, and in particular key segments of the Catholic Church, its donors and the regulators.

Top 3 executives' remuneration

Each of the top 3 executives' annual remuneration is within the first remuneration band – below \$100,000.

9. PUBLIC RELATIONS AND CORPORATE COMMUNICATIONS

Principle: The charity provides important services to the community. It, therefore, needs to communicate matters relating to its mission, programmes or activities to the public and stakeholders, and respond readily to requests for such information.

CSCC seeks to proactively build its image. This is overseen by a Communications Committee of the Board and managed by a full time staff.

All key information that are externally communicated go through an internal process of review that involves key board members.

Much of CSCC's information regarding its scope, structure and programmes are provided on its website and in its collaterals given out to interested parties.

In the course of the year, further information is communicated through e-Newsletters and news articles in the Catholic media. In addition, for specific activities, information may be relayed to the Catholic community through the parishes.

Its Annual Report 2007 and Governance and Financial Report 2007 detailed its activities and results for the year to all interested parties.

DIRECTORS' REPORT

The Board of Directors are pleased to present their report together with the audited financial statements of the Catholic Social and Community Council Limited ("Council") for the financial period from 13 September 2006 (date of incorporation) to 30 September 2007.

Members of the Board of Directors

The names of the Board of Directors holding office at the date of this report are:

Willie Cheng	(Chairman)
George Lim	(Deputy Chairman)
Benedict Cheong	(Member)
Paul Foo	(Member)
Rev Fr Patrick Goh	(Member)
Kwek Mean Luck	(Member)
Sr Maria Lau, IJ	(Member)
Laurence Lien	(Member)
Wendy Louis	(Member)
Francis Mane	(Member)
Juliana Ng	(Member)
Diana Quek	(Member)
Rev Fr Colin Tan, SJ	(Member)
Rev Monsignor Eugene Vaz	(Member)
Benjamin Wong	(Member)

CSCC Agape Fund Trustees

J Y Pillay	(Chairman)
Willie Cheng	(Trustee)
Margaret Lien	(Trustee)
Dr Lim Cheok Peng	(Trustee)
George Lim	(Trustee)
Frank Wong	(Trustee)

Arrangements to enable Directors to acquire shares and debentures

The Council is a company limited by guarantee and has no share capital. None of the Directors holding office at the end of the financial year had an interest in the share capital of the Council that is required to be reported pursuant to Section 201(6)(g) of the Singapore Companies Act, Cap 50.

FINANCIAL REPORT

Directors' interests in shares and debentures

The Council is a company limited by guarantee.

There were no shares or debentures in issue in the Council at the end of the financial year.

Directors' contractual benefits

Since the beginning of the financial year, no Director of the Council has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Companies Act, Cap 50, by reason of a contract made by the Council or a related corporation with the Director, or with a firm of which he is a member, or with a company in which the Director has a substantial financial interest.

Share options

The Council is a company limited by guarantee. As such, there are no share options or unissued shares under option.

Auditors

The auditors, Ernst & Young have expressed their willingness to accept reappointment as auditors.

On behalf of the Board of Directors

Willie Cheng
Director

George Lim
Director

Singapore
31 October 2007

STATEMENT BY THE DIRECTORS

We, Willie Cheng and George Lim, being two of the Directors of Catholic Social and Community Council Limited, do hereby state that, in the opinion of the Directors:

- (i) the accompanying statement of financial activities/income and expenditure account, balance sheet, statement of changes in funds and statement of cash flow together with the notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Council as at 30 September 2007, and of the results of the business, changes in funds and cash flows of the Council for the financial period from 13 September 2006 (date of incorporation) to 30 September 2007, and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Council will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

Willie Cheng
Director

George Lim
Director

Singapore
31 October 2007

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBER OF CATHOLIC SOCIAL
AND COMMUNITY COUNCIL LIMITED**

We have audited the accompanying financial statements of Catholic Social and Community Council Limited (the "Council") set out on pages 18 to 40, which comprise the balance sheet as at 30 September 2007, and the statement of financial activities/income and expenditure account, statement of changes in funds and statement of cash flow for the financial period from 13 September 2006 (date of incorporation) to 30 September 2007, and a summary of significant accounting policies and other explanatory notes.

Board's responsibility for the financial statements

The Council's Board of Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; 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 of 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 Council's Board of Directors, 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,

- (i) the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards, and so as to present fairly, in all material respects, the state of affairs of the Council as at 30 September 2007 and of the results, changes in funds and cash flows of the Council for the financial period from 13 September 2006 (date of incorporation) to 30 September 2007.
- (ii) the accounting and other records required to be kept by the Council have been properly kept in accordance with the provisions of the Act.

ERNST & YOUNG
Certified Public Accountants

Singapore
31 October 2007

**STATEMENT OF FINANCIAL ACTIVITIES/INCOME AND
EXPENDITURE ACCOUNT FOR THE FINANCIAL PERIOD**
FROM 13 SEPTEMBER 2006 (DATE OF INCORPORATION) TO 30 SEPTEMBER 2007

	Note	Unrestricted funds		Total
		General fund	Agape fund	
		\$	\$	\$
Incoming resources				
<i>Incoming resources from generated funds</i>				
Voluntary income	3	2,266,724	3,152,795	5,419,519
Interest income		8,075	21,810	29,885
Other income resources				
Other income		350	–	350
Total incoming resources		2,275,149	3,174,605	5,449,754
Resources expended				
<i>Costs of generating funds</i>				
Costs of generating voluntary income	4	51,930	95,199	147,129
Total costs of generating funds		51,930	95,199	147,129
Net incoming resources available for charitable application				
		2,223,219	3,079,406	5,302,625
Costs of charitable activities	5	998,813	1,284,436	2,283,249
Governance costs	7	112,864	17,933	130,797
		1,111,677	1,302,369	2,414,046
Total resources expended		1,163,607	1,397,568	2,561,175
Net incoming resources		1,111,542	1,777,037	2,888,579

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEET
AS AT 30 SEPTEMBER 2007

	Note	\$
Non-current asset		
Property, plant and equipment	10	31,029
Current assets		
Other debtors, deposits and prepayments	11	38,903
Cash at bank and in hand		3,563,260
		3,602,163
Current liability		
Creditors and accruals	12	744,613
Net current assets		2,857,550
Net assets		2,888,579
Funds		
General fund		1,111,542
Agape trust fund		1,777,037
Total funds		2,888,579

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL PERIOD**

FROM 13 SEPTEMBER 2006 (DATE OF
INCORPORATION) TO 30 SEPTEMBER 2007

	General Fund	Agape Fund	Total Fund
	\$	\$	\$
At 13 September 2006 (date of incorporation)	–	–	–
Net incoming resources for the financial year	1,111,542	1,777,037	2,888,579
At 30 September 2007	1,111,542	1,777,037	2,888,579

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

**STATEMENT OF CASH FLOW
FOR THE FINANCIAL PERIOD**

FROM 13 SEPTEMBER 2006 (DATE OF
INCORPORATION) TO 30 SEPTEMBER 2007

	\$
Cash flows from operating activities	
Net incoming resources for the year	2,888,579
Adjustments to exclude investment income and non-cash items:	
Interest income	(29,885)
Depreciation charge for the year	22,644
Fixed assets written off during the year	6,580
Donations-in-kind	(4,678)
Operating cash flow before working capital change	2,883,240
Changes in working capital	
Other debtors, deposits and prepayment	(38,903)
Creditors and accruals	744,613
Net cash inflow from operating activities	3,588,950
Cash flows from investing activities	
Purchase of property, plant and equipment	(55,575)
Interest income received	29,885
Net cash flow used in investing activities	(25,690)
Net increase in cash and cash equivalents	3,563,260
Cash and cash equivalents at the beginning of the financial period	–
Cash and cash equivalents at the end of the financial period	3,563,260

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2007

1. GENERAL INFORMATION

Catholic Social and Community Council Limited (the “Council”) was registered under the Charities Act, Chapter 37, in Singapore (Registration No 02022). The registered office is at 55 Waterloo Street, #09-03, Catholic Welfare Centre, Singapore 187954.

The Council has established the “CSCC Agape Fund”, a trust fund governed by a board of six trustees. The fund was also registered under the Charities Act, Chapter 37, in Singapore (Registration No 02001). The objectives of the fund are in line with that of the Council.

The principal activities of the Council are to provide the overall leadership to the various charitable organisations under the Archdiocese which assist in the relief of poverty, and provide support to beneficiaries regardless of age, sex, nationality, religion or moral character. The Council is the official social and community arm of the Archdiocese to fulfil the Church’s social mission for the benefit of the broader community.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Council have been prepared in accordance with Singapore Financial Reporting Standards (“FRSs”) and the Recommended Accounting Practice (“RAP”) 6. They are also subject to the provisions of the Charities Act, Cap 37.

The accounting policies have been consistently applied by the Council during the financial period.

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Singapore Dollars, which is the Council’s functional and presentation currency.

2.2 FRS and Interpretation of Financial Reporting Standard (“INT FRS”) not yet effective

The Council has not applied the following FRS and INT FRS that have been issued but not yet effective:

		Effective date (annual periods beginning on or after)
FRS 1	: Amendment to FRS 1 (revised), Presentation of Financial Statements (Capital Disclosures)	1 January 2008
FRS 40	: Investment Property	1 January 2007
FRS 107	: Financial Instruments: Disclosures	1 January 2008
FRS 108	: Operating Segments	1 January 2009
INT FRS 109	: Reassessment of Embedded Derivatives	1 June 2006
INT FRS 110	: Interim Financial Reporting and Impairment	1 November 2006
INT FRS 111	: Group and Treasury Share Transactions	1 March 2007
INT FRS 112	: Service Concession Arrangements	1 January 2008

The Directors expect that the adoption of the above pronouncements will have no material impact to the financial statements in the period of initial application, except for the amendment to FRS 1 as indicated below.

Amendment to FRS 1 (revised), Presentation of Financial Statements (Capital Disclosures)

The amendment to FRS 1 requires the Council to make new disclosures to enable users of the financial statements to evaluate the Directors’ objectives, policies and processes for managing capital. The Council will apply the amendment to FRS 1 from the annual period beginning 1 October 2008.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2007

2.3 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Council's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Depreciation of property, plant and equipment

The cost of property, plant and equipment are depreciated on a straight-line basis over their respective useful lives. Management estimates the useful lives of these property, plant and equipment to be within 1 – 5 years. The carrying amount of the Council's total property, plant and equipment as at 30 September 2007 was \$31,029. Changes in the expected level of usage, technological developments as well as consumer preferences could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised and could have an impact on the profit in future years.

2.4 Functional and foreign currency

Functional currency

The Council has determined the currency of the primary economic environment in which the Council operates ie functional currency, to be SGD. Incoming resources and resources expended are primarily influenced by fluctuations in SGD.

2.5 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

2.5 Property, plant and equipment (cont'd)

The initial cost of property, plant and equipment comprises its net purchase price after deducting for any trade discount and rebates, including import duties and non-refundable purchase taxes, any directly attributable costs of bringing the asset to its working condition and location for its intended use, any trade discounts and rebates are deducted in arriving at the purchase price. The costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period of purposes other than to produce inventories during that period are capitalised. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the statement of financial activities/income and expenditure account in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of property, plant and equipment.

When assets are sold or retired, their cost and accumulated depreciation are removed from the financial statements and any gain or loss resulting from their disposal is included in the statement of financial activities/income and expenditure account.

A functional item of property, plant and equipment acquired in full or in part from the proceeds of a grant, is included at its full acquisition cost or by netting off the grant proceeds.

Where functional items of property, plant and equipment have been donated, they are included in the balance sheet at their fair value at the date of the gift and also included in the Statement of Financial Activities as an incoming resource. Accounting policies for the valuation of gifts are disclosed in Note 2.16 (iv).

2.6 Impairment of non-financial assets

The Council assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Council makes an estimate of the asset's recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2007

2.6 Impairment of non-financial assets (cont'd)

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the statement of financial activities/income and expenditure account as 'other operating expenses'.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Reversal of an impairment loss is recognised in the statement of financial activities/income and expenditure account. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2.7 Financial assets

Financial assets are recognised on the balance sheet when, and only when, the Council becomes a party to the contractual provisions of the financial instrument.

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in statement of financial activities/income and expenditure account when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

2.8 Cash and cash equivalents

Cash at bank and in hand carried in the balance sheet are classified and accounted for as loans and receivables under FRS 39. The accounting policy for the category of financial assets is stated in Note 2.7.

2.9 Impairment of financial assets

The Council assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the statement of financial activities/income and expenditure account.

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 was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the statement of financial activities/income and expenditure account, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

2.10 Derecognition of financial assets

A financial asset is derecognised where the contractual rights to receive cash flows from the asset have expired.

On derecognition, the difference between the carrying amount and the sum of the consideration received is recognised in the statement of financial activities/income and expenditure account.

2.11 Financial liabilities

Financial liabilities include other amounts payable. Financial liabilities are recognised on the balance sheet when, and only when, the Council becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value of the consideration received less directly attributable transaction costs and subsequently measured at amortised cost using effective interest rate method.

Gains and losses are recognised in the statement of financial activities/income and expenditure account when the liabilities are derecognised as well through the amortisation process. The liabilities are derecognised when the obligation under the liability is discharged or cancelled or expired.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2007

2.12 Provisions

Provisions are recognised when the Council has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.13 Deferred grant income

Grants received are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Grants received to meet the current year's operating expenses are recognised as income in the financial year in which the operating expenses are incurred once the criteria of certainty and measurability are met. Grants received in advance are recorded as deferred grant income.

2.14 Employee benefits

(a) Defined contribution plans

The Council participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Council make contributions to the Central Provident Fund scheme in Singapore, a defined contribution scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to balance sheet date.

2.15 Leases

Operating lease payments are recognised as an expense in the statement of financial activities/ income and expenditure account on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.16 Incoming resources from generated funds

All incoming resources are included in the Statement of Financial Activities to the extent that it is probable that the economic benefits will flow to the Council and the amount can be reliably measured. No amounts are included for services donated by volunteers. Incoming resources from generated funds comprise:

Voluntary income

(i) Donations

Such income is recognised when received. All income is demarcated between the Council's General Fund and the Agape Fund. The Agape Fund is registered as an IPC and thus donations requiring tax exemption are credited into the Agape Fund. Non tax-exempt donations are credited to the General Fund.

(ii) Grants

Such grants are provided by charitable foundations and provide core funding/are of a general nature. This does not include grants which are specifically for the performance of a service or production of charitable goods.

Such income is recognised ratably over the life of the contract.

(iii) Membership subscriptions

Such income is recognised on an accrual basis.

(iv) Donations in kind

Donations in kind are recognised based on an estimate of the fair value at the date of the receipt of the donation of the non-monetary asset or the grant of a right to a monetary asset. The donation is recognised if the amount of the gift can be measured reliably and there is no uncertainty that it will be received.

Interest income

Interest income is accounted for on an accruals basis.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2007

2.17 Resources expended

Expenditure is accounted for on an accruals basis. Allocations of support costs are based on payroll costs of time spent by staff, or direct expenditure and activity levels, as appropriate. Resources expended comprise:

Costs of generating voluntary income

The costs of generating voluntary income are those costs attributable to generating income for the Council, including salaries and directly attributable overheads such as the costs of producing advertising and direct mail materials, other than those costs incurred in undertaking charitable activities and fund raising trading costs.

Costs of charitable activities

The charitable activities of the Council flow from its vision and purpose. The primary charitable activities are grants given to member organisations to part finance their operational expenditure and also to parishes to fund charitable projects which are directed to the poor and those in need in the community.

The Council's charitable activities of awarding grants are distributed through a formal grant making process by the Grant and Capacity Building Committee, which reviews and recommends such grants for the approval by the Board of the Council and thereafter the Board of Trustees for the application of funds from the Agape Fund.

As part of the transition process, the Catholic Welfare Services ("CWS") evaluated and approved the funding requests of several member organisations in 2007. Approval for the grants to these member organisations was given by CWS based on their budgeted operational expenditure. These grants were transferred in full to the Council, to be disbursed at the Council's discretion in such tranches taking into account the member organisations' cash flow requirements.

The Council's Grant and Capacity Building Committee reviewed and evaluated all funding requests from parishes and their proposed charitable works. Upon the procurement of approvals from the relevant approving authority, the grants were disbursed in full to the parishes.

Grant expenditure is charged to the Statement of Financial Activities immediately from the point of the award being made, as evidenced by the grant agreement entered into between the Council and the grantee.

2.17 Resources expended (cont'd)

Support costs

Support Costs are those costs incurred in support of fund raising activities and the awarding and payment of grants. These are an integral cost of carrying out the direct charitable objectives of the organisation. The details of support costs in the Statement of Financial Activities are disclosed in Note 8.

2.18 Governance costs

Governance costs are those incurred in compliance with constitutional and statutory requirements including related professional fees.

2.19 Depreciation of property, plant and equipment

Depreciation is calculated so as to write off the cost of the assets on a straight line basis over the expected useful lives of the assets concerned. The principal rates used for this purpose are:

Computer equipment	–	1 year
Donated assets	–	1 year
Office equipment and furniture	–	5 years
Leasehold improvements	–	2 years

A full year's depreciation is charged in the financial year of acquisition. No depreciation is charged in the financial year of disposal. Fully depreciated assets are retained in the financial statements until they are no longer in use.

The useful life and depreciation method are reviewed annually to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2007

2.20 Funds accounting

The funds held by the Council are:

- General funds are funds that can be used in accordance with the charitable objectives of the Council.
- The Agape fund is made up of tax-exempt donations that can be used in accordance with the charitable objectives of the Council.

2.21 Related parties

A related party includes the trustees/office bearers (that is, directors) and key management of the Council. It also includes an entity or person that directly or indirectly controls, is controlled by, or is under common or joint control with these persons. It also includes members of the key management personnel of close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence by or for which significant voting power in such entity resides with, directly or indirectly, any such individual.

2.22 Current tax

Under Section 13M(1) of the Income Tax Act, the income of the Council is exempt from tax subject to certain conditions as set out in Section 13M(2)(b) being met.

3. VOLUNTARY INCOME

	General fund	Agape fund	Total
	\$	\$	\$
Donations	1,167,213	3,152,795	4,320,008
Grants	1,067,990	–	1,067,990
Membership subscriptions	1,633	–	1,633
Gifts-in-kind	29,888	–	29,888
	<u>2,266,724</u>	<u>3,152,795</u>	<u>5,419,519</u>

Included in donations is an amount of \$3,152,795 for which tax-exempt receipts have been issued.

4. COSTS OF GENERATING VOLUNTARY INCOME

	Note	General fund	Agape fund	Total
		\$	\$	\$
Direct costs		12,927	34,917	47,844
Staff costs		18,003	48,630	66,633
Support costs	8	21,000	11,652	32,652
		<u>51,930</u>	<u>95,199</u>	<u>147,129</u>

5. COSTS OF CHARITABLE ACTIVITIES

	Note	General fund	Agape fund	Total
		\$	\$	\$
Formation expenditure				
– Direct costs		26,286	–	26,286
– Support costs		19,818	–	19,818
– Staff costs		36,014	–	36,014
Grant and other charitable activities expenditure				
– Direct costs		24,475	–	24,475
– Support costs	8	45,841	25,436	71,277
– Staff costs		100,689	–	100,689
– Grant expenditure	6	745,690	1,259,000	2,004,690
		<u>998,813</u>	<u>1,284,436</u>	<u>2,283,249</u>

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2007

6. GRANT EXPENDITURE IN FURTHERANCE OF THE COUNCIL'S OBJECTS

The amounts payable during the period relating to this expenditure are set out below:

	\$
Catholic Welfare Services ¹	1,000,000
Family Life Society ¹	209,700
Morning Star Community Services ¹	204,000
Marine Parade Family Service Centre ¹	245,490
Catholic AIDS Response Effort (CARE) ¹	73,000
Parishes ²	272,500
	<u>2,004,690</u>

¹ These are affiliate member organisations of CSCC.

² The Council provided grants to 28 parishes to fund the parishes' projects for the poor and those in need in the community. Specific causes for which these grants are given are as follows:

	\$
Society of St Vincent de Paul ³	105,000
Poor and needy in parish neighbourhood	105,834
Medical aid	18,233
Assisi Hospice ⁴	10,000
Families in crises	8,000
Migrant workers	11,433
Outreach programmes	13,500
Others	500
	<u>272,500</u>

³ Society of St Vincent de Paul seeks to help the under-privileged families by providing financial aid and food rations.

⁴ The Assisi Hospice provides integrated palliative care.

7. GOVERNANCE COSTS

	Note	General fund \$	Agape fund \$	Total \$
Board and committee costs		1,326	–	1,326
External audit fees		8,000	–	8,000
Staff costs		71,219	–	71,219
Support costs	8	32,319	17,933	50,252
		<u>112,864</u>	<u>17,933</u>	<u>130,797</u>

8. SUPPORT COSTS

	Costs of generating funds \$	Costs of formation activities \$	Costs of charitable activities \$	Governance costs \$	Total support costs \$
Finance	3,631	2,204	7,927	5,588	19,350
Information					
Technology	10,134	6,150	22,120	15,595	53,999
Human resources	6,632	4,026	14,478	10,208	35,344
Corporate resources	12,255	7,438	26,752	18,861	65,306
	<u>32,652</u>	<u>19,818</u>	<u>71,277</u>	<u>50,252</u>	<u>173,999</u>

9. NET INCOMING RESOURCES

Net incoming resources is stated after charging:

	\$
Auditors' remuneration	
– Audit fees	8,000
– Non-audit fees	–
Depreciation	22,644
Rental Expense	28,247
Fixed assets written off	6,580

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2007

10. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment \$	Donated Assets \$	Office equipment and furniture \$	Leasehold improvements \$	Total \$
Cost					
At 13 September 2006	–	–	–	–	–
Additions	20,547	4,678	22,880	12,148	60,253
Disposals/written off	–	–	–	(12,148)	(12,148)
At 30 June 2007	20,547	4,678	22,880	–	48,105
Accumulated depreciation					
At 13 September 2006	–	–	–	–	–
Charge for the year	11,853	1,559	3,664	5,568	22,644
Disposals/written off	–	–	–	(5,568)	(5,568)
At 30 June 2007	11,853	1,559	3,664	–	17,076
Net carrying amount					
At 30 September 2007	8,694	3,119	19,216	–	31,029

11. OTHER DEBTORS, DEPOSITS AND PREPAYMENTS

	\$
Other debtors	13,788
Deposits	24,630
Prepayments	485
	38,903

12. CREDITORS AND ACCRUALS

	\$
Trade creditors	820
Accruals	70,041
Deferred grant income	340,560
Grant payable	329,595
Others	3,597
	744,613

The movement in deferred grant income is as follows:

	\$
As at 13 September 2006	–
Grant received during the year	1,408,550
Transfer to income and expenditure statement	(1,067,990)
As at 30 September 2007	340,560

13. OPERATING LEASE OBLIGATIONS

The Council leases offices under non-cancellable lease agreements. The leases, which do not have purchase options, expire at various dates till 31 October 2008. Future minimum rentals under non-cancellable are as follows:

	\$
Within one year	26,400
After one year but not more than five years	2,200
After five years	–
	28,600

14. TRUSTEES' / DIRECTORS' REMUNERATION

No Trustee or Director has received any remuneration from the Council or Agape Fund during the year and neither has received reimbursements for expenses incurred in attending Board, committee or Trustee meetings.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2007

15. EMPLOYEE BENEFITS

	General fund	Agape fund	Total
	\$	\$	\$
Salaries	189,435	30,497	219,932
Central provident fund contributions	22,094	3,557	25,651
Others	14,396	14,576	28,972
	225,925	48,630	274,555

16. RELATED PARTY TRANSACTIONS

The following significant transactions took place during the year at terms agreed between the parties:

	\$
Grants made to Catholic Welfare Services, Singapore	(1,000,000)
Grants received from Catholic Welfare Services, Singapore	1,408,550
	408,550
Compensation of key management personnel	
Salaries, bonus and other benefits-in-kind	123,070
Contribution to CPF	12,449
	135,519

There are no employees with emoluments above \$100,000. The above compensation relates to the top 3 executives.

17. TAXATION

The tax liability of the Council is regulated by Section 13M(2)(b) of the Income Tax Act whereby the Council is required to apply 80% of donations it received and of its income in the preceding year for charities and charitable objects, unless the Comptroller of Income Tax otherwise permits.

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Council's principal financial instruments comprise cash and short term deposits. The main purpose of these financial instruments is to finance the Council's operations. The Council has various other financial assets and liabilities such as other receivables and trade payables, which arise directly from its operations.

Due to the nature of the Council's activities, it has minimal financial risks exposure and overall risk management is reviewed by the Audit and Finance Committee which recommends to the Directors of the Council the overall policy pertaining to the Council's cash management and investment. The Council's Directors reviews and agrees policies for managing each of these risks and they are summarised below:

- (a) Interest rate risk

The Council's exposure to market risk for changes in interest rates relates primarily to the Council's cash and short-term deposits. The Council does not use derivative financial instruments to hedge its investment portfolio.

The Council's policy is to obtain the most favourable interest rates available.

Information relating to the Council's interest rate exposure is also disclosed in the respective notes to the financial statements where applicable.
- (b) Liquidity risk

In the management of liquidity risk, the Council monitors and maintains a level of cash and cash equivalents deemed adequate by the Directors to finance the Council's operations and mitigate the effects of fluctuations in cash flows.
- (c) Credit risk

With respect to credit risk arising from the other financial assets of the Council, which comprise cash and cash equivalents and other receivables, the Council's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2007

19. FINANCIAL INSTRUMENTS

Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments whose carrying amount approximate fair value

Management has determined that the carrying amounts of cash and fixed deposits, current other receivables and current trade and other payables, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature.

20. COMPARATIVE FIGURES

The financial statements for the financial period from 13 September 2006 (date of incorporation) to 30 September 2007. This being the first set of financial statements, there are no comparative figures.

21. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial period from 13 September 2006 (date of incorporation) to 30 September 2007 were authorised for issue in accordance with a resolution of the Directors on 31 October 2007.