

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NATIONAL COUNCIL OF SOCIAL SERVICE

Established in Singapore under the National Council of Social Service Act
(Chapter 195A amended in September 2000)

Report on the Financial Statements

We have audited the accompanying financial statements of National Council of Social Service (the "Council"), which comprise the balance sheet as at March 31, 2008, and the income and expenditure statement, statement of changes in statutory funds, specific fund and reserve and cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 48 to 68.

Council's Management Responsibility

The Council's management is responsible for the preparation and fair presentation of these financial statements in accordance with the National Council of Social Service Act (Chapter 195A amended in September 2000) (the "Act") and Singapore Statutory Board 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.

The Council's management is also responsible for ensuring that the 30% cap mentioned in Regulation 15(1) of the Charities Act, Cap 37 (Institutions of a Public Character) Regulations 2007 has not been exceeded.

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 Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Council's 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,

- (a) the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Statutory Board Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Council as at March 31, 2008 and of the results, changes in statutory funds, specific fund and reserve and cash flows for the financial year ended on that date; and
- (b) the accounting and other records, and the registers required by the Act to be kept by the Council have been properly kept in accordance with the provisions of the Act including records of all assets of the Council whether purchased, donated or otherwise.

During the course of our audit, nothing came to our notice that caused us to believe that the receipts, expenditure and investment of monies and the acquisition and disposal of assets by the Council during the financial year have not been made in accordance with the Act.

Report on other Legal and Regulatory Requirements

During the course of our audit, nothing has come to our attention that the 30% cap mentioned in Regulation 15(1) of the Charities Act, Cap 37 (Institutions of a Public Character) Regulations 2007 has been exceeded.



Deloitte & Touche LLP
Public Accountants and
Certified Public Accountants

Singapore
June 12, 2008

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BALANCE SHEET

March 31, 2008

	Note	2008 \$'000	2007 \$'000
ASSETS			
Current assets			
Cash and bank balances (interest bearing)	6	42,687	24,534
Debtors, pledged receivables and prepayments	7	14,159	8,196
Held-to-maturity financial assets	8	13,749	13,250
Held-for-trading investments	10	103,713	117,112
Total current assets		<u>174,308</u>	<u>163,092</u>
Non-current assets			
Property, plant and equipment	11	30,513	9,674
Intangible assets	12	1,020	1,229
Held-to-maturity financial assets	8	54,976	63,471
Available-for-sale investments	9	15,671	15,533
Total non-current assets		<u>102,180</u>	<u>89,907</u>
Net assets of trust funds	13	<u>61,486</u>	<u>31,846</u>
TOTAL ASSETS		<u>337,974</u>	<u>284,845</u>
FUNDS, RESERVE, DEFERRED REVENUE AND LIABILITIES			
Funds			
Statutory funds:			
Endowment fund	14	190,045	190,045
General fund	15	38,234	40,313
ComChest fund	16	5,268	-
		<u>233,547</u>	<u>230,358</u>
Specific fund - National Volunteer & Philanthropy Centre	17	2,478	2,786
Trust funds	13	61,486	31,846
Total funds		<u>297,511</u>	<u>264,990</u>
Reserve			
Investments revaluation reserve	18	<u>512</u>	<u>400</u>
Deferred revenue (non-current liabilities)			
Deferred capital grants	19	6,163	7,171
Deferred capital asset donations	20	21,501	292
Total deferred revenue (non-current liabilities)		<u>27,664</u>	<u>7,463</u>
Current liabilities			
Sundry creditors and accruals	21	<u>12,287</u>	<u>11,992</u>
TOTAL FUNDS, RESERVE, DEFERRED REVENUE AND LIABILITIES		<u>337,974</u>	<u>284,845</u>

RADM (Ret) Kwek Siew Jin
President

Mr Yee Chen Fah
Honorary Treasurer

See accompanying notes to financial statements.

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INCOME AND EXPENDITURE STATEMENT

Financial Year ended March 31, 2008

	Note	2008 \$'000	2007 \$'000
Operating and investment income:			
Interest from bank balances		276	701
Income from held-to-maturity financial assets		2,986	3,514
Income from available-for-sale investments		756	1,065
Realised gain on available-for-sale investments		-	3,285
Income from held-for-trading investments, net of management fees		2,732	3,444
Unrealised gain on held-for-trading investments	10	-	442
Subscriptions and miscellaneous income		549	455
Gain on disposal of property, plant and equipment		1	1
Total operating and investment income		<u>7,300</u>	<u>12,907</u>
Operating and investment expenditure:			
Staff costs - salaries and related costs		(10,711)	(9,474)
Retirement benefit costs - Singapore Central Provident Fund		(1,282)	(1,008)
Office expenses		(1,866)	(1,568)
Public relations expenses		(742)	(730)
Temporary Occupation Licence fee		(412)	(366)
Other administrative expenses		(453)	(191)
Depreciation of property, plant and equipment	11	(479)	(448)
Amortisation of intangible assets	12	(551)	(803)
Audit fee		(40)	(35)
Other professional fees		(513)	(14)
Bad debts written off		(18)	-
Unrealised loss on held-for-trading investments	10	(3,846)	-
Funding to Community Chest operating expenses ⁽¹⁾		(2,050)	(2,008)
Total operating expenditure		<u>(22,963)</u>	<u>(16,645)</u>
Government and other grants:			
MCYS operating grants		11,761	8,517
Amortisation of deferred capital grant	19	786	1,336
Grants for Temporary Occupation Licence fee		249	367
Amortisation of deferred capital asset donations	20	12	12
Total government and other grants		<u>12,808</u>	<u>10,232</u>
Operating (deficit) surplus before Schools of SSTI and Community Chest Operations (Page 50)		(2,855)	6,494


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	Note	2008 \$'000	2007 \$'000
Operating (deficit) surplus before Schools of SSTI and Community Chest Operations (Page 49)		(2,855)	6,494
Schools of SSTI			
Proceeds and claims from SSTI courses		3,913	2,515
Grant from MCYS and WDA/ All Other income		21	22
Amortisation of deferred capital grant	19	18	31
Amortisation of deferred capital asset donations	20	1	1
Total income		3,953	2,569
Less: Direct SSTI course expenditure		(2,082)	(1,186)
Staff costs - salaries and related costs		(851)	(695)
Retirement benefit costs - Singapore Central Provident Fund		(112)	(81)
Other administrative expenses		(102)	(72)
Depreciation of property, plant and equipment	11	(14)	(14)
Amortisation of intangible assets	12	(16)	(23)
Net surplus from Schools of SSTI		776	498
Operating (deficit) surplus for the year before Community Chest Operations		(2,079)	6,992
NCSS Charitable Fund (Community Chest Only)			
Funding from NCSS operating income ⁽¹⁾		2,050	2,008
Direct donations for fund raising operating expenses ⁽¹⁾		2,913	2,764
		4,963	4,772
Less: Staff costs - salaries and related costs		(2,487)	(2,087)
Retirement benefit costs - Singapore Central Provident Fund		(315)	(246)
Depreciation of property, plant and equipment	11	(123)	(115)
Amortisation of intangible assets	12	(142)	(207)
Other fund raising expenses		(1,896)	(2,117)
		-	-
Fund-raising proceeds from Community Chest		52,381	52,808
Less: Service allocations to members	22	(48,759)	(43,344)
		3,622	9,464
Add: Recovery of unspent allocations of prior years		1,646	628
Surplus from Community Chest		5,268	10,092
Surplus for the year transferred to the General Fund	15	3,189	17,084



RADM (Ret.) Kwek Siew Jin
President



Mr Yee Chen Fah
Honorary Treasurer

- All expenses of the NCSS Charitable Fund (Community Chest Only) are covered by donations for fund-raising expenses and NCSS operating income for the year.

See accompanying notes to financial statements.

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STATEMENT OF CHANGES IN STATUTORY FUNDS, SPECIFIC FUND AND RESERVE

Financial year ended March 31, 2008

	Note	←----- Statutory Funds -----→					Investments revaluation reserve \$'000	Total
		Endowment fund \$'000	General fund \$'000	ComChest fund \$'000	Specific fund \$'000	Trust Funds \$'000		
Balance at April 1, 2006		178,544	34,730	-	3,488	18,318	2,668	237,748
Gains on available-for-sale investments	18	-	-	-	-	-	930	930
Net income recognised directly in equity		-	-	-	-	-	930	930
Transfer to income and expenditure on sale of available-for-sale investments	18	-	-	-	-	-	(3,198)	(3,198)
Net surplus (deficit) for the year	15 & 17	-	17,084	-	(702)	-	-	16,382
Total recognised income and expense		-	17,084	-	(702)	-	(2,268)	14,114
Net movement for the year	13	-	-	-	-	13,528	-	13,528
Transfer	14 & 15	11,501	(11,501)	-	-	-	-	-
Balance at March 31, 2007		190,045	40,313	-	2,786	31,846	400	265,390
Gains on available-for-sale investments	18	-	-	-	-	-	112	112
Net income recognised directly in equity		-	-	-	-	-	112	112
Net surplus (deficit) for the year	15 & 17	-	3,189	-	(308)	-	-	2,881
Total recognised income and expense for the year		-	3,189	-	(308)	-	112	2,993
Net movement for the year	13	-	-	-	-	29,640	-	29,640
Transfer	15 & 16	-	(5,268)	5,268	-	-	-	-
Balance at March 31, 2008		190,045	38,234	5,268	2,478	61,486	512	298,023

See accompanying notes to financial statements.

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CASH FLOW STATEMENT

Financial year ended March 31, 2008

	Note	2008 \$'000	2007 \$'000
Operating activities			
Surplus for the year transferred to General Fund		3,189	17,084
Movement in specific fund balances:			
National Volunteer & Philanthropy Centre	17	(308)	(702)
		<u>2,881</u>	<u>16,382</u>
Adjustments for:			
Depreciation of property, plant and equipment	11	847	611
Amortisation of intangible assets	12	779	1,103
Interest income from bank balances		(276)	(701)
Interest income from held-to-maturity financial assets		(2,986)	(3,514)
Income from available-for-sale investments		(756)	(1,065)
Reversal of allowance for available-for-sale investments	9	(26)	-
Income from held-for-trading investment		(2,732)	(3,444)
Unrealised loss (gain) on held-for-trading investments	10	3,846	(442)
Amortisation of deferred capital grants	19	(804)	(1,367)
Amortisation of deferred capital asset donations	20	(191)	(13)
Gain on disposal of property, plant and equipment		-	(1)
Operating cash flows before movements in working capital		<u>582</u>	<u>7,549</u>
Increase in debtors, pledged receivables and prepayments		(5,963)	(1,391)
Increase (Decrease) in sundry creditors and accruals		295	(826)
Net cash (used in) from operating activities		<u>(5,086)</u>	<u>5,332</u>
Investing activities			
Purchase of property, plant and equipment	11	(635)	(694)
Expenditure on software development	12	(570)	(495)
Interest received on bank balances		276	701
Interest received on held-to-maturity financial assets		2,986	3,514
Dividend income received		756	1,065
Purchase of held-to-maturity financial assets		(10,000)	(25,000)
Purchase of available-for-sale investments	9	-	(154)
Proceeds from maturity of held-to-maturity financial assets		17,996	37,758
Proceeds from disposal of available-for-sale investments	9	-	2,949
Proceeds from (Purchase of) held-for-trading investments		12,285	(30,685)
Proceeds from sale of property, plant and equipment		13	7
Proceeds from partial refund on cost of leasehold building	11	336	-
Proceeds from sale of intangible assets		-	95
Net cash from (used in) investing activities		<u>23,443</u>	<u>(10,939)</u>
Financing activity			
(Refund of) Proceeds from capital grants, representing net cash (used in) from financing activity		<u>(204)</u>	<u>247</u>
Net increase (decrease) in cash and bank balances		18,153	(5,360)
Cash and bank balances at beginning of year		24,534	29,894
Cash and bank balances at end of year	6	<u>42,687</u>	<u>24,534</u>

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NOTES TO FINANCIAL STATEMENTS

March 31, 2008

1. GENERAL

The National Council of Social Service (the "Council") was established as a statutory body on May 1, 1992 under the National Council of Social Service Act (Chapter 195A amended in September 2000) (the "Act") and is domiciled in Singapore. The registered office of the Council and principal place of operations is at NCSS Centre, Ulu Pandan Community Building, 170 Ghim Moh Road #01-02, Singapore 279621. The financial statements are expressed in Singapore dollars.

The NCSS Charitable Fund was established on May 1, 2003, as an Institute of a Public Character (IPC) under the Charities Act (Chapter 37) and comprises all the charitable activities of NCSS, including the Community Chest.

The principal activities of the Council are to provide, develop and promote efficient and effective social services and encourage voluntary work to meet current and future needs.

The financial statements of the Council for the financial year ended March 31, 2008 were authorised for issue by the Board of the Council on June 12, 2008.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - 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 the National Council of Social Service Act (Chapter 195A amended in September 2000) and Singapore Statutory Board Financial Reporting Standards ("SB-FRS").

With effect from November 1, 2007, Singapore statutory bodies are required to prepare and present their financial statements in accordance with SB-FRS, including related interpretations ("INT SB-FRS") and SB-FRS Guidance Notes promulgated by the Accountant-General. These financial statements are the first set of financial statements to be prepared in accordance with SB-FRS. Previously, the financial statements were prepared in accordance with the Singapore Financial Reporting Standards ("FRS"). Apart from the additional disclosures required by SB-FRS Guidance Note 1, Accounting and Disclosure for Funds, Grants, Accumulated Surplus and Reserves, the adoption of SB-FRS does not have any material impact on the accounting policies and amounts presented in the financial statements for the financial year ended March 31, 2007.

At the date of authorisation of these financial statements, the Council's management have considered and anticipate that the adoption of the SB-FRSs, INT-FRSs and amendments to SB-FRSs that were issued but not yet effective at the date of authorisation of these financial statements, will have no material impact on the financial statements of the Council in the period of their initial adoption.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the Council's balance sheet when the Council 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 through the expected life of the financial instrument, or where appropriate, a shorter period. Income is recognised on an effective interest rate basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Financial assets

Investments are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

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Other financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss", "held-to-maturity investments", "available-for-sale" financial assets and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Council manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Council's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and FRS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in the income and expenditure statement. Fair value is disclosed in the respective notes to the financial statements.

Held-to-maturity investments

Bonds with fixed or determinable payments and fixed maturity dates where the Council has a positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Available-for-sale financial assets

Certain shares held by the Council are classified as being available for sale and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in the revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in income and expenditure statement. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the revaluation reserve is included in income and expenditure statement for the period. Dividends on available-for-sale equity instruments are recognised in income and expenditure statement when the Council's right to receive payments is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at reporting date. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in income and expenditure statement, and other changes are recognised in equity.

Loans and receivables

Debtors and pledged receivables that have fixed or determinable payments that are not quoted in an active market are classified as "Loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, 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

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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 loans and receivables where the carrying amount is reduced through the use of an allowance account. When a loan and receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to the income and expenditure statement. Changes in the carrying amount of the allowance account are recognised in the income and expenditure statement.

With the exception of available-for-sale equity instruments, 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 income and expenditure statement 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.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss, is recognised directly in equity.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and are subject to an insignificant risk of changes in value.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Council are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Council after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Sundry creditors and accruals are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method, with interest expense recognised on an effective yield basis.

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses where the recoverable amount of an asset is estimated to be lower than its carrying amount.

Depreciation is charged so as to write off the cost of the assets over their estimated useful lives, using the straight-line method, on the following bases:

Computer equipment	-	33 $\frac{1}{3}$ %
Furniture and equipment	-	10% to 50%
Leasehold improvements	-	10% to 33 $\frac{1}{3}$ %
Motor vehicles	-	20%
Donated leasehold building	-	2%
Other leasehold building	-	3 $\frac{1}{3}$ %

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Individual assets costing \$500 or less are written off to operating expenditure in the year of acquisition.

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The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in the profit and loss statement.

Fully depreciated assets still in use at the balance sheet date are retained in the financial statements.

INTANGIBLE ASSETS - Intangible assets represent software expenditure directly attributable to the development of a computer system. This is capitalised and carried at cost less accumulated amortisation and impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying amount. Intangible assets are amortised to the income and expenditure statement on a straight-line basis over three years.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS - At each balance sheet date, the Council reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Council estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the income and expenditure statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income and expenditure statement.

TRUST FUNDS - Monies received where the Council is not the owner and beneficiary are accounted for as trust funds. The receipts and payments in respect of trust funds are taken directly to the funds accounts and the net assets relating to these funds are shown as a separate line item in the balance sheet.

PROVISIONS - Provisions are recognised when the Council has a present obligation (legal or constructive) as a result of a past event, it is probable that the Council 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.

GOVERNMENT GRANTS - Grants from the government to meet the Council's operating expenses are recognised as income to match the related operating expenditure.

Government grants for the purchase of depreciable assets are taken to the Deferred Capital Grant Account. The grants are recognised as income over the useful lives of the related assets to match the depreciation of those assets.

Both operating and capital grants are accounted for on an accrual basis.

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DEFERRED CAPITAL ASSET DONATIONS - Donations for the acquisition of capital assets are taken to the Deferred Capital Asset Donations Account and recognised as income over the useful lives of the assets to match the depreciation of the assets purchased with the related donations.

Capital asset donations are accounted for when the donated asset is received.

REVENUE RECOGNITION - Donations are recognised in the income and expenditure statement on an accrual basis when the donations are committed to the Council. Donations-in-kind are recognised when the fair value of the assets received can be reasonably ascertained.

Dividend income is recorded in the income and expenditure statement when the right to receive the dividend has been established.

Interest income from bank deposits and bonds is accrued on a time proportion basis with reference to the principal outstanding and at the rate applicable on an effective yield method.

Recovery of overfunding of voluntary welfare organisations is recognised on a receipt basis.

Training programme income is recognised on accrual basis when the services are rendered.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Council's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to the income and expenditure statement on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

FOREIGN CURRENCY TRANSACTIONS - The financial statements are measured and presented in Singapore dollars, which is the currency of the primary economic environment in which the Council operates (its functional currency).

In preparing the financial statements, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in income and expenditure statement for the period. Exchange differences arising on the retranslation

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of non-monetary items carried at fair value are included in income and expenditure statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgements in applying the Council's accounting policies

In the process of applying the Council's accounting policies, which are described in Note 2 above, the Council's management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

The Council's management is of the opinion that there are no 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.

4. FINANCIAL RISKS AND MANAGEMENT

The main risks arising from the Council's financial instruments arise from interest rate, market prices, credit and liquidity risks. The Council's policies for managing each of these risks are summarised below:

Interest rate risk

The Council is exposed to interest rate risk as changes in interest rates affect the market value of its investment portfolio. The Council has no interest-bearing financial liabilities.

The Council does not utilise interest rate swaps to hedge against its interest rate risk. The Council relies on professional fund managers to monitor and mitigate the adverse effects of interest rate changes on its investment portfolios.

Market price risk

Market price risk arises mainly from uncertainty about the future prices of financial instruments invested by the Council. It represents the potential financial loss the Council might suffer through holding investments in the face of price movements. It is the Council's policy to achieve an appropriate diversification in its investment portfolio in order to mitigate such risk.

Credit risk

The Council is exposed to credit risk in the event that counterparties fail to perform their obligations, resulting in a financial loss to the Council. The Council has no major concentration of credit risk except that as at March 31, 2008, the Council has 2 (2007 : 2) debtors which accounted for 30% (2007 : 51%) of the Council's outstanding debtors and pledged receivables.

The Council places its managed investment portfolio and cash balances with creditworthy financial institutions.

The carrying amount of financial assets recorded in the financial statements represents the Council's maximum exposure to credit risk.

Liquidity risk

In the management of liquidity risk, the Council monitors and maintains a level of cash and bank balances deemed adequate to finance the Council's operations and to mitigate the effects of fluctuations in short-term cash flows.

Fair values

The carrying amounts of cash and cash equivalents, debtors, pledged receivables, sundry creditors and accruals approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

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5. COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of key management personnel during the year was as follows:

	2008	2007
	\$'000	\$'000
Short-term benefits	1,854	1,539
Post-employment benefits	<u>148</u>	<u>94</u>
	2008	2007
Number of key management personnel	<u>17</u>	<u>12</u>

The remuneration of key management personnel is determined by the Board of the Council.

6. CASH AND BANK BALANCES

	2008	2007
	\$'000	\$'000
Cash at bank	9,680	16,528
Fixed deposits	33,000	8,000
Cash on hand	<u>7</u>	<u>6</u>
Total	<u>42,687</u>	<u>24,534</u>

Bank balances and cash comprise monies held by the Council and short-term bank deposits with an original maturity of three months or less. The carrying amounts of these assets approximate their fair values.

Fixed deposit bears interest at an average rate of 1.14% (2007 : 2.56%) per annum and for a tenure of approximately 66 days (2007 : 33 days).

The Council's cash and bank balances are denominated in Singapore dollars.

7. DEBTORS, PLEDGED RECEIVABLES AND PREPAYMENTS

	2008	2007
	\$'000	\$'000
Debtors and pledged receivables	12,323	6,799
Advance disbursement to agencies	135	49
Interest receivable on bonds	1,354	925
Prepaid operating expenses	323	405
Sundry deposits	12	6
Advances to suppliers	<u>12</u>	<u>12</u>
Total	<u>14,159</u>	<u>8,196</u>

The Council's debtors and pledged receivables that are not denominated in its functional currency are as follows:

	2008	2007
	\$'000	\$'000
Australian dollars	<u>60</u>	<u>78</u>

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8. HELD-TO-MATURITY FINANCIAL ASSETS

	2008 \$'000	2007 \$'000
(a) Current assets		
Quoted bonds, at amortised cost	10,749	2,000
Unquoted bonds, at amortised cost	<u>3,000</u>	<u>11,250</u>
Total	<u>13,749</u>	<u>13,250</u>
	2008 \$'000	2007 \$'000
Fair value (market value) of quoted bonds	<u>10,803</u>	<u>2,014</u>
Fair value of unquoted bonds	<u>2,912</u>	<u>10,892</u>
(b) Non-current assets		
Quoted bonds, at amortised cost:		
Within 2 to 5 years	28,484	16,246
More than 5 years	14,996	17,996
Total	<u>43,480</u>	<u>34,242</u>
Unquoted bonds, at amortised cost:		
Within 2 to 5 years	11,496	21,254
More than 5 years	-	<u>7,975</u>
Total	<u>11,496</u>	<u>29,229</u>
Total	<u>54,976</u>	<u>63,471</u>
Fair value (market value) of quoted bonds	<u>44,649</u>	<u>36,040</u>
Fair value of unquoted bonds	<u>9,952</u>	<u>29,592</u>

Bonds with a carrying amount of \$63,725,000 (2007 : \$55,721,000) have fixed coupon rates ranging from 3.02% to 5% (2007 : 3.69% to 5%) per annum. The average effective interest rate for the fixed coupon bonds is 4.01% (2007 : 4.35%) per annum. Bonds with a carrying amount of \$5,000,000 (2007 : \$21,000,000) have floating coupon rates ranging from 3.5% to 3.74% (2007 : 1.8% to 3.74%) per annum. The maturity dates ranging from July 2008 to January 2019 (2007 : April 2007 to January 2019).

The fair values of quoted bonds are based on closing quoted market prices on the last market day of the financial year.

The fair values of unquoted bonds are estimated using discounted cash flow model and an average risk adjusted discounted factor of 3.02% (2007 : 3.56%) is used.

Bonds whose maturity falls due within the next 12 months are disclosed as current assets.

The Council's held-to-maturity financial assets are all denominated in Singapore dollars.

9. AVAILABLE-FOR-SALE INVESTMENTS

	2008 \$'000	2007 \$'000
Quoted equity shares, at fair value (market value)	15,671	15,559
Less: Allowance for impairment	-	(26)
Net	<u>15,671</u>	<u>15,533</u>

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	2008 \$'000	2007 \$'000
<i>Movement of available-for-sale investments:</i>		
Balance at beginning of year, at fair value	15,559	20,622
Purchases for the year, at cost	-	154
Disposals for the year, at cost	-	(2,949)
Transfer to income and expenditure on sale of available-for-sale investments	-	(3,198)
Gain on available-for-sale investments	112	930
Balance at end of year, at fair value	<u>15,671</u>	<u>15,559</u>

Movement in the allowance for impairment:

Balance at beginning of year	26	26
Reversal during the year	<u>(26)</u>	<u>-</u>
Balance at end of the year	<u>-</u>	<u>26</u>

Quoted equity shares offer the Council opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of these shares are based on the bid price on the last market day of the financial year.

The Council's available-for-sale investments are all denominated in Singapore dollars.

10. HELD-FOR-TRADING INVESTMENTS

These relate to investments which are designated as financial assets at fair value through profit or loss.

	2008 \$'000	2007 \$'000
Quoted equity shares, at fair value	5,110	9,070
Quoted bonds, at fair value:		
Within 1 year	75,214	299
Within 2 to 5 years	-	72,689
More than 5 years	-	11,432
Quoted unit trusts, at fair value	<u>10,272</u>	<u>13,335</u>
	90,596	106,825
Add (Less):		
Fixed deposits	11,927	8,450
Cash at bank	1,131	1,561
Foreign exchange hedging contracts revaluation	2	168
Accrued interest	57	179
Other receivables	-	4
Accounts payables	-	(75)
Net	<u>103,713</u>	<u>117,112</u>

Movement of held-for-trading investments:

Balance at beginning of year, at fair value	117,112	82,541
Net (decrease) increase in investments during the year, at fair value	(9,553)	34,129
Unrealised (loss) gain on investments	(3,846)	442
Balance at end of year, at fair value	<u>103,713</u>	<u>117,112</u>

The above investments are managed by professional fund managers. Certain fund managers have guaranteed the principal amounts at the end of the management term. The total amount of principal guaranteed investments amounted to \$95,000,000 (2007 : \$95,000,000).

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Quoted equity shares offer the Council the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of these shares are based on the bid price on the last market day of the financial year.

The investments comprise groups of financial assets that are managed and their performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy, and information is provided to the Council on that basis. Accordingly, these investments have been treated as financial assets at fair value through profit or loss. The fair value of these unit trusts are based on closing quoted market prices on the last market day of the financial year.

The investments in quoted bonds have effective interest rates ranging from 1.07% to 5.875% (2007 : 2.35% to 5.875%) per annum and have maturity dates ranging from April 2009 to November 2011 (2007 : September 2008 to January 2012). The fair value of these bonds are based on closing quoted market prices on the last market day of the financial year.

The Council's held-for-trading investments are denominated in its functional currency.

11. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment \$'000	Furniture and equipment \$'000	Leasehold improvements \$'000	Motor vehicles \$'000	Donated leasehold building \$'000	Other leasehold building \$'000	Total \$'000
Cost:							
At April 1, 2006	2,128	1,180	283	93	-	10,888	14,572
Additions	314	380	-	-	-	-	694
Disposals	(159)	(17)	-	(23)	-	-	(199)
At March 31, 2007	2,283	1,543	283	70	-	10,888	15,067
Additions	276	173	1,486	-	20,100	-	22,035
Disposals	(210)	(22)	(283)	-	-	-	(515)
Adjustment ⁽¹⁾	-	-	-	-	-	(336)	(336)
At March 31, 2008	2,349	1,694	1,486	70	20,100	10,552	36,251
Accumulated depreciation:							
At April 1, 2006	2,010	654	283	92	-	1,936	4,975
Depreciation	106	141	-	1	-	363	611
Disposals	(159)	(11)	-	(23)	-	-	(193)
At March 31, 2007	1,957	784	283	70	-	2,299	5,393
Depreciation	162	158	44	-	134	349	847
Disposals	(200)	(19)	(283)	-	-	-	(502)
At March 31, 2008	1,919	923	44	70	134	2,648	5,738
Carrying amount:							
At March 31, 2008	430	771	1,442	-	19,966	7,904	30,513
At March 31, 2007	326	759	-	-	-	8,589	9,674

(1) During the financial year, the Council received a partial refund of \$336,000 on the cost of its leasehold building, being an adjustment to the original purchase price by the transferor of the property.

During the financial year, the Council received a third party donation to NVPC, a committee under the Council, comprising a leasehold property at a valuation of \$20,100,000 determined based on an independent professional valuation and cash contribution of \$1,300,000 for the improvement of leasehold property (Notes 17 and 20).

The receipt of the donation is subject to certain conditions, including the following:

- the property is used for charitable purposes and for such purpose as approved by the donor;
- the Council will not convert the property to any other use; and
- the Council will not dispose nor lease the property without the prior approval of the donor.

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	2008 \$'000	2007 \$'000
Depreciation expense charged to:		
Income and expenditure statement		
- Operating expenditure	479	448
- SSTI course expenditure	14	14
- Fund raising expenditure	<u>123</u>	<u>115</u>
	616	577
Specific fund (Note 17)	<u>231</u>	<u>34</u>
	<u>847</u>	<u>611</u>

12. INTANGIBLE ASSETS

Computer software

	2008 \$'000	2007 \$'000
At cost:		
Balance at beginning of year	7,372	6,972
Additions	570	495
Disposals	<u>-</u>	<u>(95)</u>
Balance at end of year	<u>7,942</u>	<u>7,372</u>
Amortisation:		
Balance at beginning of year	6,143	5,040
Amortisation for the year	<u>779</u>	<u>1,103</u>
Balance at end of year	<u>6,922</u>	<u>6,143</u>
Carrying amount:		
Balance at end of year	<u>1,020</u>	<u>1,229</u>

Intangible assets comprise software development costs in relation to the computerisation project of the Council and all such assets are depreciated over their useful economic lives of 3 years.

	2008 \$'000	2007 \$'000
Amortisation expense charged to:		
Income and expenditure statement		
- Operating expenditure	551	803
- SSTI course expenditure	16	23
- Fund raising expenditure	<u>142</u>	<u>207</u>
	709	1,033
Specific fund (Note 17)	<u>70</u>	<u>70</u>
	<u>779</u>	<u>1,103</u>

13. TRUST FUNDS

	2008 \$'000	2007 \$'000
VWOs - Charities Capability Fund		
- VWO Capability Fund 1	2,184	(314)
- VWO Capability Fund 2	1,755	-
- Com Care and Others	196	15
- GO! Fund	360	575
- Charities Fund	<u>523</u>	<u>25</u>
	5,018	301

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	2008	2007
	\$'000	\$'000
Assistive Technology Trust Fund	211	470
Computer Access Trust Fund	589	581
MOE Special Education Fund	12,492	5,881
School Pocket Money Fund	12,354	9,821
Singapore Totalisator Board Social Service Fund	995	390
Lee Wee Kheng Fund	23,137	14,402
MCYS Funding for VWOs Development Budget	1,377	-
MCYS Funding for VWOs Recurrent Budget	5,313	-
Total	<u>61,486</u>	<u>31,846</u>

Represented by:

Bank balances	44,476	20,029
Sundry receivables	1,143	839
Held-for-Trading Investments	18,126	-
Quoted investment in bonds, at cost	4,500	1,500
Fixed deposits	-	9,700
Property, plant and equipment	<u>16</u>	<u>28</u>
	68,261	32,096
Less: Sundry creditors	<u>(6,775)</u>	<u>(250)</u>
	<u>61,486</u>	<u>31,846</u>
Total receipts	150,876	72,499
Total payments	(121,236)	(58,971)
Net movement for the year	<u>29,640</u>	<u>13,528</u>

14. ENDOWMENT FUND

	2008	2007
	\$'000	\$'000
Balance at beginning of year	190,045	178,544
Transfer from General Fund (Note 15)	<u>-</u>	<u>11,501</u>
Balance at end of year	<u>190,045</u>	<u>190,045</u>

The Endowment Fund, which was established under Section 12 of the National Council of Social Service Act (Chapter 195A amended in September 2000) (the "Act") and in accordance with the provision of the Act, consists of:

- all donations and gifts accepted by the Council for the Endowment Fund;
- all reserves of the Council in excess of two years of its operating expenditure; and
- such other monies as the Council may determine to transfer to the Endowment Fund.

Interest, dividends and other income derived from the Endowment Fund are credited to the General Fund. The Endowment Fund may be used for such purposes as may be approved by the Minister in writing. The Endowment Fund is intended to provide a safeguard towards continuity of funding for all member Voluntary Welfare Organisations in the event the Council has difficulties in raising funds.

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15. GENERAL FUND

	2008 \$'000	2007 \$'000
Balance at beginning of year	40,313	34,730
Surplus for the year	3,189	17,084
Transfer to Endowment Fund pursuant to Section 12 of the Act (Note 13)	-	(11,501)
Transfer to ComChest Fund (Note 16)	<u>(5,268)</u>	<u>-</u>
Balance at end of year	<u>38,234</u>	<u>40,313</u>

The General Fund represents accumulated surplus and is for the purpose of meeting operating expenses incurred by the Council.

16. COMCHEST FUND

The ComChest Fund was established by the Board, effective from the financial year commencing April 1, 2007. The ComChest Fund and the General Fund, collectively do not exceed two years of the Council's operating expenses.

The purpose of ComChest Fund is to finance future activities and programmes of the Community Chest when the Council does not raise sufficient funds to support the expenditure in the following year.

The amount equivalent to the surplus from Community Chest in the financial year is transferred from the General Fund to the ComChest Fund. In the event of a deficit in the fund raising proceeds from Community Chest in any financial year, the amount equivalent to the deficit is transferred from the Comchest Fund to the General Fund to cover service allocations due to members.

17. SPECIFIC FUND

NATIONAL VOLUNTEER & PHILANTHROPY CENTRE

BALANCE SHEET

March 31, 2008

	2008 \$'000	2007 \$'000
FUNDS AND RESERVE		
Specific fund		
Balance at beginning of year	<u>2,786</u>	<u>3,488</u>
Operating deficit for the year	(938)	(324)
Transfers	<u>630</u>	<u>(378)</u>
Net deficit for the year	<u>(308)</u>	<u>(702)</u>
Balance at end of year	<u>2,478</u>	<u>2,786</u>
Represented by:		
ASSETS		
Current assets		
Cash and bank balances (interest bearing)	3,950	4,436
Debtors, pledged receivables and prepayments	891	41
Total current assets	<u>4,841</u>	<u>4,477</u>

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	2008 \$'000	2007 \$'000
Non-current assets		
Property, plant and equipment	21,573	101
Intangible assets	17	88
Held-to-maturity financial assets	-	2,000
Total non-current assets	<u>21,590</u>	<u>2,189</u>
TOTAL ASSETS	<u>26,431</u>	<u>6,666</u>
DEFERRED REVENUE AND LIABILITIES		
Deferred revenue (non-current liabilities)		
Deferred capital asset donations	21,222	-
Current liabilities		
New Initiative Grant/Non-Profit Training Grant	501	904
Other sundry creditors and accruals	2,230	2,976
Total current liabilities	<u>2,731</u>	<u>3,880</u>
TOTAL DEFERRED REVENUE AND LIABILITIES	<u>23,953</u>	<u>3,880</u>
NET ASSETS	<u>2,478</u>	<u>2,786</u>
INCOME AND EXPENDITURE STATEMENT		
Financial year ended March 31, 2008		
	2008 \$'000	2007 \$'000
Operating and investment income:		
Interest income from current account	32	84
Investment income from bonds	40	67
Training programme income	484	1,154
Other income	80	-
Total operating and investment income	<u>636</u>	<u>1,305</u>
Operating expenditure:		
Staff costs - salaries and related costs	(2,037)	(1,691)
Retirement benefit costs - Singapore Central Provident Fund	(228)	(171)
Rental of office premises	(222)	(233)
Training programme expenses	(814)	(1,241)
Amortisation of intangible assets (Note 12)	(70)	(70)
Depreciation of property, plant and equipment (Note 11)	(231)	(34)
Other expenses	(1,228)	(88)
Total operating expenditure	<u>(4,830)</u>	<u>(3,528)</u>
Government grants:		
Operating grant	2,305	1,552
Grant for Temporary Occupation Licence fee	287	276
Programme Grant	416	-
Amortisation of deferred capital asset donations	178	-
Others	70	71
Total government grants	<u>3,256</u>	<u>1,899</u>
Operating deficit for the year	<u>(938)</u>	<u>(324)</u>

The National Volunteer & Philanthropy Centre was set up to provide leadership and direction to the volunteer movement and its operations are funded by the Ministry of Community Development, Youth and Sports.

The number of employees in the National Volunteer & Philanthropy Centre at the end of the year was 29 (2007 : 33).

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18. INVESTMENTS REVALUATION RESERVE

	2008 \$'000	2007 \$'000
Balance at beginning of year	400	2,668
Transfer to profit and loss on sale of available-for-sale investments	-	(3,198)
Gains on available-for-sale investments	112	930
Balance at end of year	<u>512</u>	<u>400</u>

19. DEFERRED CAPITAL GRANTS

	2008 \$'000	2007 \$'000
Capital grant received	<u>15,580</u>	<u>15,784</u>
Accumulated amortisation:		
Balance at beginning of year	8,613	7,246
Amortisation for the year	804	1,367
Balance at end of year	<u>9,417</u>	<u>8,613</u>
Net	<u>6,163</u>	<u>7,171</u>
Amortisation charged to:		
Income and expenditure statement		
- Grants	786	1,336
- SSTI course	18	31
	<u>804</u>	<u>1,367</u>

20. DEFERRED CAPITAL ASSET DONATIONS

	2008 \$'000	2007 \$'000
Capital asset donations received:		
Balance at beginning of year	370	370
Received during the year:		
Leasehold building (Note 11)	20,100	-
Cash donation for leasehold improvements (Note 11)	1,300	-
Balance at end of year	<u>21,770</u>	<u>370</u>
Accumulated amortisation:		
Balance at beginning of year	78	65
Amortisation for the year	191	13
Balance at end of year	<u>269</u>	<u>78</u>
Net	<u>21,501</u>	<u>292</u>
Amortisation charged to:		
Income and expenditure statement		
- Grants	12	12
- SSTI course	1	1
- National Volunteer & Philanthropy Centre	178	-
	<u>191</u>	<u>13</u>

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21. SUNDRY CREDITORS AND ACCRUALS

	2008 \$'000	2007 \$'000
Advances held for designated projects	4,555	5,745
Sundry creditors	1,108	1,312
Accrued operating expenses	6,375	4,563
Accrued allocations to agencies	249	372
Total	<u>12,287</u>	<u>11,992</u>

The Council's sundry creditors and accruals that are not denominated in its functional currency are as follows:

	2008 \$'000	2007 \$'000
Australian dollars	<u>-</u>	<u>18</u>

22. SERVICE ALLOCATIONS TO MEMBERS

	2008 \$'000	2007 \$'000
Allocation to members	48,639	43,166
Project expenditure	<u>120</u>	<u>178</u>
Service allocations charged as an expense to proceeds from Community Chest	<u>48,759</u>	<u>43,344</u>

Allocation to members refer to disbursements to member Voluntary Welfare Organisations.

Project expenditure includes funding for the renovation or upgrading of Voluntary Welfare Organisations' premises and purchases of furniture and equipment required for service delivery. It also relates to expenditure incurred to build up the capability amongst Voluntary Welfare Organisations' employees to professionalise the social service sector and to raise public awareness of the critical social service issues and services.

23. COMMITMENTS

	2008 \$'000	2007 \$'000
Letter of guarantee (unsecured)	<u>197</u>	<u>197</u>

24. NUMBER OF EMPLOYEES

The number of employees in the Council [excluding National Volunteer & Philanthropy Centre ("NVPC") employees] at the end of the year was 236 (2007 : 220). Total staff costs of the Council (excluding NVPC employees) amounted to \$15,758,000 (2007 : \$13,591,000).

25. TAXATION

The Council is exempted from income tax under Section 13(1)(e) of the Income Tax Act, Cap. 134.