

Financial Statements

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AUDITORS' REPORT

TO THE PEOPLE'S ASSOCIATION

(Established under People's Association Act, Chapter 227)

We have audited the accompanying financial statements of People's Association (the "Association") set out on pages 48 to 68 for the financial year ended 31 March 2005. These financial statements are the responsibility of the Association's Board of Management. 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, except for the scope limitations referred to in the paragraphs below. Those Standards require that we plan and perform our audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Association, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The Association is constituted as a Statutory Board and is required under Ministry of Finance Circular FCM No.M44/2003 dated 31 October 2003 to prepare financial statements in accordance with Singapore Financial Reporting Standards. As explained in note 2(a) of the financial statements, the Association currently does not have sufficient information to enable it to prepare financial statements in accordance with Singapore Financial Reporting Standards. Hence, the accompanying financial statements of the Association have been prepared in accordance with the accounting policies of the Association. These policies do not meet the requirements of Singapore Financial Reporting Standards as follows:

- (a) The financial statements of the Association do not consolidate the financial statements of the community centres and community clubs for the financial years ended 31 March 2005 and 31 March 2004 as required by Singapore Financial Reporting Standard 27 - Consolidated Financial Statements and Accounting for Investments in Subsidiaries. As at 31 March 2005, there are in total 107 (2004: 110) community centres and community clubs. Currently, no audited financial information of the community centres and community clubs prepared in accordance with Singapore Financial Reporting Standards are available and hence we do not have sufficient information on the financial impact to the financial statements of Association arising from the non inclusion of the community centres and community clubs. Further details of this matter are set out in note 2(b) of the financial statements.
- (b) As set out in note 2(c) to the financial statements, the Association currently recognises the costs of property, plant and equipment acquired as an expense in the financial year in which payments are made. This is not consistent with the requirements of Singapore Financial Reporting Standard 16 - Property, Plant and Equipment which requires property, plant and equipment to be capitalised and depreciated. We have not been provided with sufficient information on the historical acquisition of property, plant and equipment. Hence, we cannot determine reliably, the cumulative amount of property, plant and equipment to be capitalised and the related impact on depreciation charge for each of the past years.

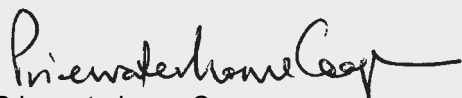
- (c) In addition, as set out in note 2(d) to the financial statements, capital grants received for the acquisitions of property, plant and equipment have been taken directly to the Income and Expenditure Statement when received. This is not consistent with the requirements of Singapore Financial Reporting Standard 20 - Accounting for Government Grants and Disclosure of Government Assistance which requires these grants to be recognised as income on a systematic and rational basis over the useful life of the asset. We have not been provided with sufficient information on the capital grants that have been received and hence we cannot determine reliably, the cumulative amount of capital grants to be deferred and the related impact on the income statement for each of the past years.
- (d) As set out in note 2(a) to the financial statements, the Association had not completed the exercise of identifying the areas where the Association's current accounting policies do not comply with the requirements of Singapore Financial Reporting Standards. As such, at the date of this report, we do not have sufficient information on all the areas of non compliance with Singapore Financial Reporting Standards, other than as set out in paragraphs (a), (b) and (c) above.

In our opinion, because of the significance of the matters referred to in paragraphs (a), (b), (c) and (d) above, and their potential impact to the financial statements, the accompanying financial statements do not present fairly, in accordance with Singapore Financial Reporting Standards, the state of affairs of the Association as at 31 March 2005 and the income and expenditure and cash flows of the Association for the financial year ended on that date.

Notwithstanding the qualification in the preceding paragraph, based on our audit, the accompanying financial statements of the Association have been prepared, in all material aspects in accordance with the accounting policies of the Association set out in note 3 to the financial statements; and in so far as this is concerned, the accounting and other records examined by us relating to the Association have been properly kept.

During the course of the audit, nothing came to our notice that caused us to believe that the receipt, expenditure and investment of monies and the acquisition and disposal of assets by the Association (excluding community centres and community clubs) during the year are not in accordance with the provisions of the People's Association Act, Chapter 227.

The financial statements for the previous financial year were reported on by auditors other than PricewaterhouseCoopers. The audit report dated 31 August 2004 issued by the predecessor auditors of the financial statements for the financial period ended 31 March 2004 was qualified on the non-inclusion of the financial statements of the community centres and community clubs.



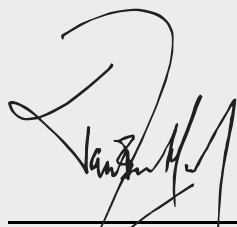
PricewaterhouseCoopers
Certified Public Accountants

Singapore
8 September 2005

PEOPLE'S ASSOCIATION
STATEMENT OF INCOME AND EXPENDITURE

For the financial year ended 31 March 2005

	Notes	General fund		Specific funds		Total	
		2005 \$	2004 \$	2005 \$	2004 \$	2005 \$	2004 \$
Income							
Child care fees and course fees	4	7,518,919	6,857,332	-	-	7,518,919	6,857,332
Administrative Charge on CC/RC course fees		2,079,091	639,711	-	-	2,079,091	639,711
Income from activities and projects		1,935,933	1,871,480	-	-	1,935,933	1,871,480
Rental income		1,206,167	1,084,424	-	-	1,206,167	1,084,424
Administrative grants	8	148,477	99,626	11,201,474	8,568,502	11,349,951	8,668,128
Donations		9,861	41,210	8,551,228	9,195,835	8,561,089	9,237,045
Contributions		593,753	112,594	2,692,575	2,764,058	3,286,328	2,876,652
Investment income		-	-	3,038	481,362	3,038	481,362
Miscellaneous income	5	998,333	1,288,147	297,094	584,500	1,295,427	1,872,647
		14,490,534	11,994,524	22,745,409	21,594,257	37,235,943	33,588,781
Less:							
Expenditure							
Administrative expenses	6	142,929,123	145,131,109	21,839,737	18,936,625	164,768,860	164,067,734
Subsidies and contributions	7	5,796,681	13,362,467	4,935,727	4,764,242	10,732,408	18,126,709
Activities and projects		7,685,012	4,950,906	40,357,249	46,231,147	48,042,261	51,182,053
Goods and services tax expense		887,232	609,729	-	-	887,232	609,729
		157,298,048	164,054,211	67,132,713	69,932,014	224,430,761	233,986,225
Operating deficit		(142,807,514)	(152,059,687)	(44,387,304)	(48,337,757)	(187,194,818)	(200,397,444)
Non-operating income							
Interest income		885,112	294,274	594,583	374,348	1,479,695	668,622
Deficit for the year before Government operating grants		(141,922,402)	(151,765,413)	(43,792,721)	(47,963,409)	(185,715,123)	(199,728,822)
Government operating grants	8	166,590,845	176,868,069	47,663,159	42,720,882	214,254,004	219,588,951
Net surplus/(deficit) for the year		24,668,443	25,102,656	3,870,438	(5,242,527)	28,538,881	19,860,129
Accumulated surplus brought forward		30,088,452	4,985,796	79,903,470	85,145,997	109,991,922	90,131,793
Accumulated surplus carried forward		54,756,895	30,088,452	83,773,908	79,903,470	138,530,803	109,991,922



Tan Boon Huat
 Secretary-Treasurer of the Board of Management

The accompanying notes form an integral part of these financial statements.
 Auditors' Report – Pages 46 and 47.

PEOPLE'S ASSOCIATION
STATEMENT OF ASSETS AND LIABILITIES

As at 31 March 2005

	Notes	2005 \$	2004 \$
Accumulated surplus:			
General fund		54,756,895	30,088,452
Specific funds	9	83,773,908	79,903,470
		<u>138,530,803</u>	<u>109,991,922</u>
Community Centre/Club Building Funds	10	20,416,819	26,262,314
MCYS/WDA Delegated Schemes Fund	11	15,621,858	20,218,744
Staff Loans Revolving Fund	12	-	351,500
		<u>174,569,480</u>	<u>156,824,480</u>
Represented by:			
Non-current assets			
Investments	13	5,000,000	5,000,000
Loan receivable	14	3,825,649	4,250,749
		<u>8,825,649</u>	<u>9,250,749</u>
Current assets			
Loan receivable	14	212,550	212,550
Deposits, prepayments and other receivables	15	25,554,655	21,039,563
Amount due from Community Centre/Club Building Funds		4,443,374	3,147,291
Miscellaneous advances		78,985	237,285
Cash and cash equivalents	16	193,695,898	172,517,880
		<u>223,985,462</u>	<u>197,154,569</u>
Current liabilities			
Accruals and other payables	17	25,479,851	17,472,313
Security and miscellaneous deposits		3,661,760	4,643,860
Unutilised subvention of land grant		24,913,054	19,217,828
Amount due to Government and other organisations	19	36,614,680	43,043,348
Advance from Government	20	-	1,000,000
		<u>90,669,345</u>	<u>85,377,349</u>
Net current assets		<u>133,316,117</u>	<u>111,777,220</u>
Non-current liabilities			
Amount due to Government and other organisations	19	3,610,963	4,036,047
Advance from Government	20	-	7,000,000
		<u>3,610,963</u>	<u>11,036,047</u>
Net assets of the Association		<u>138,530,803</u>	<u>109,991,922</u>
Net assets of Community Centre/Club Building Funds	10	20,416,819	26,262,314
Net assets of MCYS/WDA Delegated Schemes Fund	11	15,621,858	20,218,744
Net assets of Staff Revolving Loan Fund	12	-	351,500
		<u>174,569,480</u>	<u>156,824,480</u>



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The accompanying notes form an integral part of these financial statements.
 Auditors' Report – Pages 46 and 47.

PEOPLE'S ASSOCIATION
CASH FLOW STATEMENT

For the financial year ended 31 March 2005

	2005 \$	2004 \$
Cash flows from operating activities		
Deficit for the year before Government operating grants	(185,715,123)	(199,728,822)
Adjustments for:		
- Gain on sale of investment	-	(481,362)
- Interest income	(885,112)	(294,274)
Deficit for the year before working capital changes	<u>(186,600,235)</u>	<u>(200,504,458)</u>
Change in operating assets and liabilities		
- Deposits, prepayments and other receivables	(4,397,831)	(694,738)
- Miscellaneous advances	158,300	1,566,605
- Accruals and other payables	8,007,538	(10,541,684)
- Security and miscellaneous deposits	(982,100)	(5,331,124)
Net cash used in operating activities	<u>(183,814,328)</u>	<u>(215,505,399)</u>
Cash flows from investing activities		
Loan receivable	425,100	425,100
Proceeds from disposal of short-term investments	-	5,481,362
Interest received	767,851	258,693
Net cash from investing activities	<u>1,192,951</u>	<u>6,165,155</u>
Cash flows from financing activities		
Amount due from Community Centre/Club Building Funds	(1,296,083)	7,070,785
Amount due to government and other organisations	(6,853,752)	3,773,808
Advance from Government	(8,000,000)	(1,000,000)
Unutilised subvention of land grant	5,695,226	2,860,039
Government operating grants received	214,254,004	219,588,951
Net cash from financing activities	<u>203,799,395</u>	<u>232,293,583</u>
Net increase in cash and cash equivalents	21,178,018	22,953,339
Cash and cash equivalents at beginning of the year	16 <u>172,517,880</u>	<u>149,564,541</u>
Cash and cash equivalents at end of the year	16 <u>193,695,898</u>	<u>172,517,880</u>

The accompanying notes form an integral part of these financial statements.
Auditors' Report – Pages 46 and 47.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2005

These notes form an integral part of the financial statements.

1. General

The People's Association ("the Association") was established in the Republic of Singapore under the People's Association Act on 1 July 1960. Its vision is to be the leading organisation in building an active community where all contribute readily to the nation.

The mission of the Association is:

- (a) to promote active citizenship and multiracial harmony;
- (b) to connect the citizens for community bonding and volunteer work;
- (c) to provide affordable access to lifeskill and lifestyle activities; and
- (d) to bring the people closer to one another and to the government.

The financial statements of the Association include the financial statements of the Association's Headquarters, Community Development Councils ("CDCs"), National Community Leadership Institute ("NACLI"), Outward Bound Singapore ("OBS"), Community Development Fund ("CDF"), Social Development Service ("SDS") and National Youth Council ("NYC") which includes NYC Youth Expedition Project Fund and National Youth Endowment Fund. Transactions and balances between the Headquarters, CDCs, NACLI, OBS, CDF, SDS and NYC are eliminated in preparing the financial statements of the Association.

2. Non-compliance with Singapore Financial Reporting Standards

(a) Non-compliance with Singapore Financial Reporting Standards

The financial statements of the Association are not prepared in accordance with the Singapore Financial Reporting Standards ("FRS") as required in the Circular FCM No. M44/2003 dated 31 October 2003 on "Accounting Standards for Statutory Boards" issued by the Ministry of Finance.

As the Association had been preparing its financial statements in the past based on its own accounting policies, in order for the Association to prepare its financial statements in accordance with FRS, the Association will have to first identify the areas where the Association's current accounting policies do not comply with the requirements of FRS. The Association had commenced this exercise in March 2004. As at the date of these financial statements, this exercise had not been completed. However, the Association had identified three significant areas of non-compliance, including the non-inclusion of the financial statements of the community centres/clubs ("CCs") into the financial statements of the Association, the non-capitalisation of property, plant and equipment and the non-deferral of capital grants received. Further details of these areas of non-compliance are set out in note 2(b), 2(c) and 2(d) respectively. The Association expects the exercise to identify the areas of non-compliance with FRS to be completed by December 2005.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2005

2. Non-compliance with Singapore Financial Reporting Standards (continued)

(a) Non-compliance with Singapore Financial Reporting Standards (continued)

Concurrently, the Association had also started the process of engaging external consultants to advise the Association on the various steps to be taken to enable the Association to comply with the requirements of FRS as soon as possible.

The Association, therefore, currently does not have sufficient information to enable it to prepare financial statements in accordance with FRS.

(b) Non-inclusion of community centres and community clubs and Community Centre/Club Building Funds

The financial statements of the Association do not include the financial statements of the CCs for the financial years ended 31 March 2005 and 31 March 2004. In addition, funds obtained for the construction and development of new or existing CCs have also been accounted for separately as CC Building Funds, rather than as part of the operations of the Association. This is not in compliance with FRS 27 - Consolidated Financial Statements and Accounting for Investments in Subsidiaries.

Based on the unaudited management accounts of the CCs, the operating surplus for the financial year ended 31 March 2005 was approximately \$1.9 million (2004: \$3.8 million), and the total assets and net assets of these entities as at 31 March 2005 were approximately \$57.9 million (2004: \$55.8 million) and \$50.4 million (2004: \$48.4 million) respectively. These unaudited managements accounts are drawn up based on the accounting policies of the CCs, rather than based on the FRS. As such, no audited financial information on the CCs prepared in accordance with FRS are available to enable the Association to include them into the financial statements.

The net deficit for the CC Building Funds for the financial year ended 31 March 2005, accounted for using the accounting policies of the Association, was approximately \$5.8 million (2004: \$2.1 million) and the unutilised amount of these funds amounted to \$20.4 million as at 31 March 2005 (2004: \$26.3 million).

(c) Non capitalisation of property, plant and equipment

Under the Association's current accounting policies, costs of property, plant and equipment acquired by the Association are recognised as an expense in the year in which payments are made. This is not in compliance with FRS 16 - Property, Plant and Equipment which requires property, plant and equipment to be capitalised and depreciated over the estimated useful lives of the property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2005

2. Non-compliance with Singapore Financial Reporting Standards (continued)

(c) Non capitalisation of property, plant and equipment (continued)

As allowed under FRS 101 - First-time Adoption of Financial Reporting Standards, the Association may elect to measure an item of property, plant and equipment at the date of transition to FRS at its fair value and use that fair value as its deemed cost at that date.

As the costs of the property, plant and equipment were previously expensed off under cash accounting framework, the Association is currently in the process of establishing the deemed costs of the buildings, plant and equipment to prepare for first-time adoption. The process involves conducting a revaluation exercise for the buildings and collating of historical information to estimate the cumulative amount of property, plant and equipment to be capitalised and the related impact on depreciation charge for the respective years. The Association has substantially completed the revaluation exercise and is currently updating the valuation information into their accounting records.

(d) Non-deferral of capital grants received

Under the Association's current accounting policies, capital grants received for the acquisition of property, plant and equipment have been taken directly to the Income and Expenditure Statement when received. This is not in compliance with FRS 20 - Accounting for Government Grants and Disclosure of Government Assistance which requires such grants to be recognised as income on a systematic and rational basis over the useful life of the asset.

The Association will work with the external consultants to review FRS 20 and apply appropriate accounting treatment to recognise capital grants received for the acquisition of property, plant and equipment.

3. Significant accounting policies

The financial statements are prepared in accordance with the accounting policies of the Association and are expressed in Singapore dollars under the historical cost convention.

(a) General fund and specific funds

Income and expenditure are generally accounted for under the General fund in the Statement of Income and Expenditure. The income and expenditure relating to funds that are set up for specific purposes are accounted for under Specific funds in the Statement of Income and Expenditure.

NOTES TO THE FINANCIAL STATEMENTS*For the financial year ended 31 March 2005***3. Significant accounting policies (continued)****(a) General fund and specific funds (continued)**

Specific funds are funds set up for specific activities. The specific funds are for the following purposes:

<u>Name of Fund</u>	<u>Purpose</u>
Community Development Fund	To promote cultural, sports, youth and educational activities and other programmes/projects which will contribute towards community development in Singapore. The sources of the fund are public donations and proceeds from fund-raising projects.
Community Development Councils	To fund the operations of the CDCs to promote community bonding. The sources of these funds are government grants, public donations and proceeds from fund-raising projects.
National Youth Endowment Fund	To promote youth initiated projects. The source of the fund is government grant.
NYC Youth Expedition Fund	To finance youth expeditions. The source of the fund is government grant.

(b) Trust and agency funds

Trust and agency funds are government grants and contributions from other organisations where the Association is not the owner and beneficiary of the funds. Income and expenditure of these funds are taken to the funds accounts except for the interest income for Staff Loans Revolving Fund which is taken to the Statement of Income and Expenditure. The net assets relating to the funds are shown as a separate line item in the Balance Sheet. Included in the Trust and agency funds are the Ministry of Community Development, Youth and Sports and Singapore Workforce Development Agency delegated schemes and programmes (collectively known as "MCYS/WDA Delegated Schemes") Fund, Staff Loans Revolving Fund and CC Building Funds.

(c) Income recognition

Child care fees and course fees, income from activities and projects, administrative charge on CC/ Residents' Committee (RC) course fees, rental income, investment income (other than income arising from funds under management), contributions received, miscellaneous income and interest income are recognised on an accrual basis.

Donations received are recognised on a cash basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2005

3. Significant accounting policies (continued)

(d) Grants

(1) *Operating grants*

Grants received from the Singapore Government for the purchase of assets and for meeting operating expenditure are taken directly to the Statement of Income and Expenditure upon receipt.

(2) *Administrative grants for delegated schemes*

Grants received from the Singapore Government and passed on to the CDCs for the purpose of administering the MCYS/WDA Delegated Schemes are taken to the Balance Sheet. The administrative grants are recognised in the Statement of Income and Expenditure over the period necessary to match the operating expenses incurred by the CDCs for administering the MCYS/WDA Delegated Schemes.

(3) *Development grants*

Grants received from the Singapore Government for the construction of new CCs or for developing existing CCs, or for any other development projects are taken to the Balance Sheet upon receipt.

(e) Expenditure

All expenditures other than employee benefits are recognised on an accrual basis.

(f) Employee benefits

Employee benefits are recognised as an expense in the Statement of Income and Expenditure when declared.

(g) Property, plant and equipment

Costs of property, plant and equipment acquired by the Association are recognised as an expense in the year payments are made.

(h) Inventories

Costs of inventories of materials on hand purchased by the Association are recognised as an expense in the year in which payments are made.

NOTES TO THE FINANCIAL STATEMENTS*For the financial year ended 31 March 2005***3. Significant accounting policies (continued)**(i) Investments

Investments under fund management are stated at the principal sum. Any surplus/deficit arising from the management of these funds will be recognised as income or expenditure at the end of the relevant fund management period.

(j) Receivables

Receivables are stated at cost less allowance for doubtful receivables based on a review of outstanding amounts at the balance sheet date. An allowance for doubtful receivables is made when there is objective evidence that the Association will not be able to collect amounts due according to original terms of the receivables. Bad debts are written off when identified.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits.

4. Child care fees and course fees

	<u>General fund</u>	
	2005	2004
	\$	\$
OBS course fees		
NACLI course fees	7,141,598	6,048,052
Child care fees	377,321	347,680
Government child care subsidies	-	292,550
	-	169,050
	<u>7,518,919</u>	<u>6,857,332</u>

5. Miscellaneous Income

	<u>General fund</u>		<u>Specific funds</u>	
	2005	2004	2005	2004
	\$	\$	\$	\$
Sales of souvenirs and stationery items	182,618	147,183	-	-
Other income	815,715	1,140,964	297,094	584,500
	<u>998,333</u>	<u>1,288,147</u>	<u>297,094</u>	<u>584,500</u>

NOTES TO THE FINANCIAL STATEMENTS*For the financial year ended 31 March 2005***6. Administrative expenses**

	<u>General fund</u>		<u>Specific funds</u>	
	2005	2004	2005	2004
	\$	\$	\$	\$
Salaries, allowances and CPF contribution	97,166,352	101,664,032	15,846,081	13,756,784
Staff benefits	2,162,431	1,269,273	211,379	135,064
Rentals	23,906,228	23,613,668	3,308,222	3,041,338
Professional services	7,919,543	6,604,088	351,627	79,843
Repairs & maintenance	4,521,461	4,303,994	280,464	309,463
Supplies and materials	2,457,242	2,162,878	344,440	505,754
Utilities	1,312,284	1,229,686	175,717	187,147
Communications	1,214,254	1,057,192	375,124	463,413
Transport	761,996	767,557	129,007	164,386
Purchase of property, plant and equipment	455,932	1,083,127	531,187	142,314
Miscellaneous expenses	1,051,400	1,375,614	286,489	151,119
	142,929,123	145,131,109	21,839,737	18,936,625

7. Subsidies and Contributions

	<u>General fund</u>		<u>Specific funds</u>	
	2005	2004	2005	2004
	\$	\$	\$	\$
Subsidies to Citizens' Consultative Committees ("CCCs"), CCs, Constituency Sports Clubs and RCs	5,511,595	5,563,736	-	-
Contributions for SARS Toolkits and associated costs	1,433	7,448,323	-	-
Contributions to youth projects	-	-	4,866,268	4,638,042
Others	283,653	350,408	69,459	126,200
	5,796,681	13,362,467	4,935,727	4,764,242

NOTES TO THE FINANCIAL STATEMENTS*For the financial year ended 31 March 2005***8. Government Grants**

The Association receives operating grants from the Singapore Government to meet its operating expenses. The Association also receives administrative grants from the Singapore Government to administer the various social assistance schemes.

	2005	2004
	\$	\$
Grants received as at beginning of the year	1,994,371,362	1,766,114,283
Grants received during the year	225,603,955	228,257,079
Grants received as at end of the year	<u>2,219,975,317</u>	<u>1,994,371,362</u>

Grants received during the year are represented by:

	2005	2004
	\$	\$
Government administrative grants	11,349,951	8,668,128
Government operating grants	214,254,004	219,588,951
Grants received as at end of the year	<u>225,603,955</u>	<u>228,257,079</u>

The Association also receives separate development grants from the Singapore Government to finance development projects. Further information on these development grants are set out in note 19.

PEOPLE'S ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2005

9. Specific funds

	Note	Community Development Fund		Community Development Councils		National Youth Endowment Fund		NYC Youth Expedition Project Fund		Total	
		2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Income											
Administrative grants		-	-	11,201,474	8,568,502	-	-	-	-	11,201,474	8,568,502
Donations		320,000	11,500	8,231,228	9,184,335	-	-	-	-	8,551,228	9,195,835
Contributions				2,692,575	2,764,058	-	-	-	-	2,692,575	2,764,058
Investment income		3,038	481,362	-	-	-	-	-	-	3,038	481,362
Miscellaneous income	5	-	-	297,094	584,500	-	-	-	-	297,094	584,500
		323,038	492,862	22,422,371	21,101,395					22,745,409	21,594,257
Less:											
Expenditure											
Administrative expenses	6	45	45	21,839,642	18,936,580	50	-	-	-	21,839,737	18,936,625
Subsidies and contributions	7	69,459	126,200	-	-	204,913	233,948	4,661,355	4,404,094	4,935,727	4,764,242
Activities and projects		-	-	40,357,249	46,231,147	-	-	-	-	40,357,249	46,231,147
		69,504	126,245	62,196,891	65,167,727	204,963	233,948	4,661,355	4,404,094	67,132,713	69,932,014
Operating surplus/(deficit)		253,534	366,617	(39,774,520)	(44,066,332)	(204,963)	(233,948)	(4,661,355)	(4,404,094)	(44,387,304)	(48,337,757)
Non-operating income											
Interest income		2,785	1,253	325,877	174,111	265,921	198,984	-	-	594,583	374,348
Surplus/(deficit) for the year before Government operating grants											
		256,319	367,870	(39,448,643)	(43,892,221)	60,958	(34,964)	(4,661,355)	(4,404,094)	(43,792,721)	(47,963,409)
Government operating grants		-	-	37,729,853	38,516,788	-	-	9,933,306	4,204,094	47,663,159	42,720,882
Net surplus/(deficit) for the year		256,319	367,870	(1,718,790)	(5,375,433)	60,958	(34,964)	5,271,951	(200,000)	3,870,438	(5,242,527)
Accumulated surplus brought forward		5,485,668	5,117,798	45,641,035	51,016,468	28,701,767	28,736,731	75,000	275,000	79,903,470	85,145,997
Accumulated surplus carried forward		5,741,987	5,485,668	43,922,245	45,641,035	28,762,725	28,701,767	5,346,951	75,000	83,773,908	79,903,470

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2005

10. Community Centre/Club Building Funds

The Association manages 54 (2004: 55) CC Building Funds. The purpose of these funds is for the construction of new CCs or for developing existing CCs. The sources of these funds are Government grants, public donations and proceeds from fund-raising projects.

The Statement of Income and Expenditure and Balance Sheet of the CC Building Funds for the financial year ended 31 March 2005 are as follows:

(a) Statement of Income and Expenditure

	2005	2004
	\$	\$
Income		
Government grants	26,357,220	16,639,960
Donations	5,585,646	6,281,726
Proceeds from fund-raising projects	688,437	1,580,439
Contributions from Community Centre Management Committees ("CCMCs")	403,700	1,307,251
Interest	146,554	125,690
	33,181,557	25,935,066
Less:		
Expenditure		
Works and buildings	31,553,585	20,687,890
Transfers to CCMCs	2,425,488	4,876,197
Transfers to amount due to government and other organisations (note 19(a)(v))	2,077,881	1,968,759
Furniture and equipment	2,961,075	490,885
Land cost	9,023	-
	39,027,052	28,023,731
Net (deficit)/surplus for the year	(5,845,495)	(2,088,665)
Accumulated surplus brought forward	26,262,314	28,350,979
Accumulated surplus carried forward	20,416,819	26,262,314

(b) Balance Sheet

	2005	2004
	\$	\$
Accumulated surplus	20,416,819	26,262,314
Represented by:		
Current assets		
Other receivables	31,908	40,413
Fixed deposits	16,294,712	17,878,760
Cash and bank balances	11,639,737	11,882,334
	27,966,357	29,801,507
Current liabilities		
Amount due to the Association's Headquarters	4,443,374	3,147,291
Other payables	3,106,164	391,902
	7,549,538	3,539,193
Net assets of CC Building Funds	20,416,819	26,262,314

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2005

11. MCYS/WDA Delegated Schemes Fund

The Statement of Income and Expenditure and Balance Sheet of the MCYS/WDA Delegated Schemes Fund for the financial year ended 31 March 2005 are as follows:

(a) Statement of Income and Expenditure

	2005 \$	2004 \$
Income		
(i) Grants for		
- Social Assistance Schemes (note 11 (c))	35,002,162	25,566,390
- Schemes funded under Community Assistance Fund (note 11 (c))	9,756,261	12,775,000
- Re-employment Support Scheme ("RESS")	3,125,000	-
- GST Assistance Scheme	2,925,300	4,300,000
- Development of community-based facilities	1,583,478	7,616,314
- Distributed Careerlink Network Programme ("DCN")	800,000	3,460,000
- Train & Place Programme	40,434	23,588
- Home Quarantine Order Allowance Scheme	-	3,400,000
- Careerlink Associate Programme	-	177,327
- Family Day Care Services Programme	-	28,000
(ii) Refund from CCCs for Economic Downturn Relief Scheme	-	842,150
(iii) Reimbursement for Skills Development Fund ("SDF") and Skills Redevelopment Programme ("SRP")	-	245
	53,232,635	58,189,014
Less:		
Expenditure		
Payments for		
- Social Assistance Schemes	38,416,716	23,747,017
- Schemes funded under Community Assistance Fund	13,787,396	12,439,405
- Development of community-based facilities	1,816,696	5,972,370
- DCN Training Grant	220,482	-
- RESS	46,500	-
- Careerlink Associate Programme	18,988	886,414
- Train and Place Programme	6,300	62,763
- Home Quarantine Order Allowance Scheme	(980)	3,208,918
- Release to CCCs for GST Assistance Scheme	-	840,000
- Family Day Care Services Programme	-	62,972
	54,312,098	47,219,859
Refund of grants		
Refund of grants for		
- Train and Place Programme	3,430,670	16,467
- Annual rental for child care centres	79,638	-
- Careerlink Associate Programme	7,115	20,201
- Child Care Subsidies	-	11,373,304
- Economic Downturn Relief Scheme	-	3,743,705
- SDF and SRP	-	40,659
- Family Day Care Services Programme	-	27,199
	3,517,423	15,221,535
Deficit for the year	(4,596,886)	(4,252,380)
Accumulated surplus brought forward	20,218,744	24,471,124
Accumulated surplus carried forward	15,621,858	20,218,744

NOTES TO THE FINANCIAL STATEMENTS*For the financial year ended 31 March 2005***11. MCYS/WDA Delegated Schemes Fund (continued)****(b) Balance sheet**

	2005	2004
	\$	\$
Accumulated surplus	15,621,858	20,218,744
Represented by:		
Current assets		
Cash and cash equivalents	15,621,858	20,218,744

(c) Schemes funded under Community Assistance Fund

An amount of \$3,982,000 was redeployed from Social Assistance Schemes to Community Assistance Fund.

12. Staff Loans Revolving Fund

The staff loans revolving fund comprises Government grants received for providing loans to the staff of the Association. Interest income of the fund is taken to the Statement of Income and Expenditure.

	2005	2004
	\$	\$
At 1 April	351,500	603,800
Refund to Government	(351,500)	(252,300)
At 31 March	-	351,500
Represented by:		
Staff loans	-	282,300
Cash and bank balances	-	69,200
	-	351,500

The revolving fund was fully repaid to the Government during the year.

NOTES TO THE FINANCIAL STATEMENTS*For the financial year ended 31 March 2005***13. Investments**

	2005	2004
	\$	\$
Principal sum of amount under fund management - non-current	5,000,000	5,000,000

The amount under fund management is for a period of 3 years and will mature in July 2006.

The terms of the management agreement provide that the fees payable to the fund managers include a performance fee of 20% on the excess return arising from the management of the fund above the performance benchmarks (determined at the end of the fund management period).

	2005	2004
	\$	\$
Fund comprises:		
Quoted shares, at market value	1,506,605	1,539,712
Quoted bonds, at market value	3,221,631	3,315,364
Fixed deposits and bank balances	831,809	387,292
	5,560,045	5,242,368

14. Loan receivable

This relates to an interest-free loan granted to The Grassroots' Club ("TGC") for the purpose of building, furnishing and acquiring TGC (note 19(b)). The loan is recoverable from TGC over 30 equal semi-annual instalments, commencing from April 2000.

15. Deposits, prepayments and other receivables

	2005	2004
	\$	\$
Deposits	574,324	665,020
Prepaid subvention of land	17,903,504	16,314,228
Other prepayments	665,259	495,323
Other receivables	6,411,568	3,564,992
	25,554,655	21,039,563

NOTES TO THE FINANCIAL STATEMENTS*For the financial year ended 31 March 2005***16. Cash and cash equivalents**

	2005	2004
	\$	\$
Fixed deposits	152,169,364	135,753,536
Cash and bank balances	41,526,534	36,764,344
	<u>193,695,898</u>	<u>172,517,880</u>

17. Accruals and other payables

	2005	2004
	\$	\$
Accruals	12,916,061	6,234,146
Unutilised administrative grants (note 18)	4,815,135	3,226,251
Other payables	7,748,655	8,011,916
	<u>25,479,851</u>	<u>17,472,313</u>

18. Unutilised administrative grants

	2005	2004
	\$	\$
Administration of:		
DCN Programme	2,370,591	1,539,530
Social Assistance Schemes	1,915,050	1,335,291
Work Assistance Programme	529,494	351,430
	<u>4,815,135</u>	<u>3,226,251</u>

Unutilised administrative grants represent the unused portion of operating grants received from the MCYS and WDA for meeting the operating expenditure incurred by the CDCs in administering the schemes and programmes.

NOTES TO THE FINANCIAL STATEMENTS*For the financial year ended 31 March 2005***19. Amount due to Government and other organisations****(a) Development grants and expenditure**

	2005	2004
	\$	\$
At beginning of financial year	47,079,395	43,305,587
Receipts		
(i) Development grants received	4,665,417	33,127,771
(ii) Collection of share of cost from CCMCs for cyclical maintenance of community buildings	2,176,658	2,278,756
(iii) Collection of share of building costs from partners of co-located community buildings:		
- Ministry of Health	6,996,142	-
- National Library Board	6,615,000	1,842,060
- Neighbourhood Police Centres	1,990,033	2,210,888
- Singapore Anti-Narcotics Association	1,356,644	1,827,574
- Ministry of Home Affairs	1,087,041	-
- PCF Before and After School Care	428,622	-
- Town Councils	193,601	-
- Association of Muslim Professionals	28,464	113,037
- Home Nursing Foundation	116	-
- Majlis Pusat	28	2,330
- Singapore Professional Centre	-	2,693,824
- Singapore National Wushu Federation	-	817,700
- Ministry of Manpower	-	496,669
- National Arts Council	-	211,450
- Kowloon Club	-	131,000
- North East CDC	-	89,166
- NTUC Computer Training Centre	-	29,561
(iv) Share of building costs for other projects	165,901	208,744
(v) Other collections/contributions:		
- Transfers from CC Building Funds	2,077,880	1,968,759
- Contributions for setting up of SPARKc	31,936	1,664
- Contributions for setting up of Joint Social Service Centre	-	14,364
- Others	290,602	411,084
Total receipts for development grants	28,104,085	48,476,401

NOTES TO THE FINANCIAL STATEMENTS*For the financial year ended 31 March 2005***19. Amount due to Government and other organisations (continued)****(a) Development grants and expenditure (continued)**

Expenditure	2005	2004
	\$	\$
(i) Development grant payments for:		
- Maintenance of PA Facilities	7,798,594	9,758,556
- IT projects	2,609,369	2,454,509
- Development of community-based facilities	1,576,612	7,671,341
- Minor development projects	1,540,502	2,304,212
- Redevelopment of OBS	141,598	478,685
- Upgrading of NACLI facilities	85,216	1,765,957
- Relocation and setting up of CDC offices	17,246	2,494,962
- Upgrading of RC centres	5,168	-
- Setting up of SDS Clubhouse	-	195,871
- Setting up of Joint Social Service Centre	-	7,179
- Others	765,065	1,583,659
(ii) Co-payment of cyclical maintenance costs incurred by CCMCs	2,037,144	1,038,812
(iii) Co-payment of building costs incurred by partners of co-located community buildings:		
- Ministry of Health	5,033,940	-
- Neighbourhood Police Centres	4,811,650	2,238,711
- Singapore Anti-Narcotics Association	3,089,196	1,145,710
- National Library Board	1,563,520	-
- Ministry of Home Affairs	1,508,082	1,088,731
- PCF Before and After School Care	478,046	41,213
- Singapore National Wushu Federation	205,354	885,515
- National Council of Social Service	189,934	398,087
- Association of Muslim Professionals	178,672	877,097
- Ministry of Manpower	176,401	280,574
- NTUC Child Care Centre	28,307	37,578
- NTUC Computer Training Centre	26,497	-
- Singapore Professional Centre	22,325	1,019,131
- Consumers Association of Singapore	19,765	29,059
- Kowloon Club	14,993	-
- North East & North West CDCs	11,910	91,360
- Home Nursing Foundation	8,931	346,994
- National Arts Council	7,464	268,214
- Majlis Pusat	2,262	64,963
- Joint Social Service Centre	-	308,793
Balance carried forward	33,953,763	38,875,473

NOTES TO THE FINANCIAL STATEMENTS*For the financial year ended 31 March 2005***19. Amount due to Government and other organisations (continued)****(a) Development grants and expenditure (continued)**

	2005	2004
	\$	\$
Expenditure (continued)		
Balance brought forward	33,953,763	38,875,473
(iv) Payment to co-users of building costs for other projects from:		
- Grassroots organisations	439,157	174,113
- Others	-	28,452
(v) Other payments		
- Setting up of SPARKc	30,184	30,959
- SCENE building loan repayment	-	2,628,000
- Refund of excess contribution from National Library Board	-	2,096,408
- Others	109,650	229,342
	578,991	5,187,274
Total expenditure	34,532,754	44,062,747
Less:		
TGC loan repayment (note 19(b))	425,083	639,846
At end of financial year	40,225,643	47,079,395
Classified as:		
Amount due to government and other organisations		
- Current liabilities	36,614,680	43,043,348
- Non-current liabilities	3,610,963	4,036,047
	40,225,643	47,079,395

(b) Included in the amount due to government and other organisations is an interest-free loan of approximately \$4.04 million (2004: \$4.46 million) from the Singapore Government. As disclosed in note 14, this loan is in turn advanced to TGC for the purpose of building, furnishing and acquiring TGC.

(c) The amount of unutilised development grants carried forward that are included in the amount due to government and other organisations are as follows:

	2005	2004
	\$	\$
CC projects	12,154,253	5,897,477
Non-CC projects	6,989,346	16,945,470
	19,143,599	22,842,947

NOTES TO THE FINANCIAL STATEMENTS*For the financial year ended 31 March 2005***20. Advance from government**

	2005	2004
	\$	\$
Current	-	1,000,000
Non-current	-	7,000,000
	<u>-</u>	<u>8,000,000</u>

In 2002, the Association received an interest-free advance amounting to \$10 million from the Singapore Government to fund the additional Goods and Services Tax incurred by the Association for the period from April 1994 to March 2002. The loan was fully repaid during the year.

21. Comparatives

The financial statements for the previous financial year were reported on by auditors other than PricewaterhouseCoopers. When necessary, comparative figures have been adjusted to conform with changes in presentation in the current financial year.