KPMG



# Business China
## (A public company limited by guarantee and not having a share capital)
Registration Number: 200717215M

Annual Report
Year ended 31 December 2009

# Directors' report

We, the undersigned directors, on behalf of all the directors of Business China, submit this annual report to the members together with the audited financial statements of the Company for the financial year ended 31 December 2009.

## Mission and Vision

To nurture an inclusive bilingual and bi-cultural group of Singaporeans through extensive use of the Chinese language as the medium of communication, so as to sustain our multi-cultural heritage, and to develop a cultural and economic bridge linking the world and China.

The Company strives to strengthen the ties between Singapore and China so as to sustain and grow the global connectivity of Singapore through:

(1) Becoming the leading bilingual and bi-cultural channel paving the way for closer collaboration with China;

(2) Establishing a widespread appreciation and acceptance of Chinese language and culture, within the multi-ethnic, multi-cultural mosaic that is fundamental to the Singapore identity; and

(3) Nurturing young Singaporeans to develop deeper links with China, engaging it in all facets including economic, business, social, cultural or educational.

## Patron

The Patron of the Company is the Minister Mentor of Singapore, Mr Lee Kuan Yew.

## Advisers

| | |
|---|---|
| Mr Wong Kan Seng | (Adviser) |
| Mr Lim Swee Say | (Adviser) |
| Mr Khaw Boon Wan | (Adviser) |

## Founding member

The founding member of the Company is the Singapore Chinese Chamber of Commerce and Industry (SCCCI).

## Directorate

The directors in office at the date of this report are as follows:

| | |
|---|---|
| Mr Chua Thian Poh | (Chairman) |
| Mr Alan Chan | |
| Mr Chng Jit Koon | |
| Mr Chong Lit Cheong | |
| Mr Gan Kim Yong | |

| | |
|---|---|
| Mr Hee Theng Fong | |
| Mrs Josephine Teo | |
| Mr Lee Yi Shyan | |
| Mr Lim Chee Onn | |
| Mr Patrick Lee Kwok Kie | |
| Dr Su Guaning | |
| Mr Tan Chin Siong | (Appointed on 1 July 2009) |
| Mr Tan Cheng Gay | (Appointed on 20 March 2009) |
| Mr Teo Siong Seng | |
| Mr Thomas Chua | |
| Mr Zhong Sheng Jian | (Appointed on 6 April 2009) |

The roles of the Board of Directors are to:

(1) formulate key objectives, strategies and directions for the operation of the Company;

(2) monitor and review the various activities of the Company;

(3) review and approve annual budget for the various activities of the Company; and

(4) abide by the duties, responsibilities and liabilities of a director as specified in the Companies Act as well as under common law.

## Structure, governance and management

The Chief Executive Officer is Mrs Josephine Teo.

The Board of Directors established six Board Committees to oversee the various activities of the Company. The Chairman of each Board Committee is appointed by Chairman of the Board of Directors. The Committees are:

Apex Committee
Go East Committee
FutureChina Committee
Corporate Communications Committee
Fund-raising Committee
Finance & Establishment Committee

## Key roles and functions of the various committees, key management, teams of the Company

The roles and functions of the various Board Committees are to:

(1) oversee the various activities;

(2) review the various activities;

(3) recommend and implement new activities to meet the needs of the respective target groups; and

(4) support the fulfilment of the Company's mission and vision.

The key roles and functions of the management and teams of the Company are to:

(1) carry out the day-to-day activities;

(2) provide secretariat support to the various Board Committees to implement the activities; and

(3) monitor the progress of the various activities and provide Board Committees overseeing the various activities with timely progress reports.

**Objectives and activities**

The objectives of the various activities are as follows:

(1) generate interest, especially among the youths, in the learning of Chinese language and culture;

(2) create opportunities for the target groups to learn and appreciate Chinese language, Chinese culture and arouse interest in recent economic, social and political development in China;

(3) provide networking opportunities among Singaporeans and with Chinese business and political leaders; and

(4) develop a platform for the use of Chinese.

## Activities for the year

For the year ended 31 December 2009, the Company has organised the following activities:

***Exchange Forum***

Exchange Forums were organised for Singaporeans who are interested to gain in-depth knowledge about the Chinese language or culture. Successful leaders or speakers (locally or from China) were invited to share their insights and experiences with the participants. Topics of interest discussed during such forums could range from economic, social and cultural, science and technology related matters.

***Current Affairs Seminar***

Thematic Seminars were organised focusing on culture, language, arts, economic, current affairs, etc. These seminars help to create opportunities for Singaporeans to learn and appreciate the Chinese language and culture.

***Student Forum/Workshop***

Periodical student forums and workshops were organised for students from the SAP schools to the Institutes of Higher Learning to generate interest in the learning of the Chinese language and culture. Speakers such as successful local or China entrepreneurs were invited to share their experiences with the students.

***Summit Forum***

Prominent political and business leaders from China were invited to deliver keynote addresses on issues that have bearings on China and Singapore. Such forums help to arouse interest in recent economic, social and political developments in China.

*Anniversary Appreciation Dinner*

The Dinner was organised to celebrate the Anniversary of the Company as well as to show appreciation to its major donors for their generous donations. About 124 guests attended.

*Networking Lunches*

Networking lunch is a platform whereby business leaders from Singapore or China come together to share or exchange views on social, cultural and economic issues. The sessions were organised 3 to 4 times during the year.

*Spring Reception*

An annual gathering session for Singaporean entrepreneurs, business leaders/professionals and students/youth is organised during the Lunar Chinese New Year period to enhance interaction and networking.

*Young Leaders Programme*

Young Leaders Programme is an immersion programme for young Singaporeans who are interested to know and experience life in China. This programme serves as a platform for them to work, live and play in China. Once selected, the candidate participates in a work attachment in a Singapore-based company for between 6 to 12 months. The programme also aims to strengthen the China-ready workforce of our corporate members.

## Directors' interests

The Company has no share capital and its liability is limited by guarantee.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Except as disclosed in note 15 to the financial statements, since the end of the last financial period, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

## Share options

The Company is limited by guarantee and has not issued any share options.

## Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

**Chua Thian Poh**
*Chairman*

**Lim Chee Onn**
*Director*

29 March 2010

## Statement by Directors

We, being directors of Business China, do hereby state that in our opinion:

(a) the financial statements set out on pages FS1 to FS18 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2009 and the results and cash flows of the Company for the year ended 31 December 2009 in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

On behalf of the Board of Directors

**Chua Thian Poh**
*Chairman*

**Lim Chee Onn**
*Director*

29 March 2010

KPMG

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# Independent auditors' report

Members of Business China

We have audited the financial statements of Business China (the Company), which comprise the statement of financial position as at 31 December 2009, the statement of comprehensive income and statement of cash flows for the year ended 31 December 2009, and a summary of significant accounting policies and other explanatory notes, as set out on pages FS1 to FS18.

*Management's responsibility for the financial statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards. This responsibility includes:

(a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and statements of financial position and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

*Auditors' responsibility*

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

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

*Opinion*

In our opinion:

(a) the financial statements of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Company as at 31 December 2009 and the results and cash flows of the Company for the year ended 31 December 2009; and

(b) the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

KPMG LLP

**KPMG LLP**
*Public Accountants and*
*Certified Public Accountants*

**Singapore**
29 March 2010

**Statement of financial position**
**As at 31 December 2009**

| | Note | 2009<br>$ | 2008<br>$ |
|---|---|---|---|
| **Non-current asset** | | | |
| Plant and equipment | 3 | 49,930 | 24,993 |
| **Current assets** | | | |
| Other receivables | 4 | 23,329 | 21,375 |
| Cash and cash equivalents | 5 | 9,838,173 | 4,036,676 |
| | | 9,861,502 | 4,058,051 |
| **Total assets** | | 9,911,432 | 4,083,044 |
| **Capital and accumulated fund** | | | |
| Capital | 6 | – | – |
| Accumulated fund | | 8,828,100 | 3,928,682 |
| | | 8,828,100 | 3,928,682 |
| **Non-current liability** | | | |
| Deferred grant | 7 | 809,044 | – |
| **Current liability** | | | |
| Other payables | 8 | 274,288 | 154,362 |
| **Total liabilities** | | 1,083,332 | 154,362 |
| **Total fund and liabilities** | | 9,911,432 | 4,083,044 |

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

**Statement of comprehensive income**
**Year ended 31 December 2009**

| | Note | Year ended 31/12/2009 $ | Period from 18/9/2007 to 31/12/2008 $ |
|---|---|---|---|
| **Income** | | | |
| Donations | 9 | 5,110,000 | 4,800,000 |
| Grant income | 7 | 1,190,956 | – |
| Interest income | | 41,454 | 18,427 |
| Job credit scheme | | 28,828 | – |
| Other income | | 11,716 | 8,630 |
| **Total income** | | 6,382,954 | 4,827,057 |
| **Expenses** | | | |
| Staff costs | 10 | (711,584) | (406,758) |
| Resources expended on activities | 11 | (408,923) | (263,128) |
| Depreciation | | (39,271) | (23,312) |
| General publicity | | (199,002) | (101,485) |
| Other expenses | 12 | (124,756) | (103,692) |
| **Total expenses incurred** | | (1,483,536) | (898,375) |
| **Surplus before income tax** | | 4,899,418 | 3,928,682 |
| Income tax expense | 13 | – | – |
| **Surplus for the period** | | 4,899,418 | 3,928,682 |
| **Other comprehensive income, net of tax** | | – | – |
| **Total comprehensive surplus for the period** | | 4,899,418 | 3,928,682 |
| **Surplus brought forward** | | 3,928,682 | – |
| **Surplus carried forward** | | 8,828,100 | 3,928,682 |

A separate statement of changes in accumulated fund has not been prepared as the surplus for the year would be the only component of this statement.

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

**Statement of cash flows**
**Year ended 31 December 2009**

| | Note | Year ended 31/12/2009 $ | Period from 18/9/2007 to 31/12/2008 $ |
|---|---|---|---|
| **Operating activities** | | | |
| Cash receipts from: | | | |
| Donations | | 5,110,000 | 4,800,000 |
| Grants | 7 | 2,000,000 | – |
| Interest and other income | | 81,998 | 7,280 |
| | | 7,191,998 | 4,807,280 |
| Cash paid to: | | | |
| Suppliers and employees | | (1,352,195) | (723,755) |
| **Cash flows from operating activities** | | 5,839,803 | 4,083,525 |
| **Investing activities** | | | |
| Purchase of plant and equipment | | (65,039) | (48,305) |
| Interest received | | 26,733 | 1,456 |
| **Cash flows from investing activities** | | (38,306) | (46,849) |
| **Financing activities** | | | |
| Restricted deposits | 7 | (1,550,812) | – |
| **Net increase in cash and cash equivalents** | | 4,250,685 | 4,036,676 |
| Cash and cash equivalents at beginning of year/period | | 4,036,676 | – |
| **Cash and cash equivalents at end of year/period** | 5 | 8,287,361 | 4,036,676 |

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

# Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 29 March 2010.

## 1 Domicile and activities

Business China (the Company), a public company limited by guarantee and not having a share capital, is incorporated in the Republic of Singapore. The Company is an approved charity organisation under the Charities Act, Chapter 37, with effect from 9 March 2009. It is also an institution of public character under the Income Tax Act, Chapter 134, with effect from 1 March 2008, for a period of two years. The registered address of the Company is at 47 Hill Street, #09-00, Singapore Chinese Chamber of Commerce Building, Singapore 179365.

The Patron of the Company is the Minister Mentor of Singapore, Mr Lee Kuan Yew.

The Company's long term objective is to groom and nurture 20,000 to 30,000 bilingual and bi-cultural Singaporeans with the ability to communicate effectively in China through a myriad of activities and a variety of channels. The objective is to equip them with the skills that will enable them to connect effectively with China and in the long run, build up strong linkages with China.

## 2 Summary of significant accounting policies

### 2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on the historical cost basis except for certain financial assets and financial liabilities which are measured at fair value.

The financial statements are presented in Singapore dollars which is the Company's functional currency. All financial information is presented in Singapore dollars, unless otherwise stated.

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is described in note 7 on estimation of grant income.

The accounting policies set out below, except as described in paragraph 2.2, have been applied consistently by the Company to the period presented in these financial statements.

## 2.2 Changes in accounting policy

***Overview***

Starting as of 1 January 2009 on adoption of new/revised FRS, the Company has changed its accounting policies in the following areas:

- Presentation of financial statements

***Presentation of financial statements***

The Company applies revised FRS 1 *Presentation of Financial Statements* (2008), which became effective as of 1 January 2009. As a result, the Company presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income.

Since the change in accounting policy only impacts presentation aspects, there is no impact on the Company's financial statements.

## 2.3 Foreign currencies

***Foreign currency transactions***

Transactions in foreign currencies are translated to the functional currency of the Company at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the profit or loss.

## 2.4 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Depreciation on plant and equipment is recognised in the profit or loss on the straight-line basis over the estimated useful lives of each part of an item of plant and equipment.

The estimated useful lives are as follows:

| | | |
|---|---|---|
| Office equipment | - | 3 years |
| Computer equipment | - | 2 years |
| Office renovation | - | 5 years |

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

## 2.5 Intangible assets

*Development costs*

Development activities involve a plan or design for the development of a new product. Development expenditure is capitalised only if the development costs can be measured reliably, the product is technically and commercially feasible, future economic benefits are probable and the Company intends to and has sufficient resources to complete the development to use or sell the asset. Development costs that do not meet the above criteria are expensed in the profit or loss when incurred.

## 2.6 Financial instruments

*Non-derivative financial instruments*

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated as fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial assets: loans and receivables.

*Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables and amounts due from related parties.

Cash and cash equivalents comprise cash balances and bank deposits.

*Non-derivative financial liabilities*

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

## 2.7 Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy.

The Company considers evidence of impairment for receivables at a specific asset level. All individually significant receivables are assessed for specific impairment. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

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

***Non-financial assets***

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit, or CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## 2.8 Income recognition

***Donations***

Donations are recognised on an accrual basis when it is virtually certain that the donations will be received.

***Government grants***

Government grants are recognised in the statement of financial position initially as deferred income when there is reasonable assurance that they will be received and that the Company will comply with the conditions attaching to them. Grants that compensate the Company for expenses incurred are recognised as revenue in the profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Company for the cost of an asset are recognised in the profit or loss as revenue on a systematic basis over the useful life of the asset.

Cash grants received from the government in relation to the Jobs Credit Scheme are recognised as income upon receipt.

***Sponsorship income***

Sponsorship income is recognised in the ;profit or loss based on the fair value of the sponsored items received. A corresponding amount is also recognised as an expense.

***Interest income***

Interest income is recognised as it accrues, using the effective interest method.

## 2.9 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the profit or loss except to the extent that it relates to items recognised directly in equity, or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the initial recognition of assets or liabilities that affects neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### 2.10 Leases

Where the Company has the use of assets under operating leases, payments made under the leases are recognised in the profit or loss on a straight-line basis over the term of the lease.

### 2.11 Employee benefits

***Defined contribution plans***

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement as incurred.

***Short-term benefits***

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under the short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

## 3 Plant and equipment

| | Office renovation $ | Office equipment | Computer equipment $ | Total $ |
|---|---|---|---|---|
| **Cost** | | | | |
| At 18 September 2008 (date of incorporation) | – | – | – | – |
| Additions | – | 5,045 | 43,260 | 48,305 |
| At 31 December 2009 | – | 5,045 | 43,260 | 48,305 |

| | Office renovation $ | Office equipment | Computer equipment $ | Total $ |
|---|---|---|---|---|
| **Cost** | | | | |
| At 1 January 2009 | – | 5,045 | 43,260 | 48,305 |
| Additions | 50,502 | 7,456 | 7,081 | 65,039 |
| Disposals | – | (1,995) | – | (1,995) |
| At 31 December 2009 | 50,502 | 10,506 | 50,341 | 111,349 |
| **Accumulated depreciation** | | | | |
| At 18 September 2008 (date of incorporation) | – | – | – | – |
| Depreciation charge for the period | – | 1,682 | 21,630 | 23,312 |
| At 31 December 2009 | – | 1,682 | 21,630 | 23,312 |
| At 1 January 2009 | – | 1,682 | 21,630 | 23,312 |
| Depreciation charge for the year | 10,100 | 4,001 | 25,170 | 39,271 |
| Disposals | – | (1,164) | – | (1,164) |
| At 31 December 2009 | 10,100 | 4,519 | 46,800 | 61,419 |
| **Carrying amounts** | | | | |
| At 31 December 2008 | – | 3,363 | 21,630 | 24,993 |
| At 31 December 2009 | 40,402 | 5,987 | 3,541 | 49,930 |

## 4 Other receivables

| | 2009 $ | 2008 $ |
|---|---|---|
| Interest receivable | 14,428 | 16,971 |
| Prepayments | 8,901 | 4,404 |
| | 23,329 | 21,375 |

## 5 Cash and cash equivalents

| | 2009 $ | 2008 $ |
|---|---|---|
| Cash in hand | 200 | – |
| Cash at bank | 4,817,596 | 515,220 |
| Deposits with financial institutions | 5,020,377 | 3,521,456 |
| | 9,838,173 | 4,036,676 |
| Less: Restricted cash | (1,550,812) | – |
| Cash and cash equivalents in statement of cash flows | 8,287,361 | 4,036,676 |

The restricted cash of $1,550,812 relates to a portion of the grant given by the Singapore Totalisator Board (Tote Board) to the Company during the year which cannot be utilised by the Company for its operations until approval has been given by the Tote Board.

The weighted average effective interest rate per annum relating to cash and cash equivalents at the balance sheet date is 0.83% (2008: 1.31%). Interest rates reprice at intervals of three or twelve months.

## 6 Capital

The Company is a public company limited by guarantee and does not have any issued share capital. As at 31 December 2009, the Company has 16 members and the liability of the members are limited. In the event of the Company being wound up while a member is in office, or within one year after he ceases to be a member, each member shall be liable for payment of the debts and liabilities of Business China contracted before he ceases to be a member, and of the costs, charges and expenses of winding up and for the adjustment of the rights of the contributions among themselves, not exceeding a sum of $1.

## 7 Deferred grant

| | 2009<br>$ | 2008<br>$ |
|---|---|---|
| At 1 January/ 18 September 2007 | – | – |
| Grant received | 2,000,000 | – |
| Amounts accreted to profit or loss | (1,190,956) | – |
| At 31 December | 809,044 | – |

A grant from the Singapore Totalisator Board (Tote Board) up to a maximum of $10 million was approved for the Company during the year. The grant is to be used for 50% co-funding of the Company's operations for a period of five years, with effect from the financial year ended 31 December 2008 to 2012. The Company recognised grant income aggregating $1,190,956 (2008: $Nil) during the current financial year, which comprised the following:

a. $449,188 representing 50% of the claim for cost reimbursement in respect of 2008's expenditure which has been approved by the Tote Board during the year.

b. $741,768 representing 50% of the claim for cost reimbursement in respect of 2009's expenditure which are subject to formal approval by the Tote Board. The grant has been recognised as income as the conditions for the grant have been met.

***Estimation of grant income***

The management uses judgement to determine the accretion of grant income at each reporting date. The estimates of accretion of grant income are made based on past experience and historical trend of approval by the Tote Board. Where the final quantum of approved grant income is different from the amounts that were initially recorded, such differences will impact the revenue in the period in which such determination is made.

## 8 Other payables

| | 2009 | 2008 |
|---|---|---|
| | $ | $ |
| Audit fees | 28,000 | 22,000 |
| CPF contribution for December | 25,495 | 17,428 |
| Provision for unutilised leave | 30,662 | 17,628 |
| Accrued operating expenses | 190,131 | 97,306 |
| | 274,288 | 154,362 |

## 9 Total income

Donations include cash donations from directors and companies in which directors are shareholders and/or board members.

## 10 Staff costs

| | Year ended 31/12/2009 | Period from 18/9/2007 to 31/12/2008 |
|---|---|---|
| | $ | $ |
| Salaries and bonuses | 638,778 | 361,548 |
| Contributions to defined contribution plans | 72,806 | 45,210 |
| | 711,584 | 406,758 |

## 11 Resources expended on activities

Expenses incurred on activities carried out during the year are as follows:

| | Year ended 31/12/2009 | Period from 18/9/2007 to 31/12/2008 |
|---|---|---|
| | $ | $ |
| Educational activities | | |
| Exchange Forum | – | 30,364 |
| Current Affairs Seminar | 35,178 | 35,903 |
| Student Forum/Workshop | 280,098 | 8,409 |
| Summit Forum | 15,452 | 69,627 |
| Internship Programme | 15,777 | – |
| | 346,505 | 144,303 |
| Networking activities | | |
| Anniversary Appreciation Dinner | 28,368 | 79,789 |
| Network Lunches | 8,727 | 5,398 |
| Spring Reception | 25,323 | 33,638 |
| | 62,418 | 118,825 |
| Total expenses incurred on activities | 408,923 | 263,128 |
| Costs-sharing with Singapore Chinese Chamber of Commerce Foundation (SCCCI), included in resources expended in the above activities | – | 89,325 |

## 12 Other expenses

Other expenses included the following:

| | Year ended 31/12/2009 $ | Period from 18/9/2007 to 31/12/2008 $ |
|---|---|---|
| Annual system maintenance | 24,000 | 16,000 |
| Operating lease expenses | 5,211 | 2,504 |
| Printing and stationery | 9,923 | 14,637 |
| Reimbursement of maintenance and utility charges to Chinese Development Assistance Council at cost | 11,077 | 8,600 |
| Strategic planning retreat expenses | – | 15,865 |

## 13 Income tax expense

| | Year ended 31/12/2009 $ | Period from 18/9/2007 to 31/12/2008 $ |
|---|---|---|
| **Income tax expense** | – | – |
| | | |
| Surplus for the year/period | 4,899,418 | 3,928,682 |
| Total income tax expense | – | – |
| Surplus before income tax | 4,899,418 | 3,928,682 |
| | | |
| Income tax using Singapore tax rate of 17% (2008:18%) | 832,901 | 707,163 |
| Tax exempt income | (1,071,163) | (864,000) |
| Expenses not deductible for tax purposes | 238,262 | 156,837 |
| | – | – |

The Company is an approved charity organisation under the Charities Act, Chapter 37 and an institution of a public character under the Income Tax Act, Chapter 134. No provision for taxation has been made in the financial statements as the Council is a registered charity with income tax exemption with effect from year of assessment 2010.

## 14 Commitments

### Operating leases commitments

As at 31 December 2009, the Company has commitments for future minimum lease payments under non-cancellable operating leases as follows:

| | 2009<br>$ | 2008<br>$ |
|---|---|---|
| Within 1 year | 8,153 | 4,622 |
| After 1 year but within 5 years | 38,531 | 19,196 |
| After 5 years | – | – |
| | 46,684 | 23,818 |

## 15 Related parties

For the purposes of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Other than disclosed elsewhere in the financial statements, the transactions with related parties are as follows:

| | Note | Year ended 31/12/2009<br>S$ | Period from 18/9/2007 to 31/12/2008<br>S$ |
|---|---|---|---|
| **Related party transactions - expenses** | | | |
| General publicity | (i) | 160,500 | 6,420 |
| Resources expended on activities | (ii) | 60,160 | 15,375 |
| Professional fees | (iii) | 931 | – |
| Miscellaneous costs | (iv) | 1,216 | 554 |
| Organisation set up costs | (v) | – | 87,487 |

i. The general publicity expenditure relate to costs of $160,500 paid for a network portal developed by Singapore Press Holdings Ltd (SPH) in which a director of the Company is a board member.

ii. Included in resources expended on activities for the year ended 31 December 2009 are costs of $32,140 (2008: $15,000) paid to SPH and $28,020 (2008: $375) paid to SCCCI respectively by the Company for its share of the costs of event organisation.

iii. Professional fees of $931 (2008: Nil) have been paid to a solicitor firm of which a director the Company is a member.

iv. These represent miscellaneous costs paid to SPH, SCCCI and NTUC totalling $1,216 (2008: $554).

v. The Company repaid expenses of $87,487 to SCCCI in 2008 which SCCCI incurred on its behalf.

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company. The directors and chief executive officer are considered as key management personnel of the Company. The directors are volunteers and did not receive any form of remuneration or fees during the financial year. The Company is being charged by National Trade Union Congress (NTUC) for service rendered by the chief executive officer who is also an employee of the third party.

Key management personnel compensation comprised:

| | 2009<br>$ | 2008<br>$ |
|---|---|---|
| Fee paid to NTUC for service rendered by chief executive officer | 43,870 | – |

## 16 Financial risk management

*Overview*

Risk management is integral to the operations of the Company. The Board of Directors has established a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Board committees continually monitor the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

*Credit risk*

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Company, as and when they fall due.

Cash and fixed deposits are placed with banks and financial institutions which are regulated. At the balance sheet date, maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

The Company has classified its financial assets in the following category:

| Summary quantitative data | 2009<br>$ | 2008<br>$ |
|---|---|---|
| **Loans and receivables** | | |
| Other receivables | 23,329 | 21,375 |
| Cash and cash equivalents | 9,838,173 | 4,036,676 |
| | 9,861,502 | 4,058,051 |

The Company has classified its financial liabilities in the following category:

| | 2009 | 2008 |
|---|---|---|
| | $ | $ |
| **Financial liabilities measured at amortised cost** | | |
| Other payables | 274,288 | 154,362 |

*Liquidity risk*

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by the Management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

*Exposure to liquidity risk*

The following are the expected contractual undiscounted cash outflows of financial liabilities, including estimated interest payments and excluding the impact of netting arrangements:

| | Carrying amount | Cash flows | | | |
|---|---|---|---|---|---|
| | | Contractual cash flows | Within 1 year | Within 1 to 5 years | More than 5 years |
| | $ | $ | $ | $ | $ |
| **2009** | | | | | |
| Other payables and accruals | 274,288 | 274,288 | 274,288 | – | – |
| **2008** | | | | | |
| Other payables and accruals | 154,362 | 154,362 | 154,362 | – | – |
| | 154,362 | 154,362 | 154,362 | – | – |

*Interest rate risk*

The Company's exposure to market risk for changes in interest rates relates primarily to fixed deposits placed with financial institutions associated with cash management activities whereby excess funds are placed. The Company has no interest bearing liabilities.

*Sensitivity analysis*

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting rate would not affect profit or loss.

*Estimation of fair value*

The notional amounts of financial assets and liabilities with a maturity of less than one year (including other receivables, cash and cash equivalents and other payables) are assumed to approximate their fair values because of the short period to maturity.

## 17 New accounting standards and interpretations not yet adopted

The Company has not applied the following accounting standards (including their consequential amendments) and interpretations that have been issued as of the reporting date but are not yet effective:

- Amendment to FRS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
- Amendments to FRS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
- Amendments to FRS 102 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
- FRS 103 (revised) *Business Combinations* and FRS 27 (revised) *Separate and Consolidated Financial Statements*
- Improvements to FRSs 2009
- INT FRS 117 *Distributions of Non-cash Assets to Owners*

*Improvements to FRSs* 2009 will become effective for the Company's financial statements for the year ending 31 December 2010 for amendments relating to:

- FRS 102 *Share-based Payments*
- FRS 38 *Intangible Assets*
- INT FRS 109 *Reassessment of Embedded Derivatives*
- INT FRS 116 *Hedges of a Net Investment in a Foreign Operation*

*Improvements to FRSs* 2009 will become effective for the Company's financial statements for the year ending 31 December 2011 for amendments relating to:

- FRS 1 *Presentation of Financial Statements*
- FRS 7 *Statement of Cash Flows*
- FRS 17 *Leases*
- FRS 36 *Impairment of Assets*
- FRS 39 *Financial Instruments: Recognition and Measurement*
- FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*
- FRS 108 *Operating Segments*

Improvements to FRSs 2009 will become effective for the Company's financial statements for the year ending 31 December 2010. Improvements to FRSs 2009 contain amendments to numerous accounting standards that result in accounting changes for presentation, recognition or measurement purposes and terminology or editorial amendments. The Company is in the process of assessing the impact of these amendments.

Other than the improvements to FRSs 2009, the initial application of these standards (including their consequential amendments) and interpretations is not expected to have any material impact on the Company's financial statements.

The Company has not considered the impact of accounting standards issued after the reporting date.

## 18 Comparatives

The comparatives relate to the financial statements of the Company for the period from 18 September 2007 (date of incorporation) to 31 December 2008.