

**SINGAPORE MEDICAL ASSOCIATION
(UEN: S61SS0168E)
AND ITS SUBSIDIARY**

**AUDITED FINANCIAL STATEMENTS AND
OTHER FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2016**

**SINGAPORE MEDICAL ASSOCIATION
(UEN: S61SS0168E)
AND ITS SUBSIDIARY**

REGISTERED OFFICE

**2 College Road
#02-00 Alumni Medical Centre
Singapore 169850**

AUDITORS

Kreston David Yeung PAC

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**SINGAPORE MEDICAL ASSOCIATION
(UEN: S61SS0168E)
AND ITS SUBSIDIARY**

STATEMENT BY THE ASSOCIATION'S COUNCIL MEMBERS

In the opinion of the association's council members:-

- i) the accompanying statements of financial position, statements of profit or loss and other comprehensive income and statements of changes in funds of the group and the association and consolidated statement of cash flows of the group together with the notes thereto, are drawn up in accordance with the provisions of the Societies Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the group and of the association as at 31 December 2016 and the financial performance, changes in funds of the group and of the association and cash flows of the group for the year ended on that date; and
- ii) at the date of this statement, there are reasonable grounds to believe that the association will be able to pay its debts as and when they fall due.

On behalf of the council members,

DR WONG TIEN HUA
President

DR LEE HSIEN CHIEH DANIEL
Honorary Secretary

DR CHAN TENG MUI TAMMY
Honorary Treasurer

Singapore, 9 March 2017



INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SINGAPORE MEDICAL ASSOCIATION (UEN: S61SS0168E)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Singapore Medical Association (the “association”) and its subsidiary (collectively, the “group”), which comprise the statements of financial position of the group and the association as at 31 December 2016, the statements of changes in funds and statements of profit or loss and other comprehensive income of the group and the association and consolidated statement of cash flows of the group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the group, the statement of financial position, statement of profit or loss and other comprehensive income and statement of changes in funds of the association are properly drawn up in accordance with the provisions of the Societies Act and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the group and the financial position of the association as at 31 December 2016 and of the consolidated financial performance, consolidated changes in funds and consolidated cash flows of the group and financial performance and changes in funds of the association for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The association’s council members are responsible for the other information. The other information comprises the Statement by the Association’s Council Members [set out on page 1].

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SINGAPORE MEDICAL ASSOCIATION (UEN: S61SS0168E)

Responsibilities of Management and Directors for the Financial Statements

The association's council members are responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Societies Act and Singapore Financial Reporting Standards, and for 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, the association's council members are responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the association's council members either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

The association's council members' responsibilities include overseeing the association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the association's council members.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SINGAPORE MEDICAL ASSOCIATION (UEN: S61SS0168E)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Conclude on the appropriateness of the association's council members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the association's council members regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the regulations enacted under the Societies Act to be kept by the association have been properly kept in accordance with those regulations.

KRESTON DAVID YEUNG PAC
Public Accountants and
Chartered Accountants

Singapore, 9 March 2017

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**SINGAPORE MEDICAL ASSOCIATION
(UEN: S61SS0168E)
AND ITS SUBSIDIARY**

**STATEMENTS OF FINANCIAL POSITION
As at 31 December 2016**

ASSETS	Note	Group		Association	
		2016 S\$	2015 S\$	2016 S\$	2015 S\$
Non-current assets					
Property, plant and equipment	3	6,708	2,630	6,505	2,121
Investment in subsidiary	4	-	-	2,314,000	2,314,000
Total non-current assets		6,708	2,630	2,320,505	2,316,121
Current assets					
Financial assets at fair value through profit or loss	5	4,456,355	4,237,675	-	-
Trade receivables	6	397,888	407,653	460,180	407,653
Subscription in arrears	7	90,861	102,642	90,861	102,642
Other receivables, deposits and prepayments	8	99,069	87,724	95,723	82,534
Cash and cash equivalents	9	2,971,230	2,577,097	2,420,581	2,069,043
Total current assets		8,015,403	7,412,791	3,067,345	2,661,872
Total assets		8,022,111	7,415,421	5,387,850	4,977,993
FUNDS AND LIABILITIES					
Accumulated fund		7,456,009	6,911,878	4,841,633	4,488,809
Total funds		7,456,009	6,911,878	4,841,633	4,488,809
Non-current liabilities					
Deferred tax liabilities	10	-	-	-	-
Current liabilities					
Other payables and accruals	11	554,028	502,254	541,078	489,184
Provision of taxation		12,074	1,289	5,139	-
Total current liabilities		566,102	503,543	546,217	489,184
Total liabilities		566,102	503,543	546,217	489,184
Total funds and liabilities		8,022,111	7,415,421	5,387,850	4,977,993

The notes set out on pages 11 to 32 form an integral part of and should be read in conjunction with this set of financial statements.

SINGAPORE MEDICAL ASSOCIATION
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STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

		Group		Association	
		2016	2015	2016	2015
	Note	S\$	S\$	S\$	S\$
Income					
AST course fees		192,900	138,800	192,900	138,800
Bad debts recovered - subscriptions		2,380	3,260	2,380	3,260
Centre for ME and professionalism income		85,757	90,518	85,757	90,518
Commission income		1,224,834	1,139,300	1,205,240	1,119,849
CPR course fees		12,248	17,961	-	-
Fair value gain/(loss) on financial assets at fair value through profit or loss		221,311	51,052	-	-
Healthcare course fees		55,131	57,871	-	-
Interest income on bank deposits		17,407	9,594	12,521	6,051
Management fee income		26,400	28,800	67,855	67,384
Medical Practice Management income		18,523	8,289	18,523	8,289
Medik Awas income		5,860	7,819	5,860	7,819
Members' welfare event income		64,243	32,019	64,243	32,019
MPS workshop income		25,200	26,000	25,200	26,000
Rebate income		150,879	162,921	150,879	162,921
SMA Dinner		25,986	34,995	25,986	34,995
SMA Football		5,538	4,800	5,538	4,800
SMA Golf		26,750	21,470	26,750	21,470
SMA Medical convention		20,639	72,175	20,639	72,175
SMA Newsletter publication		372,130	377,538	372,130	377,538
SMA talks and seminars		3,271	58,925	3,271	58,925
SMJ publication		81,185	138,190	81,185	138,190
Subscriptions		722,035	709,999	722,035	709,999
Sundry income		76,427	48,265	76,427	48,265
		<u>3,437,034</u>	<u>3,240,561</u>	<u>3,165,319</u>	<u>3,129,267</u>
Expenditure		<u>(2,881,197)</u>	<u>(2,942,772)</u>	<u>(2,807,356)</u>	<u>(2,894,599)</u>
Surplus before taxation		555,837	297,789	357,963	234,668
Taxation	12	(11,706)	(4,075)	(5,139)	(2,786)
Net surplus and total comprehensive income for the year		<u>544,131</u>	<u>293,714</u>	<u>352,824</u>	<u>231,882</u>

The notes set out on pages 11 to 32 form an integral part of and should be read in conjunction with this set of financial statements.

SINGAPORE MEDICAL ASSOCIATION
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STATEMENTS OF EXPENDITURE
For the year ended 31 December 2016

	2016	Group 2015	2016	Association 2015
	S\$	S\$	S\$	S\$
AST course expenses	116,195	114,076	116,195	114,076
Advertisements	-	711	-	711
Auditors' remuneration	10,330	9,980	7,330	6,980
Bad debts written off - trade	9,095	-	9,095	-
Bank charges	14,074	12,189	13,992	12,107
Centre for ME and professionalism expenses	57,084	48,976	57,084	48,976
CPF and SDL	215,150	200,104	215,130	200,084
CPR course expenses	10,035	10,602	-	-
Depreciation of plant and equipment	8,022	53,545	7,716	53,239
Donation	70,000	35,060	50,000	35,060
Entertainment	5,263	7,051	5,263	7,051
General expenses	1,587	1,096	1,127	676
Healthcare course expenses	35,371	30,410	-	-
Insurance	18,804	19,626	18,804	19,626
Inter-professional games	9,898	5,058	9,898	5,058
Jobs credit and other schemes	(16,160)	(8,023)	(16,160)	(8,023)
Masks, gloves and gowns	2,400	2,400	-	-
Medical expenses	7,468	6,696	7,468	6,696
Medical Practice Management expenses	21,495	6,105	21,495	6,105
Medik Awas expenses	1,443	1,665	1,443	1,665
Meeting expenses	2,816	30,276	2,816	30,276
Member's welfare	113,059	143,176	113,059	143,176
MPS workshop expenses	63	-	63	-
Net allowance for credit losses	41,770	37,680	41,770	37,680
Newspapers & periodicals	944	877	944	877
Office refreshments	2,117	625	2,117	625
Postage and couriers	22,769	28,988	22,615	28,863
Printing and stationery	22,520	32,004	22,365	31,879
Professional fee	44,100	44,050	44,100	44,050
Property tax	9,195	9,312	9,195	9,312
Rental of equipment	12,812	11,288	12,812	11,288
Repairs and maintenance	147,014	146,084	147,014	146,084
Balance carried forward	1,016,733	1,041,687	944,750	994,197

The notes set out on pages 11 to 32 form an integral part of and should be read in conjunction with this set of financial statements.

**SINGAPORE MEDICAL ASSOCIATION
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**STATEMENTS OF EXPENDITURE
For the year ended 31 December 2016**

	2016	Group 2015	2016	Association 2015
	S\$	S\$	S\$	S\$
Balance brought forward	1,016,733	1,041,687	944,750	994,197
Repair and maintenance	478	-	-	-
SMA Dinner expenses	46,880	55,056	46,880	55,056
SMA Football expenses	6,573	6,241	6,573	6,241
SMA Golf expenses	29,874	26,342	29,874	26,342
SMA Medical convention expenses	-	48,275	-	48,275
SMA Newsletter expenses	168,419	142,339	168,419	142,339
SMA talks and seminar expenses	1,048	18,198	1,048	18,198
SMJ publication expenses	114,220	138,452	114,220	138,452
Secretarial fees	700	3	-	-
Sponsorship	-	254	-	254
Staff commission	1,321	5,305	1,321	5,305
Staff salaries and bonuses	1,392,075	1,337,514	1,392,095	1,337,534
Staff training	8,519	13,451	8,519	13,451
Staff vacation pay	(1,830)	4,366	(1,830)	4,366
Staff welfare	9,484	21,034	9,484	21,034
Subscriptions	2,354	2,175	2,354	2,175
Tax fee	700	700	-	-
Telephone and fax	12,283	7,932	12,283	7,932
Transportation	9,165	10,333	9,165	10,333
Travel	45,141	45,991	45,141	45,991
Utilities	17,060	17,124	17,060	17,124
Total expenditure	2,881,197	2,942,772	2,807,356	2,894,599

The notes set out on pages 11 to 32 form an integral part of and should be read in conjunction with this set of financial statements.

**SINGAPORE MEDICAL ASSOCIATION
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**STATEMENTS OF CHANGES IN FUNDS
For the year ended 31 December 2016**

	Accumulated fund S\$
<u>GROUP</u>	
Balance as at 01.01.2015	6,618,164
Total comprehensive income for the year	<u>293,714</u>
Balance as at 31.12.2015 and 01.01.2016	6,911,878
Total comprehensive income for the year	<u>544,131</u>
Balance as at 31.12.2016	<u><u>7,456,009</u></u>
 <u>ASSOCIATION</u>	
Balance as at 01.01.2015	4,256,927
Total comprehensive income for the year	<u>231,882</u>
Balance as at 31.12.2015 and 01.01.2016	4,488,809
Total comprehensive income for the year	<u>352,824</u>
Balance as at 31.12.2016	<u><u>4,841,633</u></u>

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**SINGAPORE MEDICAL ASSOCIATION
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**CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2016**

	Note	2016 S\$	2015 S\$
Cash flows from operating activities			
Surplus before taxation		555,837	297,789
Adjustments for:-			
Depreciation of plant and equipment		8,022	53,545
Bad debt written off		9,095	-
Allowance for credit losses		41,770	37,680
Fair value adjustment		(218,680)	(48,725)
Interest income		(17,407)	(9,594)
Operating cash flow before working capital changes:-		<u>378,637</u>	<u>330,695</u>
(Decrease)/Increase in trade and other receivables		(40,891)	193,887
Increase in other payables and accruals		<u>51,774</u>	<u>21,019</u>
Cash generated from operations		389,520	545,601
Income tax paid		(921)	(15,469)
Net cash generated from operating activities		<u>388,599</u>	<u>530,132</u>
Cash flows from investing activities			
Purchase of plant and equipment		(12,100)	(37,290)
Interest received		17,634	9,265
Fixed deposit pledged		(47,652)	(47,652)
Net cash used in investing activities		<u>(42,118)</u>	<u>(75,677)</u>
Net increase in cash and cash equivalents		346,481	454,455
Cash and cash equivalents at beginning of year		<u>2,577,097</u>	<u>2,074,990</u>
Cash and cash equivalents at end of year	9	<u>2,923,578</u>	<u>2,529,445</u>

The notes set out on pages 11 to 32 form an integral part of and should be read in conjunction with this set of financial statements.

**SINGAPORE MEDICAL ASSOCIATION
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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

Singapore Medical Association (the “association”) is registered under the Societies Act in the Republic of Singapore. The registered office and principal place of business of the association is located at 2 College Road, #02-00 Alumni Medical Centre, Singapore 169850.

The principal activities of the association are to promote the medical and allied sciences in the Republic of Singapore and also to promote social, culture and professional activities among members of the association. The principal activities of its subsidiary is stated in Note 4 to the financial statements.

The financial statements for the year ended 31 December 2016 are authorised for issue by the Council of the association on 9 March 2017.

The financial statements are presented in Singapore dollar.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The consolidated financial statements of the group have been prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with Singapore Financial Reporting Standards (“FRS”).

In the current financial year, the group has adopted all the new and revised FRS and Interpretations of FRS (“INT FRS”) that are relevant to its operations and effective for annual period beginning on or after 1 January 2016. The adoption of these new/revised FRSs and INT FRSs has no material effect on the financial statements.

b) Significant Accounting Estimates and Judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the group’s accounting policies, reported amounts of assets, liabilities, income and expense and disclosures made. Although these estimates are based on the management’s best knowledge of current events and actions, actual result may differ from those estimates.

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Significant Accounting Estimates and Judgements (Continued)

The critical accounting estimates and assumptions used and areas involving a high degree of judgement are described below:-

Critical assumptions used and accounting estimates in applying accounting policies

Income Tax

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the group provision for income tax. The group recognises liabilities for expected tax issues based on estimates of whether additional tax will be due. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Useful lives of plant and equipment

As described in Note 2(d), the group reviews the estimated useful lives of plant and equipment at the end of each annual reporting period. The estimated useful lives reflect the management's estimation of the periods that the group intends to derive future economic benefits from the use of the group's plant and equipment.

The carrying amounts of plant and equipment at the end of the reporting period are disclosed in Note 3 to the financial statements.

Critical judgements made in applying accounting policies

In the process of applying the accounting policies, management had made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Impairment of property, plant and equipment

The group assesses annually whether plant and equipment have any indication of impairment in accordance with the accounting policy. The recoverable amounts of plant and equipment have been determined based on value-in-use calculations. These calculations require the use of judgement and estimates.

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Significant Accounting Estimates and Judgements (Continued)

Allowance account for credit losses

Allowance account for credit losses of the group is based on an evaluation of the collectability of receivables. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness, past collection history of these receivables and ongoing dealings with them. If the financial conditions of these receivables of the group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Impairment of investment in subsidiary

Determining whether investment in subsidiary is impaired requires an estimation of value-in-use of that investment. The value-in-use calculation requires the group to estimate the future cash flows expected from the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. Management has evaluated the recoverability of the investment based on such estimates.

c) Basis of Consolidation

Business combination from 1 January 2010

The consolidated financial statements comprise the financial statements of the association and the entity controlled by the association (its subsidiary) as at the end of reporting period. The financial statements of the subsidiary used in the preparation of the consolidated financial statements are prepared for the same reporting date as the association. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiary is consolidated from the date of acquisition, being the date on which the group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Basis of Consolidation (Continued)

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the group loses control over a subsidiary, it:-

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

d) Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Plant and Equipment and Depreciation (Continued)

Depreciation is calculated on a straight-line method so as to write off the costs over the estimated useful lives of the plant and equipment as follows: -

Computers	1 year
Air conditioners	3 years
Equipment, furniture and fittings	3 - 10 years
Renovations	5 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful lives and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

e) Investment in Subsidiary

A subsidiary is an investee that is controlled by the association. The association controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the association's separate financial statements, investments in subsidiary is accounted for at cost less impairment losses.

f) Cash and Cash Equivalents

Cash and cash equivalents comprised cash on hand and at banks and fixed deposits which form part of the cash management that are readily convertible to known amount of cash and which are subject to insignificant risk of changes in value.

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Financial Assets

Initial recognition and measurement

Financial assets are recognised on the statement of financial position when, and only when, the group becomes a party to the contractual provisions of the financial instrument. The group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends of their classification as follows:-

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the company. Derivatives, including separated embedded derivatives are also classified as held for trading.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loan and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) **Financial Assets (Continued)**

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e the date that the group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place concerned.

h) **Impairment of Financial Assets**

The group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the group first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the group determines that no objective evidence of impairment exists for an individually assessed financial assets, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has incurred, the group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Impairment of Financial Assets (Continued)

Financial assets carried at amortised cost (Continued)

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

i) Impairment of Non-Financial Assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses are recognised in the profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Financial Liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the group becomes a party to the contractual provisions of the financial instrument. The group determined the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially at fair value, plus, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

k) Provisions

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Contingencies

A contingent liability is:-

- a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group; or
- b) a present obligation that arises from past events but is not recognised because:
 - i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group.

Contingent liabilities and assets are not recognised on the statement of financial position of the group.

m) Currency Translations

Functional and presentation currency

Items included in the financial statements of each entity in the group are measured using the currency of the primary economic environment in which the entity operates (“functional currency”). The consolidated financial statements are presented in Singapore dollar, which is the association’s functional currency.

Transactions and balances

Transactions in a currency other than Singapore dollar (“foreign currency”) are translated into Singapore dollar using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, recorded foreign currency monetary items are adjusted to reflect the rate at end of reporting period. All realised and unrealised differences are taken to the profit or loss.

n) Leases

Leases where the lessor effectively retains substantially all risks and benefits of ownership of the leased items are classified as operating leases. Operating lease payments are recognised as an expense in the profit or loss on a straight-line basis over the lease term.

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable. The association assesses its revenue arrangements to determine if it acting as principal or agent in all of its revenue arrangements.

Course fee income is recognised as revenue over the duration of the course.

Commission income is recognised when the right to receive payment is established.

Interest income is recognised using the effective interest method.

Members' annual subscription fee, rebates, and miscellaneous income are recognised when due.

p) Income Taxes

a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period.

Current taxes are recognised in profit or loss except to the extent that the tax relates to item recognised outside profit or loss, either in other comprehensive income or directly in equity.

b) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for temporary differences.

Deferred income tax assets are recognised for deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) **Income Taxes (Continued)**

b) **Deferred tax (Continued)**

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred income tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

q) **Key Management Personnel**

Key management personnel of the group are those having authority and responsibility for planning, directing and controlling the activities of the group. The Executive Council Members, directors and Chief Administrator are considered as key management personnel.

r) **Employee Benefits**

As required by law, the group makes contributions to the state pension scheme, the Central Provident Fund (CPF). CPF contributions are recognised as compensation expense in the same period as the employment that gives rise to the contribution.

s) **Employee Leave Entitlement**

Employee entitlement to annual leave is recognised when it accrues to employees. A provision is made for the unconsumed leave as a result of services rendered by employees up to the end of the reporting period.

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3. PLANT AND EQUIPMENT

<u>Group</u>	Computers	Air Conditioners S\$	Equipment, furniture and fittings S\$	Renovations S\$	Total S\$
Cost					
At 01.01.2015	109,651	46,947	167,476	122,477	446,551
Additions	37,290	-	-	-	37,290
Disposal	(4,611)	-	-	-	(4,611)
At 31.12.2015/01.01.2016	142,330	46,947	167,476	122,477	479,230
Additions	2,300	-	9,800	-	12,100
Disposal	(9,622)	-	-	-	(9,622)
At 31.12.2016	135,008	46,947	177,276	122,477	481,708
Accumulated Depreciation					
At 01.01.2015	109,651	33,254	162,284	122,477	427,666
Charge for the year	37,290	13,693	2,562	-	53,545
Disposal	(4,611)	-	-	-	(4,611)
At 31.12.2015/01.01.2016	142,330	46,947	164,846	122,477	476,600
Charge for the year	2,300	-	5,722	-	8,022
Disposal	(9,622)	-	-	-	(9,622)
At 31.12.2016	135,008	46,947	170,568	122,477	475,000
Net Book Value					
At 31.12.2016	-	-	6,708	-	6,708
At 31.12.2015	-	-	2,630	-	2,630

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3. PROPERTY, PLANT AND EQUIPMENT (Continued)

<u>Association</u>	Computers	Air Conditioners S\$	Equipment, furniture and fittings S\$	Renovations S\$	Total S\$
Cost					
At 01.01.2015	109,651	45,247	143,723	122,477	421,098
Additions	37,290	-	-	-	37,290
Disposal	(4,611)	-	-	-	(4,611)
At 31.12.2015/01.01.2016	142,330	45,247	143,723	122,477	453,777
Additions	2,300	-	9,800	-	12,100
Disposal	(9,622)	-	-	-	(9,622)
At 31.12.2016	135,008	45,247	153,523	122,477	456,255
Accumulated Depreciation					
At 01.01.2015	109,651	31,554	139,346	122,477	403,028
Charge for the year	37,290	13,693	2,256	-	53,239
Disposal	(4,611)	-	-	-	(4,611)
At 31.12.2015/01.01.2016	142,330	45,247	141,602	122,477	451,656
Charge for the year	2,300	-	5,416	-	7,716
Disposal	(9,622)	-	-	-	(9,622)
At 31.12.2016	135,008	45,247	147,018	122,477	449,750
Net Book Value					
At 31.12.2016	-	-	6,505	-	6,505
At 31.12.2015	-	-	2,121	-	2,121

4. INVESTMENT IN SUBSIDIARY

	2016 S\$	Association 2015 S\$
Unquoted equity shares, at cost	2,314,000	2,314,000

The association regards Singapore Medical Association Pte Ltd, a company registered in the Republic of Singapore, as its wholly owned subsidiary. The subsidiary's shares are registered and held in trust by three trustees, namely Professor Low Cheng Hock, Dr Tan Cheng Bock @ Adrian Tan and Professor Chee Yam Cheng, who were appointed by Singapore Medical Association.

The principal activities of the subsidiary are those of commission agents, course organisers and investment holding.

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5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016	Group 2015
	S\$	S\$
<u>Quoted equity securities:-</u>		
Balance at beginning of year	4,237,675	4,188,950
Fair value adjustments	218,680	48,725
Balance at end of year	<u>4,456,355</u>	<u>4,237,675</u>

Financial assets at fair value through profit or loss are denominated in following currencies:-

	2016	Group 2015
	S\$	S\$
Singapore dollar	2,887,579	3,182,301
United States dollar	1,034,122	617,167
British Pound	173,188	84,781
Euro dollar	240,871	216,005
Swiss Franc	29,650	53,222
Japanese Yen	90,945	84,199
	<u>4,456,355</u>	<u>4,237,675</u>

6. TRADE RECEIVABLES

	2016	Group 2015	2016	Association 2015
	S\$	S\$	S\$	S\$
Trade receivables				
- Subsidiary	-	-	63,132	-
- Third parties	397,888	407,653	397,048	407,653
	<u>397,888</u>	<u>407,653</u>	<u>460,180</u>	<u>407,653</u>

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6. TRADE RECEIVABLES (Continued)

Trade receivables are non-interest bearing and are generally on 30-60 days credit terms. They are recognised at their original invoiced amounts which represent their fair values on initial recognition. These receivables are unsecured and the analysis of their ageing at the end of the reporting period is as follows:-

	Group		Association	
	2016	2015	2016	2015
	S\$	S\$	S\$	S\$
Not past due	267,460	306,944	293,101	306,944
Past due 0 - 3 months	49,684	83,702	86,335	83,702
Past due 3 - 6 months	64,096	7,383	64,096	7,383
Over 6 months	16,648	9,624	16,648	9,624
	<u>397,888</u>	<u>407,653</u>	<u>460,180</u>	<u>407,653</u>

7. SUBSCRIPTIONS IN ARREARS

	Group and Association	
	2016	2015
	S\$	S\$
Subscriptions in arrears	135,426	142,926
Less: Allowance for credit losses	<u>(44,565)</u>	<u>(40,284)</u>
	<u>90,861</u>	<u>102,642</u>
Movements of allowance for credit losses:-		
Balance at beginning of year	40,284	51,997
Addition during the year	44,565	40,284
Allowance written off	<u>(40,284)</u>	<u>(51,997)</u>
Balance at end of year	<u>44,565</u>	<u>40,284</u>

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8. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Association	
	2016	2015	2016	2015
	S\$	S\$	S\$	S\$
Other receivable	28,869	18,444	26,789	16,545
Fixed deposit interest receivable	706	933	-	-
Deposits	7,743	10,074	7,743	10,074
Prepayments	23,955	29,672	23,395	27,314
Advance payment to supplier	37,796	28,601	37,796	28,601
	<u>99,069</u>	<u>87,724</u>	<u>95,723</u>	<u>82,534</u>

9. CASH AND BANK BALANCES

Cash and bank balances	882,368	1,505,869	644,410	1,305,393
Fixed deposits	<u>2,088,862</u>	<u>1,071,228</u>	<u>1,776,171</u>	<u>763,650</u>
	2,971,230	2,577,097	2,420,581	2,069,043
Less: Fixed deposit pledged	<u>(47,652)</u>	<u>(47,652)</u>	<u>(47,652)</u>	<u>(47,652)</u>
	<u>2,923,578</u>	<u>2,529,445</u>	<u>2,372,929</u>	<u>2,021,391</u>

Fixed deposit is pledged as security to the bank for bankers guarantee on corporate credit card.

The fixed deposits bear interest rate at 0.25% to 1.6% (2015: 0.25% to 1.38%) per annum and mature within 90 days to 366 days (2015: 90 days to 365 days).

10. DEFERRED TAXATION

The deferred tax liability represents tax effect of excess of capital allowances claimed over book depreciation of plant and equipment.

	Group		Association	
	2016	2015	2016	2015
	S\$	S\$	S\$	S\$
Balance at beginning of year	-	219	-	219
Tax credited to profit and loss (Note 12)	<u>-</u>	<u>(219)</u>	<u>-</u>	<u>(219)</u>
Balance at end of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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11. OTHER PAYABLES AND ACCRUALS

	Group		Association	
	2016	2015	2016	2015
	S\$	S\$	S\$	S\$
Other payables	31,819	46,226	31,819	46,226
Accruals	144,865	112,424	140,465	107,904
Deferred income	377,344	343,604	368,794	335,054
	<u>554,028</u>	<u>502,254</u>	<u>541,078</u>	<u>489,184</u>

12. TAXATION

Income tax expense:-

- Current year	12,074	1,289	5,139	-
- (Over)/Under provision in prior year	(368)	3,005	-	3,005
- Deferred tax (Note 10)	-	(219)	-	(219)
Tax expense	<u>11,706</u>	<u>4,075</u>	<u>5,139</u>	<u>2,786</u>

The tax expense on the results for the financial year varies from the amount of income tax determined by applying the Singapore standard rate of income tax to surplus before taxation due to the following factors:-

	Group		Association	
	2016	2015	2016	2015
	S\$	S\$	S\$	S\$
Surplus before taxation	<u>555,837</u>	<u>297,789</u>	<u>357,963</u>	<u>234,668</u>
Tax expenses calculated at a tax rate of 17%	94,492	50,625	60,854	39,894
Expenses not tax deductible	12,163	6,139	8,763	6,139
Enhanced tax allowances	(53,273)	(34,047)	(44,773)	(34,047)
(Over)/Under provision in prior years	(368)	3,005	-	3,005
Revenue not taxable	-	(17,881)	-	(17,881)
Singapore statutory stepped income exemption	(25,848)	(2,692)	(11,128)	-
Tax rebate	(12,074)	(553)	(5,139)	-
Unrecognised deferred tax assets	(3,438)	-	(3,438)	5,895
Other	52	(521)	-	(219)
Tax expense	<u>11,706</u>	<u>4,075</u>	<u>5,139</u>	<u>2,786</u>

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12. TAXATION (Continued)

Subject to agreement with the tax authority and compliance with certain condition of the Income Tax Act, the group has unutilised donations carried forward as at the end of the financial year which are available for set off against future taxable income as follows:-

	2016	Group 2015	2016	Association 2015
	S\$	S\$	S\$	S\$
Unutilised donations	-	34,570	-	34,570

13. OPERATING LEASE COMMITMENTS

The group and association lease equipment under non-cancellable operating lease agreement.

The future minimum lease payments under the non-cancellable operating lease as at the end of the reporting period are as follows:-

	Group and Association	
	2016	2015
	S\$	S\$
Within one year	10,680	12,869
Within two to five years	24,030	34,710
	<u>34,710</u>	<u>47,579</u>

14. RELATED PARTY TRANSACTIONS

The following transactions took place between the parties at mutually agreed terms during the financial year:-

	2016	Group 2015	2016	Association 2015
	S\$	S\$	S\$	S\$
Donation	50,000	35,060	50,000	35,060
Management fee income	26,400	28,800	67,855	67,384

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15. CAPITAL MANAGEMENT

The association regards its surplus as capital funds. The association's objectives when managing the capital funds are to safeguard the association's ability to continue as a going concern and to ensure that it has sufficient working capital to fund its activities and meet its obligations.

The group's overall strategy remains unchanged for both of the reporting periods.

The group has no externally imposed capital requirements.

16. FINANCIAL RISK MANAGEMENT

The group does not have written financial risk management policies and guidelines which set out its tolerance for risk and its general risk management philosophy but management may use natural hedges or closely monitor the group's business risk exposures in connection with its financial assets and financial liabilities and adopts the appropriate measures including the use of other financial instruments when considered necessary to reduce any potential financial risk exposures or losses.

Credit Risk

The group's exposure to credit risk arises from the failure of a customer or counterparty to settle its financial and contractual obligation to the group, as and when they fall due. The group manages this risk by monitoring credit ratings and limiting the aggregate financial exposure to any individual counterparty.

The maximum exposure to credit risk for each class of financial instrument is the carrying amount of that class of financial instruments presented on the statement of financial position.

As at the end of reporting period, there is no significant concentration of credit risk for the group.

The group places its cash with banks and financial institutions which are regulated.

Financial assets that are either past due and/or impaired

Information regarding financial assets that are past due but not impaired is disclosed in Note 6 to the financial statements.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are due from creditworthy debtors. Cash and bank balances that neither past due nor impaired are placed with reputable bank with high credit ratings.

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16. FINANCIAL RISK MANAGEMENT (Continued)

Price Risk

The group is exposed to equity securities price risk arising from the investments held by the group which are classified in the statement of financial position as financial assets at fair value through profit or loss. To manage the price risk, the group through its stockbrokers monitors share price on regular basis. The sensitivity analysis for changes in market price is not disclosed as the effect on the profit or loss is considered not significant.

Liquidity Risk

The group monitors and maintains a level of cash and bank balances deemed adequate by the management to finance the group's operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the group's financial liabilities is within the next 12 months after the end of the reporting period.

Interest Rate Risk

The group has no significant exposure to interest rate risk. As such, fluctuations in market interest rates do not have any significant effect on the group's cash flows.

17. FAIR VALUE

Fair value of financial instruments carried at fair value

The group classifies fair value measurement using fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchies have the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Input other than quoted prices included within level 1 that are observable for the asset or liabilities, either directly (i.e as prices) or indirectly (i.e derived from prices), and
- Level 3 – Input for the assets or liability that is not based on observable market data (unobservable inputs)

The quoted securities instruments at fair value of S\$4,456,355(2015: S\$4,237,675) is based on quoted price which is included in Level 1.

Fair value of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of the financial assets (other than investment securities) and financial liabilities are recorded in the financial statements at their approximate fair values, determined in accordance with the accounting policies disclosed in Note 2 to the financial statements.

**SINGAPORE MEDICAL ASSOCIATION
(UEN: S61SS0168E)
AND ITS SUBSIDIARY**

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

18. CATEGORIES OF FINANCIAL INSTRUMENTS

The following table sets out the financial instruments as at the end of the reporting period:-

	Group		Association	
	2016	2015	2016	2015
	S\$	S\$	S\$	S\$
<u>Financial assets</u>				
Financial assets at fair value through profit or loss:-				
Quoted equity securities	4,456,355	4,237,675	-	-
Loans and receivables:-				
Trade receivables	397,888	407,653	460,180	407,653
Subscription in arrears	90,861	102,642	90,861	102,642
Other receivables and deposits	37,318	29,451	34,532	26,619
Cash and cash equivalents	2,971,230	2,577,097	2,420,581	2,069,043
Total financial assets	<u>7,953,652</u>	<u>7,354,518</u>	<u>3,006,154</u>	<u>2,605,957</u>
<u>Financial liabilities</u>				
Amortised cost:-				
Other payables and accruals	<u>176,684</u>	<u>158,650</u>	<u>172,284</u>	<u>154,130</u>
Total financial liabilities	<u>176,684</u>	<u>158,650</u>	<u>172,284</u>	<u>154,130</u>

19. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2017. Except for FRS 109, the association's council members expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109 are described below.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the group to make changes to its current systems and processes.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

SINGAPORE MEDICAL ASSOCIATION PTE LTD
(UEN: 200002170N)
(Incorporated in the Republic of Singapore)

AUDITED FINANCIAL STATEMENTS AND
OTHER FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2016

SINGAPORE MEDICAL ASSOCIATION PTE LTD
(UEN: 200002170N)

DIRECTORS' STATEMENT

The directors present their statement to the member together with the audited financial statements of the company for the year ended 31 December 2016.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

- i) the accompanying financial statements together with the notes thereto are drawn up so as to give a true and fair view of the financial position of the company as at 31 December 2016, and the financial performance, changes in equity and cash flows of the company for the year ended on that date; and
- ii) 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.

2. DIRECTORS

The directors in office at the date of this statement are:-

CHAN TENG MUI TAMMY
CHIN JING JIH
CHONG YEH WOEI
LEE YIK VOON
TAN SZE WEE
WOON YNG YNG BERTHA
WONG TIEN HUA
LEE HSIEN CHIEH

3. ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

During and at the end of the financial year, the company was not a party to any arrangement the object of which was to enable the directors to acquire benefits through the acquisition of shares in or debentures of the company or any other body corporate.

4. DIRECTORS' INTEREST IN SHARES OR DEBENTURES

According to the register required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, none of the directors who held office at the end of the financial year had interest in the shares of the company.

5. SHARE OPTIONS GRANTED

During the financial year, no options were granted to take up unissued shares of the company.

**SINGAPORE MEDICAL ASSOCIATION PTE LTD
(UEN: 200002170N)**

DIRECTORS' STATEMENT

6. SHARE OPTIONS EXERCISED

During the financial year, no shares were issued by virtue of the exercise of options granted.

7. UNISSUED SHARES UNDER OPTION

There were no unissued shares under option at the end of the financial year.

8. AUDITORS

The auditors, Kreston David Yeung PAC, have expressed their willingness to accept re-appointment.

On behalf of the Board,

TAN SZE WEE
Director
9 March 2017

LEE YIK VOON
Director



INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SINGAPORE MEDICAL ASSOCIATION PTE LTD (UEN: 200002170N)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Singapore Medical Association Pte Ltd (the “company”), which comprise the statement of financial position of the company as at 31 December 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the company as at 31 December 2016 and of the financial performance, changes in equity and cash flows of the company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors’ Statement [set out on pages 1 to 2].

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF SINGAPORE MEDICAL ASSOCIATION PTE LTD (UEN: 200002170N)

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSSs, and for 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
SINGAPORE MEDICAL ASSOCIATION PTE LTD (UEN: 200002170N)**

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, 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.

KRESTON DAVID YEUNG PAC
Public Accountants and
Chartered Accountants

Singapore, 9 March 2017

SINGAPORE MEDICAL ASSOCIATION PTE LTD
(UEN: 200002170N)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

	Note	2016 S\$	2015 S\$
ASSETS			
Non-current asset			
Plant and equipment	3	<u>203</u>	<u>509</u>
Total non-current asset		203	509
Current assets			
Financial assets at fair value through profit or loss	4	<u>4,456,355</u>	<u>4,237,675</u>
Trade receivables	5	840	-
Other receivables and prepayment	6	3,346	5,190
Cash and cash equivalents	7	<u>487,517</u>	<u>508,054</u>
Total current assets		<u>4,948,058</u>	<u>4,750,919</u>
Total assets		<u>4,948,261</u>	<u>4,751,428</u>
EQUITY AND LIABILITIES			
Equity attributable to owner			
Share capital	8	2,314,000	2,314,000
Accumulated profits		<u>2,614,376</u>	<u>2,423,069</u>
Total equity		4,928,376	4,737,069
Current liabilities			
Other payables and accruals	9	<u>12,950</u>	<u>13,070</u>
Provision for taxation		<u>6,935</u>	<u>1,289</u>
Total current liabilities		<u>19,885</u>	<u>14,359</u>
Total equity and liabilities		<u>4,948,261</u>	<u>4,751,428</u>

The notes set out on pages 10 to 25 form an integral part of and should be read in conjunction with this set of financial statements.

SINGAPORE MEDICAL ASSOCIATION PTE LTD
(UEN: 200002170N)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2016

	Note	2016 S\$	2015 S\$
Revenue	10	86,973	95,283
Other revenue	11	226,197	54,595
Operating expenses		<u>(115,296)</u>	<u>(86,757)</u>
Profit before taxation	12	197,874	63,121
Taxation	13	<u>(6,567)</u>	<u>(1,289)</u>
Net profit and total comprehensive income for the year		<u>191,307</u>	<u>61,832</u>

The notes set out on pages 10 to 25 form an integral part of and should be read in conjunction with this set of financial statements.

SINGAPORE MEDICAL ASSOCIATION PTE LTD
(UEN: 200002170N)

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2016

	Share Capital S\$	Accumulated Profits S\$	Total Equity S\$
Balance as at 01.01.2015	2,314,000	2,361,237	4,675,237
Total comprehensive income for the year	-	61,832	61,832
Balance as at 31.12.2015/01.01.2016	2,314,000	2,423,069	4,737,069
Total comprehensive income for the year	-	191,307	191,307
Balance as at 31.12.2016	2,314,000	2,614,376	4,928,376

The notes set out on pages 10 to 25 form an integral part of and should be read in conjunction with this set of financial statements.

SINGAPORE MEDICAL ASSOCIATION PTE LTD
(UEN: 200002170N)

STATEMENT OF CASH FLOWS
For the year ended 31 December 2016

	2016	2015
	S\$	S\$
Cash flows from operating activities		
Profit before taxation	197,874	63,121
Adjustments for:-		
Depreciation of plant and equipment	306	306
Fair value adjustment	(218,680)	(48,725)
Interest income	(4,886)	(3,543)
	<u>(25,386)</u>	<u>11,159</u>
Operating cash flows before changes in working capital		
Decrease in trade and other receivables	777	3,367
Decrease in other payables and accruals	(120)	(1,036)
	<u>(24,729)</u>	<u>13,490</u>
Cash (used in)/generated from operations		
Income tax paid	(921)	-
	<u>(25,650)</u>	<u>13,490</u>
Net cash (used in)/generated from operating activities		
Cash flows from investing activity		
Interest received	5,113	3,214
	<u>5,113</u>	<u>3,214</u>
Net cash generated from investing activity		
Net (decrease)/increase in cash and cash equivalents	(20,537)	16,704
Cash and cash equivalents at beginning of year	<u>508,054</u>	<u>491,350</u>
Cash and cash equivalents at end of year	<u>487,517</u>	<u>508,054</u>

The notes set out on pages 10 to 25 form an integral part of and should be read in conjunction with this set of financial statements.

SINGAPORE MEDICAL ASSOCIATION PTE LTD
(UEN: 200002170N)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

The company is a limited liability company domiciled and incorporated in the Republic of Singapore. The registered office and principal place of business of the company is located at 2 College Road, #02-00 Alumni Medical Centre, Singapore 169850.

The company regards Singapore Medical Association, an association registered in the Republic of Singapore, as its immediate and ultimate holding entity. The company's shares are registered and held in trust by three trustees, namely Professor Low Cheng Hock, Dr Tan Cheng Bock @ Adrian Tan and Professor Chee Yam Cheng, who were appointed by Singapore Medical Association.

The principal activities of the company are those of commission agents, course organisers and investment holding.

The financial statements of the company for the year ended 31 December 2016 are authorised for issue in accordance with a resolution of the directors on 9 March 2017.

The financial statements of the company are presented in Singapore dollar.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements of the company have been prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the Singapore Financial Reporting Standards ("FRS").

In the current financial year, the company has adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual period beginning on or after 1 January 2016. The adoption of these new/revised FRSs and INT FRSs have no material effect on the company's financial statements.

b) Significant Accounting Estimates and Judgements

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Significant Accounting Estimates and Judgements (Continued)

The critical accounting estimates and assumptions used and areas involving a high degree of judgements are described below.

Critical assumptions and accounting estimates in applying accounting policies

Income tax

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the company provision for income tax. The company recognises liabilities for expected tax issues based on estimates of whether additional tax will be due. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Useful lives of plant and equipment

As described in Note 2(c), the company reviews the estimated useful lives of plant and equipment at the end of each annual reporting period. The estimated useful lives reflect the management's estimation of the periods that the company intends to derive future economic benefits from the use of the company's plant and equipment.

The carrying amount of plant and equipment at the end of the reporting period are disclosed in Note 3 to the financial statements.

Critical judgements made in applying accounting policies

In the process of applying the entity's accounting policies, management had made the following judgement that have the most significant effect on the amounts recognised in the financial statements.

Impairment of plant and equipment

The company assesses annually whether plant and equipment have any indication of impairment in accordance with the accounting policy. The recoverable amounts of plant and equipment have been determined based on value-in-use calculations. These calculations require the use of judgement and estimates.

Allowance for credit losses

Allowance for credit losses of the company is based on an evaluation of the collectability of receivables. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness, past collection history of these receivables and ongoing dealings with them. If the financial conditions of these receivables of the company were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Plant and Equipment

All items of plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a straight-line method so as to write off the cost of the plant and equipment over the estimated useful lives as follows: -

Air conditioners	3 years
Equipment, furniture and fittings	3 to 10 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful lives and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

d) Financial Assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the company becomes a party to the contractual provisions of the financial instrument. The company determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Financial Assets (Continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:-

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the company. Derivatives, including separated embedded derivatives are also classified as held for trading.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loan and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, i.e the date that the company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place concerned.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Impairment of Financial Assets

The company assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the company first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the company determines that no objective evidence of impairment exists for an individually assessed financial assets, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on a financial asset carried at amortised cost has been incurred, the amount of loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of asset is reduced through the use of allowance account. The impairment loss is recognised in the profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly, or if an amount was charged to allowance account, the amounts charged to the allowance account are written off against the carrying amount of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has incurred, the company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decrease and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Impairment of Non-Financial Assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

g) Cash and Cash Equivalents

Cash and cash equivalents comprised cash in hand and at banks and fixed deposit which form part of the cash management that are readily convertible to known amount of cash and which are subject to insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Share Capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity.

i) Financial Liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the company becomes a party to the contractual provisions of the financial instrument. The company determined the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, plus, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

j) Provisions

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable. The company assesses its revenue arrangements to determine if it acting as principal or agent in all of its revenue arrangements.

i) *Course fee Income*

Course fee income is recognised as revenue over the duration of the course.

ii) *Commission Income*

Commission income is recognised when the right to receive payment is established.

iii) *Interest Income*

Interest income is recognised using the effective interest method.

l) Key Management Personnel

Key management personnel of the company are those persons having authority and responsibility for planning, directing and controlling the activities of the company. The directors are considered as key management personnel.

m) Contingencies

A contingent liability is:-

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company; or

A present obligation that arises from past events but is not recognised because:

i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

Contingent liabilities and assets are not recognised on the statement of financial position of the company.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) **Taxation**

Income tax on the profit or loss for the period comprises current and deferred income taxes. Income tax is recognised in the profit or loss except to the extent that it relates to items recognised outside profit or loss, in which case it is recognised in equity or 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 end of the reporting period and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the liability method for temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

o) **Currency Translation**

Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates (“functional currency”). The financial statements of the company are presented in Singapore dollar, which is the company’s functional currency.

Transactions and balances

Transactions in foreign currencies are measured and recorded in Singapore dollars at the exchange rate in effect at the date of transactions. At the end of each reporting period, recorded foreign currency monetary items are adjusted to reflect the rate at the end of the reporting period. All realised and unrealised differences are taken to the profit or loss.

SINGAPORE MEDICAL ASSOCIATION PTE LTD
(UEN: 200002170N)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

3. PLANT AND EQUIPMENT

	Air Conditioners S\$	Equipment, Furniture and Fittings S\$	Total S\$
Cost			
At 01.01.2015/31.12.2015/31.12.2016	1,700	23,753	25,453
Accumulated Depreciation			
At 01.01.2015	1,700	22,938	24,638
Charge for the year	-	306	306
At 31.12.2015/01.01.2016	1,700	23,244	24,944
Charge for the year	-	306	306
At 31.12.2016	1,700	23,550	25,250
Net Book Value			
At 31.12.2016	-	203	203
At 31.12.2015	-	509	509

4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2016 S\$	2015 S\$
<u>Quoted equity securities:-</u>		
Balance at beginning of year	4,237,675	4,188,950
Fair value adjustments	218,680	48,725
Balance at end of year	4,456,355	4,237,675

Financial assets at fair value through profit or loss are denominated in following currencies:-

	2016 S\$	2015 S\$
Singapore dollar	2,887,579	3,182,301
United States dollar	1,034,122	617,167
British Pound	173,188	84,781
Euro dollar	240,871	216,005
Swiss Franc	29,650	53,222
Japanese Yen	90,945	84,199
	4,456,355	4,237,675

SINGAPORE MEDICAL ASSOCIATION PTE LTD
(UEN: 200002170N)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

5. TRADE RECEIVABLES

Trade receivables are non-interest bearing and generally no credit term. They are recognised at their original invoiced amounts which represent their fair values on initial recognition. The trade receivables that are past due at the end of reporting period but not impaired amounted to S\$840 (2015: S\$NIL). The analysis of the aging of the trade receivables at the end of reporting period is as follows:-

	2016	2015
	S\$	S\$
Past due but not impaired:-		
Past due 31 - 60 days	840	-

6. OTHER RECEIVABLES AND PREPAYMENT

GST receivable	2,080	1,899
Interest receivable	706	933
Prepayments	560	2,358
	<u>3,346</u>	<u>5,190</u>

7. CASH AND CASH EQUIVALENTS

Cash and bank balances	174,826	200,476
Fixed deposits	312,691	307,578
	<u>487,517</u>	<u>508,054</u>

The fixed deposits bear interest rate at 1.23% (2015: 1.66%) per annum with the tenures of deposits of twelve months.

8. SHARE CAPITAL

	2016	2015
	S\$	S\$
<u>Issued and fully paid:-</u>		
2,314,000 (2015: 2,314,000) ordinary shares	<u>2,314,000</u>	<u>2,314,000</u>

The owner of ordinary shares is entitled to receive dividends as and when declared by the company. All ordinary shares have no par value and carry one vote per share without restrictions.

SINGAPORE MEDICAL ASSOCIATION PTE LTD
(UEN: 200002170N)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

9. OTHER PAYABLES AND ACCRUALS

	2016	2015
	S\$	S\$
Deferred income	8,550	8,550
Accruals	4,400	4,520
	<u>12,950</u>	<u>13,070</u>

10. REVENUE

CPR course fees	12,248	17,961
Commission income	19,594	19,451
Healthcare course fees	55,131	57,871
	<u>86,973</u>	<u>95,283</u>

11. OTHER REVENUE

Fair value gain on financial assets at fair value through profit or loss	221,311	51,052
Interest income on bank deposits	4,886	3,543
	<u>226,197</u>	<u>54,595</u>

12. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after deducting
the following items:-

CPR course expense	18,780	19,046
Depreciation of plant and equipment	306	306
Donations	20,000	-
Healthcare course expenses	44,116	38,865
Management fees	23,964	21,684
	<u>107,166</u>	<u>90,901</u>

SINGAPORE MEDICAL ASSOCIATION PTE LTD
(UEN: 200002170N)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

13. TAXATION

	2016	2015
	S\$	S\$
Income tax expense:-		
- Current year	6,935	1,289
- Over provision in priors years	(368)	-
	<u>6,567</u>	<u>1,289</u>
Tax expense	<u>6,567</u>	<u>1,289</u>

The tax expense on the results for the financial year varies from the amount of income tax determined by applying the Singapore standard rate of income tax to profit before taxation due to the following factors:-

	2016	2015
	S\$	S\$
Profit before taxation	<u>197,874</u>	<u>63,121</u>
Tax expense calculated at a tax rate of 17%	33,638	10,731
Expenses not tax deductible	3,400	-
Enhanced tax allowance	(8,500)	-
Overprovision in prior years	(368)	-
Singapore statutory stepped income exemption	(14,720)	(2,692)
Tax rebate	(6,935)	(553)
Unrecognised deferred tax assets at beginning of the year	-	(6,110)
Others	<u>52</u>	<u>(87)</u>
Tax expense	<u>6,567</u>	<u>1,289</u>

14. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the company and related parties took place during the financial year at terms agreed between the party:-

	2016	2015
	S\$	S\$
<u>With holding entity</u>		
Management fee expenses	23,964	21,684
CPR course expenses	8,745	8,445
Healthcare course expenses	<u>8,745</u>	<u>8,455</u>
<u>With related party</u>		
Donation	<u>20,000</u>	<u>-</u>

SINGAPORE MEDICAL ASSOCIATION PTE LTD
(UEN: 200002170N)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

15. CATEGORIES OF FINANCIAL INSTRUMENTS

The following table sets out the categories of the company's financial assets and financial liabilities as at end of the reporting period:-

	2016	2015
	S\$	S\$
<u>Financial assets</u>		
Financial assets at fair value through profit or loss:-		
Quoted securities	4,456,355	4,237,675
Loan and receivables:-		
Trade receivables	840	-
Other receivables	706	933
Cash and cash equivalents	487,517	508,054
Total financial assets	<u>4,945,418</u>	<u>4,746,662</u>
<u>Financial liability</u>		
At amortised cost:-		
Accruals	4,400	4,520
Total financial liabilities	<u>4,400</u>	<u>4,520</u>

16. CAPITAL MANAGEMENT

The company manages its capital to ensure that it will be able to continue as a going concern while maximising the returns to shareholder through the optimisation of the debt and equity balance.

The management reviews the capital structure regularly to achieve an appropriate capital structure. As part of this review, the management considers the cost of capital and the risks associated with each class of capital and makes adjustments to the capital structure, where appropriate, in light of changes in economic conditions and the risk characteristics of the underlying assets.

The company has no externally imposed capital requirements.

The company's overall strategy remains unchanged for both of the reporting periods

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company does not have written financial risk management policies and guidelines which set out tolerance for risk and its general risk management philosophy but management may use natural hedges or closely monitor the company's business risk exposures in connection with its financial assets and financial liabilities and adopts the appropriate measures including the use of other financial instruments when considered necessary to reduce any potential financial risk exposures or losses.

Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents), the company minimises credit risk by dealing exclusively with high credit rating counterparties.

Financial assets that are either past due and/or impaired

Information regarding financial assets that are past due but not impaired is disclosed in Note 5 to the financial statements.

The company has no concentration risk. The maximum exposure to credit risk for each class of financial instrument is the carrying amount of that class of financial instruments presented on the statement of financial position.

Liquidity Risk

The company monitors and maintains a level of cash and bank balances deemed adequate by the management to finance the company's operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the company's financial liabilities is within the next 12 months after the end of the reporting period.

Interest Rate Risk

The company has no significant exposure to interest rate risk. As such, fluctuations in market interest rates do not have any significant effect on the company's cash flows.

Price Risk

The company is exposed to equity securities price risk arising from the investments held by the company which are classified in the statement of financial position as financial assets at fair value through profit or loss. To manage the price risk, the company through stockbrokers monitors share prices on regular basis. The sensitivity analysis for changes in market prices is not disclosed as the effect on the profit or loss is considered not significant.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

18. FAIR VALUE

Fair value of financial instruments carried at fair value

The company classifies fair value measurement using fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchies have the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Input other than quoted prices included within level 1 that are observable for the asset or liabilities, either directly (i.e as prices) or indirectly (i.e derived from prices), and
- Level 3 – Input for the assets or liability that is not based on observable market data (unobservable inputs)

The quoted securities instruments at fair value of S\$4,456,355 (2015: S\$4,237,675) is based on quoted price which is included in Level 1.

Fair value of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The carrying amounts of the financial assets (other than investment securities) and financial liabilities are recorded in the financial statements at their approximate fair values, determined in accordance with the accounting policies disclosed in Note 2 to the financial statements.

19. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2017. Except for FRS 109 the directors expect that the adoption of the other standards will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109 is described below.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the company to make changes to its current systems and processes.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The company is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

SINGAPORE MEDICAL ASSOCIATION PTE LTD
(UEN: 200002170N)

DETAILED PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2016

	2016	2015
	S\$	S\$
Income		
CPR course fees	12,248	17,961
Commission income	19,594	19,451
Fair value gain on financial assets at fair value through profit or loss	221,311	51,052
Healthcare course fees	55,131	57,871
Interest income on bank deposits	4,886	3,543
	<u>313,170</u>	<u>149,878</u>
Less: Expenditure		
Auditors' remuneration	3,000	3,000
Bank charges	82	82
CPR course expenses	18,780	19,046
Depreciation of plant and equipment	306	306
Donation	20,000	-
General expenses	460	420
Healthcare course expenses	44,116	38,865
Management fees	23,964	21,684
Mask, gloves and gowns	2,400	2,400
Postage and courier	155	125
Printing and stationery	155	126
Repair and maintenance	478	-
Secretarial fees	700	3
Tax fee	700	700
	<u>(115,296)</u>	<u>(86,757)</u>
Profit before taxation	<u>197,874</u>	<u>63,121</u>

This schedule does not form part of the statutory audited financial statements.

SINGAPORE MEDICAL ASSOCIATION TRUST FUND
(Registered in the Republic of Singapore)

**AUDITED FINANCIAL STATEMENTS AND
OTHER FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2016**

SINGAPORE MEDICAL ASSOCIATION TRUST FUND

TRUSTEE COMMITTEE

DR LEE PHENG SOON

CHAIRMAN

DR TAN YEW GHEE

SECRETARY

DR TAN KOK SOO

TREASURER

A/PROF CHEONG PAK YEAN

MEMBER

PROF LOW CHENG HOCK

MEMBER

SINGAPORE MEDICAL ASSOCIATION TRUST FUND

STATEMENT BY THE TRUSTEES

In the opinion of the trustees, the financial statements as set out on pages 5 to 12 are drawn up in accordance with the Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of Singapore Medical Association Trust Fund (“The Fund”) as at 31 December 2016 and the financial performance, changes in fund and cash flows of The Fund for the year ended on that date.

At the date of this statement, there are reasonable grounds to believe that The Fund will be able to pay its debts as and when they fall due.

On behalf of the trustee committee,

.....
DR LEE PHENG SOON
Chairman

.....
DR TAN YEW GHEE
Secretary

.....
DR TAN KOK SOO
Treasurer

Singapore, 03 MAR 2017



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SINGAPORE MEDICAL ASSOCIATION TRUST FUND

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Singapore Medical Association Trust Fund (the "The Fund"), which comprise the statement of financial position of The Fund as at 31 December 2016, the statement of profit or loss and other comprehensive income, statement of changes in fund and statement of cash flows of The Fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of The Fund as at 31 December 2016 and of the financial performance, changes in equity and cash flows of The Fund for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of The Fund in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Fund's trustees are responsible for the other information. The other information comprises the Statement by the Trustees [set out on page 1].

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SINGAPORE MEDICAL ASSOCIATION TRUST FUND

Fund Trustees' Responsibility for the Financial Statements

The Fund's trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the FRSSs, and for 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, The Fund's trustees are responsible for assessing The Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless The Fund's trustees either intends to liquidate The Fund or to cease operations, or has no realistic alternative but to do so.

The Fund's trustees responsibilities include overseeing The Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by The Fund's Trustees.



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SINGAPORE MEDICAL ASSOCIATION TRUST FUND

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Conclude on the appropriateness of The Fund's trustees use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on The Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause The Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with The Fund's trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KRESTON DAVID YEUNG PAC
Public Accountants and
Chartered Accountants

Singapore, 03 MAR 2017

SINGAPORE MEDICAL ASSOCIATION TRUST FUND

STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Note	2016 S\$	2015 S\$
ASSETS			
Current assets			
Cash and cash equivalents		<u>77,210</u>	<u>77,210</u>
Total assets		<u>77,210</u>	<u>77,210</u>
 FUND			
Capital fund	3	21,513	21,513
Accumulated surplus		<u>55,697</u>	<u>55,697</u>
Total funds		<u>77,210</u>	<u>77,210</u>
Total equity		<u>77,210</u>	<u>77,210</u>

The notes set out on pages 9 to 12 form an integral part of and should be read in conjunction with this set of financial statements.

SINGAPORE MEDICAL ASSOCIATION TRUST FUND

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

	2016	2015
	S\$	S\$
Revenue	-	-
Less: Expenditure	-	-
Surplus before taxation	-	-
Less: Taxation	-	-
Net surplus and total comprehensive income for the year	-	-

The operating expenses of The Fund were absorbed by Singapore Medical Association.

The notes set out on pages 9 to 12 form an integral part of and should be read in conjunction with this set of financial statements.

SINGAPORE MEDICAL ASSOCIATION TRUST FUND

STATEMENT OF CHANGES IN FUND

For the year ended 31 December 2016

	Capital fund S\$	Accumulated surplus S\$	Total equity S\$
Balance as at 01.01.2015	21,513	55,697	77,210
Total comprehensive surplus for the year	-	-	-
Balance as at 31.12.2015 and 01.01.2016	21,513	55,697	77,210
Total comprehensive surplus for the year	-	-	-
Balance as at 31.12.2016	21,513	55,697	77,210

The notes set out on pages 9 to 12 form an integral part of and should be read in conjunction with this set of financial statements.

SINGAPORE MEDICAL ASSOCIATION TRUST FUND

STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	2016 S\$	2015 S\$
Cash flows from operating activities		
Surplus before taxation	-	-
Net cash used in operating activities	-	-
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	77,210	77,210
Cash and cash equivalents at end of year	77,210	77,210

The notes set out on pages 9 to 12 form an integral part of and should be read in conjunction with this set of financial statements.

SINGAPORE MEDICAL ASSOCIATION TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL

The registered office and principal place of business of The Fund is located at 2 College Road, Level 2, Alumni Medical Centre, Singapore 169850.

The principal activities of The Fund are to relieve the distress, poverty and suffering among members of the public and in particular members of the medical profession in Singapore and also to provide scholarship, financial assistance and awards for students pursuing studies in medical courses.

The financial statements of The Fund are expressed in Singapore dollar.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements of The Fund have been prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the Singapore Financial Reporting Standards (“FRS”).

In the current financial year, The Fund has adopted all the new and revised FRS and Interpretations of FRS (“INT FRS”) that are relevant to its operations and effective for annual period beginning on or after 1 January 2016. The adoption of these new/revised FRSs and INT FRSs has no material effect on the financial statements.

b) Significant Accounting Estimates and Judgements

Estimates, assumption concerning the future and judgements are made in the preparation of the financial statements. They affect the application of The Fund’s accounting policies, reported amounts of assets, liabilities, income and expense and disclosures made. Although these estimates are based on trustees best knowledge of current events and actions, trustees are of the opinion that there are no critical judgements involves that have a significant effect on the amounts recognised in the financial statements.

c) Cash and Cash Equivalents

Cash and cash equivalents comprised cash at bank which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

SINGAPORE MEDICAL ASSOCIATION TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Financial Assets

Initial recognition and measurement

Financial assets are recognised when, and only when, The Fund becomes a party to the contractual provisions of the financial instrument. The Fund determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, directly attributable transaction costs.

Subsequent measurement

Loans and Receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Derecognition

All financial assets are recognised on their trade-date – the date on which The Fund commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and The Fund has transferred substantially all risks and rewards of ownership.

e) Currency Translations

Functional and presentation currency

Items included in the financial statements of The Fund are measured using the currency of the primary economic environment in which The Fund operates (“functional currency”). The financial statements of The Fund are presented in Singapore dollar, which is The Fund’s functional currency.

Transactions and balances

Transactions in a currency other than Singapore dollar (“foreign currency”) are translated into Singapore dollar using the exchange rates prevailing at the dates of the transactions. At the end of each reporting period, recorded foreign currency monetary items are adjusted to reflect the rate at end of reporting period. All realised and unrealised differences are taken to the profit or loss.

SINGAPORE MEDICAL ASSOCIATION TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

3. CAPITAL FUND

	2016	2015
	S\$	S\$
Balance at beginning of year and end of year	<u>21,513</u>	<u>21,513</u>

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund does not have written financial risk management policies and guidelines which set out its tolerance for risk and its general risk management philosophy but the trustees may use natural hedges or closely monitor The Fund's business risk exposures in connection with its financial assets and financial liabilities and adopts the appropriate measures including the use of other financial instruments when considered necessary to reduce any potential financial risk exposures or losses.

Credit Risk

The Fund has no significant concentrations of credit risk. Cash is placed with established financial institutions. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Liquidity Risk

The trustees monitor and maintain a level of cash and cash equivalents deemed adequate by The Fund to finance The Fund's operations and mitigate the effects of fluctuations in cash flows.

5. CATEGORIES OF FINANCIAL INSTRUMENTS

The following table sets out the financial instruments as at the end of the reporting period:-

	2016	2015
	S\$	S\$
<u>Financial assets</u>		
Loans and receivables: -		
Cash and cash equivalents	<u>77,210</u>	<u>77,210</u>
Total financial assets	<u>77,210</u>	<u>77,210</u>

6. FAIR VALUES

The carrying amounts of financial assets recorded in the financial statements approximate their respective fair values, determined in accordance with the accounting policies disclosed in Note 2 to the financial statements.

SINGAPORE MEDICAL ASSOCIATION TRUST FUND

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7. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2017. The Fund's trustees expect that the adoption of these standards will have no material impact on the financial statements in the period of initial application.