

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

**AUDITED FINANCIAL STATEMENTS AND
OTHER FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2013**

**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

INDEX	Page
Statement by the Association's Council Members	1
Report of the Independent Auditors	2 - 3
Statements of Financial Position	4
Statements of Comprehensive Income	5
Statements of Expenditure	6 - 7
Statements of Changes in Funds	8
Consolidated Statement of Cash Flows	9
Notes to the Financial Statements	10 - 32

**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 of the group and of the association, statements of comprehensive income and statements of changes in funds of the group and of 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 state of affairs of the group and of the association as at 31 December 2013 and the results and 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,

A/PROF CHIN JING JIH
President

DR CHAN TENG MUI TAMMY
Honorary Secretary

A/PROF TAN SZE WEE
Honorary Treasurer

Singapore, 14 March 2014



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SINGAPORE MEDICAL ASSOCIATION AND ITS SUBSIDIARY (UEN: S61SS0168E)

We have audited the accompanying financial statements of Singapore Medical Association (the "association") and its subsidiary (the "group"), which comprise the statements of financial position of the group and of the association as at 31 December 2013, and the statements of comprehensive income and statements of changes in funds of the group and of the association and consolidated statement of cash flows of the group for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 4 to 32.

Association's Council Members' Responsibility 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements are properly 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 state of affairs of the group and of the association as at 31 December 2013 and the results and changes in funds of the group and of the association and cash flows of the group for the year ended on that date.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SINGAPORE MEDICAL ASSOCIATION
(UEN: S61SS0168E)
AND ITS SUBSIDIARY**

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.

Other Matter

The financial statements of the company for the year ended 31 December 2012 were audited by another auditor who expressed an unmodified opinion on those statements on 1 March 2013.

**KRESTON DAVID YEUNG PAC
Public Accountants and
Chartered Accountants**

Singapore, 14 March 2014

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

**STATEMENTS OF FINANCIAL POSITION
As at 31 December 2013**

		2013	Group	2013	Association
	Note	S\$	2012	S\$	2012
ASSETS					
Non-current assets					
Property, plant and equipment	3	28,855	3,561	27,582	1,290
Investment in subsidiary	4	-	-	2,314,000	2,314,000
Held-to-maturity investments	5	-	2,269,730	-	-
Total non-current assets		28,855	2,273,291	2,341,582	2,315,290
Current assets					
Financial assets at fair value through profit or loss	6	4,009,283	1,693,583	-	-
Trade receivables	7	434,105	436,861	434,290	477,432
Subscription in arrears	8	106,845	99,725	106,845	99,725
Other receivables, deposits and prepayments	9	101,725	65,026	95,981	35,244
Cash and cash equivalents	10	1,844,710	1,782,594	1,260,700	1,172,374
Total current assets		6,496,668	4,077,789	1,897,816	1,784,775
Total assets		6,525,523	6,351,080	4,239,398	4,100,065
FUNDS AND LIABILITIES					
Funds attributable to the members of the Association					
Accumulated fund		6,190,912	6,070,427	3,946,338	3,862,298
Total funds		6,190,912	6,070,427	3,946,338	3,862,298
Non-current liabilities					
Deferred tax liabilities	11	368	470	219	219
Current liabilities					
Other payables and accruals	12	328,051	267,621	292,841	236,095
Provision of taxation		6,192	12,562	-	1,453
Total current liabilities		334,243	280,183	292,841	237,548
Total liabilities		334,611	280,653	293,060	237,767
Total funds and liabilities		6,525,523	6,351,080	4,239,398	4,100,065

The notes set out on pages 10 to 32 form an integral part of and should be read in conjunction with this set of financial statements.

SINGAPORE MEDICAL ASSOCIATION
(UEN: S61SS0168E)
AND ITS SUBSIDIARY

STATEMENTS OF COMPREHENSIVE INCOME
For the year ended 31 December 2013

		Group		Association	
	Note	2013	2012	2013	2012
		S\$	S\$	S\$	S\$
Income					
AST course fees		116,400	98,400	116,400	98,400
Bad debts recovered - subscriptions		1,680	920	1,680	920
Centre for ME and professionalism income		18,483	31,881	18,483	31,881
Commission income		870,292	807,427	841,344	780,192
CPR course fees		22,060	14,790	-	-
Fair value (loss)/gain on financial assets at fair value through profit or loss		(21,586)	84,156	-	-
Gain on disposal of held-to-maturity investments		23,973	-	-	-
Healthcare course fees		69,816	70,041	-	-
Interest income on held-to-maturity investments		25,963	71,762	-	-
Interest income on bank deposits		2,314	35	583	35
Management fee income		3,536	14,952	31,507	38,851
Medical Practice Management income		6,935	-	6,935	-
Medik Awas income		8,132	9,305	8,132	9,305
Members' welfare event income		20,352	24,485	20,352	24,485
MPS workshop income		34,440	-	34,440	-
Rebate income		175,896	189,312	175,896	189,312
Sale of masks and gowns		22,672	-	-	-
SMA Dinner		21,496	47,033	21,496	47,033
SMA Football		4,400	4,200	4,400	4,200
SMA Golf		27,276	34,131	27,276	34,131
SMA Medical convention		107,070	111,487	107,070	111,487
SMA Newsletter publication		359,426	349,905	359,426	349,905
SMA SARS 10th anniversary event income		5,000	-	5,000	-
SMA talks and seminars		42,000	56,265	42,000	56,265
SMJ publication		141,647	112,598	141,647	112,598
Spring-NUS-SMA course fees		-	96,000	-	-
Subscriptions		709,071	689,048	709,071	689,048
Sundry income		12,962	535	12,951	535
		<u>2,831,706</u>	<u>2,918,668</u>	<u>2,686,089</u>	<u>2,578,583</u>
Expenditure		<u>(2,722,455)</u>	<u>(2,628,873)</u>	<u>(2,613,394)</u>	<u>(2,453,120)</u>
Surplus before taxation		109,251	289,795	72,695	125,463
Taxation	13	11,234	(9,053)	11,345	(575)
Net surplus and total comprehensive income for the year		<u>120,485</u>	<u>280,742</u>	<u>84,040</u>	<u>124,888</u>

The notes set out on pages 10 to 32 form an integral part of and should be read in conjunction with this set of financial statements.

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

**STATEMENTS OF EXPENDITURE
For the year ended 31 December 2013**

	Group		Association	
	2013	2012	2013	2012
	S\$	S\$	S\$	S\$
AST course expenses	108,422	84,620	108,422	84,620
Advertisements	600	1,118	600	1,118
Auditors' remuneration	10,650	8,100	7,500	4,400
Bad debts written off - trade	150	-	150	-
Bank charges	9,886	8,957	9,771	8,927
Centre for ME and professionalism expenses	52,172	69,569	52,172	69,569
CPF and SDL	165,182	136,115	165,182	136,115
CPR course expenses	15,409	18,589	-	-
Depreciation of plant and equipment	35,198	49,328	34,200	47,575
Donations	20,000	20,000	-	-
Entertainment	14,518	8,182	14,518	8,182
General expenses	2,065	2,731	1,015	1,681
Healthcare course expenses	34,229	45,149	-	-
Insurance	17,796	14,018	17,796	14,018
Inter-professional games	6,477	7,387	6,477	7,387
Jobs credit and other schemes	(3,643)	(2,836)	(3,643)	(2,836)
Loss on disposal of plant and equipment	268	-	268	-
Masks, gloves and gowns	31,200	1,200	-	-
Medical expenses	6,545	7,119	6,545	7,119
Medical Practice Management expenses	12,237	-	12,237	-
Medik Awas expenses	1,523	4,111	1,523	4,111
Meeting expenses	22,617	22,782	22,617	22,782
Member's welfare	48,583	64,121	48,583	64,121
Net allowance for doubtful debts	44,700	22,236	44,700	22,236
Newspapers & periodicals	863	855	863	855
Office refreshments	792	1,276	792	1,276
Postage and couriers	25,766	19,077	25,462	18,724
Printing and stationery	33,247	30,975	32,961	30,725
Professional fee	45,500	47,600	45,500	45,600
Property tax	4,308	4,308	4,308	4,308
Rental of equipment	14,112	14,112	14,112	14,112
Repairs and maintenance	135,481	154,360	135,481	166,621
Balance carried forward	916,853	865,159	810,112	783,346

The notes set out on pages 10 to 32 form an integral part of and should be read in conjunction with this set of financial statements.

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

**STATEMENTS OF EXPENDITURE
For the year ended 31 December 2013**

	2013	Group	2013	Association
	S\$	2012	S\$	2012
		S\$		S\$
Balance brought forward	916,853	865,159	810,112	783,346
SMA Charity Fund	4,903	-	4,903	-
SMA Dinner expenses	45,211	95,150	45,211	95,150
SMA Football expenses	8,192	7,514	8,192	7,514
SMA Golf expenses	27,861	35,968	27,861	35,968
SMA Medical convention expenses	52,236	67,898	52,236	67,898
SMA Newsletter expenses	164,699	129,425	164,699	129,425
SMA SARS 10th anniversary event expenses	4,357	-	4,357	-
SMA talks and seminar expenses	13,896	35,773	13,896	35,773
SMJ publication expenses	153,102	159,234	153,102	159,234
Spring-NUS-SMA course expenses	-	93,940	-	-
Secretarial fees	1,420	-	-	-
Sponsorship	14,607	13,135	14,607	13,135
Staff commission	7,475	6,590	7,475	6,590
Staff recruitment	-	1,770	-	1,770
Staff salaries and bonuses	1,158,853	970,955	1,158,853	970,955
Staff training	30,508	28,124	30,508	28,124
Staff vacation pay	14,198	(4,776)	14,198	(4,776)
Staff welfare	6,005	6,249	6,005	6,249
Subscriptions	2,092	2,045	2,092	2,045
Tax fee	900	-	-	-
Telephone and fax	7,250	20,918	7,250	20,918
Temporary staff services	2,265	2,157	2,265	2,157
Transportation	10,993	10,429	10,993	10,429
Travel	52,775	57,057	52,775	57,057
Utilities	21,804	24,159	21,804	24,159
Total expenditure	2,722,455	2,628,873	2,613,394	2,453,120

The notes set out on pages 10 to 32 form an integral part of and should be read in conjunction with this set of financial statements.

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

**STATEMENTS OF CHANGES IN FUNDS
For the year ended 31 December 2013**

	Acumulated fund S\$
<u>GROUP</u>	
Balance as at 01.01.2012	5,789,685
Total comprehensive income for the year	<u>280,742</u>
Balance as at 31.12.2012 and 01.01.2013	6,070,427
Total comprehensive income for the year	<u>120,485</u>
Balance as at 31.12.2013	<u><u>6,190,912</u></u>
<u>ASSOCIATION</u>	
Balance as at 01.01.2012	3,737,410
Total comprehensive income for the year	<u>124,888</u>
Balance as at 31.12.2012 and 01.01.2013	3,862,298
Total comprehensive income for the year	<u>84,040</u>
Balance as at 31.12.2013	<u><u>3,946,338</u></u>

The notes set out on pages 10 to 32 form an integral part of and should be read in conjunction with this set of financial statements.

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

**CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2013**

	2013	2012
	S\$	S\$
Cash flows from operating activities		
Surplus before taxation	109,251	289,795
Adjustments for:-		
Depreciation of plant and equipment	35,198	49,328
Allowance for doubtful debts	44,700	22,236
Accretion of deferred income	-	(7,048)
Amortisation of premium on held-to-maturity investments	1,703	3,144
Gain on disposal of held-to-maturity investments	(23,973)	-
Fair value adjustment	-	(84,156)
Loss on disposal of plant and equipment	268	-
Interest income	(28,277)	(71,797)
	<u>138,870</u>	<u>201,502</u>
Operating profit before working capital changes:-	138,870	201,502
(Decrease)/increase in trade and other receivables	(64,131)	148,810
Increase in other payables	20,229	34,311
	<u>94,968</u>	<u>384,623</u>
Cash generated from operations	94,968	384,623
Income tax refund	11,309	2,400
Income tax paid	(6,547)	(31,511)
	<u>99,730</u>	<u>355,512</u>
Net cash generated from operating activities	99,730	355,512
Cash flows from investing activities		
Purchase of plant and equipment	(60,760)	(33,600)
Proceeds from disposal of/(Purchase of) held-to-maturity investments	1,542,000	(751,875)
(Purchase of)/Proceeds from disposal of financial assets at fair value through profit or loss	(1,565,700)	686,955
Interest received	46,846	62,750
	<u>(37,614)</u>	<u>(35,770)</u>
Net cash used in investing activities	(37,614)	(35,770)
Net increase in cash and cash equivalents	62,116	319,742
Cash and cash equivalents at beginning of year	<u>1,782,594</u>	<u>1,462,852</u>
Cash and cash equivalents at end of year	<u>1,844,710</u>	<u>1,782,594</u>

The notes set out on pages 10 to 32 form an integral part of and should be read in conjunction with this set of financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

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 of the group and the association for the year ended 31 December 2013 are authorised for issue by the Council of the association on 14 March 2014.

The financial statements of the group and association are presented in Singapore dollar.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The consolidated financial statements of the group and the statement of financial position of the association 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 Jan 2013. 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.

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

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 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 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.

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

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 subsidiaries

Determining whether investment in subsidiaries 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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Basis of Consolidation (Continued)

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.

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
Equity, 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 entity controlled by the association. Control exists when the association has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Investment in subsidiary is stated at cost less accumulated impairment losses. The cost includes the purchase consideration and other related acquisition costs.

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 and financial assets designated upon initial recognition at fair value through profit or loss. 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 group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the group has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Financial Assets (Continued)

Subsequent measurement (Continued)

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 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.

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Impairment of Financial Assets (Continued)

Financial assets carried at amortised cost (Continued)

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.

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.

Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost had been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

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 in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities 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 liabilities are recognised in profit or loss.

The group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

Other financial liabilities

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.

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) **Currency Translations (Continued)**

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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) **Income Taxes (Continued)**

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.

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.

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Related Parties

A related party is defined as follows:-

- a) A person or a close member of that person's family is related to the group and association if that person:
 - i) Has controls or joint control over the association;
 - ii) Has significant influence over the association; or
 - iii) Is a member of the key management personnel of the group or association or of a parent of the association.
- b) An entity is related to the group and the association if any of the following conditions applies:
 - i) The entity and the association are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - iii) Both entities are joint ventures of the same third party.
 - iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - v) The entity is controlled or jointly controlled by a person identified in (a);
 - vi) A person identifies in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

r) 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 and directors are considered as key management personnel.

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

s) **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.

t) **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.

u) **Government grants**

Cash grants received from the government in relation to the jobs credit scheme are recognised upon receipt. Such grants are provided to defray the wage costs incurred by the company and are offset against staff costs in the profit or loss.

3. PLANT AND EQUIPMENT

<u>Group</u>	Computers	Conditioners Air S\$	Equipment, furniture and fittings S\$	Renovations S\$	Total S\$
Cost					
At 01.01.2012	76,017	12,801	195,461	122,477	406,756
Additions	32,410	-	1,190	-	33,600
Disposal	(8,237)	-	-	-	(8,237)
At 31.12.2012/01.01.2013	100,190	12,801	196,651	122,477	432,119
Additions	19,345	41,079	336	-	60,760
Disposal	-	(6,933)	(31,410)	-	(38,343)
At 31.12.2013	119,535	46,947	165,577	122,477	454,536
Accumulated Depreciation					
At 01.01.2012	76,017	12,267	176,706	122,477	387,467
Charge for the year	32,410	266	16,652	-	49,328
Disposal	(8,237)	-	-	-	(8,237)
At 31.12.2012/01.01.2013	100,190	12,533	193,358	122,477	428,558
Charge for the year	19,345	13,693	2,160	-	35,198
Disposal	-	(6,665)	(31,410)	-	(38,075)
At 31.12.2013	119,535	19,561	164,108	122,477	425,681
Net Book Value					
At 31.12.2013	-	27,386	1,469	-	28,855
At 31.12.2012	-	268	3,293	-	3,561

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

3. PROPERTY, PLANT AND EQUIPMENT (Continued)

<u>Association</u>	Computers	Air Conditioners S\$	Equipment, furniture and fittings S\$	Renovations S\$	Total S\$
Cost					
At 01.01.2012	76,017	11,101	172,898	122,477	382,493
Additions	32,410	-	-	-	32,410
Disposal	(8,237)	-	-	-	(8,237)
At 31.12.2012/01.01.2013	100,190	11,101	172,898	122,477	406,666
Additions	19,345	41,079	336	-	60,760
Disposal	-	(6,933)	(31,410)	-	(38,343)
At 31.12.2013	119,535	45,247	141,824	122,477	429,083
Accumulated Depreciation					
At 01.01.2012	76,017	10,567	156,977	122,477	366,038
Charge for the year	32,410	266	14,899	-	47,575
Disposal	(8,237)	-	-	-	(8,237)
At 31.12.2012/01.01.2013	100,190	10,833	171,876	122,477	405,376
Charge for the year	19,345	13,693	1,162	-	34,200
Disposal	-	(6,665)	(31,410)	-	(38,075)
At 31.12.2013	119,535	17,861	141,628	122,477	401,501
Net Book Value					
At 31.12.2013	-	27,386	196	-	27,582
At 31.12.2012	-	268	1,022	-	1,290

4. INVESTMENT IN SUBSIDIARY

	2013 S\$	Association 2012 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 Dr Yong Nen Khiong, who were appointed by Singapore Medical Association.

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

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

5. HELD-TO-MATURITY INVESTMENTS

	2013 S\$	Group 2012 S\$
<u>Quoted bonds:-</u>		
At carrying value	-	2,269,730

The maturity dates of these investments ranges from February 2012 to April 2015 and interest rates ranges from 3.145% to 4.350% per annum, which is also the effective interest rate at the end of the reporting period.

During the financial year, the group had disposed of partial quoted bonds. As a result, the remaining bonds amounted to S\$750,000 were reclassified to financial assets at fair value through profit or loss.

6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2013 S\$	Group 2012 S\$
<u>Quoted equity securities:-</u>		
Balance at beginning of year	1,693,583	2,296,382
Reclassification	750,000	-
Addition/(Disposal) during the year	1,563,313	(686,955)
Fair value adjustments	2,387	84,156
Balance at end of year	4,009,283	1,693,583

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

	2013 S\$	Group 2012 S\$
Singapore dollar	3,492,685	1,024,329
United States dollar	513,322	669,254
British Pound	3,276	-
	4,009,283	1,693,583

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

7. TRADE RECEIVABLES

	2013 S\$	Group 2012 S\$	2013 S\$	Association 2012 S\$
Trade receivables				
- Subsidiary	-	-	185	40,571
- Third parties	434,105	436,861	434,105	436,861
	<u>434,105</u>	<u>436,861</u>	<u>434,290</u>	<u>477,432</u>

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:-

	2013 S\$	Group 2012 S\$	2013 S\$	Association 2012 S\$
Not past due	368,121	280,868	368,305	321,439
Past due 0 - 3 months	54,650	150,798	54,651	150,798
Past due 3 - 6 months	11,334	5,195	11,334	5,195
	<u>434,105</u>	<u>436,861</u>	<u>434,290</u>	<u>477,432</u>

8. SUBSCRIPTIONS IN ARREARS

	Group and Association	
	2013 S\$	2012 S\$
Subscriptions in arrears	154,607	123,513
Less: Allowance for credit losses	<u>(47,762)</u>	<u>(23,788)</u>
	<u>106,845</u>	<u>99,725</u>
Movements of allowance from credit losses:-		
Balance at beginning of year	23,788	26,843
Addition during the year	47,762	23,788
Allowance written off	<u>(23,788)</u>	<u>(26,843)</u>
Balance at end of year	<u>47,762</u>	<u>23,788</u>

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

9. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2013	Group 2012	2013	Association 2012
	S\$	S\$	S\$	S\$
Other receivables	61,030	14,193	60,043	6,553
Fixed deposit interest receivables	1,731	20,300	-	-
Deposits	22,414	22,525	22,414	22,525
Prepayments	16,550	8,008	13,524	6,166
	<u>101,725</u>	<u>65,026</u>	<u>95,981</u>	<u>35,244</u>

10. CASH AND BANK BALANCES

	2013	Group 2012	2013	Association 2012
	S\$	S\$	S\$	S\$
Cash and bank balances	496,950	1,735,417	212,940	1,125,197
Fixed deposits	1,347,760	47,177	1,047,760	47,177
	<u>1,844,710</u>	<u>1,782,594</u>	<u>1,260,700</u>	<u>1,172,374</u>

The fixed deposits bear interest rate at 0.25% to 1.3% (2012: 0.075%) per annum and mature within 30 days to 365 days (2012: 366 days).

11. DEFERRED TAXATION

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

	2013	Group 2012	2013	Association 2012
	S\$	S\$	S\$	S\$
Balance at beginning of year	470	3,279	219	2,797
Tax credit to profit and loss (Note 13)	<u>(102)</u>	<u>(2,809)</u>	<u>-</u>	<u>(2,578)</u>
Balance at end of year	<u>368</u>	<u>470</u>	<u>219</u>	<u>219</u>

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

12. OTHER PAYABLES AND ACCRUALS

	2013	Group	2013	Association
	S\$	2012	S\$	2012
		S\$		S\$
Other payables	37,108	57,764	37,108	57,764
Accruals	165,789	145,010	161,389	140,310
Deferred income	125,154	64,847	94,344	38,021
	<u>328,051</u>	<u>267,621</u>	<u>292,841</u>	<u>236,095</u>

13. TAXATION

	2013	Group	2013	Association
	S\$	2012	S\$	2012
		S\$		S\$
<u>Income tax expense:-</u>				
- Current year	213	12,562	-	1,453
- (Over)/under provision in prior year	(11,345)	(700)	(11,345)	1,700
- Deferred tax (Note 11)	<u>(102)</u>	<u>(2,809)</u>	<u>-</u>	<u>(2,578)</u>
Tax (benefit)/expense	<u>(11,234)</u>	<u>9,053</u>	<u>(11,345)</u>	<u>575</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:-

	2013	Group	2013	Association
	S\$	2012	S\$	2012
		S\$		S\$
Surplus before taxation	<u>109,251</u>	<u>289,795</u>	<u>72,695</u>	<u>125,463</u>
Tax expenses calculated at a tax rate of 17%	18,572	49,265	12,358	21,329
Income not taxable for tax purposes	(619)	(1,294)	(619)	(1,294)
Expenses not tax deductible	4,454	8,590	1,054	8,590
Enhanced tax allowances	(25,378)	(29,957)	(16,878)	(24,857)
(Over)/Under provision in prior years	(11,345)	(700)	(11,345)	1,700
Singapore statutory stepped income exemption	(912)	(14,273)	-	(2,315)
Tax rebate	(91)	-	-	-
Unrecognised deferred tax assets	4,085	-	4,085	-
Unrecognised deferred tax liabilities	<u>-</u>	<u>(2,578)</u>	<u>-</u>	<u>(2,578)</u>
Tax (benefit)/expense	<u>(11,234)</u>	<u>9,053</u>	<u>(11,345)</u>	<u>575</u>

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

14. 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	
	2013	2012
	S\$	S\$
Within one year	14,112	14,112
Within two to five years	37,707	51,819
	<u>51,819</u>	<u>65,931</u>

15. RELATED PARTY TRANSACTIONS

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

	Association	
	2013	2012
	S\$	S\$
Transaction with a subsidiary:-		
Management fee income	27,971	23,899
	<u>27,971</u>	<u>23,899</u>

During the financial year, the association has absorbed operating expenses of a newly incorporated related party which amounted to S\$4,903.

16. 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.

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

17. FINANCIAL RISK MANAGEMENT

The group financial instruments are exposed to credit, liquidity, interest rate and price risk. The association's Council Members review and monitor policies and procedures for the management of these risks.

The following sections provide details regarding the group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

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.

The credit risk for trade and other receivables is as follows:

Financial assets that are either past due and/or impaired

Information regarding financial assets that are past due but not impaired is disclosed in Notes 7 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.

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 a daily basis. The sensitivity analysis for changes in market price is not disclosed as the effect on the profit or loss is considered not significant.

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

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 group targets for available funds in the form of surplus liquidity and aims at maintaining flexibility in funding by keeping committed and uncommitted credit lines available.

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 is exposed to interest rate risk through the impact of the changes in interest rates on its interest bearing bonds and fixed deposits. The interest rates of the bonds are indicated in Note 5. The interest rate of the fixed deposit is indicated in Note 10 to the financial statements. The sensitivity analysis for changes in interest rates is not disclosed as the effect on the profit or loss is considered not significant.

18. 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\$4,009,283 (2012: S\$1,693,583) 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 2013

19. CATEGORIES OF FINANCIAL INSTRUMENTS

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

	2013 S\$	Group 2012 S\$	2013 S\$	Association 2012 S\$
<u>Financial assets</u>				
Held-to-maturity investments	-	2,269,730	-	-
Financial assets at fair value through profit or loss:-				
Quoted equity securities	4,009,283	1,693,583	-	-
Loans and receivables:-				
Trade receivables	434,105	436,861	434,290	477,432
Subscription in arrears	106,845	99,725	106,845	99,725
Other receivables and deposits	85,175	57,018	82,457	29,078
Cash and cash equivalents	1,844,710	1,782,594	1,260,700	1,172,374
Total financial assets	<u>6,480,118</u>	<u>6,339,511</u>	<u>1,884,292</u>	<u>1,778,609</u>
<u>Financial liabilities</u>				
Amortised cost:-				
Other payables and accruals	202,897	202,774	198,497	198,074
Total financial liabilities	<u>202,897</u>	<u>202,774</u>	<u>198,497</u>	<u>198,074</u>

20. 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 2014. The group does not expect that adoption of these accounting standards or interpretations will have a material impact on the company's financial statements.

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 2013

SINGAPORE MEDICAL ASSOCIATION PTE LTD
(UEN: 200002170N)

DIRECTORS' REPORT

The directors submit this annual report to the members together with the audited financial statements of the company for the year ended 31 December 2013.

1. DIRECTORS

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

CHAN TENG MUI TAMMY
CHIN JING JIH
CHONG YEH WOEI
LEE YIK VOON
TAN SZE WEE
TOH CHOON LAI
WONG CHIANG YIN
WONG TIEN HUA

2. 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.

3. 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.

4. DIRECTORS' CONTRACTUAL BENEFITS

Since the end of the previous financial year, no director of the company has received or has become entitled to receive a benefit by reason of a contract made by the company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

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' REPORT

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

LEE YIK VOON
Director

Singapore, 14 March 2014

SINGAPORE MEDICAL ASSOCIATION PTE LTD
(UEN: 200002170N)

STATEMENT BY 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 state of affairs of the company as at 31 December 2013 and the results of the business, 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.

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

On behalf of the Board,

TAN SZE WEE
Director

LEE YIK VOON
Director

Singapore, 14 March 2014



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SINGAPORE MEDICAL ASSOCIATION PTE LTD (UEN: 200002170N)

Report on the Financial Statements

We have audited the accompanying financial statements of Singapore Medical Association Pte Ltd (the “company”), which comprise the statement of financial position as at 31 December 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 6 to 28.

Management’s Responsibility 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 Singapore Companies Act (the “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 profit and loss account and balance sheet and to maintain accountability of assets.

Auditor’s Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SINGAPORE MEDICAL ASSOCIATION PTE LTD (UEN: 200002170N)**

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provision of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the company as at 31 December 2013 and the results, changes in equity and cash flows of the company for the year ended on that date.

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.

Other Matter

The financial statements of the company for the year ended 31 December 2012 were audited by another auditor who expressed an unmodified opinion on those statements on 1 March 2013.

KRESTON DAVID YEUNG PAC
Public Accountants and
Chartered Accountants

Singapore, 14 March 2014

SINGAPORE MEDICAL ASSOCIATION PTE LTD
(UEN: 200002170N)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2013

	Note	2013 S\$	2012 S\$
ASSETS			
Non-current assets			
Plant and equipment	3	1,273	2,271
Held-to-maturity investments	4	-	2,269,730
Total non-current assets		<u>1,273</u>	<u>2,272,001</u>
Current assets			
Financial assets at fair value through profit or loss	5	4,009,283	1,693,583
Other receivables and prepayment	6	5,744	29,782
Cash and cash equivalents	7	584,010	569,649
Total current assets		<u>4,599,037</u>	<u>2,293,014</u>
Total assets		<u>4,600,310</u>	<u>4,565,015</u>
EQUITY AND LIABILITIES			
Equity attributable to owners			
Share capital	8	2,314,000	2,314,000
Accumulated profits		<u>2,244,574</u>	<u>2,208,129</u>
Total equity		<u>4,558,574</u>	<u>4,522,129</u>
Non-current liability			
Deferred tax liabilities	9	149	251
Current liabilities			
Related party		185	-
Other payables and accruals	10	35,210	31,526
Provision for taxation		<u>6,192</u>	<u>11,109</u>
Total current liabilities		<u>41,587</u>	<u>42,635</u>
Total liabilities		<u>41,736</u>	<u>42,886</u>
Total equity and liabilities		<u>4,600,310</u>	<u>4,565,015</u>

The notes set out on pages 10 to 28 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 COMPREHENSIVE INCOME
For the year ended 31 December 2013

	Note	2013 S\$	2012 S\$
Revenue	11	120,824	208,066
Other revenue	12	52,764	155,918
Operating expenses		<u>(137,032)</u>	<u>(199,652)</u>
Profit before taxation	13	36,556	164,332
Taxation	14	<u>(111)</u>	<u>(8,478)</u>
Net profit and total comprehensive income for the year		<u>36,445</u>	<u>155,854</u>

The notes set out on pages 10 to 28 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 2013

	Share Capital S\$	Accumulated Profits S\$	Total Equity S\$
Balance as at 01.01.2012	2,314,000	2,052,275	4,366,275
Total comprehensive income for the year	-	155,854	155,854
Balance as at 31.12.2012/01.01.2013	2,314,000	2,208,129	4,522,129
Total comprehensive income for the year	-	36,445	36,445
Balance as at 31.12.2013	2,314,000	2,244,574	4,558,574

The notes set out on pages 10 to 28 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 2013

	2013	2012
	S\$	S\$
Cash flows from operating activities		
Profit before taxation	36,556	164,332
Adjustments for:-		
Depreciation of plant and equipment	998	1,753
Accretion of deferred income	-	(7,048)
Amortisation of premium on held-to-maturity investments	1,703	3,144
Fair value adjustment	-	(84,156)
Gain on disposal of held-to-maturity investments	(23,973)	-
Interest income	(27,694)	(71,762)
Operating (loss)/profit before changes in working capital	(12,410)	6,263
Decrease in other receivables	5,469	14,354
Increase in other payables	3,869	(20,200)
Cash (used in)/generated from operations	(3,072)	417
Income tax received	-	2,400
Income tax paid	(5,130)	(5,680)
Net cash used in operating activities	(8,202)	(2,863)
Cash flows from investing activities		
Purchase of plant and equipment	-	(1,190)
Proceeds from disposal of/(Purchase of) held-to-maturity investments	1,542,000	(751,875)
(Purchase of)/ Proceeds from disposal of financial assets at fair value through profit or loss	-	686,955
Interest received	46,263	62,715
Net cash generated from/(used in) investing activities	22,563	(3,395)
Net increase/(decrease) in cash and cash equivalents	14,361	(6,258)
Cash and cash equivalents at beginning of year	569,649	575,907
Cash and cash equivalents at end of year	584,010	569,649

The notes set out on pages 10 to 28 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 2013

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 Dr Yong Nen Khiong, 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 2013 are authorised for issue in accordance with a resolution of the directors on 14 March 2014.

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, 2013. 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 2013

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 account for credit losses

Allowance account 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 2013

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 2013

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Financial Assets (Continued)

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 and financial assets designated upon initial recognition at fair value through profit or loss. 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 that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the company has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

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 and any cumulative gain or loss that had been recognised in other comprehensive income 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.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

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 company 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.

Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost had been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

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 on 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 2013

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 in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities 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 liabilities are recognised in profit or loss.

The company has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

Other financial liabilities

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.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial Liabilities (Continued)

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.

k) Related Parties

A related party is defined as follows:-

- a) A person or a close member of that person's family is related to the company if that person:
 - i) Has control or joint control over the company;
 - ii) Has significant influence over the company; or
 - iii) Is a member of the key management personnel of the company or of a parent of the company.
- b) An entity is related to the company if any of the following conditions applies:
 - i) The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Related Parties (Continued)

b) An entity is related to the company if any of the following conditions applies:
(Continued)

- ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- iii) Both entities are joint ventures of the same third party.
- iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- v) The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company. If the company is itself such a plan, the sponsoring employers are also related to the company;
- vi) The entity is controlled or jointly controlled by a person identified in (a);
- vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

l) 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.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) 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.

n) 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.

o) Income Taxes

Current tax

Current income tax assets and liabilities for the current and prior periods 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, in the countries where the company operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Income Taxes (Continued)

Deferred tax

Deferred 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 all temporary differences.

Deferred tax assets are recognised for all 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.

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 recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in 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 each reporting period.

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

SINGAPORE MEDICAL ASSOCIATION PTE LTD
(UEN: 200002170N)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) **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.

3. PLANT AND EQUIPMENT

	Air Conditioners S\$	Equipment, Furniture and Fittings S\$	Total S\$
Cost			
At 01.01.2012	1,700	22,563	24,263
Additions		1,190	1,190
At 31.12.2012/31.12.2013	1,700	23,753	25,453
Accumulated Depreciation			
At 01.01.2012	1,700	19,729	21,429
Charge for the period	-	1,753	1,753
At 31.12.2012/01.01.2013	1,700	21,482	23,182
Charge for the year	-	998	998
At 31.12.2013	1,700	22,480	24,180
Net Book Value			
At 31.12.2013	-	1,273	1,273
At 31.12.2012	-	2,271	2,271

SINGAPORE MEDICAL ASSOCIATION PTE LTD
(UEN: 200002170N)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

4. HELD-TO-MATURITY INVESTMENTS

	2013	2012
	S\$	S\$
<u>Quoted bonds:-</u>		
At carrying value	-	2,269,730

The maturity dates of these investments ranges from February 2012 to April 2015 and interest rates ranges from 3.145% to 4.350% per annum, which is also the effective interest rate at the end of the reporting period.

During the financial year, the company were disposed of partial quoted bonds. As a result, the remaining bonds amounted to S\$750,000 reclassified to financial assets at fair value through profit or loss.

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

<u>Quoted equity securities:-</u>		
Balance at beginning of year	1,693,583	2,296,382
Reclassification	750,000	-
Addition/(Disposal) during the year	1,563,313	(686,955)
Fair value adjustments	2,387	84,156
Balance at end of year	4,009,283	1,693,583

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

	2013	2012
	S\$	S\$
Singapore dollar	3,492,685	1,024,329
United States dollar	513,322	669,254
British Pound	3,276	-
	4,009,283	1,693,583

6. OTHER RECEIVABLES AND PREPAYMENT

GST receivables	987	7,640
Interest receivables	1,731	20,300
Prepayments	3,026	1,842
	5,744	29,782

SINGAPORE MEDICAL ASSOCIATION PTE LTD
(UEN: 200002170N)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

7. CASH AND CASH EQUIVALENTS

	2013	2012
	S\$	S\$
Cash and bank balances	284,010	569,649
Fixed deposits	300,000	-
	<u>584,010</u>	<u>569,649</u>

The fixed deposits bear interest rate at 1.3% per annum with the tenures of deposits of twelve months.

8. SHARE CAPITAL

	2013	2012
	S\$	S\$
<u>Issued and fully paid: -</u>		
2,314,000 (2012: 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.

9. DEFERRED TAX LIABILITY

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

	2013	2012
	S\$	S\$
Balance at beginning of year	251	482
Tax credited to profit or loss (Note 14)	<u>(102)</u>	<u>(231)</u>
Balance at end of year	<u>149</u>	<u>251</u>

10. OTHER PAYABLES AND ACCRUALS

Deferred income	30,810	26,826
Accruals	<u>4,400</u>	<u>4,700</u>
	<u>35,210</u>	<u>31,526</u>

SINGAPORE MEDICAL ASSOCIATION PTE LTD
(UEN: 200002170N)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

11. REVENUE

	2013	2012
	S\$	S\$
CPR course fees	22,060	14,790
Commission income	28,948	27,235
Healthcare course fees	69,816	70,041
Spring-NUS-SMA course fees	-	96,000
	<u>120,824</u>	<u>208,066</u>

12. OTHER REVENUE

Fair value (loss)/ gain on financial assets at fair value through profit or loss	(21,586)	84,156
Gain on disposal of held-to-maturity investments	23,973	-
Interest income on bank deposits	1,731	-
Interest income on held-to-maturity investments	25,963	71,762
Sundry income	11	-
Sale of masks and gowns	22,672	-
	<u>52,764</u>	<u>155,918</u>

13. PROFIT BEFORE TAXATION

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

CPR course expense	21,719	18,589
Depreciation of plant and equipment	998	1,753
Donations	20,000	20,000
Healthcare course expenses	40,540	45,149
Management fees	15,350	23,899
Masks, gloves and gowns	31,200	1,200
Professional fee	-	2,000
Spring-NUS-SMA course expense	-	93,940
	<u>-</u>	<u>93,940</u>

SINGAPORE MEDICAL ASSOCIATION PTE LTD
(UEN: 200002170N)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

14. TAXATION

	2013	2012
	S\$	S\$
Income tax expense:-		
- Current year	213	11,109
- Over provision in priors years	-	(2,400)
Deferred tax (Note 9)	<u>(102)</u>	<u>(231)</u>
Tax expense	<u>111</u>	<u>8,478</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:-

	2013	2012
	S\$	S\$
Profit before taxation	<u>36,556</u>	<u>164,332</u>
Tax expense calculated at a tax rate of 17%	6,214	27,936
Expenses not tax deductible	3,400	-
Enhanced tax allowances	(8,500)	(5,100)
Over provision in prior years	-	(2,400)
Singapore statutory stepped income exemption	(912)	(11,958)
Tax rebate	<u>(91)</u>	<u>-</u>
Tax expense	<u>111</u>	<u>8,478</u>

15. 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 party took place during the financial year at terms agreed between the party:-

	2013	2012
	S\$	S\$
<u>With holding entity</u>		
Management fee expenses	15,350	23,899
CPR course expenses	6,310	-
Healthcare course expenses	<u>6,311</u>	<u>-</u>

SINGAPORE MEDICAL ASSOCIATION PTE LTD
(UEN: 200002170N)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

16. 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:-

	2013	2012
	S\$	S\$
<u>Financial assets</u>		
Held-to-maturity investments	-	2,269,730
Financial assets at fair value through profit or loss:-		
Quoted securities	4,009,283	1,693,583
Loan and receivables:-		
Other receivables	2,718	27,940
Cash and cash equivalents	584,010	569,649
Total financial assets	<u>4,596,011</u>	<u>4,560,902</u>
<u>Financial liability</u>		
At amortised cost:-		
Related party	185	-
Accruals	4,400	4,700
Total financial liabilities	<u>4,585</u>	<u>4,700</u>

17. 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

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the company's financial instruments are credit risk, interest rate risk, liquidity risk and foreign currency risk. Management review and monitor policies for managing each of these risks and they are summarised below.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2013

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

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 other receivables. For other financial assets (including cash and cash equivalents), the company minimises credit risk by dealing exclusively with high credit rating counterparties.

The company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposures. The company trades only with recognised and creditworthy third parties. In addition, receivables balances are monitored on an ongoing basis.

As at end of reporting period, there is no concentration risk.

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 company targets for available funds in the form of surplus liquidity and aims at maintaining flexibility in funding by keeping committed and uncommitted credit lines available.

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 is exposed to interest rate risk through the impact of the changes in interest rates on its interest bearing bonds and fixed deposits. The interest rates of the bonds are indicated in Note 4. The interest rate of the fixed deposit is indicated in Note 7 to the financial statements. The sensitivity analysis for changes in interest rates is not disclosed as the effect on the profit or loss is considered not significant.

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 a daily 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 2013

19. 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\$4,009,283 (2012: S\$1,693,583) 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.

20. 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 2014. The company does not expect that adoption of these accounting standards or interpretations will have a material impact on the company's financial statements.

SINGAPORE MEDICAL ASSOCIATION PTE LTD
(UEN: 200002170N)

DETAILED PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2013

	2013	2012
	S\$	S\$
INCOME		
CPR course fees	22,060	14,790
Commission income	28,948	27,235
Fair value (loss)/ gain on financial assets at fair value through profit or loss	(21,586)	84,156
Gain on disposal of held-to-maturity investments	23,973	-
Healthcare course fees	69,816	70,041
Interest income on bank deposits	1,731	-
Interest income on held-to-maturity investments	25,963	71,762
Sale of mask and gowns	22,672	
Spring-NUS-SMA course fees	-	96,000
Sundry income	11	-
	<u>173,588</u>	<u>363,984</u>
Less: Expenditure		
Auditors' remuneration	3,150	3,700
Bank charges	115	30
CPR course expenses	21,719	18,589
Depreciation of plant and equipment	998	1,753
Donations	20,000	20,000
General expenses	1,050	1,050
Healthcare course expenses	40,540	45,149
Management fees	15,350	23,899
Mask, gloves and gowns	31,200	1,200
Postage and courier	304	353
Printing and stationery	286	250
Professional fee	-	400
Repairs and maintenance	-	(12,261)
Secretarial fees	1,420	600
Spring-NUS-SMA course expenses	-	93,940
Tax fee	900	1,000
	<u>(137,032)</u>	<u>(199,652)</u>
PROFIT BEFORE TAX	<u>36,556</u>	<u>164,332</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 2013**

SINGAPORE MEDICAL ASSOCIATION TRUST FUND

TRUSTEE COMMITTEE

DR KHOO CHONG YEW

CHAIRMAN

DR TAN YEW GHEE

SECRETARY

DR LOW LIP PING

TREASURER

PROF LOW CHENG HOCK

MEMBER

DR TAN KOK SOO

MEMBER

SINGAPORE MEDICAL ASSOCIATION TRUST FUND

STATEMENT BY THE TRUSTEES

In the opinion of the trustees, the financial statements as set out on pages 4 to 11 are drawn up in accordance with the Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of Singapore Medical Association Trust Fund (“The Fund”) as at 31 December 2013 and the results, changes in equity 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 KHOO CHONG YEW
Chairman

DR TAN YEW GHEE
Secretary

DR LOW LIP PING
Treasurer

Singapore, 07 February 2014



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

Report on the Financial Statements

We have audited the accompanying financial statements of Singapore Medical Association Trust Fund ("The Fund"), which comprise the statement of financial position as at 31 December 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 4 to 11.

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 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 profit and loss account and balance sheet and to maintain accountability of assets.

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SINGAPORE MEDICAL ASSOCIATION TRUST FUND**

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of The Fund as at 31 December 2013 and the results, changes in equity and cash flows of The Fund for the year ended on that date.

Other Matter

The financial statements of The Fund for the year ended 31 December 2012 were audited by another auditor who expressed an unmodified opinion on those statements on 1 March 2013.

KRESTON DAVID YEUNG PAC
Public Accountants and
Chartered Accountants

Singapore, 07 February 2014

SINGAPORE MEDICAL ASSOCIATION TRUST FUND

STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Note	2013 S\$	2012 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>
EQUITY			
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 8 to 11 form an integral part of and should be read in conjunction with this set of financial statements.

SINGAPORE MEDICAL ASSOCIATION TRUST FUND

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Note	2013 S\$	2012 S\$
Revenue		-	-
Less: Expenditure		-	-
Deficit before taxation		<u>-</u>	<u>-</u>
Less: Taxation		<u>-</u>	<u>-</u>
Net deficit and total comprehensive loss for the year		<u>-</u>	<u>-</u>

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

The notes set out on pages 8 to 11 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 EQUITY

For the year ended 31 December 2013

	Capital fund S\$	Accumulated surplus S\$	Total equity S\$
Balance as at 01.01.2012	21,513	55,697	77,210
Total comprehensive loss for the period	-	-	-
Balance as at 31.12.2012 and 01.01.2013	21,513	55,697	77,210
Total comprehensive loss for the year	-	-	-
Balance as at 31.12.2013	21,513	55,697	77,210

The notes set out on pages 8 to 11 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 2013

	2013 S\$	2012 S\$
Cash flows from operating activities		
Deficit before taxation	-	-
	<hr/>	<hr/>
Net cash used in operating activities	-	-
	<hr/>	<hr/>
Net decrease in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	77,210	77,210
	<hr/>	<hr/>
Cash and cash equivalents at end of year	77,210	77,210
	<hr/>	<hr/>

The notes set out on pages 8 to 11 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 2013

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 for the year ended 31 December 2013 are authorised for issue in accordance with a resolution of the Trustees on 07 February 2014.

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 2013. 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 2013

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) **Financial Assets**

Classification

The Fund classifies its financial assets as loans and receivables. The classification depends on the nature of the assets and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when The Fund provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans and receivables consist of cash and cash equivalents.

Recognition and 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.

Measurement

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

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

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 2013

3. CAPITAL FUND

	2013	2012
	S\$	S\$
Balance at beginning of year	21,513	21,513
Funding from Singapore Medical Association	-	-
Balance at end of year	<u>21,513</u>	<u>21,513</u>

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Fund is not significantly exposed to any financial risk as it did not operate during the year.

The following sections provide details regarding The Fund's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

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.

The maturity profile of The Fund's financial liabilities is within 12 months from the end of the reporting period.

5. CATEGORIES OF FINANCIAL INSTRUMENTS

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

	2013	2012
	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>

SINGAPORE MEDICAL ASSOCIATION TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2013

6. FAIR VALUES

The carrying amounts of financial assets and financial liabilities 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.

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 2014. The Fund does not expect that adoption of these accounting standards or interpretations will have a material impact on The Fund's financial statements.