

**SINGAPORE MEDICAL ASSOCIATION**

**REG. NO: S61SS0168E**

**(Registered under the Societies Act)**

**AND SUBSIDIARY**

**FINANCIAL STATEMENTS – 31ST DECEMBER 2012**

**SINGAPORE MEDICAL ASSOCIATION**

**REG. NO: S61SS0168E**

**(Registered under the Societies Act)**

**AND SUBSIDIARY**

**FINANCIAL STATEMENTS - 31ST DECEMBER 2012**

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**SINGAPORE MEDICAL ASSOCIATION**  
**(Registered under the Societies Act)**

**STATEMENT BY MANAGEMENT COUNCIL**

We, the undersigned Management Council members, state that, in our opinion the accompanying financial statements of the Association and the Group, which comprise the statement of financial position as at 31st December 2012, and statement of comprehensive income, statements of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes are drawn up so as to give a true and fair view of the state of affairs of the Association and of the Group as at 31st December 2012 «Year\_End»and of the results, changes in equity and cash flow of the Association and of the Group for the year ended 31st December 2012; and

**On behalf of the Management Council:**

**A/PROF CHIN JING JIH**  
President

**DR CHAN TENG MUI TAMMY**  
Honorary Secretary

**A/PROF TAN SZE WEE**  
Honorary Treasurer

Singapore, 1st March 2013

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**  
**SINGAPORE MEDICAL ASSOCIATION**  
**(Registered under the Societies Act)**

**Report on the financial statements**

We have audited the accompanying financial statements of Singapore Medical Association (the "Association") and its subsidiary (collectively, the "Group"), which comprise the statements of financial position of the Group and of the Association as at 31st December 2012, the statements of comprehensive income and statements of changes in equity 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.

*Management Council Members' Responsibility for the Financial Statements*

The Management Council members are responsible for the preparation of these 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 accounts and balance sheets and to maintain accountability of assets.

*Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, 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 of the Group and the financial statements of the Association 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 31st December 2012 and the results, changes in equity and cash flows of the Group and of the Association 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 regulations enacted under the Societies Act to be kept by the Association have been properly kept in accordance with those regulations.

**B P YAP & CO.,**  
**Certified Public Accountants**  
**Singapore**

Singapore, 1st March 2013

**SINGAPORE MEDICAL ASSOCIATION**  
**(Registered under the Societies Act)**

**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31ST DECEMBER 2012**

	Notes	<u>GROUP</u>		<u>ASSOCIATION</u>	
		2012 S\$	2011 S\$	2012 S\$	2011 S\$
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	3	3,561	19,289	1,290	16,455
Investment in subsidiary	4	-	-	2,314,000	2,314,000
Held-to-maturity investments	5	2,269,730	1,520,999	-	-
		<u>2,273,291</u>	<u>1,540,288</u>	<u>2,315,290</u>	<u>2,330,455</u>
<b>Current assets</b>					
Held-to-maturity investments	5	-	-	-	-
Financial assets, at fair value through profit or loss	6	1,693,583	2,296,382	-	-
Trade and other receivables	7	642,183	783,783	612,401	769,094
Cash and cash equivalents	9	1,742,023	1,462,852	1,172,374	886,945
		<u>4,077,789</u>	<u>4,543,017</u>	<u>1,784,775</u>	<u>1,656,039</u>
<b>Total assets</b>		<u>6,351,080</u>	<u>6,083,305</u>	<u>4,100,065</u>	<u>3,986,494</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to the members of the Association</b>					
Accumulated fund		<u>6,070,427</u>	<u>5,789,685</u>	<u>3,862,298</u>	<u>3,737,410</u>
<b>Total equity</b>		<u>6,070,427</u>	<u>5,789,685</u>	<u>3,862,298</u>	<u>3,737,410</u>
<b>Non-current liabilities</b>					
Deferred tax liabilities	10	<u>470</u>	<u>3,279</u>	<u>219</u>	<u>2,797</u>
<b>Current liabilities</b>					
Other payables	11	267,621	260,529	236,095	222,155
Current tax payable		12,562	29,812	1,453	24,132
		<u>280,183</u>	<u>290,341</u>	<u>237,548</u>	<u>246,287</u>
<b>Total liabilities</b>		<u>280,653</u>	<u>293,620</u>	<u>237,767</u>	<u>249,084</u>
<b>Total equity and liabilities</b>		<u>6,351,080</u>	<u>6,083,305</u>	<u>4,100,065</u>	<u>3,986,494</u>

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

**SINGAPORE MEDICAL ASSOCIATION**  
**(Registered under the Societies Act)**

**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31ST DECEMBER 2012**

	Notes	<u>GROUP</u>		<u>ASSOCIATION</u>	
		2012 S\$	2011 S\$	2012 S\$	2011 S\$
<b>Income</b>					
AST course fees		98,400	82,900	98,400	82,900
Bad debts recovered - subscriptions		920	-	920	-
Bad debts recovered - trade		-	5,640	-	-
Centre for ME and P		31,881	-	31,881	-
CPR course fees		14,790	17,040	-	-
Commission income		807,427	881,956	780,192	840,219
Fair value gain on financial assets, at fair value through profit or loss		84,156	-	-	-
Healthcare course fees		70,041	91,432	-	-
Interest income on held-to-maturity investments		71,762	42,566	-	-
Interest income on bank deposits		35	874	35	212
Management fee income		14,952	-	38,851	19,000
Medik Awas income		9,305	7,130	9,305	7,130
MedicalHub income		-	11,600	-	-
Members' events income		24,485	6,187	24,485	6,187
Rebate income		189,312	189,171	189,312	189,171
Sensory publication		-	-	-	-
SMA Dinner and Dance		47,033	12,572	47,033	12,572
SMA Football		4,200	3,990	4,200	3,990
SMA Golf		34,131	6,439	34,131	6,439
SMA Medical convention		111,487	61,065	111,487	61,065
SMA Newsletters publication		349,905	308,611	349,905	308,611
SMA talks and seminars		56,265	47,432	56,265	47,432
SMJ publication		112,598	203,299	112,598	203,299
Spring-NUS-SMA course fees		96,000	8,645	-	-
Subscriptions		689,048	699,975	689,048	699,975
Sundry income		535	25,626	535	24,944
		2,918,668	2,714,150	2,578,583	2,513,146
<b>Expenditure</b>		(2,628,873)	(2,198,353)	(2,453,120)	(2,095,371)
<b>Surplus before tax</b>		289,795	515,797	125,463	417,775
<b>Income tax expense</b>	12	(9,053)	(24,993)	(575)	(19,960)
<b>Surplus for the year</b>		280,742	490,804	124,888	397,815
<b>Other comprehensive income</b>		-	-	-	-
<b>Total comprehensive income</b>		280,742	490,804	124,888	397,815

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

**SINGAPORE MEDICAL ASSOCIATION**  
**(Registered under the Societies Act)**

**STATEMENTS OF EXPENDITURE**  
**FOR THE YEAR ENDED 31ST DECEMBER 2012**

	Notes	<u>GROUP</u>		<u>ASSOCIATION</u>	
		2012 S\$	2011 S\$	2012 S\$	2011 S\$
AST course expenses		84,620	51,373	84,620	51,373
Advertisements		1,118	1,376	1,118	1,376
Audit fee		8,100	7,900	4,400	4,400
Bad debts written off - trade		-	2,809	-	1,680
Bank charges		8,957	9,715	8,927	9,652
Centre for ME and P expenses		69,569	-	69,569	-
CPF and SDL		136,115	123,791	136,115	123,791
CPR course expenses		18,589	13,570	-	-
Depreciation of property, plant and equipment	3	49,328	25,930	47,575	24,177
Donations		20,000	20,000	-	-
Entertainment		8,182	13,469	8,182	13,469
Fair value adjustment		-	4,288	-	-
General expenses		2,731	1,196	1,681	478
Healthcare course expenses		45,149	39,421	-	-
Insurances		14,018	14,810	14,018	14,810
Inter-professional games		7,387	-	7,387	-
Jobs Credit and other schemes		(2,836)	(156)	(2,836)	(156)
Masks, gloves and gowns		1,200	1,200	-	-
Medical expenses		7,119	5,289	7,119	5,289
Medik Awas expense		4,111	1,394	4,111	1,394
Meeting expenses		22,782	21,001	22,782	21,001
Member's welfare		64,121	29,329	64,121	29,329
Net allowance for doubtful debts		22,236	25,160	22,236	25,160
Newspaper and periodicals		855	858	855	858
Office refreshments		1,276	1,282	1,276	1,282
Postage and courier		19,077	18,663	18,724	18,228
Printing and stationery		30,975	34,152	30,725	33,941
Professional fees		47,600	50,435	45,600	48,585
Property tax		4,308	4,308	4,308	4,308
Rental of equipment		14,112	11,923	14,112	11,923
Repairs and maintenance		154,360	149,480	166,621	137,219
SMA Dinner & Dance expenses		95,150	38,674	95,150	38,674
SMA Football expenses		7,514	5,289	7,514	5,289
SMA Golf expenses		35,968	8,139	35,968	8,139
SMA Medical convention expenses		67,898	52,167	67,898	52,167
SMA Newsletters expenses		129,425	111,608	129,425	111,608
SMA talks and seminar expenses		35,773	27,463	35,773	27,463
SMJ publication expenses		159,234	169,789	159,234	169,789
Spring-NUS-SMA course expenses		93,940	2,583	-	-
<b>Balance carried forward</b>		<u>1,490,061</u>	<u>1,099,678</u>	<u>1,314,308</u>	<u>996,696</u>

**SINGAPORE MEDICAL ASSOCIATION**  
**(Registered under the Societies Act)**

**STATEMENTS OF EXPENDITURE**  
**FOR THE YEAR ENDED 31ST DECEMBER 2012**

	Notes	<u>GROUP</u>		<u>ASSOCIATION</u>	
		2012 S\$	2011 S\$	2012 S\$	2011 S\$
<b>Balance brought forward</b>		1,490,061	1,099,678	1,314,308	996,696
Sponsorships		13,135	7,000	13,135	7,000
Staff commissions		6,590	9,383	6,590	9,383
Staff recruitment		1,770	714	1,770	714
Staff salaries and bonuses		970,955	928,146	970,955	928,146
Staff training		28,124	8,068	28,124	8,068
Staff vacation pay		(4,776)	6,251	(4,776)	6,251
Staff welfare		6,249	20,199	6,249	20,199
Subscriptions		2,045	1,969	2,045	1,969
Telephone and fax		20,918	29,777	20,918	29,777
Temporary staff services		2,157	2,976	2,157	2,976
Transport		10,429	11,987	10,429	11,987
Travel		57,057	50,379	57,057	50,379
Utilities		24,159	21,826	24,159	21,826
<b>Total expenditure</b>		<u>2,628,873</u>	<u>2,198,353</u>	<u>2,453,120</u>	<u>2,095,371</u>

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



**SINGAPORE MEDICAL ASSOCIATION**  
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**STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31ST DECEMBER 2012**

<b><u>GROUP</u></b>	<b>Accumulated fund S\$</b>	<b>Building fund S\$</b>	<b>Total equity S\$</b>
Balance at 1st January 2011	5,298,881	-	5,298,881
Total comprehensive income for the year	490,804	-	490,804
Balance at 31st December 2011	5,789,685	-	5,789,685
Total comprehensive income for the year	280,742	-	280,742
Balance at 31st December 2012	<u>6,070,427</u>	-	<u>6,070,427</u>
 <b><u>ASSOCIATION</u></b>			
Balance at 1st January 2011	3,339,595	-	3,339,595
Total comprehensive income for the year	397,815	-	397,815
Balance at 31st December 2011	3,737,410	-	3,737,410
Total comprehensive income for the year	124,888	-	124,888
Balance at 31st December 2012	<u>3,862,298</u>	-	<u>3,862,298</u>

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

**SINGAPORE MEDICAL ASSOCIATION**  
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**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2012**

	<b>2012</b>	<b>2011</b>
	<b>S\$</b>	<b>S\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Surplus before tax	289,795	515,797
Adjustments for:		
Depreciation of property, plant and equipment	49,328	25,930
Allowance for doubtful debts	22,236	-
Accretion of accrued income	-	2,607
Accretion of deferred income	(7,048)	78,051
Amortisation of premium on held-to-maturity investments	3,144	20,757
Fair value adjustment	(84,156)	4,288
Interest income	(71,797)	(43,440)
Operating cash flows before working capital changes	201,502	603,990
Increase in trade and other receivables	148,810	(191,563)
(Decrease)/increase in other payables	(6,260)	(107,706)
Cash generated from operations	344,052	304,721
Income tax paid	(29,111)	(16,636)
<b>Net cash generated from operating activities</b>	<b>314,941</b>	<b>288,085</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(33,600)	(12,482)
Renovations funded through Building Fund	-	-
Purchase of held-to-maturity investments	(751,875)	(1,007,572)
Proceeds from redemption of held-to-maturity investments	-	1,500,000
Proceeds from disposal of fixed assets through P&L	686,955	-
Purchase of financial assets, at fair value through profit or loss	-	(1,031,295)
Interest received on held-to-maturity investments	62,715	49,700
Interest received on bank deposits	35	2,927
<b>Net cash used in investing activities</b>	<b>(35,770)</b>	<b>(498,722)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
	-	-
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>279,171</b>	<b>(210,637)</b>
<b>Cash and cash equivalents at start of year</b>	<b>1,462,852</b>	<b>1,673,489</b>
<b>Cash and cash equivalents at end of year</b>	<b>1,742,023</b>	<b>1,462,852</b>

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

**SINGAPORE MEDICAL ASSOCIATION**  
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**NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2012**

**1. GENERAL**

The consolidated financial statements relate to the Association and its subsidiary (together referred to as the Group).

The financial statements of the Group and the Association for the financial year ended 31st December 2012 were authorised for issue by the Management Council members on 1st March 2013.

The Singapore Medical Association is registered under the Societies Act in Singapore with its principal place of business at 2 College Road, Level 2, Alumni Medical Centre, Singapore 169850.

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

**2. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of preparation**

The Group's financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis, except where otherwise described in the accounting policies below.

The accounting policies have been consistently applied by the Group and are consistent with those used in the previous reporting period.

**(b) Significant accounting estimates and judgements**

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and disclosures made. These are made based on historical experience and other factors that are believed to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis.

No critical judgements, accounting estimates and assumptions are used that are significant to the financial statements or have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

**(c) Functional currency**

Items included in the consolidated financial statements are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Association and its subsidiary ("the functional currency"). The consolidated financial statements are presented in Singapore dollars, which is the functional currency of the Association and its subsidiary.

**(d) Consolidation**

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The financial statements of the subsidiary are included in the consolidated financial statements from the date the control commences until the date that control ceases. Intra-group transactions and balances are eliminated in preparing the consolidated financial statements.

In the Association's separate financial statements, investment in subsidiary is stated at cost less impairment losses.

**SINGAPORE MEDICAL ASSOCIATION**  
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**NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2012**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(e) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the assets and costs of bringing the asset to working condition for its intended use. Dismantlement, removal or restoration costs are included as part of the cost of asset if the obligation for dismantlement, removal or restoration costs is incurred as a consequence of acquiring or using the asset. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the statement of comprehensive income. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

Depreciation of property, plant and equipment is calculated on the straight-line basis to write off the cost less residual value of the assets over their estimated useful lives as follows:

	<u>Number of years</u>
Computers	1
Air conditioners	3
Equipment, furniture and fittings	3 to 10
Renovations	5

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at the end of each reporting period.

An item of property, 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 reporting period the asset is derecognised.

**(f) Impairment of non-financial assets**

The carrying amounts of the Group's assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised in the profit or loss if the carrying amount of an asset or its cash-generating unit ("CGU") exceeds its recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

The recoverable amount of an asset or CGU is the higher of its fair value less costs to sell and its value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses recognised in prior reporting periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss has been recognised. Reversal of impairment loss is recorded in the profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

**SINGAPORE MEDICAL ASSOCIATION**  
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**NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2012**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(g) Financial assets**

*Classification*

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. The designation of financial assets at fair value through profit or loss is irrevocable.

*(i) Financial assets, at fair value through profit or loss*

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Derivatives are also classified as held for trading unless they are designated as hedges. Assets in this category are presented as current assets as they are either held for trading or expected to be realised within 12 months after the end of the reporting period.

*(ii) 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 are presented as current assets, except for those maturing later than 12 months after the end of the reporting period which are presented as non-current assets. Loans and receivables include "trade and other receivables" and "cash and cash equivalents". Cash and cash equivalents comprise cash on hand and bank balances and fixed deposits with financial institutions.

*(iii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant of held-to-maturity investments, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the end of the reporting period which are presented as current assets.

*(iv) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the end of the reporting period. The Group currently does not have any available-for-sale financial assets.

*Recognition and de-recognition*

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sum of (a) the consideration received and (b) any cumulative gain or loss that has been recognised directly in other comprehensive income is recognised in the profit or loss.

**SINGAPORE MEDICAL ASSOCIATION**  
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**NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2012**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(g) Financial assets (continued)**

*Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in the profit or loss.

*Subsequent measurement*

Financial assets, both available-for-sale and at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of financial assets, at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in the profit or loss when the changes arise.

Interest and dividend income on available-for-sale financial assets are recognised separately in the profit or loss. Changes in the fair values of available-for-sale equity securities (ie. non-monetary items) are recognised in the fair value reserve, together with the related currency translation differences.

*Impairment*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

*(i) Loans and receivables / Held-to-maturity investments*

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of the amounts previously written off are recognised against the same line item in the profit or loss.

The allowance for impairment loss account is reduced through the profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

*(ii) Available-for-sale financial assets*

Significant or prolonged declines in the fair value of the security below its cost and the disappearance of an active trading market for the security are objective evidence that the security is impaired.

The cumulative loss that was recognised in other comprehensive income and presented in the fair value reserve in equity is transferred to profit or loss. The cumulative loss is measured as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised as an expense. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income

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**NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2012**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(h) Financial liabilities**

Financial liabilities include “other payables”. Financial liabilities are recognised on the Group’s statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value of consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process. The liabilities are derecognised when the obligation under the liability is discharged or cancelled or expired.

**(i) Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) where, 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. Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditure expected to be required to settle the obligation.

**(j) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Association and the revenue can be reliably measured.

Course fees are recognised over the duration of the course.

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

Interest income is recognised as the interest accrues based on the effective interest method unless collectability is in doubt.

Members’ annual subscription fees, rebates and miscellaneous income are recognised when due.

**(k) Income tax**

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

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

Deferred tax is recognised, using the balance sheet method, providing for all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

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

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**NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2012**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(l) Employee benefit**

*Pension obligations*

As required by law, the Group makes contributions to a state pension scheme, the Central Provident Fund (“CPF”) Scheme which is a defined contribution pension scheme. Contributions to CPF are recognised as expense in the period in which the related service is performed.

*Employee leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the end of reporting period.

**(m) Leases**

*Operating leases*

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

**(n) 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.

**(o) Related parties**

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related (directly or indirectly) if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions.



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**NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2012**

**3. PROPERTY, PLANT AND EQUIPMENT GROUP**

	Computers	Air conditioners	Equipment, furniture and fittings	Renovations	Total
	S\$	S\$	S\$	S\$	S\$
<b><u>Cost</u></b>					
As at 1.1.2011	72,592	15,784	197,173	122,477	408,026
Additions	8,532	800	3,150	-	12,482
Disposals	(5,107)	(3,783)	(4,862)	-	(13,752)
As at 31.12.2011	76,017	12,801	195,461	122,477	406,756
Additions	32,410	-	1,190	-	33,600
Disposals	(8,237)	-	-	-	(8,237)
As at 31.12.2012	100,190	12,801	196,651	122,477	432,119

**Accumulated depreciation**

As at 1.1.2011	72,592	15,784	164,436	122,477	375,289
Depreciation for the year	8,532	266	17,132	-	25,930
On disposals	(5,107)	(3,783)	(4,862)	-	(13,752)
As at 31.12.2011	76,017	12,267	176,706	122,477	387,467
Depreciation for the year	32,410	266	16,652	-	49,328
On disposals	(8,237)	-	-	-	(8,237)
As at 31.12.2012	100,190	12,533	193,358	122,477	428,558

**Carrying value**

As at 31.12.2011	-	534	18,755	-	19,289
As at 31.12.2012	-	268	3,293	-	3,561

**ASSOCIATION**

	Computers	Air conditioners	Equipment, furniture and fittings	Renovations	Total
<b><u>Cost</u></b>					
As at 1.1.2011	72,592	14,084	174,610	122,477	383,763
Additions	8,532	800	3,150	-	12,482
Disposals	(5,107)	(3,783)	(4,862)	-	(13,752)
As at 31.12.2011	76,017	11,101	172,898	122,477	382,493
Additions	32,410	-	-	-	32,410
Disposal	(8,237)	-	-	-	(8,237)
As at 31.12.2012	100,190	11,101	172,898	122,477	406,666

**Accumulated depreciation**

As at 1.1.2011	72,592	14,084	146,460	122,477	355,613
Depreciation for the year	8,532	266	15,379	-	24,177
On disposals	(5,107)	(3,783)	(4,862)	-	(13,752)
As at 31.12.2011	76,017	10,567	156,977	122,477	366,038
Depreciation for the year	32,410	266	14,899	-	47,575
On disposals	(8,237)	-	-	-	(8,237)
As at 31.12.2012	100,190	10,833	171,876	122,477	405,376

**Carrying value**

As at 31.12.2011	-	534	15,921	-	16,455
As at 31.12.2012	-	268	1,022	-	1,290

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**NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2012**

**4. INVESTMENT IN SUBSIDIARY**

	<b><u>ASSOCIATION</u></b>	
	<b>2012</b>	<b>2011</b>
	<b>S\$</b>	<b>S\$</b>
Unquoted equity shares, at cost	2,314,000	2,314,000

Singapore Medical Association owns the entire issued share capital of Singapore Medical Association Pte Ltd. However, these shares are registered and held in trust by three trustees, namely Professor Low Cheng Hock, Dr Tan Cheng Bock and Dr Yong Nen Khiong, who were appointed by the Singapore Medical Association.

The principal activities of Singapore Medical Association Pte Ltd are those of commission agents, course organisers and investment holding.

**5. HELD-TO-MATURITY INVESTMENTS**

This represents investments in quoted bonds.

	<b><u>GROUP</u></b>	
	<b>2012</b>	<b>2011</b>
	<b>S\$</b>	<b>S\$</b>
At carrying value	2,269,730	1,520,999
Less: Current portion	-	-
Non-current portion	2,269,730	1,520,999

The maturity dates of these investments ranges from April 2015 to February 2022 (2011: April 2015 to October 2019) and interest rates range from 3.15% to 4.35% (2011: 3.22% to 4.35%) per annum, which is also the effective interest rate at the end of the reporting period.

The market value of the quoted bonds at the end of the reporting period is S\$2,294,679 (2011: S\$1,533,183).

**6. FINANCIAL ASSETS, AT FAIR VALUE THROUGH PROFIT OR LOSS**

This represents investments in quoted equity securities.

	<b><u>GROUP</u></b>	
	<b>2012</b>	<b>2011</b>
	<b>S\$</b>	<b>S\$</b>
<i>Held for trading</i>		
Balance at start	2,296,382	1,269,375
Additions	-	1,031,295
Disposal	(686,955)	-
Fair value adjustment	84,156	(4,288)
Balance at end	1,693,583	2,296,382

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**NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2012**

**7. TRADE AND OTHER RECEIVABLES**

	<b><u>GROUP</u></b>		<b><u>ASSOCIATION</u></b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
Trade receivables	477,432	506,595	477,432	506,115
Subscription in arrears (Note 8)	99,725	75,077	99,725	75,077
Non-trade receivables	14,193	157,677	6,553	156,984
Interest receivable	20,300	11,253	-	-
Deposits	22,525	22,451	22,525	22,451
Prepayments	8,008	10,730	6,166	8,467
	<u>642,183</u>	<u>783,783</u>	<u>612,401</u>	<u>769,094</u>

Trade receivables are non-interest bearing and are generally on immediate to about 6 months' terms.

**8. SUBSCRIPTIONS IN ARREARS**

	<b><u>GROUP AND ASSOCIATION</u></b>	
	<b>2012</b>	<b>2011</b>
	<b>S\$</b>	<b>S\$</b>
Subscriptions in arrears	123,513	101,920
Less:		
Allowance for doubtful debts		
Balance at start	26,843	25,791
Current year's allowance	23,788	26,843
Bad debts written off against allowance	(26,843)	(25,791)
Allowance written back	-	-
Balance at end	23,788	(26,843)
	<u>99,725</u>	<u>75,077</u>

**9. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise the following items:

	<b><u>GROUP</u></b>		<b><u>ASSOCIATION</u></b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
Cash and bank balances	1,694,846	1,415,710	1,125,197	839,803
Fixed deposits	47,177	47,142	47,177	47,142
	<u>1,742,023</u>	<u>1,462,852</u>	<u>1,172,374</u>	<u>886,945</u>

The fixed deposits have a tenure of 366 days (2011: 366 days) and their effective interest rate at the end of the reporting period is 0.075% (2011: 0.075%) per annum.

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**NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2012**

**10. DEFERRED TAX LIABILITIES**

	<b><u>GROUP</u></b>		<b><u>ASSOCIATION</u></b>	
	2012	2011	2012	2011
	S\$	S\$	S\$	S\$
Deferred tax liabilities comprise tax effect of temporary differences arising from:				
Accelerated tax depreciation	470	3,279	219	2,797
Movements in deferred tax liabilities during the reporting period are as follows:				
Balance at start	3,279	5,173	2,797	4,044
(Credit) /Charge to profit or loss ( <b>Note 12</b> )	(2,809)	(1,894)	(2,578)	(1,247)
Balance at end	470	3,279	219	2,797

**11. OTHER PAYABLES**

	<b><u>GROUP</u></b>		<b><u>ASSOCIATION</u></b>	
	2012	2011	2012	2011
	S\$	S\$	S\$	S\$
Deferred income	64,847	135,942	38,021	102,068
Non-trade payables	57,764	18,268	57,764	18,268
Accrued operating expenses	145,010	106,319	140,310	101,819
	267,621	260,529	236,095	222,155

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**NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2012**

**12. INCOME TAX EXPENSE**

	<u>GROUP</u>		<u>ASSOCIATION</u>	
	2012 S\$	2011 S\$	2012 S\$	2011 S\$
Income tax based on surplus before tax:				
Current tax				
Current period	12,562	29,812	1,453	24,132
(Over)/under provision in prior periods	(700)	(2,925)	1,700	(2,925)
	11,862	26,887	3,153	21,207
Deferred tax ( <b>Note 10</b> )	(2,809)	(1,894)	(2,578)	(1,247)
Income tax expense	9,053	24,993	575	19,960

A reconciliation between the income tax expense and the product of the accounting surplus multiplied by the applicable tax rate is as follows:

	<u>GROUP</u>		<u>ASSOCIATION</u>	
	2012 S\$	2011 S\$	2012 S\$	2011 S\$
Surplus before tax	289,795	515,797	125,463	417,775
Tax at statutory rate of 17% (2011: 17%)	49,265	87,685	21,329	71,022
Income not subject to tax	(1,294)	(27)	(1,294)	(27)
Expenses not deductible for tax purposes	8,590	1,525	8,590	1,525
Realization of unrecognized deferred tax assets	(2,578)	-	(2,578)	-
Statutory stepped income exemption	(14,273)	(31,512)	(2,315)	(24,982)
Enhanced tax allowances	(29,957)	(29,753)	(24,857)	(24,653)
Over/under provision of income tax in prior periods	(700)	(2,925)	1,700	(2,925)
Income tax expense	9,053	24,993	575	19,960

**13. OPERATING LEASE COMMITMENTS**

The Group and Association leases equipment under a 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:

	<u>GROUP AND ASSOCIATION</u>	
	2012 S\$	2011 S\$
Within 1 year	14,112	14,112
Within 2 to 5 years	37,707	51,819
	51,819	65,931

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**NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2012**

**14. FINANCIAL INSTRUMENTS**

**Financial risk management**

The Groups financial instruments are exposed to credit, liquidity, interest rate and price risks. The Group does not use derivatives and other instruments in connection with its risk management activities and does not hold or issue any derivative financial instruments for trading purposes. The Group reviews and agrees policies for managing each of these risks and they are summarised below:

**(a) Credit risk** – The Group’s exposure to credit risk arises from the failure of a customer or a counterparty to settle its financial and contractual obligations 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 the reporting period there are no significant concentrations of credit risk.

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

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

*(i) Financial assets that are neither past due nor impaired*

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially from companies with a good collection track record with the Group.

*(ii) Financial assets that are past due but not impaired*

There is no other class of financial assets that is past due and/or impaired, except for trade receivables.

The age analysis of trade receivables that are past due but not impaired is as follows:

	<b>2012</b>	<b>2011</b>
	<b>S\$</b>	<b>S\$</b>
Past due 0 to 3 months	380,702	485,050
Past due 3 to 6 months	74,140	40,768
Past due over 6 months	22,590	2,975
	<u>477,432</u>	<u>528,793</u>

**(b) Liquidity risk** – In the management of liquidity risk, the Group monitors and maintains a level of cash and bank balances deemed adequate by the Management Council members 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.

**(c) 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 to the financial statements. The interest rates of the fixed deposits are indicated in Note 9 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

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**NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2012**

**14. FINANCIAL INSTRUMENTS (continued)**

**Financial risk management (continued)**

**(d) 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 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.

**Estimation of fair values**

*Held-to-maturity investments*

The fair value of the held-to-maturity investments is the market value as indicated in Note 5 to the financial statements.

*Financial assets, at fair value through profit or loss*

The fair value of the financial assets, at fair value through profit or loss is the market value as indicated in Note 6 to the financial statements.

*Other financial assets and liabilities*

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

**Fair value hierarchy**

The following defines the fair value hierarchy of financial instruments carried at fair value, by valuation method:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie. as prices) or indirectly (ie. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable data).

During the reporting period ended 31st December 2012, quoted equity securities with carrying amount of S\$1,693,583 (2011: S\$2,296,382) were analysed as Level 1 as the fair values are determined by the quoted prices in active market.

**15. NEW OR REVISED STANDARDS AND INTERPRETATIONS NOT YET ADOPTED**

Certain new or revised FRS and interpretations of existing FRS have been issued as of the end of the reporting period and are mandatory for the Group's reporting period beginning on or after 1st July 2012 or later periods and which the Group has not early adopted. The Group's assessment of those standards and interpretations that are relevant to the Group is set out below:

Amendments to FRS 1 Presentation of Items of Other Comprehensive Income  
 Amendments to FRS 19 Employee Benefits

The initial application of these standards (including their consequential amendments) and interpretations is not expected to have any material impact on the Group's financial statements. The Group has not considered the impact of FRS issued after the end of the reporting period.

**SINGAPORE MEDICAL ASSOCIATION PTE LTD**

**REG. NO: 20002170N**

**(Incorporated in the Republic of Singapore)**

**FINANCIAL STATEMENTS – 31ST DECEMBER 2012**



**SINGAPORE MEDICAL ASSOCIATION PTE LTD**

**REG. NO: 200002170N**

**(Incorporated in the Republic of Singapore)**

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**SINGAPORE MEDICAL ASSOCIATION PTE LTD**  
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**DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2012**

The directors are pleased to present their report together with the audited financial statements of the Company for the financial year ended 31st December 2012.

**Directors**

1. The directors of the Company in office at the date of this report are:

**Executive directors**

Dr Chong Yeh Woei  
Dr Lee Yik Voon  
Dr Toh Choon Lai  
Dr Wong Tien Hua  
Dr Wong Chiang Yin

**Non-executive directors**

A/Prof Chin Jing Jih  
Dr Chan Teng Mui Tammy  
A/Prof Tan Sze Wee

**Arrangements to enable directors to acquire shares and debentures**

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

**Directors' interest in shares or debentures**

3. No directors who held office at the end of the financial year had interest in the shares, share options, warrants or debentures either at the beginning or at the end of the year.

**Directors' contractual benefits**

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

**Options to take up unissued shares**

5. During the financial year, no option to take up unissued shares of the Company was granted.

**Options exercised**

6. During the financial year, there were no shares of the Company issued by virtue of the exercise of options to take up unissued shares.

**SINGAPORE MEDICAL ASSOCIATION PTE LTD**  
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**DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2012**

**Unissued shares under options**

7. At the end of the financial year, there were no unissued shares of the Company under options.

**Auditors**

8. Messrs. B P YAP & CO. have expressed their willingness to accept re-appointment as auditors.

**On behalf of the board of directors:**

**A/PROF TAN SZE WEE**  
Director

**DR CHAN TENG MUI TAMMY**  
Director

Singapore, 1st March 2013

**SINGAPORE MEDICAL ASSOCIATION PTE LTD**  
**(Incorporated in the Republic of Singapore)**

**STATEMENT BY DIRECTORS**

In our opinion:

(i) the accompanying financial statements of the Company, which comprise the statement of financial position as at 31st December 2012, 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 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31st December 2012, and the results, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; 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 of directors:**

**A/PROF TAN SZE WEE**  
Director

**DR CHAN TENG MUI TAMMY**  
Director

Singapore, 1st March 2013

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF**  
**SINGAPORE MEDICAL ASSOCIATION PTE LTD**  
**(Incorporated in the Republic of Singapore)**

**Report on the financial statements**

We have audited the accompanying financial statements of Singapore Medical Association Pte Ltd, which comprise the statement of financial position as at 31st December 2012, 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.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation of these financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (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 accounts and balance sheets and to maintain accountability of assets.

*Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, 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 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 31st December 2012 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.

**B P YAP & CO.,**  
**Certified Public Accountants**  
**Singapore**

Singapore, 1st March 2013

**SINGAPORE MEDICAL ASSOCIATION PTE LTD**  
**(Incorporated in the Republic of Singapore)**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31ST DECEMBER 2012**

	Notes	2012 S\$	2011 S\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	2,271	2,834
Held-to-maturity investments	4	2,269,730	1,520,999
		<u>2,272,001</u>	<u>1,523,833</u>
<b>Current assets</b>			
Held-to-maturity investments	4	-	-
Financial assets, at fair value through profit or loss	5	1,693,583	2,296,382
Trade and other receivables	6	29,782	35,089
Cash and cash equivalents	7	569,649	575,907
		<u>2,293,014</u>	<u>2,907,378</u>
<b>Total assets</b>		<u><u>4,565,015</u></u>	<u><u>4,431,211</u></u>
 <b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	8	2,314,000	2,314,000
Retained earnings		2,208,129	2,052,275
<b>Total equity</b>		<u>4,522,129</u>	<u>4,366,275</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities	9	251	482
<b>Current liabilities</b>			
Other payables	10	31,526	58,774
Current tax payable		11,109	5,680
		<u>42,635</u>	<u>64,454</u>
<b>Total liabilities</b>		<u>42,886</u>	<u>64,936</u>
<b>Total equity and liabilities</b>		<u><u>4,565,015</u></u>	<u><u>4,431,211</u></u>

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

**SINGAPORE MEDICAL ASSOCIATION PTE LTD**  
**(Incorporated in the Republic of Singapore)**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31ST DECEMBER 2012**

	Notes	2012 S\$	2011 S\$
<b>Revenue</b>	<b>11</b>	208,066	170,454
Other income		155,918	49,550
Depreciation expenses	<b>3</b>	(1,753)	(1,753)
Staff costs		-	-
Other expenses		(197,899)	(120,229)
<b>Profit before tax</b>	<b>12</b>	<u>164,332</u>	<u>98,022</u>
<b>Income tax expense</b>	<b>13</b>	(8,478)	(5,033)
<b>Profit for the year</b>		<u>155,854</u>	<u>92,989</u>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income</b>		<u><u>155,854</u></u>	<u><u>92,989</u></u>

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

**SINGAPORE MEDICAL ASSOCIATION PTE LTD**  
**(Incorporated in the Republic of Singapore)**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31ST DECEMBER 2012**

	<b>Share capital S\$</b>	<b>Retained earnings S\$</b>	<b>Total equity S\$</b>
Balance at 1st January 2011	2,314,000	1,959,286	4,273,286
Total comprehensive income for the year	-	92,989	92,989
Balance at 31st December 2011	2,314,000	2,052,275	4,366,275
Total comprehensive income for the year	-	155,854	155,854
Balance at 31st December 2012	2,314,000	2,208,129	4,522,129

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



**SINGAPORE MEDICAL ASSOCIATION PTE LTD**  
**(Incorporated in the Republic of Singapore)**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2012**

	<b>2012</b>	<b>2011</b>
	<b>S\$</b>	<b>S\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	164,332	98,022
Adjustments for:		
Depreciation of property, plant and equipment	1,753	1,753
Accretion of accrued income	-	2,607
Accretion of deferred income	(7,048)	7,746
Amortisation of premium on held-to-maturity investments	3,144	20,757
Fair value adjustment	(84,156)	4,288
Interest income	(71,762)	(43,228)
Operating cash flows before working capital changes	<u>6,263</u>	<u>91,945</u>
Decrease in trade and other receivables	14,354	22,640
Increase in other payables	<u>(20,200)</u>	<u>13</u>
Cash generated from operations	417	114,598
Income tax received	2,400	-
Income tax paid	<u>(5,680)</u>	<u>(11,999)</u>
<b>Net cash generated from operating activities</b>	<u>(2,863)</u>	<u>102,599</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant, and equipment	(1,190)	-
Purchase of held-to-maturity investments	(751,875)	(1,007,572)
Proceeds from redemption of held to-maturity investments upon maturity	-	1,500,000
Purchase of financial assets, at fair value through profit or loss	-	(1,031,295)
Proceeds from disposal of financial assets, at fair value through profit or loss	686,955	
Interest received on held-to-maturity investments	62,715	49,700
Interest received on bank deposits	-	2,715
<b>Net cash used in investing activities</b>	<u>(3,395)</u>	<u>(486,452)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(6,258)	(383,853)
<b>Cash and cash equivalents at start of year</b>	<u>575,907</u>	<u>959,760</u>
<b>Cash and cash equivalents at end of year (Note 7)</b>	<u>569,649</u>	<u>575,907</u>

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

**SINGAPORE MEDICAL ASSOCIATION PTE LTD**  
**(Incorporated in the Republic of Singapore)**

**NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER 2012**

**1. CORPORATE INFORMATION**

The financial statements of the Company for the year ended 31st December 2012 were authorised for issue in accordance with a directors' resolution dated 1st March 2013.

The Company is a limited liability company incorporated in Singapore with its registered office and principal place of business at 2 College Road, #02-00 Alumni Medical Centre, Singapore 169850. The Singapore Medical Association owns the entire issued share capital of the Company. However, these shares are registered and held in trust by three trustees, namely Professor Low Cheng Hock, Dr Tan Cheng Bock and Dr Yong Nen Khiong, who were appointed by the Singapore Medical Association

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

**2. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of preparation**

The Company's financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis, except where otherwise described in the accounting policies below.

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous reporting period.

**(b) Significant accounting estimates and judgements**

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and disclosures made. These are made based on historical experience and other factors that are believed to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis.

No critical judgements, accounting estimates and assumptions are used that are significant to the financial statements or have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

**(c) Functional currency**

Items included in the financial statements are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Company ("the functional currency"). The financial statements are presented in Singapore dollars, which is the functional currency of the Company.

**SINGAPORE MEDICAL ASSOCIATION PTE LTD**  
**(Incorporated in the Republic of Singapore)**

**NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER 2012**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(d) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the assets and costs of bringing the asset to working condition for its intended use. Dismantlement, removal or restoration costs are included as part of the cost of asset if the obligation for dismantlement, removal or restoration costs is incurred as a consequence of acquiring or using the asset. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to the statement of comprehensive income. The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

Depreciation of property, plant and equipment is calculated on the straight-line basis to write off the cost less residual value of the assets over their estimated useful lives as follows:

	<u>Number of years</u>
Air conditioners	3
Equipment, furniture and fittings	3 to 10

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at the end of each reporting period.

An item of property, 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 reporting period the asset is derecognised.

**(e) Impairment of non-financial assets**

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

An impairment loss is recognised in the profit or loss if the carrying amount of an asset or its cash-generating unit ("CGU") exceeds its recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

The recoverable amount of an asset or CGU is the higher of its fair value less costs to sell and its value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

Impairment losses recognised in prior reporting periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss has been recognised. Reversal of impairment loss is recorded in the profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

**SINGAPORE MEDICAL ASSOCIATION PTE LTD**  
**(Incorporated in the Republic of Singapore)**

**NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER 2012**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(f) Financial assets**

*Classification*

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. The designation of financial assets at fair value through profit or loss is irrevocable.

*(i) Financial assets, at fair value through profit or loss*

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Company investment strategy. Derivatives are also classified as held for trading unless they are designated as hedges. Assets in this category are presented as current assets as they are either held for trading or expected to be realised within 12 months after the end of the reporting period.

*(ii) 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 are presented as current assets, except for those maturing later than 12 months after the end of the reporting period which are presented as non-current assets. Loans and receivables include “trade and other receivables” and “cash and cash equivalents”. Cash and cash equivalents comprise cash on hand and bank balances and fixed deposits with financial institutions.

*(iii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company has the positive intention and ability to hold to maturity. If the Company were to sell other than an insignificant of held-to-maturity investments, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the end of the reporting period which are presented as current assets.

*(iv) Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the end of the reporting period. The Company currently does not have any available-for-sale financial assets.

*Recognition and de-recognition*

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. On derecognition of a financial asset, the difference between the carrying amount and the sum of (a) the consideration received and (b) any cumulative gain or loss that has been recognised directly in other comprehensive income is recognised in the profit or loss.

**SINGAPORE MEDICAL ASSOCIATION PTE LTD**  
**(Incorporated in the Republic of Singapore)**

**NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER 2012**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(f) Financial assets (continued)**

*Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately in the profit or loss.

*Subsequent measurement*

Financial assets, both available-for-sale and at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of financial assets, at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in the profit or loss when the changes arise.

Interest and dividend income on available-for-sale financial assets are recognised separately in the profit or loss. Changes in the fair values of available-for-sale equity securities (ie. non-monetary items) are recognised in the fair value reserve, together with the related currency translation differences.

*Impairment*

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

*(i) Loans and receivables / Held-to-maturity investments*

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of the amounts previously written off are recognised against the same line item in the profit or loss.

The allowance for impairment loss account is reduced through the profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

*(ii) Available-for-sale financial assets*

Significant or prolonged declines in the fair value of the security below its cost and the disappearance of an active trading market for the security are objective evidence that the security is impaired.

The cumulative loss that was recognised in other comprehensive income, and presented in the fair value reserve in equity is transferred to profit or loss. The cumulative loss is measured as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised as an expense. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

**SINGAPORE MEDICAL ASSOCIATION PTE LTD**  
**(Incorporated in the Republic of Singapore)**

**NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER 2012**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(g) Financial liabilities**

Financial liabilities include “other payables”. Financial liabilities are recognised on the Company’s statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value of consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process. The liabilities are derecognised when the obligation under the liability is discharged or cancelled or expired.

**(h) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) where, 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. Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditure expected to be required to settle the obligation.

**(i) Share capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

**(j) 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.

Course fees are recognised over the duration of the course.

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

Interest income is recognised as the interest accrues based on the effective interest method unless collectability is in doubt.

**(k) Income tax**

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

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

Deferred tax is recognised, using the balance sheet method, providing for all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit.

**SINGAPORE MEDICAL ASSOCIATION PTE LTD**  
**(Incorporated in the Republic of Singapore)**

**NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER 2012**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(k) Income tax (continued)**

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

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

**(l) Related parties**

Related parties are entities with common direct or indirect shareholders and/or directors. Parties are considered to be related (directly or indirectly) if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operational decisions.

**3. PROPERTY, PLANT AND EQUIPMENT**

	<b>Air conditioners</b>	<b>Equipment, furniture and fittings</b>	<b>Total</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
<b><u>Cost</u></b>			
As at 1st January 2011	1700	22,563	24,263
Additions	-	-	-
As at 31st December 2011	1,700	22,563	24,263
Additions	-	1,190	1,190
As at 31st December 2012	1,700	23,753	25,453
<b><u>Accumulated depreciation</u></b>			
As at 1st January 2011	1,700	17,976	19,676
Depreciation for the year	-	1,753	1,753
On disposal	-	-	-
As at 31st December 2011	1,700	19,729	21,429
Depreciation for the year	-	1,753	1,753
As at 31st December 2012	1,700	21,482	23,182
<b><u>Carrying value</u></b>			
As at 31st December 2011	-	2,834	2,834
As at 31st December 2012	-	2,271	2,271

**SINGAPORE MEDICAL ASSOCIATION PTE LTD**  
**(Incorporated in the Republic of Singapore)**

**NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER 2012**

**4. HELD-TO-MATURITY INVESTMENTS**

This represents investments in quoted bonds.

	<b>2012</b>	<b>2011</b>
	<b>S\$</b>	<b>S\$</b>
At carrying value	2,269,730	1,520,999
Less: Current portion	-	-
Non-current portion	<u>2,269,730</u>	<u>1,520,999</u>

The maturity dates of these investments ranges from April 2015 to February 2022 (2011: April 2015 to October 2019) and interest rates range from 3.145% to 4.350% (2011: 3.220% to 4.350%) per annum, which is also the effective interest rate at the end of the reporting period.

The market value of the quoted bonds at the end of the reporting period is S\$2,294,679 (2011: S\$1,533,183).

**5. FINANCIAL ASSETS, AT FAIR VALUE THROUGH PROFIT OR LOSS**

This represents investments in quoted equity securities.

	<b>2012</b>	<b>2011</b>
	<b>S\$</b>	<b>S\$</b>
<i>Held for trading</i>		
Balance at start	2,296,382	1,269,375
Additions/(Disposal)	(686,955)	1,031,295
Fair value adjustment	84,156	(4,288)
Balance at end	<u>1,693,583</u>	<u>2,296,382</u>

**6. TRADE AND OTHER RECEIVABLES**

	<b>2012</b>	<b>2011</b>
	<b>S\$</b>	<b>S\$</b>
Trade receivables	-	20,880
Non-trade receivables	7,640	693
Interest receivable	20,300	11,253
Prepayments	1,842	2,263
Accrued income	-	-
	<u>29,782</u>	<u>35,089</u>

Trade receivables are non-interest bearing and are generally on immediate to about 6 months' terms.



**SINGAPORE MEDICAL ASSOCIATION PTE LTD**  
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**NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER 2012**

**7. CASH AND CASH EQUIVALENTS**

	<b>2012</b>	<b>2011</b>
	<b>S\$</b>	<b>S\$</b>
Cash and cash equivalents comprise the following items:		
Cash and bank balances	569,649	575,907
Fixed deposit	-	-
	569,649	575,907

**8. SHARE CAPITAL**

	<b>2012</b>		<b>2011</b>	
	<b>No. of shares</b>	<b>S\$</b>	<b>No. of shares</b>	<b>S\$</b>
<b><u>Issued and fully paid</u></b>				
Ordinary shares, with no par value	2,314,000	2,314,000	2,314,000	2,314,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

**9. DEFERRED TAX LIABILITIES**

	<b>2012</b>	<b>2011</b>
	<b>S\$</b>	<b>S\$</b>
Deferred tax liabilities comprise tax effect of temporary differences arising from:		
Accelerated tax depreciation	251	482
Other temporary differences	-	-
	251	482

Movements in deferred tax liabilities during the reporting period are as follows:

Balance at start	482	1,129
(Credit)/charge to profit or loss ( <b>Note 13</b> )	(231)	(647)
Balance at end	251	482

**SINGAPORE MEDICAL ASSOCIATION PTE LTD**  
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**NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER 2012**

**10. OTHER PAYABLES**

	<b>2012</b>	<b>2011</b>
	<b>S\$</b>	<b>S\$</b>
Deferred income	26,826	33,874
Non-trade payables	-	20,400
Accrued operating expenses	4,700	4,500
	<u>31,526</u>	<u>58,774</u>

Included in non-trade payables is S\$NIL (2011: S\$20,400) due to Singapore Medical Association. The amount due is unsecured, interest-free and repayable on demand.

**11. REVENUE**

	<b>2012</b>	<b>2011</b>
	<b>S\$</b>	<b>S\$</b>
Cardiopulmonary resuscitation course fees	14,790	17,040
Commission income	27,235	41,737
Healthcare course fees	70,041	91,432
MedicalHub income	-	11,600
Spring-NUS-SMA course fees	96,000	8,645
	<u>208,066</u>	<u>170,454</u>

**12. PROFIT BEFORE TAX**

	<b>2012</b>	<b>2011</b>
	<b>S\$</b>	<b>S\$</b>
This is arrived at after (crediting)/charging:		
Bad debts recovered - trade	-	(5,640)
Bad debts written off - trade	-	1,129
Fair value loss/(gain) on financial assets, at fair value through profit or loss	(84,156)	4,288
Interest income on bank deposits	-	(662)
Interest income on held-to-maturity investments	<u>(71,762)</u>	<u>(42,566)</u>

**13. INCOME TAX EXPENSE**

	<b>2012</b>	<b>2011</b>
	<b>S\$</b>	<b>S\$</b>
Income tax based on profit before tax:		
Current tax		
- Current year	11,109	5,680
- Over provisions in prior years	(2,400)	-
Deferred tax ( <b>Note 9</b> )	(231)	(647)
Income tax expense	<u>8,478</u>	<u>5,033</u>

**SINGAPORE MEDICAL ASSOCIATION PTE LTD**  
**(Incorporated in the Republic of Singapore)**

**NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER 2012**

**13. INCOME TAX EXPENSE (continued)**

A reconciliation between the income tax expense and the product of the accounting profit multiplied by the applicable tax rate is as follows:

	<b>2012</b>	<b>2011</b>
	<b>S\$</b>	<b>S\$</b>
Profit before tax	164,332	98,022
Tax at statutory rate of 17% (2011: 17%)	27,936	16,663
Income not subject to tax		-
Enhanced tax allowances	(5,100)	(5,100)
Over provisions in prior years	(2,400)	-
Statutory stepped income exemption	(11,958)	(6,530)
Income tax expense	<u>8,478</u>	<u>5,033</u>

**14. RELATED PARTY TRANSACTIONS**

	<b>2012</b>	<b>2011</b>
	<b>S\$</b>	<b>S\$</b>
With Singapore Medical Association Management fee expense	<u>23,899</u>	<u>19,000</u>

**15. FINANCIAL INSTRUMENTS**

**Financial risk management**

The Company's financial instruments are exposed to credit, liquidity, interest rate and price risks. The Company does not use derivatives and other instruments in connection with its risk management activities and does not hold or issue any derivative financial instruments for trading purposes. The Company reviews and agrees policies for managing each of these risks and they are summarised below:

**(a) Credit risk** – The Company's exposure to credit risk arises from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Company, as and when they fall due. The Company 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 the reporting period there are no significant concentrations of credit risk.

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

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

*(i) Financial assets that are neither past due nor impaired*

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially from companies with a good collection track record with the Company.

*(ii) Financial assets that are past due but not impaired*

There is no other class of financial assets that is past due and/or impaired, except for trade receivables.

**SINGAPORE MEDICAL ASSOCIATION PTE LTD**  
**(Incorporated in the Republic of Singapore)**

**NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER 2012**

**15. FINANCIAL INSTRUMENTS (continued)**

**Financial risk management (continued)**

The age analysis of trade receivables that are past due but not impaired is as follows:

	2012 S\$	2011 S\$
Past due 0 to 3 months	-	20,880
Past due 3 to 6 months	-	-
Past due over 6 months	-	-
	<u>-</u>	<u>20,880</u>

**(b) Liquidity risk** – In the management of liquidity risk, the Company monitors and maintains a level of cash and bank balances deemed adequate by the Board of Directors 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.

**(c) 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 deposit. The interest rates of the bonds are indicated in Note 4 to the financial statements. 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.

**(d) 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 its 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.

**Estimation of fair values**

*Held-to-maturity investments*

The fair value of the held-to-maturity investments is the market value as indicated in Note 4 to the financial statements.

*Financial assets, at fair value through profit or loss*

The fair value of the financial assets, at fair value through profit or loss is the market value as indicated in Note 5 to the financial statements.

*Other financial assets and liabilities*

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

**SINGAPORE MEDICAL ASSOCIATION PTE LTD**  
**(Incorporated in the Republic of Singapore)**

**NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER 2012**

**15. FINANCIAL INSTRUMENTS (continued)**

**Fair value hierarchy**

The following defines the fair value hierarchy of financial instruments carried at fair value, by valuation method:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie. as prices) or indirectly (ie. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable data).

During the reporting period ended 31st December 2012, quoted equity securities with carrying amount of S\$1,693,583 (2011: S\$2,296,382) were analysed as Level 1 as the fair values are determined by the quoted prices in active market.

**Capital management**

The Company aims to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development and growth of its business. The Board of Directors monitors the return on capital, which the Company defines as profit attributable to owners of the Company divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Company seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Company achieved a return on shareholder' equity of 3.4% for the reporting period ended 31st December 2012 compared to 2.1% for the reporting period ended 31st December 2011. There were no changes in the Company's approach to capital management during the reporting period. The Company is not subject to externally imposed capital requirements.

**16. NEW OR REVISED STANDARDS AND INTERPRETATIONS NOT YET ADOPTED**

Certain new or revised FRS and interpretations of existing FRS have been issued as of the end of the reporting period and are mandatory for the Company's reporting period beginning on or after 1st January 2013 or later periods and which the Company has not early adopted. The Company's assessment of those standards and interpretations that are relevant to the Company is set out below:

FRS 19	Employee benefits
FRS 113	Fair value measurements

The initial application of these standards (including their consequential amendments) and interpretations is not expected to have any material impact on the Company's financial statements. The Company has not considered the impact of FRS issued after the end of the reporting period.

**SINGAPORE MEDICAL ASSOCIATION PTE LTD****DETAILED INCOME STATEMENT**  
**FOR THE YEAR ENDED 31ST DECEMBER 2012**

	<b>2012</b>	<b>2011</b>
	<b>S\$</b>	<b>S\$</b>
<b>INCOME</b>		
Bad debt recovered-trade	-	5,640
CPR course fees	14,790	17,040
Commission income	27,235	41,737
Fair value gain on financial assets, at fair value through profit or loss	84,156	-
Healthcare course fees	70,041	91,432
Interest income on bank deposits	-	662
Interest income on held-to-maturity investments	71,762	42,566
Medical Hub income	-	11,600
Spring-NUS-SMA course fees	96,000	8,645
Sundry income	-	682
	<u>363,984</u>	<u>220,004</u>
<b>LESS: EXPENDITURE</b>		
Audit fee	3,700	3,500
Bad debts written off - trade	-	1,129
Bank charges	30	63
CPR course expenses	18,589	13,570
Depreciation of property, plant and equipment	1,753	1,753
Donations	20,000	20,000
Fair value loss on financial assets, at fair value through profit or loss	-	4,288
General expenses	1,050	718
Healthcare course expenses	45,149	39,421
Management fees	23,899	19,000
Masks, gloves and gowns	1,200	1,200
Postage and courier	353	435
Printing and stationery	250	211
Professional fees	2,000	1,850
Repairs and maintenance	(12,261)	12,261
Spring-NUS-SMA course expenses	93,940	2,583
	(199,652)	(121,982)
<b>PROFIT BEFORE TAX</b>	<u><u>164,332</u></u>	<u><u>98,022</u></u>

This schedule contains additional information and does not form part of the Audited Financial Statements.

**SINGAPORE MEDICAL ASSOCIATION TRUST FUND**

**FINANCIAL STATEMENTS – 31ST DECEMBER 2012**

**SINGAPORE MEDICAL ASSOCIATION TRUST FUND**

**FINANCIAL STATEMENTS - 31ST DECEMBER 2012**

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**SINGAPORE MEDICAL ASSOCIATION TRUST FUND**

**STATEMENT BY TRUSTEES**

We, the undersigned trustees, state that, in the opinion of the trustees, the accompanying financial statements are drawn up as to present fairly the state of affairs of the Singapore Medical Association Trust Fund as at 31st December 2012 and the results, changes in equity and cash flows of the Singapore Medical Association Trust Fund for the year then ended.

**On behalf of the management council:**

**DR KHOO CHONG YEW**

Chairman

**DR TAN YEW GHEE**

Secretary

**DR LOW LIP PING**

Treasurer

Singapore, 1st March 2013

**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 which comprises the statement of financial position as at 31st December 2012, 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.

*Trustees' Responsibility for the Financial Statements*

The Management Council members are responsible for the preparation of these 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 accounts and balance sheets and to maintain accountability of assets.

*Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, 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 of the Trust Fund are properly drawn up in accordance with generally accepted accounting principles and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Trust Fund as at 31st December 2012 and the results, changes in equity and cash flows of the Trust Fund for the year ended on that date.

**B P YAP & CO.,**  
**Certified Public Accountants**  
**Singapore**

Singapore, 1st March 2013

**SINGAPORE MEDICAL ASSOCIATION TRUST FUND**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31ST DECEMBER 2012**

	Notes	2012 S\$	2011 S\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		77,210	77,210
<b>Total assets</b>		<u>77,210</u>	<u>77,210</u>
 <b>EQUITY</b>			
<b>Capital and reserves</b>			
Capital fund	3	21,513	21,513
Accumulated surplus		55,697	55,697
<b>Total equity</b>		<u>77,210</u>	<u>77,210</u>

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

**SINGAPORE MEDICAL ASSOCIATION TRUST FUND**

**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31ST DECEMBER 2012**

	Notes	2012 S\$	2011 S\$
<b>Revenue</b>		-	-
<b>Expenses</b>			
Bank charges		-	-
<b>Deficit before tax</b>		-	-
<b>Income tax expense</b>		-	-
<b>Deficit for the year</b>		-	-
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income</b>		-	-

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

**SINGAPORE MEDICAL ASSOCIATION TRUST FUND**

**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31ST DECEMBER 2012**

	<b>Capital fund S\$</b>	<b>Accumulated surplus S\$</b>	<b>Total equity S\$</b>
Balance at 1st January 2011	21,513	55,697	77,210
Net movements in capital fund	-	-	-
Total comprehensive income for the year	-	-	-
Balance at 31st December 2011	<hr/> 21,513	<hr/> 55,697	<hr/> 77,210
Total comprehensive income for the year	-	-	-
Balance at 31st December 2012	<hr/> <hr/> 21,513	<hr/> <hr/> 55,697	<hr/> <hr/> 77,210

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

**SINGAPORE MEDICAL ASSOCIATION TRUST FUND**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR 31ST DECEMBER 2012**

	2012 S\$	2011 S\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Deficit before tax	-	-
Increase in capital fund	-	-
<b>Net cash generated from operating activities</b>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<u>-</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<u>-</u>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>	-	-
<b>Cash and cash equivalents at start of year</b>	<u>77,210</u>	<u>77,210</u>
<b>Cash and cash equivalents at end of year</b>	<u><u>77,210</u></u>	<u><u>77,210</u></u>

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

**SINGAPORE MEDICAL ASSOCIATION TRUST FUND**

**NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER 2012**

**1. GENERAL**

The financial statements of Singapore Medical Association Trust Fund for the year ended 31st December 2012 were authorised for issue by the Trustees on 1st March 2013.

The Trust Fund has its principal place of business at 2 College Road, Level 2, Alumni Medical Centre, Singapore 169850.

The main objectives of the Trust 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.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of preparation**

The Trust Fund's financial statements have been prepared in accordance with generally accepted accounting principles and Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

The accounting policies have been consistently applied by the Trust Fund and are consistent with those used in the previous reporting period.

**(b) Significant accounting estimates and judgements**

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and disclosures made. These are made based on historical experience and other factors that are believed to be reasonable under the circumstances. The estimates and underlying assumptions are reviewed on an ongoing basis.

No critical judgements, accounting estimates and assumptions are used that are significant to the financial statements or have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

**(c) Functional currency**

Items included in the financial statements are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Trust Fund ("the functional currency"). The financial statements are presented in Singapore dollars, which is the functional currency of the Trust Fund.

**(d) Cash and cash equivalents**

Cash and cash equivalents are classified and accounted for as loans and receivables. These comprise cash on hand and deposits with banks which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The accounting policy for this category of financial assets is stated in Note 2(e).

**SINGAPORE MEDICAL ASSOCIATION TRUST FUND**

**NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER 2012**

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(e) Financial assets**

Financial assets are recognised on the Trust Fund's statement of financial position when the Trust Fund becomes a party to the contractual provisions of the instrument. The Trust Fund's financial assets are classified according to the categories as specified in FRS 39. The classification depends on the purpose for which the assets were acquired. Management determines the classification at initial recognition and re-evaluates this designation at every reporting date.

The Trust Fund has only financial assets under the category of loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method. Gains and losses are recognised in the profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process. Receivables of short duration are not discounted.

**(f) Impairment**

At the end of each reporting period, the Trust Fund reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior reporting periods. A reversal of an impairment loss is recognised as income immediately.

**(g) Income and expenditure**

Only non-capital receipts are utilised for expenditure in carrying out the objects of the Trust Fund.

**3. CAPITAL FUND**

	<b>2012</b>	<b>2011</b>
	<b>S\$</b>	<b>S\$</b>
Balance at start	21,513	21,513
Funding from Singapore Medical Association	-	-
Balance at end	<u>21,513</u>	<u>21,513</u>



**SINGAPORE MEDICAL ASSOCIATION TRUST FUND**

**NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER 2012**

**4. FINANCIAL INSTRUMENTS**

**Financial risk management**

The main risks arising from the Trust Fund's financial management are credit risk and liquidity risk. The Trust Fund does not use derivatives and other instruments in connection with its risk management activities and does not hold or issue any derivative financial instruments for trading purposes. The Trust Fund reviews and agrees policies for managing each of these risks and they are summarised below:

**(a) Credit risk** – The Trust Fund's exposure to credit risk arises from the failure of a counterparty to settle its financial and contractual obligations to the Trust Fund, as and when they fall due. The Trust Fund 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 the reporting period there are no significant concentrations of credit risk.

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

The credit risk for the receivables is as follows:

*(i) Financial assets that are neither past due nor impaired*

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies.

*(ii) Financial assets that are past due but not impaired*

There is no other class of financial assets that is past due and/or impaired.

**(b) Liquidity risk** – In the management of liquidity risk, the Trust Fund monitors and maintains a level of cash and bank balances deemed adequate by the Trustees to finance the Trust Fund's operations and mitigate the effects of fluctuations in cash flows.

The Trust Fund 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.

**Estimation of fair values**

*Financial assets and liabilities*

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