

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

**AUDITED FINANCIAL STATEMENTS AND
OTHER FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2018**

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

REGISTERED OFFICE

**2985 Jalan Bukit Merah
#02-2C SMF Building
Singapore 159457**

AUDITOR

Kreston David Yeung PAC

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

STATEMENT BY THE ASSOCIATION'S COUNCIL MEMBERS

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

- i) the accompanying statements of financial position, statements of profit or loss and other comprehensive income and statements of changes in funds of the group and the association and consolidated statement of cash flows of the group together with the notes thereto, are drawn up in accordance with the provisions of the Societies Act, Chapter 311 and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the group and of the association as at 31 December 2018 and the financial performance and changes in funds of the group and of the association and cash flows of the group for the year ended on that date; and
- ii) at the date of this statement, there are reasonable grounds to believe that the association will be able to pay its debts as and when they fall due.

On behalf of the council members,

DR LEE YIK VOON
President

DR LIM KHENG CHOON
Honorary Secretary

DR BENNY LOO KAI GUO
Honorary Treasurer

Singapore, 22 March 2019



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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Singapore Medical Association (the “association”) and its subsidiary (collectively, the “group”), which comprise the statements of financial position of the group and the association as at 31 December 2018, the statements of changes in funds and statements of profit or loss and other comprehensive income of the group and the association and consolidated statement of cash flows of the group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the group, the statement of financial position, statement of profit or loss and other comprehensive income and statement of changes in funds of the association are properly drawn up in accordance with the provisions of the Societies Act, Chapter 311 (the “Act”) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the group and the financial position of the association as at 31 December 2018 and of the consolidated financial performance, consolidated changes in funds and consolidated cash flows of the group and financial performance and changes in funds of the association for the year ended on that date.

Basis for Opinion

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

Other Information

The association’s council members are responsible for the other information. The other information comprises the Statement by the Association’s Council Members (set out on page 1) and the information included in the Annual Report, but does not include the financial statements and our auditor’s report thereon. The Annual Report is expected to be made available to us after the date of this auditor’s report.

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

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



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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The association's council members are responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



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

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

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

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

Report on Other Legal and Regulatory Requirements

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

KRESTON DAVID YEUNG PAC
Public Accountants and
Chartered Accountants

Singapore, 22 March 2019

SINGAPORE MEDICAL ASSOCIATION
(UEN: S61SS0168E)
AND ITS SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION
As at 31 December 2018

		2018	Group 2017	2018	Association 2017
ASSETS	Note	S\$	S\$	S\$	S\$
Non-current assets					
Property, plant and equipment	3	231,676	103,530	227,983	96,144
Investment in subsidiary	4	-	-	3,314,000	2,314,000
Total non-current assets		231,676	103,530	3,541,983	2,410,144
Current assets					
Financial assets at fair value through profit or loss	5	5,262,109	4,844,839	-	-
Trade receivables	6	500,728	351,342	550,057	400,275
Subscription in arrears	7	189,607	114,235	189,607	114,235
Other receivables, deposits and prepayments	8	75,993	111,192	69,751	105,684
Cash and bank balances	9	1,577,612	2,825,208	1,192,152	2,425,574
Total current assets		7,606,049	8,246,816	2,001,567	3,045,768
Total assets		7,837,725	8,350,346	5,543,550	5,455,912
FUNDS AND LIABILITIES					
Accumulated fund		7,098,287	7,770,603	4,808,512	4,888,250
Deferred capital grant	10	78,242	19,877	78,242	19,877
Total funds		7,176,529	7,790,480	4,886,754	4,908,127
Current liabilities					
Other payables and accruals	11	661,196	552,235	656,796	547,785
Provision of taxation		-	7,631	-	-
Total current liabilities		661,196	559,866	656,796	547,785
Total funds and liabilities		7,837,725	8,350,346	5,543,550	5,455,912

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

SINGAPORE MEDICAL ASSOCIATION
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STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2018

		Group		Association	
	Note	2018	2017	2018	2017
		S\$	S\$	S\$	S\$
Income					
AST course fees		242,900	261,800	242,900	261,800
Bad debts recovered - subscriptions		-	600	-	600
Centre for ME and professionalism income		151,898	123,460	151,898	123,460
Commission income		696,988	666,101	682,792	651,500
CPR course fees		18,533	14,974	-	-
Fair value gain on financial assets at fair value through profit or loss		-	394,072	-	-
Healthcare course fees		-	33,188	-	-
Interest income on bank deposits		15,578	27,779	11,011	23,816
Management fee income		30,120	33,240	77,760	80,062
Medical Practice Management income		42,484	10,374	42,484	10,374
Medik Awas income		5,374	4,828	5,374	4,828
Members' welfare event income		32,182	52,246	32,182	52,246
MPS workshop income		16,065	19,938	16,065	19,938
Rebate income		140,691	139,983	140,691	139,983
SMA Dinner		35,066	30,092	35,066	30,092
SMA Football		4,750	4,750	4,750	4,750
SMA Golf		22,644	36,170	22,644	36,170
SMA Medical convention		53	133,085	53	133,085
SMA Newsletter publication		420,597	345,877	420,597	345,877
SMA talks and seminars		2,450	935	2,450	935
SMJ publication		47,710	49,339	47,710	49,339
Subscriptions		772,694	747,878	772,694	747,878
Sundry income		53,419	36,850	53,419	36,771
e2i Training grant		14,400	-	-	-
		<u>2,766,596</u>	<u>3,167,559</u>	<u>2,762,540</u>	<u>2,753,504</u>
Expenditure		<u>(3,439,258)</u>	<u>(2,842,902)</u>	<u>(2,842,278)</u>	<u>(2,702,893)</u>
(Deficit)/Surplus before taxation		(672,662)	324,657	(79,738)	50,611
Taxation	12	<u>346</u>	<u>(10,063)</u>	<u>-</u>	<u>(3,994)</u>
Net (deficit)/surplus and total comprehensive (loss)/income for the year		<u>(672,316)</u>	<u>314,594</u>	<u>(79,738)</u>	<u>46,617</u>

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

SINGAPORE MEDICAL ASSOCIATION
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STATEMENTS OF EXPENDITURE
For the year ended 31 December 2018

	2018	Group 2017	2018	Association 2017
	S\$	S\$	S\$	S\$
Advertisement	397	-	397	-
AST course expenses	118,803	126,618	118,803	126,618
Auditors' remuneration	10,330	10,750	7,330	7,750
Bank charges	9,535	4,700	9,453	4,618
Centre for ME and professionalism expenses	66,105	41,078	66,105	41,078
CPF and SDL	208,208	198,646	208,208	198,646
CPR course expenses	10,530	10,102	-	-
Depreciation of plant and equipment	112,061	68,870	108,368	65,178
Donation	20,000	79,500	20,000	1,500
Entertainment	7,636	4,700	7,636	4,700
Fair value loss on financial assets at FVTPL	575,144	-	-	-
General expenses	1,211	1,349	690	949
Healthcare course expenses	-	40,623	-	-
Insurance	19,660	21,474	19,660	21,474
Inter-professional games	8,962	4,848	8,962	4,848
Jobs credit and other schemes	(33,192)	(21,030)	(33,192)	(21,030)
Masks, gloves and gowns	2,400	2,400	-	-
Medical expenses	7,641	7,620	7,641	7,620
Medical Practice Management expenses	24,006	16,349	24,006	16,349
Medik Awas expenses	1,035	820	1,035	820
Meeting expenses	2,615	26,797	2,615	26,797
Member's welfare	89,559	99,353	89,559	99,353
Net allowance for credit losses	40,400	33,300	40,400	33,300
Newspapers & periodicals	715	728	715	728
Office refreshments	618	1,499	618	1,499
Postage and couriers	11,502	15,525	11,347	15,368
Printing and stationery	21,312	16,151	21,157	15,996
Professional fee	72,785	-	72,785	-
Property tax	6,447	9,770	6,447	9,770
Rental of equipment	12,054	10,680	12,054	10,680
Repairs and maintenance	164,504	139,534	164,504	139,534
Balance carried forward	1,592,983	972,754	997,303	834,143

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**STATEMENTS OF EXPENDITURE
For the year ended 31 December 2018**

	2018	Group 2017	2018	Association 2017
	S\$	S\$	S\$	S\$
Balance brought forward	1,592,983	972,754	997,303	834,143
SMA Dinner expenses	59,517	49,368	59,517	49,368
SMA Football expenses	4,951	5,593	4,951	5,593
SMA Golf expenses	24,985	36,966	24,985	36,966
SMA Medical convention expenses	2	129,290	2	129,290
SMA Newsletter expenses	180,210	170,427	180,210	170,427
SMA talks and seminar expenses	22,257	758	22,257	758
SMJ publication expenses	47,999	60,049	47,999	60,049
Secretarial fees	600	700	-	-
Staff commission	-	6,952	-	6,952
Staff salaries and bonuses	1,410,879	1,295,918	1,410,879	1,295,918
Staff training	829	23,123	829	23,123
Staff vacation pay	3,388	7,334	3,388	7,334
Staff welfare	12,160	8,421	12,160	8,421
Subscriptions	4,287	2,236	4,287	2,236
Tax fee	700	700	-	-
Telephone and fax	7,801	7,870	7,801	7,870
Transportation	8,708	7,185	8,708	7,186
Travel	44,226	38,935	44,226	38,935
Utilities	12,776	18,323	12,776	18,324
Total expenditure	3,439,258	2,842,902	2,842,278	2,702,893

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

**SINGAPORE MEDICAL ASSOCIATION
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**STATEMENTS OF CHANGES IN FUNDS
For the year ended 31 December 2018**

	Note	Accumulated fund S\$	Deferred capital grant S\$	Total S\$
<u>GROUP</u>				
Balance as at 01.01.2017		7,456,009	-	7,456,009
Addition (net) for the year	10	-	19,877	19,877
Total comprehensive income for the year		314,594	-	314,594
Balance as at 31.12.2017 and 01.01.2018		7,770,603	19,877	7,790,480
Addition (net) for the year	10	-	58,365	58,365
Total comprehensive loss for the year		(672,316)	-	(672,316)
Balance as at 31.12.2018		7,098,287	78,242	7,176,529
<u>ASSOCIATION</u>				
Balance as at 01.01.2017		4,841,633	-	4,841,633
Addition (net) for the year	10	-	19,877	19,877
Total comprehensive income for the year		46,617	-	46,617
Balance as at 31.12.2017 and 01.01.2018		4,888,250	19,877	4,908,127
Addition (net) for the year	10	-	58,365	58,365
Total comprehensive loss for the year		(79,738)	-	(79,738)
Balance as at 31.12.2018		4,808,512	78,242	4,886,754

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

SINGAPORE MEDICAL ASSOCIATION
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CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2018

	Note	2018 S\$	2017 S\$
Cash flows from operating activities			
(Deficit)/Surplus before taxation		(672,662)	324,657
Adjustments for:-			
Depreciation of plant and equipment		112,061	68,870
Allowance for credit losses		40,400	33,300
Fair value adjustment		575,144	(394,072)
Interest income		(15,578)	(27,779)
Amortisation of deferred capital grant		(44,088)	(9,938)
Operating cash flow before working capital changes:-		(4,723)	(4,962)
Increase in trade and other receivables		(222,620)	(16,549)
Increase/(Decrease) in other payables and accruals		108,961	(1,793)
Increase in deferred capital grant		102,453	29,815
Cash (used in)/generated from operations		(15,929)	6,511
Income tax paid		(7,285)	(14,506)
Net cash used in operating activities		(23,214)	(7,995)
Cash flows from investing activities			
Purchase of plant and equipment		(240,207)	(165,692)
Interest received		15,825	27,665
Fixed deposit pledged		(168)	(166)
Additional of quoted investment		(1,000,000)	-
Net cash used in investing activities		(1,224,550)	(138,193)
Net decrease in cash and cash equivalents		(1,247,764)	(146,188)
Cash and cash equivalents at beginning of year		2,777,390	2,923,578
Cash and cash equivalents at end of year	9	1,529,626	2,777,390

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

**SINGAPORE MEDICAL ASSOCIATION
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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018

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

1. GENERAL

Singapore Medical Association (the “association”) is registered under the Societies Act in the Republic of Singapore. The registered office and principal place of business of the association is located at 2985 Jalan Bukit Merah, #02-2C SMF Building, Singapore 159457.

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

The financial statements for the year ended 31 December 2018 are authorised for issue by the Council of the association on 22 March 2019.

The financial statements are presented in Singapore dollar.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

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

In the current financial year, the group has adopted all the new and revised FRS and Interpretations of FRS (“INT FRS”) that are relevant to its operations and effective for annual period beginning on or after 1 January 2018. The adoption of these new/revised FRSs and INT FRSs has no material effect on the financial statements.

b) Significant Accounting Estimates and Judgements

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

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Significant Accounting Estimates and Judgements (Continued)

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

Critical assumptions used and accounting estimates in applying accounting policies

Income tax

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

Useful lives of plant and equipment

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

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

Critical judgements made in applying accounting policies

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

Impairment of property, plant and equipment

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

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Significant Accounting Estimates and Judgements (Continued)

Allowance for expected credit losses

The group uses provision matrix to calculate the expected credit losses for financial assets. The amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics and with forward-looking information. At the end of each reporting period, historical loss information is updated and changes in the forward-looking estimates are analysed.

The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions. The group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Impairment of investment in subsidiary

When an investee is in net equity deficit and has suffered operating losses, a test is made whether the investment in the investee has suffered any impairment, in accordance with the stated accounting policy. This determination requires significant judgement. An estimate is made of the future profitability of the investee, and the financial health of and near-term business outlook for the investee.

c) Basis of Consolidation

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Basis of Consolidation (Continued)

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

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

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

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

d) Plant and Equipment and Depreciation

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

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Plant and Equipment and Depreciation (Continued)

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

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

e) Investment in Subsidiary

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

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

f) Cash and Cash Equivalents

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

g) Financial Assets

Initial recognition and measurement

Financial assets are recognised on the statement of financial position when, and only when, the company becomes a party to the contractual provisions of the financial instrument.

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Transaction cost of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the company expects to be entitled in exchange for transferring promised goods and services to a customer, excluding amount collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Financial Assets (Continued)

Subsequent measurement

Investment in debt instrument

Subsequent measurement of debt instruments depends on the financial asset's contractual cash flow characteristics and the group's business model for managing them.

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

Investment in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the company may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the company's right to receive payments is established. For investments in equity instruments which the company has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

Derecognition

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

Impairment of financial assets

The group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The group always recognises lifetime ECL for receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Impairment of Non-Financial Assets

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

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

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

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

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Financial Liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

j) Provisions

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

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

k) Contingencies

A contingent liability is:-

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

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Contingencies (Continued)

b) a present obligation that arises from past events but is not recognised because:

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

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

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

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

l) Currency Translations

Functional and presentation currency

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

Transactions and balances

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

m) Leases

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

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Revenue Recognition

Revenue is measured based on the consideration to which the company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

The specific recognition criteria described below must also be met before revenue recognised:-

Subscription fees from members are recognised over the period of membership.

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

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

Interest income is recognised using the effective interest method.

Rebates and miscellaneous income are recognised when due.

Grant income is recognised when there is reasonable assurance that the conditions attaching to it will be complied with and the grant will be received.

o) Government Grants

Grants for the purchase of depreciable assets are taken to the deferred grant account at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. The deferred grant is recognised in the profit or loss over the period necessary to match the depreciation of the assets purchased with the related grant. Grants for operating expenses is recognised in the profit or loss over the period necessary to match them on a systematic basis to the costs that it was intended to compensate.

p) Taxation

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

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) **Taxation (Continued)**

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

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

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

q) **Key Management Personnel**

Key management personnel of the group are those having authority and responsibility for planning, directing and controlling the activities of the group. The council members and executive director are considered as key management personnel.

r) **Employee Benefits**

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

s) **Employee Leave Entitlement**

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

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3. PLANT AND EQUIPMENT

<u>Group</u>	Computers	Computer software	Air Conditioners S\$	Equipment, furniture and fittings S\$	Renovations S\$	Total S\$
Cost						
At 01.01.2017	135,008	-	46,947	177,276	122,477	481,708
Additions	15,461	144,251	-	5,980	-	165,692
Disposal	(4,727)	-	-	-	-	(4,727)
Reclassification	(13,900)	13,900	-	-	-	-
At 31.12.2017/01.01.2018	131,842	158,151	46,947	183,256	122,477	642,673
Additions	1,905	-	14,204	53,914	170,184	240,207
Disposal	(16,559)	-	(46,947)	(88,996)	(119,841)	(272,343)
At 31.12.2018	117,188	158,151	14,204	148,174	172,820	610,537
Accumulated Depreciation						
At 01.01.2017	135,008	-	46,947	170,568	122,477	475,000
Charge for the year	15,461	48,082	-	5,327	-	68,870
Disposal	(4,727)	-	-	-	-	(4,727)
Reclassification	(13,900)	13,900	-	-	-	-
At 31.12.2017/01.01.2018	131,842	61,982	46,947	175,895	122,477	539,143
Charge for the year	1,905	48,083	4,735	23,301	34,037	112,061
Disposal	(16,559)	-	(46,947)	(88,996)	(119,841)	(272,343)
At 31.12.2018	117,188	110,065	4,735	110,200	36,673	378,861
Net Book Value						
At 31.12.2018	-	48,086	9,469	37,974	136,147	231,676
At 31.12.2017	-	96,169	-	7,361	-	103,530

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3. PROPERTY, PLANT AND EQUIPMENT (Continued)

<u>Association</u>	Computers	Computer Software	Air Conditioners	Equipment, furniture and fittings	Renovations	Total
			S\$	S\$	S\$	S\$
Cost						
At 01.01.2017	135,008	-	45,247	153,523	122,477	456,255
Additions	15,461	133,376	-	5,980	-	154,817
Disposal	(4,727)	-	-	-	-	(4,727)
Reclassification	(13,900)	13,900	-	-	-	-
At 31.12.2017/01.01.2018	131,842	147,276	45,247	159,503	122,477	606,345
Additions	1,905	-	14,204	53,914	170,184	240,207
Disposal	(16,559)	-	(45,247)	(82,592)	(119,841)	(264,239)
At 31.12.2018	117,188	147,276	14,204	130,825	172,820	582,313
Accumulated Depreciation						
At 01.01.2017	135,008	-	45,247	147,018	122,477	449,750
Charge for the year	15,461	44,458	-	5,259	-	65,178
Disposal	(4,727)	-	-	-	-	(4,727)
Reclassification	(13,900)	13,900	-	-	-	-
At 31.12.2017/01.01.2018	131,842	58,358	45,247	152,277	122,477	510,201
Charge for the year	1,905	44,458	4,735	23,233	34,037	108,368
Disposal	(16,559)	-	(45,247)	(82,592)	(119,841)	(264,239)
At 31.12.2018	117,188	102,816	4,735	92,918	36,673	354,330
Net Book Value						
At 31.12.2018	-	44,460	9,469	37,907	136,147	227,983
At 31.12.2017	-	88,918	-	7,226	-	96,144

4. INVESTMENT IN SUBSIDIARY

	2018	Association 2017
	S\$	S\$
<u>Unquoted equity shares, at cost</u>		
Balance at beginning of the year	2,314,000	2,314,000
Additional during the year	1,000,000	-
Balance at end of the year	3,314,000	2,314,000

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

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

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5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018	Group 2017
	S\$	S\$
<u>Quoted equity securities:-</u>		
Balance at beginning of year	4,844,839	4,456,355
Additions	1,000,000	-
Fair value adjustments	(582,730)	388,484
	<u>5,262,109</u>	<u>4,844,839</u>

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

	2018	Group 2017
	S\$	S\$
Singapore dollar	1,451,523	1,754,377
United States dollar	2,620,002	1,978,633
British Pound	360,995	304,211
Euro dollar	518,562	518,722
Swedish krona	-	22,004
Swiss Franc	96,047	84,300
Japanese Yen	192,856	171,253
Canadian dollar	21,493	11,339
Hong Kong dollar	631	-
	<u>5,262,109</u>	<u>4,844,839</u>

6. TRADE RECEIVABLES

	2018	Group 2017	2018	Association 2017
	S\$	S\$	S\$	S\$
Trade receivables				
- Related party	32,288	35,567	32,288	35,567
- Subsidiary	-	-	49,329	48,933
- Third parties	468,440	315,775	468,440	315,775
	<u>500,728</u>	<u>351,342</u>	<u>550,057</u>	<u>400,275</u>

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6. TRADE RECEIVABLES (Continued)

Trade receivables are non-interest bearing and are generally on 0-60 days (2017: 30-60 days) credit terms. They are recognised at their original invoiced amounts which represent their fair values on initial recognition. These receivables are unsecured and the analysis of their ageing at the end of the reporting period is as follows:-

	Group		Association	
	2018	2017	2018	2017
	S\$	S\$	S\$	S\$
Not past due	287,090	255,123	336,419	304,056
Past due 1 - 3 months	198,805	76,766	198,805	76,766
Past due 3 - 6 months	11,162	9,072	11,162	9,072
Over 6 months	3,671	10,381	3,671	10,381
	<u>500,728</u>	<u>351,342</u>	<u>550,057</u>	<u>400,275</u>

7. SUBSCRIPTIONS IN ARREARS

	Group and Association	
	2018	2017
	S\$	S\$
Subscriptions in arrears	232,740	149,834
Less: Allowance for credit losses	<u>(43,133)</u>	<u>(35,599)</u>
	<u>189,607</u>	<u>114,235</u>
Movements of allowance for credit losses:-		
Balance at beginning of year	35,599	44,565
Addition during the year	43,133	35,599
Allowance written off	<u>(35,599)</u>	<u>(44,565)</u>
Balance at end of year	<u>43,133</u>	<u>35,599</u>

8. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Association	
	2018	2017	2018	2017
	S\$	S\$	S\$	S\$
Other receivable	5,109	12,972	-	8,844
Fixed deposit interest receivable	573	820	-	-
Deposits	36,379	11,933	36,379	11,933
Prepayments	9,576	17,667	9,016	17,107
Grant receivable	24,356	67,800	24,356	67,800
	<u>75,993</u>	<u>111,192</u>	<u>69,751</u>	<u>105,684</u>

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9. CASH AND BANK BALANCES

	Group		Association	
	2018	2017	2018	2017
	S\$	S\$	S\$	S\$
Cash and bank balances	424,429	1,320,212	360,323	1,237,118
Fixed deposits	1,153,183	1,504,996	831,829	1,188,456
	1,577,612	2,825,208	1,192,152	2,425,574
Less: Fixed deposit pledged	(47,986)	(47,818)	(47,986)	(47,818)
Cash and cash equivalents	1,529,626	2,777,390	1,144,166	2,377,756

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

The fixed deposits bear interest rate at 0.35% to 1.86% (2017: 0.25% to 1.38%) per annum and mature within 90 days to 365 days (2017: 90 days to 365 days).

10. DEFERRED CAPITAL GRANT

	Group		Association	
	2018	2017	2018	2017
	S\$	S\$	S\$	S\$
Balance at beginning of year	19,877	-	19,877	-
Additions during the year	102,453	29,815	102,453	29,815
Less: Amortisation for the year	(44,088)	(9,938)	(44,088)	(9,938)
Balance at end of year	78,242	19,877	78,242	19,877

The deferred capital grant is related to grant provided by Enterprise Singapore for certain plant and equipment of the association. The deferred capital grant is amortised over 3 years to compensate depreciation of plant and equipment.

11. OTHER PAYABLES AND ACCRUALS

	Group		Association	
	2018	2017	2018	2017
	S\$	S\$	S\$	S\$
Other payables	33,070	173,206	33,070	173,206
Accruals	137,322	63,320	132,922	58,920
Deferred income	490,804	315,709	490,804	315,659
	661,196	552,235	656,796	547,785

Revenue recognised in 2018 which was included in the deferred income balance at beginning of the year was S\$66,050.

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11. OTHER PAYABLES AND ACCRUALS (Continued)

The aggregate amount of transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December 2018 is S\$490,804. The group expects to recognise revenue relating to the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as below:-

	Group		Association	
	2018	2017	2018	2017
	S\$	S\$	S\$	S\$
Within one year	130,904	-	130,904	-
Within two to five years	214,700	-	214,700	-
More than five years	145,200	-	145,200	-
	<u>490,804</u>	<u>-</u>	<u>490,804</u>	<u>-</u>

12. TAXATION

Income tax expense:-

- Current year	-	7,631	-	-
- Over provision in prior year	(346)	-	-	-
- Under provision in prior year	-	2,432	-	3,994
Tax (benefit)/expense	<u>(346)</u>	<u>10,063</u>	<u>-</u>	<u>3,994</u>

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

	Group		Association	
	2018	2017	2018	2017
	S\$	S\$	S\$	S\$
Surplus before taxation	<u>(672,661)</u>	<u>324,657</u>	<u>(79,738)</u>	<u>50,611</u>
Tax (benefit)/expenses calculated at a tax rate of 17%	(114,354)	55,192	(13,555)	8,604
Expenses not tax deductible	4,528	13,260	4,528	-
Enhanced tax allowances	-	(57,030)	-	(18,333)
(Over)/Under provision in prior years	(346)	2,431	-	3,994
Singapore statutory stepped income exemption	-	(10,390)	-	-
Tax rebate	-	(1,909)	-	-
Unrecognised deferred tax assets	109,826	8,509	9,027	9,729
Other	-	-	-	-
Tax (benefit)/expense	<u>(346)</u>	<u>10,063</u>	<u>-</u>	<u>3,994</u>

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12. TAXATION (Continued)

As at the end of the reporting period, the group had unutilised losses and unutilised capital allowances of approximately S\$589,000 and S\$63,000 (2017: S\$NIL and S\$13,000) respectively and the association had unutilised losses and unutilised capital allowance of approximately S\$53,700 and S\$9,000 (2017: S\$3,700 and S\$9,500) respectively available to be carried forward to offset against future taxable profits of the group and association subject to agreement with the Comptroller of Income Tax and compliance with the relevant provision of the Income Tax Act. No deferred tax asset is recognised for the amounts due to uncertainty of its recovery.

13. OPERATING LEASE COMMITMENTS

The group leases equipment under non-cancellable operating lease agreement.

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

	Group and Association	
	2018	2017
	S\$	S\$
Within one year	156,946	10,680
Within two to five years	148,046	12,460
	<u>304,992</u>	<u>23,140</u>

14. RELATED PARTY TRANSACTIONS

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

	Group		Association	
	2018	2017	2018	2017
	S\$	S\$	S\$	S\$
Donation expense	20,000	78,000	20,000	-
Management fee income	30,120	33,240	77,760	80,062
Key management personnel compensation (Executive director)	<u>65,617</u>	<u>57,250</u>	<u>65,617</u>	<u>57,250</u>

None of the council members received any emoluments in respect of their services for both of the financial years.

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15. CAPITAL MANAGEMENT

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

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

The group has no externally imposed capital requirements.

16. FINANCIAL RISK MANAGEMENT

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

Credit Risk

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

The group considers available reasonable and supportive forward-looking information which includes the following indicators:-

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- Actual or expected significant changes in the operating results of the debtor
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors and changes in the operating results of the debtor.

The group determined that its financial assets are credit-impaired when:-

- There is significant difficulty of the debtor
- A breach of contract, such as a default or past due event
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018

16. FINANCIAL RISK MANAGEMENT (Continued)

Credit Risk (Continued)

Trade receivables

For trade receivables, the group has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL. The company determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Subscription in arrears

For subscription fees from members in arrears, the group presumes the credit risks increase significantly if a member is more than 2 years past due in making payment.

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.

Financial assets that are either past due and/or impaired

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

Financial assets that are neither past due nor impaired

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

Price Risk

The group is exposed to equity securities price risk arising from the investments held by the group which are classified in the statement of financial position as financial assets at fair value through profit or loss. To manage the price risk, the group through its stockbrokers monitors share price on a daily basis.

Liquidity Risk

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

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

Interest Rate Risk

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

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018

17. FAIR VALUE

Fair value of financial instruments carried at fair value

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

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

The quoted securities instruments at fair value of S\$5,262,109 (2017: S\$4,844,839) is based on quoted price which is included in Level 1.

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

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

18. CATEGORIES OF FINANCIAL INSTRUMENTS

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

	2018	Group 2017	2018	Association 2017
	S\$	S\$	S\$	S\$
<u>Financial assets</u>				
Financial assets at fair value				
through profit or loss:-				
Quoted equity securities	5,262,109	4,844,839	-	-
Amortised cost:-				
Trade receivables	500,728	351,342	550,057	400,275
Subscription in arrears	189,607	114,235	189,607	114,235
Other receivables and deposits	66,417	93,525	60,735	88,577
Cash and cash equivalents	1,577,612	2,825,208	1,192,152	2,425,574
Total financial assets	<u>7,596,473</u>	<u>8,229,149</u>	<u>1,992,551</u>	<u>3,028,661</u>
<u>Financial liabilities</u>				
Amortised cost:-				
Other payables and accruals	170,390	236,526	165,992	232,126
Total financial liabilities	<u>170,390</u>	<u>236,526</u>	<u>165,992</u>	<u>232,126</u>

**SINGAPORE MEDICAL ASSOCIATION
(UEN: S61SS0168E)
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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018

19. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2019. Except for FRS 116, the council members expect that the adoption of the other standards will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 116 is described below.

FRS 116 *Leases*

FRS 116 requires lessees to recognise for most leases, a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately. The new standard is effective for annual periods beginning on or after 1 January 2019. The group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date.

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

**AUDITED FINANCIAL STATEMENTS AND
OTHER FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2018**

SINGAPORE MEDICAL ASSOCIATION PTE LTD
(UEN: 200002170N)

DIRECTORS' STATEMENT

The directors present their statement to the member together with the audited financial statements of the company for the year ended 31 December 2018.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

- i) the accompanying financial statements together with the notes thereto are drawn up so as to give a true and fair view of the financial position of the company as at 31 December 2018, and the financial performance, changes in equity and cash flows of the company for the year ended on that date; and
- ii) at the date of this statement there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due.

2. DIRECTORS

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

CHIN JING JIH
CHONG YEH WOEI
LEE YIK VOON
TAN SZE WEE
WOON YNG YNG, BERTHA
WONG TIEN HUA
LIM KHENG CHOON
LOO KAI GUO, BENNY

3. ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

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

4. DIRECTORS' INTEREST IN SHARES OR DEBENTURES

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

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

DIRECTORS' STATEMENT

5. SHARE OPTIONS

During the financial year, there were:

- (a) no options granted by the company to any person to take up unissued shares of the company; and
- (b) no shares issued by virtue of the exercise of options to take up unissued shares of the company.

At the end of the financial year, there were no unissued shares of the company under option.

6. AUDITOR

The auditor, Kreston David Yeung PAC, has expressed its willingness to accept re-appointment.

On behalf of the Board,

TAN SZE WEE
Director

LEE YIK VOON
Director

Singapore, 22 March 2019



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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Singapore Medical Association Pte Ltd (the “company”), which comprise the statement of financial position of the company as at 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the company as at 31 December 2018 and of the financial performance, changes in equity and cash flows of the company for the year ended on that date.

Basis for Opinion

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

Other Information

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

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

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



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

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



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

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the company have been properly kept in accordance with the provisions of the Act.

KRESTON DAVID YEUNG PAC
Public Accountants and
Chartered Accountants

Singapore, 22 March 2019

SINGAPORE MEDICAL ASSOCIATION PTE LTD
(UEN: 200002170N)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2018

	Note	2018 S\$	2017 S\$
ASSETS			
Non-current asset			
Plant and equipment	3	<u>3,693</u>	<u>7,386</u>
Total non-current asset		3,693	7,386
Current assets			
Financial assets at fair value through profit or loss	4	<u>5,262,109</u>	<u>4,844,839</u>
Other receivables and prepayment	5	6,242	5,507
Cash and cash equivalents	6	<u>336,131</u>	<u>350,701</u>
Total current assets		<u>5,604,482</u>	<u>5,201,047</u>
Total assets		<u>5,608,175</u>	<u>5,208,433</u>
EQUITY AND LIABILITIES			
Equity attributable to owner			
Share capital	7	3,314,000	2,314,000
Accumulated profits		<u>2,289,775</u>	<u>2,882,352</u>
Total equity		5,603,775	5,196,352
Current liabilities			
Other payables and accruals	8	<u>4,400</u>	<u>4,450</u>
Provision for taxation		-	7,631
Total current liabilities		<u>4,400</u>	<u>12,081</u>
Total equity and liabilities		<u>5,608,175</u>	<u>5,208,433</u>

The notes set out on pages 10 to 24 form an integral part of and should be read in conjunction with this set of financial statements.

SINGAPORE MEDICAL ASSOCIATION PTE LTD
(UEN: 200002170N)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2018

	Note	2018 S\$	2017 S\$
Revenue	9	47,129	62,763
Other revenue	10	4,567	398,114
Operating expenses		<u>(644,619)</u>	<u>(186,832)</u>
(Loss)/Profit before taxation	11	(592,923)	274,045
Taxation	12	<u>346</u>	<u>(6,069)</u>
Net (loss)/profit and total comprehensive (loss)/income for the year		<u>(592,577)</u>	<u>267,976</u>

The notes set out on pages 10 to 24 form an integral part of and should be read in conjunction with this set of financial statements.

SINGAPORE MEDICAL ASSOCIATION PTE LTD
(UEN: 200002170N)

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2018

	Share Capital S\$	Accumulated Profits S\$	Total Equity S\$
Balance as at 01.01.2017	2,314,000	2,614,376	4,928,376
Total comprehensive income for the year	-	267,976	267,976
Balance as at 31.12.2017/01.01.2018	2,314,000	2,882,352	5,196,352
Issuance of shares (Note 7)	1,000,000	-	1,000,000
Total comprehensive loss for the year	-	(592,577)	(592,577)
Balance as at 31.12.2018	3,314,000	2,289,775	5,603,775

The notes set out on pages 10 to 24 form an integral part of and should be read in conjunction with this set of financial statements.

SINGAPORE MEDICAL ASSOCIATION PTE LTD
(UEN: 200002170N)

STATEMENT OF CASH FLOWS
For the year ended 31 December 2018

	2018	2017
	S\$	S\$
Cash flows from operating activities		
(Loss)/Profit before taxation	(592,923)	274,045
Adjustments for:-		
Depreciation of plant and equipment	3,693	3,693
Fair value adjustments	575,144	(394,072)
Interest income	(4,567)	(3,963)
	<u>(18,653)</u>	<u>(120,297)</u>
Operating cash flows before changes in working capital		
Decrease in other receivables	6,604	4,381
Decrease in other payables and accruals	(50)	(8,500)
	<u>(12,099)</u>	<u>(124,416)</u>
Cash used in operations		
Income tax paid	(7,285)	(5,373)
	<u>(19,384)</u>	<u>(129,789)</u>
Net cash used in operating activities		
Cash flows from investing activities		
Purchase of property, plant and equipment	-	(10,876)
Interest received	4,814	3,849
Issuance of shares	1,000,000	-
Acquisition of quoted investment	(1,000,000)	-
	<u>4,814</u>	<u>(7,027)</u>
Net cash generated from/(used in) investing activities		
Net decrease in cash and cash equivalents	(14,570)	(136,816)
Cash and cash equivalents at beginning of year	<u>350,701</u>	<u>487,517</u>
Cash and cash equivalents at end of year	<u>336,131</u>	<u>350,701</u>

The notes set out on pages 10 to 24 form an integral part of and should be read in conjunction with this set of financial statements.

SINGAPORE MEDICAL ASSOCIATION PTE LTD
(UEN: 200002170N)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018

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

1. GENERAL

The company is a limited liability company domiciled and incorporated in the Republic of Singapore. The registered office and principal place of business of the company is located at 2985, Jalan Bukit Merah, #02-2C SMF Building, Singapore 159457.

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

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

The financial statements of the company for the year ended 31 December 2018 are authorised for issue in accordance with a resolution of the directors on 22 March 2019.

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

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

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

In the current financial year, the company has adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual period beginning on or after 1 January 2018. The adoption of these new/revised FRSs and INT FRSs have no material effect on the company's financial statements.

b) Significant Accounting Estimates and Judgements

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Significant Accounting Estimates and Judgements (Continued)

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

Critical assumptions and accounting estimates in applying accounting policies

Income tax

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

Useful lives of plant and equipment

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

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

Critical judgements made in applying accounting policies

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

Impairment of plant and equipment

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Plant and Equipment

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

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

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

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

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

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

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

d) Financial Assets

Initial recognition and measurement

Financial assets are recognised on the statement of financial position when, and only when, the company becomes a party to the contractual provisions of the financial instrument.

At initial recognition, the company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequent measurement

Investment in debt instrument

Subsequent measurement of debt instruments depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Financial Assets (Continued)

Subsequent measurement (Continued)

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

Investment in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the company may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the company's right to receive payments is established. For investments in equity instruments which the company has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

Derecognition

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

Impairment of financial assets

The company recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The company always recognises lifetime ECL for receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Impairment of Non-Financial Assets

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

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

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

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

f) Cash and Cash Equivalents

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Share Capital

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

h) Financial Liabilities

Initial recognition and measurement

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

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

Subsequent measurement

Financial liabilities at amortised cost

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

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

i) Provisions

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

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Revenue Recognition

Revenue is measured based on the consideration to which the company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

The specific recognition criteria described below must also be met before revenue recognised:-

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

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

Interest income is recognised using the effective interest method.

k) Key Management Personnel

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

l) Government Grant

Government grant is recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

m) Contingencies

A contingent liability is:-

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

m) **Contingencies (Continued)**

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

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

n) **Taxation**

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

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

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

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

o) **Currency Translation**

Functional and presentation currency

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

Transactions and balances

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

SINGAPORE MEDICAL ASSOCIATION PTE LTD
(UEN: 200002170N)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018

3. PLANT AND EQUIPMENT

	Air Conditioners S\$	Computer Software S\$	Equipment, Furniture and Fittings S\$	Total S\$
Cost				
At 01.01.2017	1,700	-	23,753	25,453
Additions	-	10,876	-	10,876
At 31.12.2017/01.01.2018	1,700	10,876	23,753	36,329
Disposal	(1,700)	-	(6,404)	(8,104)
At 31.12.2018	-	10,876	17,349	28,225
Accumulated Depreciation				
At 01.01.2017	1,700	-	23,550	25,250
Charge for the year	-	3,625	68	3,693
At 31.12.2017/01.01.2018	1,700	3,625	23,618	28,943
Disposal	(1,700)	-	(6,404)	(8,104)
Charge for the year	-	3,625	68	3,693
At 31.12.2018	-	7,250	17,282	24,532
Net Book Value				
At 31.12.2018	-	3,626	67	3,693
At 31.12.2017	-	7,251	135	7,386

4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018 S\$	2017 S\$
<u>Quoted equity securities:-</u>		
Balance at beginning of year	4,844,839	4,456,355
Addition	1,000,000	-
Fair value adjustments	(582,730)	388,484
Balance at end of year	5,262,109	4,844,839

SINGAPORE MEDICAL ASSOCIATION PTE LTD
(UEN: 200002170N)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018

4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

	2018	2017
	S\$	S\$
Financial assets at fair value through profit or loss are denominated in following currencies:-		
Singapore dollar	1,451,523	1,754,377
United States dollar	2,620,002	1,978,633
British Pound	360,995	304,211
Euro dollar	518,562	518,722
Swedish krona	-	22,004
Swiss Franc	96,047	84,300
Japanese Yen	192,856	171,253
Canadian dollar	21,493	11,339
Hong Kong dollar	631	-
	<u>5,262,109</u>	<u>4,844,839</u>

5. OTHER RECEIVABLES AND PREPAYMENT

GST receivable	5,109	4,127
Interest receivable	573	820
Prepayments	560	560
	<u>6,242</u>	<u>5,507</u>

6. CASH AND CASH EQUIVALENTS

Cash and bank balances	14,777	34,161
Fixed deposits	321,354	316,540
	<u>336,131</u>	<u>350,701</u>

The fixed deposits bear interest rate ranging at 1.41% to 1.86% (2017: 1.41%) per annum with the tenures of deposits up to twelve months.

SINGAPORE MEDICAL ASSOCIATION PTE LTD
(UEN: 200002170N)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018

7. SHARE CAPITAL

	No. of Share	2018 S\$	No. of Share	2017 S\$
Balance at beginning of year	2,314,000	2,314,000	2,314,000	2,314,000
Issuance during the year	1,000,000	1,000,000	-	-
Balance at end of year	<u>3,314,000</u>	<u>3,314,000</u>	<u>2,314,000</u>	<u>2,314,000</u>

During the year, the company increases its paid up capital from S\$2,314,000 to S\$3,314,000 by creation of additional 1,000,000 ordinary shares. The issued shares rank pari passu in all respect with the existing ordinary shares.

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

8. OTHER PAYABLES AND ACCRUALS

	2018 S\$	2017 S\$
Deferred income	-	50
Accruals	<u>4,400</u>	<u>4,400</u>
	<u>4,400</u>	<u>4,450</u>

9. REVENUE

CPR course fees	18,533	14,974
Commission income	14,196	14,601
Healthcare course fees	-	33,188
e2i Training grant	<u>14,400</u>	<u>-</u>
	<u>47,129</u>	<u>62,763</u>

10. OTHER REVENUE

Fair value gain on financial assets at fair value through profit or loss	-	394,072
Interest income on bank deposits	4,567	3,963
Sundry income	<u>-</u>	<u>79</u>
	<u>4,567</u>	<u>398,114</u>

SINGAPORE MEDICAL ASSOCIATION PTE LTD
(UEN: 200002170N)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018

11. (LOSS)/PROFIT BEFORE TAXATION

	2018	2017
	S\$	S\$
(Loss)/Profit before taxation is arrived at after deducting the following items:-		
CPR course expenses	22,800	17,370
Depreciation of plant and equipment	3,693	3,693
Donations	-	78,000
Fair value loss on financial assets at fair value through profit or loss	575,144	-
Healthcare course expenses	11,238	50,021
Management fees	24,132	30,156
	<u>228,007</u>	<u>179,180</u>

12. TAXATION

Income tax expense:-		
- Current year	-	7,631
- Over provision in priors years	(346)	(1,562)
Tax (benefit)/expense	<u>(346)</u>	<u>6,069</u>

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

	2018	2017
	S\$	S\$
(Loss)/Profit before taxation	<u>(592,923)</u>	<u>274,045</u>
Tax (benefit)/expense calculated at a tax rate of 17%	(100,797)	46,588
Expenses not tax deductible	-	13,260
Enhanced tax allowance	-	(38,697)
Overprovision in prior years	(346)	(1,562)
Singapore statutory stepped income exemption	-	(10,390)
Tax rebate	-	(1,909)
Others	1,256	(1,221)
Unrecognised deferred tax assets at end of year	<u>99,541</u>	<u>-</u>
Tax (benefit)/expense	<u>(346)</u>	<u>6,069</u>

As at the end of the reporting period, the company had unutilised losses approximately S\$589,000 (2017: US\$NIL) available to be carried forward to offset against future taxable profits of the company subject to agreement with the Comptroller of Income Tax and compliance with the relevant provision of the Income Tax Act. No deferred tax asset is recognised for the amounts due to uncertainty of its recovery.

SINGAPORE MEDICAL ASSOCIATION PTE LTD
(UEN: 200002170N)

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018

13. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	2018	2017
	S\$	S\$
<u>With holding entity</u>		
Management fee expenses	24,132	30,156
CPR course expenses	12,270	7,268
Healthcare course expenses	11,238	9,398
	<u> </u>	<u> </u>
<u>With related party</u>		
Donation	-	78,000
	<u> </u>	<u> </u>

14. CATEGORIES OF FINANCIAL INSTRUMENTS

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

	2018	2017
	S\$	S\$
<u>Financial assets</u>		
Financial assets at fair value through profit or loss:-		
Quoted securities	5,262,109	4,844,839
Amortised cost:-		
Other receivables	573	820
Cash and cash equivalents	336,131	350,701
	<u> </u>	<u> </u>
	<u>5,598,813</u>	<u>5,196,360</u>
<u>Financial liabilities</u>		
Amortised cost:-		
Other payables and accruals	4,400	4,450
	<u> </u>	<u> </u>
	<u>4,400</u>	<u>4,450</u>

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018

15. CAPITAL MANAGEMENT

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

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

The company has no externally imposed capital requirements.

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

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Credit Risk

The company has no concentration of credit risk.

Bank balances are deposited in financial institution with high credit ratings.

The carrying amount of financial assets recorded in the financial statements, net of any provision for losses, represents the company's maximum exposure to credit risk without taking into account of the value of any collateral or other security obtained.

Liquidity Risk

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

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

Interest Rate Risk

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

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

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 stockbroker monitors share prices on a daily basis.

17. FAIR VALUE

Fair value of financial instruments carried at fair value

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

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

The quoted securities instruments at fair value of S\$5,262,109 (2017: S\$4,844,839) is based on quoted price which is included in Level 1.

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

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

18. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2019. Except for FRS 116, the directors expect that the adoption of the other standards will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 116 is described below.

FRS 116 Leases

FRS 116 requires lessees to recognise for most leases, a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately. The new standard is effective for annual periods beginning on or after 1 January 2019. The company is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date.

SINGAPORE MEDICAL ASSOCIATION PTE LTD
(UEN: 200002170N)

DETAILED PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2018

	2018	2017
	S\$	S\$
Income		
CPR course fees	18,533	14,974
Commission income	14,196	14,601
Healthcare course fees	-	33,188
Fair value gain on financial assets at fair value through profit or loss	-	394,072
Interest income on bank deposits	4,567	3,963
Sundry income	-	79
e2i Training grant	14,400	-
	<u>51,696</u>	<u>460,877</u>
Less: Expenditure		
Auditors' remuneration	3,000	3,000
Bank charges	82	82
CPR course expenses	22,800	17,370
Depreciation of plant and equipment	3,693	3,693
Donation	-	78,000
Fair value loss on financial assets at fair value through profit or loss	575,144	-
General expenses	520	400
Healthcare course expenses	11,238	50,021
Management fees	24,132	30,156
Mask, gloves and gowns	2,400	2,400
Postage and courier	155	155
Printing and stationery	155	155
Secretarial fees	600	700
Tax fee	700	700
	<u>(644,619)</u>	<u>(186,832)</u>
(Loss)/Profit before taxation	<u>(592,923)</u>	<u>274,045</u>

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

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

**AUDITED FINANCIAL STATEMENTS AND
OTHER FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2018**

SINGAPORE MEDICAL ASSOCIATION TRUST FUND

TRUSTEE COMMITTEE

DR LEE PHENG SOON

CHAIRMAN

DR TAN YEW GHEE

SECRETARY

DR TAN KOK SOO

TREASURER

A/PROF CHEONG PAK YEAN

MEMBER

PROF LOW CHENG HOCK

MEMBER

SINGAPORE MEDICAL ASSOCIATION TRUST FUND

STATEMENT BY THE TRUSTEES

In the opinion of the trustees,

- (a) the financial statements as set out on pages 5 to 12 are drawn up in accordance with the Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of Singapore Medical Association Trust Fund (“The Fund”) as at 31 December 2018 and the financial performance, changes in fund and cash flows of The Fund for the year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that The Fund will be able to pay its debts as and when they fall due.

The trustee have, on the date of this statement, authorised these financial statements for issue.

On behalf of the trustees,

.....
DR LEE PHENG SOON
Chairman

.....
DR TAN YEW GHEE
Secretary

.....
DR TAN KOK SOO
Treasurer

Singapore, 22 March 2019



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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Singapore Medical Association Trust Fund ("The Fund"), which comprise the statement of financial position of The Fund as at 31 December 2018, the statement of profit or loss and other comprehensive income, statement of changes in fund and statement of cash flows of The Fund for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of The Fund as at 31 December 2018 and of the financial performance, changes in fund and cash flows of The Fund for the year ended on that date.

Basis for Opinion

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

Other Information

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

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

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



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

Responsibilities of Trustees for the Financial Statements

The Fund's trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
SINGAPORE MEDICAL ASSOCIATION TRUST FUND (Continued)**

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

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

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

KRESTON DAVID YEUNG PAC
Public Accountants and
Chartered Accountants

Singapore, 22 March 2019

SINGAPORE MEDICAL ASSOCIATION TRUST FUND

STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Note	2018 S\$	2017 S\$
ASSET			
Current asset			
Cash and cash equivalents		<u>77,210</u>	<u>77,210</u>
Total asset		<u>77,210</u>	<u>77,210</u>
FUND			
Capital fund	3	21,513	21,513
Accumulated surplus		<u>55,697</u>	<u>55,697</u>
Total funds		<u>77,210</u>	<u>77,210</u>
Total equity		<u>77,210</u>	<u>77,210</u>

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

SINGAPORE MEDICAL ASSOCIATION TRUST FUND

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2018

	2018 S\$	2017 S\$
Revenue		-
Less: Expenditure	<u> </u>	<u> </u> -
Surplus before taxation	-	-
Less: Taxation	<u> </u>	<u> </u> -
Net surplus and total comprehensive income for the year	<u> </u> -	<u> </u> -

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

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

SINGAPORE MEDICAL ASSOCIATION TRUST FUND

STATEMENT OF CHANGES IN FUND

For the year ended 31 December 2018

	Capital fund S\$	Accumulated surplus S\$	Total equity S\$
Balance as at 01.01.2017	21,513	55,697	77,210
Total comprehensive surplus for the year	-	-	-
Balance as at 31.12.2017/01.01.2018	21,513	55,697	77,210
Total comprehensive surplus for the year	-	-	-
Balance as at 31.12.2018	21,513	55,697	77,210

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

SINGAPORE MEDICAL ASSOCIATION TRUST FUND

STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	2018	2017
	S\$	S\$
Cash flows from operating activities		
Surplus before taxation	-	-
	<u>-</u>	<u>-</u>
Net cash used in operating activities	-	-
	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	-	-
Cash and cash equivalents at beginning of year	77,210	77,210
	<u>77,210</u>	<u>77,210</u>
Cash and cash equivalents at end of year	77,210	77,210
	<u>77,210</u>	<u>77,210</u>

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

SINGAPORE MEDICAL ASSOCIATION TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018

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

1. GENERAL

The registered office and principal place of business of The Fund is located at 2985 Jalan Bukit Merah, #02-2C SMF Building, Singapore 159457.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

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

In the current financial year, The Fund has adopted all the new and revised FRS and Interpretations of FRS (“INT FRS”) that are relevant to its operations and effective for annual period beginning on or after 1 January 2018. The adoption of these new/revised FRSs and INT FRSs has no material effect on the financial statements.

b) Significant Accounting Estimates and Judgements

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

c) Cash and Cash Equivalents

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

SINGAPORE MEDICAL ASSOCIATION TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Financial Assets

Initial recognition and measurement

Financial assets are recognised on the statement of financial position when, and only when, The Fund becomes a party to the contractual provisions of the financial instrument.

At initial recognition, the Fund measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Subsequent measurement

Subsequent measurement of debt instrument depends on the financial asset's contractual cash flow characteristics and the Fund's business model for managing them.

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

Derecognition

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

e) Currency Translations

Functional and presentation currency

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

Transactions and balances

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

SINGAPORE MEDICAL ASSOCIATION TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018

3. CAPITAL FUND

	2018 S\$	2017 S\$
Balance at beginning of year and end of year	<u>21,513</u>	<u>21,513</u>

4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Credit Risk

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

Liquidity Risk

The trustees monitor and maintain a level of cash and cash equivalents deemed adequate by The Fund to finance The Fund's operations and mitigate the effects of fluctuations in cash flows. The Fund will be funded by Singapore Medical Association if necessary.

5. CATEGORIES OF FINANCIAL INSTRUMENTS

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

	2018 S\$	2017 S\$
<u>Financial assets</u>		
Loans and receivables: -		
Cash and cash equivalents	<u>77,210</u>	<u>77,210</u>
Total financial assets	<u>77,210</u>	<u>77,210</u>

SINGAPORE MEDICAL ASSOCIATION TRUST FUND

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2018

6. FAIR VALUES

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

7. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2019. The Fund's trustees expect that the adoption of these standards will have no material impact on the financial statements in the period of initial application.