FINANCIALS

SINGAPORE MEDICAL ASSOCIATION AND SUBSIDIARY
FINANCIAL STATEMENTS – 31ST DECEMBER 2011

REG. NO: S61SS0168E (Registered under the Societies Act)

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SINGAPORE MEDICAL ASSOCIATION

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STATEMENT BY MANAGEMENT COUNCIL

We, the undersigned Management Council members, state that, in our opinion the accompanying financial statements of the Association and the Group, which comprise the statement of financial position as at 31st December 2011, and statement of comprehensive income, statements of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes are drawn up so as to give a true and fair view of the state of affairs of the Association and of the Group as at 31st December 2011 and of the results, changes in equity and cash flow of the Association and of the Group for the year ended 31st December 2011; and

On behalf of the Management Council:

DR CHONG YEH WOEI
President

DR WONG TIEN HUA
Honorary Secretary

DR LEE YIK VOON
Honorary Treasurer

Singapore, 1st March 2012

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SINGAPORE MEDICAL ASSOCIATION

Report on the financial statements

We have audited the accompanying financial statements of Singapore Medical Association (the "Association") and its subsidiary (collectively, the "Group"), which comprise the statements of financial position of the Group and of the Association as at 31st December 2011, the statements of comprehensive income and statements of changes in equity of the Group and of the Association and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management Council Members' Responsibility for the Financial Statements

The Management Council members are responsible for the preparation of these financial statements that give a true and fair view in accordance with Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements of the Group and the financial statements of the Association are properly drawn up in accordance with the provisions of the Societies Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Association as at 31st December 2011 and the results, changes in equity and cash flows of the Group and of the Association for the year ended on that date.

Report on other legal and regulatory requirements

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

B P YAP & CO.,
Certified Public Accountants
Singapore

Singapore, 1st March 2012

FINANCIALS:
SINGAPORE MEDICAL ASSOCIATION

STATEMENTS OF FINANCIAL POSITION AS AT 31ST DECEMBER 2011

	Notes	GROUP 2011 S$	GROUP 2010 S$	ASSOCIATION 2011 S$	ASSOCIATION 2010 S$
ASSETS					
Non-current assets					
Property, plant and equipment	3	19,289	32,737	16,455	28,150
Investment in subsidiary	4	-	-	2,314,000	2,314,000
Held-to-maturity investments	5	1,520,999	1,534,206	-	-
		1,540,288	1,566,943	2,330,455	2,342,150
Current assets					
Held-to-maturity investments	5	-	499,978	-	-
Financial assets, at fair value through profit or loss	6	2,296,382	1,269,375	-	-
Trade and other receivables	7	783,783	604,014	769,094	534,491
Cash and cash equivalents	9	1,462,852	1,673,489	886,945	713,729
		4,543,017	4,046,856	1,656,039	1,248,220
Total assets		6,083,305	5,613,799	3,986,494	3,590,370
EQUITY AND LIABILITIES					
Equity attributable to the members of the Association					
Accumulated fund		5,789,685	5,298,881	3,737,410	3,339,595
Total equity		5,789,685	5,298,881	3,737,410	3,339,595
Non-current liabilities					
Deferred tax liabilities	10	3,279	5,173	2,797	4,044
Current liabilities					
Other payables	11	260,529	290,184	222,155	239,169
Current tax payable		29,812	19,561	24,132	7,562
		290,341	309,745	246,287	246,731
Total liabilities		293,620	314,918	249,084	250,775
Total equity and liabilities		6,083,305	5,613,799	3,986,494	3,590,370

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

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2011

	Notes	GROUP 2011 S$	GROUP 2010 S$	ASSOCIATION 2011 S$	ASSOCIATION 2010 S$
Income					
AST course fees		82,900	74,200	82,900	74,200
Bad debts recovered - subscriptions		-	1,590	-	1,590
Bad debts recovered - trade		5,640	-	-	-
CPR course fees		17,040	7,857	-	-
Commission income		881,956	628,590	840,219	588,994
Fair value gain on financial assets, at fair value through profit or loss		-	51,492	-	-
Healthcare course fees		91,432	68,969	-	-
Interest income on held-to-maturity investments		42,566	34,664	-	-
Interest income on bank deposits		874	5,611	212	210
Management fee income		-	-	19,000	19,000
Medik Awas income		7,130	9,591	7,130	9,591
MedicalHub income		11,600	8,063	-	-
Members' events income		6,187	19,397	6,187	19,397
Rebate income		189,171	187,965	189,171	187,965
Sensory publication		-	62,813	-	62,813
SMA Dinner and Dance		12,572	19,894	12,572	19,894
SMA Football		3,990	1,122	3,990	1,122
SMA Golf		6,439	8,458	6,439	8,458
SMA Medical Convention		61,065	103,634	61,065	103,634
SMA Newsletter publication		308,611	158,777	308,611	158,777
SMA talks and seminars		47,432	49,436	47,432	49,436
SMJ publication		203,299	147,013	203,299	147,013
Spring-NUS-SMA course fees		8,645	-	-	-
Subscriptions		699,975	677,998	699,975	677,998
Sundry income		25,626	7,987	24,944	2,007
		2,714,150	2,335,121	2,513,146	2,132,099
Expenditure		(2,198,353)	(1,955,744)	(2,095,371)	(1,900,630)
Surplus before tax		515,797	379,377	417,775	231,469
Income tax expense	12	(24,993)	(18,006)	(19,960)	(5,712)
Surplus for the year		490,804	361,371	397,815	225,757
Other comprehensive income		-	-	-	-
Total comprehensive income		490,804	361,371	397,815	225,757

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

STATEMENTS OF EXPENDITURE FOR THE YEAR ENDED 31ST DECEMBER 2011

	Notes	GROUP		ASSOCIATION	
		2011 S$	2010 S$	2011 S$	2010 S$
AST course expenses		51,373	44,779	51,373	44,779
Advertisements		1,376	6,911	1,376	6,911
Audit fee		7,900	8,300	4,400	4,800
Bad debts written off - trade		2,809	2,600	1,680	2,600
Bank charges		9,715	9,613	9,652	9,553
CPF and SDL		123,791	104,787	123,791	104,787
CPR course expenses		13,570	4,764	-	-
Depreciation of property, plant and equipment	3	25,930	39,542	24,177	37,789
Donations		20,000	-	-	-
Entertainment		13,469	5,656	13,469	5,656
Fair value adjustment		4,288	-	-	-
General expenses		1,196	1,912	478	695
Healthcare course expenses		39,421	39,649	-	-
Insurance		14,810	11,718	14,810	11,718
Inter-professional games		-	4,919	-	4,919
Jobs Credit and other schemes		(156)	(11,133)	(156)	(11,133)
Loss on disposal of property, plant and equipment		-	4,248	-	4,248
Masks, gloves and gowns		1,200	700	-	-
Medical expenses		5,289	3,900	5,289	3,900
Medik Awas expense		1,394	1,141	1,394	1,141
Meeting expenses		21,001	2,178	21,001	2,178
Member's welfare		29,329	18,699	29,329	18,699
Net allowance for doubtful debts		25,160	24,170	25,160	24,170
Newspaper and periodicals		858	875	858	875
Office refreshments		1,282	1,097	1,282	1,097
Postage and courier		18,663	14,106	18,228	13,939
Printing and stationery		34,152	20,115	33,941	19,961
Professional fees		50,435	51,254	48,585	48,104
Property tax		4,308	4,476	4,308	4,476
Rental of equipment		11,923	11,028	11,923	11,028
Repairs and maintenance		149,480	104,300	137,219	104,300
Sensory publication expenses		-	73,318	-	73,318
SMA Dinner and Dance expenses		38,674	33,873	38,674	33,873
SMA Football expenses		5,289	3,002	5,289	3,002
SMA Golf expenses		8,139	8,380	8,139	8,380
SMA Medical Convention expenses		52,167	67,229	52,167	67,229
SMA Newsletter expenses		111,608	116,532	111,608	116,532
SMA talks and seminar expenses		27,463	12,192	27,463	12,192
SMJ publication expenses		169,789	167,349	169,789	167,349
Spring-NUS-SMA course expenses		2,583	-	-	-
Balance carried forward		1,099,678	1,018,179	996,696	963,065

STATEMENTS OF EXPENDITURE FOR THE YEAR ENDED 31ST DECEMBER 2011

		GROUP		ASSOCIATION	
	Notes	2011	2010	2011	2010
		S$	S$	S$	S$
Balance brought forward		1,099,678	1,018,179	996,696	963,065
Sponsorships		7,000	22,000	7,000	22,000
Staff commissions		9,383	8,088	9,383	8,088
Staff recruitment		714	7,723	714	7,723
Staff salaries and bonuses		928,146	796,854	928,146	796,854
Staff training		8,068	4,534	8,068	4,534
Staff vacation pay		6,251	(23,600)	6,251	(23,600)
Staff welfare		20,199	3,745	20,199	3,745
Subscriptions		1,969	3,450	1,969	3,450
Telephone and fax		29,777	29,692	29,777	29,692
Temporary staff services		2,976	-	2,976	-
Transport		11,987	5,975	11,987	5,975
Travel		50,379	57,725	50,379	57,725
Utilities		21,826	21,379	21,826	21,379
Total expenditure		2,198,353	1,955,744	2,095,371	1,900,630

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

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2011

	Accumulated fund	Building fund	Total equity
	S$	S$	S$
GROUP			
Balance at 1st January 2010	4,937,510	50,272	4,987,782
Renovations funded during the year	-	(50,272)	(50,272)
Total comprehensive income for the year	361,371	-	361,371
Balance at 31st December 2010	5,298,881	-	5,298,881
Total comprehensive income for the year	490,804	-	490,804
Balance at 31st December 2011	5,789,685	-	5,789,685
ASSOCIATION			
Balance at 1st January 2010	3,113,838	50,272	3,164,110
Renovations funded during the year	-	(50,272)	(50,272)
Total comprehensive income for the year	225,757	-	225,757
Balance at 31st December 2010	3,339,595	-	3,339,595
Total comprehensive income for the year	397,815	-	397,815
Balance at 31st December 2011	3,737,410	-	3,737,410

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2011

	2011 S$	2010 S$
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus before tax	515,797	379,377
Adjustments for:		
Depreciation of property, plant and equipment	25,930	39,542
Accretion of accrued income	2,607	(2,607)
Accretion of deferred income	78,051	(40,922)
Amortisation of premium on held-to-maturity investments	20,757	39,605
Fair value adjustment	4,288	(51,492)
Loss on disposal of property, plant and equipment	-	4,258
Interest income	(43,440)	(40,275)
Operating cash flows before working capital changes	603,990	327,486
Increase in trade and other receivables	(191,563)	(71,109)
(Decrease)/increase in other payables	(107,706)	33,963
Cash generated from operations	304,721	290,340
Income tax paid	(16,636)	(22,773)
Income tax refunded	-	4,268
Net cash generated from operating activities	288,085	271,835
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(12,482)	(65,924)
Renovations funded through Building Fund	-	(50,272)
Purchase of held-to-maturity investments	(1,007,572)	(1,535,178)
Proceeds from redemption of held-to-maturity investments	1,500,000	1,500,000
Purchase of financial assets, at fair value through profit or loss	(1,031,295)	(43,453)
Interest received on held-to-maturity investments	49,700	39,134
Interest received on bank deposits	2,927	3,558
Net cash used in investing activities	(498,722)	(152,135)
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Net (decrease)/increase in cash and cash equivalents	(210,637)	119,700
Cash and cash equivalents at start of year	1,673,489	1,553,789
Cash and cash equivalents at end of year	1,462,852	1,673,489

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

NOTES TO THE FINANCIAL STATEMENTS - 31ST DECEMBER 2011

1. GENERAL

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

The financial statements of the Group and the Association for the financial year ended 31st December 2011 were authorised for issue by the Management Council members on 1st March 2012.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

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

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

(b) Significant accounting estimates and judgements

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

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

(c) Functional currency

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

(d) Consolidation

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property, plant and equipment

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

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

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

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

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

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

(f) Impairment of non-financial assets

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial assets

Classification

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

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

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

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the end of the reporting period which are presented as non-current assets. Loans and receivables include "trade and other receivables" and "cash and cash equivalents". Cash and cash equivalents comprise cash on hand and bank balances and fixed deposits with financial institutions.

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

Recognition and de-recognition

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Financial assets (continued)

Initial measurement

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

Subsequent measurement

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

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

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

Impairment

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

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

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

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

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

(ii) Available-for-sale financial assets

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Financial liabilities

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

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

(i) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditure expected to be required to settle the obligation.

(j) Revenue recognition

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

Course fees are recognised over the duration of the course.

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

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

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

(k) Income tax

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Employee benefit

Pension obligations

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

Employee leave entitlement

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

(m) Leases

Operating lesses

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

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

(n) Government grants

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

(o) Related parties

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

3. PROPERTY, PLANT AND EQUIPMENT

	Computers	Air conditioners	Equipment, furniture and fittings	Renovations	Total
	S$	S$	S$	S$	S$
GROUP					
Cost					
As at 1.1.2010	53,546	15,784	184,837	164,005	418,172
Additions	22,941	-	42,983	-	65,924
Disposals	(3,895)	-	(30,647)	(41,528)	(76,070)
As at 31.12.2010	72,592	15,784	197,173	122,477	408,026
Additions	8,532	800	3,150	-	12,482
Disposals	(5,107)	(3,783)	(4,862)	-	(13,752)
As at 31.12.2011	76,017	12,801	195,461	122,477	406,756
Accumulated depreciation					
As at 1.1.2010	53,546	15,784	179,002	159,237	407,569
Depreciation for the year	22,941	-	16,081	520	39,542
On disposals	(3,895)	-	(30,647)	(37,280)	(71,822)
As at 31.12.2010	72,592	15,784	164,436	122,477	375,289
Depreciation for the year	8,532	266	17,132	-	25,930
On disposals	(5,107)	(3,783)	(4,862)	-	(13,752)
As at 31.12.2011	76,017	12,267	176,706	122,477	387,467
Carrying value					
As at 31.12.2010	-	-	32,737	-	32,737
As at 31.12.2011	-	534	18,755	-	19,289
ASSOCIATION					
Cost					
As at 1.1.2010	53,546	14,084	159,511	164,005	391,146
Additions	22,941	-	41,546	-	64,487
Disposals	(3,895)	-	(26,447)	(41,528)	(71,870)
As at 31.12.2010	72,592	14,084	174,610	122,477	383,763
Additions	8,532	800	3,150	-	12,482
Disposal	(5,107)	(3,783)	(4,862)	-	(13,752)
As at 31.12.2011	76,017	11,101	172,898	122,477	382,493
Accumulated depreciation					
As at 1.1.2010	53,546	14,084	158,579	159,237	385,446
Depreciation for the year	22,941	-	14,328	520	37,789
On disposals	(3,895)	-	(26,447)	(37,280)	(67,622)
As at 31.12.2010	72,592	14,084	146,460	122,477	355,613
Depreciation for the year	8,532	266	15,379	-	24,177
On disposals	(5,107)	(3,783)	(4,862)	-	(13,752)
As at 31.12.2011	76,017	10,567	156,977	122,477	366,038
Carrying value					
As at 31.12.2010	-	-	28,150	-	28,150
As at 31.12.2011	-	534	15,921	-	16,455

4. INVESTMENT IN SUBSIDIARY

	ASSOCIATION	
	2011	2010
	S$	S$
Unquoted equity shares, at cost	2,314,000	2,314,000

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

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

5. HELD-TO-MATURITY INVESTMENTS

This represents investments in quoted bonds.

	GROUP	
	2011	2010
	S$	S$
At carrying value	1,520,999	2,034,184
Less: Current portion	-	(499,978)
Non-current portion	1,520,999	1,534,206

The maturity dates of these investments ranges from April 2015 to October 2019 (2010: January 2011 to October 2019) and interest rates range from 3.22% to 4.35% (2010: 3.10% to 4.35%) per annum, which is also the effective interest rate at the end of the reporting period.

The market value of the quoted bonds at the end of the reporting period is S$1,533,183 (2010: S$2,003,800).

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

This represents investments in quoted equity securities.

	GROUP	
	2011	2010
	S$	S$
Held for trading		
Balance at start	1,269,375	1,174,430
Additions	1,031,295	-
Fair value adjustment	(4,288)	94,945
Balance at end	2,296,382	1,269,375

7. TRADE AND OTHER RECEIVABLES

	GROUP		ASSOCIATION	
	2011	2010	2011	2010
	S$	S$	S$	S$
Trade receivables	506,595	471,344	506,115	445,086
Subscription in arrears (Note 8)	75,077	61,428	75,077	61,428
Non-trade receivables	157,677	16,262	156,984	4,837
Interest receivable	11,253	25,277	-	-
Deposits	22,451	11,372	22,451	11,372
Prepayments	10,730	15,724	8,467	11,768
Accrued income	-	2,607	-	-
	783,783	604,014	769,094	534,491

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

8. SUBSCRIPTIONS IN ARREARS

	GROUP AND ASSOCIATION	
	2011	2010
	S$	S$
Subscriptions in arrears	101,920	87,219
Less:		
Allowance for doubtful debts		
Balance at start	25,791	20,802
Current year's allowance	26,843	25,791
Bad debts written off against allowance	(25,791)	(20,802)
Allowance written back	-	-
Balance at end	(26,843)	(25,791)
	75,077	61,428

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following items:

	GROUP		ASSOCIATION	
	2011	2010	2011	2010
	S$	S$	S$	S$
Cash and bank balances	1,415,710	1,023,259	839,803	666,799
Fixed deposits	47,142	650,230	47,142	46,930
	1,462,852	1,673,489	886,945	713,729

The fixed deposits have a tenure of 366 days (2010: 366 days) and their effective interest rate at the end of the reporting period is 0.45% (2010: 0.45%) per annum.

10. DEFERRED TAX LIABILITIES

	GROUP		ASSOCIATION	
	2011	2010	2011	2010
	S$	S$	S$	S$
Deferred tax liabilities comprise tax effect of temporary differences arising from:				
Accelerated tax depreciation	3,279	5,173	2,797	4,044
Movements in deferred tax liabilities during the reporting period are as follows:				
Balance at start	5,173	1,803	4,044	969
(Credit) /Charge to profit or loss (Note 12)	(1,894)	3,370	(1,247)	3,075
Balance at end	3,279	5,173	2,797	4,044

11. OTHER PAYABLES

	GROUP		ASSOCIATION	
	2011	2010	2011	2010
	S$	S$	S$	S$
Deferred income	135,942	57,891	102,068	31,763
Non-trade payables	18,268	65,844	18,268	45,457
Accrued operating expenses	106,319	166,449	101,819	161,949
	260,529	290,184	222,155	239,169

12. INCOME TAX EXPENSE

	GROUP		ASSOCIATION	
	2011	2010	2011	2010
	S$	S$	S$	S$
Income tax based on surplus before tax:				
Current tax				
Current period	29,812	19,561	24,132	7,562
Over provision in prior periods	(2,925)	(4,925)	(2,925)	(4,925)
	26,887	14,636	21,207	2,637
Deferred tax (Note 10)	(1,894)	3,370	(1,247)	3,075
Income tax expense	24,993	18,006	19,960	5,712

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

	GROUP		ASSOCIATION	
	2011	2010	2011	2010
	S$	S$	S$	S$
Surplus before tax	515,797	379,377	417,775	231,469
Tax at statutory rate of 17% (2010: 17%)	87,685	64,494	71,022	39,350
Income not subject to tax	(27)	(5,905)	(27)	(5,905)
Expenses not deductible for tax purposes	1,525	-	1,525	-
Statutory stepped income exemption	(31,512)	(21,262)	(24,982)	(8,412)
Enhanced tax allowances	(29,753)	(5,850)	(24,653)	(5,850)
Tax allowances on renovations funded through Building Fund	-	(8,546)	-	(8,546)
Over provision of income tax in prior periods	(2,925)	(4,925)	(2,925)	(4,925)
Income tax expense	24,993	18,006	19,960	5,712

13. OPERATING LEASE COMMITMENTS

The Group and Association leases equipment under a non-cancellable operating lease agreement.

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

	GROUP AND ASSOCIATION	
	2011	2010
	S$	S$
Within 1 year	14,112	11,724
Within 2 to 5 years	51,819	53,213
	65,931	64,937

14. FINANCIAL INSTRUMENTS

Financial risk management

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

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

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

As at the end of the reporting period there are no significant concentrations of credit risk.

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

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

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

(ii) Financial assets that are past due but not impaired
There is no other class of financial assets that is past due and/or impaired, except for trade receivables.

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

	2011 S$	2010 S$
Past due 0 to 3 months	485,050	436,387
Past due 3 to 6 months	40,768	13,790
Past due over 6 months	2,975	21,167
	528,793	471,344

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

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

(c) Interest rate risk – The Group is exposed to interest rate risk through the impact of the changes in interest rates on its interest bearing bonds and fixed deposits. The interest rates of the bonds are indicated in Note 5 to the financial statements. The interest rates of the fixed deposits are indicated in Note 9 to the financial statements. The sensitivity analysis for changes in interest rates is not disclosed as the effect on the profit or loss is considered not significant

14. FINANCIAL INSTURMENTS (continued)

Financial risk management (continued)

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

Estimation of fair values

Held-to-maturity investments

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

Financial assets, at fair value through profit or loss

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

Other financial assets and liabilities

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

Fair value hierarchy

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

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

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

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

During the reporting period ended 31st December 2011, quoted equity securities with carrying amount of S$2,296,382 (2010: S$1,269,375) were analysed as Level 1 as the fair values are determined by the quoted prices in active market.

15. NEW OR REVISED STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

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

FRS 19 Employee benefits

FRS 113 Fair value measurements

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

SINGAPORE MEDICAL ASSOCIATION PTE LTD
FINANCIAL STATEMENTS – 31ST DECEMBER 2011

REG. NO: 200002170N (Incorporated in the Republic of Singapore)

FINANCIALS: SINGAPORE MEDICAL ASSOCIATION PTE LTD

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DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 2011

The directors are pleased to present their report together with the audited financial statements of the Company for the financial year ended 31st December 2011.

Directors

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

   Executive directors
   Dr Tan Sze Wee
   Dr Toh Choon Lai
   Dr Tammy Chan Teng Mui
   Dr Wong Chiang Yin
   A/Prof Chin Jing Jih

   Non-executive directors
   Dr Chong Yeh Woei
   Dr Abdul Razakjr Bin Omar (Resigned on 14th February 2012)
   Dr Wong Tien Hua
   Dr Lee Yik Voon (Appointed on 14th February 2012)

Arrangements to enable directors to acquire shares and debentures

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

Directors' interest in shares or debentures

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

Directors' contractual benefits

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

Options to take up unissued shares

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

Options exercised

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

Unissued shares under options

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

Auditors

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

On behalf of the board of directors:

DR WONG TIEN HUA	**DR LEE YIK VOON**
Director	Director

Singapore, 1st March 2012

STATEMENT BY DIRECTORS

In our opinion:

(i) the accompanying financial statements of the Company, which comprise the statement of financial position as at 31st December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31st December 2011, and the results, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

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

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

On behalf of the board of directors:

DR WONG TIEN HUA	**DR LEE YIK VOON**
Director	Director

Singapore, 1st March 2012

FINANCIALS:
SINGAPORE MEDICAL ASSOCIATION PTE LTD

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SINGAPORE MEDICAL ASSOCIATION PTE LTD

Report on the financial statements

We have audited the accompanying financial statements of Singapore Medical Association Pte Ltd, which comprise the statement of financial position as at 31st December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company as at 31st December 2011 and the results, changes in equity and cash flows of the Company for the year ended on that date.

Report on other legal and regulatory requirements

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

B P YAP & CO.,
Certified Public Accountants
Singapore

Singapore, 1st March 2012

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2011

	Notes	2011 S$	2010 S$
ASSETS			
Non-current assets			
Property, plant and equipment	3	2,834	4,587
Held-to-maturity investments	4	1,520,999	1,534,206
		1,523,833	1,538,793
Current assets			
Held-to-maturity investments	4	-	499,978
Financial assets, at fair value through profit or loss	5	2,296,382	1,269,375
Trade and other receivables	6	35,089	69,523
Cash and cash equivalents	7	575,907	959,760
		2,907,378	2,798,636
Total assets		4,431,211	4,337,429
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	8	2,314,000	2,314,000
Retained earnings		2,052,275	1,959,286
Total equity		4,366,275	4,273,286
Non-current liabilities			
Deferred tax liabilities	9	482	1,129
Current liabilities			
Other payables	10	58,774	51,015
Current tax payable		5,680	11,999
		64,454	63,014
Total liabilities		64,936	64,143
Total equity and liabilities		4,431,211	4,337,429

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

FINANCIALS:
SINGAPORE MEDICAL ASSOCIATION PTE LTD

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2011

	Notes	2011 S$	2010 S$
Revenue	11	170,454	124,485
Other income		49,550	97,537
Depreciation expenses	3	(1,753)	(1,753)
Staff costs		-	-
Other expenses		(120,229)	(72,361)
Profit before tax	12	98,022	147,908
Income tax expense	13	(5,033)	(12,294)
Profit for the year		92,989	135,614
Other comprehensive income		-	-
Total comprehensive income		92,989	135,614

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2011

	Share capital S$	Retained earnings S$	Total equity S$
Balance at 1st January 2010	2,314,000	1,823,672	4,137,672
Total comprehensive income for the year	-	135,614	135,614
Balance at 31st December 2010	2,314,000	1,959,286	4,273,286
Total comprehensive income for the year	-	92,989	92,989
Balance at 31st December 2011	2,314,000	2,052,275	4,366,275

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2011

	2011 S$	2010 S$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	98,022	147,908
Adjustments for:		
Depreciation of property, plant and equipment	1,753	1,753
Accretion of accrued income	2,607	(2,607)
Accretion of deferred income	7,746	(28,707)
Amortisation of premium on held-to-maturity investments	20,757	39,605
Fair value adjustment	4,288	(51,492)
Interest income	(43,228)	(40,065)
Operating cash flows before working capital changes	91,945	66,395
Decrease in trade and other receivables	22,640	38,806
Increase in other payables	13	4,636
Cash generated from operations	114,598	109,837
Income tax paid	(11,999)	(22,773)
Net cash generated from operating activities	102,599	87,064
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant, and equipment	-	(1,437)
Purchase of held-to-maturity investments	(1,007,572)	(1,535,178)
Proceeds from redemption of held to-maturity investments upon maturity	1,500,000	1,500,000
Purchase of financial assets, at fair value through profit or loss	(1,031,295)	(43,453)
Interest received on held-to-maturity investments	49,700	39,134
Interest received on bank deposits	2,715	3,348
Net cash used in investing activities	(486,452)	(37,586)
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Net (decrease)/increase in cash and cash equivalents	(383,853)	49,478
Cash and cash equivalents at start of year	959,760	910,282
Cash and cash equivalents at end of year (Note 7)	575,907	959,760

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

NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER 2011

1. CORPORATE INFORMATION

The financial statements of the Company for the year ended 31st December 2011 were authorised for issue in accordance with a directors' resolution dated 1st March 2012.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

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

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

(b) Significant accounting estimates and judgements

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

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

(c) Functional currency

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment

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

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

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

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

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

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

(e) Impairment of non-financial assets

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial assets

Classification

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

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

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

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the end of the reporting period which are presented as non-current assets. Loans and receivables include “trade and other receivables” and “cash and cash equivalents”. Cash and cash equivalents comprise cash on hand and bank balances and fixed deposits with financial institutions.

(iii) Held-to-maturity investments

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

(iv) Available-for-sale financial assets

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

Recognition and de-recognition

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial assets (continued)

Initial measurement

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

Subsequent measurement

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

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

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

Impairment

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

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

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

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

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

(ii) Available-for-sale financial assets

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

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

(g) Financial liabilities

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of the provision is the present value of the expenditure expected to be required to settle the obligation.

(i) Share capital

Ordinary shares are classified as equity.

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

(j) Revenue recognition

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

Course fees are recognised over the duration of the course.

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

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

(k) Income tax

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

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

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

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

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

(l) Related parties

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

3. PROPERTY, PLANT AND EQUIPMENT

	Air conditioners S$	Equipment, furniture and fittings S$	Total S$
Cost			
As at 1st January 2010	1,700	25,326	27,026
Additions	-	1,437	1,437
Disposals	-	(4,200)	(4,200)
As at 31st December 2010 and 31st December 2011	1,700	22,563	24,263
Accumulated depreciation			
As at 1st January 2010	1,700	20,423	22,123
Depreciation for the year	-	1,753	1,753
On disposal	-	(4,200)	(4,200)
As at 31st December 2010	1,700	17,976	19,676
Depreciation for the year	-	1,753	1,753
As at 31st December 2011	1,700	19,729	21,429
Carrying value			
As at 31st December 2010	-	4,587	4,587
As at 31st December 2011	-	2,834	2,834

4. HELD-TO-MATURITY INVESTMENTS

This represents investments in quoted bonds.

	2011 S$	2010 S$
At carrying value	1,520,999	2,034,184
Less: Current portion	-	(499,978)
Non-current portion	1,520,999	1,534,206

The maturity dates of these investments ranges from April 2015 to October 2019 (2010: January 2011 to October 2019) and interest rates range from 3.22% to 4.35% (2010: 3.10% to 4.35%) per annum, which is also the effective interest rate at the end of the reporting period.

The market value of the quoted bonds at the end of the reporting period is S$1,533,183 (2010: S$2,003,800).

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

This represents investments in quoted equity securities.

	2011 S$	2010 S$
Held for trading		
Balance at start	1,269,375	1,174,430
Additions	1,031,295	43,453
Fair value adjustment	(4,288)	51,492
Balance at end	2,296,382	1,269,375

6. TRADE AND OTHER RECEIVABLES

	2011 S$	2010 S$
Trade receivables	20,880	26,258
Non-trade receivables	693	16,262
Interest receivable	11,253	20,440
Prepayments	2,263	3,956
Accrued income	-	2,607
	35,089	69,523

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

7. CASH AND CASH EQUIVALENTS

	2011 S$	2010 S$
Cash and cash equivalents comprise the following items:		
Cash and bank balances	575,907	356,460
Fixed deposit	-	603,300
	575,907	959,760

The fixed deposit had a tenure of 365 days and its effective interest rate at the end of the previous reporting period was 0.45% per annum.

8. SHARE CAPITAL

	2011		2010	
	No. of shares	S$	No. of shares	S$
Issued and fully paid				
Ordinary shares, with no par value	2,314,000	2,314,000	2,314,000	2,314,000

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

9. DEFERRED TAX LIABILITIES

	2011 S$	2010 S$
Deferred tax liabilities comprise tax effect of temporary differences arising from:		
Accelerated tax depreciation	482	780
Other temporary differences	-	349
	482	1,129
Movements in deferred tax liabilities during the reporting period are as follows:		
Balance at start	1,129	834
(Credit)/charge to profit or loss (Note 13)	(647)	295
Balance at end	482	1,129

10. OTHER PAYABLES

	2011 S$	2010 S$
Deferred income	33,874	26,128
Non-trade payables	20,400	20,387
Accrued operating expenses	4,500	4,500
	58,774	51,015

Included in non-trade payables is S$20,400 (2010: S$20,387) due to Singapore Medical Association. The amount due is unsecured, interest-free and repayable on demand.

11. REVENUE

	2011 S$	2010 S$
Cardiopulmonary resuscitation course fees	17,040	7,857
Commission income	41,737	39,596
Healthcare course fees	91,432	68,969
MedicalHub income	11,600	8,063
Spring-NUS-SMA course fees	8,645	-
	170,454	124,485

12. PROFIT BEFORE TAX

	2011 S$	2010 S$
This is arrived at after (crediting)/charging:		
Bad debts recovered - trade	(5,640)	-
Bad debts written off - trade	1,129	-
Fair value loss/(gain) on financial assets, at fair value through profit or loss	4,288	(51,492)
Interest income on bank deposits	(662)	(5,401)
Interest income on held-to-maturity investments	(42,566)	(34,664)

13. INCOME TAX EXPENSE

	2011 S$	2010 S$
Income tax based on profit before tax:		
Current tax		
- Current year	5,680	11,999
Deferred tax (Note 9)	(647)	295
Income tax expense	5,033	12,294

13. INCOME TAX EXPENSE (continued)

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

	2011 S$	2010 S$
Profit before tax	98,022	147,908
Tax at statutory rate of 17% (2010: 17%)	16,663	25,144
Enhanced tax allowances	(5,100)	-
Statutory stepped income exemption	(6,530)	(12,850)
Income tax expense	5,033	12,294

14. RELATED PARTY TRANSACTIONS

	2011 S$	2010 S$
With Singapore Medical Association		
Management fee expense	19,000	19,000

15. FINANCIAL INSTRUMENTS

Financial risk management

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

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

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

As at the end of the reporting period there are no significant concentrations of credit risk.

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

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

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

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

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

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

15. FINANCIAL INSTRUMENTS (continued)

Financial risk management (continued)

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

	2011 S$	2010 S$
Past due 0 to 3 months	20,880	1,418
Past due 3 to 6 months	-	3,780
Past due over 6 months	-	21,060
	20,880	26,258

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

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

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

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

Estimation of fair values

Held-to-maturity investments

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

Financial assets, at fair value through profit or loss

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

Other financial assets and liabilities

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

15. FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

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

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

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

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

During the reporting period ended 31st December 2011, quoted equity securities with carrying amount of S$2,296,382 (2010: S$1,269,375) were analysed as Level 1 as the fair values are determined by the quoted prices in active market.

Capital management

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

The Company seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Company achieved a return on shareholder' equity of 2.1% for the reporting period ended 31st December 2011 compared to 3.2% for the reporting period ended 31st December 2010. There were no changes in the Company's approach to capital management during the reporting period. The Company is not subject to externally imposed capital requirements.

16. NEW OR REVISED STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

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

FRS 19	Employee benefits
FRS 113	Fair value measurements

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

FINANCIALS: SINGAPORE MEDICAL ASSOCIATION PTE LTD

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 2011

	2011 S$	2010 S$
INCOME		
Bad debt recovered-trade	5,640	-
CPR course fees	17,040	7,857
Commission income	41,737	39,596
Fair value gain on financial assets, at fair value through profit or loss	-	51,492
Healthcare course fees	91,432	68,969
Interest income on bank deposits	662	5,401
Interest income on held-to-maturity investments	42,566	34,664
MedicalHub income	11,600	8,063
Spring-NUS-SMA course fees	8,645	-
Sundry income	682	5,980
	220,004	222,022
LESS: EXPENDITURE		
Audit fee	3,500	3,500
Bad debts written off - trade	1,129	-
Bank charges	63	60
CPR course expenses	13,570	4,764
Depreciation of property, plant and equipment	1,753	1,753
Donations	20,000	-
Fair value loss on financial assets, at fair value through profit or loss	4,288	-
General expenses	718	1,217
Healthcare course expenses	39,421	39,649
Management fees	19,000	19,000
Masks, gloves and gowns	1,200	700
Postage and courier	435	167
Printing and stationery	211	154
Professional fees	1,850	3,150
Repairs and maintenance	12,261	-
Spring-NUS-SMA course expenses	2,583	-
	(121,982)	(74,114)
PROFIT BEFORE TAX	98,022	147,908

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

SINGAPORE MEDICAL ASSOCIATION TRUST FUND FINANCIAL STATEMENTS – 31ST DECEMBER 2011

FINANCIALS: SINGAPORE MEDICAL ASSOCIATION TRUST FUND

CONTENTS

FINANCIALS:
SINGAPORE MEDICAL ASSOCIATION TRUST FUND

STATEMENT BY TRUSTEES

We, the undersigned trustees, state that, in the opinion of the trustees, the accompanying financial statements are drawn up as to present fairly the state of affairs of the Singapore Medical Association Trust Fund as at 31st December 2011 and the results, changes in equity and cash flows of the Singapore Medical Association Trust Fund for the year then ended.

On behalf of the management council:

DR KHOO CHONG YEW
Chairman

DR TAN YEW GHEE
Secretary

DR LOW LIP PING
Treasurer

Singapore, 1st March 2012

FINANCIALS: SINGAPORE MEDICAL ASSOCIATION TRUST FUND

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

Report on the financial statements

We have audited the accompanying financial statements of Singapore Medical Association Trust Fund which comprises the statement of financial position as at 31st December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Trustees' Responsibility for the Financial Statements

The Management Council members are responsible for the preparation of these financial statements that give a true and fair view in accordance with Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements of the Trust Fund are properly drawn up in accordance with generally accepted accounting principles and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Trust Fund as at 31st December 2011 and the results, changes in equity and cash flows of the Trust Fund for the year ended on that date.

B P YAP & CO.,
Certified Public Accountants
Singapore

Singapore, 1st March 2012

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2011

	Notes	2011 S$	2010 S$
ASSETS			
Current assets			
Cash and cash equivalents		77,210	77,210
Total assets		77,210	77,210
EQUITY			
Capital and reserves			
Capital fund	3	21,513	21,513
Accumulated surplus		55,697	55,697
Total equity		77,210	77,210

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

FINANCIALS:
SINGAPORE MEDICAL ASSOCIATION TRUST FUND

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2011

	Notes	2011 S$	2010 S$
Revenue		-	-
Expenses			
Bank charges		-	(30)
Deficit before tax		-	(30)
Income tax expense		-	-
Deficit for the year		-	(30)
Other comprehensive income		-	-
Total comprehensive income		-	(30)

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2011

	Capital fund S$	Accumulated surplus S$	Total equity S$
Balance at 1st January 2010	21,113	55,727	76,840
Net movements in capital fund	400	-	400
Total comprehensive income for the year	-	(30)	(30)
Balance at 31st December 2010	21,513	55,697	77,210
Total comprehensive income for the year	-	-	-
Balance at 31st December 2011	21,513	55,697	77,210

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

STATEMENT OF CASH FLOWS FOR THE YEAR 31ST DECEMBER 2011

	2011 S$	2010 S$
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficit before tax	-	(30)
Increase in capital fund	-	400
Net cash generated from operating activities	-	370
CASH FLOWS FROM INVESTING ACTIVITIES	-	-
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Net increase in cash and cash equivalents	-	370
Cash and cash equivalents at start of year	77,210	76,840
Cash and cash equivalents at end of year	77,210	77,210

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

NOTES TO THE FINANCIAL STATEMENTS – 31ST DECEMBER 2011

1. GENERAL

The financial statements of Singapore Medical Association Trust Fund for the year ended 31st December 2011 were authorised for issue by the Trustees on 1st March 2012.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

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

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

(b) Significant accounting estimates and judgements

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

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

(c) Functional currency

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Cash and cash equivalents

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

(e) Financial assets

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

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

(f) Impairment

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

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

(g) Income and expenditure

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

3. CAPITAL FUND

	2011 S$	2010 S$
Balance at start	21,513	21,113
Funding from Singapore Medical Association	-	400
Balance at end	21,513	21,513

4. FINANCIAL INSTRUMENTS

Financial risk management

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

(a) Credit risk – The Trust Fund's exposure to credit risk arises from the failure of a counterparty to settle its financial and contractual obligations to the Trust Fund, as and when they fall due. The Trust Fund manages this risk by monitoring credit ratings and limiting the aggregate financial exposure to any individual counterparty.

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

As at the end of the reporting period there are no significant concentrations of credit risk.

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

The credit risk for the receivables is as follows:

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

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

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

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

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

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

Estimation of fair values

Financial assets and liabilities

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