Audited Financial Statements

Singapore Orthopaedic Association

(UEN S68SS0024A)

For the year ended 31 December 2019

Singapore Orthopaedic Association
(UEN S68SS0024A)

General Information

Management Committees

President	:	A/Prof James Hui Hoi Po
Vice President	:	Dr Denny Lie Tjiauw Tjoen
Honorary Secretary	:	Dr Gabriel Liu Ka Po
Assistant Secretary	:	Dr Dave Lee Yee Han
Treasurer	:	Dr John Chen Li Tat
Editor	:	Dr Francis Wong Keng Lin
Ex-officio member	:	A/Prof Naresh Satyanarayan Kumar
Chairman, SOA – ASSA	:	Dr Dave Lee Yee Han
Chairman, SOA – HOS	:	Dr Peter Lee Yew Chung
Chairman, SOA – SOTC	:	Dr Benjamin Ding Tze Keong
Chairman, SOA – OFASS	:	Dr Cheong Keen Wai
Chairman, SOA – SESS	:	Dr Denny Lie Tjiauw Tjoen

Secretariat

Michelle Choy Sok Har

Independent Auditor

HLB Atrede LLP

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Statement by the Management Committee

In our opinion, the accompanying financial statements are drawn up so as to present fairly, in all material respects, the financial position of Singapore Orthopaedic Association (the "Association") as at 31 December 2019 and of the financial performance, changes in fund and cash flows of the Association for the year ended on that date in accordance with the provision of Societies Act Chapter 311 (the "Act") and Singapore Financial Reporting Standards.

On behalf of the Management Committee,

A/Prof James Hui Hoi Po President	Dr John Chen Li Tat Treasurer

Singapore
13 March 2020

Independent Auditor's Report
to the members of Singapore Orthopaedic Association
(UEN S68SS0024A)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Singapore Orthopaedic Association (the "Association"), which comprise the balance sheet as at 31 December 2019, the statement of comprehensive income, statement of changes in fund and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act, Chapter 311 (the "Act") and Financial Reporting Standards in Singapore (FRSs) so as to present fairly, in all material respects, the financial position of the Association as at 31 December 2019 and of the financial performance, changes in fund and cash flows of the Association for the year ended on that date.

Basis for Opinion

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

Responsibilities of Management Committee for the Financial Statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with the provisions of the Act and FRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

Responsibilities of Management Committee for the Financial Statements (continued)

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

The management committees are responsible for include overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

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

HLB Atrede LLP
Public Accountants and
Chartered Accountants

Singapore
13 March 2020

Singapore Orthopaedic Association
(UEN S68SS0024A)

Balance Sheet as at 31 December 2019

	Note	2019	2018
		S$	S$
Non-current asset			
Plant and equipment	4	1,890	–
		1,890	–
Current assets			
Trade receivables	5	120,830	174,603
Other receivables	6	18,703	12,532
Cash and cash equivalents		1,031,784	916,449
		1,171,317	1,103,584
Current liabilities			
Other payables	7	29,029	11,360
Tax payable		4,430	4,919
		33,459	16,279
Net current assets		1,137,858	1,087,305
Net assets		1,139,748	1,087,305
Fund			
Accumulated fund		1,139,748	1,087,305
Total fund		1,139,748	1,087,305

The accompanying accounting policies and explanatory notes form an integral part of financial statements.

Singapore Orthopaedic Association
(UEN S68SS0024A)

Statement of Comprehensive Income for the financial year ended 31 December 2019

	Note	2019 S$	2018 S$
Income	8	899,365	941,192
Expenditure	9	(842,758)	(884,897)
Surplus before tax		56,607	56,295
Income tax expense	10	(4,164)	(4,919)
Surplus for the year		52,443	51,376
Other comprehensive income		–	–
Total comprehensive income for the year		52,443	51,376

Statement of Changes in Fund
Year ended 31 December 2019

	Accumulated fund S$
Balance at 1 January 2018	1,035,929
Total comprehensive income for the year	51,376
Balance at 31 December 2018	1,087,305
Total comprehensive income for the year	52,443
Balance at 31 December 2019	1,139,748

The accompanying accounting policies and explanatory notes form an integral part of financial statements.

Singapore Orthopaedic Association
(UEN S68SS0024A)

Cash Flow Statement for the financial year ended 31 December 2019

	2019 S$	**2018** S$
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus before tax	56,607	56,295
Adjustments for:		
Depreciation	945	–
Allowance for expected credit losses	3,687	16,477
Bad debt written off	260	–
Interest income	(6,055)	–
Surplus before working capital changes	55,444	72,772
Decrease/(increase) in trade receivables	49,826	(123,741)
(Increase)/Decrease in other receivables	(6,171)	2,522
Increase in payables	17,669	1,040
Cash generated from/(used in) operations	116,768	(47,407)
Income tax paid	(4,653)	(5,104)
Interest received	6,055	–
Net cash flows from/(used in) operating activities	118,170	(52,511)
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of plant and equipment	(2,835)	–
Net cash flows used in investing activity	(2,835)	–
Net increase/(decrease) in cash and cash equivalents	115,335	(52,511)
Cash and cash equivalents at beginning of year	916,449	968,960
Cash and cash equivalents at end of year	1,031,784	916,449

The accompanying accounting policies and explanatory notes form an integral part of financial statements.

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

1. GENERAL INFORMATION

Singapore Orthopaedic Association is a society registered under Societies Act Chapter 311 on 1 March 1968.

The registered office of the Association is located at 6 Outram Road #07-A50 Department of Surgery, Singapore 169608.

The principal activities of the Association are to promote a sense of belonging and identity among its members and to provide opportunities to foster friendship and engage in academic, social and cultural activities in the advancement of science and art of orthopaedic surgery.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) *Basis of preparation*

The 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 financial statements are presented in Singapore Dollar (SGD or S$) and all values are rounded to the nearest one-dollar unless otherwise stated.

The accounting policies adopted are consistent with those used in the previous financial year except in current financial year, the Association has adopted all applicable new and revised standards and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the current financial year. The adoption of these standards and INT FRS did not have any material effect on the financial position or performance of the Association for the current or prior financial years.

Standards issued but not yet effective

The Association has not adopted the following standards and interpretations that are potentially relevant to the Association that has been issued but not yet effective:

	Effective date (Annual periods beginning on or after)
FRS 117: *Insurance Contracts*	
Amendments to FRS 1 and FRS 8: *Definition of Material*	1 January 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) *Basis of preparation (continued)*

Standards issued but not yet effective

	Effective date (Annual periods beginning on or after)
Amendments to FRS 109, FRS 39 and FRS 107: *Interest Rate Benchmark Reform*	1 January 2020
Amendments to References to the Conceptual Framework in FRS Standards, illustrative examples, implementation guidance and FRS Practice Statements	1 January 2020
Revised Conceptual Framework	1 January 2020

The management committees expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

(b) *Plant and equipment*

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment is measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Association and the cost of the item can be measured reliably.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Computer equipment – 3 years

Fully depreciated assets are retained in the financial statements until they are no longer in use.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) *Financial instruments*

(i) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

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

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

Subsequent measurement

Amortised cost

Subsequent measurement of financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(ii) *Financial liabilities*

Initial recognition and measurement

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) *Financial instruments (continued)*

(ii) *Financial liabilities (continued)*

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

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

(d) *Impairment of financial assets*

The Association recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Association expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Association applies a simplified approach in calculating ECLs. Therefore, the Association does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Association has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) *Impairment of financial assets (continued)*

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(i) significant financial difficulty of the issuer or the borrower;
(ii) a breach of contract, such as a default or past due event;
(iii) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(iv) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(v) the disappearance of an active market for that financial asset because of financial difficulties.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

(e) *Cash and cash equivalents*

Cash and cash equivalents comprise only cash at bank.

(f) *Trade and other payables*

Trade and other payables are non-interest bearing and trade payables are normally settled on 30 to 60 days' terms while other payables have an average term of six months.

(g) *Provisions*

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) *Income*

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

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

(i) *Course fees and registration fee*

Course fees and registration fee are recognised in the period in which the courses are run and conducted.

(ii) *Sponsorship income*

Sponsorship income are recognised upon performance of events in according to the terms and conditions of sponsorship contracts.

(iii) *Membership subscription*

Membership subscription income is recognised on a straight-line basis over the membership period.

(i) *Taxes*

(i) *Current income tax*

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

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

(ii) *Deferred tax*

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Association's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets, liabilities, and disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

(i) *Judgement made in applying accounting policies*

There were no material judgements made by management in the process of applying the Association's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

(ii) *Estimates and assumptions*

There were no material key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4. PLANT AND EQUIPMENT

	Computer equipment S$
Cost:	
At 1 January 2018	2,761
Addition	–
At 31 December 2018 and 1 January 2019	2,761
Additions	2,835
Written off	(2,761)
At 31 December 2019	2,835
Accumulated depreciation:	
At 1 January 2018	2,761
Charge for the year	–
At 31 December 2018 and 1 January 2019	2,761
Charge for the year	945
Written off	(2,761)
At 31 December 2019	945
Net carrying amount:	
At 31 December 2018	–
At 31 December 2019	1,890

5. TRADE RECEIVABLES

	2019 S$	**2018** S$
Trade customers	140,994	191,080
Less: Allowance for expected credit losses	(20,164)	(16,477)
	120,830	174,603

Trade receivables are non-interest bearing and are generally on 30 days' terms. They are recognised at their original invoice amounts which represents their fair values on initial recognition.

Receivables that are impaired

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach.

	Lifetime ECL not credit impaired **Collectively assessed** S$
Balance as at 1 January 2018	–
Allowance for expected credit loss	16,477
Balance as at 31 December 2018	16,477
Allowance for expected credit loss	3,687
Balance as at 31 December 2019	20,164

The Association uses an allowance matrix to measure the ECLs of trade receivables from individual customers.

The following table provides information about the exposure to credit risk and ECLs for trade receivables for individual customer as at 31 December 2019:

	Expected credit loss rate %	**Gross carrying amount** $	**Lifetime ECL** $	**Credit impaired**
2019				
1 to 30 days	–	40,060	–	No
31 to 60 days past due	–	9,214	–	No
61 to 90 days past due	1	22,450	(224)	No
91 to 120 days past due	3	18,850	(566)	No
121 to 365 days past due	5	32,680	(1,634)	No
More than 365 days past due	100	17,740	(17,740)	Yes
		140,994	(20,164)	

5. TRADE RECEIVABLES (continued)

	Expected credit loss rate %	Gross carrying amount $	Lifetime ECL $	Credit impaired
2018				
31 to 60 days past due	–	13,250	–	No
61 to 90 days past due	1	39,560	(396)	No
91 to 120 days past due	3	9,950	(298)	No
121 to 365 days past due	5	118,460	(5,923)	No
More than 365 days past due	100	9,860	(9,860)	Yes
		191,080	(16,477)	

6. OTHER RECEIVABLES

	2019 S$	2018 S$
Interest receivable	6,055	–
Prepayment	12,648	12,532
	18,703	12,532

7. OTHER PAYABLES

Accountancy and tax fees payable	6,300	6,100
Accrued liabilities	4,280	4,280
Sundry payables	18,449	980
	29,029	11,360

8. INCOME

Members' subscription fees	27,760	25,840
Course fee and registration	251,060	209,660
Sponsorship	607,500	697,190
Services transferred over time	886,320	932,690
Other income	13,045	8,502
	899,365	941,192

9. EXPENDITURE

	2019 S$	2018 S$
Administrative expenses		
Accountancy fee	6,300	6,300
Auditor's remuneration	5,457	4,280
Bank charges	6,002	4,227
Depreciation	945	–
Donation	–	3,439
General expenses	7,565	9,431
Gold medallion	1,966	1,966
Secretarial services	50,000	59,630
Transportation	18,429	3,329
Website expenses	24,990	16,277
	121,654	108,879
Meetings, lunch and accommodation		
ASM's appreciation dinner	4,823	1,439
President's dinner	31,110	15,834
	35,933	17,273
Prizes and awards		
Annual scientific meeting prizes	1,460	3,750
N BALA award	1,000	1,000
P BALA YOIA award	1,000	1,000
	3,460	5,750
Speakers costs, conference and event management expenses		
Banquet, dinner and entertainment costs	39,775	23,092
Conference venue and materials costs	346,035	395,574
Course expenses	20,472	3,642
EXCO meeting expenses	254	831
EXCO travelling expenses	6,870	8,501
HKOA Ambassador travelling expenses	1,680	702
Postages, printing and stationery	10,648	8,127
Presidents' travel and accommodation expenses	14,284	23,977
Rental of equipment	49,062	43,335
Seminars and workshop expenses	28,127	3,209
Souvenirs and goodie bags	70	39,550
Speakers' costs, accommodation and airfare reimbursement	144,749	141,226
Telephone and transport expenses	1,976	1,608
	664,002	693,374

9. EXPENDITURE (continued)

	2019 S$	2018 S$
Travel fellowships		
AOA/NZ Travelling Fellowship	–	4,109
Junior Asean travel – airfare, accommodations, hospitality	2,133	11,014
Senior Asean travel – airfare, claims and transport	3,064	16,455
	5,197	31,578
Casual labour expenses	8,565	11,566
Allowance for expected credit losses	3,687	16,477
Bad debt written off	260	–
Total expenses	842,758	884,897

10. INCOME TAX EXPENSE

(i) *Major components of income tax expense*

The major components of income tax expense for the years ended 31 December 2019 and 2018 are:

Statement of comprehensive income:

	2019	2018
Current tax	4,430	4,919
Over-provision in prior year	(266)	–
	4,164	4,919

(ii) *Relationship between tax expense and accounting profit*

The reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 December 2019 and 2018 are as follows:

	2019	2018
Surplus before tax	56,607	56,295
Tax expense on profit before tax at 17%	9,623	9,570
Adjustments:		
Non-deductible expenses	–	584
Tax exemptions	(5,076)	(5,501)
Over-provision in prior year	(266)	–
Over-provision in current year	204	266
Deferred tax liability not recognised	(321)	–
Total tax expense	4,164	4,919

11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Association is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk and liquidity risk. The Association's risk management policies focus on the unpredictability of financial markets and seek to, where appropriate, minimise potential adverse effects on the financial performance of the Association. The Association does not have any written financial risk management policies and guidelines and there has been no change to the Association's exposure to these financial risks or the manner in which it manages and measures the risks.

The following sections provide details regarding the Association's exposure to the financial risks associated with financial instruments held in the ordinary course of business and the objectives, policies and processes for the management of these risks.

(i) ***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Association's exposure to credit risk arises primarily from trade receivables. Guidelines on credit terms provided to trade customers are established and continually monitored. For cash and cash equivalents, the Association minimises credit risk by dealing exclusively with reputable and well-established local banks and companies with high credit ratings and no history of defaults.

The Association's objective is to minimise losses incurred due to increased credit risk exposures. Credit policies with guidelines on credit terms and limits set the basis for risk control. New members are subject to credit evaluation while the Association continues to monitor existing members, especially those with repayment issues. In addition, appropriate allowances are made for probable losses when necessary for identified debtors.

The Association does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

In order to minimise credit risk, the Association has developed and maintain the Association's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the Association uses other publicly available financial information and the Association's own trading records to rate its major customers and other debtors. The Association exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(i) *Credit risk (continued)*

The Association's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >60 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and has no realistic prospect of recovery.	Amount is written off

The tables below detail the credit quality of the Association's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	External credit rating	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $	Loss allowance $	Net carrying amount $
2019							
Trade receivables	5	N.A.	(a)	Lifetime ECL (simplified approach)	143,394	(20,164)	123,230
Other receivables	6	N.A.	Performing	12m ECL		–	
						(20,164)	
2018							
Trade receivables	5	N.A.	(a)	Lifetime ECL (simplified approach)	191,080	(16,477)	174,603

(a) For trade receivables, the Association has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL. The Association determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix (Note 5).

11. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(i) ***Credit risk (continued)***

Exposure to credit risk

At the end of the reporting period, the Association's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheet. No other financial assets carry a significant exposure to credit risk.

Credit risk concentration profile

At the end of the reporting period, there were no significant concentrations of credit risk due to the Association's many varied members.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy with good payment record with the Association. Cash and cash equivalents that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 5 (Trade receivables).

(ii) ***Liquidity risk***

Liquidity risk is the risk that the Association will encounter difficulty in meeting financial obligations due to shortage of funds. The Association's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Association objective is to maintain sufficient liquidity and cash flow at all times to meet its normal operating activities.

The maturity profile of the Association's financial liabilities at the end of reporting period, based on contractual undiscounted repayment obligations is less than one year.

12. FAIR VALUE OF ASSETS AND LIABILITIES

The fair value of assets and liabilities is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying amount of financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

12. FAIR VALUE OF ASSETS AND LIABILITIES (continued)

However, the Association does not anticipate that the carrying amounts recorded at the end of the reporting period would be significantly different from the values that would eventually be received or settled.

At the end of the reporting period, the Association does not have any other financial instruments carried at fair value.

13. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the reporting period by FRS 109 categories.

	2019	**2018**
	S$	S$
Financial assets at amortised cost		
Trade receivables	123,230	174,603
Other receivables		
Cash and cash equivalents	1,031,784	916,449
	1,155,014	1,091,052
Financial liabilities at amortised cost		
Other payables	29,029	11,360

14. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the management committees on 13 March 2020.

SINGAPORE ORTHOPAEDIC ASSOCIATION

(Registered in Singapore under the Societies Act, Cap. 311)

DETAILED SPECIFIC FUNDS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Schedule 1

	Main Account	40 ASM	41 ASM	42 ASM	43 ASM	Total
	$	$	$	$	$	$
Income						
Registration and course fees	-	(2,400)	-	253,460		251,060
Sponsorship	50,000	-	-	557,500	-	607,500
Community grants	4,170	-	-	-	-	4,170
Subscription fees	27,760	-	-	-	-	27,760
Sundry income	1,000	-	-	1,820	-	2,820
Interest income on fixed deposits	6,055	-	-	-	-	6,055
Total Income	**88,985**	**(2,400)**	**-**	**812,780**	**-**	**899,365**
Expenses						
ADMINISTRATIVE EXPENSES						
Accountancy fees	6,300	-	-	-	-	6,300
Audit fees	5,457	-	-	-	-	5,457
Bank charges	333	-	-	5,669	-	6,002
Depreciation	945	-	-	-	-	945
General expenses	7,565	-	-	-	-	7,565
Gold Medallion	1,966	-	-	-	-	1,966
Secretariat services	50,000	-	-	-	-	50,000
Transportation	6,584	-	35	21,952	30	28,601
Website/e-learning	17,158	-	-	7,832	-	24,990
	96,308	**-**	**35**	**35,453**	**30**	**131,826**
MEETINGS, LUNCH AND ACCOMMODATION						
ASM appreciation dinner	-	-	-	4,823	-	4,823
President's dinner	-	-	-	31,110	-	31,110
	-	**-**	**-**	**35,933**	**-**	**35,933**
PRIZES AND AWARDS						
Annual scientific meeting prizes	-	-	-	1,460	-	1,460
N BALA Award	-	-	-	1,000	-	1,000
P BALA YOIA Award	-	-	-	1,000	-	1,000
	-	**-**	**-**	**3,460**	**-**	**3,460**
SPEAKERS COSTS, CONFERENCE AND EVENT MANAGEMENT EXPENSES						
Banquet, dinner and entertainment costs	19,766	-	14,697	4,666	646	39,775
Conference venue and materials costs	-	-	20	346,015	-	346,035
Courses expenses	20,472	-	-	-	-	20,472
EXCO meeting expenses	254	-	-	-	-	254
EXCO travelling expenses	6,870	-	-	-	-	6,870
HK & IOA Ambassordor travelling expenses	-	-	-	1,680	-	1,680
Postages, printing and stationery	7,066	-	-	3,582	-	10,648
President's travel and accommodation expenses	14,284	-	-	-	-	14,284
Rental of equipment	-	-	-	49,062	-	49,062
Seminars and workshop expenses	2,247	-	-	25,880	-	28,127
Souvenirs and goodie bags	-	-	-	70	-	70
Speakers' costs, accommodation and airfare reimbursement	22,056	-	-	112,521	-	134,577
Telephone and transportation expenses	1,857	-	-	103	16	1,976
	94,872	**-**	**14,717**	**543,579**	**662**	**653,830**
TRAVEL FELLOWSHIPS						
Junior Asean travel - airfare, accommodations, hospitality	2,133	-	-	-	-	2,133
Senior Asean travel - airfare, accommodations, hospitality	3,064	-	-	-	-	3,064
	5,197	**-**	**-**	**-**	**-**	**5,197**
OTHER EXPENSES						
Allowance on expected credit losses	3,687	-	-	-	-	3,687
Bad debts written off	260	-	-	-	-	260
Casual labour expenses	2,000	-	-	6,565	-	8,565
	5,947	**-**	**-**	**6,565**	**-**	**12,512**
Total Expenses	**202,324**	**-**	**14,752**	**624,990**	**692**	**842,758**
Surplus/(Deficit) from operating activities	**(113,339)**	**(2,400)**	**(14,752)**	**187,790**	**(692)**	**56,607**