

SIAN CHAY MEDICAL INSTITUTION

(Registered in the Republic of Singapore)

UEN No. S62SS0055D

Financial Statements for the year ended
30 September 2010

Lau Lee Hua & Co

Certified Public Accountants

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SIAN CHAY MEDICAL INSTITUTION
(Registered in the Republic of Singapore)

30 September 2010

Chairman	:	Toh Soon Huat
Secretary	:	Teo Ngiang Heng
Treasurer	:	Lim Yong Guan
Auditors	:	Lau Lee Hua & Co Certified Public Accountants
Registered address	:	610 Geylang Road Singapore 389549

<u>Contents</u>	<u>Page</u>
Statement by the Management Committee	1
Auditors' report	2
Balance sheet	3
Statement of Comprehensive Income	4 - 5
Statement of changes in equity	6
Cash flow statement	7
Notes to the accounts	8 - 16

SIAN CHAY MEDICAL INSTITUTION
(Registered in the Republic of Singapore)

STATEMENT BY THE MANAGEMENT COMMITTEE

We, Toh Soon Huat, Chairman and Lim Yong Guan, Treasurer, hereby state that in the opinion of the Management Committee, the accompanying financial statements together with the notes thereon are drawn up in accordance with the provisions of the Singapore Charities Act Cap. 37 and Singapore Financial Reporting Standards, so as to present fairly the state of the affairs of Sian Chay Medical Institution as at 30 September 2010 and of the results, changes in equity and cash flows of the Institution for the year then ended on that date.

Signed at Singapore this 30 March 2011

On behalf of the Management Committee



Toh Soon Huat
Chairman



Lim Yong Guan
Honorary Treasurer

INDEPENDENT AUDITORS' REPORT

To the members of **Sian Chay Medical Institution**

We have audited the accompanying financial statements of **Sian Chay Medical Institution**, which comprise the balance sheet as at 30 September 2010, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the financial 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 and fair presentation of these financial statements in accordance with the provisions of the Singapore Charities Act Cap. 37 "the Act" and the Singapore Financial Reporting Standards. This responsibility includes:

- (a) devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized 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;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

- (a) the accompanying financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to present fairly, in all material aspects, the state of affairs of the Sian Chay Medical Institution as at 30 September 2010 and of the results, changes in equity and cash flows of the Institution for the financial year ended on that date.
- (b) the accounting and other records required by the Act to be kept by the Institution have been properly kept in accordance with the provisions of the Act.



Lau Lee Hua & Co
Public Accountants and
Certified Public Accountants
Singapore
30 March 2011

Sian Chay Medical Institution
(Registered in the Republic of Singapore)

Balance Sheet
As at 30 September 2010

	Note	2010 S\$	2009 S\$
<u>ASSETS</u>			
<u>Non-Current Assets</u>			
Property, Plant & Equipment	4	183,483	184,101
Total Non-Current Assets		<u>183,483</u>	<u>184,101</u>
<u>Current Assets</u>			
Inventory	5	6,630	5,084
Trade and Other Receivables	6	3,891	1,921
Fixed deposits	7	633,449	626,973
Cash and Cash Equivalents	8	153,589	84,157
Total Current Assets		<u>797,559</u>	<u>718,135</u>
Total Assets		<u>981,042</u>	<u>902,236</u>
<u>EQUITY AND LIABILITIES</u>			
<u>Equity</u>			
Capital Fund		230,000	230,000
Accumulated Fund		731,359	654,399
Total Equity		<u>961,359</u>	<u>884,399</u>
<u>Current Liabilities</u>			
Trade and other Payables	9	19,683	17,837
Total Current Liabilities		<u>19,683</u>	<u>17,837</u>
Total Liabilities		<u>19,683</u>	<u>17,837</u>
Total Equity and Liabilities		<u>981,042</u>	<u>902,236</u>

The annexed notes form an integral part of and should be read in conjunction with the financial statements

Sian Chay Medical Institution
(Registered in the Republic of Singapore)

Statement of Comprehensive Income for the year ended 30 September 2010

	Note	Unrestricted	
		2010 S\$	2009 S\$
Income			
Voluntary income			
Donations	10	250,228	137,474
Entertainment Fund		1,230	1,170
		251,458	138,644
Charitable income			
Patients registration fees		75,940	76,726
MOH VWO Contingency Fund		-	4,000
		75,940	80,726
Investment income			
Fixed deposits interest income		6,476	11,007
Rental income		35,200	30,200
		41,676	41,207
Other income			
Jobs credit		3,907	6,742
Total income		372,981	267,319
Expenditure – Charitable expenses			
Cost of medicine			
Opening inventories		(5,084)	(6,594)
Purchases		(41,956)	(40,901)
		(47,040)	(47,495)
Closing inventories		6,630	5,084
Cost of medicine consumed		(40,410)	(42,411)
Other charitable expenses – Schedule I		(255,611)	(160,407)
Surplus before tax		76,960	64,501
Income tax	11	-	-
Surplus for the year		76,960	64,501
Total comprehensive income		76,960	64,501

The annexed notes form an integral part of and should be read in conjunction with the financial statements

Sian Chay Medical Institution
(Registered in the Republic of Singapore)

Statement of Comprehensive Income
Schedule I – Other Charitable expenses for the year ended 30 September 2010

	2010 S\$	2009 S\$
Administrative charge	-	50
Air-conditioners service charge	364	364
Art exhibition expenses	80,092	-
Auditor's fees	2,500	2,500
Bank charges	735	90
CPF	5,381	6,254
Design fee	-	250
Depreciation	5,136	4,429
Donations	33,291	23,464
Entertainment	2,129	1,958
General expenses	198	213
Import charges	1,842	-
Insurance	1,463	1,463
Internet expenses	735	134
Legal expenses	-	1,000
Medicine bottles	700	493
Newspaper and periodicals	347	288
Pest control	300	-
Postages and stamps	1,838	382
Printing and stationery	17,757	10,467
Property maintenance fee	3,540	3,540
Property tax	2,640	2,658
Refreshments	-	184
Repair and maintenance	400	792
Salaries and bonus	89,220	92,617
Skill development levy	238	239
Subscription fees	374	139
Telephone	517	576
Transport	513	1,502
Utilities	3,202	3,402
Website	159	959
Total other charitable expenses	255,611	160,407

The annexed notes form an integral part of and should be read in conjunction with the financial statements

Sian Chay Medical Institution
(Registered in the Republic of Singapore)

Statement of Changes in Equity
For the financial year ended 30 September 2010

	2010	2009
	S\$	S\$
Reserves		
Accumulated surplus at the beginning of the year	654,399	589,898
Total comprehensive income for the year	76,960	64,501
Accumulated surplus at the end of the year	<u>731,359</u>	<u>654,399</u>
 Capital fund		
Balance at the beginning of the year	230,000	230,000
Balance at the end of the year	<u>230,000</u>	<u>230,000</u>
 Total equity	<u>961,359</u>	<u>884,399</u>

The annexed notes form an integral part of and should be read in conjunction with the financial statements

Sian Chay Medical Institution
(Registered in the Republic of Singapore)

Cash Flow Statement
For the financial year ended 30 September 2010

	2010 S\$	2009 S\$
Cash flows from operating activities		
Net surplus/(deficit) from operation	76,960	64,501
Adjustment for:		
Interest on fixed deposit	(6,476)	(11,007)
Depreciation	5,136	4,429
Operating surplus before working capital changes	<u>75,620</u>	<u>57,923</u>
Increase/(decrease) in working capital		
Inventories	(1,546)	1,510
Trade and other receivables	(1,970)	(330)
Trade and other payables	1,846	7,952
	<u>(1,670)</u>	<u>9,132</u>
Cash generated from operating activities	<u>73,950</u>	<u>67,055</u>
Cash flows from investing activities		
Purchase of equipment	(4,518)	(3,812)
Proceeds from maturity of investments	-	13,494
Net cash flows (used in) investing activities	<u>(4,518)</u>	<u>9,682</u>
Net increase/(decrease) in cash and cash equivalents	<u>69,432</u>	<u>76,737</u>
Cash and cash equivalents at the beginning of the year	84,157	7,420
Cash and cash equivalents at the end of the year	<u>153,589</u>	<u>84,157</u>

The annexed notes form an integral part of and should be read in conjunction with the financial statements

Notes to the accounts - 30 September 2010

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

1. General

The registered office of the Institution is located at 610 Geylang Road, (Off Lorong 36), Singapore 389549.

The principal activity of the Institution, which is registered with the Registry of Societies in the Republic of Singapore, is that of the provision of free medical treatment to the sick and to help the poor and needy.

2. Significant accounting policies

a. Basis of preparation of financial statements

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS). The accounting policies have been consistently applied by the centre and are consistent with those used in the previous year. The financial statements have been prepared on a historical cost basis modified where applicable and as disclosed in these notes.

On 1 October 2009, the Institution adopted the new or amended Singapore FRS below, which are relevant to its operations. Changes to the Institution's accounting policies have been amended as required, in accordance with the relevant requirements.

FRS 1	Presentation of financial statements
FRS 107	Financial instruments - Disclosures

The adoption of the above FRS did not result in any substantial changes to the Institution's accounting policies nor any significant impact on these financial statements.

b. Functional currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Institution operates. The functional currency of the Institution is Singapore dollars.

c. Standards issued but not yet effective

Certain new accounting standards, amendments and interpretations to existing standards have been published and they are mandatory for the Institution's accounting period on or after 1 October 2010 or later periods which the Institution has not early adopted. Management does not expect that adoption of these accounting standards or interpretations will have a material impact on the Institution's financial statements.

d. Property, plant and equipment

Property, Plant and equipment are initially recognized at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

Depreciation of property, plant and equipment is charged so as to write off the cost of assets over their estimated useful lives. The estimated useful lives are as follows:

Buildings	50 years
Renovation & fixture	5 years
Air-conditioning plant	5 years
Others	1 to 5 years

2. Significant accounting policies (Cont'd)

d. Property, plant and equipment (Cont'd)

The residual values and useful lives of property, plant and equipment are reviewed and adjusted as appropriate at each balance sheet date. The effects of any revision of the residual values and useful lives are included in the income statement for the financial year in which the changes arise.

Freehold properties consist of freehold land and building. No depreciation was provided for freehold land.

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

The cost of an item of property, plant and equipment includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration costs is also included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent expenditure relating to the property, plant and equipment that has already been recognized is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Institution and the cost of the item can be measured reliably. Other subsequent expenditure is recognized as repair and maintenance expense to the income and expenditure account during the financial year in which it is incurred.

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the income statement.

e. Inventories

Inventories comprising medicinal herbs are stated at the lower of cost and net realisable value. Cost is computed on the first in-first-out basis. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the selling expenses.

When inventories are sold, the carrying amount of those inventories is recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognized as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognized as a reduction in the amount of inventories recognized as an expense in the period in which the reversal occurs.

f. Financial assets

(i) Classification

The Institution classifies its financial assets as loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. The designation of financial assets, at fair value through profit or loss is irrevocable.

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 included in current assets, except those maturing later than 12 months after the balance sheet date in which case they are classified as non-current assets. Loans and receivables are classified within "trade and other receivables" and "cash and cash equivalents" on the balance sheet.

2. Significant accounting policies (Cont'd)

f. Financial assets (Cont'd)

Held to maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the company has the positive intention and ability to hold the assets to maturity. Subsequent to initial recognition, held to maturity investments are measured at amortised cost using the effective interest method. Gains or losses are recognised in profit or loss when the investments are derecognized or impaired, as well as through the amortization process.

(ii) Recognition and de-recognition

Regular purchases and sales of financial assets are recognized on trade-date, the date on which the Institution commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Institution has transferred substantially all risks and rewards of ownership.

On sale of a financial asset, the difference between the net sale proceeds and its carrying amount is taken to the income statement.

(iii) Initial measurement

Financial assets are initially recognized at fair value plus transaction costs except for financial assets at fair value through income statement, which are recognized at fair value.

Transaction costs for financial assets at fair value through profit or loss are recognized in the income statement.

(iv) Subsequent measurement

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

(v) Impairment

The Institution assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Loans and receivables

An allowance for impairment of loans and receivables, including trade and other receivables is recognized when there is objective evidence that the Institution will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance for impairment is recognized in the income statement.

g. Trade and other receivables

Trade and other receivable are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of contribution and other receivables is established when there is objective evidence that the Institution will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognized in income statement.

h. Cash and cash equivalents

Cash and cash equivalents include cash on hand and bank balances.

2. Significant accounting policies (Cont'd)

i. Impairment of non-financial assets

Property, plant and equipment

Property, plant and equipment are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value-in-use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs.

If the recoverable amount of asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The impairment loss is recognized in the income statement.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years. A reversal of impairment loss for an asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognized in the income statement, a reversal of that impairment is also recognized in the income statement.

j. Trade and other payables

Trade and other payables are initially recognized at fair value, and subsequently carried at amortised cost, using the effective interest method.

k. Fair value estimation

The carrying amounts of current financial assets and liabilities, carried at amortised cost are assumed to approximate their fair values.

The fair values of financial liabilities carried at amortised cost are estimated by discounting the future contractual cash flows at the current market interest rate that are available to the Institution for similar financial liabilities.

l. Provisions

Provisions for asset dismantlement, removal or restoration, warranty, restructuring costs and legal claims are recognized when the Institution has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

The Institution recognizes the estimated liability to repair or replace products still under warranty at the balance sheet date. This provision is calculated based on past historical experience of the level of repairs and replacements.

The Institution recognizes the estimated costs of dismantlement, removal or restoration of items of property, plant and equipment arising from the acquisition or use of assets. This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value.

2. Significant accounting policies (Cont'd)

l. Provisions (Cont'd)

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized in the income statement as interest expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognized in the income statement for the period the changes in estimates arise except for asset dismantlement, removal and restoration costs, which are adjusted against the cost of the related property, plant and equipment unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognized in the income statement immediately.

m. Revenue recognition

Generally, revenue is recognised to the extent that it is probable that the economic benefits will flow to the Institution and the revenue and the respective costs incurred can be measured reliably. More specifically:

Revenue from services provided is recognised on accrual basis.

Revenue from donation received, festival celebration and activities are recognised on cash basis.

Rental revenue is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight line basis over the lease term.

Interest is recognised as in income and expenditure statement when the entity's right to receive payment is established.

n. Employee benefit

(i) Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Institution pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Institution has no further payment obligations once the contributions have been paid. The Institution's contributions are recognized as employee compensation expense when they are due.

(ii) Short-term benefits

All short-term employee benefits including accumulating compensated absences are recognized in the income statement in the period in which the employees rendered their services to the Institution.

o. Income tax

The institution is exempted from tax with effect from the year of assessment 2008.

p. Financial instruments

Financial assets and financial liabilities carried on the balance sheet include cash and cash equivalents and other accounts receivable and payable. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies found in this note.

3. Critical accounting estimates, assumptions and judgment

Estimates, assumptions concerning the future and judgments are made in the preparation of the financial statements. They affect the application of the Institution's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The Institution does not make any critical accounting estimates, assumptions and judgments.

4. Property, plant and equipment

	Freehold Properties	Renovation & Fixture	Air- Conditioning	Others	Total
Cost	S\$	S\$		S\$	S\$
At 1.10.2008	415,603	132,547	24,567	34,570	607,287
Additions for 2009	-	3,403	-	409	3,812
At 30.09.2009	415,603	135,950	24,567	34,979	611,099
Additions	-	2,572	-	1,946	4,518
At 30.09.2010	415,603	138,522	24,567	36,925	615,617
Depreciation					
At 1.10.2008	232,737	131,055	24,567	34,210	422,569
Charge for 2009	-	3,900	-	529	4,429
At 30.09.2009	232,737	134,955	24,567	34,739	426,998
Charge for year	-	3,070	-	2,066	5,136
At 30.09.2010	232,737	138,025	24,567	36,805	432,134
Net book value					
At 30.09.2010	182,866	497	-	120	183,483
At 30.09.2009	182,866	995	-	240	184,101

Others comprise of furniture & fittings, diagnosis equipment and office equipment.

The freehold properties are situated at 610, 610A and 610B Hilltop Centre, Geylang, Singapore and are held by the trustees of the Institution in accordance with Rule 13 of the Institution's rules and regulations. The premises are used as a clinic primarily to provide free medical treatment to the poor and needy. Part of the premises is rented out to generate rental income. The freehold properties include freehold land which is stated at cost, amounting to S\$182,866 based on Management's estimation.

5. Inventories

	2010 S\$	2009 S\$
Medicinal herbs	6,630	5,084

Inventories are denominated in Singapore dollars.

6. Trade and other receivables

	2010 S\$	2009 S\$
Deposits	485	485
Prepayment	1,706	1,436
Rental receivable	1,700	-
	3,891	1,921

Trade and other receivables are denominated in Singapore dollars.

7. Fixed deposit

Fixed deposits denominated in Singapore dollars with a tenure of 12 months (2009: 12 months) bears an interest of between 0.55% to 1.00% (2009: 0.55% to 1.44%) per annum.

8. Cash and cash equivalents

Cash and cash equivalents comprise the following accounts:

	2010 S\$	2009 S\$
Cash and bank balances	<u>153,589</u>	<u>84,157</u>

Cash and cash equivalents are denominated in Singapore dollars.

9. Trade and other payables

	2010 S\$	2009 S\$
Deposits from tenants	6,000	6,000
Accruals	<u>13,683</u>	<u>11,837</u>
	<u>19,683</u>	<u>17,837</u>

Trade and other payables are denominated in Singapore dollars.

10. Donations

	2010 S\$	2009 S\$
Tax deductible	199,272	69,822
Chairman	-	24,000
Others	<u>50,956</u>	<u>43,652</u>
Total A	<u>250,228</u>	<u>137,474</u>

Reconciliation to Form 6

	2010 S\$	2009 S\$
Tax deductible donations	199,272	69,822
Tax deductible donations-Honorary Chairman's donation	-	24,000
Tax deductible donations - others	-	24,000
Total tax deductible donations (Total B)	<u>199,272</u>	<u>117,822</u>
2 receipts issued for Entertainment fund under tax deductible receipts	200	200
Total as per Form 6	<u>199,472</u>	<u>118,022</u>
Others (Non tax deductible) (Total C)	50,956	19,652
(2009: \$43,652 - \$24,000 = \$19,652)		
Total B + Total C = Total A	<u>250,228</u>	<u>137,474</u>

11. Employee Benefits Expense

	2010	2009
	S\$	S\$
Salary	89,220	92,617
CPF & SDL	5,619	6,493
	<u>94,839</u>	<u>99,110</u>

There were no employees receiving salary exceeding \$50,000 during the financial year (2009: nil).

12. Financial risks and management

The Institution does not hold or issue derivative financial instruments for trading purposes in hedge against fluctuations. The Institution reviews and agrees policies for managing this risk. The main risks arising from the Institution financial instruments are:

(i) *Credit risk*

At the balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Cash and fixed deposit are placed with bank with high credit ratings.

(ii) *Interest rate risk*

The Institution's exposure to market risk for change in interest rates relates to the Institution's fixed deposit. The Institution manages this exposure by performing ongoing evaluation of its fixed deposits to obtain the most favorable rates.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for fixed deposits at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 50 basis point increase or decrease represents Institution's assessment of the possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Institution's profit for the year ended 30 September 2010 would increase/(decrease) by \$3,167 (2009: increase/(decrease) by \$3,135). This is mainly attributable to the Institution's exposure to interest rates on its fixed deposit.

(iii) *Liquidity risk*

The Institution financing activities are managed by maintaining an adequate level of cash and cash equivalents to finance the Institution's operations and mitigate the effects of fluctuation in cash flows. The Institution's operations are financed mainly through equity.

All financial liabilities in 2009 and 2010 are repayable on demand or due within 1 year from the end of the reporting period

(iv) *Fair values*

The carrying amounts of cash and bank balances, trade and other receivables and payables, bank loans and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

13. Financial instruments

Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised costs. The principal accounting policies in Note 2 describe how classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the balance sheet by the class of financial instrument to which they are assigned, and therefore by the measurement basis:

	2010 S\$	2009 S\$
<u>Assets</u>		
Financial assets		
Loans and receivables	155,774	84,642
Held to maturity financial asset	633,449	626,973
Total financial assets	<u>789,223</u>	<u>711,615</u>
Non financial assets	191,819	190,621
	<u>981,042</u>	<u>902,236</u>
<u>Liabilities</u>		
Financial liabilities		
Financial liabilities at amortised cost	19,683	17,837
Total financial liabilities	<u>19,683</u>	<u>17,837</u>
Non financial liabilities	-	-
Total liabilities	<u>19,683</u>	<u>17,837</u>

14. Authorisation for issue

The Committee members of the Institution have, on the date of statement by the Management Committee, authorised the financial statements for the financial year ended 30 September 2010 for issue.