SINGAPORE CHINA FRIENDSHIP ASSOCIATION

(UEN: S93SS0151C)
(Registered in the Republic of Singapore)

FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2011

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SINGAPORE CHINA FRIENDSHIP ASSOCIATION
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STATEMENT BY THE MANAGEMENT COMMITTEE

The Singapore China Friendship Association's Management Committee is responsible for the preparation of financial statements that give a true and fair view in accordance with the 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 income and expenditure statement and statement of financial position and to maintain accountability of assets.

In our opinion,

(a) the financial statements set out on pages 2 to 14 are properly drawn up so as to give a true and fair view of the state of affairs of the Association as at 31 December 2011 and of the results, changes in funds and cash flows of the Association for the financial year ended on that date in accordance with the Singapore Financial Reporting Standards; and

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

On behalf of the Management Committee,

President

Honorary Treasurer

Honorary Secretary

Honorary Auditors

Date:
Singapore

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STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	Note	2011 S$	2010 S$
Non-current asset			
Property, plant and equipment	(3)	-	-
Current assets			
Other receivables	(4)	10,950	36,331
Cash and cash equivalents	(5)	149,486	86,144
		160,436	122,475
Current liabilities			
Other payables	(6)	12,357	20,006
Provision for income tax		2,312	2,313
		14,669	22,319
NET ASSETS		145,767	100,156
REPRESENTED BY			
Funds			
Association Fund		145,767	100,156

President

Honorary Treasurer

Honorary Secretary

Date:
Singapore

The annexed notes form an integral part of these financial statements

SINGAPORE CHINA FRIENDSHIP ASSOCIATION
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INCOME AND EXPENDITURE STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Note	2011 S$	2010 S$
INCOME			
Entrance Fee		**15,750**	12,320
Subscription		**33,800**	24,150
Income of 5th conference on Asean-China People-to-People Friendship Organisations		-	234,659
Sell of books -Ching Hai		**5,750**	-
Income from business mission		**600**	-
Total Income		**55,900**	271,129
Less:			
EXPENDITURE			
Cost of operations	(7)	**5,405**	238,460
Accounting fee		**1,600**	3,600
Advertisement		-	998
Audit fee - current		-	800
- under provision in prior years		**800**	800
Bank charges		**60**	30
Flower arrangements		-	143
Gifts and condolences		**581**	1,268
Postage and Stamps		**443**	220
Printing and Stationery		**413**	968
Tax Computation Fees		**450**	-
Telephone Charges		**192**	213
Transportation Charges		**345**	156
Total Expenditure		**10,289**	247,656
SURPLUS BEFORE INCOME TAX		**45,611**	23,473
Less:			
INCOME TAX EXPENSE	(8)	-	(1,570)
SURPLUS AFTER INCOME TAX TRANSFERRED TO ASSOCIATION FUND		**45,611**	21,903

President

Honorary Treasurer

Honorary Secretary

Date:
Singapore

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SINGAPORE CHINA FRIENDSHIP ASSOCIATION
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STATEMENT OF CHANGES IN ASSOCIATION FUND
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Note	Association Fund S$	Total S$
Balance at 1 January 2011		**100,156**	**100,156**
Surplus for the year – Transferred from income and expenditure statement		**45,611**	**45,611**
Balance at 31 December 2011		**145,767**	**145,767**
Balance at 1 January 2010		78,253	78,253
Surplus for the year – Transferred from income and expenditure statement		21,903	21,903
Balance at 31 December 2010		100,156	100,156

President

Honorary Treasurer

Honorary Secretary

Date:
Singapore

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SINGAPORE CHINA FRIENDSHIP ASSOCIATION
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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

	Note	2011	2010
Cash Flows From Operating Activities		**S$**	S$
Surplus Before Income Tax		**45,611**	23,473
Operating Surplus Before Working Capital Changes		**25,381**	23,473
Decrease/(Increase) in Other Receivables		**(7,650)**	(19,960)
Increase/(Decrease) in Other Payables		**63,342**	(35,831)
Cash Flows From/(Used In) Operating Activities		**63,342**	(32,318)
Income Tax Paid		-	-
Net Cash Flows From/(Used In) Operating Activities		**63,342**	(32,318)
Net Increase/(Decrease) in Cash and Cash Equivalents		**63,342**	(32,318)
Cash and Cash Equivalents at Beginning of Year		**86,144**	118,462
Cash and Cash Equivalents at End of Year	(5)	**149,486**	86,144

President

Honorary Treasurer

Honorary Secretary

Date:
Singapore

The annexed notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2011

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

1 General

The financial statements of Singapore China Friendship Association (the "Association") for the financial year ended 31 December 2011 were authorised for issue in accordance with a Management Committee Meeting on the date as stated in the Statement by the Management Committee.

The Association is registered and domiciled in Singapore.

The principal objects of the Association are provision of a forum for discussion and promotion of cultural, economic and trade relationship between Singapore and China.

The registered office address and principal place of business is located at 5 Toh Tuck Link, Singapore 596224.

2 Summary of Significant Accounting Policies

(a) *Basis of Accounting*

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 as disclosed in the accounting policies below.

Functional currency

The functional currency of the Association is the Singapore dollars. As income and expenditure are denominated primarily in Singapore dollars and receipts from operations are usually retained in Singapore dollars, the management committee is of the opinion that the Singapore dollars reflect the economic substance of the underlying events and circumstances relevant to the Association.

The financial statements are presented in Singapore Dollars (SGD or S$).

Adoption of new and revised standards

In the current financial year, the Association has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after January 1, 2011. The adoption of these new/revised FRSs and NT FRSs does not result in changes to the Association's accounting policies and has no material effect on the amounts reported for the current or prior years.

The Management Committee anticipates that the adoption of the above new FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Association in the period of their initial adoption.

2 **Summary of Significant Accounting Policies** (cont'd)

(a) ***Basis of Accounting*** (cont'd)

Adoption of new and revised standards (cont'd)

The accounting policies have been consistently applied by the Association and are consistent with those used in the previous financial year.

Significant accounting estimates and judgements

There were no critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements. There were no key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment. The cost of an item of property, 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. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Subsequent expenditure relating to property, plant and equipment that has already been recognised 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 Association and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repair and maintenance expense in the income and expenditure statement during the financial year in which it is incurred.
Repreciation is computed on the straight line method to write off the cost of property, plant and equipment over the estimated useful lives. The estimated useful lives of the property, plant and equipment are as follows:

Office equipment 5 years

Fully depreciated assets are retained in the accounts until they are no longer in use and no further charge for depreciation is made in respect of these assets.

The carrying values of property, 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 the end of each reporting year to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

2 **Summary of Significant Accounting Policies** (cont'd)

(b) ***Property, plant and equipment*** (cont'd)

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

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

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

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

Impairment losses are recognised in the income and expenditure statement except for assets that are previously revalued where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognised in revaluation reserve to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increased carrying amount of an asset cannot exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised previously. Such reversal is recognised in the income and expenditure statement unless the asset is measured at revalued amount, in which case the reversal is treated as revaluation increase.

(d) ***Financial assets***

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

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are initially recognised at fair value, plus directly attributable transaction costs and subsequently carried at amortised cost using the effective interest method less impairment. Gains and losses are recognised in the income and expenditure statement when the loans and receivables are derecognised or impaired, and through the amortisation process.

2 **Summary of Significant Accounting Policies** (cont'd)

(d) ***Financial assets***

A financial asset is derecognised when 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 has been recognised directly in reserve is recognised in the income and expenditure statement.

The Association classifies the following financial assets as loans and receivables:
- Bank balance
- Other receivables

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

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

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the income and expenditure statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the financial asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the income and expenditure statement.

(f) ***Cash and cash equivalents***

Cash and cash equivalents comprise bank balance that is readily convertible to known amounts of cash and which is subject to an insignificant risk of changes in value.

(g) ***Provisions***

Provisions are recognised when the Association has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources 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 year 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 current market assessments of the time value of money and 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** (cont'd)

(h) ***Financial liabilities***

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

All financial liabilities are recognised initially at fair value, plus, in the case of other financial liabilities plus directly attributable transaction costs.

Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities (except for financial guarantee) are measured at amortised cost using the effective interest method.

For financial liabilities other than derivatives, gains and losses are recognised in the income and expenditure statement when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in the income and expenditure statement. Net gains or losses on derivatives include exchange differences.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income and expenditure statement.

(i) ***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. Revenue is measured at the fair value consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

Membership subscriptions are recognised over the period of the subscription.

(j) ***Income taxes***

Current tax
Income tax is provided in accordance with the provision of Section 11 (2) of the Income Tax Act applicable to associations.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the Income Tax Authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting year.

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

2 **Summary of Significant Accounting Policies** (cont'd)

(j) ***Income taxes*** (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax asset is reviewed at the end of each reporting year and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at the end of each reporting year and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of each reporting year.

Deferred tax relating to items recognised outside income and expenditure statement is recognised outside income and expenditure statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax
Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is as part of receivables or payables in the statement of financial position.

(k) ***Contingencies***

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Association.

Contingent liabilities and assets are not recognised on the balance sheet of the Association.

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2011

3 **Property, plant and equipment**

	Office equipment $	Total $
Cost		
At 01.01 2010 and		
At 31.12.2010 & 01.01.2011	188	188
Written off	(188)	(188)
At 30.12.2011	-	-
Accumulated depreciation		
At 01.01.2010 and		
At 31.12.2010 & 01.01.2011	188	188
Written off	(188)	(188)
At 30.12.2011	-	-
Net book value		
At 31.12.2010	-	-
At 31.12.2011	-	-

The Association has no property, plant and equipment as at 31 December 2011.

4 **Other Receivables**

	2011 **S$**	2010 S$
Annual subscriptions	**9,400**	5,750
Other receivables	**1,550**	30,581
	10,950	36,331

5 **Cash and Cash Equivalents**

Cash and cash equivalents consist of cash and bank balances. Cash and cash equivalents in the cash flow statement comprise the following balance sheet account:

	2011 **S$**	2010 S$
Cash at bank and in hand	**149,486**	86,144

6 **Other payables**

	2011 **S$**	2010 S$
Accrued expenses	**3,650**	17,506
Subscriptions received in advance	**2,500**	2,500
Other payables	**6,207**	-
	12,357	20,006

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2011

7 Cost of operations

	2011 S$	2010 S$
Welcome dinner with China Ambassador	-	(8,655)
Congratulation	-	(1,250)
Entertainments	**3,705**	7,155
Event fees	**1,250**	-
5th Conference on Asean-China People-to-People Friendship Organisations	-	234,659
Donations, net	-	6,950
Rent	**400**	1,043
Sponsorship, net	-	(500)
Travelling expenses	-	452
Chinese New Year Dinner	**50**	(1,394)
	5,405	238,460

8 Income tax

	2011 S$	2010 S$
Tax expenses		
Tax expense attributable to profit is made up of:		
Current income tax provision - Singapore	-	1,570
Under provision in the prior years	-	-
	-	1,570

The income tax expense varies from the amount of income tax determined by applying the Singapore income tax rate to surplus before income tax as a result of the following:

	2011 S$	2010 S$
Surplus before income tax	45,611	23,473
Tax expense calculated at tax rate of 17% (2010: 17%)	7,754	3,990
Singapore statutory stepped income exemption	-	(2,420)
Under provision in respect of prior year		
Income exempted from taxation	(7,754)	-
	-	1,570

9 Financial risk management

a) Financial Risk Management

The Association's operation does not expose it to the various financial risks such as foreign currency exchange risk, interest rate risk and credit risk.

The Association has no exposure to both liquidity and cash flow risks as adequate funds through members' contributions are available to meet the Association operational requirements.

b) Fair Values

The carrying amounts of financial assets and liabilities approximate their fair values at the end of the reporting year due to their short-term nature.