

**NATIONAL ARTHRITIS FOUNDATION**  
(Registered in the Republic of Singapore)  
(Charity Reg. No. 00167)

**AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2012**

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**WU WAI HONG & CO.**  
CERTIFIED PUBLIC ACCOUNTANTS

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**NATIONAL ARTHRITIS FOUNDATION**  
(Registered in the Republic of Singapore)  
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**AUDITED FINANCIAL STATEMENTS**  
**31 DECEMBER 2012**

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**NATIONAL ARTHRITIS FOUNDATION**  
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**STATEMENT BY EXECUTIVE COMMITTEE MEMBERS**

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We, being three of the responsible members of the executive committee of the **NATIONAL ARTHRITIS FOUNDATION**, do hereby state that in our opinion, the accompanying financial statements of the Foundation are drawn up so as to present fairly the state of affairs of the Foundation as at 31 December 2012 and the results, changes in funds and cash flows for the year ended on that date.

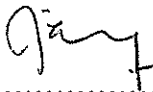
On behalf of the Executive Committee,



.....  
**Mr. Low Beng Tin**  
Chairman



.....  
**Dr. Katy Leung Ying Ying**  
Honorary Secretary



.....  
**Ms. Fang Lee Wei**  
Honorary Treasurer

Singapore, 22<sup>nd</sup> April 2013.

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On behalf of the Executive Committee,



.....  
**Mr. Low Beng Tin**  
Chairman



.....  
**Dr. Katy Leung Ying Ying**  
Honorary Secretary



.....  
**Ms. Fang Lee Wei**  
Honorary Treasurer

Singapore, 22<sup>nd</sup> April 2013.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
NATIONAL ARTHRITS FOUNDATION**  
(Incorporated in the Republic of Singapore)  
(Charity Reg. No. 00167)**Report on the Financial Statements**

We have audited the accompanying financial statements of the National Arthritis Foundation (the "Foundation"), which comprise the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in funds and cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation of financial statements that give a true and fair presentation view in accordance with the provisions of the the Singapore Charities Act, Chapter 37 (the "Charities Act") and Singapore Financial Reporting Standards, 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 statements of comprehensive income and statements of financial position and to maintain accountability of assets.

*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 about 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 misstatements 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 of the financial statements that give a true and fair view 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*

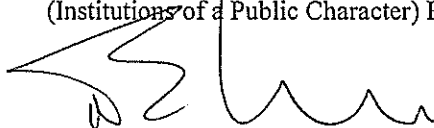
In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Charities Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Foundation as at 31 December 2012 and the results, changes in funds and cash flows of the Foundation for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

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

During the course of our audit, nothing has come to our attention that causes us to believe that during the year:

- (a) The use of the donation moneys was not in accordance with the objectives of the Foundation as required under regulation 16 of the Charities (Institutions of a Public Character) Regulations; and
- (b) The Foundation has not complied with the requirements of regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations



**WU WAI HONG & CO.**  
**Public Accountants and Certified Public Accountants**

Singapore, 22<sup>nd</sup> April 2013.

**NATIONAL ARTHRITIS FOUNDATION**

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**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED  
31 DECEMBER 2012**

	Note	2012 S\$	2011 S\$
<b>INCOME</b>	<b>3</b>	<b>74,020</b>	<b>10,588</b>
Other income	4	225	228
		<b>74,245</b>	<b>10,816</b>
 <b>LESS: EXPENDITURE</b>			
Administrative expenses	8	(199,581)	(150,211)
Medical subsidy		(84,967)	(114,519)
		<b>(284,548)</b>	<b>(264,730)</b>
		<b>(210,303)</b>	<b>(253,914)</b>
 <b>UNRESTRICTED FUNDS</b>			
Surplus / (deficit) from Tai-Chi for Arthritis	5	480	(5,133)
(Deficit) / surplus from Tai-Chi Health Program	6	(900)	36,301
Surplus from Charity Dinner	9	142,320	105,804
Deficit from SASC	10	(2,651)	(1,981)
Surplus from Tai Chi For Energy Workshop	11	-	1,155
		<b>139,248</b>	<b>136,146</b>
 <b>NET DEFICIT FOR THE YEAR</b>		<b>(71,055)</b>	<b>(117,768)</b>

The notes on pages 7 to 14 form an integral part of the financial statements.

**NATIONAL ARTHRITIS FOUNDATION**

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**STATEMENT OF FINANCIAL POSITION AS AT  
31 DECEMBER 2012**

	Note	2012 S\$	2011 S\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	12	4,869	6,662
<b>Current assets</b>			
Inventories	13	2,109	2,109
Other receivables	14	11,793	11,880
Cash and cash equivalents	15	203,704	213,325
		217,606	227,314
<b>TOTAL ASSETS</b>		<b>222,475</b>	<b>233,976</b>
<b>LIABILITIES AND ACCUMULATED FUND</b>			
<b>Current liabilities</b>			
Other payable	16	114,966	3,550
<b>Funds</b>			
Unrestricted funds - Accumulated fund	17	59,371	130,426
Restricted funds - Hope fund	7	48,138	100,000
		107,509	230,426
<b>TOTAL FUNDS AND LIABILITIES</b>		<b>222,475</b>	<b>233,976</b>

The notes on pages 7 to 14 form an integral part of the financial statements.

NATIONAL ARTHRITIS FOUNDATION

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STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED  
31 DECEMBER 2012

	Notes	Biological fund S\$	Hope fund S\$	Accumulated surplus S\$	Total S\$
Balance at 01 January 2012		-	100,000	130,426	230,426
Fund utilised during the year	7	-	(51,862)	-	(51,862)
Deficit for the year	16	-	-	(71,055)	(71,055)
Balance at 31 December 2012		-	48,138	59,371	107,509
Balance at 01 January 2011		33,284	-	214,910	248,194
Fund received		-	100,000	-	100,000
Deficit for the year		-	-	(117,768)	(117,768)
Transfer of account		(33,284)	-	33,284	-
Balance at 31 December 2011		-	100,000	130,426	230,426

The notes on pages 7 to 14 form an integral part of the financial statements.



**NATIONAL ARTHRITIS FOUNDATION**

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**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED**

**31 DECEMBER 2012**

	Note	2012 S\$	2011 S\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Deficit for the year		(71,055)	(117,768)
<u>Adjustments for:</u>			
Depreciation of property, plant and equipment		1,793	1,787
<b>Net deficit before working capital changes</b>		<b>(69,263)</b>	<b>(115,981)</b>
Decrease / (increase) in other receivables		87	(459)
Increase / (decrease) in other payable		111,416	(10,889)
<b>Cash generated from / (used in) operating activities</b>		<b>42,241</b>	<b>(127,329)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of fixed assets		-	(1,754)
<b>Cash used in investing activities</b>		-	<b>(1,754)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Hope fund (utilised) / received during the year	7	(51,862)	100,000
<b>Cash (used in) / generated from financing activities</b>		<b>(51,862)</b>	<b>100,000</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(9,622)</b>	<b>(29,083)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>213,325</b>	<b>242,408</b>
<b>Cash and cash equivalents at end of year</b>	15	<b>203,703</b>	<b>213,325</b>

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**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2012**

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

**1. GENERAL**

The Foundation is registered and domiciled in Singapore. The address of its registered office is:

16/18 Jalan Kilang Barat  
Cyber Centre Level 1  
Singapore 159358

The financial statements of the Foundation for the financial year ended 31 December 2012 were authorized for issue by the Executive Committee on 22<sup>nd</sup> April 2013.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**(a) Compliance with Financial Reporting Standards**

The financial statements comply, in all material respects, with applicable Singapore Financial Reporting Standards, including new Standards or Interpretations to new Standards that have been issued but not yet effective as required under FRS 8.30.

**(b) Basis of accounting**

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") as issued by the Singapore Accounting Standards Council as well as all related interpretations to FRS ("INT FRS"). The financial statements are prepared on a going concern basis under the historical cost convention except where an FRS require an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements.

The preparation of financial statements in conformity with Financial Reporting Standards (FRS) requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

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**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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(b) **Basis of accounting (cont'd)**

Judgements made by management in the application of FRS that have a significant effect on the financial statements and in arriving at estimates with a significant risk of material adjustment in the following period are discussed elsewhere in the notes to the accounts.

(c) **Depreciation of property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use. Expenditure incurred after property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situation where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefit expected to be obtained from the use of the property, plant and equipment, and the expenditure of the item can be measured reliably, the expenditure is capitalized as an additional cost of that asset.

Depreciation is calculated on the straight-line basis to write off the cost of property, plant and equipment, less any estimated residual values, over the following estimated useful lives:

Computer	5 years
Office equipment	5 years
Furniture	10 years

Fully depreciated assets still in use are retained in the financial statements.

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 values, useful life and depreciation method are reviewed periodically to ensure that the amount, method and period of depreciation are consistent with previous estimated and the expected pattern of economic benefits from items of property, plant and equipment.

The gain or loss on disposal or retirement of an item of property, plant and equipment recognized in the income statement is the difference between the net sales proceeds and the carrying amount of the relevant asset.

(d) **Inventories**

Inventories are valued at the lower of historical cost and net realizable value. Historical cost is determined by applying the first-in, first-out formula. Net realizable value is the price at which inventories can be sold in the ordinary course of business after allowing for cost of realization. Provision is made, where necessary for obsolete, slow-moving and defective inventories.

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**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 2012**

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- (e) **Revenue recognition**  
Donation and subscriptions fees from members are recognized when due and received. Income from charitable trading activities are recognized when conducted.
- (f) **Impairment loss**  
The carrying amounts of the foundation's assets, other than inventories, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. It is recognized in the profit and loss account.
- (g) **Provisions**  
Provisions are recognized when the Foundation has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision are reviewed at each balance sheet date and adjusted to reflect the current best estimates.
- (h) **Employee benefits**  
Defined contribution plan  
As required by law, the Foundation makes contribution to the state pension scheme, the Central Provident Fund ("CPF"). CPF contributions are to be recognized as compensation expenses in the same period as the employment that gives rise to the contribution.  
  
Employee leave entitlement  
No accruals is made for the unconsumed annual leave as the Foundation does not allow unconsumed annual leave to be carried forward.
- (i) **Cash and cash equivalents**  
Cash and cash equivalents consist of cash, bank balances and deposits. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts which are repayable on demand and which form an integral part of the Foundation's cash management.
- (j) **Financial assets and liabilities**  
Financial assets include cash and bank balances and other receivables. Other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Financial liabilities include other payables. Other payables are stated at their nominal values.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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**3 PRINCIPAL ACTIVITIES**

The principal activities of the Foundation are to encourage, promote and research and other activities relating to the prevention, diagnosis of causes and treatment of arthritis and rheumatism.

	2012	2011
<u>Income is represented by:</u>	S\$	S\$
Donations - Tax exempt	72,280	9,300
Donations - Non-tax exempt	-	880
Membership fee	1,740	408
	<b>74,020</b>	<b>10,588</b>

**4 OTHER INCOME**

	2012	2011
	S\$	S\$
Special employment credit	225	-
Miscellaneous income	-	228
	<b>225</b>	<b>228</b>

**5 SURPLUS / (DEFICIT) FROM TAI CHI FOR ARTHRITIS (TCA)**

	2012	2011
	S\$	S\$
TCA Instructors' Workshop	480	2,400
<u>Less: Expenses</u>		
Instructors' fee	-	(7,488)
Printing and stationary	-	(45)
	<b>480</b>	<b>(5,133)</b>
<b>Surplus / (Deficit) from Tai Chi for Arthritis</b>	<b>480</b>	<b>(5,133)</b>

**6 DEFICIT FROM TAI CHI FOR HEALTH PROGRAM (TCHP)**

	2012	2011
	S\$	S\$
Disbursement received	-	36,526
<u>Less: Expenses</u>		
Funding Claim	(900)	(225)
Instructor Fees	-	-
	<b>(900)</b>	<b>(225)</b>
<b>Deficit from Tai Chi for Health Program</b>	<b>(900)</b>	<b>(36,301)</b>

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**7 NAF - JUVENILE ARTRITIS FUND (HOPE FUND)**

	2012	2011
	S\$	S\$
Balance at the beginning	100,000	-
Less: (Utilised) / Received during the year	(51,862)	100,000
Balance at the end	<u>48,138</u>	<u>100,000</u>

On 15 November 2011, the Foundation received a fund of \$100,000 from CapitaLand. The purpose of the fund is to benefit children with Juvenile Arthritis Conditions.

**8 ADMINISTRATIVE EXPENSES**

	2012	2011
	S\$	S\$
Accountancy fee	4,200	4,200
Accountancy fee - underprovision in prior year	-	100
Audit fee	2,400	2,400
Audit fee - underprovision in prior year	-	200
Bank charges	43	77
Car mileage claim	-	7
CDAC	25	19
Cleaning fee	3,000	1,007
CPF contribution	11,876	8,139
Courier	488	232
Depreciation of property, plant & equipment	1,793	1,787
Employment expenses	-	1,739
Fines and penalties	85	17
Entertainment and refreshment	320	565
General expenses	310	-
Legal and professional fee	200	1,150
Medical expenses	1,085	671
Office expenses	794	828
Parking fee	14	37
Postage and stamps	630	722
Printing and stationery	2,277	1,564
Rental of copier	2,542	2,399
Rental of premises	47,508	47,508
Repair and maintenance	160	70
Salaries and bonuses	94,539	54,239
Secure retention fees	1,294	1,229
Skill development levy	247	205
Sponsorship expenses	15,000	10,000
Subscription / Membership fee	98	103
Telephone, fax and internet charges	2,474	2,218
Transportation	1,043	643
Water & Electricity	5,136	5,136
Workshop fee	-	1,000
	<u>199,581</u>	<u>150,211</u>

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9 SURPLUS FROM CHARITY DINNER	2012	2011
	S\$	S\$
Outright donations - tax exempt	182,100	86,100
Outright donations - non tax exempt	-	20,000
	<u>182,100</u>	<u>106,100</u>
<u>Less: Expenses</u>		
Decoration Expenses	(7,807)	-
Entertainment & Performance	(3,034)	(296)
Food & beverages	(23,201)	
Gifts	(4,879)	-
Miscellaneous expenses	(859)	-
	<u>(39,780)</u>	<u>(296)</u>
<b>Surplus from Charity Dinner</b>	<u><u>142,320</u></u>	<u><u>105,804</u></u>
10 DEFICIT FROM SINGAPORE ANKYLOSING SPONDYLITIS CLUB (SASC) EVENTS	2012	2011
	S\$	S\$
Refund of rental	-	160
<u>Less: Expenses</u>		
Gift	(50)	(50)
Hydrotherapy session	-	(321)
TCA Instructor fees	-	-
Physiotherapy session	(1,830)	(1,770)
Printing & stationery	(30)	-
Refreshments	(360)	-
Rental of venue	(381)	-
	<u>(2,651)</u>	<u>(2,141)</u>
<b>Deficit from SASC events</b>	<u><u>(2,651)</u></u>	<u><u>(1,981)</u></u>
11 SURPLUS FROM TAI CHI FOR ENERGY WORKSHOP	2012	2011
	S\$	S\$
Instructors fee	-	1,200
<u>Less: Expenses</u>		
Printing & Stationery	-	(45)
<b>Surplus from Tai Chi For Energy Workshop</b>	<u><u>-</u></u>	<u><u>1,155</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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**12 PROPERTY, PLANT AND EQUIPMENT**

<u>2012</u>	<b>Computer</b>	<b>Office equipment</b>	<b>Furniture</b>	<b>TOTAL</b>
<u>Cost</u>	S\$	S\$	S\$	S\$
At 01.01.12 / 31.12.12	<b>18,315</b>	<b>25,076</b>	<b>2,134</b>	<b>45,525</b>
<u>Depreciation</u>				
At 01.01.12	13,980	24,580	303	38,863
Charge for the year	1,446	134	213	1,793
At 31.12.12	<b>15,426</b>	<b>24,714</b>	<b>516</b>	<b>40,656</b>
<u>Net Book Value</u>				
At 31.12.12	<b>2,889</b>	<b>361</b>	<b>1,619</b>	<b>4,869</b>

<u>2011</u>	<b>Computer</b>	<b>Office equipment</b>	<b>Furniture</b>	<b>TOTAL</b>
<u>Cost</u>	S\$	S\$	S\$	S\$
At 01.01.11	18,315	24,556	900	43,771
Additions	-	520	1,234	1,754
At 31.12.11	<b>18,315</b>	<b>25,076</b>	<b>2,134</b>	<b>45,525</b>
<u>Depreciation</u>				
At 01.01.11	12,536	24,450	90	37,076
Charge for the year	1,444	130	213	1,787
At 31.12.11	<b>13,980</b>	<b>24,580</b>	<b>303</b>	<b>38,863</b>
<u>Net Book Value</u>				
At 31.12.11	<b>4,335</b>	<b>496</b>	<b>1,831</b>	<b>6,662</b>

**13 INVENTORIES**

	<b>2012</b>	<b>2011</b>
	S\$	S\$
Inventories, at cost	<b>2,109</b>	<b>2,109</b>

Inventories consist of Tai-Chi for Arthritis DVDs and hand books.

**14 OTHER RECEIVABLES**

	<b>2012</b>	<b>2011</b>
	S\$	S\$
Deposits	<b>11,200</b>	11,200
Prepayments	<b>593</b>	680
	<b>11,793</b>	<b>11,880</b>



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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
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<b>15 CASH AND CASH EQUIVALENT</b>	<b>2012</b>	<b>2011</b>
	<b>S\$</b>	<b>S\$</b>
Cash in bank	<b>203,704</b>	<b>213,325</b>
<b>16 OTHER PAYABLE</b>	<b>2012</b>	<b>2011</b>
	<b>S\$</b>	<b>S\$</b>
Accruals	<b>114,966</b>	<b>3,550</b>
<b>17 ACCUMULATED FUND</b>	<b>2012</b>	<b>2011</b>
	<b>S\$</b>	<b>S\$</b>
Balance brought forward	<b>130,426</b>	<b>214,910</b>
Deficit transferred from income statement	<b>(71,055)</b>	<b>(117,768)</b>
Transfer of account from Biological Fund	<b>-</b>	<b>33,284</b>
Balance carried forward	<b>59,371</b>	<b>130,426</b>
<b>18 TAX EXEMPT DONATIONS (HEALTH ENDOWMENT FUNDS)</b>	<b>2012</b>	<b>2011</b>
	<b>S\$</b>	<b>S\$</b>
Outright donation (Note 3)	<b>72,280</b>	<b>9,300</b>
Donation - NAF Charity Gala Dinner (Note 9)	<b>182,100</b>	<b>86,100</b>
	<b>254,380</b>	<b>95,400</b>

**19 TAXATION**

The foundation is exempted from tax under section 13(1)(g) of the Income Tax Act subject to the compliance with the relevant provisions in the Income Tax Act.

**20 FINANCIAL RISK MANAGEMENT**

The foundation's financial risks comprising exchange risk, credit risk, interest rate risks and liquidity risk are managed and monitored by the executive committee.

i) Foreign exchange risk

The Foundation has no foreign exchange risk as its transactions are undertaken in Singapore dollars.

ii) Credit risk

The Foundation has no significant credit risk as its customers comprise of members and donors only.

iii) Interest rate risk

The Foundation has no significant interest-bearing assets or liabilities.

iv) Liquidity risk

The Foundation maintains adequate reserves of cash to meet its liquidity requirements.