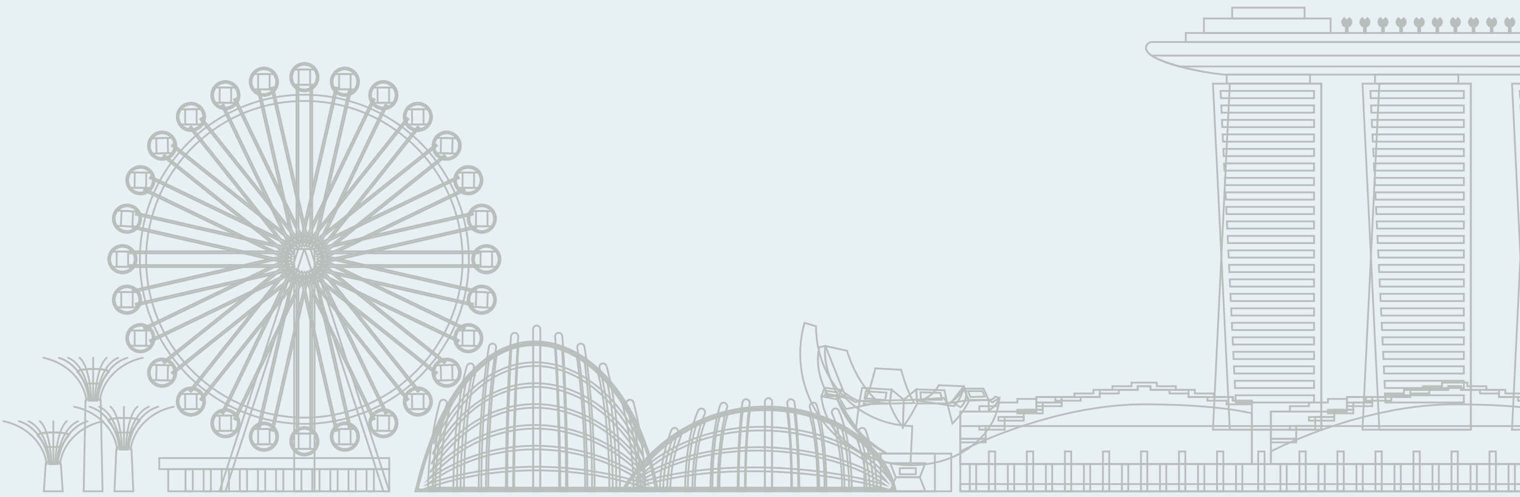
SINGAPORE BUSINESS FEDERATION
Apex Business Chamber

BUSINESS *not* AS USUAL

2023 Financial Report

Contents



Statement by Council

In the opinion of the Council, the consolidated financial statements of the Group and the statement of financial position, statement of profit or loss and other comprehensive income and statement of changes in members' funds of the Federation as set out on pages 6 to 48 are drawn up so as to give a true and fair view of the financial position of the Group and of the Federation as at December 31, 2023, and the financial performance, changes in members' funds and cash flows of the Group and the financial performance and changes in members' funds of the Federation for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Federation will be able to pay its debts when they fall due.

ON BEHALF OF THE COUNCIL

Lim Ming Yan
Chairman

Gan Seow Kee
Honorary Treasurer

June 4, 2024

Independent Auditor's Report to the Members of Singapore Business Federation

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Singapore Business Federation (the "Federation") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Federation as at December 31, 2023, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in members' funds and consolidated statement of cash flows of the Group and the statement of profit or loss and other comprehensive income and statement of changes in members' funds of the Federation for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 6 to 48.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, statement of profit or loss and other comprehensive income and the statement of changes in members' funds of the Federation are properly drawn up in accordance with the provisions of the Societies Act (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Federation as at December 31, 2023, and of the consolidated financial performance, consolidated changes in members' funds and consolidated cash flows of the Group and the financial performance and changes in members' funds of the Federation for the year ended on that date.

Basis of 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 Group in accordance with the Accounting and Corporate Regulatory Authority *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.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Statement by Council, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report to the Members of Singapore Business Federation

Report on the Audit of the Financial Statements *(cont'd)*

Responsibilities of Management and the Council for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, 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 financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Council's responsibilities include overseeing the Group'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:

(a) 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.

(b) 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 Group's internal control.

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

Independent Auditor's Report to the Members of Singapore Business Federation

Report on the Audit of the Financial Statements *(cont'd)*

Responsibilities of Management and the Council for the Financial Statements *(cont'd)*

(d) 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 Group'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 Group to cease to continue as a going concern.

(e) 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.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Council 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 regulations enacted under the Societies Act, Chapter 311 to be kept by the Federation have been properly kept in accordance with those regulations.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

June 4, 2024

Statements of Financial Position

December 31, 2023

	Note	The Federation 2023	The Federation 2022	The Group 2023	The Group 2022
		$	$	$	$
ASSETS					
Current assets					
Cash and bank balances	6	30,131,531	21,062,754	34,540,151	25,056,315
Trade receivables	7	682,874	855,730	682,874	855,730
Other receivables and deposits	8	6,329,914	8,433,515	6,362,548	8,455,279
Total current assets		37,144,319	30,351,999	41,585,573	34,367,324
Non-current assets					
Property, plant and equipment	9	24,800,231	25,569,014	24,800,231	25,569,014
Right-of-use assets	10	332,601	477,788	332,601	477,788
Investment property	11	16,913,337	17,310,592	16,913,337	17,310,592
Intangible assets	12	335,509	469,618	335,509	469,618
Investments in subsidiaries	13	1,980,000	1,980,000	–	–
Deferred tax assets	14	19,413	–	19,413	–
Total non-current assets		44,381,091	45,807,012	42,401,091	43,827,012
Total assets		81,525,410	76,159,011	83,986,664	78,194,336
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	15	345,178	1,451,061	350,678	1,462,553
Other payables	16	18,251,278	17,351,176	18,259,865	17,351,176
Bank loan	17	672,342	1,231,151	672,342	1,231,151
Lease liabilities	18	189,982	229,160	189,982	229,160
Income tax payable		1,414,526	300,135	1,421,123	301,325
Total current liabilities		20,873,306	20,562,683	20,893,990	20,575,365
Non-current liabilities					
Bank loan	17	23,697,968	24,386,033	23,697,968	24,386,033
Lease liabilities	18	145,890	251,655	145,890	251,655
Provision for reinstatement costs	19	205,760	205,760	205,760	205,760
Deferred taxes liabilities	14	–	5,587	–	5,587
Total non-current liabilities		24,049,618	24,849,035	24,049,618	24,849,035
Reserves					
Accumulated funds		36,602,486	30,747,293	39,043,056	32,769,936
Total liabilities and equity		81,525,410	76,159,011	83,986,664	78,194,336

See accompanying notes to financial statements.

Statements of Profit or Loss and Other Comprehensive Income

Year ended December 31, 2023

	Note	The Federation 2023	The Federation 2022	The Group 2023	The Group 2022
		$	$	$	$
Income	20	26,370,618	21,930,875	27,092,677	21,930,875
Direct costs	21	(2,548,568)	(4,759,123)	(2,929,154)	(4,759,123)
Gross surplus		23,822,050	17,171,752	24,163,523	17,171,752
Other income	23	1,552,453	2,321,341	1,650,453	2,370,140
Administrative expenses		(17,729,146)	(17,225,952)	(17,744,043)	(17,238,748)
Finance costs	24	(400,638)	(425,771)	(400,638)	(425,771)
Surplus before tax	25	7,244,719	1,841,370	7,669,295	1,877,373
Income tax expense	26	(1,389,526)	(405,301)	(1,396,175)	(406,507)
Surplus for the year, representing total comprehensive income for the year		5,855,193	1,436,069	6,273,120	1,470,866

See accompanying notes to financial statements.

Statements of Changes in Members' Funds

Year ended December 31, 2023

	Accumulated funds $
The Group	
Balance at January 1, 2022	31,299,070
Surplus for the year, representing total comprehensive income for the year	1,470,866
Balance at December 31, 2022	32,769,936
Surplus for the year, representing total comprehensive income for the year	6,273,120
Balance at December 31, 2023	39,043,056
The Federation	
Balance at January 1, 2022	29,311,224
Surplus for the year, representing total comprehensive income for the year	1,436,069
Balance at December 31, 2022	30,747,293
Surplus for the year, representing total comprehensive income for the year	5,855,193
Balance at December 31, 2023	36,602,486

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

Year ended December 31, 2023

	2023	2022
	$	$
Operating activities		
Surplus before tax	7,669,295	1,877,373
Adjustments for:		
Depreciation on property, plant and equipment	815,743	774,254
Depreciation on right-of-use assets	236,688	265,503
Depreciation on investment property	397,255	415,455
Loss allowance on doubtful debt of trade receivables	196,855	143,830
Amortisation of intangible assets	181,390	56,544
Loss on disposal of asset	–	1,246
Written-off of asset	147,970	–
Interest expense	400,638	425,771
Interest income	(511,296)	(103,408)
Operating cash flows before movements in working capital	9,534,538	3,856,568
Trade receivables	(23,999)	(619,023)
Other receivables and deposits	2,092,731	(330,633)
Trade payables	(1,111,875)	49,214
Other payables	908,689	(30,813,990)
Cash generated from (used in) operations	11,400,084	(27,857,864)
Income tax paid	(301,377)	(265,850)
Net cash generated from (used in) operating activities	11,098,707	(28,123,714)
Investing activities		
Interest received	511,296	103,408
Purchase of property, plant and equipment	(194,930)	(996,909)
Purchase of intangible assets	(47,281)	(509,298)
Placement of fixed deposits	(6,490,292)	(6,902,866)
Net cash used in investing activities	(6,221,207)	(8,305,665)
Financing activities		
Repayment of lease liabilities	(242,861)	(266,363)
Repayment of bank loan	(1,641,095)	(1,678,256)
Net cash used in financing activities	(1,883,956)	(1,944,619)
Net increase (decrease) in cash and cash equivalents	2,993,544	(38,373,998)
Cash and cash equivalents at beginning of the year	16,233,738	54,607,736
Cash and cash equivalents at end of the year (Note 6)	19,227,282	16,233,738

See accompanying notes to financial statements.

Notes to Financial Statements

December 31, 2023

1 GENERAL

The Federation was registered in Singapore under the Societies Act on April 1, 2002 and is a not-for-profit organisation with its principal place of business and registered office at 160 Robinson Road, #06-01 SBF Center, Singapore 068914.

The objectives of the Federation are:

- To enhance the organisation of the business community in Singapore; and
- To represent, advance, promote and protect, in Singapore and abroad, the major business concerns (such as investment and trade opportunities and labour management issues) of business entities carrying on commerce and industry in Singapore and, in particular, of larger local and foreign companies.

The principal activities of the subsidiaries are as stated in Note 13 to the financial statements.

Under The Singapore Business Federation Act 2001 (the "Act"), every local company which has a paid-up share capital of $500,000 and above and foreign company which has a share capital of $500,000 and above and registered with the Accounting and Corporate Regulatory Authority, shall become by virtue of the Act and without election, admission or appointment, a member of the Federation.

The financial statements of the Federation and of the Group for the year ended December 31, 2023 were authorised for issue in accordance with a resolution of the Council on June 4, 2024.

2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

2.1 BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis, except as disclosed in the material accounting policy information, and are drawn up in accordance with the provisions of the Companies Act 1967 and Financial Reporting Standards in Singapore ("FRSs"). The financial statements are expressed in Singapore dollar.

Fair value 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of FRS 116 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as value in use in FRS 36 *Impairment of Assets*.

Notes to Financial Statements

December 31, 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(cont'd)*

2.1 BASIS OF PREPARATION *(cont'd)*

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.2 ADOPTION OF NEW AND REVISED STANDARDS

In the current year, the Group and Federation have applied all the new and revised FRSs that are mandatorily effective for an accounting period that begins on or after January 1, 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements except as below:

Amendments to FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies

The company has adopted the amendments to FRS 1 Presentation of Financial Statements for the first time in the current year. The amendments change the requirements in FRS 1 with regard to disclosure of accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in FRS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The company has applied materiality guidance in FRS Practice Statement 2 in identifying its material accounting policies for disclosures in the related notes. The previous term 'significant accounting policies' used throughout the financial statements has been replaced with 'material accounting policy information'.

STANDARDS ISSUED BUT NOT YET EFFECTIVE – At the date of authorisation of these financial statements, the following FRS pronouncements that are relevant to the Group and Federation were issued but not effective:

Effective for annual periods beginning on or after January 1, 2024

- Amendments to FRS 1: *Classification of Liabilities as Current or Non-current*
- Amendments to FRS 1: *Non-current Liabilities with Covenants*

Management anticipates that the adoption of the above amendments to FRSs in future periods will not have a material impact on the financial statements of the Group and Federation in the period of their initial adoption.

Notes to Financial Statements

December 31, 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(cont'd)*

2.3 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Federation and entities (including structured entities) controlled by the Federation and its subsidiaries. Control is achieved when the Federation:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Federation reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

In the Federation's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

2.4 BUSINESS COMBINATIONS

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with change in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Notes to Financial Statements

December 31, 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(cont'd)*

2.4 BUSINESS COMBINATIONS *(cont'd)*

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

2.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the Group's statement of financial position when the group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.5.1 Financial assets

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Notes to Financial Statements

December 31, 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(cont'd)*

2.5 FINANCIAL INSTRUMENTS *(cont'd)*

2.5.1 Financial assets *(cont'd)*

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest is recognised using the effective interest method for debt instruments measured subsequently at amortised cost, except for short-term balances when the effect of discounting is immaterial.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on trade and other receivables. The amount of expected credit losses is updated at the end of each reporting period to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the end of the reporting period, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Notes to Financial Statements

December 31, 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(cont'd)*

2.5 FINANCIAL INSTRUMENTS *(cont'd)*

2.5.1 Financial assets *(cont'd)*

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the end of the reporting period with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers historical loss rates for each category of customers and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the customers to settle the receivables. Forward looking information considered includes the future prospects of the industries or countries in which the Group's debtors operate in, as well as consideration of various external sources of actual and forecast economic information available that relate to the Group's operations, and the Group accordingly adjusts the historical loss rates based on expected changes in these factors.

The Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the end of the reporting period. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

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.

Notes to Financial Statements

December 31, 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(cont'd)*

2.5 FINANCIAL INSTRUMENTS *(cont'd)*

2.5.1 Financial assets *(cont'd)*

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over three years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2.5.2 Financial liabilities and equity instruments

Classification as debt or equity

Debt instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Notes to Financial Statements

December 31, 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(cont'd)*

2.5 FINANCIAL INSTRUMENTS *(cont'd)*

2.5.2 Financial liabilities and equity instruments *(cont'd)*

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method, with interest expense recognised on an effective yield basis. Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when the Federation and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

2.6 LEASES

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee.

The rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Notes to Financial Statements

December 31, 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(cont'd)*

2.6 LEASES *(cont'd)*

The Group as lessee (cont'd)

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under FRS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Notes to Financial Statements

December 31, 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(cont'd)*

2.6 LEASES *(cont'd)*

The Group as lessee (cont'd)

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statements of financial position.

The Group applies FRS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in 2.10.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Administrative expenses' in the statements of profit or loss and other comprehensive income.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

2.7 PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

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

Depreciation is charged so as to write off the cost of the assets over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold properties	50 years
Furniture, fittings and equipment	5 years
Office equipment	5 years
Information technology assets	3 years
Renovation	2 to 5 years

No depreciation is provided on capital work-in-progress.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Fully depreciated property, plant and equipment still in use are retained in the financial statements.

Notes to Financial Statements

December 31, 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(cont'd)*

2.8 INVESTMENT PROPERTY

Investment property, which is property held to earn rentals and/or for capital appreciation, including property under construction for such purposes, is measured initially at its cost, including transaction costs. Subsequent to initial recognition, investment property is measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful life of 50 years. The residual values, useful lives and depreciation method of investment properties are reviewed, and adjusted as appropriate, at the end of each reporting period.

2.9 INTANGIBLE ASSETS

Intangible assets acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses. Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives of 3 years. The estimated useful lives and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are not amortised. Each period, the useful lives of such assets are reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the policy below.

2.10 IMPAIRMENT OF TANGIBLES & INTANGIBLES ASSETS EXCLUDING GOODWILL

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Notes to Financial Statements

December 31, 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(cont'd)*

2.11 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provision for reinstatement costs

The Group and the Federation recognise a liability and capitalise an expense in property, plant and equipment if the Group and the Federation has a present legal or constructive obligation to reinstate the leased premises to their original state upon expiry of the lease. The provision is made based on management's best estimate of the expected costs to be incurred to reinstate the leased premises to their original state. The capitalised provision for reinstatement costs in right-of-used assets is amortised over the period of the lease.

2.12 GOVERNMENT GRANTS

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss and set off against the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the group with no future related costs are recognised in the statements of profit or loss and comprehensive income in the period in which they become receivable.

2.13 REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Members' subscription

Established on April 1, 2002 by the Singapore Business Federation Act, all Singapore-registered companies with paid-up capital or authorised share capital of $0.5 million and above are members of the Federation. Revenue from members' subscriptions is recognised at a point in time when annual subscription fee are billed to the existing members according to its type of membership and size of paid-up capital/authorised share capital. For company that becomes a new member during any part of an official year, they shall pay pro-rated subscription fees.

Notes to Financial Statements

December 31, 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(cont'd)*

2.13 REVENUE RECOGNITION *(cont'd)*

Events and services

The Federation is committed to helping businesses grow by providing valuable opportunities for networking. Overseas trade missions are organised regularly and members can participate in these overseas trade exhibitions and fairs. The Federation members will also have the opportunity to attend meetings with visiting overseas trade representatives, delegates and diplomats to help them identify and seek business and investment opportunities. In addition, feedback sessions and networking events are held regularly as a platform for members to identify new business opportunities.

The Federation regularly organises a wide range of training events on international trade, labour relations and other business topics. A mentorship programme has also been established for members to seek advice on business practices such as business continuity management, branding and finance.

Revenue from events, services and business missions above is recognised over time over the period of the events, services and business missions.

Sale of publications

The Federation provides timely and relevant information to its members through various media platforms. All members receive the Federation's quarterly business magazine, BiZQ which features articles on business trends, global trade and manpower related issues. As a member of International Chamber of Commerce (ICC) National Committees in Singapore, members are able to purchase copies of the ICC Publication from the Federation. Revenue from sale of publications is recognised at the point of purchase of these publications.

Sponsorship income

Sponsorship income is recognised when there is reasonable assurance that the Federation will comply with the relevant conditions, if any, and the income will be received.

Interest income

Interest income is accrued on a time proportionate basis, by reference to the principal outstanding and at the effective interest rate applicable.

Rental income

Rental income is recognised on a straight-line basis over the lease term.

2.14 RETIREMENT BENEFIT COSTS

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Notes to Financial Statements

December 31, 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(cont'd)*

2.15 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is reduced from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.16 EMPLOYEE LEAVE ENTITLEMENT

Employee entitlements to annual leave are recognised when they are accrued to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

2.17 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank, cash on hand and fixed deposits which are not subject to any significant risk of changes in value.

2.18 INCOME TAX

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Notes to Financial Statements

December 31, 2023

2 SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION *(cont'd)*

2.18 INCOME TAX *(cont'd)*

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequence that would follow from manner in which Group expects, at the end of the financial year, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2.19 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATIONS

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in members' funds of the Federation are presented in Singapore dollars, which is the functional currency of the Federation and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of each financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

Notes to Financial Statements

December 31, 2023

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2 to the financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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.

Critical judgements in applying the Group's material accounting policies

The critical judgements, apart from those involving estimates (see below), that management has made in the process of applying the Group's material accounting policies is not expected to have a significant effect on the amounts reported in the financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the financial year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Calculation of loss allowance

When measuring ECL, the Group segregates its members into different categories by members' paid up share capital. The Group considers the historical credit loss rate for each category.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the Group would expect to receive.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

The carrying amount of the Group's trade and other receivables as at the end of the reporting period are disclosed in Notes 7 and 8 to the financial statements respectively.

Useful lives of investment property and leasehold properties

Depreciation is charged to write off the cost of investment property (Note 11) and leasehold properties (Note 9) over their estimated useful lives, using the straight-line method. Management exercises judgement in estimating the useful lives of the investment property and leasehold properties which take into consideration the physical condition of the assets, their lease term and the Group's intent for maintenance and upgrade when necessary to maintain the physical and economic viability of the properties. In particular, management has determined that the useful life of the Group's 99-year investment property and leasehold properties is 50 years.

Notes to Financial Statements

December 31, 2023

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	The Federation		The Group	
	2023	2022	2023	2022
	$	$	$	$
Financial assets				
Financial assets at amortised cost	36,781,847	30,163,498	41,223,101	34,178,823
Financial liabilities				
Financial liabilities at amortised cost	32,120,199	33,469,870	32,134,286	33,481,362
Lease liabilities	335,872	480,815	335,872	480,815
	32,456,071	33,950,685	32,470,158	33,962,177

(b) *Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements*

The Federation and the Group do not have any financial assets, financial liabilities and financial instruments which are subject to enforceable master netting arrangements or similar netting agreements.

(c) *Financial risk management policies and objectives*

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the costs of risks occurring and the cost of managing the risks. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. The Group does not hold or issue derivative financial instruments for speculative purposes.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Market risk exposures are measured using sensitivity analysis indicated below:

(i) Foreign exchange risk management

The Federation and the Group's foreign currency exposures arise mainly from the exchange rate movements of United States dollar against the Singapore dollar.

No sensitivity analysis is prepared as the Group does not expect any material effect on the Federation and the Group's profit or loss and equity arising from the effects of possible changes to the foreign currency exchange rate.

(ii) Interest rate risk management

The Group is exposed to Singapore Interbank Offered Rate ("SIBOR"). The exposures arise on bank borrowings referenced to SIBOR.

Notes to Financial Statements

December 31, 2023

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT *(cont'd)*

(c) ***Financial risk management policies and objectives*** (cont'd)

(ii) Interest rate risk management *(cont'd)*

The Group is closely monitoring the market and the updates from the various industry working groups managing the transition to new benchmark interest rates in Singapore. This includes announcements made by the Association of Banks in Singapore (ABS), the Singapore Foreign Exchange Market Committee (SFEMC), and the Steering Committee for SOR Transition to SORA (SC-STS) ("IBOR Committees"). Singapore Overnight Rate Average ("SORA") have replaced Singapore Swap Offer Rate ("SOR") which has been discontinued in June 2023 and SIBOR on a phased basis by December 2024.

The Group is not exposed to significant interest rate risk as there are no significant interest-bearing assets and liabilities except for the Group's fixed deposits and bank loans. Further details are disclosed in Notes 6 and 17 to the financial statements respectively.

The sensitivity analyses below have been determined based on the exposure to interest rates on the Group's bank loans at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit or loss for the year ended December 31, 2023 would decrease/increase by $121,852 (2022 : decrease/increase by $128,086). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

(iii) Credit risk management

The Group develops and maintains its credit risk gradings to categorise exposures according to their degree of risk of default. The Group uses its own trading records to rate its major customers and other debtors.

The Group'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 > 30 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 the Group has no realistic prospect of recovery.	Amount is written off

Notes to Financial Statements

December 31, 2023

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT *(cont'd)*

(c) Financial risk management policies and objectives (cont'd)

(iii) Credit risk management *(cont'd)*

The tables below detail the credit quality of the Federation's and Group's financial assets as well as maximum exposure to credit risk by credit risk rating grades:

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				$	$	$
The Federation						
2023						
Trade receivables from third parties	7	(*)	Lifetime ECL (simplified approach)	1,770,998	(1,088,124)	682,874
Other receivables	8	Performing	12-month ECL	5,967,442	–	5,967,442
					(1,088,124)	
2022						
Trade receivables from third parties	7	(*)	Lifetime ECL (simplified approach)	2,079,788	(1,224,058)	855,730
Other receivables	8	Performing	12-month ECL	8,245,014	–	8,245,014
					(1,224,058)	
The Group						
2023						
Trade receivables from third parties	7	(*)	Lifetime ECL (simplified approach)	1,770,998	(1,088,124)	682,874
Other receivables	8	Performing	12-month ECL	6,000,076	–	6,000,076
					(1,088,124)	
2022						
Trade receivables from third parties	7	(*)	Lifetime ECL (simplified approach)	2,079,788	(1,224,058)	855,730
Other receivables	8	Performing	12-month ECL	8,266,778	–	8,266,778
					(1,224,058)	

(*) The Group has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items based on historical credit loss experience and the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Notes to Financial Statements

December 31, 2023

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT *(cont'd)*

(c) ***Financial risk management policies and objectives*** *(cont'd)*

(iii) Credit risk management *(cont'd)*

The Group has adopted procedures in extending credit terms to customers and in monitoring its credit risk. The Group only grants credit to creditworthy counterparties. Cash is held with creditworthy institutions and is subject to immaterial credit loss.

The Group has no significant concentration of credit risk with any single customer or group of customers.

(iv) Liquidity risk management

Liquidity risk refers to the risk that the Federation and the Group may not be able to meet their obligations.

The Federation and the Group maintain sufficient cash and bank balances and internally generated cash flows to finance their working capital requirements.

All financial assets are due within 1 year from the end of the reporting period and/or are non-interest bearing.

Notes to Financial Statements

December 31, 2023

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT *(cont'd)*

(c) Financial risk management policies and objectives (cont'd)

(iv) Liquidity risk management *(cont'd)*

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Federation and the Group can be required to pay. The tables include both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the statements of financial position.

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	$	$	$	$	$
The Federation						
2023						
Non-interest bearing	–	7,749,889	–	–	–	7,749,889
Lease liabilities	1.50 – 2.38	194,062	148,729	–	(6,919)	335,872
Bank borrowing	1.50 – 1.98	1,637,448	6,549,792	28,839,292	(12,656,222)	24,370,310
		9,581,399	6,698,521	28,839,292	(12,663,141)	32,456,070
2022						
Non-interest bearing	–	7,852,686	–	–	–	7,852,686
Lease liabilities	1.50 – 2.38	234,839	254,696	–	(8,720)	480,815
Bank borrowing	1.50 – 1.68	1,637,448	6,549,792	21,575,357	(4,145,413)	25,617,184
		9,724,973	6,804,488	21,575,357	(4,154,133)	33,950,685

Notes to Financial Statements

December 31, 2023

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT *(cont'd)*

(c) *Financial risk management policies and objectives* (cont'd)

(iv) Liquidity risk management *(cont'd)*

Liquidity and interest risk analyses *(cont'd)*

Non-derivative financial liabilities

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	$	$	$	$	$
The Group						
2023						
Non-interest bearing	–	7,763,975	–	–	–	7,763,975
Lease liabilities	1.50 – 2.38	194,062	148,729	–	(6,919)	335,872
Bank borrowing	1.50 – 1.98	1,637,448	6,549,792	28,839,292	(12,656,222)	24,370,310
		9,595,485	6,698,521	28,839,292	(12,663,141)	32,470,157
2022						
Non-interest bearing	–	7,864,178	–	–	–	7,864,178
Lease liabilities	1.50 – 2.38	234,839	254,696	–	(8,720)	480,815
Bank borrowing	1.50 – 1.68	1,637,448	6,549,792	21,575,357	(4,145,413)	25,617,184
		9,736,465	6,804,488	21,575,357	(4,154,133)	33,962,177

(v) Fair value of financial assets and financial liabilities

Other than the bank loans and lease liabilities, the carrying amounts of financial assets and financial liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

The fair value of the bank loans and lease liabilities are disclosed in Notes 17 and 18 to the financial statements.

Notes to Financial Statements

December 31, 2023

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT *(cont'd)*

(d) Capital management policies and objectives

The Group's objectives when managing its capital/funds are:

(i) To safeguard the Group's ability to continue as a going concern;

(ii) To support the Group's stability and growth; and

(iii) To strengthen the Group's risk management capability.

The Group actively and regularly reviews and manages its capital and funds structure to ensure optimal structure taking into consideration the future requirements of the Group and capital/fund efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of accumulated funds and bank loans.

The Group has complied with the externally imposed capital requirements in 2023 and 2022.

5 SIGNIFICANT RELATED PARTY TRANSACTIONS

The Federation has transactions and arrangements with its subsidiaries and other related parties and the effect of these on the basis determined between parties are reflected in these financial statements. The balances are unsecured, interest free, repayable on demand and expected to be settled in cash unless otherwise stated.

Related companies in these financial statements refer to the entities of the Group. Some of the Federation's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free, repayable on demand and expected to be settled in cash unless otherwise stated.

During the year, the Group entered into the following transactions with its related party, Singapore Business Federation Foundation Limited:

	The Federation and the Group	
	2023	2022
	$	$
Rendering of services	36,087	450,272
Rental expense	516,421	450,286

Notes to Financial Statements

December 31, 2023

5 SIGNIFICANT RELATED PARTY TRANSACTIONS *(cont'd)*

Compensation of key management personnel

The remuneration of key management personnel during the year is as follows:

	The Federation and the Group	
	2023	2022
	$	$
Salaries and other short-term employee benefits	1,816,826	3,014,249
Post-employment benefits	116,857	136,809
	1,933,683	3,151,058

6 CASH AND BANK BALANCES

	The Federation		The Group	
	2023	2022	2023	2022
	$	$	$	$
Cash at bank	18,584,657	13,806,001	19,227,282	14,120,699
Fixed deposits	11,546,874	7,256,753	15,312,869	10,935,616
	30,131,531	21,062,754	34,540,151	25,056,315
Less: Fixed deposits held for investment	(11,546,874)	(5,143,714)	(15,312,869)	(8,822,577)
Cash and cash equivalents	18,584,657	15,919,040	19,227,282	16,233,738

Fixed deposits have a maturity ranging from 3 to 12 months (2022 : 3 to 12 months) from the end of the reporting period and bears an effective interest rate ranging from 0.20% to 3.60% (2022 : 0.35% to 3.90%) per annum.

Out of the $18,584,657 (2022 : $13,806,001) the Federation holds in the bank, $10,846,567 (2022 : $10,949,551) pertains to cash received in advance for government funding programmes and is strictly ringfenced for their respective programmes' usage (Note 16).

Notes to Financial Statements

December 31, 2023

7 TRADE RECEIVABLES

	The Federation and the Group 2023	The Federation and the Group 2022
	$	$
Subscription fee due from members	1,484,125	1,468,813
Loss allowance	(1,088,124)	(1,224,058)
	396,001	244,755
Non-subscription fee due from members	286,873	610,975
	682,874	855,730

The amounts due from members which consist of both subscription fee and non-subscription fees, are due immediately upon billing.

Loss allowance for trade receivables has been measured at an amount equal to lifetime expected credit losses (ECL). The trade receivables are segregated into the respective category in accordance with the members' paid up/authorised share capital. The ECL is estimated by reference to past default experience of each member category, adjusted for factors that are specific to the member.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The following table details the risk profile of trade receivables from contracts with customers based on the Group's provision matrix.

	S$0.5 mil to S$1 mil	S$1 mil to S$5 mil	S$5 mil to S$10 mil	More than S$10 mil	Total
	$	$	$	$	$
December 31, 2023					
Expected credit loss rate	84%	81%	78%	70%	
Estimated total gross carrying amount at default	371,003	535,280	143,885	324,589	
Lifetime ECL	313,234	436,192	112,404	226,294	1,088,124
December 31, 2022					
Expected credit loss rate	79%	78%	73%	66%	
Estimated total gross carrying amount at default	449,746	654,433	176,733	350,706	
Lifetime ECL	356,681	507,280	129,848	230,249	1,224,058

Notes to Financial Statements

December 31, 2023

7 TRADE RECEIVABLES *(cont'd)*

The movements in credit loss allowance are as follows:

	The Federation and the Group	
	2023	2022
	$	$
Balance as at beginning of the year	1,224,058	1,286,702
Change in loss allowance	196,855	143,830
Written off	(332,789)	(206,474)
	1,088,124	1,224,058

8 OTHER RECEIVABLES AND DEPOSITS

	The Federation		The Group	
	2023	2022	2023	2022
	$	$	$	$
Prepayments	362,472	188,501	362,472	188,501
Sundry deposits	39,801	31,063	39,801	31,063
Outside parties	972,927	2,048,086	1,005,561	2,069,850
Government grant receivable	–	69,000	–	69,000
Monies receivable from government agencies	4,954,714	6,096,865	4,954,714	6,096,865
	6,329,914	8,433,515	6,362,548	8,455,279

Government grant receivable relates to the Jobs Growth Incentive ("JGI") (2022 : the Jobs Growth Incentive ("JGI")) payouts receivable.

For purpose of impairment assessment, other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for deferred consideration and other receivables.

Notes to Financial Statements

December 31, 2023

9 PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties	Furniture, fittings and equipment	Office equipment	Information technology assets	Renovation	Capital WIP	Total
	$	$	$	$	$	$	$
The Federation and the Group							
Cost							
At January 1, 2022	26,855,041	473,608	501,840	233,901	811,667	–	28,876,057
Additions	–	126,970	65,879	109,284	546,806	147,970	996,909
Disposal	–	–	–	(6,850)	–	–	(6,850)
Written-off	–	(16,153)	(16140)	(2,538)	–	–	(34,831)
At December 31, 2022	26,855,041	584,425	551,579	333,797	1,358,473	147,970	29,831,285
Additions	–	–	14,610	180,320	–	–	194,930
Written-off	–	–	–	–	–	(147,970)	(147,970)
At December 31, 2023	26,855,041	584,425	566,189	514,117	1,358,473	–	29,878,245
Accumulated depreciation							
At January 1, 2022	1,839,666	399,817	420,497	206,422	662,345	–	3,528,747
Depreciation for the year	537,101	41,963	40,018	32,113	123,059	–	774,254
Disposal	–	–	–	(5,899)	–	–	(5,899)
Written-off	–	(16,153)	(16,140)	(2,538)	–	–	(34,831)
At December 31, 2022	2,376,767	425,627	444,375	230,098	785,404	–	4,262,271
Depreciation for the year	537,101	39,478	31,038	64,028	144,098	–	815,743
At December 31, 2023	2,913,868	465,105	475,413	294,126	929,502	–	5,078,014
Carrying amount							
At December 31, 2023	23,941,173	119,320	90,776	219,991	428,971	–	24,800,231
At December 31, 2022	24,478,274	158,798	107,204	103,699	573,069	147,970	25,569,014

The Group's leasehold properties was mortgaged as collateral for the bank loans (Note 17).

Notes to Financial Statements

December 31, 2023

10 RIGHT-OF-USE ASSETS

The Federation and the Group leases several assets including office premises, office equipment and information technology assets. The average lease term ranges from 2 to 5 years (2022 : 2 to 5 years).

	Office premises	Office equipment	Information technology assets	Total
	$	$	$	$
The Federation and the Group				
Cost				
At January 1, 2022	558,885	69,225	299,237	927,347
Additions	401,058	15,160	61,287	477,505
At December 31, 2022	959,943	84,385	360,524	1,404,852
Additions	–	91,501	–	91,501
At December 31, 2023	959,943	175,886	360,524	1,496,353
Accumulated depreciation				
At January 1, 2022	473,201	36,693	151,667	661,561
Depreciation	139,807	26,706	98,990	265,503
At December 31, 2022	613,008	63,399	250,657	927,064
Depreciation	133,686	28,372	74,630	236,688
At December 31, 2023	746,694	91,771	325,287	1,163,752
Carrying amount				
At December 31, 2023	213,249	84,115	35,237	332,601
At December 31, 2022	346,935	20,986	109,867	477,788

Notes to Financial Statements

December 31, 2023

11 INVESTMENT PROPERTY

	Leasehold property $
The Federation and the Group	
Cost	
At January 1, 2022, December 31, 2022 and December 31, 2023	19,950,472
Accumulated depreciation	
At January 1, 2022	2,224,425
Depreciation for the year	415,455
At December 31, 2022	2,639,880
Depreciation for the year	397,255
At December 31, 2023	3,037,135
Carrying amount	
At December 31, 2023	16,913,337
At December 31, 2022	17,310,592

Investment property is recorded at cost less depreciation and any fair value increase/decrease is not recognised.

The fair value of the Group's investment property is $26.1 million (2022 : $21.8 million) as at December 31, 2023. The fair value was determined under Level 3 within the fair value hierarchy.

The fair value of the Group's investment property as at December 31, 2023 has been determined on the basis of valuations carried out at the end of the reporting period by an independent valuer having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued, and not related to the Group. The fair value was determined based on direct comparison with recent transactions of comparable properties within the vicinity and elsewhere, and adjusted based on the valuer's knowledge of the factors specific to the respective property.

The property rental income from the Group and the Federation's investment properties amounted to $766,217 (2022 : $839,713). No direct operating expenses (including repairs and maintenance) were incurred during the year.

The Group's leasehold property was mortgaged as collateral for the bank loans (Note 17).

Notes to Financial Statements

December 31, 2023

12 INTANGIBLE ASSETS

	Software licence $
The Federation and the Group	
Cost	
At January 1, 2022	232,529
Addition	509,298
Disposal	(2,120)
Written-off	(23,400)
At December 31, 2022	716,307
Addition	47,281
At December 31, 2023	763,588
Accumulated amortisation	
At January 1, 2022	215,370
Disposal	(1,825)
Written-off	(23,400)
Amortisation	56,544
At December 31, 2022	246,689
Amortisation	181,390
At December 31, 2023	428,079
Carrying amount	
At December 31, 2023	335,509
At December 31, 2022	469,618

Notes to Financial Statements

December 31, 2023

13 INVESTMENTS IN SUBSIDIARIES

	The Federation	
	2023	2022
	$	$
Unquoted equity shares, at cost	1,980,000	1,980,000

Details of the Group's subsidiaries as at December 31, 2023 are as follows:

Name of subsidiary	Country of incorporation and operation	Proportion of ownership interest and voting power held 2022	2023	Principal activity
		%	%	
Held by the Federation				
SBF Holdings Pte. Ltd. (1)	Singapore	100	100	Investment holding and events management
Held by SBF Holdings Pte. Ltd.				
SBF Connect Pte. Ltd.	Singapore	100	100	Events management

(1) The shares are held in trust by three directors of SBF Holdings Pte. Ltd.

14 DEFERRED TAX ASSETS (LIABILITIES)

	Accelerated tax depreciation	Provision for unutilised leave	Total
	$	$	$
The Federation and the Group			
As at January 1, 2022	(28,174)	134,727	106,553
Credit to profit or loss (Note 26)	(95,262)	(16,878)	(112,140)
As at December 31, 2022	(123,436)	117,849	(5,587)
Charge to profit or loss (Note 26)	25,707	(707)	25,000
As at December 31, 2023	(97,729)	117,142	19,413

Notes to Financial Statements

December 31, 2023

15 TRADE PAYABLES

	The Federation		The Group	
	2023	2022	2023	2022
	$	$	$	$
Outside parties	345,178	1,451,061	350,678	1,462,553

The average credit period on purchases of goods and services is 30 days (2022 : 30 days).

16 OTHER PAYABLES

	The Federation		The Group	
	2023	2022	2023	2022
	$	$	$	$
Outside parties	1,533,615	1,047,814	1,542,202	1,047,814
Accruals	5,871,096	5,353,811	5,871,096	5,353,811
Grants received in advance/on behalf	10,846,567	10,949,551	10,846,567	10,949,551
	18,251,278	17,351,176	18,259,865	17,351,176

Grants for various government funding programmes are received in advance from/ on behalf of Enterprise Singapore and Workforce Singapore (Note 6).

17 BANK LOANS

	The Federation and the Group	
	2023	2022
	$	$
Loan I	18,135,114	19,158,376
Loan II	6,235,196	6,458,808
	24,370,310	25,617,184
Current	672,342	1,231,151
Non-current	23,697,968	24,386,033
	24,370,310	25,617,184

The bank loan facility I (for level 8 office) was revised on January 21, 2022 and bears interest at 1.5% per annum for the first two years. From the third year onwards from date of revision, the loan bears interest at 4% plus 3-month SORA rate per annum and is repayable over monthly principal instalments ending on August 31, 2039.

The bank loan facility II (for level 7 office) was initiated on January 18, 2021 and bears interest at 1.68% per annum for the first two years and 1.98% per annum for the third year. From the fourth year onwards, the loan bears interest at 4% plus 3-month SORA rate per annum and is repayable over monthly principal instalments ending on January 17, 2046.

Notes to Financial Statements

December 31, 2023

17 BANK LOANS *(cont'd)*

Management estimates the fair value of the above loans approximates its carrying amount.

The bank loans are secured by mortgages over the Federation and the Group's leasehold properties as disclosed in Notes 9 and 11.

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Federation and the Group's statement of cash flows as cash flows from financing activities.

	January 1, 2023	Financing cash flows	New lease liabilities	Interest expense	December 31, 2023
	$	$	$	$	$
Bank loans	25,617,184	(1,641,095)	–	394,221	24,370,310
Lease liabilities	480,815	(242,861)	91,501	6,417	335,872
	26,097,999	(1,883,956)	91,501	400,638	24,706,182

	January 1, 2022	Financing cash flows	New lease liabilities	Interest expense	December 31, 2022
	$	$	$	$	$
Bank loans	26,876,362	(1,678,256)	–	419,078	25,617,184
Lease liabilities	262,980	(266,363)	477,505	6,693	480,815
	27,139,342	(1,944,619)	477,505	425,771	26,097,999

Notes to Financial Statements

December 31, 2023

18 LEASE LIABILITIES

	The Federation and the Group	
	2023	2022
	$	$
Maturity analysis:		
Year 1	194,062	234,839
Year 2	99,036	174,896
Year 3	19,236	79,800
Year 4	19,236	–
Year 5	11,221	–
	342,791	489,535
Less: Unearned interest	(6,919)	(8,720)
	335,872	480,815
Analysed as:		
Current	189,982	229,160
Non-current	145,890	251,655
	335,872	480,815

The Group does not face a significant liquidity risk with regard to its lease liabilities.

19 PROVISION FOR REINSTATEMENT COSTS

A provision for reinstatement costs is recognised when the Federation and the Group have a legal and constructive obligation to rectify wear and tear to leased premises under property lease agreements with external parties. The provision is based on the supplier's quotation obtained. These amounts have not been discounted for the purpose of measuring the provision for reinstatement costs, because the effect is not material.

Notes to Financial Statements

December 31, 2023

20 INCOME

	The Federation		The Group	
	2023	2022	2023	2022
	$	$	$	$
Members' subscription fees	15,592,432	14,816,753	15,592,432	14,816,753
Events and seminars	2,487,074	2,131,566	2,487,074	2,131,566
Business missions	1,214,897	482,704	1,214,897	482,704
Sponsorship	2,505,515	3,854,500	3,265,515	3,854,500
Service income	38,875	26,825	38,875	26,825
Publications and advertising	24,565	31,668	24,565	31,668
Other-trade income [(1)]	4,507,260	586,859	4,469,319	586,859
	26,370,618	21,930,875	27,092,677	21,930,875

(1) Included in other-trade income are administrative grant and award funding received during the year under EnterpriseSG-SBF Strategic Partnership Phase 1 for meeting key performance indicators in relation to qualifying activities (Note 22).

A disaggregation of the Group's revenue for the year is as follows:

	The Federation		The Group	
	2023	2022	2023	2022
	$	$	$	$
Over time				
Events and seminars	2,487,074	2,131,566	2,487,074	2,131,566
Business missions	1,214,897	482,704	1,214,897	482,704
	3,701,971	2,614,270	3,701,971	2,614,270
At a point in time				
Members' subscription fees	15,592,432	14,816,753	15,592,432	14,816,753
Sponsorship	2,505,515	3,854,500	3,265,515	3,854,500
Service income	38,875	26,825	38,875	26,825
Publications and advertising	24,565	31,668	24,565	31,668
Other-trade income	4,507,260	586,859	4,469,319	586,859
	22,668,647	19,316,605	23,390,706	19,316,605
	26,370,618	21,930,875	27,092,677	21,930,875

Notes to Financial Statements

December 31, 2023

21 DIRECT COSTS

	The Federation		The Group	
	2023	2022	2023	2022
	$	$	$	$
Cost of fee collection	490,466	455,431	490,466	455,431
Events and seminars	1,885,810	6,821,216	2,266,396	6,821,216
Business missions	2,523,078	2,257,103	2,523,078	2,257,103
Other direct costs	3,812,256	2,454,213	3,812,256	2,454,213
	8,711,610	11,987,963	9,092,196	11,987,963
Less: Government grants received (Note 22)	(6,163,042)	(7,228,840)	(6,163,042)	(7,228,840)
	2,548,568	4,759,123	2,929,154	4,759,123

22 GOVERNMENT GRANTS

During the financial year, the total government grants received are as follows:

	The Federation and the Group	
	2023	2022
	$	$
Administrative grants and award funding (Note 20)	4,403,273	–
Grants received for direct costs (Note 21)	6,163,042	7,228,840
Grants received for manpower costs (Note 25)	6,896,080	6,468,569
	17,462,395	13,697,409

23 OTHER INCOME

	The Federation		The Group	
	2023	2022	2023	2022
	$	$	$	$
Rental income	766,217	839,713	766,217	839,713
Interest income	413,296	72,808	511,296	103,408
Jobs Growth Incentive grant income	98,246	554,365	98,246	554,365
Sundry income	274,694	854,455	274,694	872,654
	1,552,453	2,321,341	1,650,453	2,370,140

Notes to Financial Statements

December 31, 2023

24 FINANCE COSTS

	The Federation and the Group	
	2023	2022
	$	$
Interest expense on bank loans	394,221	419,078
Interest expense on lease liabilities	6,417	6,693
	400,638	425,771

25 SURPLUS BEFORE TAX

In addition to the charges and credits disclosed elsewhere in the Notes to the financial statements, surplus before tax has been arrived at after charging (crediting):

	The Federation and the Group	
	2023	2022
	$	$
Manpower costs:		
Salaries, bonuses and other costs	18,385,187	17,808,466
Post-employment benefits	1,516,944	1,393,207
	19,902,131	19,201,673
Less: Government grants received (Note 22)	(6,896,080)	(6,468,569)
	13,006,051	12,733,104
Loss on disposal of asset *	–	1,246

* Included in other operating expenses in the statement of profit or loss and other comprehensive income.

Notes to Financial Statements

December 31, 2023

26 INCOME TAX EXPENSE

	The Federation		The Group	
	2023	2022	2023	2022
	$	$	$	$
Current tax:				
Current year	1,330,505	300,135	1,337,102	301,325
Under (Over) provision in prior years	84,021	(6,974)	84,073	(6,958)
Deferred tax (Note 14):				
Current year	(25,000)	126,691	(25,000)	126,691
Over provision in prior years	–	(14,551)	–	(14,551)
	1,389,526	405,301	1,396,175	406,507

The income tax expense for the year can be reconciled to the accounting surplus as follows:

	The Federation		The Group	
	2023	2022	2023	2022
	$	$	$	$
Surplus before tax	7,244,719	1,841,370	7,669,295	1,877,373
Tax at statutory rate of 17% (2022 : 17%)	1,231,602	313,033	1,303,780	319,153
Tax effect on non-taxable income	(54,150)	(100,962)	(54,150)	(101,925)
Tax effect of non-deductible expenses	145,478	232,180	79,897	228,213
Singapore statutory stepped income exemption	(17,425)	(17,425)	(17,425)	(17,425)
Under (Over) provision of current tax in prior years	84,021	(6,974)	84,073	(6,958)
Over provision of deferred tax in prior years	–	(14,551)	–	(14,551)
	1,389,526	405,301	1,396,175	406,507

Notes to Financial Statements

December 31, 2023

26 INCOME TAX EXPENSE *(cont'd)*

The Group has tax loss carry forwards available for offsetting against future taxable income as follows:

	2023	2022
	$	$
At beginning of year	915,567	932,356
Utilised during the year	(222,673)	(16,789)
At end of year	692,894	915,567
Deferred tax benefit on above not recognised	117,792	155,646

No deferred tax benefit on the tax loss carry forwards was recognised in the financial statements due to the unpredictability of profit streams from the dormant subsidiary. The realisation of future income tax benefits from tax loss carry forwards is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

27 COMMITMENTS

Where the Group is the lessor

Operating leases, in which the Federation and the Group is the lessor, relate to investment property owned by the Federation and the Group with lease terms of between 2 to 3 years, with two years extension option. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

Maturity analysis of operating lease payments:

	The Federation and the Group	
	2023	2022
	$	$
Year 1	704,275	827,156
Year 2	49,768	704,275
Year 3	–	49,768
Total	754,043	1,581,199

SINGAPORE
BUSINESS
FEDERATION
Apex Business Chamber