

MAKING A DIFFERENCE TO THE BUSINESS COMMUNITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011



FEDERATION INFORMATION

COUNCIL MEMBERS

Tony Chew Leong-Chee	(Chairman)
Dato' Mohd Zain Abdullah	(Vice Chairman)
Gautam Banerjee	(Vice Chairman)
Rangarajan Narayanamohan	(Vice Chairman)
Tang Kin Fei	(Vice Chairman)
Teo Siong Seng	(Vice Chairman)
Dr Robert Yap Chin Kok	(Vice Chairman)
Philip Ng Chee Tat	(Honorary Secretary)
Kay Kuok Oon Kwong	(Deputy Honorary Secretary)
Bob Tan Beng Hai	(Honorary Treasurer)
Lawrence Leow Chin Hin	(Deputy Honorary Treasurer)
Chong Siak Ching	(Council Member)
Micheal Collins	(Council Member)
Piyush Gupta	(Council Member)
Shabbir H. Hassanbhai	(Council Member)
Desmond Hill	(Council Member)
George Huang Chang Yi	(Council Member)
Olivia Lum	(Council Member)
Edwin Khew Teck Fook	(Council Member)
Seiji Kino	(Council Member)
Steven Royce Okun	(Council Member)
Alvin Yeo Khirm Hai	(Council Member)
Jung Young Soo	(Council Member)

BANKERS

United Overseas Bank Limited
Malayan Banking Berhad
Oversea-Chinese Banking Corporation Limited
Sumitomo Mitsui Banking Corporation

INDEPENDENT AUDITOR

Foo Kon Tan Grant Thornton LLP
Public Accountants and
Certified Public Accountants
47 Hill Street #05-01
Singapore Chinese Chamber of Commerce & Industry Building
Singapore 179365

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STATEMENT BY COUNCIL

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

In the opinion of the Council, the accompanying statements of financial position, statements of comprehensive income, consolidated statement of changes in members' funds and the consolidated statement of cash flows, together with the notes thereon, are drawn up so as to give a true and fair view of the state of affairs of the Federation and of the Group as at 31 December 2011 and of the results of the business of the Federation and of the Group, changes in members' funds and cash flows of the Group for the financial year ended on that date, and at the date of this statement there are reasonable grounds to believe that the Federation will be able to pay its debts as and when they fall due.

On behalf of the Council

TONY CHEW LEONG-CHEE
Chairman

BOB TAN BENG HAI
Honorary Treasurer

30 May 2012

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SINGAPORE BUSINESS FEDERATION

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Singapore Business Federation ("the Federation") and its subsidiaries ("the Group"), which comprise the statements of financial position and statements of comprehensive income of the Federation and of the Group as at 31 December 2011, consolidated statement of changes in members' fund and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY 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 Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SINGAPORE BUSINESS FEDERATION (CONT'D)

OPINION

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Federation are properly drawn up in accordance with the provisions of the Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Federation and of the Group as at 31 December 2011, and the results, changes in members' funds and cash flows of the Group for the financial year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the regulations enacted under Societies Act, Chapter 311 to be kept by the Federation have been properly kept in accordance with those regulations.

The accounting and other records required by the Singapore Companies Act, Cap. 50 (the "Act") to be kept by the subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

FOO KON TAN GRANT THORNTON LLP

Public Accountants and
Certified Public Accountants

Singapore, 30 May 2012

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2011

		The Federation		The Group	
	Note	31 December 2011 \$	31 December 2010 \$	31 December 2011 \$	31 December 2010 \$
Assets					
Non-Current					
Property, plant and equipment	3	215,127	182,102	247,132	230,483
Subsidiaries	4	1,980,000	1,980,000	-	-
Held-to-maturity investment	5	3,000,000	3,000,000	3,000,000	3,000,000
Deferred tax assets	10.1	15,889	15,889	15,889	15,889
		5,211,016	5,177,991	3,263,021	3,246,372
Current					
Members' subscriptions in-arrears	6	258,854	45,938	258,854	45,938
Trade and other receivables	7	888,865	1,021,142	1,501,117	1,727,477
Cash and cash equivalents	9	9,387,695	7,610,630	15,253,018	13,025,074
		10,535,414	8,677,710	17,012,989	14,798,489
Total assets		15,746,430	13,855,701	20,276,010	18,044,861
Reserves					
Accumulated funds		12,397,100	10,279,308	14,786,206	12,613,034
Non-controlling Interests		-	-	563,916	519,085
		12,397,100	10,279,308	15,350,122	13,132,119
Liabilities					
Non-Current					
Provision for reinstatement costs of leased premises		319,375	319,375	319,375	319,375
Deferred tax liabilities	10.2	-	-	5,947	5,947
		319,375	319,375	325,322	325,322
Current					
Trade and other payables	11	2,762,388	3,057,404	4,329,493	4,325,747
Amount due to subsidiaries	8	-	7,977	-	-
Current tax payable		267,567	191,637	271,073	261,673
		3,029,955	3,257,018	4,600,566	4,587,420
Total liabilities		3,349,330	3,576,393	4,925,888	4,912,742
Total funds and liabilities		15,746,430	13,855,701	20,276,010	18,044,861

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

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

		The Federation		The Group	
	Note	Year ended 31 December 2011 \$	Year ended 31 December 2010 \$	Year ended 31 December 2011 \$	Year ended 31 December 2010 \$
Income					
Members' subscriptions fees		7,861,924	7,361,377	7,861,524	7,361,377
Events and seminars	11	844,305	642,439	2,862,520	1,669,615
Business missions		966,246	1,202,056	966,246	1,202,056
Sponsorship		352,139	185,416	352,139	172,916
Publications		329,552	198,451	329,552	182,662
Interest earned on fixed deposits		59,893	30,701	65,841	32,113
Rental income		183,421	161,715	109,459	100,977
Other income		128,793	151,074	351,246	213,490
Service Income		10,000	-	10,000	-
Job Credit		-	38,364	-	41,739
Allowance for doubtful debts no longer required		-	82,781	-	82,781
RSBF Grant		-	-	646,268	-
GES Grant		-	-	675,558	675,843
		10,736,273	10,054,374	14,230,353	11,735,569
Expenditure					
Audit remuneration		20,000	18,000	38,500	29,000
Depreciation of property, plant and equipment		151,299	273,486	172,002	285,916
Premise expenses		1,104,684	989,201	1,104,684	989,201
Staff costs					
- salaries, bonuses and other costs		4,619,164	4,223,108	5,256,309	4,829,850
- Central Provident Fund		466,910	368,264	551,357	450,652
Operating expenses	12	2,006,727	3,056,309	4,641,875	3,942,259
		8,368,784	8,928,368	11,764,727	10,526,878
Surplus for the year before taxation		2,367,489	1,126,006	2,465,626	1,208,691
Income tax expenses	13	(249,697)	(110,633)	(247,623)	(94,975)
Net surplus and total comprehensive income for the year		2,117,792	1,015,373	2,218,003	1,113,716
Surplus/total comprehensive income attributable to:					
Federation		2,117,792	1,015,373	2,173,172	1,083,067
Non-controlling interests		-	-	44,831	30,649
		2,117,792	1,015,373	2,218,003	1,113,716

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

CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' FUNDS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

The Group	Accumulated Funds \$	Non-Controlling Interests \$	Total \$
Balance at 1 January 2010	11,529,967	488,436	12,018,403
Total comprehensive income for the year	1,083,067	30,649	1,113,716
Balance at 31 December 2010	12,613,034	519,085	13,132,119
Total comprehensive income for the year	2,173,172	44,831	2,218,003
Balance at 31 December 2011	14,786,206	563,916	15,350,122

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

The Group	Year ended 31 December 2011 \$	Year ended 31 December 2010 \$
Cash Flows from Operating Activities		
Surplus for the year before taxation	2,465,626	1,208,691
Adjustments for:		
Depreciation of property, plant and equipment	171,913	285,916
Gain on disposal of property, plant and equipment	-	(585)
Interest income	(65,571)	(32,113)
Operating surplus before working capital changes	2,571,968	1,461,909
(Increase)/decrease in members' subscription in-arrears	(212,916)	264,603
Decrease/(increase) in trade and other receivables	229,260	(329,557)
Increase in trade and other payables	3,746	600,277
Net cash generated from operating activities	2,592,058	1,997,232
Interest received	62,671	28,814
Income tax paid	(238,223)	(446,220)
Net cash generated from operating activities	2,416,506	1,579,826
Cash Flows from Investing Activities		
Proceeds from disposal of property, plant and equipment	-	1,465
Purchase of property, plant and equipment	(188,562)	(78,257)
Placement of structured deposit	-	(3,000,000)
Cash used in investing activities	(188,562)	(3,076,792)
Cash Flows from Financing Activity		
Proceeds from issuance of shares to non-controlling interest	-	-
Cash generated from financing activity	-	-
Net increase/(decrease) in cash and cash equivalents	2,227,944	(1,496,966)
Cash and cash equivalents at beginning of the financial year	13,025,074	14,522,040
Cash and cash equivalents at end of the financial year (Note 9)	15,253,018	13,025,074

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

1 GENERAL INFORMATION

The financial statements of the Federation and of the Group for the year ended 31 December 2011 were authorised for issue in accordance with a resolution of the Council on the date of the Statement by Council.

The Federation was registered under the Societies Act on 1 April 2002 and is a not-for-profit organization. The Federation is domiciled in the Republic of Singapore.

The registered office of the Federation is located at 10 Hoe Chiang Road #22-01 Keppel Towers Singapore 089315.

The objectives of the Federation are:-

1. to enhance the organisation of the business community in Singapore; and
2. 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 4.

Under The Singapore Business Federation Act 2001, 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.

2(A) BASIS OF PREPARATION

The financial statements are prepared in accordance with Singapore Financial Reporting Standards ("FRS") including related Interpretations to FRS ("INT FRS") promulgated by the Accounting Standards Council ("ASC"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars which is the Federation's functional currency. All financial information are presented in Singapore dollars, unless otherwise stated.

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, including expectation of future events that are believed to be reasonable, actual results may differ from those estimates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2(A) BASIS OF PREPARATION (CONT'D)

Significant accounting estimates and judgements (cont'd)

The critical accounting estimates and assumptions used and area involving a high degree of judgement are described below:

Income tax

Significant judgment is required in determining the capital allowances, deductibility of certain expenses and taxability of certain capital items during the estimation of the provision for income tax.

There are also claims for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognised liabilities for expected tax issues based on estimates of whether additional taxes will be due. When the final tax outcome of these matters are different from the amounts that were initially recognized, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The Council and management estimate the useful lives of property, plant and equipment to be within 3 to 5 years. The carrying amount of the Group's property, plant and equipment as at 31 December 2011 is \$247,132 (2010 - \$230,483). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

Allowance for bad and doubtful debts

The Council assesses the collectability of members' subscriptions in-arrears. This estimate is based on the credit history of the member and the current market condition. The Council reassesses the impairment loss at the end of the reporting period.

Allowances for bad and doubtful debts are based on an assessment of the recoverability of trade and other receivables. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the expected outcome is different from the original estimate, such difference will impact the carrying value of trade and other receivables and doubtful debt expenses in the period in which such estimate has been changed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2(B) INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN 2011

On 1 January 2011, the following new or amended FRS and Interpretations to FRS ("INT FRS") are mandatory for application:

	Description	Effective date (Annual periods beginning on or after)
FRS 24	Related Party Disclosures	1.1.2011
FRS 32	Classification of Rights Issues (Amendments to FRS 32)	1.2.2010
FRS 101	Limited Exemption from Comparative FRS 107 Disclosure for First-time Adopters (Amendments to FRS 101)	1.7.2010
General amendments	Improvements to FRSs 2010	
INT FRS 114	Prepayments of a minimum Funding Requirement (Amendments to INT FRS 114)	1.1.2011
INT FRS 115	Agreements for Construction of Real Estate	1.1.2011
INT FRS 119	Extinguishing Financial Liabilities with Equity Instruments	1.7.2010

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

2(C) NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS NOT EFFECTIVE

At the date of authorization of these financial statements, the following FRS and INT FRS were issued but not yet effective and which the Company has not early adopted:

	Description	Effective date (Annual periods beginning on or after)
FRS 1	Amendments to FRS 1- Presentation of Items of Other Comprehensive Income	1.7.2012
FRS 12	Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets	1.1.2012
FRS 19	Employee Benefits	1.1.2013
FRS 27	Separate Financial Statements	1.1.2013
FRS 28	Investments in Associates and Joint Ventures	1.1.2013
FRS 101	Amendments to FRS 101 Severe Hyperinflation and Removal of Fixed Dates of First-time Adopters	1.7.2011
FRS 107	Amendments to FRS 107 Disclosures - Transfer of Financial Assets	1.7.2011
FRS 110	Consolidated Financial Statements	1.1.2013
FRS 111	Joint Arrangements	1.1.2013
FRS 112	Disclosure of Interests in Other Entities	1.1.2013
FRS 113	Fair Value Measurements	1.1.2013

The Council does not anticipate that the adoption of the above FRS and INT FRS, where relevant to the Federation, in future periods will have a material impact on the financial statements of the Federation and the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

The financial statements of the Group include the financial statements of the Federation and its two subsidiaries made up to the end of financial year. Information on its subsidiaries is given in Note 4.

All inter-company balances and significant inter-company transactions and resulting unrealised profits or losses are eliminated on consolidation and the consolidated financial statements reflect external transactions and balances only. The results of subsidiaries acquired or disposed of during the financial year are included or excluded from the consolidated profit or loss from the effective date in which control is transferred to the Group or in which control ceases, respectively.

Business combinations are accounted for using the acquisition method. The consideration transferred for an acquisition is measured as fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of acquisition. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Costs attributable to the acquisition are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition date fair value of previous equity interest in the acquiree over the fair value of the net identifiable assets acquired represents goodwill. In instances where the latter amount exceeds the former, the excess is recognised as a gain from bargain purchase in the profit or loss on the date of acquisition.

When the control over a subsidiary is lost, the assets and liabilities of the subsidiary, including any goodwill, are derecognised. Any retained interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained investment at the date when control is lost and its fair value is recognised in profit or loss.

Where accounting policies of a subsidiary do not conform to those of the Federation, adjustments are made on consolidation when the amounts involved are considered significant to the Group.

Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. They are presented in the consolidated statement of financial position within equity, separately from the parent members' fund, and are separately disclosed in the consolidated statement of comprehensive income. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary, even if this results in the non-controlling interests having deficit balances.

Changes in the Federation's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the Federation.

Subsidiaries

A subsidiary is an entity controlled by the Federation. Control exists when the Federation has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether there is control.

Shares in subsidiaries are stated at cost less allowance for any impairment losses on an individual subsidiary basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is computed utilising the straight-line method to write off the cost of these assets over their estimated useful lives as follows:

Furniture, fitting and equipment	5 years
Office equipment	5 years
Computer	3 years
Renovation	5 years

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated assets are retained in the books of accounts until they are no longer in use.

The carrying amounts of property, plant and equipment are reviewed yearly in order to assess whether their carrying amounts need to be written down to recoverable amounts. Recoverable amount is defined as the higher of value in use and net selling price.

Financial assets

Financial assets, other than hedging instruments, can be divided into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which the investments were acquired. The designation of financial assets is re-evaluated and classification may be changed at the reporting date with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

All financial assets are recognised on their trade date – the date on which the Federation and the Group commits to purchase or sell the asset. Financial assets are initially recognised at fair value, plus directly attributable transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

Derecognition of financial instruments occurs when the rights to receive cash flows from the investments expire or are transferred and substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at the end of the reporting period whether or not there is objective evidence that a financial asset or a group of financial assets is impaired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (Cont'd)

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in profit or loss when received, regardless of how the related carrying amount of financial assets is measured.

The Group does not have financial asset that are designated as fair value through profit and loss and available-for-sale.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and a fixed date of maturity that the Federation has the positive intent and ability to hold to maturity. Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss. Any reversal shall not result in a carrying amount that exceeds what the amortised cost would have been had any impairment loss not been recognised at the date the impairment is reversed. Any reversal is recognised in the profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Federation and the Group provide money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Loans and receivables include members' subscriptions in-arrears, trade and other receivables and bank balances. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. If there is objective evidence that the asset has been impaired, the financial asset is measured at the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. The impairment or write back is recognised in the profit or loss.

Receivables are provided against when objective evidence is received that the Federation and the Group will not be able to collect all amounts due to them in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Determination of fair value

The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active, the Federation establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models, making maximum use of market inputs. Where fair value of unquoted instruments cannot be measured reliably, fair value is determined by the transaction price.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash on hand and short term bank deposits which are not subject to any significant risk of changes in value, and which form an integral part of the Federation's and the Group's cash management.

Financial liabilities

The Group's financial liabilities comprise trade and other payables. Financial liabilities are recognised when the Group becomes a party to the contractual agreements governing the financial instrument. All interest related charges is recognised as an expense in "finance costs" in profit or loss. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Borrowings are recognised initially at fair value of proceeds received less attributable transaction costs, if any. Borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the profit or loss over the period of the borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

Gains or losses are recognised in the profit or loss when the liabilities are derecognised as well as through the amortisation process.

Payables are initially measured at fair value and subsequently measured at amortised cost, using effective interest method.

Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Rentals on operating leases are charged to the profit or loss on a straight-line basis over the lease term. Penalty payments on early termination, if any, are recognised in profit or loss when incurred.

Provisions

Provisions are recognised when the Federation and the Group have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Present obligations arising from onerous contracts are recognised as provisions.

The Council and management review the provisions annually and where in their opinion, the provision is inadequate or excessive, due adjustment is made.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Employee benefits

Defined contribution plan

The Federation and the Group contributes to the Central Provident Fund ("CPF"), a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. The Federation's and the Group's contributions to CPF are charged to profit or loss in the period to which the contributions relate.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the end of the reporting period.

Key management personnel

Key management personnel are staff with authority and responsibility for planning, directing and controlling the activities of the entity.

Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither the accounting or taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries, except where the Federation is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of reporting period; and
- (ii) based on the tax consequence that will follow from the manner in which the Federation and the Group expects, at the end of reporting period, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of non-financial assets

The carrying amounts of the Federation's and the Group's non-financial assets subject to impairment are reviewed at the end of the reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated.

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value-in-use, based on an internal discounted cash flow evaluation.

Any impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

Revenue recognition

Revenue from members' subscriptions is recognised on an accrual basis to the extent that it is probable that the fees will be received.

Revenue from events and services, and business missions is recognised upon completion of services.

Revenue from sale of publications is recognised when the sale is completed and the publications are delivered.

Interest income is recognised on a time-apportioned basis using effective interest method.

Functional currencies

Items included in the financial statements of each entity in the Group are measured using the currency at the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Federation and the Group are presented in Singapore dollars, which is also the functional currency of the Federation.

Conversion of foreign currencies

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency translation differences from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of reporting period are recognised in the profit or loss, unless they arise from borrowings in foreign currencies, other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in the currency translation reserve in the consolidated financial statements and transferred to the profit or loss as part of the gain or loss on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the translations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial instruments

Financial instruments carried on the statements of financial position include cash and cash equivalents, financial assets and financial liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Disclosures on financial risk management are provided in Note 17.

3 PROPERTY, PLANT AND EQUIPMENT

The Federation	Furniture, fittings and equipment \$	Office equipment \$	Computer \$	Renovation \$	Total \$
Cost					
At 1 January 2010	1,726,926	81,161	1,244,532	85,248	3,137,867
Reclassification	(183,734)	183,734	-	-	-
Additions	-	2,632	31,840	-	34,472
Disposals	-	-	(5,315)	-	(5,315)
At 31 December 2010	1,543,192	267,527	1,271,057	85,248	3,167,024
Additions	-	-	184,325	-	184,325
At 31 December 2011	1,543,192	267,527	1,455,382	85,248	3,351,349
Accumulated depreciation					
At 1 January 2010	1,497,582	75,598	1,121,948	20,743	2,715,871
Reclassification	(156,950)	156,950	-	-	-
Depreciation for the year	165,097	23,733	67,606	17,050	273,486
Disposals	-	-	(4,435)	-	(4,435)
At 31 December 2010	1,505,729	256,281	1,185,119	37,793	2,984,922
Depreciation for the year	33,391	5,894	94,964	17,050	151,299
At 31 December 2011	1,539,120	262,175	1,280,083	54,843	3,136,221
Net book value					
At 31 December 2011	4,072	5,352	175,299	30,405	215,127
At 31 December 2010	37,463	11,246	85,938	47,455	182,102

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	Furniture, fittings and equipment \$	Office equipment \$	Computer \$	Renovation \$	Total \$
Cost					
At 1 January 2010	1,728,071	84,498	1,260,895	85,248	3,158,712
Reclassification	(183,734)	183,734	-	-	-
Additions	4,402	4,742	69,113	-	78,257
Disposals	-	-	(5,315)	-	(5,315)
At 31 December 2010	1,548,739	272,974	1,324,693	85,248	3,231,655
Additions	-	-	188,562	-	188,562
At 31 December 2011	1,548,739	272,974	1,513,255	85,248	3,420,216
Accumulated depreciation					
At 1 January 2010	1,497,701	76,056	1,125,190	20,743	2,719,690
Reclassification	(156,950)	156,950	-	-	-
Depreciation for the year	165,973	24,575	78,318	17,050	285,916
Disposals	-	-	(4,435)	-	(4,435)
At 31 December 2010	1,506,724	257,581	1,199,073	37,793	3,001,171
Depreciation for the year	34,501	6,983	113,469	17,050	171,913
At 31 December 2011	1,541,225	264,564	1,312,542	54,843	3,173,084
Net book value					
At 31 December 2011	7,514	8,410	200,713	30,405	247,132
At 31 December 2010	42,015	15,393	125,620	47,455	230,483

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

3.1 Reinstatement cost

Included in the carrying value of furniture, fittings and equipment is the reinstatement cost, as follows:-

	The Federation		The Group	
	2011 \$	2010 \$	2011 \$	2010 \$
Balance as at 1 January, cost	319,375	319,375	319,375	319,375
Amount incurred in accumulated depreciation	(319,375)	(295,521)	(319,375)	(295,521)
Amount as at 31 December	-	23,854	-	23,854
Expense incurred in the depreciation relating to reinstatement cost :	23,854	52,042	23,854	52,042

4 SUBSIDIARIES

The Federation	2011 \$	2010 \$
Unquoted equity shares, at cost	1,980,000	1,980,000

Details of the subsidiaries are:

Name	Country of incorporation/ principal place of business	Cost of investment		Percentage of equity held		Principal activities
		2011 \$	2010 \$	2011 %	2010 %	
SBF Holdings Pte. Ltd. ⁽¹⁾⁽²⁾	Singapore	1,980,000	1,980,000	100	100	Investment holding and events Management
Subsidiary owned by SBF Holdings Pte. Ltd.						
SBF-Pico Events Pte. Ltd. ⁽¹⁾	Singapore	-	-	60	60	Events management

⁽¹⁾ Audited by Foo Kon Tan Grant Thornton LLP, Singapore

⁽²⁾ The shares are held in trust by three directors of SBF Holdings Pte. Ltd.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

5 HELD-TO-MATURITY INVESTMENT

During the year, the Federation placed an interest rate-linked structured deposit with the carrying amount of \$3 million (2010 - \$3 million) with a financial institution. The structured deposit is carrying average interest of 1.15% (2010 - 1.15%) per annum and matures on 15 December 2014. The interest amount will be paid semi-annually. The principal sum of the structured deposit is protected if the deposit is held to maturity, or if redeemed early by the financial institution. The management has not identify any potentially significant financial risk exposure.

The maturity period of structured deposit is as follows:

	2011 \$	2010 \$
Not later than one year	-	-
Later than one year and not later than five years	3,000,000	3,000,000

The structured deposit is not publicly traded, the fair value at the end of reporting period as determined by the issuer (financial institution) was \$2,874,300 (2010 - \$2,941,000).

6 MEMBERS' SUBSCRIPTIONS IN-ARREARS

	2011 \$	2010 \$
The Federation and The Group		
Members' subscriptions in-arrears	385,672	166,718
Less: Allowance for impairment	(126,818)	(120,780)
	258,854	45,938

Members' subscriptions are due immediately upon billing.

The ageing analysis of member subscriptions in-arrears past due but not impaired is as follows:

	2011 \$	2010 \$
The Federation and The Group		
Past due 1 to 30 days	23,323	9,804
Past due 31 to 60 days	27,690	7,724
Past due 61 to 90 days	4,431	4,837
Past due over 90 days	203,410	23,573
	258,854	45,938

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

6 MEMBERS' SUBSCRIPTIONS IN-ARREARS (CONT'D)

The movement of allowance for impairment is as follows:

The Federation and The Group	2011 \$	2010 \$
Balance at beginning	120,780	203,561
Provision during the year	6,038	
Provision utilised	-	-
Provision written back	-	(82,781)
	126,818	120,780

7 TRADE AND OTHER RECEIVABLES

	The Federation		The Group	
	2011 \$	2010 \$	2011 \$	2010 \$
Trade receivables	-	-	277,667	706,128
Less: Allowance for impairment	-	-	-	-
Net trade receivables	-	-	277,667	706,128
Prepayments	20,683	50,021	20,683	50,021
Sundry deposits	310,565	250,971	645,150	250,971
GST recoverable	227,371	306,581	227,371	306,691
Others	190,361	84,016	190,361	84,113
Monies receivable from government agency	139,885	329,553	139,885	329,553
	888,865	1,021,142	1,501,117	1,727,477

The ageing analysis of accounts receivables past due but not impaired is as follows:

	The Federation		The Group	
	2011 \$	2010 \$	2011 \$	2010 \$
Past due 1 to 30 days	-	-	2,301	2,212
Past due 31 to 60 days	-	-	39,004	688,606
Past due 61 to 90 days	-	-	235,400	8,462
Past due over 90 days	-	-	962	6,848
	-	-	277,667	706,128

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

7 TRADE AND OTHER RECEIVABLES (CONT'D)

Trade receivables are denominated in the following currencies:

	The Federation		The Group	
	2011	2010	2011	2010
	\$	\$	\$	\$
Singapore dollars	-	-	277,667	697,666
United States dollars	-	-	-	8,462
	-	-	277,667	706,128

The movement of allowance for impairment is as follows:

	The Federation		The Group	
	2011	2010	2011	2010
	\$	\$	\$	\$
Balance at beginning	-	-	-	28,350
Provision during the year	-	-	-	-
Provision utilised	-	-	-	(28,350)
Balance at end	-	-	-	-

8 AMOUNT DUE TO SUBSIDIARIES

The amount due to subsidiaries at end of financial year 2010 represents expenses paid on behalf of the Federation, is unsecured, interest-free and repayable on demand.

Amount due to subsidiaries is denominated in Singapore dollars.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

9 CASH AND CASH EQUIVALENTS

	The Federation		The Group	
	2011 \$	2010 \$	2011 \$	2010 \$
Cash on hand	3,264	2,243	3,764	2,832
Cash at bank	1,500,132	1,108,816	3,360,138	3,021,356
Short-term bank deposits	7,884,299	6,499,571	11,889,116	10,000,886
	9,387,695	7,610,630	15,253,018	13,025,074

Short-term bank deposits at the end of the reporting period have an average maturity of 2.8 months (2010 - 2.7 months) from the end of the financial year with an effective interest rate of 0.33% (2010 - 0.32%) per annum.

Cash and cash equivalents are denominated in the following currencies:

	The Federation		The Group	
	2011 \$	2010 \$	2011 \$	2010 \$
Singapore dollars	9,387,695	7,610,630	15,094,066	13,023,221
United States dollars	-	-	158,952	1,853
	9,387,695	7,610,630	15,253,018	13,025,074

10 DEFERRED TAXATION

10.1 Deferred tax assets

	2011 \$	2010 \$
The Federation and The Group		
Balance at beginning	15,889	-
Transfer to profit and loss (Note 13)	-	61,082
Transfer to deferred tax liabilities (Note 10.2)	-	(45,193)
Balance at end	15,889	15,889

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

10 DEFERRED TAXATION (CONT'D)

10.1 Deferred tax assets (cont'd)

The balance comprises tax on the following temporary differences:

The Federation and the Group	Excess of net book value over tax written down value of qualifying property, plant and equipment \$	Excess of tax written down value over carrying value of allowance for employee leave entitlement \$	Total \$
Deferred tax (liabilities)/assets at 1 January 2011	(18,388)	34,277	15,889
Transfer to profit and loss (Note 13)	-	-	-
Deferred tax (liabilities)/assets at 31 December 2011	(18,388)	34,277	15,889

10.2 Deferred tax liabilities

	2011 \$	The Federation 2010 \$	2011 \$	The Group 2010 \$
Balance at beginning	-	45,193	5,947	47,958
Transfer from deferred tax assets (Note10.1)	-	(45,193)	-	(45,193)
Transfer (to)/from profit and loss (Note 13)	-	-	-	3,182
Balance at end	-	-	5,947	5,947

The balance comprises tax on the following temporary differences:

The Federation	Excess of net book value over tax written down value of qualifying property, plant and equipment \$	Total \$
Balance at 1 January 2011	-	-
Transfer from deferred tax assets (Note10.1)	-	-
Balance at 31 December 2011	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

10 DEFERRED TAXATION (CONT'D)

10.2 Deferred tax liabilities (cont')

The Group	Excess of net book value over tax written down value of qualifying property, plant and equipment \$	Total \$
Balance at 1 January 2011	5,947	5,947
Transfer from deferred tax assets (Note 10.1)	-	-
Transfer from profit and loss (Note 13)	-	-
Balance at 31 December 2011	5,947	5,947

11 TRADE AND OTHER PAYABLES

	The Federation		The Group	
	2011 \$	2010 \$	2011 \$	2010 \$
Trade payables	616,426	831,155	637,191	831,236
Accruals for operating expenses	1,377,124	1,611,666	1,647,288	1,914,872
Sundry creditors	768,838	614,583	781,320	994,119
GES fund	-	-	909,962	585,520
RSBF fund	-	-	353,732	-
	2,762,388	3,057,404	4,329,493	4,325,747

GES Fund represents balance of funds received from Economic Development Board ("EDB") for the purpose of Global Entrepolis@Singapore ("GES") event.

As per agreement between EDB and the Federation, EDB will provide funds for three GES events which will be hosted by the Federation at the amount of \$1 million per event (total of \$3 million for three GES events), starting financial year 2009. Each \$1 million must be used for the particular year's GES event and lapses if GES event does not take place. Each \$1 million must be repaid within 2 months of notification to EDB that the event is not taking place or by end of the calendar year which the fund was given and GES event did not take place (whichever is earlier). The Federation has assigned the rights to organise and manage GES event to its subsidiary. At end of the reporting period, the Group has received a total of \$3 million of GES fund from EDB.

RSBF Fund represents balance of funds received from IE Singapore ("IES") for the purpose of Russia-Singapore Business Forum ("RSBF") event.

As per agreement between IES and the Federation, IES will provide funds for three RSBF events which will be hosted by the Federation at the amount of \$1 million per event (total of \$3 million for three RSBF events), starting financial year 2011. The financial grant shall be used only for actual cost directly or indirectly incurred to organise the RSBF. The Federation has assigned the rights to organise and manage RSBF event to its subsidiary. At end of the reporting period, the Group has received a total of \$1 million of RSBF fund from IES.

Events and seminars income of the Group inclusive of RSBF income of \$1.2 million.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

12 OPERATING EXPENSES

Operating expenses include expenses incurred for members' activities. These comprise the following:-

	The Federation		The Group	
	2011 \$	2010 \$	2011 \$	2010 \$
Direct cost of organising events such as conferences, seminars and workshops for members	518,446	432,542	3,292,940	1,276,790
Direct cost of organising business missions for members	644,260	878,720	644,260	878,720
	1,162,706	1,311,262	3,937,200	2,155,510

13 INCOME TAX EXPENSES

	The Federation		The Group	
	2011 \$	2010 \$	2011 \$	2010 \$
Current taxation	267,567	191,637	271,075	197,217
Deferred income tax assets (Note 10.1)	-	(61,082)	-	(61,082)
Deferred income tax liabilities (Note 10.2)	-	-	-	3,182
	267,567	130,555	271,075	139,317
Over provision in respect of prior years				
- Current taxation	(17,870)	(19,922)	(23,452)	(44,342)
	249,697	110,633	247,623	94,975

The tax expense on the surplus differs from the amount that would arise using Singapore standard rate of income tax due to the following:-

	The Federation		The Group	
	2011 \$	2010 \$	2011 \$	2010
Surplus for the year before taxation	2,367,489	1,126,006	2,469,626	1,208,691
Tax at statutory rate of 17% (2010 :17%)	402,473	191,421	419,836	205,477
Tax effect on non-taxable income	(16,473)	(47,499)	(16,473)	(55,833)
Tax effect on non-deductible expenses	1,498	12,558	1,209	19,769
Deferred tax assets not recognised	-	-	1,338	-
Deferred tax assets on temporary differences not recognised	-	-	(10,547)	2,259
Tax effect on incentive	(94,006)	-	(94,006)	-
Singapore statutory stepped income exemption	(25,925)	(25,925)	(30,280)	(32,355)
	267,567	130,555	271,077	139,317

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

14 SIGNIFICANT RELATED PARTY TRANSACTIONS

Other than the related party information disclosed elsewhere in the financial statements, the following are significant related party transactions entered into by the group with related companies at negotiated rates:

	2011 \$	2010 \$
The Federation and The Group		
Rental fees charged to a subsidiary	77,369	60,798

15 OPERATING LEASE COMMITMENTS

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities are as follows:

	The Federation		The Group	
	2011 \$	2010 \$	2011 \$	2010 \$
Not later than one year	1,223,511	487,890	1,287,761	487,890
Later than one year but not later than five years	668,827	93,749	691,983	93,749
Later than five years	-	-	4,296	-

The operating leases are in respect of the Federation's and the Group's office premise and office equipment on which rentals are payable. The office lease and office equipment lease will expire on 14 June 2013 and 31 December 2015 respectively, and the current rent payable on the office lease ranges from \$4,715 to \$99,922 per month. The current lease payable for office equipment ranges from \$21 to \$1,925 per month.

16 KEY MANAGEMENT REMUNERATION

Key management personnel compensation for the financial year is as follows:-

	The Federation		The Group	
	2011 \$	2010 \$	2011 \$	2010 \$
Salaries and other short-term employee benefits	1,556,200	1,540,453	1,825,000	1,807,969
Contribution to CPF	74,443	43,633	95,392	63,779
	1,630,643	1,584,086	1,920,392	1,871,748

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

17 FINANCIAL RISK MANAGEMENT

The management and Council meet periodically to analyse and formulate measures to manage the Federation's and the Group's exposure to market risk, including principal changes in interest rates and currency exchange rates. Generally, the Federation and the Group employ a conservative strategy regarding its risk management. As the Federation's and the Group's exposure to market risk is kept at a minimum level, the Federation and the Group have not used any derivatives or other instruments for hedging purposes.

17.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Exposure to credit risk

As the Federation and the Group do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position.

The Federation's and the Group's major classes of financial assets are bank deposits, trade receivables and held-to-maturity investment. Cash and held-to-maturity investment are held with financial institutions of good standing/established financial institution/reputable financial institutions. Further details of credit risk on trade and other receivables are disclosed in Note 7.

17.2 Interest rate risk

Interest rate risk is the risk that the fair value of the Federation's and the Group's financial instruments will fluctuate due to changes in market interest rates.

The Federation and the Group are exposed to changes in interest rate for its interest-bearing deposit. The Federation and the Group do not have any interest-bearing payable.

Sensitivity analysis of interest rate risk

An increase/(decrease) of 100 (2010 - 100) basis points in SGD interest rate with all other variables held constant will increase/(decrease) the Group's profit/(loss) by \$47,856/(\$12,418) [2010 - \$17,400/(\$9,800)].

17.3 Liquidity risk

Liquidity or funding risk is the risk that the Federation and the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Federation and the Group manage their liquidity risk by ensuring sufficient funds are maintained.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

17 FINANCIAL RISK MANAGEMENT (CONT'D)

17.3 Liquidity risk (cont'd)

The table below summarises the maturity profile of the Federation's and the Group's financial liabilities at the end of the reporting period based on contractual undiscounted payments:

	2011		2010	
	1 year or less \$	1 to 5 years \$	1 year or less \$	1 to 5 years \$
The Federation				
Trade and other payables	2,762,388	-	3,057,404	-
Amount due to subsidiary	-	-	7,977	-
The Group				
Trade and other payables	4,329,493	-	4,325,747	-

17.4 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Federation's and the Group's activities are not exposed to significant foreign exchange risk as operations are denominated in Singapore dollars, which is the Federation's and the Group's functional currency. The risk arising from movements in foreign exchange rates is low as the Federation and the Group have minimal transactions in foreign currency, except as described below.

The Group charges participation fees for events in foreign currencies and also has cash and cash equivalents denominated in foreign currencies other than Singapore dollars. As a result, the Group is exposed to exchange rates movements in foreign currency other than Singapore Dollar ("SGD"). The foreign currency giving rise to this risk is primarily United States Dollar ("USD"). However, the Group does not use any financial derivatives such as foreign currency forward contracts, foreign currency options or swaps for hedging purposes.

Sensitivity analysis for foreign currency risk

If the USD increased against SGD by 1% with all other variable including tax rate being held constant, the effects arising from the net financial liability/asset position will be as follows:

	Net surplus after taxation \$
The Federation	
2011	
USD against SGD - Strengthened	-
2010	
USD against SGD - Strengthened	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

17 FINANCIAL RISK MANAGEMENT (CONT'D)

17.4 Currency risk (cont'd)

The Group

Net surplus after taxation

2011

USD against SGD - Strengthened

156

2010

USD against SGD - Strengthened

103

If the USD weakened against SGD by 1% with all other variable including tax rate being held constant, it would have had the equal opposite effect on the amount shown above, on the basis that all other variables remain constant.

18 CAPITAL/FUND MANAGEMENT

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

- (a) To safeguard the Group's ability to continue as a going concern;
- (b) To support the Group's stability and growth; and
- (c) To provide capital/fund for the purpose of strengthening 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.

19 FINANCIAL INSTRUMENTS

Fair value

The carrying amounts of the financial assets and financial liabilities as reflected in the statements of financial position approximate their respective fair values.

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

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SINGAPORE BUSINESS FEDERATION

10 Hoe Chiang Road
#22-01 Keppel Towers
Singapore 089315

Tel: +65 6827 6828
Fax: +65 6827 6807

www.sbf.org.sg