



FINANCIAL REPORT 2012

Financial Statements for the year ended
31 December 2012

FEDERATION INFORMATION

COUNCIL MEMBERS

Tony Chew Leong-Chee	(Chairman)
Gautam Banerjee	(Vice Chairman)
Shabbir H. Hassanbhai	(Vice Chairman)
Rangarajan Narayanamohan	(Vice Chairman)
Abdul Rohim Sarip	(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)
Olivia Lum	(Deputy Honorary Secretary)
Bob Tan Beng Hai	(Honorary Treasurer)
Chong Siak Ching	(Deputy Honorary Treasurer)
Chan Chong Beng	(Council Member)
Piyush Gupta	(Council Member)
George Huang Chang Yi	(Council Member)
Shanker Iyer	(Council Member)
Simon Kahn	(Council Member)
Kay Kuok Oon Kwong	(Council Member)
Kiyofumi Kusaka	(Council Member)
Graham Lee	(Council Member)
Lawrence Leow Chin Hin	(Council Member)
Stefano Poli	(Council Member)
Alvin Yeo	(Council Member)

BANKERS

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

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

CONTENTS

Statement by Council	01
Independent Auditor's Report	02
Statements of Financial Position	04
Statements of Comprehensive Income	05
Consolidated Statement of Changes in Members' Funds	06
Consolidated Statement of Cash Flows	07
Notes to the Financial Statements	08

STATEMENT BY COUNCIL

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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 2012 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

Dated: 9 May 2013

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 of the Federation and of the Group as at 31 December 2012, statements of comprehensive income for the Federation and the Group, 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, 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, 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 statements of financial position and statements of comprehensive income 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 2012, the results of the Federation for the financial year ended on that date, 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, 9 May 2013

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2012

	Note	The Federation		The Group	
		31 December 2012 \$	31 December 2011 \$	31 December 2012 \$	31 December 2011 \$
Assets					
Non-Current					
Property, plant and equipment	3	361,237	215,127	382,169	247,132
Subsidiaries	4	1,980,000	1,980,000	–	–
Held-to-maturity investment	5	–	3,000,000	–	3,000,000
Deferred tax assets	9.1	–	15,889	–	15,889
		2,341,237	5,211,016	382,169	3,263,021
Current					
Due from members	6	605,019	258,854	605,019	258,854
Trade and other receivables	7	910,039	888,865	1,029,044	1,501,117
Cash and cash equivalents	8	14,318,777	9,387,695	20,346,405	15,253,018
		15,833,835	10,535,414	21,980,468	17,012,989
Total assets		18,175,072	15,746,430	22,362,637	20,276,010
Reserves					
Accumulated funds		14,668,765	12,397,100	17,139,838	14,786,206
Non-controlling Interests		–	–	620,122	563,916
		14,668,765	12,397,100	17,759,960	15,350,122
Liabilities					
Non-Current					
Provision for reinstatement costs of leased premises		319,375	319,375	319,375	319,375
Deferred tax liabilities	9.2	16,296	–	19,049	5,947
		335,671	319,375	338,424	325,322
Current					
Trade and other payables	10	2,994,959	2,762,388	4,074,742	4,329,493
Current tax payable		175,677	267,567	189,511	271,073
		3,170,636	3,029,955	4,264,253	4,600,566
Total liabilities		3,506,307	3,349,330	4,602,677	4,925,888
Total funds and liabilities		18,175,072	15,746,430	22,362,637	20,276,010

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 2012

	The Federation		The Group		
	Note	Year ended 31 December 2012 \$	Year ended 31 December 2011 \$	Year ended 31 December 2012 \$	Year ended 31 December 2011 \$
Income					
Members' subscriptions fees		8,548,948	7,861,924	8,548,548	7,861,524
Events and seminars		1,166,567	844,305	2,247,891	2,862,520
Business missions		1,199,952	966,246	1,199,952	966,246
Sponsorship	11	1,123,520	352,139	1,123,520	352,139
Publications		416,306	329,552	416,306	329,552
Interest earned on fixed deposits		75,095	59,893	84,350	65,841
Rental income		155,887	183,421	133,856	109,459
Other income		217,168	128,793	349,992	351,246
Service Income		56,530	10,000	11,980	10,000
RSBF Grant		–	–	781,432	646,268
GES Grant		–	–	530,000	675,558
		12,959,973	10,736,273	15,427,827	14,230,353
Expenditure					
Audit remuneration		19,500	20,000	38,265	38,500
Depreciation of property, plant and equipment		154,637	151,299	175,070	172,003
Premises expenses		1,207,550	1,104,684	1,246,143	1,104,684
Staff costs					
- salaries, bonuses and other costs		4,731,009	4,619,164	5,346,538	5,256,309
- Central Provident Fund		544,757	466,910	620,399	551,357
Operating expenses	11	3,888,375	2,006,727	5,438,870	4,641,874
		10,545,828	8,368,784	12,865,285	11,764,727
Surplus for the year before taxation		2,414,145	2,367,489	2,562,542	2,465,626
Income tax expenses	12	(142,480)	(249,697)	(152,704)	(247,623)
Net surplus and total comprehensive income for the year		2,271,665	2,117,792	2,409,838	2,218,003
Surplus/total comprehensive income attributable to:					
Federation		2,271,665	2,117,792	2,353,632	2,173,172
Non-controlling interests		–	–	56,206	44,831
		2,271,665	2,117,792	2,409,838	2,218,003

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 2012

The Group	Accumulated Funds \$	Non-Controlling Interests \$	Total \$
Balance at 1 January 2011	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
Total comprehensive income for the year	2,353,632	56,206	2,409,838
Balance at 31 December 2012	17,139,838	620,122	17,759,960

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

The Group

	Year ended 31 December 2012 \$	Year ended 31 December 2011 \$ Restated
Cash Flows from Operating Activities		
Surplus for the year before taxation	2,562,542	2,465,626
Adjustments for:		
Depreciation of property, plant and equipment	175,070	172,003
Loss on disposal of property, plant and equipment	199	–
Interest income	(84,350)	(65,571)
Operating surplus before working capital changes	2,653,461	2,572,058
Increase in due from members	(346,165)	(212,916)
Decrease in trade and other receivables	483,469	229,260
(Decrease)/increase in trade and other payables	(254,751)	3,746
Net cash generated from operating activities	2,536,014	2,592,148
Interest received	72,954	62,671
Income tax paid	(205,275)	(238,223)
Net cash generated from operating activities	2,403,693	2,416,596
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(310,306)	(188,652)
Redemption of structured deposit	3,000,000	–
Cash generated from/(used in) investing activities	2,689,694	(188,652)
Cash Flows from Financing Activities		
Decrease/(increase) in fixed deposit non-pledged maturing after 3 months	454,923	(5,255,809)
Cash generated from/(used in) financing activities	454,923	(5,255,809)
Net increase/(decrease) in cash and cash equivalents	5,548,310	(3,027,865)
Cash and cash equivalents at beginning of the financial year	7,868,895	10,896,760
Cash and cash equivalents at end of the financial year (Note 8)	13,417,205	7,868,895

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 2012

1 GENERAL INFORMATION

The financial statements of the Federation and of the Group for the year ended 31 December 2012 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 organisation. 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
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, 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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

Significant accounting estimates and judgements (Cont'd)

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 recognised, 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 2 to 5 years. The carrying amounts of the Federation's and Group's property, plant and equipment as at 31 December 2012 are \$361,237 (2011 - \$215,127) and \$382,169 (2011 - \$247,132) respectively. 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 due from members. 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.

2(b) INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN 2012

On 1 January 2012, the Group adopted the amended FRS that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS. This includes the following FRS which are relevant to the Group:

Reference	Description
FRS 12	Deferred Tax - Recovery of Underlying Assets
FRS 107	Disclosures - Transfers of Financial Assets

The adoption of these amended FRS did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

2(c) FRS NOT YET EFFECTIVE

The following are the new or amended FRS and INT FRS issued in 2012 that are not yet effective but may be early adopted for the current financial year:

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to FRS 1	Presentation of items of Other Comprehensive Income	1 July 2012
Revised FRS 19	Employee Benefits	1 January 2013
FRS 113	Fair Value Measurement	1 January 2013
Amendments to FRS 107	Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
Improvements to FRSs 2012		
- Amendments to FRS 1	Presentation of Financial Statements	1 January 2013
- Amendments to FRS 16	Property, Plant and Equipment	1 January 2013
- Amendments to FRS 32	Financial Instruments: Presentation	1 January 2013
Revised FRS 27	Separate Financial Statements	1 January 2014
Revised FRS 28	Investments in Associates and Joint Ventures	1 January 2014
FRS 110	Consolidated Financial Statements	1 January 2014
FRS 111	Joint Arrangements	1 January 2014
FRS 112	Disclosure of Interests in Other Entities	1 January 2014
Amendments to FRS 32	Offsetting Financial Assets and Financial Liabilities	1 January 2014

Except for the amendments to FRS 1, the management and Council do not anticipate that the adoption of the above FRS in future periods will have a material impact on the financial statements of the Group and the Federation in the period of their initial adoption.

The nature of the impending changes in accounting policy on adoption of the amendments to FRS 1 is described below.

Amendments to FRS 1 Presentation of Items of Other Comprehensive Income

The amendments to FRS 1 Presentation of Items of Other Comprehensive Income (OCI) are effective for financial periods beginning on or after 1 July 2012.

The amendments to FRS 1 changes the grouping of items presented in OCI. Items that could be classified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the amendments only affect the presentations of items that are already recognised in OCI, the Group does not expect any impact on its financial position or performance upon adoption of this standard.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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 recognised 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 2012

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
Information technology assets	3 years
Renovation	2 - 5 years

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

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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

Financial assets (Cont'd)

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 due from members and outstanding charges, trade and other receivables (less prepayments) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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

Financial liabilities

The Group's financial liabilities comprises trade and other payables (less grants received in advance). 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.

Leases

Where the Group is the lessee,

Finance leases

Where assets are financed by lease agreements that give rights approximating to ownership, the assets are capitalised as if they had been purchased outright at values equivalent to the lower of the fair values of the leased assets and the present value of the total minimum lease payments during the periods of the leases. The corresponding lease commitments are included under liabilities. The excess of lease payments over the recorded lease obligations are treated as finance charges which are amortised over each lease to give a constant effective rate of charge on the remaining balance of the obligation.

The leased assets are depreciated on a straight-line basis over their estimated useful lives as detailed in the accounting policy on "Property, plant and equipment".

Operating leases

Rentals on operating leases are charged to profit or loss on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in the profit or loss when incurred.

Contingent rents are mainly determined as a percentage of revenue in excess of a specified amount during the month. They are charged to the profit or loss when incurred.

Where the Group is the lessor,

Finance leases

Where assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the lease term using the net investment method, which reflects a constant periodic rate of return.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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

Leases (Cont'd)

Operating leases

Assets leased out under operating leases are included in investment properties and are stated at revalued amounts and not depreciated. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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

Income taxes (Cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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

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 which the Group recognises as expenses 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 profit or loss in the period in which they become receivable.

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.

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 16.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

3 PROPERTY, PLANT AND EQUIPMENT

The Federation	Furniture, fittings and equipment	Office equipment	Information technology assets	Renovation	Capital work- in-progress	Total
	\$	\$	\$	\$	\$	\$
Cost						
At 1 January 2011	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
Additions	–	–	167,135	–	133,612	300,747
Disposals	–	–	(57,461)	–	–	(57,461)
Transfers	–	8,680	69,732	–	(78,412)	–
At 31 December 2012	1,543,192	276,207	1,634,788	85,248	55,200	3,594,635

Accumulated depreciation

At 1 January 2011	1,505,729	256,281	1,185,119	37,793	–	2,984,922
Depreciation for the year	33,392	5,894	94,964	17,050	–	151,300
At 31 December 2011	1,539,121	262,175	1,280,083	54,843	–	3,136,222
Depreciation for the year	2,681	5,002	129,904	17,050	–	154,637
Disposals	–	–	(57,461)	–	–	(57,461)
At 31 December 2012	1,541,802	267,177	1,352,526	71,893	–	3,233,398

Net book value

At 31 December 2012	1,390	9,030	282,262	13,355	55,200	361,237
At 31 December 2011	4,071	5,352	175,299	30,405	–	215,127

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	Furniture, fittings and equipment	Office equipment	Information technology assets	Renovation	Capital work- in-progress	Total
	\$	\$	\$	\$	\$	\$
Cost						
At 1 January 2011	1,548,739	272,974	1,324,693	85,248	–	3,231,654
Additions	–	–	188,652	–	–	188,652
At 31 December 2011	1,548,739	272,974	1,513,345	85,248	–	3,420,306
Additions	4,090	1,464	167,952	3,188	133,612	310,306
Disposals	–	(747)	(62,023)	–	–	(62,770)
Transfers	–	8,680	69,732	–	(78,412)	–
At 31 December 2012	1,552,829	282,371	1,689,006	88,436	55,200	3,667,842
Accumulated depreciation						
At 1 January 2011	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	–	172,003
At 31 December 2011	1,541,225	264,564	1,312,542	54,843	–	3,173,174
Depreciation for the year	4,377	6,253	146,194	18,246	–	175,070
Disposals	–	(548)	(62,023)	–	–	(62,571)
At 31 December 2012	1,545,602	270,269	1,396,713	73,089	–	3,285,673
Net book value						
At 31 December 2012	7,227	12,102	292,293	15,347	55,200	382,169
At 31 December 2011	7,514	8,410	200,803	30,405	–	247,132

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

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	
	2012	2011	2012	2011
	\$	\$	\$	\$
Balance as at 1 January, cost	319,375	319,375	319,375	319,375
Amount incurred in accumulated depreciation	(319,375)	(319,375)	(319,375)	(319,375)
Amount as at 31 December	-	-	-	-
Expense incurred in the depreciation relating to reinstatement cost :	-	23,854	-	23,854

4 SUBSIDIARIES

	2012	2011
	\$	\$
The Federation		
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
		2012	2011	2012	2011	
		\$	\$	%	%	
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 2012

5 HELD-TO-MATURITY INVESTMENT

The Federation and The Group

The Federation placed an interest rate-linked structured deposit with a carrying amount of \$3 million with a financial institution in financial year 2010. The structured deposit carried an average interest of 1.15% per annum with maturity on 15 December 2014. The structured deposit was early redeemed by the financial institution on 15 June 2012.

The maturity period of structured deposit is as follows:-

	2012	2011
	\$	\$
Not later than one year	-	-
Later than one year and not later than five years	-	3,000,000
	<hr/>	<hr/>

The structured deposit is not publicly traded, the fair value at the end of reporting period as determined by the issuer (financial institution) was \$Nil (2011 - \$2,874,300).

6 DUE FROM MEMBERS

	2012	2011
	\$	\$
The Federation and The Group		
Due from members	688,615	385,672
Less: Allowance for impairment	(83,596)	(126,818)
	<hr/> 605,019	<hr/> 258,854

Due from members are due immediately upon billing.

The ageing analysis of due from members past due but not impaired is as follows:

	2012	2011
	\$	\$
The Federation and The Group		
Past due 1 to 30 days	7,244	23,323
Past due 31 to 60 days	84,750	27,690
Past due 61 to 90 days	98,952	4,431
Past due over 90 days	414,073	203,410
	<hr/> 605,019	<hr/> 258,854

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of these receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

6 DUE FROM MEMBERS (CONT'D)

The movement of allowance for impairment is as follows:

	2012	2011
	\$	\$
The Federation and The Group		
Balance at beginning	126,818	120,780
Provision during the year	–	6,038
Provision written off	(43,222)	–
	83,596	126,818

7 TRADE AND OTHER RECEIVABLES

	The Federation		The Group	
	2012	2011	2012	2011
	\$	\$	\$	\$
Trade receivables	–	–	72,749	277,667
Less: Allowance for impairment	–	–	–	–
Net trade receivables	–	–	72,749	277,667
Prepayments	24,450	20,683	24,450	20,683
Sundry deposits	310,765	310,565	357,021	645,150
GST recoverable	231,246	227,371	231,246	227,371
Others	26,165	190,361	26,165	190,361
Monies receivable from government agency	317,413	139,885	317,413	139,885
	910,039	888,865	1,029,044	1,501,117

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

7 TRADE AND OTHER RECEIVABLES (CONT'D)

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

	The Federation		The Group	
	2012	2011	2012	2011
	\$	\$	\$	\$
Past due 1 to 30 days	-	-	-	2,301
Past due 31 to 60 days	-	-	42,749	39,004
Past due 61 to 90 days	-	-	-	235,400
Past due over 90 days	-	-	30,000	962
	-	-	72,749	277,667

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of these trade receivables. These receivables are mainly arising by customers that have a good credit record with the Group.

8 CASH AND CASH EQUIVALENTS

	The Federation		The Group	
	2012	2011	2012	2011
	\$	\$	\$	\$
Cash on hand	3,244	3,264	3,744	3,764
Cash at bank	1,382,668	1,500,132	3,896,716	3,360,138
Fixed deposits	12,932,865	7,884,299	16,445,945	11,889,116
	14,318,777	9,387,695	20,346,405	15,253,018

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

8 CASH AND CASH EQUIVALENTS (CONT'D)

For the purpose of the consolidated cash flow statement, the period end cash and cash equivalents comprise the following:

	The Group	
	2012	2011
	\$	\$
Cash on hand	3,744	3,764
Cash at bank	3,896,716	3,360,138
Fixed deposits	16,445,945	11,889,116
Less: Fixed deposits more than 3 months	(6,929,200)	(7,384,123)
	13,417,205	7,868,895

Short-term bank deposits at the end of the reporting period have an average maturity of 3.6 months (2011 - 2.8 months) from the end of the financial year with an effective interest rate of 0.44% (2011 - 0.33%) per annum.

Cash and cash equivalents are denominated in the following currencies:

	The Federation		The Group	
	2012	2011	2012	2011
	\$	\$	\$	\$
Singapore dollars	14,318,777	9,387,695	19,641,667	15,094,066
United States dollars	–	–	704,738	158,952
	14,318,777	9,387,695	20,346,405	15,253,018

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

9 DEFERRED TAXATION

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the statements of financial position as follows:

	The Federation		The Group	
	2012	2011	2012	2011
	\$	\$	\$	\$
Deferred tax assets				
- To be recovered within one year	-	15,889	-	15,889
- To be recovered after one year	-	-	-	-
	-	15,889	-	15,889
Deferred tax liabilities				
- To be settled within one year	16,296	-	19,049	-
- To be settled after one year	-	-	-	-
	16,296	-	19,049	-

9.1 Deferred tax assets

	2012	2011
	\$	\$
The Federation and The Group		
Balance at beginning	15,889	15,889
Transfer to profit and loss (Note 12)	(15,889)	-
Balance at end	-	15,889

The balance comprises tax on the following temporary differences:

	Excess of tax written down value over net book value of qualifying property, plant and equipment	Excess of tax written down value over carrying value of allowance for employee leave entitlement	Total
	\$	\$	\$
The Federation and the Group			
Deferred tax (liabilities)/assets at 1 January 2012	(18,388)	34,277	15,889
Transfer to profit and loss (Note 12)	18,388	(34,277)	(15,889)
Deferred tax (liabilities)/assets at 31 December 2012	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

9 DEFERRED TAXATION (CONT'D)

9.2 Deferred tax liabilities

	The Federation		The Group	
	2012	2011	2012	2011
	\$	\$	\$	\$
Balance at beginning	-	-	5,947	5,947
Transfer from profit and loss (Note 12)	16,296	-	13,102	-
Balance at end	16,296	-	19,049	5,947

The balance comprises tax on the following temporary differences:

	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	Interest	Total
The Federation	\$	\$	\$	\$
Balance at 1 January 2012	-	-	-	-
Transfer to profit and loss (Note 12)	(17,473)	3,114	(1,937)	(16,296)
Balance at 31 December 2012	(17,473)	3,114	(1,937)	(16,296)

The Group

Balance at 1 January 2012	(6,993)	1,046	-	(5,947)
Transfer to profit and loss (Note 12)	(13,700)	2,535	(1,937)	(13,102)
Balance at 31 December 2012	(20,693)	3,581	(1,937)	(19,049)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

10 TRADE AND OTHER PAYABLES

	The Federation		The Group	
	2012	2011	2012	2011
	\$	\$	\$	\$
Trade payables	433,566	616,426	413,993	637,191
Accruals for operating expenses	1,708,212	1,377,124	1,860,472	1,647,288
Sundry creditors	489,672	305,497	492,236	317,979
Grants received in advance	363,509	463,341	363,509	463,341
GES fund	–	–	379,962	909,962
RSBF fund	–	–	564,570	353,732
	2,994,959	2,762,388	4,074,742	4,329,493

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 SBF, 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). SBF has assigned the rights to organise and manage GES event to its subsidiary. At end of the reporting period 2011, the Group has received a total of \$3 million of GES fund from EDB. At end of the reporting period 2012, the Group has organised four GES events.

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

As per agreement between IES and SBF, IES will provide funds for three RSBF events which will be hosted by SBF 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. SBF 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 \$2 million (2011 - \$1 million) of RSBF fund from IES.

Events and seminars income of the Group are inclusive of RSBF income of \$791,000 (2011 - \$1.2 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

11 OPERATING EXPENSES

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

	The Federation		The Group	
	2012	2011	2012	2011
	\$	\$	\$	\$
Direct cost – seminar & workshop	863,930	518,446	2,322,824	3,093,755
Government funded activity	(72,844)	(333,914)	(72,844)	(333,914)
Net direct cost – seminar & workshop	791,086	184,532	2,249,980	2,759,841
Direct cost – mission	802,542	644,260	802,542	644,260
Cost of fee collection	287,472	200,062	287,472	200,062
Cost of publication	303,667	288,173	303,667	288,173
Secretarial cost & research	426,561	286,584	426,561	286,584
Other operating expenses	639,354	403,116	730,955	462,954
SBF 10 th anniversary expenses	637,693	–	637,693	–
	3,888,375	2,006,727	5,438,870	4,641,874

The Federation received sponsorship of \$614,598 to help defray the cost of organising the SBF 10th Anniversary activities.

12 INCOME TAX EXPENSES

	The Federation		The Group	
	2012	2011	2012	2011
	\$	\$	\$	\$
Current taxation	175,677	267,567	189,511	271,075
Deferred income tax assets (Note 9.1)	15,889	–	15,889	–
Deferred income tax liabilities (Note 9.2)	16,296	–	13,102	–
	207,862	267,567	218,502	271,075
Over provision in respect of prior year				
- Current taxation	(65,382)	(17,870)	(65,798)	(23,452)
	142,480	249,697	152,704	247,623

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

12 INCOME TAX EXPENSES (CONT'D)

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	
	2012	2011	2012	2011
	\$	\$	\$	\$
Surplus for the year before taxation	2,414,145	2,367,489	2,562,542	2,469,626
Tax at statutory rate of 17% (2011 - 17%)	410,405	402,473	435,632	419,836
Tax effect on non-taxable income	-	(16,473)	4,178	(16,475)
Tax effect on non-deductible expenses	2,899	1,498	3,102	1,209
Deferred tax assets on temporary differences not recognised	-	-	398	1,338
Utilisation of deferred tax assets on temporary differences not recognised in prior year	-	-	-	(10,547)
Over provision in respect of prior year	(65,382)	(17,870)	(65,798)	(23,452)
Tax effect on incentive	(179,517)	(94,006)	(184,199)	(94,006)
Singapore statutory stepped income exemption	(25,925)	(25,925)	(40,609)	(30,280)
	142,480	249,697	152,704	247,623

The Federation and the Group enjoyed tax benefit under the Productivity and Innovation Credit scheme for which is available from year of assessment 2011 to 2015 on investments in qualifying activities.

Subject to agreement with the relevant tax authorities, the Group has tax losses of \$16,500 (2011 - \$14,000) available for offset against future taxable profits. The related tax benefits of \$2,800 (2011 - \$2,400) have not been recognised fully during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

13 SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following are significant transactions with related parties:

	The Federation		The Group	
	2012	2011	2012	2011
	\$	\$	\$	\$
Sales and services provided to SBF-PICO Events Pte Ltd				
- Rental charges	22,031	77,369	-	-
- Advertising costs	5,950	-	-	-
- Subscription fees	400	400	-	-
- Shared services	44,550	-	-	-
- Oman Investment Forum	23,734	-	-	-
- GES 2012 feature events costs	28,483	-	-	-
Non-Controlling Interest				
- Rental charged by them	-	-	32,005	-
- Production costs paid to them	-	-	29,582	60,714

14 OPERATING LEASE COMMITMENTS

14.1 Operating lease commitments (non-cancellable)

(A) Where the Group is the lessee

At the end of reporting period, the Federation and the Group were committed to making the following rental payments in respect of non-cancellable operating leases of office premises and office equipment with an original term of more than one year:

	The Federation		The Group	
	2012	2011	2012	2011
	\$	\$	\$	\$
Not later than one year	1,222,158	1,223,511	1,242,457	1,287,761
Later than one year but not later than five years	1,794,826	668,827	1,809,146	691,983
Later than five years	-	-	-	4,296

The leases on the Federation's and Group's office premises and office equipment on which rentals are payable will expire between 30 April 2013 and 22 April 2017, and the current rent payable on the leases are between \$358 and \$99,922 per month which are subject to revision on renewal. The termination of the leases is subject to penalty payments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

14 OPERATING LEASE COMMITMENTS (CONT'D)

14.1 Operating lease commitments (non-cancellable) (Cont'd)

(B) Where the Group is the lessor

At the end of reporting period, the Federation and the Group had the following rental income under non-cancellable lease for commercial premises with a term of more than one year:

	The Federation		The Group	
	2012	2011	2012	2011
	\$	\$	\$	\$
Not later than one year	57,127	194,443	57,127	194,443
Later than one year but not later than five years	-	89,120	-	89,120

The leases on the Federation's and the Group's premises on which rentals are received expire on 14 June 2013 with renewals at the then prevailing rates.

15 KEY MANAGEMENT REMUNERATION

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

	The Federation		The Group	
	2012	2011	2012	2011
	\$	\$	\$	\$
Salaries and other short-term employee benefits	1,673,768	1,556,200	1,914,135	1,825,000
Contribution to CPF	77,336	74,443	101,873	95,392
	1,751,104	1,630,643	2,016,008	1,920,392

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

16 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.

16.1 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, due from members and trade receivables. Cash is held with financial institutions of good standing. Further details of credit risk arising from due from members and trade and other receivables are disclosed in Notes 6 and 7 respectively.

16.2 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 not exposed to any cash flows risk as they do not have any monetary financial instruments with variable interest rates.

16.3 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 2012

16 FINANCIAL RISK MANAGEMENT (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:

	2012		2011	
	1 year or less \$	1 to 5 years \$	1 year or less \$	1 to 5 years \$
The Federation				
Trade and other payables	2,631,450	-	2,299,047	-
The Group				
Trade and other payables	3,711,233	-	3,866,152	-

16.4 Currency risk

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

The 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. The impact on the Federation's and the Group's net surplus after taxation due to movement of the USD against SGD is not material.

17 CAPITAL/FUND MANAGEMENT

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

- To safeguard the Group's ability to continue as a going concern;
- To support the Group's stability and growth; and
- 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

18 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.

19 COMPARATIVE

Fixed deposits with maturity beyond 3 months have not been included as cash & cash equivalent for the purpose of the consolidated cash flows statement. The comparative figures have been amended accordingly as follows:

	2011 Restated \$	2011 As reported \$
Decrease/(increase) in fixed deposit non-pledged maturing after 3 months	454,923	–
Net increase/(decrease) in cash and cash equivalents	5,548,310	2,227,944
Cash and cash equivalents at beginning of the financial year	7,868,895	13,025,074

This page is intentionally left blank

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