FORGING PARTNERSHIPS **ENRICHING COLLABORATIONS**

SINGAPORE BUSINESS FEDERATION

FINANCIAL REPORT **2015**

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STATEMENT BY COUNCIL

In the opinion of the Council, the consolidated financial statements of the Group and the statement of financial position and statement of changes in members' funds of the Federation as set out on pages 4 to 44 are drawn up so as to give a true and fair view of the financial position of the Group and of the Federation as at December 31, 2015, and the financial performance, changes in members' funds and cash flows of the Group and the financial performance and changes in members' funds of the Federation for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Federation will be able to pay its debts when they fall due.

ON BEHALF OF THE COUNCIL

Teo Siong Seng
Chairman

Lawrence Leow Chin Hin
Honorary Treasurer

May 24, 2016

INDEPENDENT AUDITORS' 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 Group and the Federation as at December 31, 2015, and the consolidated statement of profit or loss and other comprehensive income, statement of changes in members' funds and statement of cash flows of the Group and the statement of profit or loss and other comprehensive income and statement of changes in members' funds of the Federation for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 4 to 44.

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 Societies Act and 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 financial statements 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 AUDITORS' REPORT TO THE MEMBERS OF SINGAPORE BUSINESS FEDERATION

OPINION

In our opinion, the consolidated financial statements of the Group and the statement of financial position, statement of profit or loss and other comprehensive income and the statement of changes in members' funds of the Federation are properly drawn up in accordance with the provisions of the Societies Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Federation as at December 31, 2015, and the financial performance, changes in members' funds and cash flows of the Group and the financial performance and changes in members' funds of the Federation for the 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 the Societies Act, Chapter 311 to be kept by the Federation and by those the subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with those regulations.

DELOITTE & TOUCHE LLP
Public Accountants and
Chartered Accountants
Singapore

May 24, 2016

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2015

	Note	THE FEDERATION 2015 $	THE FEDERATION 2014 $	THE GROUP 2015 $	THE GROUP 2014 $
ASSETS					
Current assets					
Cash and bank balances	6	7,421,927	7,790,821	11,693,918	13,122,081
Trade receivables	7	1,677,966	972,925	1,669,916	988,060
Other receivables	8	2,800,613	2,450,784	2,820,350	2,489,104
Total current assets		11,900,506	11,214,530	16,184,184	16,599,245
Non-current assets					
Property, plant and equipment	9	21,424,384	14,862,257	21,431,570	14,867,349
Intangible assets	10	309,698	177,749	309,698	177,749
Investments in subsidiaries	11	1,980,000	1,980,000	-	-
Deferred tax assets	16	58,900	-	59,287	387
Total non-current assets		23,772,982	17,020,006	21,800,555	15,045,485
Total assets		35,673,488	28,234,536	37,984,739	31,644,730
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	12	282,447	399,741	265,257	698,252
Other payables	13	2,904,212	6,103,045	2,984,579	6,674,560
Bank loan	15	366,239	52,076	366,239	52,076
Income tax payable		6,395	228,974	6,395	228,974
Total current liabilities		3,559,293	6,783,836	3,622,470	7,653,862
Non-current liabilities					
Provision for reinstatement costs	14	319,375	319,375	319,375	319,375
Bank loan	15	11,177,378	1,608,667	11,177,378	1,608,667
Total non-current liabilities		11,496,753	1,928,042	11,496,753	1,928,042
Reserves					
Accumulated funds		20,617,442	19,522,658	22,865,516	22,062,826
Total liabilities and equity		35,673,488	28,234,536	37,984,739	31,644,730

See accompanying notes to financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2015

	Note	THE FEDERATION 2015 $	THE FEDERATION 2014 $	THE GROUP 2015 $	THE GROUP 2014 $
Income	17	14,534,218	14,617,410	15,587,126	14,945,903
Direct costs	18	(3,268,069)	(3,623,770)	(4,026,970)	(4,383,353)
Gross surplus		11,266,149	10,993,640	11,560,156	10,562,550
Other income	19	611,327	679,813	641,858	1,708,519
Administrative expenses		(10,961,267)	(9,174,366)	(11,577,899)	(9,840,681)
Surplus before tax	20	916,209	2,499,087	624,115	2,430,388
Income tax	21	178,575	(115,438)	178,575	(107,798)
Surplus for the year, representing total comprehensive income for the year		1,094,784	2,383,649	802,690	2,322,590
Total comprehensive income attributable to:					
The Federation		1,094,784	2,383,649	802,690	2,384,426
Non-controlling interest		-	-	-	(61,836)
		1,094,784	2,383,649	802,690	2,322,590

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN MEMBERS' FUNDS

YEAR ENDED DECEMBER 31, 2015

	Accumulated funds	Non-controlling interest	Total
	$	$	$
THE GROUP			
Balance at January 1, 2014	19,678,400	664,247	20,342,647
Surplus for the year, representing total comprehensive income for the year	2,384,426	(61,836)	2,322,590
Transaction with owners, recognised directly in equity:			
Effect of acquiring remaining non-controlling interest of a subsidiary	-	(602,411)	(602,411)
Balance at December 31, 2014	22,062,826	-	22,062,826
Surplus for the year, representing total comprehensive income for the year	802,690	-	802,690
Balance at December 31, 2015	22,865,516	-	22,865,516
THE FEDERATION			
Balance at January 1, 2014	17,139,009	-	17,139,009
Surplus for the year, representing total comprehensive income for the year	2,383,649	-	2,383,649
Balance at December 31, 2014	19,522,658	-	19,522,658
Surplus for the year, representing total comprehensive income for the year	1,094,784	-	1,094,784
Balance at December 31, 2015	20,617,442	-	20,617,442

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2015

	2015	2014
	$	$
Operating activities		
Surplus before tax	624,115	2,430,388
Adjustments for:		
Depreciation expense	130,541	122,275
Allowance for doubtful trade receivables	26,485	48,153
Amortisation of intangible assets	147,046	91,573
Grant income	-	(1,015,268)
Interest income	(80,945)	(54,080)
Operating cash flows before movements in working capital	847,242	1,623,041
Trade receivables	(708,341)	154,448
Other receivables	(331,246)	(395,689)
Trade payables	(432,995)	42,268
Other payables	(3,689,981)	(66,690)
Cash (used in) generated from operations	(4,315,321)	1,357,378
Interest received	80,945	54,080
Interest paid	(109,772)	(11,621)
Income tax paid	(102,904)	(346,080)
Net cash (used in) from operating activities	(4,447,052)	1,053,757
Investing activities		
Purchase of property, plant and equipment [Note (a)]	(103,555)	(3,514,403)
Purchase of intangible assets	(46,670)	(59,579)
Fixed deposits maturing after 3 months	2,511,283	1,019,049
Acquisition of remaining non-controlling interest of a subsidiary (Note 11)	-	(602,411)
Net cash from (used in) investing activities	2,361,058	(3,157,344)
Financing activities		
Proceeds from bank loan	3,353,599	1,689,451
Repayment of bank loan	(184,485)	(17,087)
Grant received	-	1,015,268
Net cash from financing activities	3,169,114	2,687,632
Net increase in cash and cash equivalents	1,083,120	584,045
Cash and cash equivalents at beginning of the year	10,107,543	9,523,498
Cash and cash equivalents at end of the year (Note 6)	11,190,663	10,107,543

Note (a)

	2015	2014
Purchase of property, plant and equipment	(6,694,762)	(6,752,077)
Add non-cash movement:		
- Assets purchase under finance leases (Note 15)	6,591,207	3,237,674
	(103,555)	(3,514,403)

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

1 GENERAL

The financial statements of the Federation and of the Group for the year ended December 31, 2015 were authorised for issue in accordance with a resolution of the Council on May 24, 2016. The financial statements are expressed in Singapore dollars.

The Federation was registered under the Societies Act on April 1, 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; 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 11 to the financial statements.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Financial Reporting Standards ("FRS").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

NOTES TO FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Asset*s.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS - On January 1, 2015, the Group and the Federation have adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") and Amendments to FRSs that are effective from that date and are relevant to their operations.

The adoption of these new/revised FRS and INT FRSs and amendments to FRSs does not result in changes to the Group's and the Federation's accounting policies and has no effect on the amounts reported for the current or prior years.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

At the date of authorisation of these financial statements, the following FRSs and amendments to FRS that are relevant to the Group and the Federation were issued but not effective:

FRS 109 Financial Instruments [1]
FRS 115 Revenue from Contracts with Customers [1]
Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative* [2]

[1] Applies to annual periods beginning on or after January 1, 2018, with early application permitted.
[2] Applies to annual periods beginning on or after January 1, 2016, with early application permitted.

FRS 109 *Financial Instruments*

FRS 109 *Financial Instruments* issued in December 2014 replaces FRS 39 *Financial Instrument* introduced new requirements for the classification and measurement of financial instruments, as well as a new impairment model for financial assets. In addition, it also sets out new requirements for general hedge accounting.

Key requirements of FRS 109:

- all recognised financial assets that are within the scope of FRS 39 *Financial Instruments*: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, FRS 109 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under FRS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- in relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

NOTES TO FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Management anticipates that the application of FRS 109 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of FRS 109 until the Group undertakes a detailed review.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 *Revenue from Contracts with Customers* issued in November 2014 replaces FRS 18 *Revenue recognition*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1 : Identify the contract(s) with a customer.
- Step 2 : Identify the performance obligations in the contract.
- Step 3 : Determine the transaction price.
- Step 4 : Allocate the transaction price to the performance obligations in the contract.
- Step 5 : Recognise revenue when (or as) the entity satisfies a performance obligation.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

Management anticipates that the application of FRS 115 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of FRS 115 until the Group performs a detailed review.

NOTES TO FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Amendments to FRS 1 Presentation of Financial Instruments: Disclosure Initiative

The amendments have been made to the following:

- Materiality and aggregation - An entity shall not obscure useful information by aggregating or disaggregating information and materiality considerations apply to the primary statements, notes and any specific disclosure requirements in FRSs.
- Statement of financial position and statement of profit or loss and other comprehensive income - The list of line items to be presented in these statements can be aggregated or disaggregated as relevant. Guidance on subtotals in these statements has also been included.
- Presentation of items of other comprehensive income ("OCI") arising from equity-accounted investments - An entity's share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single items based on whether or not it will subsequently be reclassified to profit or loss.
- Notes - Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of the notes. In addition, unhelpful guidance and examples with regard to the identification of significant accounting policies are removed.

The management is currently evaluating the potential impact of the application of the above amendments to FRS 1 in the period of initial application.

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

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

NOTES TO FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

When the Federation has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Federation considers all relevant facts and circumstances in assessing whether or not the Federation's voting rights in an investee are sufficient to give it power, including:

- The size of the Federation's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Federation, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Federation has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Federation obtains control over the subsidiary and ceases when the Federation loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Federation gains control until the date when the Federation ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Federation and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Federation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

NOTES TO FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Federation.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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

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

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments*: *Recognition and Measurement*, or FRS 37 *Provisions*, *Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale* and *Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense is recognised on an effective interest basis for debt instruments.

Financial assets

Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate method, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

NOTES TO FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

Derecognition of financial assets

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

Financial liabilities and equity instruments

Classification as debt or equity

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

NOTES TO FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Equity instruments

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

Trade and other payables

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

Derecognition of financial liabilities

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

Offsetting arrangements

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

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

NOTES TO FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The Group as lessor

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

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION - Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

Provision for reinstatement costs

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

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

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

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

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and sales related taxes. Considerations received are deferred until the services are provided.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Members' subscription

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

Events and services

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

Sale of publications

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

Interest income

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

Rental income

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

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

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

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

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

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying the entity's accounting policies

Apart from those involving estimates (see below), management is of the opinion that any instance of application of judgement is not expected to have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

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

Allowance for bad and doubtful debts

Management assesses the collectability of amounts due from members on a regular basis. This estimate is based on the credit history of the member and the current market condition. Management reassesses the impairment loss at the end of each 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. The carrying amount of the Group's trade and other receivables are disclosed in Notes 7 and 8 to the financial statements respectively.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

(a) *Categories of financial instruments*

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

	THE FEDERATION		THE GROUP	
	2015	2014	2015	2014
	$	$	$	$
Financial assets				
Loans and receivables (including cash and cash equivalents)	11,858,863	11,201,648	16,141,467	16,585,289
Financial liabilities				
Liabilities at amortised cost	14,380,487	7,883,744	14,443,664	8,753,770

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

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

(c) *Financial risk management policies and objectives*

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

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

NOTES TO FINANCIAL STATEMENTS

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

(i) Foreign exchange risk management

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

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

(ii) Interest rate risk management

The Group is not exposed to significant interest rate risk as there are no significant interest-bearing assets and liabilities except for the Group's fixed deposits and bank loan. Further details are disclosed in Notes 6 and 15 to the financial statements respectively.

No sensitivity analysis is prepared as the Group does not expect any material effect on its profit or loss arising from the effects of reasonably possible changes to interest rates on interest-bearing financial instruments at the end of the reporting period.

(iii) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Federation and the Group. The Federation and the Group have adopted stringent procedures in extending credit terms to customers and in monitoring their credit risk.

The Federation and the Group only grant credit to creditworthy counterparties. Trade receivables that are neither past due nor impaired have been assessed to be creditworthy based on the credit evaluation process performed by management.

The credit policy spells out clearly the guideline on extending credit terms to customers. This includes the assessment and valuation of customers' credit reliability and periodic review of their financial status to determine credit terms to be granted.

NOTES TO FINANCIAL STATEMENTS

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

The Federation and the Group's cash and bank balances are held with reputable financial institutions.

The Federation and the Group have no significant concentration of credit risk with exposure spread over a large number of counterparties and customers.

Further details of credit risk on trade receivables are disclosed in Note 7 to the financial statements.

(iv) Liquidity risk management

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

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

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

Liquidity and interest risk analyses

Non-derivative financial liabilities

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

NOTES TO FINANCIAL STATEMENTS

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

	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	$	$	$	$	$
THE FEDERATION						
2015						
Non-interest bearing	-	2,819,680	-	-	-	2,836,870
Bank borrowing	2.08	602,868	2,411,472	11,721,003	(3,191,726)	11,543,617
		3,422,548	2,411,472	11,721,003	(3,191,726)	14,380,487
2014						
Non-interest bearing	-	6,223,001	-	-	-	6,223,001
Bank borrowing	2.08	86,124	344,496	1,693,837	(463,714)	1,660,743
		6,309,125	344,496	1,693,837	(463,714)	7,883,744
THE GROUP						
2015						
Non-interest bearing	-	2,900,047	-	-	-	2,900,047
Bank borrowing	2.08	602,868	2,411,472	11,721,003	(3,191,726)	11,543,617
		3,502,915	2,411,472	11,721,003	(3,191,726)	14,443,664
2014						
Non-interest bearing	-	7,093,027	-	-	-	7,093,027
Bank borrowing	2.08	86,124	344,496	1,693,837	(463,714)	1,660,743
		7,179,151	344,496	1,693,837	(463,714)	8,753,770

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

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

(v) Fair value of financial assets and financial liabilities

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

The fair value of the bank loan is disclosed in Note 15 to the financial statements.

(d) ***Capital risk management policies and objectives***

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

(i) To safeguard the Group's ability to continue as a going concern;
(ii) To support the Group's stability and growth; and
(iii) To strengthen the Group's risk management capability.

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

The capital structure of the Group consists of accumulated funds.

The Group is not exposed to externally imposed capital requirements.

NOTES TO FINANCIAL STATEMENTS

5 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

Related companies in these financial statements refer to the entities of the Group. Transactions between the Federation and its subsidiaries, which are related companies of the Federation, have been eliminated on consolidation and are therefore not disclosed in this note.

During the year, the Federation entered into the following transactions with its subsidiaries:

	THE FEDERATION	
	2015	2014
	$	$
SUBSIDIARIES		
Sales and services provided (to) from		
- Subscription fees	(400)	(400)
- Commission on sponsorship	(203,434)	(105,022)
- Event management fee	41,050	316,979
- Participation fee	-	2,200

Some of The Federation's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, the Group entered into the following transactions with its related parties:

	THE FEDERATION		THE GROUP	
	2015	2014	2015	2014
	$	$	$	$
Other related parties (former shareholder's group of companies of a subsidiary corporation)				
Sales and services provided (to) from				
- Rental	-	-	-	12,002
- Accounting fee	-	-	-	10,800
- Shared services	(36,000)	(30,000)	(36,000)	(30,000)
- SBF staff costs	-	(115,087)	-	(115,087)

NOTES TO FINANCIAL STATEMENTS

5 SIGNIFICANT RELATED PARTY TRANSACTIONS (cont'd)

Compensation of key management personnel

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

	THE FEDERATION		THE GROUP	
	2015	2014	2015	2014
	$	$	$	$
Salaries and other short-term employee benefits	2,831,763	2,332,074	2,947,748	2,474,602
Post employment benefits	120,585	95,010	134,774	111,690
	2,952,348	2,427,084	3,082,522	2,586,292

6 CASH AND BANK BALANCES

	THE FEDERATION		THE GROUP	
	2015	2014	2015	2014
	$	$	$	$
Cash on hand	4,253	4,253	4,253	4,253
Cash at bank	1,395,561	1,770,339	2,958,801	4,576,602
Fixed deposits	6,022,113	6,016,229	8,730,864	8,541,226
	7,421,927	7,790,821	11,693,918	13,122,081
Less: Fixed deposits more than 3 months	(503,255)	(3,014,538)	(503,255)	(3,014,538)
Cash and cash equivalents	6,918,672	4,776,283	11,190,663	10,107,543

Fixed deposits have an average maturity of 2.67 months (2014 : 4.28 months) from the end of the reporting period and bears an effective interest rate of 0.91% (2014 : 0.59%) per annum.

7 TRADE RECEIVABLES

	THE FEDERATION		THE GROUP	
	2015	2014	2015	2014
	$	$	$	$
Due from members	1,625,695	955,190	1,696,401	1,036,213
Subsidiaries (Notes 5 and 11)	78,756	65,888	-	-
Less: Allowance for doubtful debts	(26,485)	(48,153)	(26,485)	(48,153)
	1,677,966	972,925	1,669,916	988,060

The amounts due from members are due immediately upon billing.

NOTES TO FINANCIAL STATEMENTS

7 TRADE RECEIVABLES (cont'd)

The table below is an analysis of trade receivables as at December, 31:

	THE FEDERATION		THE GROUP	
	2015	2014	2015	2014
	$	$	$	$
Not past due and not impaired	-	-	-	-
Past due but not impaired	1,677,966	972,925	1,669,916	988,060
	1,677,966	972,925	1,669,916	988,060
Impaired receivables - collectively assessed	26,485	48,153	26,485	48,153
Allowance for impairment	(26,485)	(48,153)	(26,485)	(48,153)
	-	-	-	-
Total trade receivables, net	1,677,966	972,925	1,669,916	988,060

Aging of receivables that are past due but not impaired:

	THE FEDERATION		THE GROUP	
	2015	2014	2015	2014
	$	$	$	$
1 to 30 days	477,787	270,439	399,031	227,451
31 to 60 days	60,436	53,481	114,423	85,795
61 to 90 days	17,671	34,277	25,696	49,043
91 to 365 days	1,122,072	614,728	1,130,766	625,771
	1,677,966	972,925	1,669,916	988,060

Movements in the allowance for doubtful debts

	THE FEDERATION AND GROUP	
	2015	2014
	$	$
Balance at beginning of the year	48,153	43,330
Amount written off during the year	(48,153)	(43,330)
Allowance recognised in profit or loss	26,485	48,153
Balance at end of the year	26,485	48,153

NOTES TO FINANCIAL STATEMENTS

8 OTHER RECEIVABLES

	THE FEDERATION		THE GROUP	
	2015	2014	2015	2014
	$	$	$	$
Outside parties	690,346	251,571	701,007	280,815
Prepayments	41,643	12,882	42,717	13,956
Sundry deposits	401,596	340,835	409,598	348,837
Monies receivable from government agency	1,667,028	1,845,496	1,667,028	1,845,496
	2,800,613	2,450,784	2,820,350	2,489,104

9 PROPERTY, PLANT AND EQUIPMENT

THE FEDERATION	Furniture, fittings and equipment	Office equipment	Information technology assets	Renovation	Capital work-in-progress	Total
	%	$	$	$	$	$
Cost						
At January 1, 2014	1,545,824	278,205	652,078	85,248	8,089,861	10,651,216
Additions	19,577	-	69,113	-	6,663,387	6,752,077
At December 31, 2014	1,565,401	278,205	721,191	85,248	14,753,248	17,403,293
Additions	4,164	9,541	73,612	6,058	6,595,022	6,688,397
Disposals	-	-	(76,358)	-	-	(76,358)
At December 31, 2015	1,569,565	287,746	718,445	91,306	21,348,270	24,015,332
Accumulated depreciation						
At January 1, 2014	1,543,246	270,977	524,648	85,248	-	2,424,119
Depreciation for the year	3,286	2,677	110,954	-	-	116,917
At December 31, 2014	1,546,532	273,654	635,602	85,248	-	2,541,036
Depreciation for the year	4,858	4,352	115,545	1,515	-	126,270
Disposals	-	-	(76,358)	-	-	(76,358)
At December 31, 2015	1,551,390	278,006	674,789	86,763	-	2,590,948
Carrying amount						
At December 31, 2015	18,175	9,740	43,656	4,543	21,348,270	21,424,384
At December 31, 2014	18,869	4,551	85,589	-	14,753,248	14,862,257

NOTES TO FINANCIAL STATEMENTS

9 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 January 1, 2014	1,555,461	285,201	709,061	88,436	8,089,861	10,728,020
Additions	19,577	-	69,113	-	6,663,387	6,752,077
At December 31, 2014	1,575,038	285,201	778,174	88,436	14,753,248	17,480,097
Additions	4,164	9,541	79,977	6,058	6,595,022	6,694,762
Disposals	(5,546)	-	(130,576)	-	-	(136,122)
At December 31, 2015	1,573,656	294,742	725,575	94,494	21,348,270	24,038,737
Accumulated depreciation						
At January 1, 2014	1,548,973	275,431	578,031	88,038	-	2,490,473
Depreciation for the year	5,098	3,815	112,964	398	-	122,275
At December 31, 2014	1,554,071	279,246	690,995	88,436	-	2,612,748
Depreciation for the year	5,905	4,987	118,134	1,515	-	130,541
Disposals	(5,546)	-	(130,576)	-	-	(136,122)
At December 31, 2015	1,554,430	284,233	678,553	89,951	-	2,607,167
Carrying amount						
At December 31, 2015	19,226	10,509	49,022	4,543	21,348,270	21,431,570
At December 31, 2014	20,967	5,955	87,179	-	14,753,248	14,867,349

During the year, capitalisation of the borrowing costs relating to the construction of the Federation's office premises amounted to $112,213 (2014 : $11,999).

The Group's construction in progress for its office premises with a carrying amount of $21,259,470 (2014 : $14,435,937) was mortgaged as collateral for credit facilities.

SINGAPORE BUSINESS FEDERATION AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

10 INTANGIBLE ASSETS

THE FEDERATION AND THE GROUP	Software licence
	$
Cost	
At January 1, 2014	992,869
Additions	177,565
At December 31, 2014	1,170,434
Additions	278,995
At December 31, 2015	1,449,429
Accumulated amortisation	
At January 1, 2014	901,112
Amortisation	91,573
At December 31, 2014	992,685
Amortisation	147,046
At December 31, 2015	1,139,731
Carrying amount	
At December 31, 2015	309,698
At December 31, 2014	177,749

11 INVESTMENTS IN SUBSIDIARIES

	THE FEDERATION	
	2015	2014
	$	$
Unquoted equity shares, at cost	1,980,000	1,980,000

NOTES TO FINANCIAL STATEMENTS

11 INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the Group's subsidiaries as at December 31, 2015 are as follows:

Name of subsidiary	Country of incorporation and operation	Proportion of ownership interest and voting power held		Principal activity
		2015	2014	
		%	%	
SBF Holdings Pte. Ltd. [1]	Singapore	100	100	Investment holding and events management
Subsidiary corporation held by SBF Holdings Pte. Ltd.				
SBF Connect Pte. Ltd.	Singapore	100	100	Events management

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

The following schedule shows the effects of changes in the Group's ownership interest in a subsidiary corporation that did not result in change of control, on the equity attributable to owners of the parent:

	THE GROUP	
	2015	2014
	$	$
Amounts paid on changes in unquoted equity shares, at cost	-	602,412
Non-controlling interest acquired	-	(602,412)
	-	-

SINGAPORE BUSINESS FEDERATION AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

12 TRADE PAYABLES

	THE FEDERATION		THE GROUP	
	2015	2014	2015	2014
	$	$	$	$
Outside parties	265,257	399,741	265,257	698,252
Subsidiaries (Notes 5 and 11)	17,190	-	-	-
	282,447	399,741	265,257	698,252

The average credit period on purchases of goods and services is 30 days (2014 : 30 days).

13 OTHER PAYABLES

	THE FEDERATION		THE GROUP	
	2015	2014	2015	2014
	$	$	$	$
Outside parties	453,363	443,105	465,070	782,062
Accruals	2,101,060	5,380,155	2,169,720	5,612,713
Grants received in advance	349,789	279,785	349,789	279,785
	2,904,212	6,103,045	2,984,579	6,674,560

14 PROVISION FOR REINSTATEMENT COSTS

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

15 BANK LOAN

	THE FEDERATION AND GROUP	
	2015	2014
	$	$
Current	366,239	52,076
Non-current	11,177,378	1,608,667
	11,543,617	1,660,743

The bank loan was drawn down on August 31, 2014 and bears interest at 2.08% per annum and, from the sixth year onwards from date of commencement, the loan bears interest at 1% plus prime rate. The loan is repayable over 300 monthly principal instalments ending on August 31, 2039.

Management estimates the fair value of the above loan to approximate its carrying amount.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

16 DEFERRED TAX (ASSETS) LIABILITIES

THE FEDERATION

	Accelerated tax depreciation	Tax losses	Provision for unutilised leave	Others	Total
	$	$	$	$	$
At January 1, 2014	11,592	-	(11,166)	(426)	-
Credit to profit or loss (Note 21)	-	-	-	-	-
At December 31, 2014	11,592	-	(11,166)	(426)	-
Credit to profit or loss (Note 21)	50,908	(65,600)	(40,134)	(4,074)	(58,900)
At December 31, 2015	62,500	(65,600)	(51,300)	(4,500)	(58,900)

THE GROUP

	Accelerated tax depreciation	Tax losses	Provision for unutilised leave	Others	Total
	$	$	$	$	$
At January 1, 2014	13,615	-	(8,751)	(426)	4,438
Credit to profit or loss (Note 21)	(4,825)	-	-	-	(4,825)
At December 31, 2014	8,790	-	(8,751)	(426)	(387)
Credit to profit or loss (Note 21)	50,908	(65,600)	(40,134)	(4,074)	(58,900)
At December 31, 2015	59,698	(65,600)	(48,885)	(4,500)	(59,287)

17 INCOME

	THE FEDERATION		THE GROUP	
	2015	2014	2015	2014
	$	$	$	$
Members' subscription fees	10,820,384	9,829,124	10,819,984	9,828,724
Events and seminars	1,514,503	1,395,094	1,691,990	1,339,604
Business missions	1,737,563	2,436,851	1,737,563	2,436,851
Sponsorship	249,091	664,759	1,124,912	1,049,142
Publications	212,677	291,582	212,677	291,582
	14,534,218	14,617,410	15,587,126	14,945,903

SINGAPORE BUSINESS FEDERATION AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

18 DIRECT COSTS

	THE FEDERATION		THE GROUP	
	2015	2014	2015	2014
	$	$	$	$
Cost of fee collection	185,559	182,107	185,559	182,107
Events and seminars	1,015,978	1,189,973	1,774,879	1,949,556
Business missions	1,229,421	1,863,404	1,229,421	1,863,404
Other direct costs	532,704	361,757	532,704	361,757
	2,963,662	3,597,241	3,722,563	4,356,824
Cost of funded activities	1,010,335	1,545,230	1,010,335	1,545,230
Government grant	(705,928)	(1,518,701)	(705,928)	(1,518,701)
	3,268,069	3,623,770	4,026,970	4,383,353

19 OTHER INCOME

	THE FEDERATION		THE GROUP	
	2015	2014	2015	2014
	$	$	$	$
Grant income	-	-	-	1,015,268
Foreign exchange gain	-	-	-	3,153
Rental income	65,109	140,192	65,109	140,192
Interest income	60,153	47,618	80,945	54,080
Service income	219,125	234,022	219,125	234,022
Partnership with external parties	95,007	131,822	95,007	131,822
Others	171,933	126,159	181,672	129,982
	611,327	679,813	641,858	1,708,519

20 SURPLUS BEFORE TAX

Surplus before tax has been arrived at after charging:

	THE FEDERATION		THE GROUP	
	2015	2014	2015	2014
	$	$	$	$
Manpower costs:				
Salaries, bonuses and other costs	7,421,111	6,071,867	7,863,125	6,466,978
Post-employment benefits	645,941	534,917	709,627	577,548
Premises expenses	1,344,974	1,305,112	1,397,277	1,357,057

NOTES TO FINANCIAL STATEMENTS

21 INCOME TAX

	THE FEDERATION		THE GROUP	
	2015	2014	2015	2014
	$	$	$	$
Current tax	-	360,385	-	360,385
Deferred tax (Note 16)	(58,900)	-	(58,900)	(4,825)
	-	360,385	-	355,560
Overprovision of current tax in prior years	(119,675)	(244,947)	(119,675)	(247,762)
	(178,575)	115,438	(178,575)	107,798

Domestic income tax is calculated at 17% (2014 : 17%) of the estimated assessable surplus for the year.

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

	THE FEDERATION		THE GROUP	
	2015	2014	2015	2014
	$	$	$	$
Surplus before tax	916,209	2,499,087	624,115	2,430,388
Tax at statutory rate of 17% (2014 : 17%)	155,756	424,845	106,100	413,166
Tax effect of non-deductible expenses	12,288	52,893	12,470	52,961
Deferred tax assets on temporary differences not recognised	-	-	54,912	12,803
Tax effect of deduction from tax incentives	-	(25,925)	-	(25,925)
Tax effect on income exemption	(208,316)	(63,967)	(213,754)	(67,002)
Tax rebate	-	(30,000)	-	(30,000)
Overprovision of current tax in prior years	(119,675)	(244,947)	(119,675)	(247,762)
Others	(18,628)	2,539	(18,628)	(443)
	(178,575)	115,438	(178,575)	107,798

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2015

22 COMMITMENTS

(a) Operating lease arrangements

WHERE THE GROUP IS THE LESSEE

	THE FEDERATION		THE GROUP	
	2015	2014	2015	2014
	$	$	$	$
Minimum lease payments under operating leases recognised as expense	1,443,852	1,326,510	1,496,155	1,378,455

At the end of the reporting period, the Federation and the Group have outstanding commitments under non-cancellable operating leases, which fall due as follows:

	THE FEDERATION		THE GROUP	
	2015	2014	2015	2014
	$	$	$	$
Within one year	1,491,439	641,395	1,547,143	693,699
In the second to fifth year inclusive	372,807	113,536	374,418	119,264
	1,864,246	754,931	1,921,561	812,963

Operating lease payments represent rentals payable by the Federation and group for its office premises and office equipment. Leases are negotiated for an average term of 5 years (2014 : 5 years) and the rental is fixed for the duration of the leases.

NOTES TO FINANCIAL STATEMENTS

22 COMMITMENTS (cont'd)

WHERE THE GROUP IS THE LESSOR

At the end of the reporting period, the Federation and the Group have contracted with tenants for the following future minimum lease payments:

	THE FEDERATION AND GROUP	
	2015	2014
	$	$
Within one year	25,860	70,294
In the second to fifth year inclusive	3,233	-
	29,093	70,294

Operating lease income represent rentals receive by the Federation and the Group for commercial premises. Leases are negotiated for an average term of 2 years and the rental is fixed for the duration of the leases.

(b) Other commitments

At the end of the reporting period, capital commitments of the Federation and the Group are as follows:

	THE FEDERATION AND GROUP	
	2015	2014
	$	$
Capital expenditure contracted but not provided for	10,067,530	20,175,268

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