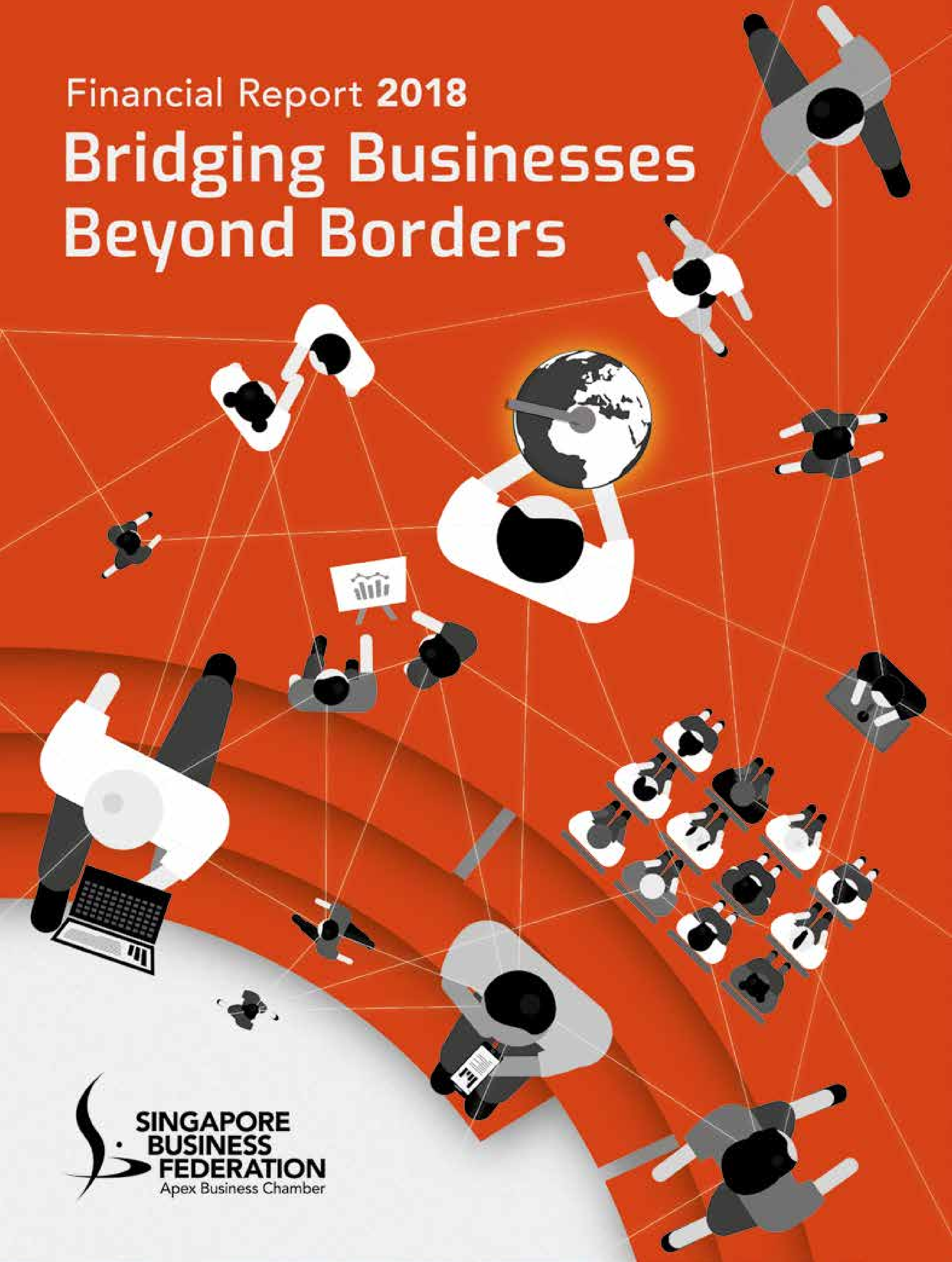
Financial Report **2018**

Bridging Businesses Beyond Borders



SINGAPORE BUSINESS FEDERATION
Apex Business Chamber

CONTENTS

STATEMENT BY COUNCIL

In the opinion of the Council, the consolidated financial statements of the Group and the statement of financial position, statement of profit or loss and other comprehensive income and statement of changes in members' funds of the Federation as set out on pages 5 to 43 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, 2018, 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

Gan Seow Kee
Honorary Treasurer

May 16, 2019

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Singapore Business Federation (the "Federation") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Federation as at December 31, 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in members' funds and consolidated statement of cash flows of the Group and the statement of profit or loss and other comprehensive income and statement of changes in members' funds of the Federation for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 43.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, statement of profit or loss and other comprehensive income and the statement of changes in members' funds of the Federation are properly drawn up in accordance with the provisions of the Societies Act (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to present fairly, in all material respects, the consolidated financial position of the Group and the financial position of the Federation as at December 31, 2018, and of the consolidated financial performance, consolidated changes in members' funds and consolidated cash flows of the Group and the financial performance and changes in members' funds of the Federation for the year ended on that date.

Basis of Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the other information. The other information comprises the Statement by Council and the Chairman's message.

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

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

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

Responsibilities of Management and the Council for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Council's responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

(d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the regulations enacted under the Societies Act, Chapter 311 to be kept by the Federation and by those subsidiary corporations 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 16, 2019

STATEMENTS OF FINANCIAL POSITION
December 31, 2018

ASSETS	Note	The Federation		The Group	
		2018	2017	2018	2017
		$	$	$	$
Current assets					
Cash and bank balances	6	11,699,333	8,967,296	15,648,110	12,897,108
Trade receivables	7	1,434,714	976,461	1,434,714	976,461
Other receivables	8	2,006,053	2,641,888	2,022,278	2,657,325
Total current assets		15,140,100	12,585,645	19,105,102	16,530,894
Non-current assets					
Property, plant and equipment	9	13,033,932	13,715,806	13,033,932	13,715,806
Investment property	10	21,387,956	21,852,664	21,387,956	21,852,664
Intangible assets	11	22,838	54,211	22,838	54,211
Investments in subsidiaries	12	1,980,000	1,980,000	-	-
Deferred tax assets	13	58,900	58,900	59,287	59,287
Total non-current assets		36,483,626	37,661,581	34,504,013	35,681,968
Total assets		51,623,726	50,247,226	53,609,115	52,212,862
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	14	463,640	1,217,329	463,640	1,217,329
Other payables	15	4,720,812	3,665,733	4,741,162	3,698,138
Bank loan	16	894,596	806,578	894,596	806,578
Income tax payable		169,605	6,395	169,605	6,395
Total current liabilities		6,248,653	5,696,035	6,269,003	5,728,440
Non-current liabilities					
Bank loan	16	21,961,019	22,893,170	21,961,019	22,893,170
Provision for reinstatement costs	17	205,760	205,760	205,760	205,760
Total non-current liabilities		22,166,779	23,098,930	22,166,779	23,098,930
Reserves					
Accumulated funds		23,208,294	21,452,261	25,173,333	23,385,492
Total liabilities and equity		51,623,726	50,247,226	53,609,115	52,212,862

See accompanying notes to financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended December 31, 2018

	Note	The Federation		The Group	
		2018	2017	2018	2017
		$	$	$	$
Income	18	20,314,034	16,811,764	20,314,034	16,811,364
Direct costs	19	(6,087,816)	(4,688,942)	(6,087,816)	(4,688,942)
Gross Surplus		14,226,218	12,122,822	14,226,218	12,122,422
Other income	20	925,614	919,328	969,027	961,925
Administrative expenses		(12,750,232)	(12,101,327)	(12,760,809)	(12,114,799)
Finance cost	21	(482,357)	(455,472)	(482,357)	(455,472)
Surplus before tax	22	1,919,243	485,351	1,952,079	514,076
Income tax expense	23	(163,210)	-	(164,238)	-
Surplus for the year, representing total comprehensive income for the year		1,756,033	485,351	1,787,841	514,076

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN MEMBERS' FUNDS
Year ended December 31, 2018

THE GROUP	Accumulated funds
	$
Balance at January 1, 2017	22,871,416
Surplus for the year, representing total comprehensive income for the year	514,076
Balance at December 31, 2017	23,385,492
Surplus for the year, representing total comprehensive income for the year	1,787,841
Balance at December 31, 2018	25,173,333
THE FEDERATION	
Balance at January 1, 2017	20,966,910
Surplus for the year, representing total comprehensive income for the year	485,351
Balance at December 31, 2017	21,452,261
Surplus for the year, representing total comprehensive income for the year	1,756,033
Balance at December 31, 2018	23,208,294

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended December 31, 2018

	Note	2018	2017
		$	$
Operating activities			
Surplus before tax		1,952,079	514,076
Adjustments for:			
Depreciation on property, plant and equipment		648,350	614,224
Depreciation on investment property		466,148	447,946
Loss allowance on doubtful trade receivables		419,182	270,879
Amortisation of intangible assets		47,483	132,423
Property, plant and equipment written off		1,661	16,673
Interest expense		482,357	455,472
Interest income		(177,200)	(127,493)
Operating cash flows before movements in working capital		3,840,060	2,324,200
Trade receivables		(877,435)	(26,245)
Other receivables		733,813	254,169
Trade payables		(753,689)	840,186
Other payables		1,043,024	(2,685,338)
Cash generated from operations		3,985,773	706,972
Interest received		177,200	127,493
Interest paid		(482,357)	(455,472)
Income tax paid		(1,028)	-
Net cash from operating activities		3,679,588	378,993
Investing activities			
Purchase of property, plant and equipment		(66,903)	(1,524,514)
Reinstatement of property, plant and equipment		-	(113,615)
Additions to investment property		(1,440)	(89,927)
Purchase of intangible assets		(16,110)	-
Placement in fixed deposits		(28,949)	(1,848,259)
Net cash used in investing activities		(113,402)	(3,576,315)
Financing activities			
Repayment of bank loan		(844,133)	(722,181)
Proceeds from bank loan		-	3,355,660
Net cash (used in) from financing activities		(844,133)	2,633,479
Net increase (decrease) in cash and cash equivalents		2,722,053	(563,843)
Cash and cash equivalents at beginning of the year		10,548,849	11,112,692
Cash and cash equivalents at end of the year	6	13,270,902	10,548,849

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

1 GENERAL

The financial statements of the Federation and of the Group for the year ended December 31, 2018 were authorised for issue in accordance with a resolution of the Council on May 16, 2019. 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 160 Robinson Road, #06-01 SBF Center, Singapore 068914.

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 12 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 Financial Reporting Standards in Singapore ("FRSs").

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

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 Assets.*

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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

ADOPTION OF NEW AND REVISED STANDARDS - In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after January 1, 2018. The adoption of these new/revised FRSs does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years except as disclosed below.

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) impairment of financial assets and 3) general hedge accounting. Details of these new requirements as well as their impact on the financial statements are described below.

The Group applied FRS 109 with an initial application date of January 1, 2018. The Group has not restated the comparative information, which continues to be reported under FRS 39. Effects arising from the adoption of FRS 109 have been recognised directly in accumulated funds. There was no material impact on adoption of FRS 109.

The significant accounting policies for financial instruments under FRS 109 is as below.

(a) Classification and measurement of financial assets and financial liabilities

The Group has applied the requirements of FRS 109 to instruments that have not been derecognised as at January 1, 2018 and has not applied the requirements to instruments that have already been derecognised as at January 1, 2018. The classification of financial assets is based on two criteria: the Group's business model for managing the assets and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding. There are no changes in classification and measurement of the Group's financial assets and financial liabilities.

(b) 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 the Group 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 of the financial assets. It is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, FRS 109 requires the Group to recognise a loss allowance for expected credit losses on i) debt instruments subsequently measured at amortised cost or at FVTOCI, ii) lease receivables, iii) contract assets and iv) loan commitments and financial guarantee contracts to which the impairment requirements of FRS 109 apply.

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

FRS 115 *Revenue from Contracts with Customers*

FRS 115 supersedes FRS 11 *Construction Contracts*, FRS 18 *Revenue* and the related Interpretations. FRS 115 introduces a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Details of these new requirements as well as their impact on the financial statements are described below.

The Group has applied FRS 115 using the modified retrospective method with the cumulative effect of initially applying this Standard recognised at the date of initial application (January 1, 2018) as an adjustment to the opening balance of accumulated funds. Therefore, the comparative information was not restated and continues to be reported under FRS 11, FRS 18 and the related Interpretations. The Group has elected to apply this Standard retrospectively only to contracts that are not completed contracts at the date of initial application.

FRS 115 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. The Group has not adopted the terminology used in FRS 115 to describe such balances.

The Group's significant accounting policies for its revenue streams are disclosed below. There was no material impact from adoption of FRS 115.

NEW/REVISED STANDARDS AND IMPROVEMENTS TO THE STANDARDS NOT YET ADOPTED - The Group has not applied the following accounting standard that is relevant to the Group and was issued as at the date of authorisation of these financial statements but is not yet effective:

<u>FRS 116 Leases - *Applies to annual periods beginning on or after January 1, 2019*</u>

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities are recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the existing framework.

The Group has non-cancellable operating lease commitments. A preliminary assessment indicates that these arrangements will result in a recognition of a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of FRS 116. This new requirement is expected to have an impact on the amounts recognised in the Group's financial statements and management is currently assessing its potential impact. It is not practicable to provide a reasonable estimate of the financial effect until management completes the review.

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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

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

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

When 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.

<u>Changes in the Group's ownership interests in existing subsidiaries</u>

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.

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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.

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.

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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

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

Financial assets (before January 1, 2018)

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets, "available-for-sale" financial assets and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

<u>Loans and receivables</u>

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, plus transaction costs and subsequently measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

<u>Impairment of financial assets</u>

Financial assets are assessed for indicators of impairment at the end of each reporting period. 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 financial asset have been impacted.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

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
December 31, 2018

For certain categories of financial assets, 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 national or local 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 and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade or other 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 assets (from January 1, 2018)

Classification of financial assets

Debt instruments mainly comprise cash and bank balances and trade and other receivables that meet the following conditions and are subsequently measured at amortised cost:

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Amortised cost and effective interest method

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

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

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

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

Impairment of financial assets

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

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

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Significant increase in credit risk

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

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

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

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

Definition of default

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

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Write-off policy

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Measurement and recognition of expected credit losses

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

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

<u>Derecognition of financial assets</u>

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

Financial liabilities and equity instruments

<u>Classification as debt or equity</u>

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.

<u>Equity instruments</u>

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.

<u>Trade and other payables</u>

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.

<u>Derecognition of financial liabilities</u>

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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.

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:

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

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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.

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

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

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.

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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.

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.

<u>Provision for reinstatement costs</u>

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

REVENUE RECOGNITION (before January 1, 2018) - Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

<u>Members' subscription</u>

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

<u>Events and services</u>

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

<u>Sale of publications</u>

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

<u>Sponsorship income</u>

Sponsorship income is recognised when received from sponsors in the financial year.

<u>Interest income</u>

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

<u>Rental income</u>

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

REVENUE RECOGNITION (from January 1, 2018) – Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

<u>Members' subscription</u>

Established on 1 April 2002 by the Singapore Business Federation Act, all Singapore-registered companies with paid-up capital or authorised share capital of S0.5 million and above are members of the Federation. Revenue from members' subscriptions is recognised at a point in time when annual subscription fee are billed to the existing members according to its type of membership and size of paid-up capital/authorised share capital at the beginning of calendar year. New members during the year are billed subscription fees on a pro-rated basis.

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Events and services

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

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

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

Sale of publications

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

Sponsorship income

Sponsorship income is recognised at the point in time of receipt from sponsors.

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.

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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.

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.

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 amountof its assets and liabilities.

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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 next page), 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.

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Key sources of estimation uncertainty

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

Calculation of loss allowance

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

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

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

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

Useful lives of investment property and leasehold property

Depreciation is charged to write off the cost of investment property (Note 10) and leasehold property (Note 9) over their estimated useful lives, using the straight-line method. Management exercises judgement in estimating the useful lives of the investment property and leasehold property which take into consideration the physical condition of the assets, their lease term and the Group's intent for maintenance and upgrade when necessary to maintain the physical and economic viability of the property. In particular, management has determined that the useful life of the Group's 99-year investment and leasehold property is 50 years.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

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

	The Federation		The Group	
	2018	2017	2018	2017
	$	$	$	$
Financial assets				
Financial assets at amortised cost	15,063,021	12,529,161	19,028,023	16,474,410
Financial liabilities				
Financial liabilities at amortised cost	27,886,513	28,503,686	27,906,863	28,536,091

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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

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

(c) Financial risk management policies and objectives

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

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

(i) Foreign exchange risk management

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

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

(ii) Interest rate risk management

The Group is 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 16 to the financial statements respectively.

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

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit or loss for the year ended December 31, 2018 would decrease/increase by $114,278 (2017 : decrease/increase by $118,499). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

(iii) Credit risk management

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

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL - not credit-impaired
In default	Amount is past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL - credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

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

THE FEDERATION	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				$	$	$
2018						
Trade receivables from third parties	7	(i)	Lifetime ECL (simplified approach)	1,853,896	(419,182)	1,434,714
Other receivables	8	Performing	12-month ECL	1,928,974	-	1,928,974
					(419,182)	

THE GROUP	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
				$	$	$
2018						
Trade receivables from third parties	7	(i)	Lifetime ECL (simplified approach)	1,853,896	(419,182)	1,434,714
Other receivables	8	Performing	12-month ECL	1,945,199	-	1,945,199
					(419,182)	

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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

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

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

(iv) Liquidity risk management

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

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

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

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.

THE FEDERATION	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	$	$	$	$	$
2018						
Non-interest bearing	-	5,030,898	-	-	-	5,030,898
Bank borrowing	2.08	1,361,496	5,445,984	21,331,146	(5,283,011)	22,855,615
		6,392,394	5,445,984	21,331,146	(5,283,011)	27,886,513
2017						
Non-interest bearing	-	4,803,938	-	-	-	4,803,938
Bank borrowing	2.08	1,291,872	5,167,488	23,415,615	(6,175,227)	23,699,748
		6,095,810	5,167,488	23,415,615	(6,175,227)	28,503,686

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

THE GROUP	Weighted average effective interest rate	On demand or within 1 year	Within 2 to 5 years	After 5 years	Adjustment	Total
	%	$	$	$	$	$
2018						
Non-interest bearing	-	5,051,248	-	-	-	5,051,248
Bank borrowing	2.08	1,361,496	5,445,984	21,331,146	(5,283,011)	22,855,615
		6,412,744	5,445,984	21,331,146	(5,283,011)	27,906,863
2017						
Non-interest bearing	-	4,836,343	-	-	-	4,836,343
Bank borrowing	2.08	1,291,872	5,167,488	23,415,615	(6,175,227)	23,699,748
		6,128,215	5,167,488	23,415,615	(6,175,227)	28,536,091

(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 16 to the financial statements.

(d) Capital management policies and objectives

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

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

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

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

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

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

The Group has complied with the externally imposed capital requirements in 2018 and 2017.

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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.

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

	The Federation	
	2018	2017
	$	$
Subscription fees	-	(400)

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

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

	The Federation		The Group	
	2018	2017	2018	2017
	$	$	$	$
Rental expense	377,566	371,063	377,566	371,063

Compensation of key management personnel

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

	The Federation		The Group	
	2018	2017	2018	2017
	$	$	$	$
Salaries and other short-term employee benefits	2,382,411	2,736,525	2,382,411	2,736,525
Post-employment benefits	106,937	134,996	106,937	134,996
	2,489,348	2,871,521	2,489,348	2,871,521

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

6 CASH AND BANK BALANCES

	The Federation		The Group	
	2018	2017	2018	2017
	$	$	$	$
Cash on hand	-	1,000	-	1,000
Cash at bank	2,051,298	1,878,742	2,313,564	2,163,397
Fixed deposits	9,648,035	7,087,554	13,334,546	10,732,711
	11,699,333	8,967,296	15,648,110	12,897,108
Fixed deposits more than 3 months	(516,635)	(509,000)	(2,377,208)	(2,348,259)
Cash and cash equivalents	11,182,698	8,458,296	13,270,902	10,548,849

Fixed deposits have a maturity ranging from 3 to 12 months (2017 : 3 to 12 months) from the end of the reporting period and bears an effective interest rate ranging from 0.40% to 1.60% (2017 : 0.90% to 1.40%) per annum.

7 TRADE RECEIVABLES

	The Federation and the Group	
	2018	2017
	$	$
Subscription fee receivables	753,672	835,020
Loss allowance	(419,182)	(270,879)
	334,490	564,141
Non-subscription fee receivables	1,100,224	412,320
	1,434,714	976,461

The amounts due from both subscription and non-subscription members are due immediately upon billing.

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

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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

	Trade receivables - members' paid-up share capital					
	$0.5 mil to $1 mil	$1 mil to $5 mil	$5 mil to $10 mil	More than $10 mil	Others	Total
	$	$	$	$	$	$
Expected credit loss rate	58%	60%	62%	58%	-	
Estimated total gross carrying amount at default	247,093	274,152	71,999	115,167	45,261	753,672
Lifetime ECL	(144,190)	(164,076)	(44,576)	(66,340)	-	(419,182)
						334,490

Previous accounting policy for impairment of trade receivables:

In 2017, doubtful debt allowances for trade receivables were determined based on estimated irrecoverable amounts from the membership subscription, determined by the indication that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

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

	The Federation and the Group
	2017
	$
Not past due and not impaired	-
Past due but not impaired	976,461
	976,461
Impaired receivables - collectively assessed	270,879
Allowance for impairment	(270,879)
	-
Total trade receivables, net	976,461

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Aging of receivables that are past due but not impaired:

	The Federation and the Group
	2017
	$
1 to 30 days	299,022
31 to 60 days	40,988
61 to 90 days	41,105
91 to 365 days	595,346
	976,461

Movements in the allowance for doubtful debts

	The Federation and the Group
	2017
	$
Balance at beginning of the year	196,573
Amount written off during the year	(196,573)
Allowance recognised in profit or loss	270,879
Balance at end of the year	270,879

8 OTHER RECEIVABLES

	The Federation		The Group	
	2018	2017	2018	2017
	$	$	$	$
Outside parties	278,956	411,843	295,181	427,280
Prepayments	77,079	56,484	77,079	56,484
Sundry deposits	4,310	4,310	4,310	4,310
Monies receivable from government agencies	1,645,708	2,169,251	1,645,708	2,169,251
	2,006,053	2,641,888	2,022,278	2,657,325

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

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

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

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

9 PROPERTY, PLANT AND EQUIPMENT

THE FEDERATION AND THE GROUP	Leasehold property	Furniture, fittings and equipment	Office equipment	Information technology assets	Renovation	Total
	$	$	$	$	$	$
Cost						
At January 1, 2017	12,432,030	1,569,565	292,146	844,225	378,416	15,516,382
Additions	-	449,398	412,662	38,436	624,018	1,524,514
Disposals	-	(1,569,565)	(284,946)	(594,311)	(91,306)	(2,540,128)
At December 31, 2017	12,432,030	449,398	419,862	288,350	911,128	14,500,768
Additions	-	-	5,880	17,596	43,427	66,903
Disposals/write off	-	(2,578)	-	(40,883)	(98,766)	(142,227)
At December 31, 2018	12,432,030	446,820	425,742	265,063	855,789	14,425,444
Accumulated depreciation						
At January 1, 2017	103,600	1,556,664	281,788	662,349	89,792	2,694,193
Depreciation for the year	248,641	71,117	66,650	89,611	138,205	614,224
Disposals	-	(1,557,544)	(281,687)	(593,928)	(90,296)	(2,523,455)
At December 31, 2017	352,241	70,237	66,751	158,032	137,701	784,962
Depreciation for the year	248,641	89,642	83,857	68,066	158,144	648,350
Disposals	-	(917)	-	(40,883)	-	(41,800)
At December 31, 2018	600,882	158,962	150,608	185,215	295,845	1,391,512
Carrying amount						
At December 31, 2018	11,831,148	287,858	275,134	79,848	559,944	13,033,932
At December 31, 2017	12,079,789	379,161	353,111	130,318	773,427	13,715,806

The Group's leasehold property was mortgaged as collateral for the bank loan (Note 16).

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

10 INVESTMENT PROPERTY

THE FEDERATION AND THE GROUP	Leasehold property
	$
Cost	
At January 1, 2017	22,397,328
Additions	89,927
At December 31, 2017	22,487,255
Additions	1,440
At December 31, 2018	22,488,695
Accumulated depreciation	
At January 1, 2017	186,645
Depreciation for the year	447,946
At December 31, 2017	634,591
Depreciation for the year	466,148
At December 31, 2018	1,100,739
Carrying amount	
At December 31, 2018	21,387,956
At December 31, 2017	21,852,664

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

The fair value of the Group's investment property is $22.8 million (2017: $22.8 million) as at December 31, 2018. The fair value disclosed above was determined under Level 3 within the fair value hierarchy.

The fair value of the Group's investment property as at December 31, 2018 has been determined on the basis of valuations carried out at the end of the reporting period by an independent valuer having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued, and not related to the Group. The fair value was determined based on direct comparison with recent transactions of comparable properties within the vicinity and elsewhere, and adjusted based on the valuer's knowledge of the factors specific to the respective property.

No direct operating expenses (including repairs and maintenance) were incurred during the year.

The Group's leasehold property was mortgaged as collateral for the bank loan (Note 16).

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

11 INTANGIBLE ASSETS

THE FEDERATION AND THE GROUP	Software license
	$
Cost	
At December 31, 2016	1,510,589
Write off	(979,739)
At December 31, 2017	530,850
Additions	16,110
Write off	(264,742)
At December 31, 2018	282,218
Accumulated depreciation	
At January 1, 2017	1,323,955
Amortisation	132,423
Write off	(979,739)
At December 31, 2017	476,639
Amortisation	47,483
Write off	(264,742)
At December 31, 2018	259,380
Carrying amount	
At December 31, 2018	22,838
At December 31, 2017	54,211

12 INVESTMENTS IN SUBSIDIARIES

	The Federation	
	2018	2017
	$	$
Unquoted equity shares, at cost	1,980,000	1,980,000

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Details of the Group's subsidiaries as at December 31, 2018 are as follows:

Name of subsidiary	Country of incorporation and operation	Proportion of ownership interest and voting power held		Principal activity
		2018	2017	
		%	%	
SBF Holdings Pte. Ltd. [1]	Singapore	100	100	Investment holding and events management
SBF Connect Pte. Ltd.	Singapore	100	100	Events management

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

13 DEFERRED TAX ASSETS

THE FEDERATION	Accelerated tax depreciation	Tax losses	Provision for unutilised leave	Others	Total
	$	$	$	$	$
As at January 1, 2017 and December 31, 2017	(62,500)	65,600	51,300	4,500	58,900
Credit (Charge) to profit or loss	68,493	(65,600)	(3,788)	895	-
As at December 31, 2018	5,993	-	47,512	5,395	58,900
THE GROUP					
As at January 1, 2017 and December 31, 2017	(59,698)	65,600	48,885	4,500	59,287
Credit (Charge) to profit or loss	68,493	(65,600)	(3,788)	895	-
As at December 31, 2018	8,795	-	45,097	5,395	59,287

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

14 TRADE PAYABLES

	The Federation		The Group	
	2018	2017	2018	2017
	$	$	$	$
Outside parties	463,640	1,217,329	463,640	1,217,329

The average credit period on purchases of goods and services is 30 days (2017 : 30 days).

15 OTHER PAYABLES

	The Federation		The Group	
	2018	2017	2018	2017
	$	$	$	$
Outside parties	439,505	501,740	457,705	519,940
Related party	22,580	34,117	22,580	34,117
Accruals	4,105,173	3,050,752	4,107,323	3,064,957
Grants received in advance	153,554	79,124	153,554	79,124
	4,720,812	3,665,733	4,741,162	3,698,138

16 BANK LOAN

	The Federation and Group	
	2018	2017
	$	$
Current	894,596	806,578
Non-current	21,961,019	22,893,170
	22,855,615	23,699,748

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 approximates its carrying amount.

17 PROVISION FOR REINSTATEMENT COSTS

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

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

18 INCOME

	The Federation		The Group	
	2018	2017	2018	2017
	$	$	$	$
Members' subscription fees	13,042,239	12,342,249	13,042,239	12,341,849
Events and seminars	1,614,569	1,175,320	1,614,569	1,175,320
Business missions	1,568,759	1,508,064	1,568,759	1,508,064
Sponsorship	4,061,892	1,721,146	4,061,892	1,721,146
Publications	26,575	64,985	26,575	64,985
	20,314,034	16,811,764	20,314,034	16,811,364

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

	The Federation		The Group	
	2018	2017	2018	2017
	$	$	$	$
Over time				
Events and seminars	1,614,569	1,175,320	1,614,569	1,175,320
Business missions	1,568,759	1,508,064	1,568,759	1,508,064
	3,183,328	2,683,384	3,183,328	2,683,384
At a point in time				
Members' subscription fees	13,042,239	12,342,249	13,042,239	12,341,849
Sponsorship	4,061,892	1,721,146	4,061,892	1,721,146
Publications	26,575	64,985	26,575	64,985
	17,130,706	14,128,380	17,130,706	14,127,980
	20,314,034	16,811,764	20,314,034	16,811,364

19 DIRECT COSTS

	The Federation and the Group	
	2018	2017
	$	$
Cost of fee collection	296,469	235,817
Events and seminars	3,833,196	2,420,240
Business missions	2,504,237	1,031,030
Other direct costs	624,389	1,717,637
	7,258,291	5,404,724
Net government funded activities	(1,170,475)	(715,782)
	6,087,816	4,688,942

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

20 OTHER INCOME

	The Federation		The Group	
	2018	2017	2018	2017
	$	$	$	$
Rental income	620,356	20,882	620,356	20,882
Interest income	133,787	85,672	177,200	127,493
Service income	15,250	96,029	15,250	96,029
Sundry income	156,221	716,745	156,221	717,521
	925,614	919,328	969,027	961,925

21 FINANCE COST

	The Federation and the Group	
	2018	2017
	$	$
Interest expense on bank loan	482,357	455,472

22 SURPLUS BEFORE TAX

Surplus before tax has been arrived at after charging:

	The Federation and the Group	
	2018	2017
	$	$
Manpower costs:		
Salaries, bonuses and other costs	8,435,568	7,500,606
Post-employment benefits	729,828	673,144

NOTES TO FINANCIAL STATEMENTS
December 31, 2018

23 INCOME TAX EXPENSE

	The Federation		The Group	
	2018	2017	2018	2017
	$	$	$	$
Current tax				
Current year	169,605	-	170,633	-
Overprovision in prior years	(6,395)	-	(6,395)	-
	163,210	-	164,238	-

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

	The Federation		The Group	
	2018	2017	2018	2017
	$	$	$	$
Surplus before tax	1,919,243	485,351	1,952,079	514,076
Tax at statutory rate of 17% (2017 : 17%)	326,271	82,510	331,852	87,393
Tax effect on non-taxable income	(234,978)	(270,601)	(234,978)	(270,438)
Tax effect of non-deductible expenses	161,999	145,959	162,098	144,724
Deferred tax assets on temporary differences not recognised	-	-	-	44,246
Utilisation of deferred tax assets previously not recognised	(50,762)	-	(51,358)	-
Singapore statutory stepped income exemption	(25,925)	-	(28,815)	-
Tax rebate	(10,000)	-	(10,408)	-
Overprovision of current tax in prior years	(6,395)	-	(6,395)	-
Others	3,000	42,132	2,242	(5,925)
	163,210	-	164,238	-

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

	2018	2017
	$	$
Amount at beginning of year	954,449	694,176
Adjustments	(7,350)	257,009
(Utilised) Arising during the year	(596)	3,264
Amount at end of year	946,503	954,449
Deferred tax benefit on above not recognised	160,906	162,256

No deferred tax benefit on the tax loss carry forwards was recognised in the financial statements due to the unpredictability of profit streams.

The realisation of future income tax benefits from tax loss carry forwards is available for an unlimited future period subject to the conditions imposed by law including the retention of majority shareholders as defined.

24 COMMITMENTS

Operating lease arrangements

Where the Group is the lessee

	The Federation and the Group	
	2018	2017
	$	$
Minimum lease payments under operating leases recognised as expense	421,077	661,131

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 and the Group	
	2018	2017
	$	$
Within one year	163,354	165,184
In the second to fifth year inclusive	91,219	148,200
	254,573	313,384

Operating lease payments represent rentals payable by the Federation and the Group for its office premises and office equipment. Leases are negotiated with an average term of 4 years (2017 : 5 years) and the rental is fixed for the duration of the leases.

Where the Group is the lessor

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

	The Federation and the Group	
	2018	2017
	$	$
Within one year	687,940	458,748
In the second to fifth year inclusive	839,012	542,146
	1,526,952	1,000,894

SINGAPORE BUSINESS FEDERATION
Apex Business Chamber

www.sbf.org.sg