

WE  **WE SPEAK
FOR OUR
MEMBERS**

ARE SBF 

WE CHAMPION  **ENTERPRISE**

**WE ENGAGE THE
COMMUNITY**

FINANCIAL REPORT 2013

Financial Statements for the year ended
31 December 2013

WE LINK

**WE SERVE
AND SUPPORT**

**BUSINESSES WE CARE FOR
SOCIETY**

FEDERATION INFORMATION

COUNCIL MEMBERS

| | |
|--------------------------|---|
| Tony Chew Leong-Chee | (Chairman) |
| Gautam Banerjee | (Vice Chairman) |
| Shabbir H. Hassanbhai | (Vice Chairman) |
| Rangarajan Narayanamohan | (Vice Chairman) |
| Abdul Rohim Sarip | (Vice Chairman) |
| Tang Kin Fei | (Vice Chairman) |
| Teo Siong Seng | (Vice Chairman) |
| Dr Robert Yap Chin Kok | (Vice Chairman) |
| Philip Ng Chee Tat | (Honorary Secretary) |
| Olivia Lum | (Deputy Honorary Secretary) |
| Lawrence Leow Chin Hin | (Honorary Treasurer wef 1 March 2014) |
| Chong Siak Ching | (Deputy Honorary Treasurer) |
| Mitsuhiro Akiyama | (Council Member wef 30 April 2013) |
| Chan Chong Beng | (Council Member until 14 December 2013) |
| Piyush Gupta | (Council Member) |
| George Huang Chang Yi | (Council Member) |
| Shanker Iyer | (Council Member) |
| Simon Kahn | (Council Member) |
| Kay Kuok Oon Kwong | (Council Member) |
| Kiyofumi Kusaka | (Council Member until 30 April 2013) |
| Graham Lee | (Council Member) |
| Pek Lian Guan | (Council Member wef 20 January 2014) |
| Stefano Poli | (Council Member) |
| Bob Tan Beng Hai | (Council Member; Honorary Treasurer until 28 February 2014) |
| Alvin Yeo | (Council Member) |

BANKERS

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

INDEPENDENT AUDITOR

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

CONTENTS

| | |
|---|---|
| Statement by Council | 1 |
| Independent Auditor's Report | 2 |
| Statements of Financial Position | 4 |
| Statements of Profit or Loss and Comprehensive Income | 5 |
| Consolidated Statement of Changes in Members' Funds | 6 |
| Consolidated Statement of Cash Flows | 7 |
| Notes to the Financial Statements | 8 |

STATEMENT BY COUNCIL

For the Financial Year ended 31 December 2013

In the opinion of the Council, the accompanying Statements of financial position, Statements of profit or loss and comprehensive income, consolidated statement of changes in members' funds and the consolidated statement of cash flows, together with the notes thereon, are drawn up so as to give a true and fair view of the state of affairs of the Federation and of the Group as at 31 December 2013 and of the results of the business of the Federation and of the Group, changes in members' funds and cash flows of the Group for the financial year ended on that date, and at the date of this statement, there are reasonable grounds to believe that the Federation will be able to pay its debts as and when they fall due.

On behalf of the Council

TONY CHEW LEONG-CHEE

Chairman

LAWRENCE LEOW CHIN HIN

Honorary Treasurer

Dated: 26 May 2014

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Singapore Business Federation ("the Federation") and its subsidiaries ("the Group"), which comprise the Statements of financial position of the Federation and of the Group as at 31 December 2013, Statements of profit or loss and comprehensive income for the Federation and the Group, consolidated statement of changes in members' fund and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

OPINION

In our opinion, the consolidated financial statements of the Group and the Statements of financial position, Statements of profit or loss and comprehensive income of the Federation are properly drawn up in accordance with the provisions of the Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Federation and of the Group as at 31 December 2013, the results of the Federation for the financial year ended on that date, and the results, changes in members' funds and cash flows of the Group for the financial year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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

Foo Kon Tan Grant Thornton LLP

Public Accountants and
Chartered Accountants

Singapore, 26 May 2014

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2013

| | Note | The Federation | | The Group | |
|---|------|---------------------------|---|---------------------------|---|
| | | 31 December 2013 \$ | 31 December 2012 (restated) \$ | 31 December 2013 \$ | 31 December 2012 (restated) \$ |
| Assets | | | | | |
| Non-Current | | | | | |
| Property, plant and equipment | 3 | 8,227,097 | 267,011 | 8,237,547 | 287,943 |
| Intangible Assets | 4 | 91,757 | 94,226 | 91,757 | 94,226 |
| Subsidiaries | 5 | 1,980,000 | 1,980,000 | – | – |
| Deferred tax assets | 9.1 | – | – | – | – |
| | | 10,298,854 | 2,341,237 | 8,329,304 | 382,169 |
| Current | | | | | |
| Due from members | 6 | 136,832 | 363,799 | 136,832 | 363,799 |
| Trade and other receivables | 7 | 3,031,770 | 1,151,259 | 3,147,244 | 1,270,264 |
| Cash and bank balances | 8 | 7,905,015 | 14,318,777 | 13,557,085 | 20,346,405 |
| | | 11,073,617 | 15,833,835 | 16,841,161 | 21,980,468 |
| Total assets | | 21,372,471 | 18,175,072 | 25,170,465 | 22,362,637 |
| Reserves | | | | | |
| Accumulated funds | | 17,139,009 | 14,668,765 | 19,678,400 | 17,139,838 |
| Non-controlling Interests | | – | – | 664,247 | 620,122 |
| | | 17,139,009 | 14,668,765 | 20,342,647 | 17,759,960 |
| Liabilities | | | | | |
| Non-Current | | | | | |
| Provision for reinstatement costs of leased premises | | 319,375 | 319,375 | 319,375 | 319,375 |
| Deferred tax liabilities | 9.2 | – | 16,296 | 4,438 | 19,049 |
| | | 319,375 | 335,671 | 323,813 | 338,424 |
| Current | | | | | |
| Trade and other payables | 10 | 3,458,890 | 2,994,959 | 4,041,574 | 4,074,742 |
| Current tax payable | | 455,197 | 175,677 | 462,431 | 189,511 |
| | | 3,914,087 | 3,170,636 | 4,504,005 | 4,264,253 |
| Total liabilities | | 4,233,462 | 3,506,307 | 4,827,818 | 4,602,677 |
| Total funds and liabilities | | 21,372,471 | 18,175,072 | 25,170,465 | 22,362,637 |

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

STATEMENTS OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the Financial Year ended 31 December 2013

| | Note | The Federation | | The Group | |
|---|-------|---|---|---|---|
| | | Year ended 31 December 2013 \$ | Year ended 31 December 2012 \$ | Year ended 31 December 2013 \$ | Year ended 31 December 2012 \$ |
| Income | | | | | |
| Members' subscriptions fees | | 9,199,356 | 8,548,948 | 9,198,956 | 8,548,548 |
| Events and seminars | 10(c) | 1,905,100 | 1,166,567 | 2,618,528 | 2,247,891 |
| Business missions | | 1,781,586 | 1,199,952 | 1,781,586 | 1,199,952 |
| Sponsorship | 11(b) | 757,965 | 1,123,520 | 757,965 | 1,123,520 |
| Publications | | 276,721 | 416,306 | 276,721 | 416,306 |
| Interest earned on fixed deposits | | 52,477 | 75,095 | 60,319 | 84,350 |
| Rental income | | 134,842 | 155,887 | 134,842 | 133,856 |
| Other income | | 270,387 | 217,168 | 300,787 | 349,992 |
| Service Income | | 176,830 | 56,530 | 152,530 | 11,980 |
| RSBF Grant | | – | – | 938,262 | 781,432 |
| GES Grant | | – | – | 366,567 | 530,000 |
| | | 14,555,264 | 12,959,973 | 16,587,063 | 15,427,827 |
| Expenditure | | | | | |
| Auditors' remuneration | | 22,550 | 19,500 | 42,550 | 38,265 |
| Depreciation of property, plant and equipment | 3 | 119,102 | 102,995 | 133,181 | 123,428 |
| Amortization of intangible assets | 4 | 69,341 | 51,642 | 69,341 | 51,642 |
| Premises expenses | | 1,225,216 | 1,207,550 | 1,278,313 | 1,246,143 |
| Staff costs | | | | | |
| - salaries, bonuses and other costs | | 5,250,037 | 4,731,009 | 5,815,615 | 5,346,538 |
| - Central Provident Fund | | 635,743 | 544,757 | 699,470 | 620,399 |
| Operating expenses | 11(a) | 4,300,031 | 3,888,375 | 5,495,921 | 5,438,870 |
| | | 11,622,020 | 10,545,828 | 13,534,391 | 12,865,285 |
| Surplus for the year before taxation | | 2,933,244 | 2,414,145 | 3,052,672 | 2,562,542 |
| Income tax expenses | 12 | (463,000) | (142,480) | (469,985) | (152,704) |
| Net surplus and total comprehensive income for the year | | 2,470,244 | 2,271,665 | 2,582,687 | 2,409,838 |
| Surplus/total comprehensive income attributable to: | | | | | |
| Federation | | 2,470,244 | 2,271,665 | 2,538,562 | 2,353,632 |
| Non-controlling interests | | – | – | 44,125 | 56,206 |
| | | 2,470,244 | 2,271,665 | 2,582,687 | 2,409,838 |

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

CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' FUNDS

For the Financial Year ended 31 December 2013

The Group

| | Accumulated Funds \$ | Non- Controlling Interests \$ | Total \$ |
|--|----------------------------|--|-------------------|
| Balance at 1 January 2012 | 14,786,206 | 563,916 | 15,350,122 |
| Total comprehensive income for the year | 2,353,632 | 56,206 | 2,409,838 |
| Balance at 31 December 2012 and 1 January 2013 | 17,139,838 | 620,122 | 17,759,960 |
| Total comprehensive income for the year | 2,538,562 | 44,125 | 2,582,687 |
| Balance at 31 December 2013 | 19,678,400 | 664,247 | 20,342,647 |

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial Year ended 31 December 2013

| The Group | Year ended 31 December 2013 | Year ended 31 December 2012 (restated) |
|--|--------------------------------|--|
| | \$ | \$ |
| Cash Flows from Operating Activities | | |
| Surplus for the year before taxation | 3,052,672 | 2,562,542 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 133,181 | 123,428 |
| Amortisation of intangible assets | 69,341 | 51,642 |
| Loss on disposal of property, plant and equipment | – | 199 |
| Loss on disposal of intangible assets | 555 | – |
| Interest income | (60,319) | (84,350) |
| Operating surplus before working capital changes | 3,195,430 | 2,653,461 |
| Decrease/(increase) in due from members | 226,967 | (346,165) |
| (Increase)/decrease in trade and other receivables | (1,890,881) | 483,469 |
| Decrease in trade and other payables | (33,168) | (254,751) |
| Net cash generated from operating activities | 1,498,348 | 2,536,014 |
| Interest received | 74,220 | 72,954 |
| Income tax paid | (211,676) | (205,275) |
| Net cash generated from operating activities | 1,360,892 | 2,403,693 |
| Cash Flows from Investing Activities | | |
| Purchase of property, plant and equipment | (8,082,785) | (238,356) |
| Purchase of intangible assets | (67,427) | (71,950) |
| Redemption of structured deposit | – | 3,000,000 |
| Cash (used in)/generated from investing activities | (8,150,212) | 2,689,694 |
| Cash Flows from Financing Activities | | |
| Decrease/(increase) in fixed deposit non-pledged maturing after 3 months | 2,895,613 | 454,923 |
| Cash generated from financing activities | 2,895,613 | 454,923 |
| Net (decrease)/increase in cash and cash equivalents | (3,893,707) | 5,548,310 |
| Cash and cash equivalents at beginning of the financial year | 13,417,205 | 7,868,895 |
| Cash and cash equivalents at end of the financial year (Note 8) | 9,523,498 | 13,417,205 |

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2013

1 GENERAL INFORMATION

The financial statements of the Federation and of the Group for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the Council on the date of the Statement by Council.

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

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

The objectives of the Federation are:

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

The principal activities of the subsidiaries are as stated in Note 5.

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

2(A) BASIS OF PREPARATION

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

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

Significant accounting estimates and judgements

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

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

Income tax (Note 12)

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

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

Depreciation of property, plant and equipment (Note 3)

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The Council and management estimate the useful lives of property, plant and equipment to be within 2 to 5 years. The carrying amounts of the Federation's and Group's property, plant and equipment as at 31 December 2013 are \$8,227,097 (2012 - \$267,011) and \$8,237,547 (2012 - \$287,943) respectively. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2013

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

Significant accounting estimates and judgements (Cont'd)

Allowance for bad and doubtful debts (Notes 6 and 7)

The Council assesses the collectability of due from members. This estimate is based on the credit history of the member and the current market condition. The Council reassesses the impairment loss at the end of the reporting period.

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

Government grants

Generally, government grants are recognized in the statements of profit or loss and comprehensive income to match them with the expenditure towards which they were intended to compensate. Government grants are recognized when management has assessed and concluded that there is reasonable assurance that the Federation or Group will comply with the conditions for their receipt and that the grant will be received.

During the year, the Federation and Group recognized income from grants totalling \$1,979,838 (2012 - \$910,284) and \$3,284,667 (2012: \$2,221,716) respectively.

2(B) INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS EFFECTIVE IN 2013

On 1 January 2013, the Group adopted the amended FRSs that are mandatory for application from that date. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS. This includes the following FRSs which are relevant to the Group:

| Reference | Description |
|---------------------------|---|
| FRS 1 | Presentation of Items of Other Comprehensive Income |
| FRS 19 | Employee Benefits |
| FRS 107 | Disclosures - Offsetting Financial Assets and Financial Liabilities |
| FRS 113 | Fair Value Measurement |
| FRS 16 | Amendment to FRS16 Property Plant and Equipment |
| Improvements to FRSs 2012 | |

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

2(C) FRS NOT YET EFFECTIVE

The following are the new or amended FRS and INT FRS issued in 2013 that are not yet effective but may be early adopted for the current financial year:

| Reference | Description | Effective date (Annual periods beginning on or after) |
|----------------------|---|--|
| Revised FRS 27 | Separate Financial Statements | 1 January 2014 |
| Revised FRS 28 | Investments in Associates and Joint Ventures | 1 January 2014 |
| FRS 110 | Consolidated Financial Statements | 1 January 2014 |
| FRS 111 | Joint Arrangements | 1 January 2014 |
| FRS 112 | Disclosure of Interests in Other Entities | 1 January 2014 |
| Amendments to FRS 32 | Offsetting Financial Assets and Financial Liabilities | 1 January 2014 |
| Amendments to FRS 19 | Defined Benefit Plans : Employee Contributions | 1 July 2014 |

The Council does not anticipate that the adoption of the above FRSs in future periods will have a material impact on the financial statements of the Group and the Federation in the period of their initial adoption.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2013

2(D) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

The financial statements of the Group include the financial statements of the Federation and its two subsidiaries made up to the end of financial year. Information on its subsidiaries is given in Note 5.

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

Business combinations are accounted for using the acquisition method. The consideration transferred for an acquisition is measured as fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of acquisition. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Costs attributable to the acquisition are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

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

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

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

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

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

Intangible assets

Intangible assets are accounted for using the cost model. Capitalised costs are amortised on a straight-line basis over their estimated useful lives for those considered as finite useful lives. After initial recognition, they are carried at cost less accumulated amortisation and accumulated impairment losses, if any. In addition, they are subject to annual impairment testing.

Intangible assets are written off where, in the opinion of the directors, no further future economic benefits are expected to arise.

Computer software

Costs relating to own-used computer software acquired, which are not an integral part of related hardware, are capitalised and amortised on a straight-line basis over their useful life of 3 years.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2013

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

Subsidiaries

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

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

Property, plant and equipment and depreciation

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

| | |
|----------------------------------|-------------|
| Furniture, fitting and equipment | 5 years |
| Office equipment | 5 years |
| Information technology assets | 3 years |
| Renovation | 2 - 5 years |

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

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

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

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

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

Financial assets

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2013

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

Financial assets (Cont'd)

Loans and receivables

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

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

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

Determination of fair value

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

Cash and cash equivalents

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

Financial liabilities

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

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

Leases

Where the Group is the lessee,

Operating leases

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

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

Where the Group is the lessor,

Operating leases

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2013

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

Provisions

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

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

Employee benefits

Defined contribution plan

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

Employee leave entitlements

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

Key management personnel

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

Income taxes

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

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

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

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

Deferred income tax is measured:

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2013

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

Impairment of non-financial assets

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

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

Any impairment loss is charged to the statements of profit or loss and comprehensive income unless it reverses a previous revaluation in which case it is charged to equity.

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

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

Revenue recognition

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

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

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

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

Rental income are recognized on a straight-line basis over the lease term.

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.

Except for RSBF and GES grants, government grants are recognised in the statements of profit or loss and comprehensive income which the Group recognises as expenses the related costs for which the grants are intended to compensate. Grants for RSBF and GES are recognised as a credit in the statements of profit or loss and comprehensive income, under the heading "Income".

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.

Functional currencies

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

Conversion of foreign currencies

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2013

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

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

Financial instruments

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

Disclosures on financial risk management are provided in Note 16.

3 PROPERTY, PLANT AND EQUIPMENT

| The Federation | Furniture, fittings and equipment \$ | Office equipment \$ | Information technology assets \$ | Renovation \$ | Capital work-in-progress \$ | Property work-in-progress \$ | Total \$ |
|--|---|------------------------|-------------------------------------|------------------|--------------------------------|---------------------------------|-------------------|
| Cost | | | | | | | |
| At 1 January 2012 | 1,543,192 | 267,527 | 549,260 | 85,248 | – | – | 2,445,227 |
| Additions | – | – | 95,185 | – | 133,612 | – | 228,797 |
| Disposals | – | – | (57,460) | – | – | – | (57,460) |
| Transfers | – | 8,680 | 69,732 | – | (78,412) | – | – |
| At 31 December 2012 and 1 January 2013 | 1,543,192 | 276,207 | 656,717 | 85,248 | 55,200 | – | 2,616,564 |
| Additions | 2,632 | – | 41,895 | – | 322,043 | 7,712,618 | 8,079,188 |
| Disposals | – | – | (44,536) | – | – | – | (44,536) |
| Transfers | – | 1,998 | (1,998) | – | – | – | – |
| At 31 December 2013 | 1,545,824 | 278,205 | 652,078 | 85,248 | 377,243 | 7,712,618 | 10,651,216 |
| Accumulated depreciation | | | | | | | |
| At 1 January 2012 | 1,539,121 | 262,175 | 447,880 | 54,843 | – | – | 2,304,019 |
| Depreciation for the year | 2,681 | 5,002 | 78,262 | 17,050 | – | – | 102,995 |
| Disposals | – | – | (57,461) | – | – | – | (57,461) |
| At 31 December 2012 and 1 January 2013 | 1,541,802 | 267,177 | 468,681 | 71,893 | – | – | 2,349,553 |
| Depreciation for the year | 1,444 | 3,800 | 100,503 | 13,355 | – | – | 119,102 |
| Disposals | – | – | (44,536) | – | – | – | (44,536) |
| At 31 December 2013 | 1,543,246 | 270,977 | 524,648 | 85,248 | – | – | 2,424,119 |
| Net book value | | | | | | | |
| At 31 December 2013 | 2,578 | 7,228 | 127,430 | – | 377,243 | 7,712,618 | 8,227,097 |
| At 31 December 2012 | 1,390 | 9,030 | 188,036 | 13,355 | 55,200 | – | 267,011 |

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2013

3 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| The Group | Furniture, fittings and equipment \$ | Office equipment \$ | Information technology assets \$ | Renovation \$ | Capital work-in-progress \$ | Property work-in-progress \$ | Total \$ |
|--|---|------------------------|-------------------------------------|------------------|--------------------------------|---------------------------------|-------------------|
| Cost | | | | | | | |
| At 1 January 2012 | 1,548,739 | 272,974 | 607,224 | 85,248 | – | – | 2,514,185 |
| Additions | 4,090 | 1,464 | 96,002 | 3,188 | 133,612 | – | 238,356 |
| Disposals | – | (747) | (62,023) | – | – | – | (62,770) |
| Transfers | – | 8,680 | 69,732 | – | (78,412) | – | – |
| At 31 December 2012 and 1 January 2013 | 1,552,829 | 282,371 | 710,935 | 88,436 | 55,200 | – | 2,689,771 |
| Additions | 2,632 | 832 | 44,659 | – | 322,043 | 7,712,618 | 8,082,785 |
| Disposals | – | – | (44,536) | – | – | – | (44,536) |
| Transfers | – | 1,998 | (1,998) | – | – | – | – |
| At 31 December 2013 | 1,555,461 | 285,201 | 709,060 | 88,436 | 377,244 | 7,712,618 | 10,728,020 |
| Accumulated depreciation | | | | | | | |
| At 1 January 2012 | 1,541,225 | 264,564 | 480,339 | 54,843 | – | – | 2,340,971 |
| Depreciation for the year | 4,376 | 6,253 | 94,553 | 18,246 | – | – | 123,428 |
| Disposals | – | (548) | (62,023) | – | – | – | (62,571) |
| At 31 December 2012 and 1 January 2013 | 1,545,601 | 270,269 | 512,869 | 73,089 | – | – | 2,401,828 |
| Depreciation for the year | 3,372 | 5,162 | 109,698 | 14,949 | – | – | 133,181 |
| Disposals | – | – | (44,536) | – | – | – | (44,536) |
| At 31 December 2013 | 1,548,973 | 275,431 | 578,031 | 88,038 | – | – | 2,490,473 |
| Net book value | | | | | | | |
| At 31 December 2013 | 6,488 | 9,770 | 131,029 | 398 | 377,244 | 7,712,618 | 8,237,547 |
| At 31 December 2012 | 7,228 | 12,102 | 198,066 | 15,347 | 55,200 | – | 287,943 |

3.1 REINSTATEMENT COST

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

| | The Federation | | The Group | |
|---|------------------|------------|------------------|------------|
| | 2013 \$ | 2012 \$ | 2013 \$ | 2012 \$ |
| Balance as at 1 January, cost | 319,375 | 319,375 | 319,375 | 319,375 |
| Amount incurred in accumulated depreciation | (319,375) | (319,375) | (319,375) | (319,375) |
| Amount as at 31 December | – | – | – | – |
| Expense incurred in the depreciation relating to reinstatement cost : | – | – | – | – |

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2013

4 INTANGIBLE ASSETS

| The Federation and The Group | Software licence \$ |
|---|---------------------------|
| <u>Cost</u> | |
| At 1 January 2012 | 906,121 |
| Additions | 71,950 |
| At 31 December 2012 and 1 January 2013 | 978,071 |
| Additions | 67,427 |
| Disposals | (52,629) |
| At 31 December 2013 | 992,869 |
| <u>Accumulated amortisation</u> | |
| At 1 January 2012 | 832,203 |
| Additions | 51,642 |
| At 31 December 2012 and 1 January 2013 | 883,845 |
| Amortisation | 69,341 |
| Disposals | (52,074) |
| At 31 December 2013 | 901,112 |
| <u>Net book value</u> | |
| At 31 December 2013 | 91,757 |
| At 31 December 2012 | 94,226 |

5 SUBSIDIARIES

| The Federation | 2013 \$ | 2012 \$ |
|---------------------------------|------------------|------------|
| Unquoted equity shares, at cost | 1,980,000 | 1,980,000 |

Details of the subsidiaries are:

| Name | Country of incorporation/ principal place of business | Cost of investment | | Percentage of equity held | | Principal activities |
|---|--|-----------------------|------------|------------------------------|-----------|---|
| | | 2013 \$ | 2012 \$ | 2013 % | 2012 % | |
| SBF Holdings Pte. Ltd. ⁽¹⁾⁽²⁾ | Singapore | 1,980,000 | 1,980,000 | 100 | 100 | Investment holding and events management |
| Subsidiary owned by SBF Holdings Pte. Ltd. | | | | | | |
| SBF-Pico Events Pte. Ltd. ⁽¹⁾ | Singapore | – | – | 60 | 60 | Events management |

⁽¹⁾ Audited by Foo Kon Tan Grant Thornton LLP, Singapore⁽²⁾ The shares are held in trust by three directors of SBF Holdings Pte. Ltd.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2013

6 DUE FROM MEMBERS

| The Federation and The Group | 2013 \$ | 2012 \$ |
|--------------------------------|--------------------|-------------|
| Due from members | 2,086,471 | 2,522,243 |
| Less: Allowance for impairment | (1,949,639) | (2,158,444) |
| | 136,832 | 363,799 |

The amounts due from members are due immediately upon billing.

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

| The Federation and The Group | 2013 \$ | 2012 \$ |
|------------------------------|----------------|------------|
| Past due 1 to 30 days | - | - |
| Past due 31 to 60 days | - | - |
| Past due 61 to 90 days | - | - |
| Past due over 90 days | 136,832 | 363,799 |
| | 136,832 | 363,799 |

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

7 TRADE AND OTHER RECEIVABLES

| | The Federation | | The Group | |
|--|------------------|------------|------------------|------------|
| | 2013 \$ | 2012 \$ | 2013 \$ | 2012 \$ |
| Trade receivables | 1,005,301 | 324,816 | 1,097,159 | 397,565 |
| Less: Allowance for impairment | (43,330) | (83,596) | (43,330) | (83,596) |
| Net trade receivables | 961,971 | 241,220 | 1,053,829 | 313,969 |
| Prepayments | 29,009 | 24,450 | 29,009 | 24,450 |
| Sundry deposits | 310,765 | 310,765 | 360,848 | 357,021 |
| GST recoverable | 163,972 | 231,246 | 163,972 | 231,246 |
| Monies receivable from government agency | 1,450,774 | 317,413 | 1,450,774 | 317,413 |
| Amount due from subsidiaries | 25,601 | - | - | - |
| Others | 89,678 | 26,165 | 88,812 | 26,165 |
| | 3,031,770 | 1,151,259 | 3,147,244 | 1,270,264 |

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

| | The Federation | | The Group | |
|------------------------|----------------|------------|----------------|------------|
| | 2013 \$ | 2012 \$ | 2013 \$ | 2012 \$ |
| Past due 1 to 30 days | 70,710 | 7,244 | 84,750 | 7,244 |
| Past due 31 to 60 days | 133,534 | 84,750 | 122,660 | 127,499 |
| Past due 61 to 90 days | 43,349 | 98,952 | 72,513 | 98,952 |
| Past due over 90 days | 226,390 | 50,274 | 254,753 | 80,274 |
| | 473,983 | 241,220 | 534,676 | 313,969 |

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2013

7 TRADE AND OTHER RECEIVABLES (CONT'D)

The movement of allowance for impairment is as follows:

| The Federation and The Group | 2013 \$ | 2012 \$ |
|------------------------------|-----------------|------------|
| Balance at beginning | 83,596 | 126,818 |
| Provision during the year | 23,338 | – |
| Provision written off | (63,604) | (43,222) |
| | 43,330 | 83,596 |

8 CASH AND BANK BALANCES

| | The Federation | | The Group | |
|----------------|------------------|------------|-------------------|------------|
| | 2013 \$ | 2012 \$ | 2013 \$ | 2012 \$ |
| Cash on hand | 3,253 | 3,244 | 3,253 | 3,744 |
| Cash at bank | 1,361,622 | 1,382,668 | 3,492,119 | 3,896,716 |
| Fixed deposits | 6,540,140 | 12,932,865 | 10,061,713 | 16,445,945 |
| | 7,905,015 | 14,318,777 | 13,557,085 | 20,346,405 |

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

| | The Group | |
|---|--------------------|-------------|
| | 2013 \$ | 2012 \$ |
| Cash on hand | 3,253 | 3,744 |
| Cash at bank | 3,492,119 | 3,896,716 |
| Fixed deposits | 10,061,713 | 16,445,945 |
| Less: Fixed deposits more than 3 months | (4,033,587) | (6,929,200) |
| | 9,523,498 | 13,417,205 |

Fixed deposits at the end of the reporting period have an average maturity of 4.16 months (2012 - 3.6 months) from the end of the financial year with an effective interest rate of 0.44% (2012 - 0.44%) per annum.

Cash and cash equivalents are denominated in the following currencies:

| | The Federation | | The Group | |
|-----------------------|------------------|------------|-------------------|------------|
| | 2013 \$ | 2012 \$ | 2013 \$ | 2012 \$ |
| Singapore dollars | 7,905,015 | 14,318,777 | 13,280,168 | 19,641,667 |
| United States dollars | – | – | 276,917 | 704,738 |
| | 7,905,015 | 14,318,777 | 13,557,085 | 20,346,405 |

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2013

9 DEFERRED TAXATION

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

| | The Federation | | The Group | |
|---------------------------------|----------------|--------|--------------|--------|
| | 2013 | 2012 | 2013 | 2012 |
| | \$ | \$ | \$ | \$ |
| Deferred tax liabilities | | | | |
| - To be settled within one year | - | 16,296 | 4,438 | 19,049 |
| | - | 16,296 | 4,438 | 19,049 |

9.1 Deferred tax assets

| | 2013 | 2012 |
|---------------------------------------|------|----------|
| | \$ | \$ |
| The Federation and The Group | | |
| Balance at beginning | - | 15,889 |
| Transfer to profit and loss (Note 12) | - | (15,889) |
| Balance at end | - | - |

The balance comprises tax on the following temporary differences:

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

9.2 Deferred tax liabilities

| | The Federation | | The Group | |
|--|-----------------|--------|-----------------|--------|
| | 2013 | 2012 | 2013 | 2012 |
| | \$ | \$ | \$ | \$ |
| Balance at beginning | 16,296 | - | 19,049 | 5,947 |
| Transfer (to)/from profit and loss (Note 12) | (16,296) | 16,296 | (14,611) | 13,102 |
| Balance at end | - | 16,296 | 4,438 | 19,049 |

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2013

9 DEFERRED TAXATION (CONT'D)

9.2 Deferred tax liabilities (Cont'd)

The balance comprises tax on the following temporary differences:

| | Excess of net book value over tax written down value of qualifying property, plant and equipment \$ | Provision for unutilised leave \$ | Interest \$ | Total \$ |
|------------------------------------|---|--|----------------|-----------------|
| The Federation | | | | |
| Balance at 1 January 2012 | - | - | - | - |
| Transfer (from)/to profit and loss | (17,473) | 3,114 | (1,937) | (16,296) |
| Balance at 31 December 2012 | (17,473) | 3,114 | (1,937) | (16,296) |
| Transfer to profit and loss | 5,881 | 8,052 | 2,363 | 16,296 |
| Balance at 31 December 2013 | (11,592) | 11,166 | 426 | - |
| The Group | | | | |
| Balance at 1 January 2012 | (6,993) | 1,046 | - | (5,947) |
| Transfer (from)/to profit and loss | (13,700) | 2,535 | (1,937) | (13,102) |
| Balance at 31 December 2012 | (20,693) | 3,581 | (1,937) | (19,049) |
| Transfer to profit and loss | 7,078 | 5,170 | 2,363 | 14,611 |
| Balance at 31 December 2013 | (13,615) | 8,751 | 426 | (4,438) |

10 TRADE AND OTHER PAYABLES

| | The Federation | | The Group | |
|---------------------------------|------------------|------------|------------------|------------|
| | 2013 \$ | 2012 \$ | 2013 \$ | 2012 \$ |
| Trade payables | 944,416 | 433,566 | 655,984 | 413,993 |
| Accruals for operating expenses | 1,872,643 | 1,708,212 | 2,125,492 | 1,860,472 |
| Sundry creditors | 390,372 | 489,672 | 400,202 | 492,236 |
| Grants received in advance | 251,459 | 363,509 | 251,459 | 363,509 |
| GES fund | - | - | - | 379,962 |
| RSBF fund | - | - | 608,437 | 564,570 |
| | 3,458,890 | 2,994,959 | 4,041,574 | 4,074,742 |

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

As per agreement between EDB and SBF, EDB will provide funds for three GES events which will be hosted by SBF, at \$1 million per event (total of \$3 million for three GES events) starting financial year 2009. SBF has assigned the rights to organise and manage GES event to its subsidiary. At end of the reporting period, its subsidiary has received a total of \$3 million of GES fund from EDB. Since 2009, its subsidiary has organised a total of 5 GES events.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2013

10 TRADE AND OTHER PAYABLES (CONT'D)

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

As per agreement between IES and SBF, IES will provide funds for three RSBF events which will be hosted by SBF at the amount of \$1 million per event (total of \$3 million for three RSBF events), starting financial year 2011. The financial grant shall be used only for actual costs directly or indirectly incurred to organise the RSBF. SBF has assigned the rights to organise and manage RSBF event to its subsidiary. At the end of reporting period, its subsidiary has received a total of \$3 million (2012 - \$2 million) of RSBF Fund from IES. The last RSBF event was held in 2013. Subsequent to the financial year ended 31 December 2013, the RSBF Steering Committee, the governing body of RSBF, decided that SBF need not organise the subsequent RSBF. The balance of funds, which is ring-fenced for RSBF, will most likely be returned to IES.

- (c) Events and seminars income of the Group are inclusive of RSBF income relating to RSBF sponsorship and delegate sales of \$485,000 (2012 - \$791,000).

11 OPERATING EXPENSES

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

| | The Federation | | The Group | |
|--------------------------------------|------------------|-----------|------------------|-----------|
| | 2013 | 2012 | 2013 | 2012 |
| | \$ | \$ | \$ | \$ |
| Direct cost – seminar & workshop | 1,565,799 | 863,930 | 2,725,978 | 2,322,824 |
| Government funding | (509,185) | (72,844) | (509,185) | (72,844) |
| Net direct cost – seminar & workshop | 1,056,614 | 791,086 | 2,216,793 | 2,249,980 |
| Direct cost – mission | 1,516,195 | 802,542 | 1,516,195 | 802,542 |
| Cost of fee collection | 240,888 | 287,472 | 240,888 | 287,472 |
| Cost of publication | 283,761 | 303,667 | 283,761 | 303,667 |
| Secretarial cost & research | 481,565 | 426,561 | 481,566 | 426,561 |
| Other operating expenses | 721,008 | 639,354 | 756,718 | 730,955 |
| SBF 10th anniversary expenses | – | 637,693 | – | 637,693 |
| | 4,300,031 | 3,888,375 | 5,495,921 | 5,438,870 |

- (b) The Federation received sponsorship of \$614,598 in 2012 to help defray the cost of organising the SBF 10th Anniversary activities.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2013

12 INCOME TAX EXPENSES

| | The Federation | | The Group | |
|--|-----------------|----------|-----------------|----------|
| | 2013 | 2012 | 2013 | 2012 |
| | \$ | \$ | \$ | \$ |
| Current taxation | 452,000 | 175,677 | 457,300 | 189,511 |
| Deferred income tax assets (Note 9.1) | - | 15,889 | - | 15,889 |
| Deferred income tax liabilities (Note 9.2) | (16,296) | 16,296 | (14,611) | 13,102 |
| | 435,704 | 207,862 | 442,689 | 218,502 |
| Under /(Over) provision in respect of prior year | | | | |
| - Current taxation | 27,296 | (65,382) | 27,296 | (65,798) |
| | 463,000 | 142,480 | 469,985 | 152,704 |

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

| | The Federation | | The Group | |
|--|------------------|-----------|------------------|-----------|
| | 2013 | 2012 | 2013 | 2012 |
| | \$ | \$ | \$ | \$ |
| Surplus for the year before taxation | 2,933,244 | 2,414,145 | 3,052,672 | 2,562,542 |
| Tax at statutory rate of 17% (2012 - 17%) | 498,652 | 410,405 | 518,954 | 435,632 |
| Tax effect on non-taxable income | - | - | - | 4,178 |
| Tax effect on non-deductible expenses | 10,781 | 2,899 | 11,052 | 3,102 |
| Deferred tax assets on temporary differences not recognised | - | - | - | 398 |
| Utilisation of deferred tax assets on temporary differences not recognised in prior year | - | - | (282) | - |
| Singapore statutory stepped income exemption | (25,925) | (25,925) | (55,117) | (40,609) |
| Tax effect on incentive | (52,355) | (179,517) | (34,232) | (184,199) |
| Tax rebate | - | - | (2,237) | - |
| Under /(Over) provision in respect of prior year | 27,296 | (65,382) | 27,296 | (65,798) |
| Others | 4,551 | - | 4,551 | - |
| | 463,000 | 142,480 | 469,985 | 152,704 |

The Federation and the Group enjoyed tax benefit under the Productivity and Innovation Credit scheme for which is available from year of assessment 2012 to 2015 on investments in qualifying activities.

Subject to agreement with the relevant tax authorities, the Group has tax losses of \$14,500 (2012 - \$16,500) available for offset against future taxable profits. The related tax benefits of \$2,400 (2012 - \$2,800) have not been recognised fully during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2013

13 SIGNIFICANT RELATED PARTY TRANSACTIONS

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

| | The Federation | | The Group | |
|--|----------------|------------|---------------|------------|
| | 2013 \$ | 2012 \$ | 2013 \$ | 2012 \$ |
| Sales and services provided to SBF-PICO Events Pte Ltd | | | | |
| - Rental charges | - | 22,031 | - | - |
| - Advertising costs | - | 5,950 | - | - |
| - Subscription fees | 400 | 400 | - | - |
| - Feature events costs | 23,317 | 28,482 | - | - |
| - Oman Investment Forum | - | 23,734 | - | - |
| - Shared services | 24,300 | 44,550 | - | - |
| - SBF staff costs | 14,023 | - | - | - |
| Non-Controlling Interest | | | | |
| - Rental charges | - | - | 48,007 | 32,005 |
| - Production costs | - | - | 18,881 | 29,582 |
| - Accounting fees | - | - | 8,920 | - |
| - Car-park charges | - | - | 1,830 | - |
| Purchases provided from SBF-PICO Events Pte Ltd | | | | |
| - Event Management fees | 204,011 | 48,000 | - | - |
| - Participation fees | 3,000 | 3,000 | - | - |
| - Feature events rebilling | 228,441 | 193,179 | - | - |
| - Commission on sponsorship | 5,263 | - | - | - |
| Sales and services provided to SBF Holdings Pte Ltd | | | | |
| - Event Management fees | 45,000 | 45,000 | - | - |
| Sales and services provided to SBF Foundation | | | | |
| - Shared services | 12,000 | - | - | - |
| - SBF staff costs | 66,594 | - | - | - |

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2013

14 COMMITMENTS

14.1 Operating lease commitments (non-cancellable)

(A) Where the Group is the lessee

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

| | The Federation | | The Group | |
|---|------------------|-----------|------------------|-----------|
| | 2013 | 2012 | 2013 | 2012 |
| | \$ | \$ | \$ | \$ |
| Not later than one year | 1,263,223 | 1,222,158 | 1,267,820 | 1,242,457 |
| Later than one year but not later than five years | 727,269 | 1,794,826 | 737,830 | 1,809,146 |
| Later than five years | - | - | - | - |

The leases on the Federation's and Group's office premises and office equipment on which rentals are payable will expire between 14 June 2015 and 31 August 2018, and the current rent payable on the office lease is \$99,922 per month. The current lease payable for office equipment ranges from \$358 to \$5,347 per month. The termination of the leases is subject to penalty payments.

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

(B) Where the Group is the lessor

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

| | The Federation | | The Group | |
|---|----------------|--------|----------------|--------|
| | 2013 | 2012 | 2013 | 2012 |
| | \$ | \$ | \$ | \$ |
| Not later than one year | 126,432 | 57,127 | 126,432 | 57,127 |
| Later than one year but not later than five years | 57,948 | - | 57,948 | - |

The leases on the Federation's and the group's premises on which rentals are received expire on 14 June 2015 with renewals at the then prevailing rates.

14.2 Capital commitments

| | The Federation | | The Group | |
|---|-------------------|------|-------------------|------|
| | 2013 | 2012 | 2013 | 2012 |
| | \$ | \$ | \$ | \$ |
| Capital expenditure contracted but not provided for in the financial statements | 26,845,280 | - | 26,845,280 | - |

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2013

15 KEY MANAGEMENT REMUNERATION

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

| | The Federation | | The Group | |
|---|------------------|-----------|------------------|-----------|
| | 2013 | 2012 | 2013 | 2012 |
| | \$ | \$ | \$ | \$ |
| Salaries and other short-term employee benefits | 2,087,292 | 1,673,768 | 2,254,216 | 1,914,135 |
| Contribution to CPF | 91,329 | 77,336 | 102,573 | 101,873 |
| | 2,178,621 | 1,751,104 | 2,356,789 | 2,016,008 |

16 FINANCIAL RISK MANAGEMENT

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

16.1 Credit risk

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

Exposure to credit risk

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

The Federation's and the Group's major classes of financial assets are bank deposits, due from members and trade receivables. Cash is held with financial institutions of good standing. Further details of credit risk arising from due from members and trade and other receivables are disclosed in Notes 6 and 7 respectively.

16.2 Interest rate risk

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

The Federation and the Group are not exposed to any cash flows risk as they do not have any monetary financial instruments with variable interest rates.

16.3 Liquidity risk

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2013

16 FINANCIAL RISK MANAGEMENT (CONT'D)

16.3 Liquidity risk (Cont'd)

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

| | 2013 | | 2012 | |
|--------------------------|-------------------------|-----------------------|-------------------------|-----------------------|
| | 1 year or less \$ | 1 to 5 years \$ | 1 year or less \$ | 1 to 5 years \$ |
| The Federation | | | | |
| Trade and other payables | 3,207,431 | – | 2,631,450 | – |
| The Group | | | | |
| Trade and other payables | 3,790,115 | – | 3,711,233 | – |

16.4 Currency risk

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

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

17 CAPITAL/FUND MANAGEMENT

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2013

18 FINANCIAL INSTRUMENTS

Fair value

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

| | The Federation | | The Group | |
|------------------------------|---------------------|---------------------|---------------------|---------------------|
| | 31 December 2013 | 31 December 2012 | 31 December 2013 | 31 December 2012 |
| | \$ | \$ | \$ | \$ |
| Financial assets | | | | |
| Due from members | 136,832 | 363,799 | 136,832 | 363,799 |
| Trade and other receivables | 2,838,789 | 895,563 | 2,954,263 | 1,014,568 |
| | 2,975,621 | 1,259,362 | 3,091,095 | 1,378,367 |
| Financial liabilities | | | | |
| Trade and other payables | 1,586,247 | 1,286,747 | 1,916,082 | 2,214,270 |
| | 1,586,247 | 1,286,747 | 1,916,082 | 2,214,270 |

The Group does not anticipate that the carrying amounts recorded at the end of the reporting period would be significantly different from the values that would eventually be received or settled.

19 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to reflect:

- The Federation's computer application software in Intangible assets, previously classified under Property plant and equipment; and
- The Federation's trade receivables, other than members' subscription in trade and other receivables, previously classified as due from members.

| | The Federation | | The Group | |
|--|---------------------------------|---|---------------------------------|---|
| | Restated 31 December 2012 | Previously reported 31 December 2012 | Restated 31 December 2012 | Previously reported 31 December 2012 |
| | \$ | \$ | \$ | \$ |
| Statement of financial position | | | | |
| <i>Assets</i> | | | | |
| <i>Non-Current</i> | | | | |
| Property, plant and equipment | 267,011 | 361,237 | 287,943 | 382,169 |
| Intangible assets | 94,226 | – | 94,226 | – |
| | 361,237 | 361,237 | 382,169 | 382,169 |
| <i>Current</i> | | | | |
| Due from members | 363,799 | 605,019 | 363,799 | 605,019 |
| Trade and other receivables | 1,151,259 | 910,039 | 1,270,264 | 1,029,044 |
| | 1,515,058 | 1,515,058 | 1,634,063 | 1,634,063 |

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 31 December 2013

19 COMPARATIVE FIGURES (CONT'D)

| | The Federation | | The Group | |
|---|--|---|--|---|
| | Restated 31 December 2012 | Previously reported 31 December 2012 | Restated 31 December 2012 | Previously reported 31 December 2012 |
| | \$ | \$ | \$ | \$ |
| Consolidated statement of cash flows | | | | |
| <i>Cash Flows from Operating Activities</i> | | | | |
| Depreciation of property, plant and equipment | | | 123,428 | 175,070 |
| Amortisation of intangible assets | | | 51,642 | – |
| | | | 175,070 | 175,070 |
| <i>Cash Flows from Investing Activities</i> | | | | |
| Purchase of property, plant and equipment | | | (238,356) | (310,306) |
| Purchase of intangible assets | | | (71,950) | – |
| | | | (310,306) | (310,306) |

20 EVENTS AFTER END OF REPORTING PERIOD

Increase in investment in subsidiary

On 25 April 2014, its subsidiary, SBF Holdings Pte Ltd has acquired the remaining 40% equity interest in SBF-Pico Events Pte Ltd, an existing 60% owned subsidiary. The purchase consideration for this acquisition is determined by the valuation of the net tangible assets of the subsidiary as at 31 March 2014.

This page is intentionally left blank.

This page is intentionally left blank.

Singapore Business Federation

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

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

www.sbf.org.sg