

**PROJECT MANAGEMENT INSTITUTE SINGAPORE CHAPTER**  
*(Registered in Singapore)*  
**(Society Registration No.: SS99SS0011L)**

**AUDITED FINANCIAL STATEMENTS  
AND OTHER FINANCIAL INFORMATION**

**FOR THE YEAR ENDED  
31 DECEMBER 2012**

**RAFFLES PAC**  
**Public Accountants and**  
**Certified Public Accountants**

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**PROJECT MANAGEMENT INSTITUTE SINGAPORE CHAPTER**  
*(Registered in Singapore)*

**AUDITED FINANCIAL STATEMENTS  
AND OTHER FINANCIAL INFORMATION**

**FOR THE YEAR ENDED  
31 DECEMBER 2012**

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**PROJECT MANAGEMENT INSTITUTE SINGAPORE CHAPTER**

**STATEMENT ON BEHALF OF THE EXECUTIVE COMMITTEE**

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In our opinion:

- (a) the financial statements set out on pages 4 to 22 are drawn up so as to give a true and fair view of the state of affairs of the Society as at 31 December 2012 and of the results, changes in accumulated funds and cash flows of the Society for the year ended on that date in accordance with the provisions of the Constitution and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Society will be able to pay its debts as and when they fall due.

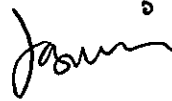
The Management Committee has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Executive Committee,



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Pandu Ranga Rama Prasad Mamidi  
Honorary Secretary



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Jasmine Tan  
Honorary Treasurer

Singapore,  
11 April 2013

**Independent Auditor's Report to the Members of  
Project Management Institute Singapore Chapter (Registered in Singapore)**

**Report on the Financial Statements**

We have audited the acSocietying financial statements of Project Management Institute Singapore Chapter (the Society), which comprise the Statement of Financial Position of the Society as at 31 December 2012, the Statement of Income and Expenditure, Statement of Changes in Funds and Statement of Cash Flows of the Society for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's responsibility for the financial statements*

The Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair Statement of Comprehensive Income and Statement of Financial Position and to maintain accountability of assets.

*Auditors' 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 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 judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessment, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the 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.


**Opinion,**

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Society as at 31 December 2012 and the results, changes in funds and cash flows of the Society for the year ended on that date; and

**Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Society have been properly kept in accordance with the provisions of the Act.

**Singapore**  
11 April 2013

  
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**RAFFLES PAC**  
*Public Accountants and  
Certified Public Accountants*

**PROJECT MANAGEMENT INSTITUTE SINGAPORE CHAPTER**

**STATEMENT OF FINANCIAL POSITION**

*As at 31 December 2012*

*(Expressed in Singapore Dollars)*

	<u>Note</u>	<u>2012</u> \$	<u>2011</u> \$
<b>EQUITY</b>			
Accumulated Surplus		<u>574,549</u>	<u>439,465</u>
Represented by:			
<b>NON-CURRENT ASSETS</b>			
Plant and Equipment	4	2,535	4,022
<b>CURRENT ASSETS</b>			
Trade Receivables	5	-	22,561
Other Current Assets	6	1,390	8,813
Fixed Deposits	7	470,000	323,667
Cash and Bank Balances	8	<u>116,348</u>	<u>111,439</u>
		<u>587,738</u>	<u>466,480</u>
<b>CURRENT LIABILITIES</b>			
Other Payables and Liabilities	9	13,137	9,321
Provision for Income Tax	15	2,587	21,716
		<u>15,724</u>	<u>31,037</u>
Net Current Assets		<u>572,014</u>	<u>435,443</u>
		<u>574,549</u>	<u>439,465</u>

*(The annexed notes form an integral part of and should be read in conjunction with the accounts)*

**PROJECT MANAGEMENT INSTITUTE SINGAPORE CHAPTER**

**STATEMENT OF INCOME AND EXPENDITURE**

*For the financial year ended 31 December 2012*

*(Expressed in Singapore Dollars)*

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	<u>Note</u>	<u>2012</u>	<u>2011</u>
		\$	\$
Revenue	10	589,132	538,756
Interest Income	11	282	260
Other Income	12	35	12,228
Administrative Expenses		(65,641)	(47,862)
Other Operating Expenses	13	(395,488)	(338,105)
<b>Surplus before tax</b>	14	<u>128,320</u>	<u>165,277</u>
Income tax expenses	15	6,764	(25,125)
<b>Surplus for the year</b>		<u><u>135,084</u></u>	<u><u>140,152</u></u>

*(The annexed notes form an integral part of and should be read in conjunction with the accounts)*

**PROJECT MANAGEMENT INSTITUTE SINGAPORE CHAPTER**

**STATEMENT OF CHANGES IN FUNDS**

*For the financial year ended 31 December 2012*

*(Expressed in Singapore Dollars)*

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	<u>Accumulated Surplus</u>
	\$
Balance as at 01 January 2011 (Unaudited)	299,313
Total surplus for the year	<u>140,152</u>
Balance as at 31 December 2011	439,465
Total surplus for the year	<u>135,084</u>
Balance as at 31 December 2012	<u><u>574,549</u></u>

*(The annexed notes form an integral part of and should be read in conjunction with the accounts)*

## PROJECT MANAGEMENT INSTITUTE SINGAPORE CHAPTER

### STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2012

(Expressed in Singapore Dollars)

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	<u>2012</u>	<u>2011</u>
<b>Cash Flows from Operating activities</b>	<b>\$</b>	<b>\$</b>
Surplus before tax for the year	128,320	165,277
<u>Adjustments for:</u>		
Depreciation	1,487	437
Interest Income	(282)	(260)
<b>Operating cash flows before movements in working capital</b>	<u>129,525</u>	<u>165,454</u>
 <b>Movements in Working Capital</b>		
Trade Receivables	22,561	(8,617)
Other Current Assets	7,423	(6,113)
Other Payables and Liabilities	3,816	5,209
Cash generated from operations	<u>163,325</u>	<u>155,933</u>
Income taxes paid	(12,365)	(3,409)
<b>Net cash generated from operating activities</b>	<u>150,960</u>	<u>152,524</u>
 <b>Cash Flows from Investing activities</b>		
Purchase of Plant and Equipment	-	(4,459)
<b>Net cash used in investing activities</b>	<u>-</u>	<u>(4,459)</u>
 <b>Cash Flows from Financing activities</b>		
Interest Received	282	260
<b>Net cash generated from financing activities</b>	<u>282</u>	<u>260</u>
 <b>Net increase in cash and cash equivalents</b>	<b>151,242</b>	<b>148,325</b>
Cash and cash equivalents at the beginning of year	435,106	286,781
<b>Cash and cash equivalents at the end of year (note 8)</b>	<u><u>586,348</u></u>	<u><u>435,106</u></u>

(The annexed notes form an integral part of and should be read in conjunction with the accounts)

## PROJECT MANAGEMENT INSTITUTE SINGAPORE CHAPTER

### NOTES TO FINANCIAL STATEMENTS *For the financial year ended 31 December 2012*

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These notes form an integral part of and should be read in conjunction with the accompanying financial statements:

#### 1. GENERAL AND PRINCIPAL ACTIVITIES

The Society is domiciled and incorporated in the Republic of Singapore. The registered address of the Society is:

20 Bendemeer Road  
#04-02 CyberHub  
Singapore 339914

The Society is a non-profit making society formed under the Society Act for the purpose of providing world-class services/products and services to project management services, advance state-of-the-art practice of project management practice and programs, fostering professionalism in project management and acceptance of project management as a discipline and profession.

There has been no significant change in the nature of these activities during the financial year.

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on 11 April 2013.

#### 2. SIGNIFICANT ACCOUNTING POLICIES

##### (a) BASIS OF ACCOUNTING

The financial statements of the Society which are expressed in Singapore dollars have been prepared in accordance with Singapore Financial Reporting Standards (FRSs).

The financial statements have been prepared on a historical cost basis, except where otherwise disclosed in the notes hereto.

All financial information is presented in Singapore dollars which is the Society's functional currency and has been rounded to the nearest dollar, unless otherwise stated.

The preparation of financial statements requires management to exercise its judgment in the process of applying the accounting policies of the Society. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the balance sheet, 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, actual results may ultimately differ from those estimates.

During the financial year, the Society has adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for annual periods beginning on or after 01 January 2012. The adoption of these new / revised FRSs and INT FRSs does not result in changes to the Society's accounting policies and has no material effect on the amounts reported for the current year or prior years except as disclosed in the notes to the financial statements.

The Society has not applied any new FRS or INT FRS that has been issued as at the balance sheet date but is not yet effective. The directors do not anticipate the adoption of the new FRS and INT FRS in future financial periods to have any material impact on the Society's financial statements in the period of initial application.

## PROJECT MANAGEMENT INSTITUTE SINGAPORE CHAPTER

### NOTES TO FINANCIAL STATEMENTS For the financial year ended 31 December 2012

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#### (b) FOREIGN CURRENCIES

The Society's financial statements are presented in Singapore Dollars (SGD), which is also its functional currency.

Transactions in foreign currencies are measured in the functional currency of the Society and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss

#### (c) PLANT AND EQUIPMENT

Plant and equipment are stated at cost less accumulated depreciation and impairment losses

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When the parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Society and its cost can be measured reliably. The costs of the day-to-day servicing of plant and equipment are recognised in the income statement as incurred.

Depreciation on plant and equipment is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of plant and equipment as stated hereunder:

Office Equipment	3 years
Computers	3 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each balance sheet date.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

#### (d) FINANCIAL ASSETS

The Society classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition. The designation of financial assets at fair value through profit or loss is irrevocable.

## PROJECT MANAGEMENT INSTITUTE SINGAPORE CHAPTER

### NOTES TO FINANCIAL STATEMENTS

*For the financial year ended 31 December 2012*

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Financial assets are recognised on the balance sheet only when the Society becomes a party to the contractual provisions of the financial instrument. When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired or have been transferred and the Society has transferred substantially all risks and rewards of ownership. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised directly in equity is recognised in the income statement.

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Society commits to purchase or sell the asset. Regular way purchases or sales of financial assets require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

Trade receivables that are factored out to banks and other financial institutions with recourse to the Society are not derecognised until the recourse period has expired and the risks and rewards of the receivables have been fully transferred. The corresponding cash received from the financial institutions is recorded as borrowings.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets classified as held for trading, and those designated at fair value through profit or loss at inception. Financial assets classified as held for trading are derivatives (including separated embedded derivatives) or are acquired principally for the purpose of selling or repurchasing it in the near term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a value basis, in accordance with a documented Society investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in the income statement. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are presented as "trade receivables and other current assets" on the balance sheet.

(iii) Held-to-maturity investments

Financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Society has the positive intention and ability to hold the investment to maturity. If the Society were to sell other than an insignificant amount of held-to-maturity financial asset, the whole category would be reclassified as available-for-sale. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the held-

## PROJECT MANAGEMENT INSTITUTE SINGAPORE CHAPTER

### NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

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to-maturity investments are derecognised or impaired, and through the amortisation process.

iv) Available-for-sale financial asset

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised directly in the fair value adjustment reserve in equity, except that impairment losses, foreign exchange gains and losses on monetary items and interest calculated using the effective interest method are recognised in the income statement. The cumulative gain or loss previously recognised in equity is recognised in the income statement when the financial asset is derecognised. Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

(e) IMPAIRMENT OF FINANCIAL ASSETS

The Society assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired.

i) Assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the carrying amount of the assets and the present value of estimated future cash flows discounted at the original effective interest rate of the financial asset. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in the income statement.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred; the Society considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

The allowance for impairment loss account is reduced through the income statement in a subsequent period when the amount of impairment loss decreases and the related decreases can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost, had no impairment been recognised in the prior periods.

ii) Assets carried at cost

If there is objective evidence, such as adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer, that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

## PROJECT MANAGEMENT INSTITUTE SINGAPORE CHAPTER

### NOTES TO FINANCIAL STATEMENTS For the financial year ended 31 December 2012

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- iii) Available-for-sale financial assets  
Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether to determine there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. Reversals of impairment losses in respect of equity instruments are not recognised in the income statement. Reversals of impairment losses on debt instruments are recognised in the income statement if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment losses were recognised in the income statement.

(f) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash at bank and on hand, demand deposits and short-term highly liquid investments readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdraft that form an integral part of the Society's cash management.

(g) FINANCIAL LIABILITIES

*Initial recognition and measurement*

Financial liabilities are recognised only when the Society becomes a party to the contractual provisions of the financial instrument. The Society determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value, through profit or loss, directly attributable transaction costs.

*Subsequent measurement*

The measurement of financial liabilities depends on their classification as follows:

*Financial liabilities at fair value through profit or loss (FVTPL)*

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at fair value through profit or loss upon initial recognition.

A financial liability is classified as held for trading if it has been incurred principally for the purpose of repurchasing in the near future; or it is a part of an identified portfolio of financial instruments that the Society manages together and has a recent actual pattern of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at fair value through profit or loss upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or the financial liability forms part of a Society of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Society's documented risk management or investment strategy, and information about the Society is provided internally on that basis; or it forms part of a contract containing one or more embedded derivatives.

## PROJECT MANAGEMENT INSTITUTE SINGAPORE CHAPTER

### NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

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Financial liabilities at fair value through profit or loss are initially measured at fair value and subsequently stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

#### *Other financial liabilities*

Trade payables and other payables and liabilities 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 and overdrafts 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 Society's accounting policy for borrowing costs (see below). Financial guarantee contract liabilities are measured initially at their fair values and subsequently at the higher of the amount of obligation under the contract and the amount initially recognised less cumulative amortisation.

#### *De-recognition*

The Society derecognises financial liabilities when, and only when, the Society's obligations are discharged, cancelled or they expire. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

#### (h) REVENUE RECOGNITION

Income is recognised to the extent that it is probable that the economic benefits will flow to the Society and the income can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

- i) Membership fees are recognised on transfer of funds from Project Management Institute Inc.
- ii) Events income is recognised on accrual basis.
- iii) Interest income is recognised on accrual basis.

#### (i) BORROWING COSTS

Borrowing costs are generally expensed as incurred except to the extent that they are capitalised. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are being incurred. Borrowing Costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### (j) PROVISIONS

##### *General*

A provision is recognised if, as a result of a past event, the Society has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

## PROJECT MANAGEMENT INSTITUTE SINGAPORE CHAPTER

### NOTES TO FINANCIAL STATEMENTS

*For the financial year ended 31 December 2012*

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Provisions are reviewed at the balance sheet date and adjusted to reflect the current best estimate. A provision is reversed only if it is no longer probable that an outflow of economic resources will be required to settle the obligation. If the effect of the time value of money is material, provisions are discounted using an appropriate pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### (k) INCOME TAX

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for certain temporary differences, viz., the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and joint ventures to the extent that they probably will not be reversed in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they are reversed, based on the laws that have been enacted by the balance sheet date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each balance sheet date and are reduced to the extent that it is no longer probable that related tax benefits will be realised.

#### (l) RELATED PARTY

A related party is defined as follows:

- (i) A person or a close member of that person's family is related to the Society if that person:
  - a) Has control or joint control over the Society;
  - b) Has significant influence over the Society; or
  - c) Is a member of the key management personnel of the Society or of a parent of the Society.
- (ii) An entity is related to the Society if any of the following applies:
  - a) The entity and the Society are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - c) Both entities are joint ventures of the same third party.

## PROJECT MANAGEMENT INSTITUTE SINGAPORE CHAPTER

### NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

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- d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- e) The entity is a post-employment benefit plan for the benefit of employees of either the Society or an entity related to the Society. If the Society is itself such a plan, the sponsoring employers are also related to the Society;
- f) The entity is controlled or jointly controlled by a person identified in (i) above;
- g) A person identified in (i)a) above has significant influence over the entity or is a member of the key management personnel or the entity (or of a parent of the entity).

### 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and assumptions concerning the future and judgments are made in the preparation of the financial statements. They affect the application of the Society's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### Key sources of estimation uncertainty

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

#### *Depreciation of plant and equipment*

The cost of plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management's estimates of the useful lives of these plant and equipment are disclosed in Note 2c. Changes in the expected usage and technological developments could impact the economic useful lives and the residual values of these assets. Therefore, future depreciation charges could be revised. The carrying amount of plant and equipment and the depreciation charge for the year are disclosed in Note 4 to the financial statements.

#### *Income Taxes*

Significant judgment is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Society recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Society's tax payable is \$2,587 (2011: \$21,716).

#### Critical judgments made in applying accounting policies

In the process of applying the Society's accounting policies, the management has made certain judgments, apart from those involving estimations, which have significant effects on the amounts recognised in the financial statements.

#### *Allowance for bad and doubtful debts*

The impairment policy for bad and doubtful debts of the Society is based on the evaluation of collectability and ageing analysis of the accounts receivables and on management's judgment. At the balance sheet date, the trade receivables, net of allowance, of the Society amounted to \$Nil (2011: \$22,561). A considerable amount of judgment is required in assessing the ultimate

**PROJECT MANAGEMENT INSTITUTE SINGAPORE CHAPTER**

**NOTES TO FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2012*

realisation of these receivables, including the current credit worthiness and the past collection history of each customer. If the financial condition of these customers were to deteriorate, resulting in an impairment of their ability to make payment, additional allowance will be required.

*Impairment of investments and financial assets*

The Society's follows the guidance of FRS 39 on determining when an investment or financial asset is other-than-temporarily impaired. This determination requires significant judgment. The Society evaluates, among other factors, the duration and extent to which the fair value of an investment or financial asset is less than its cost; the financial health of and near-term business outlook for the investment or financial asset, including factors such as industry and sector performance, changes in technology and operational and financial cash flow.

**4. PLANT AND EQUIPMENT**

	<u>Office</u>		
	<u>Equipment</u>	<u>Computers</u>	<u>Total</u>
	\$	\$	\$
At Cost:			
As at 1 January 2011 (unaudited)	2,270	-	2,270
Additions	1,198	3,261	4,459
As at 31 December 2011	<u>3,468</u>	<u>3,261</u>	<u>6,729</u>
Additions	-	-	-
As at 31 December 2012	<u><u>3,468</u></u>	<u><u>3,261</u></u>	<u><u>6,729</u></u>
Accumulated Depreciation:			
As at 1 January 2011 (unaudited)	2,270	-	2,270
Depreciation charge for the year	-	437	437
As at 31 December 2011	<u>2,270</u>	<u>437</u>	<u>2,707</u>
Depreciation charge for the year	1,198	289	1,487
As at 31 December 2012	<u><u>3,468</u></u>	<u><u>726</u></u>	<u><u>4,194</u></u>
Net Carrying Amount:			
As at 31 December 2011	<u>1,198</u>	<u>2,824</u>	<u>4,022</u>
As at 31 December 2012	<u><u>-</u></u>	<u><u>2,535</u></u>	<u><u>2,535</u></u>

**5. TRADE RECEIVABLES**

	<u>2012</u>	<u>2011</u>
	\$	\$
Trade Receivables	<u><u>-</u></u>	<u><u>22,561</u></u>

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

**PROJECT MANAGEMENT INSTITUTE SINGAPORE CHAPTER**

**NOTES TO FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2012*

Receivables that are past due but not impaired

The Society has trade receivables amounting to \$Nil (2011: \$22,561) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their ageing at the end of the reporting period is as follows:

	<u>2012</u>	<u>2011</u>
	\$	\$
Lesser than 30 days	-	-
30 - 60 days	-	-
61 - 90 days	-	6,597
91- 120 days	-	9,380
More than 120 days	-	6,584
	<u>-</u>	<u>22,561</u>

**6. OTHER CURRENT ASSETS**

	<u>2012</u>	<u>2011</u>
	\$	\$
Refundable Deposits	389	8,813
Prepayments	<u>1,001</u>	<u>-</u>
	<u>1,390</u>	<u>8,813</u>

**7. FIXED DEPOSITS**

	<u>2012</u>	<u>2011</u>
	\$	\$
Fixed Deposits with banks	<u>470,000</u>	<u>323,667</u>

Fixed deposits are made for varying periods of between 3 and 6 months, depending on the immediate cash requirements of the Society. Fixed deposits earn interest at the respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2012 for the Society were 1.05% (2011: 0.05%)

**8. CASH AND BANK BALANCES**

	<u>2012</u>	<u>2011</u>
	\$	\$
Cash at Bank	<u>116,348</u>	<u>111,439</u>

Cash at banks earns interest at floating rates based on daily bank deposit rates.

**PROJECT MANAGEMENT INSTITUTE SINGAPORE CHAPTER**

**NOTES TO FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2012*

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For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at the end of the reporting period:

	<u>2012</u>	<u>2011</u>
	\$	\$
<u>Continuing operations:</u>		
Cash at Bank and on Hand	116,348	111,439
Current Fixed Deposits (note 7)	470,000	323,667
Cash and Cash Equivalents	<u>586,348</u>	<u>435,106</u>

**9. OTHER PAYABLES AND LIABILITIES**

	<u>2012</u>	<u>2011</u>
	\$	\$
Accruals	<u>13,137</u>	<u>9,321</u>

**10. REVENUE**

	<u>2012</u>	<u>2011</u>
	\$	\$
Membership Fee Income	87,730	82,987
Events Income	501,402	455,769
	<u>589,132</u>	<u>538,756</u>

**11. INTEREST INCOME**

	<u>2012</u>	<u>2011</u>
	\$	\$
Interest on Fixed Deposits	<u>282</u>	<u>260</u>

**12. OTHER INCOME**

	<u>2012</u>	<u>2011</u>
	\$	\$
Advertising Income	-	12,228
Other	35	-
	<u>35</u>	<u>-</u>

Other income is recognised on accrual basis.

PROJECT MANAGEMENT INSTITUTE SINGAPORE CHAPTER

NOTES TO FINANCIAL STATEMENTS  
For the financial year ended 31 December 2012

13. OTHER OPERATING EXPENSES

	<u>2012</u>	<u>2011</u>
	\$	\$
Board Expenses	6,463	5,515
Depreciation	1,487	437
Events Expenditure	368,506	292,510
General Meeting Expenses	6,291	5,222
Honorarium	-	10,000
Overseas Expenditure	7,079	3,604
Social Events	5,662	20,817
	<u>395,488</u>	<u>338,105</u>

14. SURPLUS BEFORE TAX

Surplus before tax is derived after charging the following:

	<u>2012</u>	<u>2011</u>
	\$	\$
Accounting Fees	5,400	5,100
Donations	4,600	10,000
Internet/Web Hosting	-	1,660
Secretarial and filing fees	48,792	28,164
	<u>48,792</u>	<u>28,164</u>

15. INCOME TAX EXPENSE

Major components for income tax expense

	<u>2012</u>	<u>2011</u>
	\$	\$
<u>Income statement:</u>		
Current income tax - continuing operations		
- Current income taxation	2,587	21,716
- (Over)/Underprovision in respect of previous years	(9,351)	3,409
Income tax recognised in profit or loss	<u>(6,764)</u>	<u>25,125</u>

## PROJECT MANAGEMENT INSTITUTE SINGAPORE CHAPTER

### NOTES TO FINANCIAL STATEMENTS

For the financial year ended 31 December 2012

The current year income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2011: 17%) to profit before income tax as a result of the following: -

	<u>2012</u>	<u>2011</u>
	\$	\$
Accounting surplus before taxation	<u>128,320</u>	<u>165,277</u>
Income tax expense at statutory rate	21,814	43,984
Non-deductible expenses	360	924
Capital Allowances	-	(626)
Effect of partial tax exemption and tax relief	(19,587)	(22,566)
(Over)/Underprovision in respect of previous years	<u>(9,351)</u>	<u>3,409</u>
Income tax expense recognised in profit or loss	<u>(6,764)</u>	<u>25,125</u>

The Society has unabsorbed capital allowances available for offsetting against future taxable income as follows:

	<u>2012</u>	<u>2011</u>
	\$	\$
Amount at the beginning of year	-	-
Amount in current year	-	4,459
Amount utilised in current year	<u>-</u>	<u>(4,459)</u>
Amount at the end of year	<u>-</u>	<u>-</u>

#### 16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk management is integral to the whole business of the Society. The Society has a system of controls in place to create an acceptable balance between the cost of risk occurring and the cost of managing the risks. The management continually monitors the risk management process of the Society to ensure that an appropriate balance between risk and control is achieved. The key financial risks of the Society include liquidity risk, foreign currency risk, interest rate risk and credit risk.

##### (a) LIQUIDITY RISK

Liquidity risk is the risk that the Society will encounter difficulty in meeting financial obligations due to shortage of funds. The Society manages its liquidity by controlling its expenses and maintaining it within the available funds. Events are financed by charging appropriate fees to the participants as well as obtaining sponsorships.

There are no undiscounted cash flows for the year ended 31 December 2012 to be disclosed as all the financial instruments of the Society are due to mature within twelve months from the end of the financial year.

## PROJECT MANAGEMENT INSTITUTE SINGAPORE CHAPTER

### NOTES TO FINANCIAL STATEMENTS For the financial year ended 31 December 2012

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(b) FOREIGN CURRENCY RISK

The Society is not exposed to any foreign currency risk as it does not have any foreign currency transaction. Accordingly, no sensitivity analysis is carried out for changes in foreign currency exchange rates.

(c) INTEREST RATE RISK

The Society's does not have any fixed-rate or variable-rate borrowings. The Society does not have any investments in variable-rate securities. The Society invests only in fixed-rate securities with reputable financial institutions. Short-term receivables and payables are not exposed to interest rate risk. Accordingly, no sensitivity analysis is carried out for changes in interest rates.

(d) CREDIT RISK

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Society's exposure to credit risk arises primarily from trade receivables and other current assets. The Society has a credit policy in place, which establishes credit limits for customers and monitors their balances on an on-going basis. Credit evaluations are performed on all customers requiring credit over a certain amount. Cash and fixed deposits are placed with banks and financial institutions, which are regulated.

At the end of the reporting period, there is no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Information regarding credit enhancements for trade receivables is disclosed in Note 5.

The credit risk for trade receivables is as follows:

*Financial assets those are neither past due nor impaired*

Trade receivables that are neither past due nor impaired are substantially from companies with a good payment record with the Society. Cash and fixed deposits that are neither past due nor impaired are placed with or entered into with reputable banks and financial institutions with high credit ratings and no history of default.

*Financial assets those are due and/or impaired*

There is no other class of financial assets that is past due and/or impaired except for trade receivables.

Information regarding the age analysis for trade receivables is disclosed in Note 5.

(e) CAPITAL MANAGEMENT

The capital of the Society consists of the accumulated surpluses.

The objectives of the Society when managing capital are to safeguard the Society's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise member value. In order to maintain or achieve an optimal capital structure, the Society may adjust the amount of membership fees.

The Society is not subject to externally imposed capital requirements.

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**PROJECT MANAGEMENT INSTITUTE SINGAPORE CHAPTER**

**NOTES TO FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2012*

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(f) **FAIR VALUES**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying amounts of trade and other receivables, cash and cash equivalents and trade and other payables approximate their fair values due to their short-term nature.

***THE FOLLOWING SCHEDULES DO NOT FORM PART OF THE STATUTORY FINANCIAL STATEMENTS***

PROJECT MANAGEMENT INSTITUTE SINGAPORE CHAPTER

STATEMENT OF INCOME AND EXPENDITURE

For the financial year ended 31 December 2012

(Expressed in Singapore Dollars)

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Continuing Operations	\$	\$
<u>Revenue:</u> Membership Fee Income	87,730	
Events Income	<u>501,402</u>	589,132
 <u>Add:</u> <u>Interest Income</u>		
Interest on Fixed Deposits		282
 <u>Other Income</u>		
Other Income		<u>35</u>
		589,449
 <u>Less:</u> <u>Operating Expenses</u>		
Administrative Expenses	(65,641)	
Other Operating Expenses	<u>(395,488)</u>	<u>(461,129)</u>
 Surplus before tax		128,320
 <u>Less:</u> Income Tax Expense - Current Year	(2,587)	
- Overprovision in prior year	<u>9,351</u>	<u>6,764</u>
 Surplus after tax, representing total Comprehensive Surplus after tax		<u><u>135,084</u></u>

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**PROJECT MANAGEMENT INSTITUTE SINGAPORE CHAPTER**

**OPERATING EXPENSES**

*For the financial year ended 31 December 2012  
(Expressed in Singapore Dollars)*

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<b><u>ADMINISTRATIVE EXPENSES</u></b>	<b>\$</b>
Accounting Fees	5,400
Audit Fees	1,500
Bank Charges	103
Donations	4,600
Printing & Stationery	533
Professional Fees	2,300
Secretarial and Filing Fees	48,792
Sundry Expenses	2,385
Transportation	28
	<u>65,641</u>
<b><u>OTHER OPERATING EXPENSES</u></b>	
Board Expenses	6,463
Depreciation	1,487
Events Expenditure	368,506
General Meeting Expenses	6,291
Overseas Expenditure	7,079
Social Events	5,662
	<u>395,488</u>

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