STATEMENT BY COUNCIL

On behalf of the Council of the Institute of Singapore Chartered Accountants (the "Institute"), we, Gerard Ee and Vincent Lim Boon Seng, being the President and Treasurer respectively, do hereby state that in our opinion, the consolidated financial statements of the Institute and its subsidiaries (the "Group") and financial statements of the Institute set out on pages 61 to 98 are properly drawn up in accordance with the Societies Act, Chapter 311 and Financial Reporting Standards in Singapore so as to present fairly, in all material respects, the financial position of the Group and the Institute as at 31 December 2016 and of its financial performance, changes in funds and cash flows of the Group and the Institute for the financial year ended on that date.

Gerard Ee
President

Vincent Lim Boon Seng
Treasurer

9 March 2017

INDEPENDENT AUDITOR'S REPORT

TO MEMBERS OF THE INSTITUTE OF SINGAPORE CHARTERED ACCOUNTANTS

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Institute of Singapore Chartered Accountants (the "Institute") and its subsidiaries (the "Group") as set out on pages 61 to 98, which comprise the balance sheets of the Group and the Institute as at 31 December 2016, the statements of profit or loss and other comprehensive income, statements of changes in funds and statements of cash flows of the Group and the Institute for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the financial statements of the Institute are properly drawn up in accordance with the Societies Act, Chapter 311 (the "Societies Act") and Financial Reporting Standards in Singapore ("FRSs") so as to present fairly, in all material respects, the financial position of the Group and the Institute as at 31 December 2016 and the financial performance, changes in funds and cash flows of the Group and the Institute for the financial year ended on that date.

Basis for Opinion

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

Other information

The Council is responsible for the other information. The other information comprises the Statement by Council as set out on page 57 and the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

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

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

INDEPENDENT AUDITOR'S REPORT

TO MEMBERS OF THE INSTITUTE OF SINGAPORE CHARTERED ACCOUNTANTS

Report on the Audit of the Financial Statements (cont'd)

Responsibilities of the Council for the Financial Statements

The Council is responsible for the preparation and fair presentation of these financial statements in accordance with the Societies Act and FRSs, and for such internal control as the Council determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Council.

INDEPENDENT AUDITOR'S REPORT

TO MEMBERS OF THE INSTITUTE OF SINGAPORE CHARTERED ACCOUNTANTS

Report on the Audit of the Financial Statements (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

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

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion,

(i) the accounting and other records required by the Societies Regulations enacted under the Societies Act to be kept by the Institute have been properly kept in accordance with those regulations; and

(ii) the fund-raising appeal held during the financial year ended 31 December 2016 has been carried out in accordance with Regulation 6 of the Societies Regulations issued under the Societies Act and proper accounts and other records have been kept of the fund-raising appeal.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

Khor Boon Hong
Engagement Partner
(appointed since financial year ended 31 December 2012)

9 March 2017

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2016

		Group		Institute	
		2016	2015	**2016**	2015
	Note	**$**	$	**$**	$
Income					
Members' annual fees		**7,871,680**	7,363,710	**7,871,680**	7,363,710
Members' admission fees		**1,142,400**	595,400	**1,142,400**	595,400
Income from Continuing Professional Education		**5,029,086**	4,865,643	**5,029,086**	4,866,223
Income from other training courses		**9,544,269**	11,852,350	**4,198,851**	4,078,473
Other income	4	**5,906,751**	5,912,927	**5,564,765**	5,846,491
Total income		**29,494,186**	30,590,030	**23,806,782**	22,750,297
Less expenditure					
Operating expenses		**(30,619,954)**	(31,798,730)	**(24,171,809)**	(22,749,036)
(Deficit)/surplus from operating activities	5	**(1,125,768)**	(1,208,700)	**(365,027)**	1,261
Share of results of associate (net of tax)		**696**	748	**–**	–
(Deficit)/surplus before tax		**(1,125,072)**	(1,207,952)	**(365,027)**	1,261
Income tax expense	6	**(148,590)**	(34,377)	**–**	(27,000)
Deficit for the year	7	**(1,273,662)**	(1,242,329)	**(365,027)**	(25,739)
(Deficit)/surplus from specific funds:					
Community Service Project Fund	19	**–**	(95,888)	**–**	(95,888)
ISCA Cares Fund	20	**215,043**	–	**–**	–
Net deficit and total comprehensive loss for the year		**(1,058,619)**	(1,338,217)	**(365,027)**	(121,627)

The accompanying notes form an integral part of these financial statements.

BALANCE SHEETS

At 31 December 2016

	Note	Group 2016 $	Group 2015 $	Institute 2016 $	Institute 2015 $
Non-current assets					
Property, plant and equipment	9	**1,793,154**	13,071,649	**1,593,199**	2,092,707
Investment properties	10	**36,255,393**	26,052,328	**36,255,393**	36,689,528
Subsidiaries	11	**–**	–	**3**	300,003
Associate	12	**108,552**	107,856	**–**	–
Deferred tax assets	13	**193,000**	337,000	**193,000**	193,000
Intangible assets	14	**1,317,836**	558,081	**1,296,824**	460,471
		39,667,935	40,126,914	**39,338,419**	39,735,709
Current assets					
Inventories		**15,240**	15,240	**15,240**	15,240
Trade and other receivables	15	**3,191,704**	3,151,806	**3,073,296**	2,971,450
Cash and cash equivalents	16	**17,801,381**	18,202,275	**14,704,129**	12,638,283
		21,008,325	21,369,321	**17,792,665**	15,624,973
Total assets		**60,676,260**	61,496,235	**57,131,084**	55,360,682
Non-current liabilities					
Provisions	17	**490,377**	537,319	**314,577**	361,519
Current liabilities					
Trade and other payables	18	**6,814,475**	6,165,362	**7,137,922**	5,074,126
Course fees received in advance		**1,578,901**	2,192,054	**313,366**	445,962
Subscription fees received in advance		**3,354,830**	3,103,099	**3,353,670**	3,102,499
Current tax payable		**7,167**	9,272	**–**	–
		11,755,373	11,469,787	**10,804,958**	8,622,587
Total liabilities		**12,245,750**	12,007,106	**11,119,535**	8,984,106
Net assets		**48,430,510**	49,489,129	**46,011,549**	46,376,576
Represented by					
Accumulated fund		**48,215,467**	49,489,129	**46,011,549**	46,376,576
Community Service Project Fund	19	**–**	–	**–**	–
ISCA Cares Fund	20	**215,043**	–	**–**	–
		48,430,510	49,489,129	**46,011,549**	46,376,576

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN FUNDS

For the financial year ended 31 December 2016

	Accumulated fund $	Community Service Project Fund $	ISCA Cares Fund $	Total $
Group				
Balance at 1 January 2015	50,731,458	95,888	–	50,827,346
Net deficit and total comprehensive loss for the year	(1,242,329)	(95,888)	–	(1,338,217)
Balance at 31 December 2015	49,489,129	–	–	49,489,129
Net (deficit)/surplus and total comprehensive (loss)/ income for the year	(1,273,662)	–	215,043	(1,058,619)
Balance at 31 December 2016	**48,215,467**	**–**	**215,043**	**48,430,510**
Institute				
Balance at 1 January 2015	46,402,315	95,888	–	46,498,203
Net deficit and total comprehensive loss for the year	(25,739)	(95,888)	–	(121,627)
Balance at 31 December 2015	46,376,576	–	–	46,376,576
Net deficit and total comprehensive loss for the year	(365,027)	–	–	(365,027)
Balance at 31 December 2016	**46,011,549**	**–**	**–**	**46,011,549**

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2016

	Group		Institute	
	2016	2015	**2016**	2015
	$	$	**$**	$
Cash flows from operating activities				
(Deficit)/surplus before tax	**(1,125,072)**	(1,207,952)	**(365,027)**	1,261
Adjustments for:				
Depreciation and amortisation of property, plant and equipment, investment properties and intangible assets	**1,505,730**	1,451,118	**1,252,594**	1,092,296
Impairment loss of investment in subsidiary	**–**	–	**300,000**	–
Finance cost	**3,884**	4,463	**3,884**	4,463
Interest income	**(141,037)**	(127,780)	**(124,316)**	(94,960)
Property, plant and equipment written off	**63,939**	–	**63,939**	–
Loss on disposal of property, plant and equipment	**7,190**	–	**–**	–
Share of profit of associate	**(696)**	(748)	**–**	–
Operating surplus before working capital changes	**313,938**	119,101	**1,131,074**	1,003,060
Receivables	**(43,614)**	(596,310)	**(107,902)**	(552,875)
Payables	**249,309**	(334,460)	**418,368**	(40,371)
Course fees received in advance	**(613,153)**	(762,973)	**(132,596)**	32,975
Subscription fees received in advance	**251,731**	(13,391)	**251,171**	(13,791)
Cash generated from/(used in) operations	**158,211**	(1,588,033)	**1,560,115**	428,998
Income tax paid	**(6,695)**	(10,513)	**–**	–
Payments from Community Service Project Fund	**–**	(95,888)	**–**	(95,888)
Net receipts from ISCA Cares Fund (Note 20)	**215,043**	–	**–**	–
Net cash from/(used in) operating activities	**366,559**	(1,694,434)	**1,560,115**	333,110
Cash flows from investing activities				
Fixed deposit pledged	**(38)**	(38)	**–**	–
Interest received	**144,753**	123,018	**130,372**	87,728
Proceeds from disposal of property, plant and equipment	**1,020**	–	**–**	–
Purchases of property, plant and equipment	**(142,082)**	(342,981)	**(99,121)**	(327,811)
Additions to intangible assets	**(771,144)**	(168,267)	**(771,144)**	(149,677)
Net cash used in investing activities	**(767,491)**	(388,268)	**(739,893)**	(389,760)
Cash flows from financing activity				
Advances from a subsidiary, representing net cash from financing activity	**–**	–	**1,245,624**	–
Net (decrease)/increase in cash and cash equivalents	**(400,932)**	(2,082,702)	**2,065,846**	(56,650)
Cash and cash equivalents at beginning of year	**18,187,067**	20,269,769	**12,638,283**	12,694,933
Cash and cash equivalents at end of year (Note 16)	**17,786,135**	18,187,067	**14,704,129**	12,638,283

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

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

1 Corporate information

The Institute (UEN No. T04SS0109E) is the national organisation of the accountancy profession in Singapore. It was established in June 1963 as the Singapore Society of Accountants ("SSA") under the SSA Ordinance 1963, then reconstituted and renamed the Institute of Certified Public Accountants of Singapore ("ICPAS") on 11 February 1989 under the Accountants Act 1987. As of 31 March 2004, ICPAS was reconstituted as a society under the Societies Act. The restructuring is primarily a change of form for the Institute as ICPAS continued to be the national body for the accountancy profession in Singapore and its functions remain unchanged. In 2013, ICPAS was renamed as the Institute of Singapore Chartered Accountants ("ISCA"). The registered office and principal place of business of the Institute is located at 60 Cecil Street, ISCA House, Singapore 049709.

The principal activities of the Institute are those of administering the Institute's membership, catering for the training and professional development of its members. The principal activities of the subsidiaries are disclosed in Note 11.

The consolidated financial statements relate to the Institute and its subsidiaries (collectively, the "Group") and the Group's interest in associate.

2 Significant accounting policies

a) Basis of preparation

The financial statements of the Group have been prepared in accordance with the Societies Act, Chapter 311 and Financial Reporting Standards in Singapore ("FRSs").

The financial statements, which are presented in Singapore dollar ("$"), have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The accounting policies have been consistently applied by the Group and the Institute, and are consistent with those used in the previous financial year.

The preparation of financial statements in conformity with FRSs requires the use of 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 Council's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The areas involving a higher degree of judgement or complexity or areas where assumptions significant to the financial statements are disclosed in Note 3.

2 Significant accounting policies (cont'd)

a) Basis of preparation (cont'd)

In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRSs ("INT FRSs") that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRSs and INT FRSs.

The adoption of these new and revised FRSs and INT FRSs did not have any material effect on the financial performance or financial position of the Group and Institute for the financial year.

New standards, amendments to standards and interpretations that have been issued at the balance sheet date but are not yet effective for the financial year ended 31 December 2016 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Institute, except as disclosed as follows:

FRS 109 Financial Instruments

FRS 109 which replaces FRS 39, includes guidance on (i) the classification and measurement of financial assets and financial liabilities; (ii) impairment requirements for financial assets; and (iii) general hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace FRS 39 incurred loss model.

(a) Classification and measurement

While the Group has yet to undertake a detailed assessment of the classification and measurement of its financial assets, the Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under FRS 109. Loans and receivables that are currently accounted for at amortised cost will continue to be accounted using amortised cost model under FRS 109.

(b) Impairment

FRS 109 requires the Group to record expected credit losses on all of its loans and trade receivables, either on a 12-month or lifetime basis.

The Group plans to adopt the standard when it becomes effective in financial year ending 31 December 2018. The Group is currently assessing the impact of applying the new standard.

FRS 115 Revenue from Contracts with Customers

FRS 115 replaces FRS 18 'Revenue', FRS 11 'Construction contracts' and other revenue related interpretations. It applies to all contracts with customers, except for leases, financial instruments, insurance contracts and certain guarantee contracts and non-monetary exchange contracts. FRS 115 provides a single, principle-based model to be applied to all contracts with customers. An entity recognises revenue in accordance with the core principle in FRS 115 by applying a 5-step approach.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2 Significant accounting policies (cont'd)

a) Basis of preparation (cont'd)

FRS 115 Revenue from Contracts with Customers (cont'd)

The standard is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. FRS 115 includes disclosure requirements that will result in disclosure of comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The Group plans to adopt the standard when it becomes effective in financial year ending 31 December 2018. The Group is currently performing an assessment of the impact and quantifying the transition adjustments on its financial statements.

FRS 116 Leases

FRS 116 replaces the existing FRS 17 'Leases'. It reforms lessee accounting by introducing a single lessee accounting model. Lessees are required to recognise all leases on their balance sheets to reflect their rights to use leased assets (a "right-of-use" asset) and the associated obligations for lease payments (a lease liability), with limited exemptions for short term leases (less than 12 months) and leases of low value items. The accounting for lessors will not change significantly.

The standard is effective for annual periods beginning on or after 1 January 2019. The standard will affect primarily the accounting for the Group's operating leases. As at the balance sheet date, the Group has non-cancellable operating lease commitments as disclosed in Note 22(a). The Group anticipates that the adoption of FRS 116 in the future may have a material impact on the amounts reported and disclosures made in the financial statements. However, it is not practicable to provide a reasonable estimate of the impact of FRS 116 until the Group performs a detailed assessment. The Group will perform a detailed assessment of the impact and plans to adopt the standard on the required effective date.

b) Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the parent entity. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenditure and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and property, plant and equipment, are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. 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. Acquisition-related costs are recognised as expenditure 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.

2 Significant accounting policies (cont'd)

b) Consolidation (cont'd)

Associate

Associate is entity in which the Group has significant influence, but not control, over their financial and operating policies. The Group's investment in associate is accounted for using the equity method of accounting, less impairment losses, if any. The consolidated financial statements include the Group's share of the profit or loss of the associate from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in the associate, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

Accounting for subsidiaries and associate by the Institute

In the Institute's separate financial statements, investments in subsidiaries and associate are stated at cost less impairment losses. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in income or expenditure.

c) Functional and foreign currencies

Functional currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which that entity operates ("the functional currency"). The financial statements of the Group and the Institute are presented in Singapore dollar, which is the Institute's functional currency.

Foreign currencies

Transactions in foreign currencies are translated into the functional currency using the exchange rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into the functional currency at the rates ruling at that date. All exchange differences are taken to income or expenditure.

d) Inventories

Inventories, comprising commemorative gold coins, are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

e) Property, plant and equipment

Property, 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 and costs of bringing the asset to working condition for its intended use. Dismantlement, removal or restoration costs are included as part of the cost of asset if the obligation for dismantlement, removal or restoration costs is incurred as a consequence of acquiring or using the asset. Expenditure for additions, improvements and renewals are capitalised and expenditure for maintenance and repairs are charged to expenditure. The cost of replacing part of an item of property, 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 Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in income or expenditure as incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2 Significant accounting policies (cont'd)

e) Property, plant and equipment (cont'd)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in income or expenditure in the year the asset is derecognised.

Freehold land is not depreciated. Depreciation of other property, plant and equipment is calculated on the straight-line basis to write off the cost less residual value of the assets over their estimated useful lives as follows:

Freehold buildings	50 years
Furniture and office equipment	4 to 10 years
Computers	3 to 4 years
Renovation	3 to 12 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each financial year-end. The effects of any revision are recognised in income or expenditure when the changes arise.

f) Investment properties

Investment properties, comprise freehold land and buildings of the Group and the Institute, that are leased out to earn rental. Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated. Depreciation of the buildings is calculated using the straight-line method to allocate the depreciable amounts over the estimated useful life of 50 years.

Transfers are made to or from investment property only when there is a change in use. When transfer is made between investment property and owner-occupied property, its carrying amount (cost less accumulated depreciation and impairment) at the date of transfer becomes its carrying amount for subsequent accounting.

On disposal of investment property, the difference between the disposal proceeds and the carrying amount is recognised in income or expenditure.

g) Intangible assets

Acquired intellectual property and website development are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the assets over their estimated useful lives of 3 years.

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the computer software over their estimated useful lives of 3 to 5 years.

No amortisation is provided on system work-in-progress. Amortisation of the system, on the same basis as other intangible assets, commences when the asset is ready for its intended use.

The amortisation period and amortisation method of intangible assets are reviewed at least at each balance sheet date. The effects of any revision are recognised in income and expenditure when the changes arise.

h) Impairment of non-financial assets

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

2 Significant accounting policies (cont'd)

h) Impairment of non-financial assets (cont'd)

An impairment loss is recognised in expenditure if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

Impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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, net of depreciation, if no impairment loss has been recognised. Reversal of impairment loss is recorded in income or expenditure. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

i) Financial assets

i) Classification

The Group classifies its financial assets according to the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date. The Group's only financial assets are 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 are included in current assets, except those maturing later than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are presented as "trade and other receivables" (excluding prepayments) and "cash and cash equivalents" on the balance sheet.

ii) Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the net sale proceeds and its carrying amount is recognised in income or expenditure. Any amount in the fair value reserve relating to that asset is also transferred to income or expenditure.

iii) Initial measurement

Loans and receivables are initially recognised at fair value plus transaction costs.

iv) Subsequent measurement

Loans and receivables are carried at amortised cost using the effective interest method, less impairment. Interest income on financial assets is recognised separately as income.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2 Significant accounting policies (cont'd)

i) Financial assets (cont'd)

v) Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered objective evidence that the receivable is impaired.

The carrying amount of these assets is reduced through the use of an impairment loss recognised in income or expenditure. The impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Subsequent recoveries of amounts previously written off are recognised against the same line item in income or expenditure.

If in subsequent periods, the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through income or expenditure to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

j) Financial liabilities

Financial liabilities include trade and other payables (excluding accrual for unutilised annual leave). Financial liabilities are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value of consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in income or expenditure when the liabilities are derecognised as well as through the amortisation process. The liabilities are derecognised when the obligation under the liability is discharged or cancelled or expired.

k) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) where, as a result of a past event, and 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. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of time value of money is material, the amount of the provision is the present value of the expenditure expected to be required to settle the obligation.

The Group recognises the estimated costs of dismantlement, removal or restoration of items of property, plant and equipment arising from the acquisition or use of assets (Note 2(e)). This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value of money.

2 Significant accounting policies (cont'd)

l) Operating leases

Lessee

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to income or expenditure on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expenditure in the period in which termination takes place.

Lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

m) Cash and cash equivalents

For the purpose of presentation on the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and excludes pledge deposits.

n) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services, net of discount and goods and services tax. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Members' annual and admission fees are recognised when due.

Course fees (from continuing professional education and training) are recognised when the services are rendered.

Administrative fee income from the administration of Singapore CA Qualification ("CA Qualification") is recognised net of expenditure incurred. The net amount of the income recognised is derived based on a pre-determined fixed percentage of the pre-approved expenditure incurred for the CA Qualification.

Interest income is recognised as the interest accrues based on effective interest method.

Rental income from operating leases are recognised on a straight-line basis over the lease term.

Management fees are recognised when services are rendered.

Subscription fees are recognised as income in the year to which the subscription relates.

o) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to income or expenditure over the expected useful life of the relevant asset by equal annual instalments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

2 Significant accounting policies (cont'd)

o) Government grants (cont'd)

When the grant relates to an expenditure item, it is recognised in income or expenditure over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

p) Employee benefits

Defined contribution plans

As required by law, the Group makes contributions to the state pension scheme, the Central Provident Fund ("CPF") Scheme which is a defined contribution pension scheme. Contributions to CPF are recognised as expenditure in the period in which the related service is performed.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the balance sheet date.

q) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

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 all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised for the initial recognition of assets or liabilities that affect neither accounting nor taxable profit.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the tax rates and tax laws that have been enacted or substantively 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 differences 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 the related tax benefit will be realised.

3 Key sources of estimation uncertainty

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

Deferred income tax assets

The Group and the Institute recognise deferred income tax assets on carried forward tax losses and other temporary differences to the extent there are sufficient estimated future taxable profits and/or taxable temporary differences against which the tax losses can be utilised and that the Group and the Institute are in compliance with certain provisions of tax legislation. Significant management judgement is required to determine the amount of deferred tax

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

3 Key sources of estimation uncertainty (cont'd)

Deferred income tax assets (cont'd)

assets that can be recognised, based upon the likely timing and level of future taxable profits. The unrecognised tax losses and the carrying values of deferred tax assets recognised of the Group and the Institute at 31 December 2016 are disclosed in Notes 6 and 13 respectively.

Depreciation of property, plant and equipment and investment properties

The cost of property, plant and equipment and investment properties are depreciated on a straight-line basis over their respective useful lives. Management estimates the useful lives of these property, plant and equipment and investment properties to be within 3 to 50 years. The estimation of the useful lives and residual amount involves assumptions concerning the future and estimations of the assets common life expectancies and expected level of usage. Any changes in the expected useful lives of these assets would affect the net carrying amounts of property, plant and equipment and investment properties, and the depreciation charges for the financial year.

The carrying amounts of the Group's and Institute's property, plant and equipment and investment properties as at 31 December 2016 and the annual depreciation charges for the financial year ended 31 December 2016 are disclosed in Notes 9 and 10 respectively.

Amortisation of intangible assets

The Group reviews the useful lives of intangible assets at the balance sheet date in accordance with the accounting policy in Note 2(g). Changes in circumstances, such as technological or other types of obsolescence, could result in the actual useful lives differing from the management's current estimates. The net carrying amount of intangible assets at 31 December 2016 and the annual amortisation charge for the financial year ended 31 December 2016 are disclosed in Note 14. Any changes in the expected useful lives of these assets would affect the net carrying amount of intangible assets, and the amortisation charge for the financial year.

Impairment of financial assets

The Group assesses at the balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group and Institute's receivables at the balance sheet date are disclosed in Note 15. If the present value of estimated future cash flows differ from management's estimates, the Group and Institute's allowance for impairment for receivables and the receivables balances at the balance sheet date will be affected accordingly.

Impairment of non-current assets

Management assesses whether there are any indicators of impairment for all non-current assets at each balance sheet date. Non-current assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

When value in use calculations are undertaken, management is required to estimate the expected future cash flows from the asset or cash-generating unit and a suitable discount rate, in order to determine the present value of those cash flows.

The carrying amounts of the Group and Institute's property, plant and equipment, investment properties and intangible assets are disclosed in Notes 9, 10 and 14 respectively. The carrying amount of the Institute's investment in subsidiaries is disclosed in Note 11. During the financial year, there was an impairment loss of $300,000 (2015: Nil) recognised in the financial statements of the Institute in relation to the investments in subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

4 Other income

	Group		Institute	
	2016	2015	**2016**	2015
	$	$	**$**	$
Secretariat				
Advertising income	**74,315**	123,856	**74,315**	123,856
Government grants*	**383,454**	89,879	**372,214**	89,879
Interest income from bank deposits and bank balances	**139,471**	107,462	**124,316**	94,960
Management fees	**695,099**	936,655	**695,099**	936,655
Other fees	**188,084**	126,031	**188,084**	126,031
Practice Monitoring income	**282,150**	150,000	**282,150**	150,000
Registration and subscription fees	**783,180**	755,325	**–**	–
Rental income	**1,891,598**	2,149,910	**1,891,598**	2,149,910
Seminar and talk fees	**1,008,421**	985,765	**891,515**	877,979
Sundry income	**156,261**	504,740	**151,090**	499,719
	5,602,033	5,929,623	**4,670,381**	5,048,989
Training Division				
CA Qualification net administrative fee	**200,141**	175,780	**200,141**	175,780
Government grants*	**121,449**	155,843	**–**	9,000
Interest income from bank deposits and bank balances	**1,566**	20,318	**–**	–
Other fees	**165,158**	285,237	**14,101**	13,580
Rental income	**104,617**	167,584	**30,929**	28,861
Seminar and talk fees	**86,401**	105,515	**74,640**	96,715
Sundry income	**590,256**	561,558	**574,573**	473,566
	1,269,588	1,471,835	**894,384**	797,502
Sub-total	**6,871,621**	7,401,458	**5,564,765**	5,846,491
Elimination	**(964,870)**	(1,488,531)	**–**	–
Combined	**5,906,751**	5,912,927	**5,564,765**	5,846,491

The Singapore CA Qualification ("CA Qualification") net administrative fee of the Training Division during the financial year is derived as a fixed percentage of the expenditure incurred by the Group and Institute to administer the CA Qualification, which includes the following:

	$	$	**$**	$
Staff costs	**(687,713)**	(624,394)	**(687,713)**	(624,394)
Contributions to CPF	**(90,571)**	(84,317)	**(90,571)**	(84,317)
Rental expenses	**(120,365)**	(69,887)	**(120,365)**	(69,887)
Depreciation of property, plant equipment (Note 9)	**(5,876)**	(23,700)	**(5,876)**	(23,700)
Amortisation of intangible assets (Note 14)	**(59,801)**	(53,357)	**(59,801)**	(53,357)

* Government grants for the Group and the Institute mainly relate to Special Employment Credit, Wage Credit, Temporary Employment Credit and Productivity and Innovation Credit Cash Payout.

5 (Deficit)/surplus from operating activities

	Secretariat	
	2016	2015
	$	$
Group		
Income		
Members' annual fees	**7,871,680**	7,363,710
Members' admission fees	**1,142,400**	595,400
Income from Continuing Professional Education	**–**	–
Income from other training courses	**–**	–
Other income	**5,602,033**	5,929,623
Total income	**14,616,113**	13,888,733
Less expenditure		
Operating expenses	**(18,416,051)**	(17,626,047)
(Deficit)/surplus from operating activities	**(3,799,938)**	(3,737,314)
Institute		
Income		
Members' annual fees	**7,871,680**	7,363,710
Members' admission fees	**1,142,400**	595,400
Income from Continuing Professional Education	**–**	–
Income from other training courses	**–**	–
Other income	**4,670,381**	5,048,989
Total income	**13,684,461**	13,008,099
Less expenditure		
Operating expenses	**(17,894,616)**	(16,726,630)
(Deficit)/surplus from operating activities	**(4,210,155)**	(3,718,531)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

Training division		Elimination		Total	
2016	2015	**2016**	2015	**2016**	2015
$	$	**$**	$	**$**	$
–	–	**–**	–	**7,871,680**	7,363,710
–	–	**–**	–	**1,142,400**	595,400
5,029,086	4,866,223	**–**	(580)	**5,029,086**	4,865,643
9,544,269	11,852,350	**–**	–	**9,544,269**	11,852,350
1,269,588	1,471,835	**(964,870)**	(1,488,531)	**5,906,751**	5,912,927
15,842,943	18,190,408	**(964,870)**	(1,489,111)	**29,494,186**	30,590,030
(13,678,870)	(15,661,794)	**1,474,967**	1,489,111	**(30,619,954)**	(31,798,730)
2,164,073	2,528,614	**510,097**	–	**(1,125,768)**	(1,208,700)
–	–	**–**	–	**7,871,680**	7,363,710
–	–	**–**	–	**1,142,400**	595,400
5,029,086	4,866,223	**–**	–	**5,029,086**	4,866,223
4,198,851	4,078,473	**–**	–	**4,198,851**	4,078,473
894,384	797,502	**–**	–	**5,564,765**	5,846,491
10,122,321	9,742,198	**–**	–	**23,806,782**	22,750,297
(6,277,193)	(6,022,406)	**–**	–	**(24,171,809)**	(22,749,036)
3,845,128	3,719,792	**–**	–	**(365,027)**	1,261

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

6 Income tax expense

Income tax expense attributable to results is made up of:

	Group		Institute	
	2016	2015	**2016**	2015
	$	$	**$**	$
Current income tax	**7,167**	7,103	**–**	–
Deferred tax	**144,000**	(143,000)	**–**	(105,000)
	151,167	(135,897)	**–**	(105,000)
(Over)/under provision of income tax in prior years	**(2,577)**	274	**–**	–
Under provision of deferred tax in prior years	**–**	170,000	**–**	132,000
	148,590	34,377	**–**	27,000

The income tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax to (deficit)/surplus before tax due to the following factors:

	$	$	**$**	$
(Deficit)/surplus before tax	**(1,125,072)**	(1,207,952)	**(365,027)**	1,261
Tax calculated at a tax rate of 17%	**(191,262)**	(205,351)	**(62,055)**	215
Singapore statutory stepped income exemption	**(10,966)**	(9,788)	**–**	–
Income not subject to tax	**(19,175)**	(45,842)	**(10,166)**	(34,281)
Expenses not deductible for tax purposes	**33,867**	134,298	**154,363**	93,866
Effect of tax incentive and tax rebate*	**(335,793)**	(185,721)	**(333,726)**	(164,129)
Deferred tax assets not recognised	**676,979**	168,157	**251,000**	–
(Over)/under provision of income tax in prior years	**(2,577)**	274	**–**	–
Under provision of deferred tax in prior years	**–**	170,000	**–**	132,000
Tax rebate	**(5,058)**	–	**–**	–
Others	**2,575**	8,350	**584**	(671)
	148,590	34,377	**–**	27,000

* Tax incentive for the Group and the Institute mainly arose from the Productivity and Innovation Credit scheme.

At the balance sheet date, the Group has unutilised tax losses and unabsorbed approved donations of approximately $4,859,000 (2015: $2,214,000) and $519,000 (2015: $225,000) respectively and the Institute has unutilised tax losses and unabsorbed approved donations of approximately $1,802,000 (2015: $409,000) and $482,000 (2015: $188,000) respectively. These are available for carry forward to offset against future taxable income, subject to the agreement of the tax authority and compliance with the relevant provisions of the Income Tax Act. The Group has recognised deferred tax assets in respect of $441,000 (2015: $409,000) and $482,000 (2015: $225,000) respectively of such tax losses and approved donations. The Institute has recognised deferred tax assets in respect of $441,000 (2015: $597,000) and $482,000 (2015: $188,000) respectively of such tax losses and approved donations. These assets have been recognised on the basis that there are sufficient estimated future taxable profits and taxable temporary differences against which the tax benefits can be utilised, based on the management projection of surplus from operations. No deferred tax assets have been recognised in respect of the remaining $4,418,000 (2015: $1,805,000) and $37,000 (2015: Nil) unutilised tax losses and unabsorbed approved donations of the Group and $1,361,000 (2015: Nil) unutilised tax losses of the Institute as it is not probable that future taxable profits will be sufficient to allow the related tax benefits to be realised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

7 Deficit for the year

This is arrived at after charging/(crediting) the following:

	Group		Institute	
	2016	2015	**2016**	2015
	$	$	**$**	$
Advertisement expenses	**762,024**	1,050,585	**521,341**	448,847
Allowance for doubtful receivables	**74,323**	–	**584,420**	–
Amortisation of intangible assets (Note 14)	**300,566**	218,541	**223,968**	131,770
Bad debts written off	**14,898**	4,164	**744**	4,164
Depreciation of investment properties (Note 10)	**434,135**	376,701	**434,135**	434,135
Depreciation of property, plant and equipment (Note 9)	**705,352**	880,519	**528,814**	551,034
Direct costs of providing training and other courses	**5,102,815**	6,054,705	**2,786,961**	2,922,720
Finance cost	**3,884**	4,463	**3,884**	4,463
Impairment loss of investment in subsidiary	**–**	–	**300,000**	–
Loss on disposal of property, plant and equipment	**7,190**	–	**–**	–
Property, plant and equipment written off	**63,939**	–	**63,939**	–
Rental expenses	**3,619,262**	3,523,373	**2,410,894**	2,328,354
Repair and maintenance	**500,944**	575,006	**387,569**	419,065
Publications	**476,598**	646,223	**476,598**	646,223
Seminar and talk expenses	**872,405**	847,811	**845,311**	831,841
Staff costs (Note 8)	**14,067,648**	14,606,603	**11,574,336**	11,785,935
Write-back of impairment loss of freehold land and building	**–**	(101,700)	**–**	(101,700)
Website and IT expenses	**937,272**	451,395	**837,038**	363,818

8 Staff costs

	Group		Institute	
	2016	2015	**2016**	2015
	$	$	**$**	$
Salaries and bonuses	**12,302,073**	12,876,818	**10,125,761**	10,401,111
Contributions to CPF	**1,485,788**	1,483,451	**1,223,819**	1,181,478
Other employee benefit expenses	**279,787**	246,334	**224,756**	203,346
	14,067,648	14,606,603	**11,574,336**	11,785,935

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

9 Property, plant and equipment

Group

Cost	Freehold land $	Freehold buildings $	Furniture and office equipment $	Computers $	Renovation $	Total $
Balance at 1 January 2015	8,799,321	2,871,686	2,202,427	2,156,948	1,576,642	17,607,024
Additions	–	–	28,825	314,156	–	342,981
Balance at 31 December 2015	8,799,321	2,871,686	2,231,252	2,471,104	1,576,642	17,950,005
Additions	–	–	28,407	110,001	3,674	142,082
Write-off/disposals	–	–	(292,232)	(884,994)	(95,281)	(1,272,507)
Reclassified to investment properties (Note 10)	(8,799,321)	(2,871,686)	–	–	–	(11,671,007)
Balance at 31 December 2016	–	–	**1,967,427**	**1,696,111**	**1,485,035**	**5,148,573**
Accumulated depreciation and impairment						
Balance at 1 January 2015	101,700	976,373	736,652	1,798,003	463,109	4,075,837
Depreciation charge for the year	–	57,434	343,735	265,514	237,536	904,219
Write-back of impairment loss	(101,700)	–	–	–	–	(101,700)
Balance at 31 December 2015	–	1,033,807	1,080,387	2,063,517	700,645	4,878,356
Depreciation charge for the year	–	–	297,083	245,929	168,216	711,228
Write-off/disposals	–	–	(220,083)	(884,994)	(95,281)	(1,200,358)
Reclassified to investment properties (Note 10)	–	(1,033,807)	–	–	–	(1,033,807)
Balance at 31 December 2016	–	–	**1,157,387**	**1,424,452**	**773,580**	**3,355,419**
Carrying amount						
Balance at 31 December 2015	8,799,321	1,837,879	1,150,865	407,587	875,997	13,071,649
Balance at 31 December 2016	–	–	**810,040**	**271,659**	**711,455**	**1,793,154**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

9 Property, plant and equipment (cont'd)

Group (cont'd)

(a) In previous financial year, certain units consisting of 2 floors (units #04-01, #04-02, #05-01 and #05-02 measuring 1,212 square metres) were occupied by its wholly-owned subsidiary, SAA Global Education Centre Pte. Ltd. ("SAA GE"), and therefore were classified as property, plant and equipment in the Group's consolidated balance sheet at the previous balance sheet date. In 2016, SAA GE had shifted out from Elite Building. As such, all the units in Elite Building are classified as investment properties in the Group's consolidated balance sheet.

The fair value of these units was valued at $12,000,000 at the previous balance sheet date. The valuation was determined based on the properties' highest and best use by an external and independent professional valuer using the Direct Comparison Approach, under which the property was assessed having regards to the recent transactions within the development and around the vicinity. Appropriate adjustments have been made between comparables and the subject property to reflect the differences in size, tenure, location, condition, prevailing marketing and all other factors affecting its value. The fair value measurement was categorised under Level 3 of the fair value hierarchy.

As the recoverable amount of Elite Building units in the previous financial year was higher than its carrying amount, a write-back of impairment loss of $101,700 was recognised by the Group in the previous financial year.

(b) Depreciation charge is taken up as follows:

	2016	2015
	$	$
Statement of Profit or Loss and Other Comprehensive Income		
- Other income - CA Qualification net administrative fee (Note 4)	**5,876**	23,700
- Operating expenses (Note 7)	**705,352**	880,519
	711,228	904,219

(c) In accordance with the Constitution of the Institute, the freehold land and building are held by Institute of Singapore Chartered Accountants Pte. Ltd. in trust for the Institute.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

9 Property, plant and equipment (cont'd)

Institute

	Furniture and office equipment $	Computers $	Renovation $	Total $
Cost				
Balance at 1 January 2015	1,487,637	1,891,569	1,127,608	4,506,814
Additions	18,721	309,090	–	327,811
Balance at 31 December 2015	1,506,358	2,200,659	1,127,608	4,834,625
Additions	11,528	87,593	–	99,121
Write-off	(248,742)	(884,994)	(95,281)	(1,229,017)
Balance at 31 December 2016	**1,269,144**	**1,403,258**	**1,032,327**	**3,704,729**
Accumulated depreciation				
Balance at 1 January 2015	396,222	1,588,218	182,744	2,167,184
Depreciation charge for the year	218,097	234,616	122,021	574,734
Balance at 31 December 2015	614,319	1,822,834	304,765	2,741,918
Depreciation charge for the year	200,343	220,266	114,081	534,690
Write-off	(184,803)	(884,994)	(95,281)	(1,165,078)
Balance at 31 December 2016	**629,859**	**1,158,106**	**323,565**	**2,111,530**
Carrying amount				
Balance at 31 December 2015	892,039	377,825	822,843	2,092,707
Balance at 31 December 2016	**639,285**	**245,152**	**708,762**	**1,593,199**

Depreciation charge is taken up as follows:

	2016 **$**	2015 $
Statement of Profit or Loss and Other Comprehensive Income		
- Other income - CA Qualification net administrative fee (Note 4)	**5,876**	23,700
- Operating expenses (Note 7)	**528,814**	551,034
	534,690	574,734

Group and Institute

During the financial year, the Group and the Institute have written off property, plant and equipment amounting to $63,939 (2015: Nil) due to the office relocation of certain departments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

10 Investment properties

	Group		Institute	
	2016	2015	**2016**	2015
	$	$	**$**	$
Cost				
Balance at 1 January	**30,211,757**	30,211,757	**41,882,764**	41,882,764
Reclassified from property, plant and equipment (Note 9)	**11,671,007**	–	**–**	–
Balance at 31 December	**41,882,764**	30,211,757	**41,882,764**	41,882,764
Accumulated depreciation and impairment				
Balance at 1 January	**4,159,429**	3,782,728	**5,193,236**	4,860,801
Reclassified from property, plant and equipment (Note 9)	**1,033,807**	–	**–**	–
Depreciation charge (Note 7)	**434,135**	376,701	**434,135**	434,135
Write-back of impairment loss	**–**	–	**–**	(101,700)
Balance at 31 December	**5,627,371**	4,159,429	**5,627,371**	5,193,236
Carrying amount				
Balance at 31 December	**36,255,393**	26,052,328	**36,255,393**	36,689,528

(a) The following amounts are recognised in income and expenditure:

	Group		Institute	
	2016	2015	**2016**	2015
	$	$	**$**	$
Rental income	**1,891,598**	1,633,286	**1,891,598**	2,149,910
Direct operating expenses arising from investment properties that generated rental income	**(395,087)**	(297,766)	**(395,087)**	(407,112)
Write-back of impairment loss	**–**	–	**–**	101,700
Depreciation charge	**(434,135)**	(376,701)	**(434,135)**	(434,135)

10 Investment properties (cont'd)

(b) In accordance with the Constitution of the Institute, the freehold land and buildings are held by Institute of Singapore Chartered Accountants Pte. Ltd. in trust for the Institute.

Location	Floor area (Square metres)	Tenure
i) Elite Building 20 Aljunied Road Singapore 389805		
Group Consisting of 5 (2015: 3) floors (Units #01-01, #01-03, #01-04, #01-05, #01-06, #02-01, #02-02, #04-01, #04-02, #05-01, #05-02, #06-01 and #06-02) (2015: all above excluding #04-01, #04-02, #05-01 and #05-02)	2,779 (2015: 1,567)	Freehold
Institute Consisting of 5 floors	2,779	Freehold
ii) 6 Raffles Quay #23-00 Singapore 048580	941	Freehold

11 Subsidiaries and intra-group transactions

a) Investments in subsidiaries

	Institute 2016 $	Institute 2015 $
Unquoted equity shares, at cost	**300,003**	300,003
Less: accumulated impairment loss	**(300,000)**	–
	3	300,003

During the financial year ended 31 December 2016, management performed an impairment test for the investments in subsidiaries. An impairment loss of $300,000 (2015: Nil) has been recognised to fully write down the cost of investment in a subsidiary as the subsidiary has been making losses and is in net liabilities position.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

11 Subsidiaries and intra-group transactions (cont'd)

b) Details of subsidiaries are as follows:

Name of subsidiaries	Country of incorporation	Principal activities	Effective interest held by the Group 2016	2015
			%	%
Association of Taxation Technicians (S) Limited[(1)(2)]	Singapore	To administer the structured training program and to set and to manage the syllabus and examination which will lead to the Diploma in Taxation	**100**	100
Certified Accounting Technicians (Singapore) Ltd[(1)(2)(3)]	Singapore	To support and advance the status and interests of Certified Accounting Technicians	**100**	100
Institute of Singapore Chartered Accountants Pte. Ltd.[(2)]	Singapore	To undertake and perform the office and duties of trustee of and for the ISCA in accordance with the constitution of the ISCA	**100**	100
Held by Institute of Singapore Chartered Accountants Pte. Ltd.				
SAA Global Education Centre Pte. Ltd.	Singapore	Operating a private education centre which offers higher education programmes	**100**	100
Singapore Institute of Accredited Tax Professionals Limited[(1)]	Singapore	Accreditation body for tax professionals	**100**	100
ISCA Cares Limited[(1)(4)]	Singapore	To provide disadvantaged Singapore youths access to quality accountancy education through pecuniary and non-pecuniary assistance	**100**	100

(1) There is no cost of investment as the subsidiaries are companies limited by guarantee whereby every member of the company undertakes to contribute to meet the debts and liabilities of these subsidiaries in the event of its liquidation up to an amount not exceeding $10 for each member except for ISCA Cares Limited up to an amount not exceeding $1 for each member.

(2) These subsidiaries are considered to be wholly-owned subsidiaries of the Institute as the members of these subsidiaries are trustees of the Institute.

(3) Certified Accounting Technicians (Singapore) Ltd had ceased operation during the financial year and is in the process of striking off.

(4) ISCA Cares Limited is an approved Institution of a Public Character and its fund balance is disclosed separately on balance sheet of the Group (Note 20).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

11 Subsidiaries and intra-group transactions (cont'd)

c) Intra-group transactions

During the financial year, the Institute has the following significant transactions with the subsidiaries on terms agreed between the parties:

	Institute	
	2016	2015
	$	$
Income		
Management fees	**680,095**	921,100
Rental income	**258,312**	516,624
Seminar and talk fees	**8,500**	28,500
Expenditure		
Disbursement of expenses	**5,171**	5,021
Donation to ISCA Cares Limited	**10,332**	–
Rental expenses	**10,574**	11,534
Others		
Advances from a subsidiary	**1,245,624**	–

12 Associate

	Group		Institute	
	2016	**2015**	**2016**	**2015**
	$	**$**	**$**	**$**
Investment in associate	**108,552**	107,856	**–**	–

Details of associate are as follows:

Name of associate	Country of incorporation	Principal activities	Effective interest held by the Group	
			2016	2015
			%	%
Insolvency Practitioners Association of Singapore Limited*	Singapore	Professional body for insolvency practitioners	**50**	50

* There is no cost of investment as the associate is a company limited by guarantee whereby every member of the company undertakes to contribute to meet the debts and liabilities of the company in the event of its liquidation to an amount not exceeding $10 for each member.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

12 Associate (cont'd)

The summarised financial information of the associate based on its audited financial statements and reconciliation to the carrying amount of the investments in the consolidated financial statements is as follows:

	2016 $	2015 $
Revenue	**24,239**	25,438
Profit after tax	**1,393**	1,496
Current assets	**243,744**	243,251
Current liabilities	**(26,640)**	(27,540)
Net assets	**217,104**	215,711
Group's share of net assets based on proportion of ownership interest, representing net carrying amount of investment	**108,552**	107,856

During the financial year, the Institute has the following transaction with the associate on the terms agreed between the parties:

	Group and Institute	
	2016 **$**	2015 $
Management fee income	**15,004**	15,555

13 Deferred tax assets

	Group		Institute	
	2016 $	2015 $	2016 $	2015 $
Deferred tax assets comprise tax effect of temporary differences arising from:				
Depreciation and amortisation for tax purposes	**(59,000)**	150,000	**(59,000)**	6,000
Provisions and accruals	**95,000**	85,000	**95,000**	85,000
Unutilised tax losses	**75,000**	70,000	**75,000**	70,000
Unabsorbed approved donations	**82,000**	32,000	**82,000**	32,000
	193,000	337,000	**193,000**	193,000
Representing:				
Non-current				
Deferred tax assets	**193,000**	337,000	**193,000**	193,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

14 Intangible assets

Group

	Computer software $	System work-in-progress $	Others $	Total $
Cost				
At 1 January 2015	1,178,990	–	49,388	1,228,378
Additions	45,565	111,202	11,500	168,267
At 31 December 2015	1,224,555	111,202	60,888	1,396,645
Additions	36,800	1,083,322	–	1,120,122
Reclassification	1,194,524	(1,194,524)	–	–
At 31 December 2016	**2,455,879**	**–**	**60,888**	**2,516,767**
Accumulated amortisation				
At 1 January 2015	545,612	–	21,054	566,666
Amortisation charge for the year	261,578	–	10,320	271,898
At 31 December 2015	807,190	–	31,374	838,564
Amortisation charge for the year	346,534	–	13,833	360,367
At 31 December 2016	**1,153,724**	**–**	**45,207**	**1,198,931**
Carrying amount				
At 31 December 2015	417,365	111,202	29,514	558,081
At 31 December 2016	**1,302,155**	**–**	**15,681**	**1,317,836**

Amortisation charge is taken up as follows:

	2016 **$**	2015 $
Statement of Profit or Loss and Other Comprehensive Income		
- Other income - CA Qualification net administrative fee (Note 4)	**59,801**	53,357
- Operating expenses (Note 7)	**300,566**	218,541
	360,367	271,898

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

14 Intangible assets (cont'd)

Institute

	Computer software $	System work-in-progress $	Others $	Total $
Cost				
At 1 January 2015	756,650	–	49,388	806,038
Additions	26,975	111,202	11,500	149,677
At 31 December 2015	783,625	111,202	60,888	955,715
Additions	36,800	1,083,322	–	1,120,122
Reclassification	1,194,524	(1,194,524)	–	–
At 31 December 2016	**2,014,949**	**–**	**60,888**	**2,075,837**
Accumulated amortisation				
At 1 January 2015	289,063	–	21,054	310,117
Amortisation charge for the year	174,807	–	10,320	185,127
At 31 December 2015	463,870	–	31,374	495,244
Amortisation charge for the year	269,936	–	13,833	283,769
At 31 December 2016	**733,806**	**–**	**45,207**	**779,013**
Carrying amount				
At 31 December 2015	319,755	111,202	29,514	460,471
At 31 December 2016	**1,281,143**	**–**	**15,681**	**1,296,824**

Amortisation charge is taken up as follows:

	2016 **$**	2015 $
Statement of Profit or Loss and Other Comprehensive Income		
- Other income - CA Qualification net administrative fee (Note 4)	**59,801**	53,357
- Operating expenses (Note 7)	**223,968**	131,770
	283,769	185,127

Group and Institute

Computer software comprise membership, financial management and administrative systems. Additions during the year relate to implementation of membership and financial management systems.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

14 Intangible assets (cont'd)

Group and Institute (cont'd)

Others comprise intellectual property, website development and development of E-Learning platform.

Included in additions of intangible assets is an amount of $348,978 (2015: Nil) payable to a third party. The cash outflow on additions to intangible assets of the Group and the Institute amounted to $771,144 (2015: $168,267) and $771,144 (2015: $149,677) respectively.

15 Trade and other receivables

	Group		Institute	
	2016	2015	**2016**	2015
	$	$	**$**	$
Trade receivables				
- third parties	**1,531,856**	1,186,053	**1,525,461**	1,054,926
- subsidiaries	**–**	–	**801,132**	412,282
- associate	**16,054**	16,644	**16,054**	16,644
	1,547,910	1,202,697	**2,342,647**	1,483,852
Less: allowance for doubtful receivables				
- third party	**(74,323)**	–	**(74,323)**	–
- subsidiary	**–**	–	**(510,097)**	–
	1,473,587	1,202,697	**1,758,227**	1,483,852
Non-trade amount due from a subsidiary	**–**	–	**100,000**	100,000
Accrued practice review fee receivable	**138,000**	128,700	**138,000**	128,700
Deposits	**864,113**	978,929	**495,113**	603,329
Interest receivables	**31,251**	34,967	**21,621**	27,677
Prepayments	**657,468**	734,195	**541,590**	583,747
Others	**27,285**	72,318	**18,745**	44,145
	3,191,704	3,151,806	**3,073,296**	2,971,450

Non-trade amount due from a subsidiary is unsecured, interest-free and repayable on demand.

16 Cash and cash equivalents

Cash and cash equivalents consist of cash, bank deposits and bank balances.

	Group		Institute	
	2016	2015	**2016**	2015
	$	$	**$**	$
Interest bearing accounts	**13,881,163**	13,750,205	**12,417,542**	10,319,810
Non-interest bearing accounts	**3,920,218**	4,452,070	**2,286,587**	2,318,473
	17,801,381	18,202,275	**14,704,129**	12,638,283
Less: Fixed deposit pledged	**(15,246)**	(15,208)	**–**	–
As per statements of cash flows	**17,786,135**	18,187,067	**14,704,129**	12,638,283

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

16 Cash and cash equivalents (cont'd)

Included in interest bearing accounts of the Group and Institute are fixed deposits totaling $11,504,091 (2015: $12,175,234) and $10,319,301 (2015: $8,744,839) respectively which are placed for varying periods of between 1 to 12 months (2015: 1 and 18 months) depending on the immediate cash requirements of the Group and the Institute, and earn interest of 0.2% to 1.5% (2015: 0.1% to 1.8%) per annum. Fixed deposit of the Group of $15,246 (2015: $15,208) is pledged to bank for banking facilities.

Included in interest bearing accounts of the Group is bank balance of ISCA Cares Fund amounting to $221,311 (2015: Nil), of which $7,280 (2015: Nil) is held in the bank balance of the Institute.

17 Provisions

Provisions for dismantlement, removal and restoration costs have been recognised as a consequence of lease arrangement entered into for its office and training premises.

Movements in provisions are as follows:

	Group		Institute	
	2016	**2015**	**2016**	**2015**
	$	**$**	**$**	**$**
At beginning of year	**537,319**	532,856	**361,519**	357,056
Unwind of discount	**3,884**	4,463	**3,884**	4,463
Reversal of provision	**(22,826)**	–	**(22,826)**	–
Provision utilised	**(28,000)**	–	**(28,000)**	–
At end of year	**490,377**	537,319	**314,577**	361,519

The provisions represent the present value of management's best estimate of the future outflow of economic benefits that will be required to reinstate leased property to its original state. The estimates have been made on the basis of quotes obtained from external contractors. The unexpired term of the leases including the renewal options range from 1 to 10 years (2015: 2 to 11 years).

18 Trade and other payables

	Group		Institute	
	2016	2015	**2016**	2015
	$	$	**$**	$
Trade payables	**1,489,024**	1,166,352	**1,212,591**	796,108
Other payables	**7,168**	–	**–**	–
Amount due to a subsidiary	**–**	–	**1,039,188**	2,403
Accrued operating expenses	**3,818,821**	3,701,709	**3,478,716**	3,067,332
Accrual for unutilised annual leave	**649,214**	587,360	**557,179**	498,342
Deposits received	**413,322**	413,322	**413,322**	413,322
Billings in advance	**436,926**	296,619	**436,926**	296,619
	6,814,475	6,165,362	**7,137,922**	5,074,126

Amount due to a subsidiary is non-trade in nature, unsecured, interest-free and repayable on demand.

Included in trade payables of the Group and Institute is an amount of $348,978 (2015: Nil) relating to consultancy fee payable for implementation of membership and financial management systems.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

19 Community Service Project Fund

The fund is made up of donations from members, money from fund-raising projects and contributions from the Institute. It was set up for the Institute's community service projects.

20 ISCA Cares Fund

	Group	
	2016	2015
	$	$
At beginning of year	**–**	–
Donations received		
- Tax deductible receipts	**278,005**	–
- Non-tax deductible receipts	**11,495**	–
Interest income	**83**	–
Bursary awards	**(55,350)**	–
Administrative expenses	**(19,190)**	–
At end of year	**215,043**	–
Represented by:		
Current assets		
Cash and cash equivalents	**221,311**	–
Trade and other receivables	**3,400**	–
	224,711	–
Current liabilities		
Trade and other payables	**(9,668)**	–
	215,043	–

The purpose of the ISCA Cares Fund is to provide disadvantaged Singapore youth with academic potential, access to quality accountancy education through financial and non-financial assistance. Pursuant to the Memorandum of Association of ISCA Cares Limited, if upon the winding up or dissolution of the company or in the event of the company ceases to be a registered charity, the fund balance shall be donated to charitable organisations or Institutions of a Public Character with similar objectives in Singapore.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

21 Significant related party transactions

(a) In addition to information disclosed elsewhere in the financial statements, the following significant transactions took place between the Group/Institute and related parties during the financial year on terms agreed by the parties concerned:

	Group		Institute	
	2016	**2015**	**2016**	**2015**
	$	**$**	**$**	**$**
With key management personnel				
CPE course fees	**14,100**	1,300	**14,100**	1,300

Related parties comprise key management personnel and firms/companies which are controlled or jointly controlled by certain Council Members of the Institute.

(b) Key management personnel compensation comprise:

	Group		Institute	
	2016	**2015**	**2016**	**2015**
	$	**$**	**$**	**$**
Short-term employee benefits	**1,896,656**	1,539,535	**1,687,398**	1,454,535
Contribution to CPF	**141,771**	70,185	**133,891**	68,060
	2,038,427	1,609,720	**1,821,289**	1,522,595

22 Commitments

(a) Lease commitments - where the Group is a lessee

The Group and the Institute lease properties and office equipment from non-related parties under non-cancellable operating lease agreements. These leases have an average tenure of between one to six years, varying terms, escalation clauses and renewal options.

The future minimum lease payments under non-cancellable operating leases contracted for at balance sheet date, but not recognised as liabilities, are as follows:

	Group		Institute	
	2016	2015	**2016**	2015
	$	$	**$**	$
Within one year	**3,355,134**	3,431,896	**2,019,216**	2,236,847
After one year but within five years	**5,868,517**	5,558,356	**3,637,012**	5,551,818

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

22 Commitments (cont'd)

(b) Lease commitments - where the Group is a lessor

The Group leases out office premises to non-related parties, while the Institute leases out office premises to subsidiaries and non-related parties, all of which are under non-cancellable operating leases.

The future minimum lease receivables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as receivables, are as follows:

	Group		**Institute**	
	2016	2015	**2016**	2015
	$	$	**$**	$
Within one year	**1,228,524**	1,633,286	**1,228,524**	2,020,754
After one year but within five years	**163,764**	1,392,288	**163,764**	1,392,288

(c) Capital commitment

Capital commitment not provided for in the financial statements:

	Group		**Institute**	
	2016	**2015**	**2016**	**2015**
	$	**$**	**$**	**$**
Capital commitment in respect of intangible assets	18,900	1,000,822	–	1,000,822

(d) Other commitment - Institute

As at 31 December 2016, the Institute has provided continuing financial support of $877,498 (2015: Nil) to a subsidiary in net current liabilities position.

23 Financial instruments

(a) Categories of financial instruments

Financial instruments at their carrying amounts of the balance sheet date are as follows:

	Group		**Institute**	
	2016	2015	**2016**	2015
	$	$	**$**	$
Financial assets				
Loans and receivables (including cash and cash equivalents)	**20,335,617**	20,619,886	**17,235,835**	15,025,986
Financial liabilities				
Amortised cost	**5,728,336**	5,281,384	**6,143,817**	4,279,165

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

23 Financial instruments (cont'd)

(b) Financial risk management

The main risks arising from the Group's financial management are interest rate risk, credit risk, liquidity risk and foreign currency risk. The Group reviews and agrees policies for managing each of these risks and they are summarised below:

Interest rate risk

The Group and the Institute are exposed to interest rate risk through the impact of rate changes on interest bearing fixed deposits. The sensitivity analysis for changes in interest rate is not disclosed as the effect on income or expenditure is considered not significant.

Credit risk

The Group's and the Institute's exposure to credit risk arises from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group, as and when they fall due. The Group manages this risk by monitoring credit periods and limiting the aggregate financial exposure to any individual counterparty.

The Group and the Institute place cash and fixed deposits with the established banks and financial institutions in Singapore.

Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies and individuals with a good collection track record.

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

The age analysis of trade receivables past due but not impaired is as follows:

	Group		**Institute**	
	2016	2015	**2016**	2015
	$	$	**$**	$
Past due 0 to 3 months	**1,078,326**	1,074,317	**1,109,729**	1,356,132
Past due 3 to 6 months	**172,982**	118,186	**171,894**	117,663
Past due over 6 months	**54,994**	10,194	**54,847**	10,194
	1,306,302	1,202,697	**1,336,470**	1,483,989

23 Financial instruments (cont'd)

(b) Financial risk management (cont'd)

Credit risk (cont'd)

Financial assets that are past due and impaired

The carrying amount of trade receivables individually determined to be impaired and the movement in the related allowance for doubtful receivables are as follows:

	Group		Institute	
	2016	**2015**	**2016**	**2015**
	$	**$**	**$**	**$**
Gross amount	**222,419**	–	**776,037**	–
Less: Allowance for doubtful receivables	**(74,323)**	–	**(584,420)**	–
	148,096	–	**191,617**	–

Movement in allowance for doubtful receivables:

	$	$	**$**	$
At beginning of year	**–**	–	**–**	–
Allowance made	**74,323**	–	**584,420**	–
At end of year	**74,323**	–	**584,420**	–

Trade receivables that are individually determined to be impaired at the balance sheet date relate to a debtor that has defaulted on payments and a subsidiary that is in net liabilities position. Trade receivables are not secured by any collateral or credit enhancements.

Liquidity risk

In the management of liquidity risk, the Group and the Institute monitor and maintain a level of cash and bank balances deemed adequate by the Management to finance the Group's and the Institute's operations and mitigate the effects of fluctuations in cash flows.

The financial liabilities of the Group and the Institute are due within twelve months from the balance sheet date and approximate the contractual undiscounted repayment obligations.

Foreign currency risk

The Group's and the Institute's foreign currency risk results mainly from cash flows and transactions denominated in foreign currencies. It is the Group's and the Institute's policy not to enter into derivative forward foreign exchange contracts for hedging and speculative purposes.

The Group and the Institute have no significant financial assets and liabilities held in foreign currency.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016

24 Fair value of assets and liabilities

(a) Fair value hierarchy

The tables below analyse the fair value measurements by the levels in the fair value hierarchy based on the inputs to the valuation techniques. The different levels are defined as follows:

a) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
b) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (i.e. derived from prices); and
c) Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(b) Assets and liabilities not carried at fair value but which fair values are disclosed

	Carrying amount $	Fair value measurement at balance sheet date Level 1 $	Level 2 $	Level 3 $
2016				
Group and Institute				
Investment properties	**36,255,393**	–	–	**54,800,000**
2015				
Group				
Investment properties	26,052,328	–	–	43,130,000
Institute				
Investment properties	36,689,528	–	–	55,130,000

The above does not include financial assets and financial liabilities whose carrying amounts are measured on the amortised cost basis. The carrying amounts of these financial assets and financial liabilities approximate their fair values due to their short-term nature.

(c) Determination of fair values

Investment properties

The fair values are determined based on the properties' highest and best use by an external and independent professional valuer using the Direct Comparison Approach, under which the properties are assessed having regards to the recent transactions within the development and around the vicinity. Appropriate adjustments have been made between comparables and the subject property to reflect the differences in size, tenure, location, condition, prevailing marketing and all other factors affecting their value. The fair value measurement is categorised under Level 3 of the fair value hierarchy.

25 Fund management

The Group's and the Institute's objectives when managing these funds are to safeguard the Group's and the Institute's ability to maintain adequate working capital to continue as going concern, to promote its objective to lead, develop and support accountancy professionals in Singapore and uphold the public interest and these objectives remain unchanged from previous year.

26 Subsequent event

Subsequent to the end of the financial year, a subsidiary, Institute of Singapore Chartered Accountants Pte. Ltd. entered into the Collective Sale Agreement with all other units owners to sell the Elite Building, on an en bloc basis. The collective sale was launched on 15 February 2017.

27 Authorisation of financial statements

The consolidated financial statements of the Group and the financial statements of the Institute for the financial year ended 31 December 2016 were authorised for issue by the Council on 9 March 2017.