

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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 and Singapore Financial Reporting Standards ("FRS").

The financial statements, which are presented in Singapore dollar ("S\$"), 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 FRS 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 income or expenditure during the financial year. Although these estimates are based on the 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 areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

In the current financial year, the Group has adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the current financial year. The adoption of these new and revised FRS and INT FRS did not have any material effect on the financial results or positions of the Group and the Institute.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2 Significant accounting policies (cont'd)

a) Basis of preparation (cont'd)

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 2015 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group and financial statements of the Institute, except as disclosed as follows:

New or revised FRS and INT FRS issued at balance sheet date but not effective

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 and insurance contracts. FRS 115 provides a single, principle-based model to be applied to all contracts with customers. It provides guidance on whether revenue should be recognised at a point in time or over time, replacing the previous distinction between goods and services. The standard introduces new guidance on specific circumstances where cost should be capitalised and new requirements for disclosure of revenue in the financial statements. The standard is effective for annual periods beginning on or after 1 January 2018. The Group and the Institute will reassess their contracts with customers in accordance with FRS 115.

FRS 109 Financial Instruments

FRS 109 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. FRS 109, when effective, will replace FRS 39 Financial Instruments: Recognition and Measurement. This standard is effective for annual periods beginning on or after 1 January 2018. The Group will reassess the potential impact of FRS 109 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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 ("S\$"), 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 2015

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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2 Significant accounting policies (cont'd)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2 Significant accounting policies (cont'd)

i) Financial assets (cont'd)

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.

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 indicators 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 reversed date.

j) Financial liabilities

Financial liabilities include trade and other payables (excluding provisions 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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 goods and services tax, discount and after eliminating revenue within the Group. 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 Qualification Programme ("SQP") 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 SQP.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2 Significant accounting policies (cont'd)

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.

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 for the financial year comprises current and deferred tax. Income tax is recognised in income or expenditure 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 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

3 Critical accounting judgement and key sources of estimation uncertainty

Critical judgements in applying the entity's accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with in the following paragraphs).

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 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 2015 are disclosed in Notes 6 and 13 respectively.

Key source 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.

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 2015 and the annual depreciation charges for the financial year ended 31 December 2015 are disclosed in Notes 9 and 10 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

4 (Deficit)/surplus from operating activities

	Secretariat	
	2015 \$	2014 \$
Group		
Income		
Members' annual fees	7,363,710	7,299,505
Members' admission fees	595,400	700,200
Income from Continuing Professional Education	-	-
Income from other training courses	-	-
Other income	5,929,623	5,545,909
Total income	13,888,733	13,545,614
Less expenditure		
Operating expenses (excluding impairment)	(17,727,747)	(17,915,956)
Write-back of impairment loss of freehold land and building	101,700	2,147,300
Total expenditure	(17,626,047)	(15,768,656)
(Deficit)/surplus from operating activities	(3,737,314)	(2,223,042)
Institute		
Income		
Members' annual fees	7,363,710	7,299,505
Members' admission fees	595,400	700,200
Income from Continuing Professional Education	-	-
Income from other training courses	-	-
Other income	5,048,989	4,699,367
Total income	13,008,099	12,699,072
Less expenditure		
Operating expenses (excluding impairment)	(16,828,330)	(17,147,181)
Write-back of impairment loss of freehold land and building	101,700	2,147,300
Total expenditure	(16,726,630)	(14,999,881)
(Deficit)/surplus from operating activities	(3,718,531)	(2,300,809)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

Training division		Elimination		Total	
2015	2014	2015	2014	2015	2014
\$	\$	\$	\$	\$	\$
-	-	-	-	7,363,710	7,299,505
-	-	-	-	595,400	700,200
4,866,223	4,944,567	(580)	(251)	4,865,643	4,944,316
11,852,350	14,848,718	-	-	11,852,350	14,848,718
1,471,835	1,013,311	(1,488,531)	(1,406,945)	5,912,927	5,152,275
18,190,408	20,806,596	(1,489,111)	(1,407,196)	30,590,030	32,945,014
(15,661,794)	(16,304,357)	1,489,111	1,407,196	(31,900,430)	(32,813,117)
-	-	-	-	101,700	2,147,300
(15,661,794)	(16,304,357)	1,489,111	1,407,196	(31,798,730)	(30,665,817)
2,528,614	4,502,239	-	-	(1,208,700)	2,279,197
-	-	-	-	7,363,710	7,299,505
-	-	-	-	595,400	700,200
4,866,223	4,944,567	-	-	4,866,223	4,944,567
4,078,473	5,220,707	-	-	4,078,473	5,220,707
797,502	363,544	-	-	5,846,491	5,062,911
9,742,198	10,528,818	-	-	22,750,297	23,227,890
(6,022,406)	(5,705,549)	-	-	(22,850,736)	(22,852,730)
-	-	-	-	101,700	2,147,300
(6,022,406)	(5,705,549)	-	-	(22,749,036)	(20,705,430)
3,719,792	4,823,269	-	-	1,261	2,522,460

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

5 Other income

	Group		Institute	
	2015	2014	2015	2014
	\$	\$	\$	\$
<i>Secretariat</i>				
Government grants	89,879	53,788	89,879	37,265
Registration and subscription fees	755,325	758,715	–	–
Interest income from bank deposits and bank balances	107,462	60,601	94,960	50,766
Management fees	936,655	870,777	936,655	870,777
Practice Monitoring income and review fees	150,000	233,406	150,000	233,406
Seminar and talk fees	985,765	1,054,811	877,979	998,504
Rental income	2,149,910	1,791,675	2,149,910	1,791,675
Advertising income	123,856	223,065	123,856	223,065
Other fees	126,031	113,474	126,031	113,474
Sundry income	504,740	385,597	499,719	380,435
	5,929,623	5,545,909	5,048,989	4,699,367
<i>Training Division</i>				
Government grants	155,843	83,571	9,000	–
Interest income from bank deposits and bank balances	20,318	21,384	–	–
Seminar and talk fees	105,515	78,119	96,715	76,519
Rental income	167,584	165,804	28,861	47,817
SQP net administrative fee	175,780	206,597	175,780	206,597
Other fees	285,237	374,390	13,580	6,940
Sundry income	561,558	83,446	473,566	25,671
	1,471,835	1,013,311	797,502	363,544
Sub-total	7,401,458	6,559,220	5,846,491	5,062,911
Elimination	(1,488,531)	(1,406,945)	–	–
Combined	5,912,927	5,152,275	5,846,491	5,062,911

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

	\$	\$	\$	\$
Staff costs	(624,394)	(851,030)	(624,394)	(851,030)
Contributions to CPF	(84,317)	(106,441)	(84,317)	(106,441)
Rental expenses	(69,887)	(269,401)	(69,887)	(269,401)
Depreciation of property, plant equipment (Note 9)	(23,700)	(46,837)	(23,700)	(46,837)
Amortisation of intangible assets (Note 14)	(53,357)	(31,125)	(53,357)	(31,125)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

6 Income tax expense/(credit)

Income tax expense/(credit) attributable to results is made up of:

	Group		Institute	
	2015 \$	2014 \$	2015 \$	2014 \$
Current income tax	7,103	12,408	–	–
Deferred tax	(143,000)	(130,000)	(105,000)	(84,000)
	(135,897)	(117,592)	(105,000)	(84,000)
Under/(over) provision of income tax in prior years	274	(199)	–	–
Over recognition of deferred tax assets in prior years	170,000	76,000	132,000	–
	34,377	(41,791)	27,000	(84,000)

The income tax expense/(credit) 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	(1,207,952)	2,281,015	1,261	2,522,460
Tax calculated at a tax rate of 17%	(205,351)	387,773	215	428,818
Singapore statutory stepped income exemption	(9,788)	(16,187)	–	–
Income not subject to tax	(45,842)	(383,341)	(34,281)	(370,332)
Expenses not deductible for tax purposes	134,298	104,733	93,866	85,341
Effect of tax incentive and tax rebate*	(185,721)	(213,939)	(164,129)	(206,307)
Deferred tax assets not recognised	168,157	23,789	–	–
Recognition of deferred tax assets previously not recognised	–	(21,000)	–	(21,000)
Under/(over) provision of income tax in prior years	274	(199)	–	–
Over recognition of deferred tax assets in prior years	170,000	76,000	132,000	–
Others	8,350	580	(671)	(520)
	34,377	(41,791)	27,000	(84,000)

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

6 Income tax expense/(credit) (cont'd)

At the balance sheet date, the Group and the Institute have unutilised tax losses of \$2,214,000 (2014: \$1,408,000) and \$409,000 (2014: \$524,000) respectively that 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 and the Institute have recognised deferred tax assets in respect of \$409,000 (2014: \$1,074,000) and \$409,000 (2014: \$524,000) respectively of such losses, 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 \$1,805,000 (2014: \$334,000) unutilised tax losses as it is not probable that future taxable profits will be sufficient to allow the related tax benefits to be realised.

7 (Deficit)/surplus for the year

This is arrived at after charging the following:

	Group		Institute	
	2015 \$	2014 \$	2015 \$	2014 \$
Depreciation of property, plant and equipment (Note 9)	880,519	845,398	551,034	495,474
Depreciation of investment properties (Note 10)	376,701	376,701	434,135	434,135
Amortisation of intangible assets (Note 14)	218,541	202,171	131,770	117,985
Bad debts written off	4,164	13,496	4,164	390
Direct costs of providing training and other courses	6,054,705	6,306,839	2,606,065	2,850,442
Finance cost	4,463	4,408	4,463	4,408
Property, plant and equipment written off	–	329	–	–
Rental expenses	3,523,373	3,542,964	2,328,354	2,194,150
Staff costs (Note 8)	14,606,603	13,919,513	11,785,935	10,967,839

8 Staff costs

	Group		Institute	
	2015 \$	2014 \$	2015 \$	2014 \$
Salaries and bonuses	12,876,818	12,341,528	10,401,111	9,742,377
Contributions to CPF	1,483,451	1,350,002	1,181,478	1,041,857
Other employee benefit expenses	246,334	227,983	203,346	183,605
	14,606,603	13,919,513	11,785,935	10,967,839

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

9 Property, plant and equipment

Group

	Freehold land \$	Freehold buildings \$	Furniture and office equipment \$	Computers \$	Renovation \$	Total \$
Cost						
Balance at 1 January 2014	8,799,321	2,871,686	2,239,939	1,942,252	1,610,325	17,463,523
Additions	–	–	36,611	229,225	–	265,836
Written off	–	–	(7,050)	(14,529)	–	(21,579)
Adjustments	–	–	(67,073)	–	(33,683)	(100,756)
Balance at 31 December 2014	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
Accumulated depreciation and impairment						
Balance at 1 January 2014	1,061,649	918,939	398,738	1,559,436	226,039	4,164,801
Depreciation charge for the year	–	57,434	344,635	253,096	237,070	892,235
Written off	–	–	(6,721)	(14,529)	–	(21,250)
Write-back of impairment loss	(959,949)	–	–	–	–	(959,949)
Balance at 31 December 2014	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
Carrying amount						
Balance at 31 December 2014	8,697,621	1,895,313	1,465,775	358,945	1,113,533	13,531,187
Balance at 31 December 2015	8,799,321	1,837,879	1,150,865	407,587	875,997	13,071,649

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

9 Property, plant and equipment (cont'd)

Group (cont'd)

- (a) The Elite Building is classified as an investment property in the Institute's balance sheet as it is fully leased out. However in the Group's consolidated balance sheet, the portion that is occupied by its wholly-owned subsidiary, SAA Global Education Centre Pte. Ltd., is classified as property, plant and equipment.
- (b) At the balance sheet date, the market value of certain units of the Elite Building (Note (e) below) classified as property, plant and equipment is valued at \$12,000,000 (2014: \$12,000,000). The valuation is determined based on the properties' highest and best use by an external and independent professional valuer, Suntec Real Estate Consultants Pte Ltd, using the Direct Comparison Approach, under which the property is 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 is categorised under Level 3 of the fair value hierarchy.

As the recoverable amount of the land portion of Elite Building units in the current financial year is higher than its carrying amount, a write-back of impairment loss of \$101,700 (2014: \$959,949) is recognised by the Group.

- (c) The basis of determining fair values for measurement is as follows:

Information about significant unobservable inputs used in the valuation model

Description	Valuation technique	Significant unobservable input	Range
Elite Building Consisting of 2 floors (Units #04-01, #04-02, #05-01 and #05-02)	Direct comparison approach	Price per square metre	\$8,750 to \$15,077

A significant increase (decrease) in the significant unobservable input would result in a significantly higher (lower) fair value measurement.

- (d) Depreciation charge is taken up as follows:

	2015 \$	2014 \$
Statement of Profit or Loss and Other Comprehensive Income		
- Other income - SQP net administrative fee (Note 5)	23,700	46,837
- Operating expenses (Note 7)	880,519	845,398
	904,219	892,235

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

9 Property, plant and equipment (cont'd)

Group (cont'd)

- (e) 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.

Location	Floor area (Square metres)		Tenure
Elite Building 20 Aljunied Road Singapore 389805 Consisting of 2 floors (Units #04-01, #04-02, #05-01 and #05-02)	1,212		Freehold

Institute	Furniture and office equipment \$	Computers \$	Renovation \$	Total \$
Cost				
Balance at 1 January 2014	1,531,665	1,710,195	1,161,291	4,403,151
Additions	23,775	194,792	–	218,567
Written off	(730)	(13,418)	–	(14,148)
Adjustments	(67,073)	–	(33,683)	(100,756)
Balance at 31 December 2014	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
Accumulated depreciation				
Balance at 1 January 2014	179,373	1,398,459	61,189	1,639,021
Depreciation charge for the year	217,579	203,177	121,555	542,311
Written off	(730)	(13,418)	–	(14,148)
Balance at 31 December 2014	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
Carrying amount				
Balance at 31 December 2014	1,091,415	303,351	944,864	2,339,630
Balance at 31 December 2015	892,039	377,825	822,843	2,092,707

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

9 Property, plant and equipment (cont'd)

Institute (cont'd)

(aa) Depreciation charge is taken up as follows:

	2015 \$	2014 \$
Statement of Profit or Loss and Other Comprehensive Income		
- Other income - SQP net administrative fee (Note 5)	23,700	46,837
- Operating expenses (Note 7)	551,034	495,474
	574,734	542,311

10 Investment properties

	Group		Institute	
	2015 \$	2014 \$	2015 \$	2014 \$
Cost				
At beginning and end of year	30,211,757	30,211,757	41,882,764	41,882,764
Accumulated depreciation and impairment				
At beginning of year	3,782,728	4,593,378	4,860,801	6,573,966
Depreciation charge (Note 7)	376,701	376,701	434,135	434,135
Write-back of impairment loss	-	(1,187,351)	(101,700)	(2,147,300)
At end of year	4,159,429	3,782,728	5,193,236	4,860,801
Carrying amount	26,052,328	26,429,029	36,689,528	37,021,963

Group

- (a) At the balance sheet date, the market values of certain units of the Elite Building (Note (b) below) classified as investment properties and #23-00, 6 Raffles Quay are valued at \$16,130,000 (2014: \$16,130,000) and \$27,000,000 (2014: \$27,000,000) respectively. The valuations are determined based on the properties' highest and best use by an external and independent professional valuer, Suntec Real Estate Consultants Pte Ltd, 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.

As the recoverable amount of the Elite Building units in the previous financial year was higher than its carrying amount, a write-back of impairment loss of \$1,187,351 was recognised by the Group in the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

10 Investment properties (cont'd)

Group (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 Consisting of 3 floors (Units #01-01, #01-03, #01-04, #01-05, #01-06, #02-01, #02-02, #06-01 and #06-02)	1,567	Freehold
ii) 6 Raffles Quay #23-00 Singapore 048580	941	Freehold

Institute

- (aa) At the balance sheet date, the market values of certain units of the Elite Building (consisting of 5 floors) classified as investment properties and #23-00, 6 Raffles Quay are valued at \$28,130,000 (2014: \$28,130,000) and \$27,000,000 (2014: \$27,000,000) respectively. The valuations are determined based on the properties' highest and best use by an external and independent professional valuer, Suntec Real Estate Consultants Pte Ltd, 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.

As the recoverable amount of the land portion of Elite Building units in the current financial year is higher than its carrying amount, a write-back of impairment loss of \$101,700 (2014: \$2,147,300) is recognised by the Institute.

- (bb) 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 Consisting of 5 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)	2,779	Freehold
ii) 6 Raffles Quay #23-00 Singapore 048580	941	Freehold

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

10 Investment properties (cont'd)

Group and Institute

- (i) The basis of determining fair values for measurement is as follows:

Information about significant unobservable inputs used in the valuation model

Description	Valuation technique	Significant unobservable input	Range
Elite Building	Direct comparison approach	Price per square metre	\$8,750 to \$15,077
#23-00, 6 Raffles Quay	Direct comparison approach	Price per square metre	\$26,370 to \$37,692

A significant increase (decrease) in the significant unobservable input would result in a significantly higher (lower) fair value measurement.

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

	Group		Institute	
	2015 \$	2014 \$	2015 \$	2014 \$
Rental income	1,633,286	1,275,051	2,149,910	1,791,675
Direct operating expenses arising from investment properties that generated rental income	(297,766)	(281,754)	(407,112)	(388,030)
Write-back of impairment loss	–	1,187,351	101,700	2,147,300
Depreciation charge	(376,701)	(376,701)	(434,135)	(434,135)

11 Subsidiaries and intra-group transactions

- a) Investments in subsidiaries

	Institute	
	2015 \$	2014 \$
Unquoted equity shares, at cost		
At beginning and end of year	300,003	300,003

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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	
			2015	2014
			%	%
Association of Taxation Technicians (S) Limited*#	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*#	Singapore	To support and advance the status and interests of Certified Accounting Technicians	100	100
Institute of Singapore Chartered Accountants Pte. Ltd.#	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
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*#	Singapore	Accreditation body for tax professionals	100	100

* 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.

These subsidiaries are considered to be wholly-owned subsidiaries of the Institute as the members of the subsidiaries are trustees of the Institute and the Council of the Institute has direct control over these subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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	
	2015	2014
	\$	\$
<i>Income</i>		
Management fees	921,100	856,614
Rental income	516,624	519,879
Seminar and talk fees	28,500	8,600
<i>Expenditure</i>		
Disbursement of expenses	5,021	4,662
Rental expenses	11,534	16,158

12 Associate

	Group		Institute	
	2015	2014	2015	2014
	\$	\$	\$	\$
Investment in associate	107,856	107,108	–	–*

	Group	
	2015	2014
	\$	\$
Share of profit		
At beginning of year	107,108	105,290
Share of profit	748	1,818
At end of year	107,856	107,108

Details of associate are as follows:

Name of associate	Country of incorporation	Principal activities	Effective interest held by the Group	
			2015	2014
			%	%
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 2015

12 Investment in associate (cont'd)

The summarised financial information of the associate not adjusted for the proportion of ownership interest held by the Group is as follows:

	2015 \$	2014 \$
Assets and liabilities		
Current assets	<u>243,251</u>	239,331
Current liabilities	<u>27,540</u>	25,116
Results		
Revenue	<u>25,438</u>	25,548
Profit after taxation	<u>1,496</u>	3,636

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

	Group and Institute	
	2015 \$	2014 \$
Management fee income	<u>15,555</u>	14,163

13 Deferred tax assets

	Group		Institute	
	2015 \$	2014 \$	2015 \$	2014 \$
Deferred tax assets comprise tax effect of temporary differences arising from:				
Depreciation and amortisation for tax purposes	150,000	14,000	6,000	(19,000)
Provisions and accruals	85,000	98,000	85,000	84,000
Unutilised tax losses	70,000	183,000	70,000	89,000
Unabsorbed capital allowances	–	49,000	–	49,000
Unabsorbed approved donations	<u>32,000</u>	20,000	<u>32,000</u>	17,000
	<u>337,000</u>	364,000	<u>193,000</u>	220,000
Representing:				
<i>Non-current</i>				
Deferred tax assets	<u>337,000</u>	364,000	<u>193,000</u>	220,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

14 Intangible assets

Group	Computer software \$	System work-in- progress \$	Others \$	Total \$
Cost				
Balance at 1 January 2014	966,820	–	19,388	986,208
Additions	212,170	–	30,000	242,170
Balance at 31 December 2014	1,178,990	–	49,388	1,228,378
Additions	45,565	111,202	11,500	168,267
Balance at 31 December 2015	1,224,555	111,202	60,888	1,396,645
Accumulated amortisation				
Balance at 1 January 2014	313,982	–	19,388	333,370
Amortisation charge for the year	231,630	–	1,666	233,296
Balance at 31 December 2014	545,612	–	21,054	566,666
Amortisation charge for the year	261,578	–	10,320	271,898
Balance at 31 December 2015	807,190	–	31,374	838,564
Carrying amount				
Balance at 31 December 2014	633,378	–	28,334	661,712
Balance at 31 December 2015	417,365	111,202	29,514	558,081

Amortisation charge is taken up as follows:

	2015 \$	2014 \$
Statement of Profit or Loss and Other Comprehensive Income		
- Other income - SQP net administrative fee (Note 5)	53,357	31,125
- Operating expenses (Note 7)	218,541	202,171
	271,898	233,296

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

14 Intangible assets (cont'd)

Institute

	Computer software \$	System work-in- progress \$	Others \$	Total \$
Cost				
Balance at 1 January 2014	548,380	–	19,388	567,768
Additions	208,270	–	30,000	238,270
Balance at 31 December 2014	756,650	–	49,388	806,038
Additions	26,975	111,202	11,500	149,677
Balance at 31 December 2015	783,625	111,202	60,888	955,715
Accumulated amortisation				
Balance at 1 January 2014	141,619	–	19,388	161,007
Amortisation charge for the year	147,444	–	1,666	149,110
Balance at 31 December 2014	289,063	–	21,054	310,117
Amortisation charge for the year	174,807	–	10,320	185,127
Balance at 31 December 2015	463,870	–	31,374	495,244
Carrying amount				
Balance at 31 December 2014	467,587	–	28,334	495,921
Balance at 31 December 2015	319,755	111,202	29,514	460,471

Amortisation charge is taken up as follows:

	2015 \$	2014 \$
Statement of Profit or Loss and Other Comprehensive Income		
- Other income - SQP net administrative fee (Note 5)	53,357	31,125
- Operating expenses (Note 7)	131,770	117,985
	185,127	149,110

Group and Institute

System work-in-progress refers to membership and financial management system which is still in the process of implementation. The capital commitment is disclosed in Note 21(c).

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

15 Trade and other receivables

	Group		Institute	
	2015 \$	2014 \$	2015 \$	2014 \$
Trade receivables				
- third parties	1,186,053	731,371	1,054,926	681,203
- subsidiaries	–	–	412,282	321,609
- associate	16,644	15,154	16,644	15,154
Amount due from a subsidiary	–	–	100,000	150,000
Accrued practice review fee receivable	128,700	137,500	128,700	137,500
Deposits	978,929	984,484	603,329	608,884
Interest receivables	34,967	30,205	27,677	20,445
Prepayments	734,195	588,064	583,747	452,648
Others	72,318	63,956	44,145	23,900
	3,151,806	2,550,734	2,971,450	2,411,343

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

16 Cash and cash equivalents

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

	Group		Institute	
	2015 \$	2014 \$	2015 \$	2014 \$
Interest bearing accounts	13,750,205	18,238,425	10,319,810	11,608,821
Non-interest bearing accounts	4,452,070	2,046,514	2,318,473	1,086,112
	18,202,275	20,284,939	12,638,283	12,694,933
Less: Fixed deposit pledged	(15,208)	(15,170)	–	–
As per statements of cash flows	18,187,067	20,269,769	12,638,283	12,694,933

Included in interest bearing accounts of the Group and Institute are fixed deposits totaling \$12,175,234 (2014: \$14,773,245) and \$8,744,839 (2014: \$9,189,458) respectively which are placed for varying periods of between 1 to 18 months (2014: 1 and 12 months) depending on the immediate cash requirements of the Group and the Institute, and earn interest of 0.1% to 1.8% (2014: 0.02% to 1.35%) per annum. Fixed deposit of the Group of \$15,208 (2014: \$15,170) is pledged to bank for banking facilities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

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	
	2015 \$	2014 \$	2015 \$	2014 \$
At beginning of year	532,856	528,448	357,056	352,648
Unwind of discount	4,463	4,408	4,463	4,408
At end of year	537,319	532,856	361,519	357,056

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 2 to 11 years (2014: 3 to 12 years).

18 Trade and other payables

	Group		Institute	
	2015 \$	2014 \$	2015 \$	2014 \$
Trade payables	1,166,352	1,657,128	796,108	968,616
Other payables	–	1,740	–	1,740
Amount due to a subsidiary	–	–	2,403	1,853
Accrued operating expenses	4,289,069	4,118,203	3,565,674	3,419,537
Deposits received	413,322	413,321	413,322	413,321
Advance received	–	36,383	–	36,383
Billings in advance	296,619	273,047	296,619	273,047
	6,165,362	6,499,822	5,074,126	5,114,497

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

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 is used for the Institute's community service projects and is made up as follows:

	Group and Institute	
	2015 \$	2014 \$
At beginning of year	95,888	82,401
Add: Donations from members	–	13,487
Less: Seed donation to ISCA Cares Limited	(95,888)	–
At end of year	–	95,888

Related parties comprise firms and companies which are controlled or jointly controlled by certain Council Members of the Institute, and ISCA Cares Limited - the charity arm of the Institute where the Institute has a non-majority representation on the governing board.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

20 Related party transactions

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

	Group		Institute	
	2015 \$	2014 \$	2015 \$	2014 \$
With key management personnel				
CPE course fees	1,300	–	1,300	–
SQP facilitation fees	2,720	–	2,720	–

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	
	2015 \$	2014 \$	2015 \$	2014 \$
Short-term employee benefits	1,539,535	1,643,344	1,454,535	1,514,380
Contribution to CPF	70,185	70,492	68,060	60,050
	1,609,720	1,713,836	1,522,595	1,574,430

21 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	
	2015 \$	2014 \$	2015 \$	2014 \$
Within one year	3,431,896	4,004,428	2,236,847	2,252,396
After one year but within five years	5,558,356	8,816,746	5,551,818	7,788,665

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

21 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	
	2015 \$	2014 \$	2015 \$	2014 \$
Within one year	1,633,286	1,633,286	2,020,754	2,149,910
After one year but within five years	1,392,288	3,025,574	1,392,288	3,240,834

(c) Capital commitment

Capital commitment not provided for in the financial statements:

	Group		Institute	
	2015 \$	2014 \$	2015 \$	2014 \$
Capital commitment in respect of intangible assets	1,000,822	–	1,000,822	–

22 Financial instruments

(a) Categories of financial instruments

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

	Group		Institute	
	2015 \$	2014 \$	2015 \$	2014 \$
<i>Financial assets</i>				
Loans and receivables (including cash and cash equivalents)	20,619,886	22,247,609	15,025,986	14,653,628
<i>Financial liabilities</i>				
Amortised cost	5,281,384	5,608,950	4,279,165	4,310,902

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

22 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 banks and financial institutions which are regulated.

The credit risk is as follows:

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.

Financial assets that are past due but not impaired

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

There are no trade receivables that are impaired at balance sheet date. The age analysis of trade receivables past due but not impaired is as follows:

	Group		Institute	
	2015	2014	2015	2014
	\$	\$	\$	\$
Past due 0 to 3 months	1,074,317	661,690	1,356,132	934,247
Past due 3 to 6 months	118,186	42,596	117,663	41,480
Past due over 6 months	10,194	42,239	10,194	42,239
	1,202,697	746,525	1,483,989	1,017,966

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

22 Financial instruments (cont'd)

(b) Financial risk management (cont'd)

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.

23 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 (ie 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 \$
2015				
Group				
Investment properties	26,052,328	–	–	43,130,000
Institute				
Investment properties	36,689,528	–	–	55,130,000
2014				
Group				
Investment properties	26,429,029	–	–	43,130,000
Institute				
Investment properties	37,021,963	–	–	55,130,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

23 Fair value of assets and liabilities (cont'd)

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

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.

(c) Determination of fair values

Investment properties

The basis of determining fair values for disclosure at balance sheet date is described in Note 10.

24 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.

25 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 2015 were authorised for issue by the Council on 8 March 2016.