STATEMENT BY COUNCIL

On behalf of the Council of the Institute of Singapore Chartered Accountants (the "Institute"), we, Kon Yin Tong and Kor Wan Hoon, being the President and Chief Executive Officer 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 83 to 130 are properly drawn up in accordance with the Societies Act 1966 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 2021 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.

Kon Yin Tong
President

Kor Wan Hoon
Chief Executive Officer

15 March 2022

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 83 to 130, which comprise the balance sheets of the Group and the Institute as at 31 December 2021, 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 1966 (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 2021 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 79 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.

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.

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

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.

- 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.

INDEPENDENT AUDITOR'S REPORT

TO MEMBERS OF THE INSTITUTE OF SINGAPORE CHARTERED ACCOUNTANTS

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

Low See Lien
Engagement Partner
(New partner in charge for financial year ended 2021)

15 March 2022

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Group		Institute	
	Note	**2021 $'000**	2020 $'000	**2021 $'000**	2020 $'000
Continuing operations					
Income					
Members' annual fees		**11,918**	12,220	**11,918**	12,220
Members' admission fees		**134**	192	**134**	192
Income from Continuing Professional Education		**4,462**	4,058	**4,462**	4,058
Income from other training courses		**1,630**	1,434	**1,630**	1,434
Practice Monitoring income		**472**	470	**472**	470
Income from seminars, event and talks		**868**	681	**868**	681
Other income:					
– Interest income from financial institutions		**48**	133	**48**	133
– Others	4	**3,366**	8,582	**3,349**	8,628
Total income	4	**22,898**	27,770	**22,881**	27,816
Less expenditure					
Expenses		**(20,743)**	(21,103)	**(20,731)**	(21,098)
Surplus before results of associate	5	**2,155**	6,667	**2,150**	6,718
Share of results of associate (net of tax)	13	**(17)**	14	**–**	–
Surplus before tax		**2,138**	6,681	**2,150**	6,718
Income tax expense	7	**(263)**	(139)	**(263)**	(139)
Surplus after tax from continuing operations		**1,875**	6,542	**1,887**	6,579
Discontinued operations					
Net deficit from discontinued operations, net of tax	8	**–**	(1,450)	**–**	–
Surplus for the year		**1,875**	5,092	**1,887**	6,579
Surplus from specific fund:					
ISCA Support Fund	26	**(66)**	–	**(66)**	–
ISCA Cares Fund	27	**742**	28	**–**	–
Net surplus and total comprehensive income for the financial year		**2,551**	5,120	**1,821**	6,579

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

BALANCE SHEETS

AT 31 DECEMBER 2021

	Note	Group 2021 $'000	Group 2020 $'000 (restated)	Institute 2021 $'000	Institute 2020 $'000 (restated)
Non-current assets					
Property, plant and equipment	9	**629**	885	**629**	885
Right-of-use assets	10	**1,670**	3,710	**1,670**	3,710
Investment property	11	**10,486**	10,788	**10,486**	10,788
Subsidiaries	12	**–**	–	**–**	–
Associate	13	**85**	102	**–**	–
Intangible assets	14	**773**	1,071	**766**	1,059
Financial assets at fair value through profit or loss	15	**60,485**	55,236	**60,485**	55,236
		74,128	71,792	**74,036**	71,678
Current assets					
Inventories	16	**5**	5	**4**	4
Contract assets	17	**320**	304	**320**	304
Trade and other receivables	19	**3,394**	2,386	**3,382**	2,369
Cash and cash equivalents	20	**15,412**	18,153	**13,969**	17,353
		19,131	20,848	**17,675**	20,030
Total assets		**93,259**	92,640	**91,711**	91,708
Non-current liabilities					
Deferred tax liabilities	21	**96**	103	**96**	103
Lease liabilities	22	**52**	1,717	**52**	1,717
Provisions	23	**346**	342	**346**	342
Other payables	24	**240**	240	**240**	240
		734	2,402	**734**	2,402
Current liabilities					
Trade and other payables	24	**4,639**	3,526	**4,661**	3,434
Deferred income	25	**–**	294	**–**	294
Contract liabilities	18	**1,903**	2,747	**1,903**	2,747
Lease liabilities	22	**1,665**	2,046	**1,665**	2,046
Current tax payable		**281**	139	**281**	139
		8,488	8,752	**8,510**	8,660
Total liabilities		**9,222**	11,154	**9,244**	11,062
Net assets		**84,037**	81,486	**82,467**	80,646
Represented by					
Accumulated Fund		**80,621**	80,746	**80,533**	80,646
ISCA Support Fund	26	**1,934**	–	**1,934**	–
ISCA Cares Fund	27	**1,482**	740	**–**	–
		84,037	81,486	**82,467**	80,646

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

STATEMENTS OF CHANGES IN FUNDS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Accumulated Fund $'000	ISCA Support Fund $'000	ISCA Cares Fund $'000	Total $'000
Group				
Balance at 1 January 2020	75,654	–	712	76,366
Net surplus and total comprehensive income for the financial year	5,092	–	28	5,120
Balance at 31 December 2020	80,746	–	740	81,486
Net surplus/(deficit) and total comprehensive income/(loss) for the financial year	1,875	(66)	742	2,551
Transfer of funds	(2,000)	2,000	–	–
Balance at 31 December 2021	**80,621**	**1,934**	**1,482**	**84,037**
Institute				
Balance at 1 January 2020	74,067	–	–	74,067
Net surplus and total comprehensive income for the financial year	6,579	–	–	6,579
Balance at 31 December 2020	80,646	–	–	80,646
Net surplus/(deficit) and total comprehensive income/(loss) for the financial year	1,887	(66)	–	1,821
Transfer of funds	(2,000)	2,000	–	–
Balance at 31 December 2021	**80,533**	**1,934**	–	**82,467**

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group		Institute	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Cash flows from operating activities				
Surplus before tax from continuing operations	**2,138**	6,681	**2,150**	6,718
Deficit before tax from discontinued operations	**–**	(1,450)	**–**	–
Surplus before tax, total	**2,138**	5,231	**2,150**	6,718
Adjustments for:				
Bad debts written off	**6**	5	**14**	18
Depreciation of property, plant and equipment, investment property, right-of-use assets and amortisation of intangible assets	**3,313**	3,298	**3,308**	3,292
Finance cost	**4**	4	**4**	4
Interest income	**(48)**	(137)	**(48)**	(133)
Interest expense on lease liabilities	**98**	148	**98**	148
Net fair value gain on financial assets at fair value through profit or loss	**(523)**	(4,679)	**(523)**	(4,679)
Property, plant and equipment, right-of-use assets and intangible assets written off	**6**	10	**6**	10
Loss on disposal of a subsidiary, net of tax	**–**	1,530	**–**	–
Share of results of associate (net of tax)	**17**	(14)	**–**	–
Operating surplus before working capital changes	**5,011**	5,396	**5,009**	5,378
Contract assets	**(15)**	(119)	**(15)**	60
Inventories	**–**	16	**–**	15
Receivables	**(1,042)**	217	**(1,049)**	382
Payables	**313**	(681)	**427**	(852)
Contract liabilities	**(844)**	294	**(844)**	228
Deferred income	**(294)**	294	**(294)**	294
Cash generated from operations	**3,129**	5,417	**3,234**	5,505
Income tax paid	**(128)**	(278)	**(128)**	(277)
ISCA Cares Fund (Note 27)	**742**	28	**–**	–
ISCA Support Fund (Note 26)	**(2,000)**	–	**(2,000)**	–
Net cash generated from operating activities	**1,743**	5,167	**1,106**	5,228
Cash flows from investing activities				
Disposal of a subsidiary, net of cash disposed	**–**	(1,649)	**–**	–
Interest received	**74**	145	**68**	129
Purchase of financial instruments	**(4,800)**	–	**(4,800)**	–
Purchases of property, plant and equipment	**(295)**	(512)	**(295)**	(512)
Additions to intangible assets (Note 14)	**(220)**	(736)	**(220)**	(736)
Net cash used in investing activities	**(5,241)**	(2,752)	**(5,247)**	(1,119)

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group		Institute	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Cash flows from financing activities				
Repayment of lease liabilities	**(2,046)**	(1,996)	**(2,046)**	(1,996)
Interest paid on lease liabilities	**(98)**	(148)	**(98)**	(148)
Net cash used in financing activities	**(2,144)**	(2,144)	**(2,144)**	(2,144)
Net (decrease)/increase in cash and cash equivalents	**(5,642)**	271	**(6,285)**	1,965
Cash and cash equivalents at beginning of year	**18,086**	17,815	**17,286**	15,321
Cash and cash equivalents at end of year (Note 20)	**12,444**	18,086	**11,001**	17,286

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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 accountancy professional body 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, and catering for the training and professional development of its members. The principal activities of the subsidiaries are disclosed in Note 12.

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 ("$") (rounded to the nearest thousand ($'000) except when otherwise stated), have been prepared on the historical cost basis except as disclosed in the accounting policies below.

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.

Use of estimates and judgements

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a) Basis of preparation (cont'd)

New and revised standards

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/revised FRSs and INT FRSs did not have any material effect on the financial results or position of the Group and the Institute.

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 2021 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.

b) Basis of 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 Institute 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.

When a change in the Institute's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill, non-controlling interest and other components of equity related to the subsidiary are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to accumulated fund if required by a specific FRS.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Basis of consolidation (cont'd)

Associate

Associate is an entity in which the Group has significant influence, but not control, over their financial and operating policies of the entity. 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 profit or loss.

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 profit or loss.

d) Inventories

Inventories, comprising notebooks, merchandise for E-store and pouches, 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 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 profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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 profit or loss in the year the asset is derecognised.

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:

	Years
Furniture and office equipment	4 to 10
Computers	3 to 4
Renovation	shorter of lease term or 3 to 12

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 profit or loss when the changes arise.

f) Investment properties

Investment properties, comprise freehold building 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. 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 profit or loss.

g) Intangible assets

Acquired intellectual property and website development includes development costs which relate to the design and testing of new or improved learning materials which are recognised as an asset to the extent that it is expected that such assets will generate future economic benefits.

Deferred development costs are amortised from the date that the new or improved learning materials are put into use. Such costs are subsequently amortised on a straight-line basis over their 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 profit or loss when the changes arise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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 profit or loss if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent from other assets or groups of assets.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs of disposal 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 profit or loss. 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

Recognition and derecognition

Regular way 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.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. Trade receivables without a significant financing component is initially measured at transaction prices.

Classification and measurement

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Group classifies its financial assets in the following measurement categories:
- Amortised cost; and
- Fair value through profit or loss ("FVTPL").

The classification is based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i) Financial assets (cont'd)

Subsequent measurement

i) *Debt instruments*

Debt instruments include trade and other receivables (excluding prepayments) and cash and cash equivalents. The subsequent measurement category is depending on the Group's business model for managing the asset and cash flow characteristics of the asset:

Amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

Fair value through profit or loss ("FVTPL")

Debts instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or Fair value through other comprehensive income ("FVOCI") are classified as FVTPL. Movements in fair values and interest income are recognised in profit or loss in the period in which it arises and presented in "Other income".

ii) *Equity instruments*

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVTPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "Other income or Expenses". On disposal of an equity investment classified as FVTPL, the difference between the carrying amount and sales proceed amount would be recognised in profit or loss. Dividends from equity investments are recognised in profit or loss and presented in "Other income".

iii) *Funds placed with fund managers*

The Group and the Institute classify a portfolio of financial assets that is managed and whose performance is evaluated on a fair value basis as financial assets at fair value through profit or loss. Such portfolio of financial assets is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The collection of contractual cash flows is only incidental to achieving the business model's objective. The Group's and the Institute's primary focus on a portfolio of financial assets is on the fair value information and uses that information to assess the assets' performance and to make decisions.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i) Financial assets (cont'd)

Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a "12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a "lifetime ECL").

For trade receivables that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at balance sheet date. The Group based on its historical credit loss experience, adjusts as appropriate for current conditions and forward-looking factors specific to the debtors and the economic environment.

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

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

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 plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss 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 assets arising from the acquisition or use of assets (Note 2(e) and Note 2(l)). This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value of money. Changes in the estimated timing or amount of the expenditure or discount rate is adjusted against the cost of the related assets unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of useful life. In such cases, the excess of the decrease over the carrying amount of the assets or the change in the liability is recognised in profit or loss immediately.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

l) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

When a Group entity is the lessee

The Group applies a single recognition and measurement approach for all contracts that are, or contain, a lease, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets (e.g. leases of tablet and personal computers, small items of office equipment and telephones). For these exempted leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease liability is presented as a separate line in the balance sheets. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability using the effective interest method, and reducing the carrying amount to reflect the lease payments made. The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, initial direct cost, less any lease incentive received. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under FRS 37. To the extent that the cost relates to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful life of the underlying asset. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The depreciation starts at the commencement date of the lease.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

l) Leases (cont'd)

When a Group entity is the lessee (cont'd)

Right-of-use assets (cont'd)

The right-of use assets (except for those which meets the definition of an investment property) are presented as a separate line in the balance sheets.

The Group applies FRS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2(h).

When a Group entity is the lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Group applies FRS 115 to allocate the consideration under the contract to each component.

m) Cash and cash equivalents in the statements of cash flows

For the purpose of presentation on the statements 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 is measured based on the consideration to which the Group and the Institute expect to be entitled in exchange for transferring promised goods or services to the customer.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

n) Revenue recognition (cont'd)

(i) Members' annual fees and Members' admission fees

The Institute is the national accountancy professional body and provides membership services to its members. Such members' annual fees are recognised as a performance obligation satisfied over time. Member's annual fee is recognised as income in the period to which the annual fees relates. Unearned income relating to future period is included in contract liabilities. The members' annual fee is non-refundable and payable upon membership renewal. Members fees are stated net of all fee waivers granted during the year.

The Group provides members administrative services in the application of membership status. The admission fees are due upon submission of membership application and non-refundable. The admission fees are recognised as income in the year during which membership commences, or upon an event that the application is unsuccessful. Unearned income relating to service to be rendered in future periods is included in contract liabilities.

(ii) Services

– Course fees (from continuing professional education, training and seminars), subscription fees and management fees

The Group provides training courses relating to the continuing professional education for its members. Such services are recognised as a performance obligation satisfied over time and are recognised based on the passage of time. For e-learning courses, revenue is recognised over the period whereby participant is granted access to the modules on the e-learning platform. Course fees are stated net of course credits or discounts and excludes the value of complimentary courses.

Income from subscription fees and management fees are recognised as a performance obligation satisfied over time and are recognised in the period during which service is provided, having regards to the stage of completion of the service.

Unearned income relating to service to be rendered in future periods is included in contract liabilities. Subscription fees are recognised as income in the year to which the subscription relates. The above fees are due upon registration, and non-refundable.

– Administrative fee income

Administrative fee income from CA Qualification is recognised as a performance obligation satisfied over time. Revenue is recognised over the duration of the service period provided, having regards to the stage of completion determined based on man hours incurred to date over the budgeted man hours. A contract asset is recognised when the Group has performed under the contract but has not yet billed the client. The Group will bill client in accordance to the billing terms in the service agreement and payment within 30 days from the invoice date is required. No element of financing is deemed present. Direct expenses incurred by the Group is reimbursed at cost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

n) Revenue recognition (cont'd)

(ii) Services (cont'd)

– Practice monitoring review income

Practice monitoring review income from inspection services on audits performed by public accountants are recognised as a performance obligation satisfied over time. The services performed has no alternative use due to the contractual restriction and the Group has enforceable rights to payment arising from the contractual terms. Revenue is recognised over the duration of the service period provided, having regards to the stage of completion determined based on man hours incurred to date over the budgeted man hours. A contract asset is recognised when the Group has performed under the contract but has not yet billed the client. The Group will bill client in accordance to the billing terms in the service agreement and payment within 30 days from the invoice date is required. No element of financing is deemed present.

(iii) Interest income

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

(iv) Rental income

Rental income from operating leases are recognised on a straight-line basis over the lease term. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(v) Donations

Donations are recognised as and when they are received. Income from fund-raising events is recognised when the event has occurred.

o) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

p) 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. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

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 except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the balance sheet date.

q) 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 profit or loss 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 profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

r) Discontinued operations

A component of the Group is classified as "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area or operations.

In the statement of profit or loss and other comprehensive income of the current financial period and the comparative period, all income and expenses from discontinued operation are reported separately from income and expenses from continuing operations, down to the level of surplus after tax. The resulting net gain or loss is reported separately in income or expenditure.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 CRITICAL ACCOUNTING JUDGEMENTS 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, which are described in Note 2, 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 in the preceding paragraphs).

Business model assessment

Classification and measurement of financial assets depends on the cashflows that are solely payments of principal and interest ("SPPI") and the results of the business model test (refer to Note 2(i)). The Group and the Institute determine the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated.

The Group and the Institute classify a portfolio of financial assets that is managed and whose performance is evaluated on a fair value basis as financial assets at fair value through profit or loss. Such portfolio of financial assets is neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. The collection of contractual cash flows is only incidental to achieving the business model's objective. The Group's and the Institute's primary focus on a portfolio of financial assets is on the fair value information and uses that information to assess the assets' performance and to make decisions.

The Group and the Institute monitor financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reasons for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Financial assets are not reclassified subsequent to their initial recognition unless the Group and the Institute change its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

For leases of office space and equipment, the following factors are considered to be most relevant:

- If any leasehold improvements are expected to have a significant remaining value, the Group includes the extension option in lease liabilities; and
- The Group considers other factors including its historical lease periods and the costs and business disruption required to replace the leased asset.

As at 31 December 2021, potential future cash outflows have not been included in the lease liability because the Group and the Institute are still negotiating on the renewal terms. As at 31 December 2020, potential future cash outflows had not been included in the lease liability because it was not reasonably certain that the leases would be extended.

The assessment of reasonable certainty to exercise extension option is only revised if a significant change in circumstances occurs which affects this assessment, and that is within the control of the lessee.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

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.

Depreciation of property, plant and equipment and investment property

The cost of property, plant and equipment and investment property 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 property 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 property, and the depreciation charges for the financial year.

The carrying amounts of the Group's and the Institute's property, plant and equipment and investment property as at 31 December 2021 and the annual depreciation charges for the financial year ended 31 December 2021 are disclosed in Notes 9 and 11 respectively.

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 of disposal 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, right-of-use assets, investment property and intangible assets are disclosed in Notes 9, 10, 11 and 14 respectively.

4 INCOME

a) Disaggregation of revenue

	Group		Institute	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Timing of transfer of goods or services				
At a point in time	**1,223**	996	**1,223**	996
Over time	**18,261**	18,059	**18,261**	18,059
	19,484	19,055	**19,484**	19,055

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4 INCOME (CONT'D)

b) Revenue recognised during the financial year from:

	Group 2021 $'000	Group 2020 $'000	Institute 2021 $'000	Institute 2020 $'000
Amounts included in contract liabilities at beginning of the financial year	2,747	2,524	2,747	2,519

c) Transaction price allocated to remaining performance obligations

The aggregate amount of transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December 2021 is $740,000 (2020: $356,000). The Group and Institute expect to recognise $740,000 (2020: $356,000) as revenue relating to the transaction price allocated to the unsatisfied (or partially unsatisfied) performance obligations as at 31 December 2021 in the financial year ending 31 December 2022.

The Group applies the practical expedient in FRS 115 and does not disclose information about its remaining performance obligation if the performance obligation is part of a contract that has an original expected duration of one year or less.

	Group 2021 $'000	Group 2020 $'000	Institute 2021 $'000	Institute 2020 $'000
Other income				
Advertising income	**60**	66	**60**	66
CA Qualification fee	**635**	483	**635**	483
Government grants	**713**	1,853	**713**	1,853
Net fair value gain with respect to financial assets at FVTPL	**523**	4,679	**523**	4,679
Management fees	**(22)**	148	**(17)**	203
Other fees	**104**	124	**104**	124
Other registration and subscription fees	**22**	9	**–**	–
Rental income from investment property (Note 11)	**961**	961	**961**	961
Rental income – others	**42**	–	**42**	–
Sundry income	**328**	259	**328**	259
	3,366	8,582	**3,349**	8,628

Government grant income of $432,000 (2020: $1,526,000) was recognised during the financial year under the Jobs Support Scheme (the "JSS"). Under the JSS, the Singapore Government will co-fund gross monthly wages paid to each local employee through cash subsidies with the objective of helping employers retain local employees during the period of economic uncertainty. In determining the recognition of the JSS grant income, management has evaluated and concluded that the period of economic uncertainty commenced in April 2020 when the COVID-19 pandemic started affecting the Group's operations.

Government grant income of $46,000 (2020: $Nil) of the Group and the Institute was received under the Enhanced Work-Life Grant ("EWLG") to support companies that have applied flexible work arrangements to ensure business continuity and the safety of their workers during the COVID-19 pandemic.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

5 SURPLUS BEFORE RESULTS OF ASSOCIATE

The following items have been included in arriving the surplus before results of associate:

	Group		Institute	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Expenses				
Advertisement expenses	**304**	284	**304**	284
Amortisation of intangible assets (Note 14)	**450**	455	**450**	455
Bad debts written off				
– third parties	**6**	5	**6**	2
– amounts due from subsidiaries	**–**	–	**8**	16
Depreciation of investment property (Note 11)	**302**	302	**302**	302
Depreciation of property, plant and equipment (Note 9)	**516**	495	**516**	495
Depreciation of right-of-use assets (Note 10)	**2,040**	2,040	**2,040**	2,040
Direct costs of providing training and other courses	**2,178**	1,939	**2,164**	1,934
Finance cost (Note 23)	**4**	4	**4**	4
Interest expense on lease liabilities	**98**	148	**98**	148
Property, plant and equipment, right-of-use assets and intangible assets written off	**5**	10	**5**	10
Rental expenses	**14**	17	**12**	16
Repair and maintenance	**248**	281	**248**	281
Publications	**409**	401	**409**	401
Seminar and talk expenses	**264**	201	**264**	201
Staff costs (Note 6)	**11,328**	11,957	**11,328**	11,957
Website and IT expenses	**966**	990	**966**	990

6 STAFF COSTS

	Group		Institute	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Salaries and bonuses	**10,042**	10,636	**10,042**	10,636
Contributions to CPF	**1,146**	1,200	**1,146**	1,200
Other employee benefit expenses	**140**	121	**140**	121
	11,328	11,957	**11,328**	11,957

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

7 INCOME TAX EXPENSE

Income tax expense attributable to results is made up of:

	Group		Institute	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
From continuing operations				
Current income tax provision	**281**	140	**281**	140
Deferred tax	**(33)**	8	**(33)**	8
(Over)/under provision in respect of previous financial years:				
– current income tax	**(11)**	8	**(11)**	8
– deferred income tax	**26**	(17)	**26**	(17)
	263	139	**263**	139
From discontinued operations				
Current income tax provision	**–**	–	**–**	–
	263	139	**263**	139

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 surplus/(deficit) before tax due to the following factors:

	Group		Institute	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Surplus/(deficit) before tax from				
– continuing operations	**2,138**	6,681	**2,150**	6,718
– discontinued operations	**–**	(1,450)	**–**	–
	2,138	5,231	**2,150**	6,718
Tax calculated at a tax rate of 17% (2020: 17%)	**363**	889	**366**	1,142
Singapore statutory stepped income exemption	**(17)**	(17)	**(17)**	(17)
Income not subject to tax	**(203)**	(1,055)	**(203)**	(1,055)
Expenses not deductible for tax purposes	**121**	337	**120**	87
Under/(over) provision in respect of previous financial years	**15**	(9)	**15**	(9)
Others	**(16)**	(6)	**(18)**	(9)
	263	139	**263**	139

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

8 DISCONTINUED OPERATIONS

On 31 March 2020, ISCA had withdrawn as a member of Singapore Chartered Tax Professionals Limited ("SCTP") (formerly known as Singapore Institute of Accredited Tax Professionals Limited). This is to enable SCTP to be an independent professional body. No consideration was received for the withdrawal.

(a) An analysis of the results of discontinued operations is as follows:

	Group 2021 $'000	Group 2020 $'000
Income for the year		
Members' annual fees	–	203
Members' admission fees	–	35
Income from seminars, events and talks	–	12
Other income:		
– Interest income from financial institutions	–	4
– Others	–	3
Total income	–	257
Less expenditure		
Expenses	–	(177)
Surplus before tax from discontinued operations	–	80
Income tax expense	–	–
Surplus after tax from discontinued operations	–	80
Loss on disposal of a subsidiary	–	(1,530)
Deficit from discontinued operations, net of tax	–	(1,450)

(b) The impact of the discontinued operations on the cash flows of the Group are as follows:

	Group 2021 $'000	Group 2020 $'000
Operating cash flows	–	(185)
Investing cash flows	–	6
	–	(179)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

9 PROPERTY, PLANT AND EQUIPMENT

	Furniture and office equipment $'000	Computers $'000	Renovation $'000	Total $'000
Cost				
Balance at 1 January 2020	1,073	2,178	388	3,639
Additions	29	115	–	144
Written off	(60)	(251)	–	(311)
Balance at 31 December 2020	1,042	2,042	388	3,472
Additions	19	246	–	265
Written off	(90)	(440)	–	(530)
Balance at 31 December 2021	**971**	**1,848**	**388**	**3,207**
Accumulated depreciation and impairment				
Balance at 1 January 2020	698	1,590	101	2,389
Depreciation charge for the financial year	123	272	101	496
Written off	(48)	(250)	–	(298)
Balance at 31 December 2020	773	1,612	202	2,587
Depreciation charge for the financial year	119	296	101	516
Written off	(89)	(436)	–	(525)
Balance at 31 December 2021	**803**	**1,472**	**303**	**2,578**
Carrying amount				
Balance at 31 December 2020	269	430	186	885
Balance at 31 December 2021	**168**	**376**	**85**	**629**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

9 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Furniture and office equipment $'000	Computers $'000	Renovation $'000	Total $'000
Cost				
Balance at 1 January 2020	1,068	2,148	388	3,604
Additions	29	115	–	144
Written off	(55)	(221)	–	(276)
Balance at 31 December 2020	1,042	2,042	388	3,472
Additions	19	246	–	265
Written off	(90)	(440)	–	(530)
Balance at 31 December 2021	**971**	**1,848**	**388**	**3,207**
Accumulated depreciation				
Balance at 1 January 2020	696	1,562	101	2,359
Depreciation charge for the financial year	123	271	101	495
Written off	(46)	(221)	–	(267)
Balance at 31 December 2020	773	1,612	202	2,587
Depreciation charge for the financial year	119	296	101	516
Written off	(89)	(436)	–	(525)
Balance at 31 December 2021	**803**	**1,472**	**303**	**2,578**
Carrying amount				
Balance at 31 December 2020	269	430	186	885
Balance at 31 December 2021	**168**	**376**	**85**	**629**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

9 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Depreciation charge is taken up as follows:

	Group		Institute	
	2021 $'000	2020 $'000	**2021 $'000**	2020 $'000
Statement of Profit or Loss and Other Comprehensive Income:				
Continuing operations:				
– Operating expenses (Note 5)	**516**	495	**516**	495
Discontinued operations:				
– Operating expenses	**–**	1	–	–
	516	496	**516**	495

Group and Institute

Included in additions of property, plant and equipment of the Group and Institute is an amount of $Nil (2020: $30,000) payable to third parties. The cash outflow on additions to property, plant and equipment of the Group and Institute was $295,000 (2020: $512,000).

10 RIGHT-OF-USE ASSETS

	Lease property $'000	Office equipment $'000	Total $'000
Group and Institute			
Cost			
Balance at 1 January 2020	7,842	165	8,007
Additions	–	37	37
Written off	–	(20)	(20)
Balance at 31 December 2020 and 31 December 2021	**7,842**	**182**	**8,024**
Accumulated depreciation and impairment			
Balance at 1 January 2020	2,251	39	2,290
Depreciation charge for the financial year	2,002	38	2,040
Written off	–	(16)	(16)
Balance at 31 December 2020	4,253	61	4,314
Depreciation charge for the financial year	2,003	37	2,040
Written off	–	–	–
Balance at 31 December 2021	**6,256**	**98**	**6,354**
Carrying amount			
Balance at 31 December 2020	3,589	121	3,710
Balance at 31 December 2021	**1,586**	**84**	**1,670**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

11 INVESTMENT PROPERTY

	Group and Institute	
	2021	2020
	$'000	$'000
Cost		
Balance at 1 January and 31 December	**15,122**	15,122
Accumulated depreciation		
Balance at 1 January	**4,334**	4,032
Depreciation charge (Note 5)	**302**	302
Balance at 31 December	**4,636**	4,334
Carrying amount		
Balance at 31 December	**10,486**	10,788

a) The following amounts are recognised in profit or loss:

	Group and Institute	
	2021	2020
	$'000	$'000
Rental income from investment property	**961**	961
Direct operating expenses arising from investment property that generated rental income	**(153)**	(158)
Depreciation charge	**(302)**	(302)

b) In accordance with the Constitution of the Institute, the freehold building is held by Institute of Singapore Chartered Accountants Pte. Ltd. in trust for the Institute.

Location	**Floor area**	**Tenure (Square metres)**
6 Raffles Quay #23-00 Singapore 048580	941	Freehold

12 SUBSIDIARIES AND INTRA-GROUP TRANSACTIONS

a) Investments in subsidiaries

	Institute	
	2021	2020
	$'000	$'000
Unquoted equity shares, at cost	**–***	–*

* Amount of $3.

Singapore Chartered Tax Professionals Limited (formerly known as Singapore Institute of Accredited Tax Professionals Limited) had ceased to be a subsidiary with effect from 31 March 2020. There is no cost of investment as it is a company limited by guarantee.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

12 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 2021 %	2020 %
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
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.				
ISCA Cares Limited[(1)(3)]	Singapore	To provide needy 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) 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 27).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

12 SUBSIDIARIES AND INTRA-GROUP TRANSACTIONS (CONT'D)

c) Disposal of a subsidiary

On 31 March 2020, ISCA had withdrawn as a member of Singapore Chartered Tax Professionals Limited ("SCTP") (formerly known as Singapore Institute of Accredited Tax Professionals Limited). This is to enable SCTP to be an independent professional body. No consideration was received for the withdrawal.

Carrying amounts of assets and liabilities as at the date of disposal:

	2020 $'000
Cash and cash equivalents	1,649
Property, plant and equipment	4
Contract assets	179
Trade and other receivables	62
Total assets	1,894
Trade and other payables	72
Contract liabilities	70
Other current liabilities	219
Provision	3
Total liabilities	364
Identified net assets disposed	1,530
Loss on disposal of subsidiary:	
Net assets derecognised	1,530
Consideration paid in cash and cash equivalents:	
Cash and cash equivalents in subsidiary disposed	(1,649)
Net cash outflow on disposal of subsidiary	(1,649)

d) Intra-group transactions

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

	Institute	
	2021 $'000	**2020 $'000**
Income		
Management fees	**5**	55
Expenditure		
Disbursement of expenses	**5**	5

The Institute, as part of supporting ISCA Cares Limited (the "Charity") contributed 1,970 hours (2020: 2,179 hours) to support the administration of the Charity for the financial year ended 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

13 ASSOCIATE

	Group		Institute	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Investment in associate	**85**	102	**–**	–

Details of associate are as follows:

Name of associate	Country of incorporation	Principal activities	Effective interest held by the Group	
			2021	2020
			%	%
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.

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:

	2021	2020
	$'000	$'000
Revenue	**140**	163
(Loss)/profit after tax	**(34)**	28
Non-current assets	**3**	2
Current assets	**281**	232
Current liabilities	**(115)**	(31)
Net assets	**169**	203
Group's share of net assets based on proportion of ownership interest, representing net carrying amount of investment	**85**	102

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

14 INTANGIBLE ASSETS

	Computer software $'000	Others $'000	Total $'000
Group			
Cost			
At 1 January 2020	2,014	348	2,362
Additions	506	302	808
Written off	(139)	(22)	(161)
At 31 December 2020	2,381	628	3,009
Additions	103	54	157
Written off	(484)	(19)	(503)
At 31 December 2021	**2,000**	**663**	**2,663**
Accumulated amortisation			
At 1 January 2020	1,461	177	1,638
Amortisation charge for the financial year	336	124	460
Written off	(139)	(21)	(160)
At 31 December 2020	1,658	280	1,938
Amortisation charge for the financial year	293	162	455
Written off	(484)	(19)	(503)
At 31 December 2021	**1,467**	**423**	**1,890**
Carrying amount			
At 31 December 2020	723	348	1,071
At 31 December 2021	**533**	**240**	**773**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

14 INTANGIBLE ASSETS (CONT'D)

	Computer software $'000	Others $'000	Total $'000
Institute			
Cost			
At 1 January 2020	1,991	348	2,339
Additions	506	302	808
Written off	(139)	(22)	(161)
At 31 December 2020	2,358	628	2,986
Additions	103	54	157
Written off	(484)	(19)	(503)
At 31 December 2021	**1,977**	**663**	**2,640**
Accumulated amortisation			
At 1 January 2020	1,455	177	1,632
Amortisation charge for the financial year	331	124	455
Written off	(139)	(21)	(160)
At 31 December 2020	1,647	280	1,927
Amortisation charge for the financial year	288	162	450
Written off	(484)	(19)	(503)
At 31 December 2021	**1,451**	**423**	**1,874**
Carrying amount			
At 31 December 2020	711	348	1,059
At 31 December 2021	**526**	**240**	**766**

Amortisation charge is taken up as follows:

	Group		Institute	
	2021 $'000	2020 $'000	**2021 $'000**	2020 $'000
Statement of Profit or Loss and Other Comprehensive Income:				
– Operating expenses (Note 5)	**450**	455	**450**	455
ISCA Cares Fund	**5**	5	–	–
	455	460	**450**	455

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

14 INTANGIBLE ASSETS (CONT'D)

Computer software comprises membership, financial management and administrative systems.

Others comprise intellectual property, website development and development costs of e-learning platform, including development costs of the educational system and curriculum contents.

Included in additions of intangible assets of the Group and Institute are payable to third parties of $57,000 (2020: $120,000). The cash outflows on additions to intangible assets of the Group and Institute were $220,000 (2020: $736,000) and $220,000 (2020: $736,000) respectively.

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group and Institute	
	2021	2020
	$'000	$'000
Financial assets measured at FVTPL		
– Funds placed with fund managers	**60,485**	55,236

The above instruments offer the Group and Institute the opportunities for returns arising from fair value gains/loss measured at fair value through profit or loss.

16 INVENTORIES

	Group		Institute	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Merchandise for E-store	**4**	4	**4**	4
Pouches and notebooks	**1**	1	**–**	–
	5	5	**4**	4

17 CONTRACT ASSETS

Contract assets relate to the Group's and the Institute's rights to consideration for work completed but not billed at the reporting date.

Judgements are used to estimate the man hours to complete. In making these estimates, management has relied on past experience of completed projects. The estimated total contract costs is reviewed every reporting period and adjusted where necessary, with the corresponding effect of change being recognised prospectively from the date of change.

	2021	2020	1.1.2020
	$'000	$'000	$'000
Group			
Trade receivables from contracts with customers	**730**	716	1,010
Contract assets	**320**	304	365

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

17 CONTRACT ASSETS (CONT'D)

	2021 **$'000**	2020 $'000	1.1.2020 $'000
Institute			
Trade receivables from contracts with customers	**730**	716	1,124
Contract assets	**320**	304	365

Contract assets have increased mainly due to an increase in the unbilled amounts for practice monitoring review services of $10,000 (2020: decrease of $130,000) and fee income from CA Qualification of $6,000 (2020: $69,000) in the financial year ended 31 December 2021.

18 CONTRACT LIABILITIES

Contract liabilities comprise course fees and subscription fees received in advance from participants and/or members for courses or events organised by the Group or the Institute and members annual fee, respectively. Contract liabilities are recognised as revenue as (or when) the Group and the Institute satisfy the performance obligations under its contracts.

	Group			**Institute**		
	2021 **$'000**	2020 $'000	1.1.2020 $'000	**2021** **$'000**	2020 $'000	1.1.2020 $'000
Contract liabilities	**1,903**	2,747	2,524	**1,903**	2,747	2,519

Contract liabilities have decreased mainly due to a reduction in the advances received from subscription fees of $889,000 (2020: an increase of $69,000) and an increase in advances received from course fees of $35,000 (2020: $46,000) in the financial year ended 31 December 2021.

19 TRADE AND OTHER RECEIVABLES

	Group		**Institute**	
	2021 **$'000**	2020 $'000	**2021** **$'000**	2020 $'000
Trade receivables – third parties	**730**	716	**730**	716
Deposits	**532**	534	**532**	534
Interest receivables	**16**	36	**15**	35
Prepayments	**594**	637	**594**	626
Grant receivable from				
– Jobs Support Scheme	**–**	180	**–**	180
– Projects	**1,437**	–	**1,437**	–
Others	**85**	283	**74**	278
	3,394	2,386	**3,382**	2,369

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

20 CASH AND CASH EQUIVALENTS

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

	Group		Institute	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Interest bearing accounts	**11,340**	16,627	**9,908**	15,828
Non-interest bearing accounts	**4,072**	1,526	**4,061**	1,525
	15,412	18,153	**13,969**	17,353
Less:				
Fixed deposits pledged	**(67)**	(67)	**(67)**	(67)
Undisbursed balance of ISCA Support Fund	**(2,901)**	–	**(2,901)**	–
Cash and cash equivalents per Statements of Cash Flows	**12,444**	18,086	**11,001**	17,286

Included in interest bearing accounts of the Group and Institute are fixed deposits amounting to $10,508,000 (2020: $14,879,000) and $9,287,000 (2020: $14,262,000) respectively which are placed for varying periods between 2 to 12 months (2020: 3 to 12 months) depending on the immediate cash requirements of the Group and the Institute, and earn interest of 0.10% to 0.58% (2020: 0.25% to 1.72%) per annum. Fixed deposits of the Group and Institute amounting to $67,000 (2020: $67,000) are pledged to bank for banking facilities.

Included in interest bearing accounts of the Group is the bank balance of ISCA Cares Fund amounting to $1,467,000 (2020: $844,000), of which $35,000 (2020: $45,000) is held by the Institute.

Included in interest bearing accounts of the Group is a balance of $2,901,000 that was set up in a designated bank account by the Institute for the Enterprise Singapore ("ESG") - SG Together Enhancing Enterprise Resilience ("STEER") programme as disclosed in Note 26. The disbursement from this bank account shall be made based on agreed areas of support to fund recipients as stipulated in the Letter of Award with ESG. An amount of $967,000 in the designated bank account relates to the balance of the advance received from ESG as at 31 December 2021.

21 DEFERRED TAX LIABILITIES

Movements in deferred tax liabilities during the financial year were as follows:

	At 1 January 2020 $'000	Recognised in profit or loss $'000	At 31 December 2020 $'000	Recognised in profit or loss $'000	**At 31 December 2021 $'000**
Group and Institute					
Deferred tax liabilities:					
Difference in depreciation for tax purposes	(257)	(4)	(261)	46	**(215)**
Provisions and accruals	145	13	158	(39)	**119**
	(112)	9	(103)	7	**(96)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

22 LEASE LIABILITIES

	Group		Institute	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Non-current				
Lease liabilities (secured)	**52**	1,717	**52**	1,717
Current				
Lease liabilities (secured)	**1,665**	2,046	**1,665**	2,046
	1,717	3,763	**1,717**	3,763

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Lease liabilities	
	2021	2020
	$'000	$'000
Balance at 1 January	**3,763**	5,726
Additions	**–**	37
Changes from financing cash flows:		
– Repayments	**(2,046)**	(1,996)
– Interest paid	**(98)**	(148)
Non-cash changes:		
– Interest expense	**98**	148
– Termination	**–**	(4)
Balance at 31 December	**1,717**	3,763

23 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	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
At beginning of financial year	**342**	338	**342**	338
Unwind of discount	**4**	4	**4**	4
At end of financial year	**346**	342	**346**	342

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 lease is 1 year (2020: 2 years).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

24 TRADE AND OTHER PAYABLES

	Group		Institute	
	2021	2020	**2021**	2020
	$'000	$'000 (restated)	**$'000**	$'000 (restated)
Non-current				
Deposits received	**240**	240	**240**	240
Current				
Trade payables	**1,386**	418	**1,381**	418
Goods and Services Tax payable	**114**	247	**114**	247
Amount due to subsidiaries	**–**	–	**37**	48
Accrued operating expenses	**1,577**	1,885	**1,567**	1,873
Accrual for unutilised annual leave	**351**	585	**351**	585
Billings in advance	**224**	197	**224**	197
Grants received	**987**	66	**987**	66
Other payables	**–**	128	**–**	–
	4,639	3,526	**4,661**	3,434

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

25 DEFERRED INCOME

Deferred income refers to deferred grant income receivable under the Jobs Support Scheme from the Government to provide wage support to employers to retain their local employees during the period of economic uncertainty. The grant receivable was fully recognised in the financial year ended 31 December 2021.

26 ISCA SUPPORT FUND

a) Support for Small and Medium Enterprises

	Group and Institute 2021 $'000
At beginning of financial year	**–**
Transfer from Accumulated Fund	**2,000**
Disbursement to recipients	**(99)**
Disbursement funded by Enterprise Singapore ("ESG")	**33**
Deficit for the year	**(66)**
At the end of financial year	**1,934**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

26 ISCA SUPPORT FUND (CONT'D)

a) Support for Small and Medium Enterprises (cont'd)

With the support of ESG's SG Together Enhancing Enterprise Resilience ("STEER") programme, a $3 million funding had been set up that goes towards accelerating the digital transformation and upskilling efforts of small and medium practices ("SMPs"), as well as provide working capital to SMPs affected by the pandemic. Through the STEER programme, ESG will match $1 for every $2 contributed by ISCA and eligible SMPs could apply for funding in the areas of working capital, business growth and upgrading of capabilities. During the financial year, the Institute received a $1 million advance from ESG and transferred its share of $2 million to the ISCA Support Fund. As at the end of the year, funding support totaling $1.41 million to 137 SMPs have been approved. The disbursement of funds is expected to be made to these SMPs over the period from September 2021 to July 2022, of which $99,000 has been disbursed as at 31 December 2021.

b) Support for Members

$5 million of support was allocated towards supporting ISCA members to help members who are experiencing financial difficulties due to the economic impact of COVID-19. During the financial year ended 31 December 2021, $100/– CPE course credit vouchers totaling $3 million in value were issued to all member for upskilling and reskilling for the post COVID-19 environment. To further assist specific members who experienced financial difficulties due to the economic impact of COVID-19, membership fees were waived for these members, who also received complimentary training packages to enable them to acquire new skills that enhance employability.

During the financial year ended 31 December 2021, $806,000 from the credit vouchers were utilised, and 495 members received membership fee waivers amounting to $200,000 and 496 members received complimentary training courses packages valued at $313,000.

Members' annual fees and Income from Continuing Professional Education as disclosed in Note 2 are stated net of all CPE course credits, membership fees waivers and fees waived under the complimentary course packages. The value of these fees waivers and course credits for the financial year ended 31 December 2021 were:–

	Group and Institute 2021 $'000
$100/– CPE course credit vouchers	729
Complimentary course fees	93
Waived membership fees	200
	1,022

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

27 ISCA CARES FUND

	Group	
	2021	2020
	$'000	$'000
At beginning of financial year	**740**	712
Donations received:		
– Tax deductible receipts	**318**	209
– Non-tax deductible receipts	**5**	1
Donations-in-kind	**64**	–
Other income:		
– Fund raising activity	**139**	–
– Government grant	**468**	–
– Interest income	**4**	7
Cost of notebooks and pouches	**–**	(1)
Bursary awards	**(133)**	(164)
Fund raising expenses	**(102)**	–
Administrative expenses	**(21)**	(24)
At end of financial year	**1,482**	740
Represented by:		
Non-current assets		
Intangible assets	**6**	11
Current assets		
Cash and cash equivalents	**1,467**	844
Trade and other receivables	**13**	18
Inventories	**1**	1
	1,481	863
Total assets	**1,487**	874
Current liabilities		
Trade and other payables, representing total liabilities	**(5)**	(134)
Net assets	**1,482**	740

The purpose of the ISCA Cares Fund is to provide needy 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 2021

28 SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the Group/Institute have the following significant transactions between the Group/Institute and related parties during the financial year on terms agreed by the parties concerned.

Key management personnel compensation comprise:

	Group and Institute	
	2021	2020
	$'000	$'000
Short-term employee benefits	**1,803**	1,933
Contribution to CPF	**119**	105
	1,922	2,038

29 COMMITMENTS

Other commitment – Institute

As at 31 December 2021, the Institute has provided continuing financial support of $40,000 (2020:$35,000) to a subsidiary which is in net liability position.

30 LEASES

a) The Group and the Institute as a lessee

Nature of the Group's and the Institute's leasing activities

The Group and the Institute lease property 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 maturity analysis of the lease liabilities is disclosed in Note 31(b).

Information about leases for which the Group is a lessee is presented below:

Carrying amount of right-of-use assets

The carrying amount and additions of right-of-use assets are disclosed in Note 10.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

30 LEASES (CONT'D)

a) The Group and the Institute as a lessee (cont'd)

Amounts recognised in profit or loss

	2021 $'000	2020 $'000
Depreciation charge for the financial year		
Lease property	**2,003**	2,002
Office equipment	**37**	38
Total	**2,040**	2,040
Interest expense on lease liabilities	**98**	148

	Group		Institute	
	2021 $'000	2020 $'000	**2021 $'000**	2020 $'000
Lease expense not included in the measurement of lease liabilities				
Lease expense				
– short term leases (Note 5)	**14**	17	**12**	16

Total cash flow for leases amounted to $2,158,000 (2020: $2,161,000) and $2,156,000 (2020: $2,160,000) for the Group and the Institute respectively.

Extension option

The property lease agreement contains an extension option, for which the related lease payments had not been included in the lease liabilities as the Group is not reasonably certain to extend the lease. These are used to maximise operational flexibility in terms of managing the asset used in the Group's operations.

b) The Group and the Institute as a lessor

The Group and the Institute leased out its investment property to a third party for monthly lease payments. The lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Rental income from investment property is disclosed in Note 11.

The following table shows the maturity analysis of the undiscounted lease payments to be received:

	Group and Institute	
	2021 $'000	2020 $'000
Within one year	**962**	961
1 to 2 years	**959**	962
3 to 4 years	**177**	959
5 to 6 years	**–**	177

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

31 FINANCIAL INSTRUMENTS

a) Categories of financial instruments

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

	Group		Institute	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Financial assets				
Financial assets at fair value through profit or loss	**60,485**	55,236	**60,485**	55,236
Financial assets at amortised costs	**18,213**	19,722	**16,758**	18,916
	78,698	74,958	**77,243**	74,152
Financial liabilities				
At amortised cost	**4,920**	6,305	**4,942**	6,342

b) Financial risk management

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

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 do not have significant credit risk exposures.

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

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

Description of evaluation of financial assets	Basis for recognition and measurement of ECL
Counterparty has a low risk of default and does not have any past due amounts.	12-month ECL
Contractual payments are more than 30 days past due or where there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
Contractual payments are more than 1 year past due or there is evidence of credit impairment.	Lifetime ECL – credit-impaired
There is evidence indicating that the Group has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, cannot be located or are not recoverable despite legal recourse made to recover the debt, and reminders and warning letters issued for debts due for more than 12 months.	Write-off

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

31 FINANCIAL INSTRUMENTS (CONT'D)

b) Financial risk management (cont'd)

Credit risk (cont'd)

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook that is available without undue cost or effort.

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

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date.

Definition of default

The Group considers an event of default for internal credit risk management purpose. Management considers that default has occurred when a financial asset is more than 1 year past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

Trade receivables and contract assets

The Group has applied the simplified approach to measure the lifetime expected credit loss allowance for trade receivables and contract assets.

The contract assets relate to unbilled work-in-progress, which have substantially the same risk characteristics as the trade receivables for the same type of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. Trade receivables and contract assets that shared the same credit risk characteristics and days past due are grouped together in measuring the expected credit losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

31 FINANCIAL INSTRUMENTS (CONT'D)

b) Financial risk management (cont'd)

Credit risk (cont'd)

Trade receivables and contract assets (cont'd)

The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions.

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

A trade receivable is written off when there is information indicating that there is no realistic prospect of recovery from the debtor such as when the debtor has been placed under liquidation, has entered into bankruptcy proceedings, cannot be located or are not recoverable despite legal recourse made to recover the debt, including reminders and warning letters issued for debts due for more than 12 months.

The Group and Institute assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Group and Institute measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

Other financial assets at amortised cost

Other financial assets at amortised costs include other receivables and cash and cash equivalents.

Credit risk exposure in relation to other financial assets at amortised costs as at 31 December 2021 and 31 December 2020 is insignificant, and accordingly no credit loss allowance is recognised as at 31 December 2021 and 31 December 2020. During the year, the bad debts written-off of the Group and the Institute was $5,000 (2020: $5,000) and $14,000 (2020: $18,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

31 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 table below summarises the maturity profile of the Group's and the Institute's non-derivative financial liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

	2021 $'000				2020 $'000			
	1 year or less	**1 to 5 years**	**Over 5 years**	**Total**	1 year or less	1 to 5 years	Over 5 years	Total
Group								
Trade and other payables (excluding lease liabilities)	**3,203**	**–**	**–**	**3,203**	2,542	–	–	2,542
Lease liabilities	**1,705**	**55**	**–**	**1,760**	2,143	1,760	–	3,903
Institute								
Trade and other payables (excluding lease liabilities)	**3,225**	**–**	**–**	**3,225**	2,578	–	–	2,578
Lease liabilities	**1,705**	**55**	**–**	**1,760**	2,143	1,760	–	3,903

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 profit or loss is considered not significant.

Price risk

Market price risk is the risk that the fair value or future cash flows of the Group's and the Institute's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group and the Institute are exposed to equity price risk arising from its investment in quoted equity instruments. These instruments were classified as financial assets at fair value through profit or loss. To manage price risk arising from investment in quoted equity instruments, the Group and the Institute diversify its portfolio in accordance with the limits set by the Group.

Sensitivity analysis

The sensitivity analysis for price risk is not disclosed if prices for equity securities change by 2% with all other variables being constant, as the effect on profit or loss is considered insignificant.

Funds placed with fund managers comprise a portfolio of equity instruments, debt instruments, derivatives and cash and cash equivalents. The Group and the Institute are exposed to changes in market prices, interest rate risk and foreign exchange risk with respect to its funds placed with fund managers. Fair values of debt instruments at fixed rates may fluctuate due to changes in market interest rates. A 2% increase/(decrease) in the fair value of the portfolio at the balance sheet date would increase/(decrease) the Group's and the Institute's profit or loss by $1,210,000 (2020: $1,105,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

31 FINANCIAL INSTRUMENTS (CONT'D)

b) Financial risk management (cont'd)

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 speculative purposes except for the use as hedging instruments where appropriate and cost-efficient. The Group does not apply hedge accounting.

The Group and the Institute do not have significant financial assets and liabilities held in foreign currency.

32 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) Fair value measurement of assets that are measured at fair value

The following table presents the assets measured at fair value at 31 December 2021.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Recurring fair value measurement				
2021				
Group and Institute				
Financial assets at fair value through profit or loss				
– Funds placed with fund managers	**32,154**	**28,331**	–	**60,485**
2020				
Group and Institute				
Financial assets at fair value through profit or loss				
– Funds placed with fund managers	17,826	37,410	–	55,236

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

32 FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

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

		Fair value measurement		
	Carrying amount	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**
2021				
Group and Institute				
Investment property	**10,486**	–	–	**27,800**
2020				
Group and Institute				
Investment property	10,788	–	–	28,000

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.

d) Determination of fair values

Fair values have been determined for measurement and/or disclosure purpose based on the following methods:

Funds placed with fund managers

The fair values of funds placed with fund managers are determined based on market prices of the financial instruments provided by financial institutions at the balance sheet date. These instruments are included in Level 1 or 2.

Investment property

The fair value is determined based on the property's highest and best use by an external and independent professional valuer 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 their value. The fair value measurement is categorised under Level 3 of the fair value hierarchy.

33 FUND MANAGEMENT

The Group's and the Institute's objectives when managing the accumulated fund and ISCA Cares Fund are to safeguard the Group's and the Institute's ability to maintain adequate working capital, 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

34 COMPARATIVES

Prior year reclassification has been made to reclassify deposits received from the rental of investment property from current to non-current liability to better reflect the nature of the transaction and do not have any impact on the profit or loss and other comprehensive income or cash flows.

The comparative figures have been restated as follows:

	As previously reported $'000	Reclassification $'000	As restated $'000
Group			
Balance Sheet			
Current liabilities			
Trade and other payables (Note 24)	3,766	(240)	**3,526**
Deposits received	240	(240)	**–**
Non-current liabilities			
Other payables	–	240	**240**
Institute			
Balance Sheet			
Current liabilities			
Trade and other payables (Note 24)	3,674	(240)	**3,434**
Deposits received	240	(240)	**–**
Non-current liabilities			
Other payables	–	240	**240**

35 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 2021 were authorised for issue by the Council on 15 March 2022.