THE INSTITUTE OF BANKING AND FINANCE

(Incorporated in Singapore. Registration Number: 197402045E)

ANNUAL REPORT

For the financial year ended 31 December 2018

THE INSTITUTE OF BANKING AND FINANCE
(Incorporated in Singapore)

ANNUAL REPORT
For the financial year ended 31 December 2018

Contents

COUNCIL MEMBERS' STATEMENT

For the financial year ended 31 December 2018

The Council Members present their statement to the members together with the audited financial statements of The Institute of Banking and Finance (the "Institute") for the financial year ended 31 December 2018.

In the opinion of the Council Members,

(a) the financial statements as set out on pages 6 to 31 are drawn up so as to give a true and fair view of the financial position of the Institute as at 31 December 2018 and of the financial performance , changes in members' fund and cash flows of the Institute for the financial year then ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Institute will be able to pay its debts as and when they fall due.

Council Members

The Council Members in office at the date of this statement are as follows:

Ravi Menon, Chairman
Samuel Tsien, Vice Chairman
Jacqueline Loh
Wee Ee Cheong
Piyush Gupta
Philip Lee
Guan Yeow Kwang
Loh Boon Chye
Judy Hsu
Amol Gupte
Julia Ng
Chong Yiun Lin
Patrick Tay (Appointed on 1 February 2018)
Karl Hamann (Appointed on 1 April 2018)
Tony Cripps (Appointed on 1 April 2018)
John Lee (Appointed on 1 April 2018)
Khor Hock Seng (Appointed on 1 April 2019)
Susan Soh (Appointed on 1 April 2019)

Council Members Contractual Benefits

No Council Member has received or become entitled to receive benefits by reason of a contract made by the Institute with the Council Member or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

COUNCIL MEMBERS' STATEMENT
For the financial year ended 31 December 2018

Share Capital and Options

The Institute does not have any share capital or share options.

Independent auditor

A resolution for the reappointment of the Institute's auditor will be proposed at the forthcoming Annual General Meeting.

On behalf of the Council Members

Ravi

Ravi Menon
Chairman

Samuel Tsien
Vice Chairman

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE INSTITUTE OF BANKING AND FINANCE

Report on the Audit of the Financial Statements

Our Opinion

In our opinion, the accompanying financial statements of The Institute of Banking and Finance (the "Institute") are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 ("the Act"), the Singapore Charities Act, Chapter 37 (the "Charities Act"), and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Institute as at 31 December 2018 and of the financial performance, changes in members' funds and cash flows of the Institute for the year ended on that date.

What we have audited

The financial statements of the Institute comprise:

- the statement of comprehensive income for the financial year ended 31 December 2018;
- the statement of financial position as at 31 December 2018;
- the statement of changes in members' funds for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

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

Independence

We are independent of the Institute in accordance with the Accounting and Corporate Regulatory Authority 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.

Other Information

Management is responsible for the other information. The other information comprises the Council Members' Statement and 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 and will not express any form of assurance conclusion thereon.

Other Information (continued)

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 on the other information, 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 Management and Council Members for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Institute'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 management either intends to liquidate the Institute or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE INSTITUTE OF BANKING AND FINANCE (continued)

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

- 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 Institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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 Institute'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 Institute 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.

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

Report on Other Legal and Regulatory Requirements

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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 7 May 2019

THE INSTITUTE OF BANKING AND FINANCE

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended 31 December 2018

	Note	**2018**	2017
		$	$
Income			
Fees from courses and examinations		**3,071,892**	2,394,619
Sale of publications		**68,985**	71,550
Members' subscriptions		**447,000**	422,000
(Loss) / gain on investments		**(1,057,306)**	1,806,161
Grants	13	**5,605,591**	3,144,403
Subscription fees from Learn@IBF		**317,800**	-
Other income		**85**	35
Loss on disposal of property and equipment		**(290)**	-
Total income		**8,453,757**	7,838,768
Expenditure			
Expenses for courses and examinations		**682,874**	560,407
Salaries and staff expenses	4	**5,836,438**	4,225,741
Office rental		**825,490**	401,472
Depreciation of property and equipment	11	**312,277**	368,011
Professional fees – Consultancy		**622,000**	126,000
Professional fees – Others		**294,353**	275,027
Electricity, telephone and postages		**20,171**	18,224
Data processing		**44,039**	37,472
Repairs and maintenance		**91,556**	42,922
IBF Project expenses	5	**798,697**	578,898
Printing, stationery and periodicals		**9,228**	9,732
Rental of copiers		**3,449**	2,640
Other administrative expenses		**5,185**	16,588
Total expenditure		**9,545,757**	6,663,134
Total comprehensive income for the year		**(1,092,000)**	1,175,634

There is no other comprehensive income for the financial year ended 31 December 2018 and 31 December 2017.

THE INSTITUTE OF BANKING AND FINANCE

STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Note	**2018**	2017
		$	$
ASSETS			
Current assets			
Cash and cash equivalents	7	**6,795,474**	30,860,724
Accounts receivables		**573,747**	77,436
Other receivables and prepayments	10	**4,592,229**	2,807,066
Investments	8	**23,249,034**	-
Derivative financial instruments	9	**213,237**	-
		35,423,721	33,745,226
Non-current assets			
Property and equipment	11	**1,307,737**	392,077
Total assets		**36,731,458**	34,137,303
LIABILITIES			
Current liabilities			
Payables	12	**4,197,052**	2,516,110
Advance fees for courses and examinations		**796,581**	423,565
Derivative financial instruments	9	**4,068**	-
FSDF claim disbursement account	13	**2,533,882**	957,252
		7,531,583	3,896,927
Non-current liabilities			
Payables	12	**82,620**	85,121
Members' funding contributions	14	**976,747**	922,747
		1,059,367	1,007,868
Total liabilities		**8,590,950**	4,904,795
NET ASSETS		**28,140,508**	29,232,508
EQUITY			
Members' funds		**29,232,508**	28,056,874
Accumulated gains		**(1,092,000)**	1,175,634
Total equity		**28,140,508**	29,232,508

The accompanying notes form an integral part of these financial statements

STATEMENT OF CHANGES IN MEMBERS' FUNDS
For the financial year ended 31 December 2018

	$
2018	
Beginning of financial year	**29,232,508**
Total comprehensive income	(1,092,000)
End of financial year	**28,140,508**
2017	
Beginning of financial year	**28,056,874**
Total comprehensive income	1,175,634
End of financial year	**29,232,508**

THE INSTITUTE OF BANKING AND FINANCE

STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2018

	Note	**2018**	2017
		$	$
Cash flows from operating activities			
(Loss) / profit after tax		**(1,092,000)**	1,175,634
Adjustments for:			
- Loss / (gain) on investments		**1,057,306**	(1,806,161)
- Depreciation	11	**312,277**	368,011
- Loss on disposal of property and equipment		**290**	-
		277,873	(262,516)
Changes in working capital:			
- Accounts receivables		**(496,311)**	43,816
- Other receivables and prepayments	10	**(1,785,163)**	52,545
- Payables	12	**1,678,441**	501,517
- Advance fees for courses and examinations		**373,016**	14,985
- FSDF claim disbursement account		**1,576,630**	(179,854)
- Derivative financial instruments		**(209,169)**	-
Net cash provided by operating activities		**1,415,317**	170,493
Cash flows from investing activities			
Proceeds from disposal of investments		**-**	27,529,439
Purchase of investments		**(24,306,340)**	
Proceeds from disposal of property and equipment		**-**	-
Purchase of property, plant and equipment	11	**(1,228,227)**	(230,702)
Net cash (used in) / provided by investing activities		**(25,534,567)**	27,298,737
Cash flows from financing activities			
Members funding contribution/ (refund) to members	14	**54,000**	(54,900)
Net cash provided by / (used in) financing activities		**54,000**	(54,900)
Net (decrease) / increase in cash and cash equivalents		**(24,065,250)**	27,414,330
Cash and cash equivalents at beginning of financial year	7	**30,860,724**	3,446,394
Cash and cash equivalents at end of financial year	7	**6,795,474**	30,860,724

The accompanying notes form an integral part of these financial statements

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

1. Corporate information

The Institute of Banking and Finance (the “Institute”) is a company limited by guarantee incorporated in Singapore.

The registered office of the Institute is located at 10 Shenton Way #13-07/08, MAS Building, Singapore 079117.

The Institute was established in 1974 as a not-for-profit industry association to foster and develop the professional competencies of the financial industry. The Institute represents the interests of close to 200 member financial institutions including banks, insurance companies, securities brokerages and asset management firms. In partnership with the financial industry, government agencies, trade unions and the training providers, the Institute is committed to equip practitioners with capabilities to support the growth of Singapore’s financial industry.

The principal activity of the Institute is to act as the national accreditation and certification agency for financial industry competency in Singapore under the IBF Standards, which were developed in partnership with the industry. The IBF Standards set out the functional skills required for 12 industry segments and more than 50 jobs in the financial industry, guiding IBF accreditation of structured skills training programmes. Individuals who complete the IBF-accredited skills training programmes and meet the relevant criteria may apply for IBF Certification.

As part of IBF’s expanded mandate to take on a more integrated approach to skills development, career planning, and job matching for the financial industry, the Institute also partners financial institutions to re-skill employees for expanded roles and develop capabilities in growth areas and acts as the programme manager for the administration of professional conversion programmes for the financial industry under Workforce Singapore’s Adapt and Grow initiative.

The Institute also provides personalised career advisory and job matching services to Singapore Citizens and Singapore Permanent Residents exploring a new role in, or career switch into the financial industry, under IBF Careers Connect.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”) under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Institute’s

2. Significant accounting policies (continued)

2.1 Basis of preparation (continued)

accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2018

On 1 January 2018, the Institute adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Institute's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

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

2.2 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Institute and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Fees from courses and examinations

Fees from courses and examinations are recognised when the courses or examinations are completed.

(b) Membership subscriptions

Fees from membership subscriptions are recognised proportionally over the membership term.

(c) Income from sale of publications

Income from sale of publications is recognised at point of sale.

(d) Other income

All other income is recognised on an accrual basis.

2. Significant accounting policies (continued)

2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Institute will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as 'Grant'.

2.4 Employee compensation

(a) Defined contribution plans

The Institute's contributions to defined contribution plans are recognised as employee compensation expense when the contributions are due.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

2.5 Operating lease payments

Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

2.6 Property and equipment

Property and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditure relating to property and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Institute and the cost of the item can be measured reliably.

2. Significant accounting policies (continued)

2.6 Property and equipment (continued)

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Computer hardware	3 years
Computer software	3 years
Training equipment	3 years
Office equipment	5 years
Furniture and fittings	5 years
Renovation	3 years

The residual values, estimated useful lives and depreciation method of property and equipment are reviewed, and adjusted as appropriate, at each statement of financial position date. The effects of any revision are recognised in profit or loss when the changes arise.

2.7 Impairment of non-financial assets

Property and equipment are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

If the recoverable amount of the asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

2. **Significant accounting policies** (continued)

2.8 Financial assets

(a) The accounting for financial assets before 1 January 2018 under FRS 39 are as follows:

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

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Changes in the fair value of financial assets at fair value through profit or loss are recognised in profit or loss when the changes arise.

Investments are designated at fair value through profit or loss at inception. The investments are managed and their performances are evaluated on a fair value basis, in accordance with the Institute's investment strategy. The investments are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the statement of financial position date.

Regular way purchases and sales of investments are recognised on trade date – the date on which the Institute commits to purchase or sell the asset.

Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Institute has transferred substantially all risks and rewards of ownership. On disposal of the investment, the difference between the carrying amount and the sale proceeds is recognised in profit or loss.

Changes in the fair values of the investments including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

(ii) Loans and receivables

Bank balances, accounts receivables and other receivables are initially recognised at fair values plus transaction costs and subsequently carried at amortised cost using effective interest method, less accumulated impairment losses.

2. Significant accounting policies (continued)

2.8 Financial assets (continued)

(a) The accounting for financial assets before 1 January 2018 under FRS 39 are as follows:

(ii) Loans and receivables (continued)

The Institute assesses at each statement of financial position date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

(b) The accounting for financial assets from 1 January 2018 under FRS 109 are as follows:

The Institute classified its financial assets as amortised cost and fair value through profit of loss (FVPL).

(i) Initial recognition

At initial recognition, the Institute measures financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

(ii) At subsequent measurement

Debt instrument

Debt instrument of the Institute, excluding investments, mainly comprise of bank balances, accounts receivables and other receivables.

There are three prescribed subsequent measurement categories, depending on the Institute's business model in managing the assets and the cash flow characteristic of the assets.

2. Significant accounting policies (continued)

2.8 Financial assets (continued)

(b) The accounting for financial assets from 1 January 2018 under FRS 109 are as follows: (continued)

(ii) At subsequent measurement (continued)

Debt instrument (continued)

The Institute managed these group of financial assets by collecting the contractual cash flow and these cash flows represents solely payment of principal and interest. Accordingly, these group of financial assets are measured at amortised cost subsequent to initial recognition.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets are recognised using the effective interest rate method.

The Institute assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

For account receivables and other receivables, the Institute applied the simplified approach permitted by the FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For bank balances, the general 3 stage approach is applied.

Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt and equity investments that are subsequently measured at FVPL that are not part of a hedging relationship is recognised in profit or loss and presented net in the statement of income within other gains or losses in the period in which it arises.

2. Significant accounting policies (continued)

2.9 Derivative financial instruments

A derivative financial instrument for which no hedge accounting is applied is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. Changes in its fair value are recognised in profit or loss.

2.10 Payables

Payables represent liabilities for goods and services provided to the Institute prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). Otherwise, they are presented as non-current liabilities.

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

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.12 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.13 Currency translation

The financial statements are presented in Singapore Dollar, which is the functional currency of the Institute.

Transactions in a currency other than Singapore Dollar ("foreign currency") are translated into Singapore Dollar using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the statement of financial position date are recognised in profit or loss. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Currency translation differences on these items are included in the fair value reserve.

2. Significant accounting policies (continued)

2.14 Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation. The reclassification have no material impact to the Institute.

3. Critical accounting estimates, assumptions and judgements

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial positon date. The quoted market price used for financial assets and financial liabilities held by the Institute is the market bid price. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the statement of financial positon date. .

4. Salaries and staff expense

	2018	2017
	$	$
Salaries and staff related expenditure	**4,497,014**	3,237,672
Defined contribution plans	**585,278**	440,340
Unutilised leave	**181,721**	146,626
	5,264,013	3,824,638

Compensation of key management personnel

The remuneration of key management personnel were as follows:

	2018	2017
	$	$
Short-term benefits	**572,425**	401,103

5. IBF Project expenses

These expenses pertain to projects undertaken by IBF for IBF Portal and Mobile Learning Platform (Learn@IBF).

6. Income tax expense

The Institute is registered as a charity under the Charity Act and is exempted from income tax, under Section 13M(2)(b) of the Income Tax Act, Chapter 134.

7. Cash and bank balances

	2018	2017
	$	$
Cash at bank	**5,577,163**	2,941,820
Cash and cash equivalents, placed with investment manager	**1,218,311**	27,918,904
	6,795,474	30,860,724

Cash at bank is non-interest bearing and is denominated in Singapore dollars.

8. Investments

Investments comprise funds placed with an investment manager for discretionary management and are classified as held-for trading.

At the end of the reporting period, the composition of the funds under management and their indicative fair values are as follows:

	2018	2017
	$	$
Fixed income	**8,397,831**	-
Equities	**6,690,309**	-
Investment fund	**8,160,894**	-
	23,249,034	-

8. Investments (continued)

During the current financial year, a management fee of S$62,774 (2017: S$87,040) was paid to the Investment Manager.

9. Derivative financial instruments

As at 31 December 2018, the Institute has the following outstanding financial derivative contracts which were transacted by the investment manager to manage currency exposure arising from the Institute's investments:

	Contract/ Notional amount	Fair values Assets	Contract/ Notional amount	Fair values Liabilities
As at 31 December 2018				
Derivatives held for trading				
- Foreign exchange forwards	11,854,969	193,525	2,225,556	2,270
- Foreign exchange spot	64,147	84	320,763	1,798
- Options	29,645	19,628	-	-
	11,948,761	**213,237**	**2,546,319**	**4,068**

As at 31 December 2017, the Institute had no outstanding financial derivative contracts.

10. Other receivables and prepayments

	2018 **$**	2017 $
Security deposits	**103,407**	102,046
Prepaid expenses	**170,057**	84,760
Other debtors	**33,508**	48,438
Grant receivables (Note 13)	**3,848,241**	2,571,822
Settlement balances	**437,016**	-
	4,592,229	2,807,066

The Institute's other receivables and prepayments are denominated in the functional currency of the Institute.

11. Property and equipment

	Furniture and fittings $	Computers and equipment $	Renovations $	Total $
2018				
Cost				
Beginning of financial year	98,104	1,650,330	241,602	1,990,036
Additions	136,992	253,161	838,074	1,228,227
Disposals	-	(11,328)	-	(11,328)
End of financial year	235,096	1,892,163	1,079,676	3,206,935
Accumulated depreciation				
Beginning of financial year	66,097	1,340,779	191,083	1,597,959
Depreciation charge	18,120	163,178	130,979	312,277
Disposals	-	(11,038)	-	(11,038)
End of financial year	84,217	1,492,919	322,062	1,899,198
Net book value				
End of financial year	**150,879**	**399,244**	**757,614**	**1,307,737**
2017				
Cost				
Beginning of financial year	90,204	1,543,024	208,909	1,842,137
Additions	30,400	149,632	50,670	230,702
Disposals	(22,500)	(42,326)	(17,977)	(82,803)
End of financial year	98,104	1,650,330	241,602	1,990,036
Accumulated depreciation				
Beginning of financial year	84,929	1,024,573	203,249	1,312,751
Depreciation charge	3,668	358,532	5,811	368,011
Disposals	(22,500)	(42,326)	(17,977)	(82,803)
End of financial year	66,097	1,340,779	191,083	1,597,959
Net book value				
End of financial year	**32,007**	**309,551**	**50,519**	**392,077**

12. Payables

	2018	2017
	$	$
Trade payables	**326,037**	217,911
Accrued expenses	**2,563,540**	1,393,213
Other payables	**1,208,374**	843,481
Provision	**181,721**	146,626
	4,279,672	2,601,231

Trade payables, accrued expenses and provisions principally comprise amounts outstanding for trade purchases, operating expenses, bonuses and provisions for leave entitlement.

The fair value of payables is not materially different from their carrying amounts at year end.

The payables are denominated in the functional currency of the Institute.

13. Grants

The Institute receives Financial Sector Development Fund ("FSDF") grant to support projects and initiatives that aims to raise the competency standard of the Singapore financial sector.

	2018	2017
	$	$
Total grant income	**5,605,591**	3,144,403
Total grant receivables (Note 10)	**3,848,241**	2,571,822

The Institute is also the appointed administrator of the IBF Standards Training Scheme (IBF-STS) and the Financial Training Scheme (FTS) funding scheme, which incentivise competency-raising of the financial sector.

	2018	2017
	$	$
Total grant payable to FSDF	**2,533,882**	957,252

Any unutilised grant should be returned at the end of the IBF's appointment as the FTS and IBF-STS administrator. This grant is repayable upon demand.

14. Members' funding contributions

These represent amounts contributed by members when they were admitted to the Institute. The contributions are refundable to the members when they cease to be a member of the Institute.

15. Operating lease commitments

	2018	2017
	$	$
Minimum lease payment paid under operating lease	**811,499**	401,472

At the end of the reporting period, commitments in respect of operating lease for the rental of office premises were as follows:

	2018	2017
	$	$
Within one year	**978,067**	811,499
In the second to fifth year inclusive	**2,178,619**	3,156,686
	3,156,686	3,968,185

The Institute has committed to 2 additional office units since April 2018 for the expanded IBF mandate. These operating lease payments are fixed until March 2022.

16. Financial risk management

Financial risk factors

The Institute is exposed to financial risk arising from the use of financial instruments. The key financial risks include market risk, credit risk and liquidity risk.

Risk management is carried out under policies approved by the Council Members. The Council Members exercise oversight over the principles for overall risk management, as well as policies covering specific areas such as currency risk and liquidity risk.

(a) Market risk

(i) Currency risk

The Institute's business is exposed to currency risk. The Institute manages this risk by entering into currency forwards.

16. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The Institute's currency exposure is as follows:

	SGD $	USD $	Others $	Total $
2018				
Assets				
Cash and cash equivalents (Note 7)	**6,727,047**	**68,384**	**43**	**6,795,474**
Accounts receivable	**573,747**	**-**	**-**	**573,747**
Other receivables	**470,524**	**-**	**-**	**470,524**
Investments (Note 8)	**5,076,398**	**9,467,310**	**8,705,326**	**23,249,034**
Derivative financial instruments (Note 9)	**184,188**	**19,628**	**9,421**	**213,237**
	13,031,904	**9,555,322**	**8,714,790**	**31,302,016**
Liabilities				
Derivative financial instruments (Note 9)	**(1,591)**	**-**	**(2,477)**	**(4,068)**
Payables	**(4,279,672)**	**-**	**-**	**(4,279,672)**
	(4,281,263)	**-**	**(2,477)**	**(4,283,740)**
Net on-balance sheet position	**8,750,641**	**9,555,322**	**8,712,313**	**27,018,276**
Derivative financial instruments	**12,003,912**	**(5,570,995)**	**(6,432,917)**	**-**
Currency gap	**20,754,553**	**3,984,327**	**2,279,396**	**27,018,276**
2017				
Assets				
Cash and cash equivalents (Note 7)	30,860,540	184	-	30,860,724
Investments (Note 8)	-	-	-	-
Derivative financial instruments (Note 9)	-	-	-	-
	30,860,540	184	-	30,860,724
Liabilities				
Derivative financial instruments (Note 9)	-	-	-	-
Currency gap	30,860,540	184	-	30,860,724

16. Financial risk management (continued)

(a) Market risk (continued)

(i) Currency risk (continued)

The following table shows the effects arising from the net financial asset position due to the change of USD against SGD with all other variables, including tax rate, being held constant:

	2018 Profit after tax $	2017 Profit after tax $
USD against SGD		
- Strengthened by 1% (2017: 1%)	**95,553**	2
- Weakened by 1% (2017: 1%)	**(95,553)**	(2)

(ii) Price risk

The Institute is exposed to equity securities price risk arising from the investments classified as fair value through profit or loss. To manage its price risk, the Institute diversifies its portfolio in accordance with the limits set by the Institute.

The following table shows the effects arising from the financial asset position due to the change of prices for equity securities with all other variables, including tax rate, being held constant:

	2018 Profit after tax $	2017 Profit after tax $
Listed in USA		
- Strengthened by 1% (2017: 1%)	**22,439**	-
- Weakened by 1% (2017: 1%)	**(22,439)**	-
Listed in Singapore		
- Strengthened by 1% (2017: 1%)	**50,764**	-
- Weakened by 1% (2017: 1%)	**(50,764)**	-
Listed in Luxembourg		
- Strengthened by 1% (2017: 1%)	**35,714**	-
- Weakened by 1% (2017: 1%)	**(35,714)**	-

16. Financial risk management (continued)

(a) Market risk (continued)

(iii) Interest rate risk

The Institute has insignificant interest rate risk exposure as it does not have any significant interest earning financial assets and no interest earning financial liabilities, except for investments.

The table below sets out the Institute's exposure to interest rate risk. Included in the table are the Institute's assets at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Up to 1 year	1 - 3 years	3 - 5 years	>5 years	Non-interest bearing	Total
	$	$	$	$	$	$
2018						
Assets						
Investments	-	1,011,717	2,249,142	5,136,972	-	8,397,831
Total assets	**-**	**1,011,717**	**2,249,142**	**5,136,972**	-	**8,397,831**

	Up to 1 year	1 - 3 years	3 - 5 years	>5 years	Non-interest bearing	Total
	$	$	$	$	$	$
2017						
Assets						
Investments	-	-	-	-	-	-
Total assets	-	-	-	-	-	-

(b) Credit risk

The Institute adopts the policy of dealing only with customers of appropriate credit standing and history where appropriate to mitigate credit risk. For other financial assets, the Institute adopts the policy of dealing with financial institutions and other counterparties with high credit ratings.

(i) Financial assets that are past due but not impaired

There is no class of financial asset that is past due and impaired. Accounts receivables of $573,747 (2017: $77,436) are past due but not impaired. Management assessed that those receivables are recoverable as the counterparties are financial institutions with good credit ratings.

(ii) Credit quality of investments held by the Institute

The table below presents on analysis of fixed income investment held by the Institute as at 31 December 2018. The rating scale is based on the rating as defined by Standard & Poor's and Moody's.

16. Financial risk management (continued)

(b) Credit risk (continued)

(ii) *Credit quality of investments held by the Institute* (continued)

As at 31 December 2017, there were no fixed income investments held by the Institute.

	2018	2017
	$	$
External Rating		
AAA/Aaa	**2,654,024**	-
AA/Aa1	**348,267**	-
AA/Aa2	**1,452,773**	-
AA-/Aa3	**773,280**	-
A+/A1	**1,130,869**	-
A/A2	**227,550**	-
A-/A3	**711,772**	-
BBB+/Baa1	**132,987**	-
BBB/Baa2	**467,875**	-
BBB-/Baa3	**498,434**	-
	8,397,831	-

(c) Liquidity risk

The table below analyses the Institute's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	1 to 5 years	More than 5 years	Total
	$	$	$	$
At 31 December 2018				
Member's funding contributions	**-**	**-**	**976,747**	**976,747**
Advances fees from courses and examinations	**796,581**	**-**	**-**	**796,581**
Payables	**4,197,052**	**82,620**	**-**	**4,279,672**
FSDF claim disbursement account	**2,533,882**	**-**	**-**	**2,533,882**
	7,527,515	**82,620**	**976,747**	**8,586,882**
At 31 December 2017				
Member's funding contributions	-	-	922,747	922,747
Advances fees from courses and examinations	423,565	-	-	423,565
Payables	2,516,110	85,121	-	2,601,231
FSDF claim disbursement account	957,252	-	-	957,252
	3,896,927	85,121	922,747	4,904,795

16. Financial risk management (continued)

(c) Liquidity risk (continued)

The table below analyses the Institute's derivative financial instruments that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the date of the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Up to 1 month $	1 - 3 months $	3 - 12 months $	1 - 5 years $	Total $
At 31 December 2018					
Gross settled Foreign Exchange Forward Contracts					
- Receipts	-	11,619,002	-	-	11,619,002
- Payments	-	11,427,750	-	-	11,427,750
Gross settled Foreign Exchange Spot Contracts					
- Receipts	384,910	-	-	-	384,910
- Payments	386,623	-	-	-	386,623

As at 31 December 2017, the Institute had no outstanding financial derivative contracts.

(d) Fair value investments

The Institute designates its investments at fair value through profit or loss as the investments are managed and its performance evaluated on a fair value basis.

Fair value hierarchy

The Institute classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements; the fair value hierarchy has the following levels:

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

16. Financial risk management (continued)

(d) Fair value investments (continued)

The table below shows an analysis of financial instruments measured at fair value and classified by level of the following fair value measurement hierarchy:

	Quoted prices in active markets for identical instrument Level 1 $	Significant other observable inputs Level 2 $	Significant unobservable inputs Level 3 $	Total $
As at 31 December 2018				
Financial assets				
Fixed income	-	8,397,831	-	8,397,831
Equities	6,690,309	-	-	6,690,309
Investment fund	8,160,894	-	-	8,160,894
Derivative financial instruments	-	213,237	-	213,237
	14,851,203	8,611,068	-	23,462,271
Financial liabilities				
Derivative financial instruments	-	4,068	-	4,068

As at 31 December 2017, there were no investments placed with an investment manager.

Determination of fair value

Fixed income investments: Fair value is determined directly by reference to their published market bid prices at the end of the reporting period. The valuation is applied by the investment manager.

Equities: Fair value is determined directly by reference to their published market bid prices at the end of the reporting period.

Derivative financial instruments: Fair value is determined using a valuation technique with market observable inputs.

The fair value of financial instruments that are not traded in an active market (over-the-counter currency forwards) is determined using quoted forward exchange rates at the statement of financial position date. These instruments are included in level 2.

The carrying value of current trade receivables and payables approximate their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Institute for similar financial instruments.

16. Financial risk management (continued)

(e) Financial instruments by category

The carrying amounts of financial assets measured at fair value through profit or loss held for trading are disclosed on the face of the statement of financial position and in Note 8 to the financial statements.

The aggregate carrying amounts of other categories of financial instruments are as follows:

	2018	2017
	$	$
Financial assets at amortised cost/ loans and receivables	**4,995,919**	2,799,742
Financial liabilities at amortised cost	**6,631,833**	3,411,858

17. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Institute's accounting periods beginning on or after 1 January 2019 and which the Institute has not early adopted:

- FRS 116 Leases (effective for annual periods beginning on or after 1 January 2019)

  FRS 116 will result in almost all leases being recognised on the statement of financial positon as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

  Some of the Institute's commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under FRS 116.

  The new standard also introduces expanded disclosure requirements and changes in presentation.

  The standard is not expected to have a material effect on the net assets on the Institute.

18. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Council Members of The Institute of Banking and Finance on 7 May 2019.