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THE INSTITUTE OF BANKING AND FINANCE

(Registration No. 197402045E)

ANNUAL REPORT

YEAR ENDED DECEMBER 31, 2020

THE INSTITUTE OF BANKING AND FINANCE
(Incorporated in Singapore)

ANNUAL REPORT

C O N T E N T S

THE INSTITUTE OF BANKING AND FINANCE

COUNCIL MEMBERS' STATEMENT
For the financial year ended 31 December 2020

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 December 31, 2020.

In the opinion of the Council Members,

(a) the financial statements as set out on pages 6 to 28 are drawn up so as to give a true and fair view of the financial position of the Institute as at December 31, 2020 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 when they fall due.

Council Members

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

Ravi Menon, Chairman
Wee Ee Cheong, Vice Chairman (Appointed on 15th April 2021)
Piyush Gupta
Guan Yeow Kwang
Loh Boon Chye
Amol Gupte
Julia Ng
Patrick Tay
John Lee
Khor Hock Seng
Susan Soh
Andrew Yeo
Patrick Lee
Dennis Tan
Craig Ellis
Wong Sze Keed
Michael Fung
Leong Sing Chiong (Appointed on 15th February 2021)
Helen Wong (Appointed on 15th April 2021)

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.

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

Wee Ee Cheong
Vice Chairman

May 18, 2021

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

THE INSTITUTE OF BANKING AND FINANCE

Report on the Audit of the Financial Statements

Our Opinion

We have audited the financial statements of The Institute of Banking and Finance (the "Institute"), which comprise the statement of financial position as at December 31, 2020, and the statement of comprehensive income, statement of changes in members' funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 28.

In our opinion, the accompanying financial statements 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 December 31, 2020 and of the financial performance, changes in members' fund and cash flows of 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 Institute 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.

Information Other than the Financial Statements and Auditor's Report Thereon

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.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

THE INSTITUTE OF BANKING AND FINANCE

Responsibilities of Management and Council Members for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Act, the Charities Act and FRSs, and for such internal control as management 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, 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.

- 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.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

THE INSTITUTE OF BANKING AND FINANCE

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

- 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 to be kept by the Institute have been properly kept in accordance with the provisions of the Act and the Charities Act.

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

May 18, 2021

THE INSTITUTE OF BANKING AND FINANCE

STATEMENT OF COMPREHENSIVE INCOME
For the financial year ended December 31, 2020

	Note	2020	2019
		$	$
Income			
Fees from courses and examinations		2,309,951	3,126,255
Sale of publications		150	156
Members' subscriptions		493,226	456,399
Gain on investments		1,585,354	1,773,230
Grants	12	7,876,235	4,734,225
Subscription fees from Learn@IBF		286,303	305,000
Other income		726,014	678
Total income		13,277,233	10,395,943
Expenditure			
Expenses for courses and examinations		401,501	516,991
Salaries and staff expenses	4	8,219,780	6,707,020
Office rental		-	100,368
Depreciation expense	10, 14	1,418,962	1,389,781
Professional fees – Others		1,337,628	729,289
Electricity, telephone and postages		25,848	22,848
Data processing		32,738	38,645
Repairs and maintenance		1,220,135	168,705
IBF Project expenses	5	-	488,640
Printing, stationery and periodicals		3,153	7,918
Other administrative expenses		34,972	56,515
Lease liability interest		50,575	69,465
Total expenditure		12,745,292	10,296,185
Total comprehensive income for the year		531,941	99,758

There is no other comprehensive income for the financial year ended December 31, 2020 and December 31, 2019.

See accompanying notes to financial statements

THE INSTITUTE OF BANKING AND FINANCE

STATEMENT OF FINANCIAL POSITION
As at December 31, 2020

	Note	2020	2019
		$	$
ASSETS			
Current assets			
Cash and bank balances	7	15,193,221	18,093,403
Accounts receivables		1,794,957	713,752
Other receivables and prepayments	9	413,608	325,937
Investments	8	29,219,086	27,075,144
Total current assets		46,620,872	46,208,236
Non-current assets			
Property and equipment	10	430,029	869,756
Right-of-use asset	14	1,153,433	2,076,180
Total non-current assets		1,583,462	2,945,936
Total assets		48,204,334	49,154,172
LIABILITIES			
Current liabilities			
Payables	11	3,887,211	3,438,677
Advance fees for courses and examinations		828,285	462,866
FSDF advance operative grant	12	4,514,779	7,923,614
Grant claim disbursement account	12	8,018,129	5,963,326
Lease liability	14	945,613	917,700
Total current liabilities		18,194,017	18,706,183
Non-current liabilities			
Members' funding contributions	13	997,247	1,021,247
Lease liability	14	240,863	1,186,476
Total non-current liabilities		1,238,110	2,207,723
Total liabilities		19,432,127	20,913,906
NET ASSETS		28,772,207	28,240,266
EQUITY			
Members' funds		28,240,266	28,140,508
Accumulated gains		531,941	99,758
Total equity		28,772,207	28,240,266

See accompanying notes to financial statements

THE INSTITUTE OF BANKING AND FINANCE

STATEMENT OF CHANGES IN MEMBERS' FUNDS
For the financial year ended December 31, 2020

	$
2020	
Beginning of financial year	28,240,266
Total comprehensive income	531,941
End of financial year	28,772,207
2019	
Beginning of financial year	28,140,508
Total comprehensive income	99,758
End of financial year	28,240,266

See accompanying notes to financial statements

THE INSTITUTE OF BANKING AND FINANCE

STATEMENT OF CASH FLOWS
For the financial year ended December 31, 2020

	Note	2020	2019
		$	$
Cash flows from operating activities			
Profit after tax		531,941	99,758
Adjustment for:			
Gain on investments		(1,585,354)	(1,773,230)
Dividend income		(564,632)	-
Depreciation		1,418,962	1,389,781
Interest expense on lease liabilities		50,575	69,465
Operating profit before working capital changes		(148,508)	(214,226)
Changes in working capital:			
Cash and cash balances - restricted		112,229	(3,777,494)
Accounts receivables		(1,081,205)	(140,005)
Other receivables and prepayments		(87,671)	4,266,292
Payables		499,109	(880,570)
Advance fees for courses and examinations		365,419	(333,715)
FSDF advance operative grant		(3,408,835)	7,923,614
Grant claim disbursement account		2,054,803	3,429,444
Derivative financial instruments		-	209,169
Cash generated (used in) / from operations		(1,694,659)	10,482,509
Interest paid on lease liabilities		(50,575)	(69,465)
Net cash (used in) / from operating activities		(1,745,234)	10,413,044
Cash flow from investing activities			
Proceeds from disposal of investments		-	24,793,236
Proceeds from dividends		564,632	-
Purchase of investments		(558,588)	(26,846,116)
Purchase of property, plant and equipment	10	(56,488)	(6,530)
Net cash used in investing activities		(50,444)	(2,059,410)
Cash flow from financing activities			
Members funding (refund) / contribution to members	13	(24,000)	44,500
Payment for lease liability	14	(968,275)	(877,699)
Net cash used in financing activities		(992,275)	(833,199)
Net (decrease) / increase in cash and cash equivalents		(2,787,953)	7,520,435
Cash and cash equivalents at beginning of financial year	7	11,742,026	4,221,591
Cash and cash equivalents at end of financial year	7	8,954,073	11,742,026

See accompanying notes to financial statements

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

1. GENERAL

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.

The financial statements of the Institute for the year ended December 31, 2020 were authorised for issue by the Council Members on May 18, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF ACCOUNTING

These financial statements have been prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act"), the Singapore Charities Act, Chapter 37 (the "Charities Act") and Financial Reporting Standards in Singapore ("FRSs").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Institute takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 Share-based Payments, leasing transactions that are within the scope of FRS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as value in use in FRS 36 Impairment of Assets.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

2.2 ADOPTION OF NEW AND REVISED STANDARDS

On January 1, 2020, the Institute adopted the new or revised FRSs and Interpretations to FRSs ("INT FRS") that are effective from that date and are relevant to the Institute's operations. The adoption of these new or revised FRSs and INT FRSs did not have a material impact on the Institute's financial statements.

At the date of authorisation of these financial statements, the following new/revised FRSs, INT FRSs and amendments to FRS that are relevant to the Institute were issued but not effective:

- Amendment to FRS 116: Covid-19-Related Rent Concessions [1]

- Amendments to FRS 109, FRS 39, FRS 107, FRS 104, FRS 116: Interest Rate Benchmark Reform – Phase 2[2]

- Amendments to FRS 103: Reference to the Conceptual Framework [3]

- Amendments to FRS 37: Onerous Contracts- Cost of Fulfilling a Contract [3]

- Annual improvements to FRSs 2018-2020 [3]

- Amendments to FRS 1: Classification of Liabilities as Current or Non-current [4]

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

[1] Applies to annual periods beginning on or after June 1, 2020, with early application permitted.

[2] Applies to annual periods beginning on or after January 1, 2021, with early application permitted.

[3] Applies to annual periods beginning on or after January 1, 2022, with early application permitted.

[4] Applies to annual periods beginning on or after January 1, 2023, with early application permitted.

The Institute has early adopted the amendment to FRS 116 which introduced an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification.

The Institute has applied this practical expedient to all property leases. As a result of applying the practical expedient, rent concessions of S$154,866 was recognised as other income in the profit or loss during the year.

Management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Institute in the period of their initial adoption.

2.3 REVENUE RECOGNITION

Revenue is measured based on the consideration specified in a contract with a customer or counterparty and excludes amounts collected on behalf of third parties. The Institute recognises revenue when it transfers control of a product or service to a customer or counterparty.

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) Other income

All other income is recognised on an accrual basis.

2.4 GOVERNMENT GRANTS

Grants from the government are not recognised until there is reasonable assurance that the Institute will comply with the conditions attaching to them and that the grants will be received.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Institute recognises as expenses the related costs for which the grants are intended to compensate. Government grants relating to expenses are shown separately as 'Grants'.

2.5 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.

2.6 LEASES

Leases

The Institute assesses whether a contract is or contains a lease, at inception of the contract. The Institute recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Institute 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.

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 Institute uses the incremental borrowing rate specific to the lessee.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Institute remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Institute 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. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Institute expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Institute applies FRS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Impairment of Non-financial assets' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other operating expenses' in the statement of profit or loss.

As a practical expedient, FRS 116 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Institute has used this practical expedient.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.7 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.

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.

2.8 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.9 FINANCIAL INSTRUMENT

Financial assets

Financial assets and financial liabilities are recognised on the statement of financial position when the Institute becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

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

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest is recognised using the effective interest method for debt instruments measured subsequently at amortised cost, except for short-term balances when the effect of discounting is immaterial.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Institute compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Institute considers historical loss rates for each customer and forward-looking information that is available without undue cost or effort.

The Institute presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Institute has reasonable and supportable information that demonstrates otherwise.

The Institute assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Institute 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.

Definition of default

The Institute considers that default has occurred when a financial asset is more than 90 days past due unless the Institute 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.

Write-off policy

The Institute writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Institute's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Measurement and recognition of expected credit losses

For account receivables and other receivables, the Institute has applied the simplified approach permitted by the FRS 109 to measure the credit loss allowance at lifetime ECL.

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.

If the Institute has measured the loss allowance for a financial instrument 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 Institute measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

Derecognition of financial assets

The Institute derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Institute neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Institute recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Institute retains substantially all the risks and rewards of ownership of a transferred financial asset, the Insittute continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Institute are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Trade and other payables

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost, using the effective interest method, except for short-term balances when the effect of discounting is immaterial.

Derecognition of financial liabilities

The Institute derecognises financial liabilities when, and only when, the Institute's obligations are discharged, cancelled or they expire.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.10 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.

2.11 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.

2.12 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.

2.13 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.

2.14 FOREIGN CURRENCY TRANSACTIONS AND 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.

3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Institute's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Critical judgements in applying the Institute's accounting policies

Management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements.

(ii) Key sources of estimation uncertainty

Management is of the opinion that any instances of estimation uncertainties are not expected to have a significant effect on the amounts recognised in the financial statements.

4. SALARIES AND STAFF EXPENSE

	2020	2019
	$	$
Salaries and staff related expenditure	7,157,434	5,932,710
Defined contribution plans	868,798	622,140
Unutilised leave	193,548	152,170
	8,219,780	6,707,020

Compensation of key management personnel

The remuneration of key management personnel were as follows:

	2020	2019
	$	$
Short-term benefits	988,531	960,468

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 Charities Act and is exempted from income tax, under Section 13U(1) of the Income Tax Act, Chapter 134.

7. CASH AND BANK BALANCES

	2020	2019
	$	$
Cash at bank	8,954,073	11,742,026
Restricted cash	6,239,148	6,351,377
	15,193,221	18,093,403

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

The restricted cash pertains to the Professional Conversion Programme ("PCP"), Technology in Finance and Immersion Programme ("TFIP") and the Financial Training Scheme ("FTS") and the IBF Standards Training Scheme ("IBF-STS") funding grants funded by financial institutions, Workforce Singapore ("WSG") and the Financial Sector Development Fund ("FSDF"). The Institute maintains bank accounts with an authorised institution to segregate grant monies from the house monies. The Institute is not allowed to use the grant monies to settle its own obligations. At the end of the reporting period, the Institute has recognised these grant monies and grant payables in the statement of financial position.

8. INVESTMENTS

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

	2020	2019
	$	$
Investment	29,219,086	27,075,144
	29,219,086	27,075,144

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

9. OTHER RECEIVABLES AND PREPAYMENTS

	2020	2019
	$	$
Security deposits	2,873	3,273
Prepaid expenses	290,938	212,767
Other debtors	119,797	109,897
	413,608	325,937

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

10. PROPERTY AND EQUIPMENT

	Furniture and fittings	Computers and equipment	Renovations	Total
	$	$	$	$
2020				
Cost:				
Beginning of financial year	235,096	1,898,693	1,188,716	3,322,505
Additions	10,123	46,365	-	56,488
End of financial year	245,219	1,945,058	1,188,716	3,378,993
Accumulated depreciation:				
Beginning of financial year	118,319	1,666,712	667,718	2,452,749
Depreciation charge	35,473	128,147	332,595	496,215
End of financial year	153,792	1,794,859	1,000,313	2,948,964
Net book value:				
End of financial year	91,427	150,199	188,403	430,029
2019				
Cost:				
Beginning of financial year	235,096	1,892,163	1,079,676	3,206,935
Additions	-	6,530	109,040	115,570
End of financial year	235,096	1,898,693	1,188,716	3,322,505
Accumulated depreciation:				
Beginning of financial year	84,217	1,492,919	322,062	1,899,198
Depreciation charge	34,102	173,793	345,656	553,551
End of financial year	118,319	1,666,712	667,718	2,452,749
Net book value:				
End of financial year	116,777	231,981	520,998	869,756

11. PAYABLES

	2020	2019
	$	$
Trade payables	734,849	283,386
Accrued expenses	2,598,845	2,948,708
Other payables	207,799	54,413
Provision	345,718	152,170
	3,887,211	3,438,677

Trade payables, accrued expenses, other payables 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.

12. 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.

	2020	2019
	$	$
Total grant income	7,876,235	4,734,225
FSDF advance operative grant payable	4,514,779	7,923,614

Any unutilised grant should be returned at the end of the IBF's operative grant period. This grant is repayable upon demand.

	2020	2019
	$	$
Grant claim disbursement account	8,018,129	5,963,326

The Institute is 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.

The Institute is also the administrator of the Professional Conversion Programmes ("PCP"), which is part of Workforce Singapore's (WSG) Adapt and Grow initiative to provide mid-career Professionals, Managers, Executives and Technicians (PMETs) with the opportunity to be re-skilled and new careers.

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

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

13. 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.

14. LEASES

The Institute lease includes its office premises, with the lease term of average 2 years (2019 : 3 years).

Right-of-use asset

	Total
	$
2020	
Cost:	
Beginning of financial year	2,912,410
End of financial year	2,912,410
Accumulated depreciation:	
Beginning of financial year	836,230
Depreciation charge	922,747
End of financial year	1,758,977
Net book value:	
End of financial year	1,153,433

	Total
	$
2019	
Cost:	
Beginning of financial year	1,874,214
Additions	1,038,196
End of financial year	2,912,410
Accumulated depreciation:	
Beginning of financial year	-
Depreciation charge	836,230
End of financial year	836,230
Net book value:	
End of financial year	2,076,180

The additions to right-of-use assets in 2020 amounts to $Nil (2019 : S$1,038,196).

14. LEASES (cont'd)

Lease Liability

	2020	2019
	$	$
Amounts due for settlements within 12 months	945,613	917,700
Amounts due for settlement after 12 months	240,863	1,186,476
	1,186,476	2,104,176

	2020	2019
Maturity Analysis:		
Year 1	968,275	968,275
Year 2	242,069	968,275
Year 3	-	242,069
	1,210,344	2,178,619
Less: Unearned interest	(23,868)	(74,443)
	1,186,476	2,104,176

Reconciliation of lease liabilities arising from financing activities

The table below details changes in the Institute's lease liabilities arising from financing activities, including both cash and non-cash changes. Lease liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Institute's statement of cash flows as cash flows from financing activities.

	January 1, 2020	Financing cash flows	Interest expense	December 31, 2020
	$	$	$	$
Lease liabilities	2,104,176	(968,275)	50,575	1,186,476

	January 1, 2019	Financing cash flows	Interest expense	December 31, 2019
	$	$	$	$
Lease liabilities	2,912,410	(877,699)	69,465	2,104,176

15. 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.

15. FINANCIAL RISK MANAGEMENT (cont'd)

(a) Market risk

(i) Currency risk

As at December 31, 2020 and December 31, 2019, the Institute is not exposed to other currency other than its functional currency.

(ii) Price risk

The Institute is exposed to 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 investments with all other variables, including tax rate, being held constant:

	2020	2019
	Profit after tax	Profit after tax
	$	$
Listed in Singapore:		
- Strengthened by 1%	292,191	270,751
- Weakened by 1%	(292,191)	(270,751)

(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
	$	$	$	$	$	$
2020						
Assets						
Investments	29,219,086	-	-	-	-	29,219,086
Total assets	29,219,086	-	-	-	-	29,219,086
2019						
Assets						
Investments	27,075,144	-	-	-	-	27,075,144
Total assets	27,075,144	-	-	-	-	27,075,144

15. FINANCIAL RISK MANAGEMENT (cont'd)

(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. As a result, the allowance for expected credit loss in relation to its financial assets is not material given the low probability of default.

(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 $228,092 (2019 : $36,511) are past due but not impaired. Management assessed that these receivables are recoverable as the counterparties are financial institutions with good credit ratings.

(ii) Maximum credit exposure

The maximum credit exposure due from the Institute's counterparties is $46,038,996 (2019 : $45,995,469).

(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 December 31, 2020				
Member's funding contributions	-	-	997,247	997,247
Payables	3,887,211	-	-	3,887,211
Grant payables	8,018,129	-	-	8,018,129
Lease liabilities	945,613	240,863	-	1,186,476
	17,365,732	240,863	997,247	18,603,842
At December31, 2019				
Member's funding contributions	-	-	1,021,247	1,021,247
Payables	3,438,677	-	-	3,438,677
Grant Payables	5,963,326	-	-	5,963,326
Lease Liabilities	917,700	1,186,476	-	2,104,176
	10,319,703	1,186,476	1,021,247	12,527,426

15. FINANCIAL RISK MANAGEMENT (cont'd)

(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

As at December 31, 2020, the investments balance of $29,219,086 (2019 : $27,075,144) are entirely level 2 instrument, with quoted prices in active markets for identical instrument. Fair value is determined directly by reference to their published market bid prices at the end of the reporting period.

Determination of fair value

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.

(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:

	2020	2019
	$	$
Financial assets		
Fair value through profit and loss ("FVTPL"):		
- Investments	29,219,086	27,075,144
Financial assets at amortised cost	16,819,910	18,920,325
Financial liabilities		
Financial liabilities at amortised cost	12,902,587	10,423,250
Lease liabilities[1]	1,186,476	2,104,176

[1] Lease liabilities are financial instruments although they are outside the scope of certain parts of FRS 107 and FRS 109. Lease liabilities are within the scope for FRS 107 disclosure (except for disclosure of fair value), and within the scope of FRS 109 de-recognition.