

Educating. Engaging. Empowering.



The Institute of
Internal Auditors
Singapore

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PRESIDENT'S ADDRESS

Dear Member

During the year, IIA Singapore (“Institute”) has steadfastly pursued its strategic initiatives to achieve sustainable growth for the benefit of our members. Following what I shared at the last AGM, the Institute’s strategy is, at its core, to future ready the internal audit professionals in this disruptive era, raise the standing of the profession in the business community and widen its membership base.

With the growing demand of the stakeholders and being their added value partner, the internal audit professionals are increasingly expected to provide strategic leadership, advisories and insights to businesses and organisations.

To fulfil these expectations, internal auditors need to re-skill, re-learn and be tech-enabled to continue to be relevant. During the year, we broadened our professional development curriculum with the delivery of 62 courses spanning from soft skills, audit fundamentals, IT, governance, risk management to internal controls that would equip our members adequately, to meet the challenges faced in their roles. We will continually review our offering to keep our professional development programme current, in anticipation of the market needs for our members so as to meet the changing stakeholders’ expectations.



The IIA updated the globally recognised International Standards for the Professional Practice of Internal Auditing (“the Standards”), which took effect in January 2017. More importantly, the change came with the inclusion of internal audit’s mission, namely, to enhance and protect organisational value where the core principles of the Standards have essentially broadened and deepened the competency requirements of internal audit professionals. As complying with the Standards is of utmost importance, it is necessary for our members to continually maintain currency in the body of knowledge in internal auditing. To maintain a high degree of professionalism, the Institute has implemented a requirement for our members to earn at least 10 Continuing Professional Education (CPE) hours per year, of which two hours must be in Ethics.

A key focus of our strategy is also to raise the standing of the internal audit profession to be recognised as indispensable to effective governance, risk management and control. To achieve this, the Institute has provided various platforms to engage the key stakeholders of internal audit. The Monetary Authority of Singapore has accepted all the recommendations by the Corporate Governance Council, and issued the revised Code of Corporate Governance on 6 August 2018. The Institute participated in the Consultation Paper on recommendations of the Corporate Governance Council by submitting the views of our members to the Corporate Governance Council. We will continue to work closely with key stakeholders to further the aims of the Institute in 2018 and beyond.

Integral to our strategy is to build the capacity of the Institute to step up and deliver enhanced value to our members. This is further made possible with the implementation of a membership fee increase with effect from 1 June 2018 to support and sustain the long-term growth of the Institute.

The growth is in tandem with the exciting opportunities ahead for internal auditors given the transformation and the development of the sector. Additionally, in the Singapore Government Committee on the Future Economy or CFE Report, internal audit was identified as a high growth practice area, which can help drive the demand of Singapore’s Legal and Accounting Services.



With the strong stewardship and commitment by the Board of Governors and the Secretariat in managing the finances and operations of the Institute, a lower operating deficit of S\$183,000 was posted for the financial year ended 31 May 2018 compared to the deficit of S\$290,000 in the previous financial year. The improvement is due to an increase in net operating revenue contribution and a drop in operating expenses. The financial position is expected to improve with prudent financial management and the incremental contributions from the recent revision of members' fees. We will continue to monitor the financial performance to be on track to achieve financial sustainability in the near term.

The Institute firmly believes that good corporate governance is fundamental for its success, and accountability to its members. The Institute has implemented mandatory retirement of Governors with the change in the By-Laws adopted at the last AGM. Seven existing Board members will retire, of which one Board member will stand for re-election. After careful consideration, the Nominating Committee has recommended six new candidates.

As members of a larger community, the Institute plays its part in the conservation of resources for environmental sustainability by going digital with IIA Global's award-winning magazine, "Internal Auditor".



This President's Report sets out a number of key initiatives and projects pursued by the Institute during the year. The achievements would not have been possible without the support of our dedicated Secretariat team and the entire Board of Governors. It has been a great privilege to work with the retiring Governors, Abdul Hamid Bin Abdullah, Audrey Huang, Andrew Koh, Uantchern Loh, Tan Peck Leng and Teo Chee Kiang.

The Board's appointed committees have provided guidance and effective oversight of the Institute's programmes and initiatives in various areas. I would like to extend my appreciation to all those who have served on the Advocacy, Audit, Education & Professional Development, Membership & Certification, Nominating and Technical & Technology Committees.

I would like to express my gratitude to the Secretariat team, the Board of Governors, past and present members as well as our collaborative partners who have contributed in many ways to support the Institute in its mission.

With the exciting journey ahead, I look forward to your continued support and take this opportunity to thank all members. Together, we can envision a brighter tomorrow to drive, advocate and elevate the internal audit profession.

A handwritten signature in white ink, appearing to read 'Tan Boon Yen', with a stylized flourish at the end.

Tan Boon Yen, CIA, CRMA
President






KEY HIGHLIGHTS

MEMBERSHIP



CERTIFICATION




YEAR	 CIA	CRMA	CCSA	CFSA	CGAP
FY2017/2018	1,743	191	93	126	4
FY2016/2017	1,655	174	87	114	4
FY2015/2016	1,491	162	85	101	3

 **CIA** Certified Internal Auditor

 **CRMA** Certification in Risk Management Assurance

 **CCSA** Certification in Control Self-Assessment

 **CFSA** Certified Financial Services Auditor

 **CGAP** Certified Government Auditing Professional

TRAINING & PROFESSIONAL DEVELOPMENT





DELIVERING VALUE TO MEMBERS

ENHANCING COMPETENCIES

Over the years, the Institute has developed a range of education and training programmes to provide opportunities for our members to enhance their skills and knowledge and broaden their horizons.

The Institute provides our members with opportunities to earn CPE hours through various platforms such as conferences, workshops, in-house training programmes and lunch talks.

IIA Academy

The IIA Academy delivered a total of 62 courses with more than 800 attendees. Our courses are mapped to the competencies of the IIA Global Internal Audit Competency Framework and the Skills Framework for Accountancy which was launched by the Singapore Accountancy Commission, SkillsFuture Singapore and Workforce Singapore (WSG) in October 2017.

Close to 20 of our core courses in audit fundamentals, soft skills, and governance, risk and control, qualify for funding schemes such as the SkillsFuture Credit, SkillsFuture Singapore training grant and Union Training Assistance Programme.

To equip our members with future-ready skills to deal with challenges such as cyber threats and disruptive technologies, the Institute collaborated with industry experts to offer courses in IT Audit for Business Auditors and Cybersecurity.



Learn At Lunch Talks

To complement the IIA Academy's training and development programme, the monthly lunch talks provide members the opportunity to network over lunch and learn about specific hot topics, emerging trends, issues and challenges. During the year, the Institute saw more than 300 participants attend the bite-sized lunch talks on topics ranging from Computer Forensic Investigations, Blockchain Risk Management, Artificial Intelligence, Enterprise Risk Management, Data Analytics to General Data Protection Regulation and new Accounting Standard - FRS 115.



Networking with Vincent Cheang, Managing Director, Director of Internal Audit, GIC during Learn At Lunch talk on "IA's role in AI".



"General Data Protection Regulation for the Internal Auditor" talk presented by Daryl Pereira, Head of Information Protection and Business Resilience and Head of Cybersecurity Practice Partner, and Emma Haenebalcke from KPMG Singapore.

New Online Tools

Our members now have the opportunity to access a full suite of more than 40 OnDemand courses developed by the IIA Global network. The OnDemand Training is an online, self-study programme and is ideal for those who desire to learn at their own time and pace. Besides the OnDemand Training, the Institute also implemented online videos, with the inaugural launch of "Transforming Internal Audit" presented by Mr Naohiro Mouri, Chairman of IIA Global Board of Directors, Executive Vice President and Chief Auditor of American International Group or AIG.



Internal Audit Leaders Events

During the year, with the generous support of the internal audit functions of Barclays, DBS and Visa, the Institute collaborated with these host organisations to organise the Internal Audit Leaders sessions to share and exchange leading practices, thought leaderships, challenges and trends, in areas such as agile auditing, digital transformation and payment solutions/platforms. Collectively, these sessions were well-attended by close to 100 Chief Audit Executives from both the public and private sectors.



“Commerce ImproVISations” at Visa on 9 March 2018.



“The Future of Auditing in the Age of Digital Transformation” at DBS on 14 November 2017.



“The Return to the Art of Conversation in Agile Auditing” at Barclays on 21 September 2017.

Flagship Conferences

During the financial year, the Institute hosted three premier conferences featuring local and foreign thought leaders. These conferences, the Global Internal Audit Leadership Summit (GIALS), Annual Conference and the Public Sector Internal Audit (PSIA) Conference, provide practical strategies and leading practices and solutions for the future of internal auditing.



Guest-of-Honour, Jessica Tan, Chairman of Public Accounts Committee, addressed over 250 delegates at the PSIA Conference 2018, themed "Internal Audit: Adding Value in Public Sector Transformation".



Guest-of-Honour, Heidi Mendoza, Under-Secretary-General, Office of Internal Oversight Services of United Nations, spoke about culture being an essential element of risk governance and the critical role internal audit plays in providing assurance in the digital age.



Guest-of-Honour, Professor Tan Cheng Han, Chairman of Singapore Exchange Regulation spoke to over 300 delegates from 14 countries, about "Internal Audit in the Age of Transformation". Professor Tan highlighted the crucial role internal audit plays in supporting an organisation's transformation process which can further instil shareholders' confidence.

IIA Singapore's conferences provide a forum for local and global internal audit professionals to generate new ideas to stay ahead. These conferences feature preeminent speakers and panellists like Willie Cheng, Chairman of Singapore Institute of Directors, continue to remain popular with our members.



Building Insights and Thought Leadership

As the professional body for internal audit, the Institute strives to empower our members with timely, relevant resources and topical thought leadership articles, stakeholder and member surveys, and benchmarking capabilities to stay ahead of the curve.



Securing Professional Credentials

In 2017, after a comprehensive review of existing certifications, The IIA developed a multi-year certification strategy to establish a defined suite of global certifications that supports internal auditors as they progress through their careers. The strategy covers a renewed emphasis on the CIA, greater clarity and more effective positioning of the specialties.

Based on a global job analysis of the CIA syllabi content in 2017, the CIA syllabi were updated and a new 3-part exam will be launched in English in January 2019. The CIA syllabi update resulted in greater balance, clarity and uniformity, minimising duplication between the three exam parts, aligning with the updated International Standards for the Professional Practice of Internal Auditing.





PROMOTING THE PROFESSION

Building the Voice of the Profession

Working closely with our stakeholders, the Institute continues to share its knowledge to help influence the views of the profession and advance the interests of our members. As the voice of the profession, the Institute views advocacy as a key priority and one of the pivotal ways that we add value to our members.

The Institute shares its opinions on trending issues, which are published in the mainstream media to help our members and the public understand topics related to internal audit including geopolitical risk, the General Data Protection Regulation, anti-corruption, data governance and talent management. An opinion editorial piece on corporate culture was also published in a leading business daily.

The Institute organised a briefing session on 7 February 2018 to gather feedback from our members on the recommendations by the Corporate Governance Council. We submitted our viewpoints on the role that internal audit plays as a key lever in strengthening corporate governance to the Corporate Governance Council.

Launching the Professional Conversion Programme for Internal Auditors

To help reskill Professionals, Managers and Executives (PMEs) with multi-disciplinary experience in operations, engineering, information system, marketing, accounting and finance for a new career in internal audit, the Institute was appointed the Programme Manager of the Professional Conversion Programme (PCP) for Internal Auditors by WSG in February 2018. The 6-month PCP, which includes on-the-job training and 11 course modules, will equip PME's with core internal audit capabilities and competencies.



Engaging the Future Professionals

Since 2013, the Institute has collaborated with the School of Accountancy, Singapore Management University (SMU) to conduct the Internal Audit Elective module for accountancy undergraduates. Now into its 10th run, the Internal Audit Elective enables the students to have a good understanding of the fundamentals of internal audit and offers a pathway for students to take the CIA exams. More than 350 students have participated in this programme. The Institute continues to sponsor the cash prize for the IIA Singapore Outstanding Student Award at SMU to recognise the top student enrolled in the School of Accountancy's Internal Audit module. It is aimed at inspiring talented students to achieve greater heights in academic excellence.

For the fourth consecutive year, the Institute co-hosted the SMU-IIAS Case Challenge on 3 June 2017 which provided a good platform for students to get a glimpse of the internal audit world and the importance of corporate governance through case questions and activities. The Challenge attracted over 160 students from junior colleges and tertiary institutions.

The Institute also participated in a banking and finance career symposium at Anderson Junior College (AJC) on 23 May 2018, which provided an opportunity for about 200 students to learn more about the differences between internal and external audit, and the skills desired by internal audit.

Promoting the International Internal Audit Awareness Month

About 30 members including some new members came together at Folks Collective (Asia Square) on 16 May 2018 for a networking dinner that was held to celebrate the International Internal Audit Awareness Month. The Institute also conducted an online contest, open to both members and the public, to share how data analytics has helped them to add value to their organisations. With a chance to win book prizes, along with application fee waivers for CIA and IIA Singapore membership, the month of May was also sweetened by the unique door gift of a Kit Kat!



IIA Singapore President Tan Boon Yen delivering an opening address at the SMU-IIAS Case Challenge.



Over 200 AJC students learnt about the skills desired by internal audit.





RAISING OUR PROFILE INTERNATIONALLY AND REGIONALLY

IIA Global

The Institute is active in global activities and committees such as the Global Professional Development Committee, International Internal Audit Standards Board, Internal Audit Foundation Board of Trustees, Institute Relations Committee and Global Executive Leadership Team (CEO). This allows the Institute to bring global developments back to Singapore.



IIA Singapore, represented by its President Tan Boon Yen at the 2018 Global Council meeting held from 4 to 7 February 2018 in Panama City.



The IIA Singapore team and members at The IIA International Conference in Dubai from 6 to 9 May 2018.



IIA – Regional

The Institute is represented in the Asian Confederation of Institutes of Internal Auditors (ACIIA), a confederation of 17 IIA Affiliates in the Asia Pacific region. ACIIA's vision is to be the regional voice of the internal auditing profession: advocating its value, promoting best practice, and providing exceptional service to its members.



Abdul Hamid Bin Abdullah, IIA Singapore Treasurer of the Board of Governors spoke about the “Use of Technology in Public Sector Accounting” on 22 June 2018 at the ACIIA Public Sector Forum in the Philippines.



The Institute hosted a delegation of six senior officials from Vietnam's Ministry of Finance on 13 April 2018, as part of their 2-day study visit to Singapore.





CORPORATE GOVERNANCE

The Board of Governors held four meetings during the financial year of 2017/2018.

Number of Meetings Attended

Tan Boon Yen	4
William Lim	2
Sia Nam Chie	3
Koh Chin Beng	4
Abdul Hamid Bin Abdullah	2
Raj Bux	2
Jonathan Ho	2
Audrey Huang	3
Andrew Koh	4
Uantchern Loh	4
Keith Ng	2
Tan Peck Leng	4
Tan Suan Ee	4
Shalinder Taneja	2
Teo Chee Khiang	2
Eric Lim	4

List of Committees and Members

Executive Committee

Tan Boon Yen	President
William Lim	Vice-President
Sia Nam Chie	Vice-President
Koh Chin Beng	Secretary
Abdul Hamid Bin Abdullah	Treasurer

Audit Committee

Wong Swee Chin	Chairperson
Clementine Chua	
Mak Chung Yee	



Nominating Committee

Chng Seh Chong
 Eric Lim
 Antonio Martinez Marroquin
 Tan Boon Yen
 Lilian Tay
 Jennifer Vayding

Advocacy Committee

Jonathan Ho	Chairperson
Raj Bux	Vice-Chairperson
Uantchern Loh	
Jenny Tan	
Teo Chee Khiang	

Education & Professional Development Committee

William Lim	Chairperson
Shalinder Taneja	Vice-Chairperson
Cheah Wee Teong	
Andrew Koh	
Eric Lim	
Lim Chu Yeong	
Tan Suan Ee	
Gary Teo	

Membership & Certification Committee

Koh Chin Beng	Chairperson
Abdul Hamid Bin Abdullah	
Audrey Huang	
Eric Lim	
Tan Boon Yen	

Technical & Technology Committee

Sia Nam Chie	Chairperson
Keith Ng	Vice-Chairperson – Technology
Tan Peck Leng	Vice-Chairperson – Technical
Henry Chan	
Nadiah Chang	
Vincent Cheong	
Daryl Pereira	
Sia Hwee Lay	
Charlotte Tan	
Nicodemus Tan	
Tay Woon Teck	



Report of the Nominating Committee

The By-Laws call for a Nominating Committee consisting of the President and at least four members. The Committee cannot consist of a majority of members who are members of the Board of Governors. The following Nominating Committee was appointed in accordance with the By-Laws:

Tan Boon Yen	-	President
Eric Lim	-	Immediate Past President
Chng Seh Chong	-	Past President
Antonio Martinez Marroquin	-	Past Vice President
Lilian Tay	-	Past President
Jennifer Vayding	-	Past Vice President

After careful consideration, the Nominating Committee nominates the following candidates for election/re-election at the 42nd AGM:

Vincent Cheang Weng Seng
 Goh Chin Yee
 Debbie Goh Kwee Imm
 Lim Boon Chye
 Nicodemus Tan Ee Sin
 Patricia Tan Mui Siang
 Jonathan Ho

These candidates, if elected, would serve a term of two years from FY2018/2019 to FY2019/2020.

The Nominating Committee confirms the following incumbent Governors to be Office Bearers for FY2018/2019:

Position	Name
President	Tan Boon Yen
Vice President	Sia Nam Chie
Vice President	Koh Chin Beng
Secretary	Tan Suan Ee
Treasurer	William Lim

Under the By-Laws, Eric Lim being the Immediate Past President continues to be a Governor.



IIA Global

The Institute has representatives on the following IIA Global Committees:

GLOBAL PROFESSIONAL DEVELOPMENT COMMITTEE**Mission**

To promote and enhance the global development of high-performing internal audit professionals, indispensable to their organisations.

IIA Singapore Representative

Tan Boon Yen

INTERNATIONAL INTERNAL AUDIT STANDARDS BOARD**Mission**

To serve the public interest by developing, issuing, maintaining, and promoting the International Standards for the Professional Practice of Internal Auditing on a worldwide basis.

IIA Singapore Representative

Sia Nam Chie

INTERNAL AUDIT FOUNDATION BOARD OF TRUSTEES**Mission**

To expand knowledge and understanding of internal auditing by providing relevant research and educational products to advance the profession globally.

IIA Singapore Representative

Eric Lim

INSTITUTE RELATIONS COMMITTEE**Mission**

To promote and facilitate the development and maintenance of a global strategy that fosters good communication, collaboration and cooperation among The IIA and all Institutes. To oversee institute relations including the formation, development and expansion of IIA Institutes.

IIA Singapore Representative

Goh Puay Cheh

GLOBAL EXECUTIVE LEADERSHIP TEAM (CEO)**Mission**

To serve as an advisory body to The IIA's Executive Committee and Global Board of Directors through The IIA President and CEO on the operational feasibility and probable impact of strategic initiatives and IIA projects that would have a direct impact on institute operations.

IIA Singapore Representative

Goh Puay Cheh



Brief Write-up of the Candidates for Election/Re-election

**Vincent Cheang
Weng Seng
B. Acc**

Managing Director, Director of Internal Audit in GIC

Vincent Cheang joined GIC in 2012 and was appointed Managing Director in 2015. As Director of Internal Audit, Vincent leads the department in fostering a strong corporate governance and control environment in GIC. Vincent focuses on employing best practice audit methodologies and being a trusted business partner to other GIC's functional areas to bring about positive changes to GIC's control environment. Prior to joining GIC in 2012, Vincent was Director with Barclays Bank Singapore. He started his career in Deloitte & Touche and has held various appointments in Risk and Audit with Deutsche Bank AG, Societe Generale and Chase Manhattan Bank.

He holds a Bachelor of Accountancy degree.

**Goh Chin Yee
B. Eng (1st class
Honours), CFA**

Executive Vice President & Head Group Audit, OCBC Bank

Goh Chin Yee is currently the Head Group Audit in OCBC and is responsible for the internal audit functions of the bank as well as its subsidiaries and international branches. Prior to this role, she has over 30 years of experience covering various roles in OCBC Group, including strategic management, investment research, fund management, finance, risk management and treasury business management.

She graduated with a Bachelor of Engineering degree with First Class Honours from the National University of Singapore and holds the professional qualification of Chartered Financial Analyst.



Brief Write-up of the Candidates for Election/Re-election

**Debbie Goh
Kwee Imm
B. Acc, CA (Singapore)**

Senior Vice President, Group Internal Audit, Fraser & Neave Group

Debbie Goh joined Fraser & Neave Group in 2004. Prior to that, she had accumulated more than 20 years of working experience in professional firms in areas of external audit; IPO work, financial due diligence; Internal Audit outsourcing and risk management consulting.

Debbie was awarded the “Internal Audit Excellence Award 2013 – Special Recognition” at the SIAS Investors’ Choice Awards 2013.

She graduated with a Bachelor of Accountancy degree from the National University of Singapore and is a Chartered Accountant of Singapore.

**Lim Boon Chye
B.Com., B.E.(Hons),
MBA**

Chief Audit Executive, Central Provident Fund Board

As Chief Audit Executive since November 2013, Lim Boon Chye leads the Internal Audit Group in CPF Board. He has also been a Member of the Inaugural Public Sector Internal Audit Council (PSIAC) since 2017.

He graduated with both Bachelor of Commerce and Bachelor of Engineering (with First Class Honours in Industrial Engineering) from the University of Newcastle, Australia. He also holds an MBA from the National University of Singapore.



Brief Write-up of the Candidates for Election/Re-election

Nicodemus Tan Ee Sin
CIA, CFSA, CCSA,
CRMA, CA (Singapore),
B. Acc

Associate Director, Finance and Operations Audit (APAC) **United Technologies Corporation**

Nicodemus Tan joined the United Technologies Corporation in 2016. Prior to that, he was with PwC as the Senior Manager for Risk Assurance. He has over 14 years of working experience in internal audit, risk assurance and finance and operations audit and is currently serving in IIA Singapore Technical & Technology Committee.

He graduated with a Bachelor of Accountancy degree from the Nanyang Technological University. He is a Certified Internal Auditor (CIA) and a Certified Financial Services Auditor (CFSA), and holds the Certification in Control Self-Assessment (CCSA) and Certification in Risk Management Assurance (CRMA). Nicodemus is a Chartered Accountant of Singapore and has passed the Certified Information Systems Auditor (CISA) examinations.



Brief Write-up of the Candidates for Election/Re-election

Patricia Tan Mui Siang
B. Acc, PhD,
CA (Singapore)

Associate Professor, Division of Accounting, Nanyang Business School, Nanyang Technological University

Patricia Tan is Associate Professor of accounting, and former head of the Accounting Division and former Associate Dean of the Undergraduate programme. She has a PhD Degree in Accounting from the University of British Columbia, and is a Chartered Accountant of Singapore. Prior to joining academia, Patricia worked as an external auditor in one of the international accounting firms. Her research has been published in both professional accounting and top academic journals in the field, and she has presented her research findings at numerous international conferences. She has also jointly conducted various financial reporting consultancy projects. She has taught courses at many levels, including undergraduate, MBA and Nanyang Fellows. In recognition of her innovation in curriculum development and teaching pedagogy, she was awarded the 2004 Teacher of the Accounting Division and the 2012 Nanyang Fellows Teacher of the Year award. She is currently a member of the Public Transport Council and a member of the Institute of Singapore Chartered Accountants' Continuing Professional Education Committee.



Brief Write-up of the Candidates for Election/Re-election

Jonathan Ho
CA (Singapore),
B. Com (Accounting
and Finance) (Hons)

Partner, Risk Consulting Services, KPMG Singapore

Jonathan has over 20 years of audit and consulting experience. His experience includes 2 years with KPMG London where he serviced clients on corporate governance, risk management and internal audit engagements. He is currently the service line head for Internal Audit, Risk and Compliance Services for KPMG Singapore. He also heads the Enterprise Market for KPMG Singapore.

As a Governor of IIA Singapore since 2015, Jonathan has held different roles. They are:

- Chair and member of IIA Singapore Advocacy Committee in 2018 and 2017 respectively
- Conference Co-Chair for 2016 GIALS and ACIIA
- Member of IIA Singapore Education Committee (2015 – 2016)





AUDITED FINANCIAL STATEMENTS



THE INSTITUTE OF INTERNAL AUDITORS SINGAPORE
Unique Entity Number: S768S0058D
(Registered in Singapore)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MAY 2018

INSTITUTE INFORMATION

For the year ended 31 May 2018

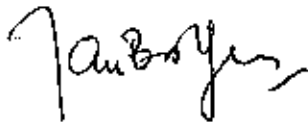
Registered office	6 Shenton Way #41-04 Singapore 068809
Governors	Tan Boon Yen, President William Lim, Vice-President Sia Nam Chie, Vice-President Koh Chin Beng, Secretary Abdul Hamid Bin Abdullah, Treasurer Raj Bux Jonathan Ho Audrey Huang Andrew Koh Uantchern Loh Keith Ng Tan Peck Leng Tan Suan Ee Shalinder Taneja Teo Chee Khiang Eric Lim, Immediate Past President
Bankers	DBS Bank Ltd Oversea-Chinese Banking Corporation Limited Hong Leong Finance Limited
Independent auditors	Ardent Associates LLP 112 Robinson Road 8th Floor Singapore 068902

STATEMENT BY THE BOARD OF GOVERNORS

For the year ended 31 May 2018

On behalf of the Board of Governors of The Institute of Internal Auditors Singapore (the "Institute"), we, Tan Boon Yen and Abdul Hamid Bin Abdullah, being the President and Treasurer respectively, do hereby state that in our opinion, the financial statements of the Institute are properly drawn up in accordance with the Societies Act Chapter 311 and Singapore Financial Reporting Standards so as to present fairly, in all material respects, the financial position of the Institute as at 31 May 2018 and the financial performance, changes in funds and cash flows of the Institute for the financial year ended on that date.

On behalf of the Board



Tan Boon Yen

President



Abdul Hamid Bin Abdullah

Treasurer

02 AUG 2018

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE INSTITUTE OF INTERNAL AUDITORS SINGAPORE**

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Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Institute of Internal Auditors Singapore (the "Institute"), which comprise the statement of financial position as at 31 May 2018, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act, Chapter 311 (the "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 May 2018 and of the financial performance, changes in funds and cash flows of the Institute for the year ended on that date.

Basis of Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditors' 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 ("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.

Other matter

The financial statements of the Institute for the year ended 31 May 2017 were audited by another firm of auditors who expressed unmodified opinion on those statements on 21 July 2017.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE INSTITUTE OF INTERNAL AUDITORS SINGAPORE**

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

Other information

Board of Governors is responsible for the other information. The other information comprises the Statement by the Board of Governors and annual report, but does not include the financial statements and our auditors' report thereon.

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

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

Responsibilities of Board of Governors for the Financial Statements

Board of Governors is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Act and FRSSs, 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 financial statements free from material misstatement, whether due to fraud or error and to maintain accountability of assets.

In preparing the financial statements, Board of Governors 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 Board of Governors either intends to liquidate the Institute or to cease operations, or has no realistic alternative but to do so.

The Board of Governors' responsibilities include overseeing the Institute's financial reporting process.

Auditors' 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 auditors' 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE INSTITUTE OF INTERNAL AUDITORS SINGAPORE**

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

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

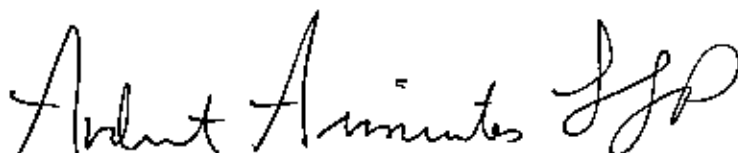
As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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 Board of Governors.
- Conclude on the appropriateness of Board of Governors' 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 auditors' 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 auditors' 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 Board of Governors 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 Societies Regulations enacted under the Act to be kept by the Institute have been properly kept in accordance with the provisions of the Act.



ARDENT ASSOCIATES LLP

Public Accountants and
Chartered Accountants
Singapore
2 August 2018

Audit | Tax | Outsourcing | Business Advisory | Risk & Governance | Corporate Recovery | Litigation Support | IT Solutions | Training

STATEMENT OF FINANCIAL POSITION

As at 31 May 2018

	Notes	2018 S\$	2017 S\$
ASSETS			
Non-current assets			
Property, plant and equipment	3	24,527	12,155
Current assets			
Inventories, at cost		68	1,802
Trade receivables	4	106,506	133,452
Other receivables	5	37,564	37,223
Cash and cash equivalents	6	1,226,487	1,329,595
		<u>1,370,625</u>	<u>1,502,072</u>
Total Assets		<u><u>1,395,152</u></u>	<u><u>1,514,227</u></u>
FUNDS			
Accumulated surplus		<u>1,010,351</u>	<u>1,192,890</u>
Current liabilities			
Fee received in advance		257,723	232,396
Trade and other payables	7	127,078	88,941
		<u>384,801</u>	<u>321,337</u>
Total Funds and Liabilities		<u><u>1,395,152</u></u>	<u><u>1,514,227</u></u>

See accompanying notes to financial statements

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 May 2018

	Notes	2018 S\$	2017 S\$
Operating income			
Members' admission and annual fees		336,349	321,904
Income from examination		85,450	127,438
Income from seminars, talks and conferences		1,366,670	1,403,432
		<u>1,788,469</u>	<u>1,852,774</u>
Non-operating income			
Bank interest		5,862	6,258
Rental income		-	3,450
Government grant		18,126	9,072
		<u>23,988</u>	<u>18,780</u>
Operating surplus		<u>1,812,457</u>	<u>1,871,554</u>
Less:			
Operating expenses			
Accounting fee		18,000	18,000
Affiliation fee		60,788	55,598
Audit fee		5,000	3,950
Bank charges		18,444	18,633
Direct cost of examination		9,342	22,773
Direct cost of seminars, talks and conferences		657,964	764,952
Depreciation expenses		7,222	10,632
Event expenses		6,236	17,771
Meeting expenses		43,387	38,794
Printing, postage and stationery		22,607	39,486
Publications		54,995	81,484
Publicity & advocacy		6,079	79,415
Rental expenses		122,656	123,793
Staff costs	8	902,657	831,623
Website & IT expenses		27,640	22,540
Other operating expenses		31,979	31,118
		<u>1,994,996</u>	<u>2,160,562</u>
Net operating deficit before taxation		(182,539)	(289,008)
Taxation	9	-	-
Net operating deficit after taxation/ Total comprehensive loss for the year		<u>(182,539)</u>	<u>(289,008)</u>

STATEMENT OF CHANGES IN FUNDS
For the year ended 31 May 2018

	Accumulated Surplus
	S\$
Balance as at 1 June 2016	1,481,898
Total comprehensive loss for the year	(289,008)
Balance as at 31 May 2017	<u>1,192,890</u>
Total comprehensive loss for the year	(182,539)
Balance as at 31 May 2018	<u><u>1,010,351</u></u>

STATEMENT OF CASH FLOWS

For the year ended 31 May 2018

	Notes	2018 S\$	2017 S\$
Cash flows from operating activities			
Deficit before taxation		(182,539)	(289,008)
Adjustments for :			
Depreciation	3	7,222	10,632
Interest income		(5,862)	(6,258)
Operating cash flows before working capital change		(181,179)	(284,634)
Inventories		1,734	4,131
Trade and other receivables		26,725	(33,134)
Trade and other payables		63,464	55,649
Cash generated from operations		91,923	26,646
Net cash used in operating activities		(89,256)	(257,988)
Cash flow from investing activities			
Interest received		5,742	6,579
Purchase of property, plant and equipment	3	(19,594)	(11,664)
Net cash flow used in investing activities		(13,852)	(5,085)
Net change in cash and cash equivalents		(103,108)	(263,073)
Cash and cash equivalents at beginning of financial year		1,329,595	1,592,668
Cash and cash equivalents at end of financial year	6	1,226,487	1,329,595

See accompanying notes to financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2018

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

1. GENERAL INFORMATION

The Institute of Internal Auditors Singapore (the "Institute") is registered as a society and domiciled in Singapore. The registered address of the Institute is 6 Shenton Way #41-04 Singapore 068809.

The principal activities of the Institute, established under the Societies Act, are to provide practising internal auditors with a forum for exchanging ideas and expertise on matters of common interests, to develop their professional skills, to enhance their value for organisations and stakeholders and to enhance the professional status of internal auditing in Singapore.

The financial statements of the Institute were authorised for issue on the date of which the Statement by the Board of Governors was signed.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial statements of the Institute have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") and the Societies Act.

The financial statements have been prepared on a historical cost basis, except as disclosed in the accounting policies below, and are presented in Singapore Dollars (S\$).

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Institute has adopted all the new and revised standards that are effective for annual periods beginning on or after 1 June 2017. The adoption of these standards and interpretations did not have any significant effect on the result or state of affairs of the Institute.

b) Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS requires the Board of Governors to exercise its judgement in the process of applying the Institute's accounting policies. It also requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements, and the reported amounts of revenues and expenses during the financial year. These estimates are based on the Board of Governors' best knowledge of current events and actions.

Critical accounting estimates and assumptions used that are significant to the financial statements are discussed below:

(i) Depreciation of property, plant and equipment

The Institute determines the estimated useful lives and related depreciation charges for the Institute's property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The Board of Governors will revise the depreciation charge where useful lives are different to those previously estimated, or a write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

b) Critical accounting judgements and key sources of estimation uncertainty (cont'd)

(ii) Impairment loss recognised in respect of accounts receivable

The allowance of impairment loss in respect of accounts receivable of the Institute is based on the evaluation of collectability and aging analysis of accounts receivable and on the Board of Governors' estimate. In determining whether impairment is required, the Institute takes into consideration the aging status and likelihood of collection. When recoverability of accounts receivable is called into doubt, specific provision of impairment loss on accounts receivable are made on the difference between the estimated expected future cash flow discounted using the original effective interest rate and the carrying value.

(iii) Income taxes

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Institute recognises liabilities for anticipated tax issues based on estimate of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

c) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are stated at cost or valuation less accumulated depreciation and any impairment in value.

Depreciation is calculated on the straight-line method to write off the cost or valuation of the assets over their estimated useful lives of 3 years.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed and adjusted as appropriate, at the end of the reporting period.

The carrying amounts are reviewed at the end of the reporting period to assess whether they are recorded in excess of their recoverable amount, and if the carrying values exceed their recoverable amounts, assets are written down.

The residual values and useful lives, if not insignificant, are reassessed annually.

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

d) Impairment of non-financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

Impairment losses recognised in prior years are assessed at the end of the reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss has been recognised. Reversal of impairment loss is recorded in profit or loss. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

e) *Inventories*

Inventories, comprising CIA learning system pack and other educational materials, are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method.

f) *Operating leases*

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to income or expenditure on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expenditure in the period in which termination takes place.

g) *Provisions*

Provisions are recognised when the Institute has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of the reporting period and adjusted to reflect the current best estimate. Where the effect of time value of money is material, the amount of the provision is the present value of the expenditure expected to be required to settle the obligation.

h) *Related parties*

For the purposes of these financial statements, parties are considered to be related to the Institute if the Institute has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Institute and the party are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

i) *Financial instruments*

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

(i) *Trade and other receivables*

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of trade receivables is established when there is objective evidence that the Institute will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in the profit or loss.

(ii) *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts (if any) which are repayable on demand and which form an integral part of the Institute's cash management.

(iii) *Trade and other payables*

Trade and other payables are recognised initially at fair value, net of transaction costs incurred and subsequently stated at amortised costs, using the effective interest method.

j) *Income tax*

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the profit or loss except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred income tax is provided using the liability method, on all temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred income tax.

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

Deferred tax is charged or credited to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2018

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

k) Revenue recognition

Admission and annual fees less refunds, if any, are recognised in the financial statements on an accrual basis.

The annual fee per member is S\$150 and the entrance fee is S\$20. For new members admitted in the second half of the financial year, the annual fee per member is S\$75. Annual fees for corporate members range from S\$225 to S\$3,750 based on the number of nominees.

Revenue from seminars and talks is recognised as income in the period in which service is rendered. Examinations fees are recognised as income in the period upon receipts of fees and completion registration of the examination with The Institute of Internal Auditors based in the USA.

Interest income is recognised on a time-apportioned basis.

l) Foreign currency transaction

(i) Functional and presentation currency

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

(ii) Transactions and balances

Transactions in foreign currency are measured and recorded in Singapore Dollars using the exchange rate at the date of transactions. At the end of the reporting period, recorded monetary balances that are denominated in foreign currency are adjusted to reflect the rate at the end of the reporting period. All exchange adjustments are taken to the profit or loss.

m) Employee benefits

Defined contribution plan

Contributions to defined contribution retirement benefit plans are recorded as an expense as they fall due. Contributions to government managed retirement benefit plans such as the Central Provident Fund which specifies the employer's obligations are dealt with as defined contribution retirement benefit plans.

n) Government grants

Cash grants received from the government are recognised as income upon receipt.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2018

3. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement	Office furniture and equipment	Total
	S\$	S\$	S\$
Cost			
As at 1 June 2016	83,332	70,847	154,179
Additions	-	11,664	11,664
As at 31 May 2017	83,332	82,511	165,843
Additions	-	19,594	19,594
As at 31 May 2018	83,332	102,105	185,437
Less:			
Accumulated Depreciation			
As at 1 June 2016	77,206	65,850	143,056
Charge for the year	6,126	4,506	10,632
As at 31 May 2017	83,332	70,356	153,688
Charge for the year	-	7,222	7,222
As at 31 May 2018	83,332	77,578	160,910
Net Book Value			
As at 31 May 2018	-	24,527	24,527
As at 31 May 2017	-	12,155	12,155

4. TRADE RECEIVABLES

Included in trade receivables are amounts owed by organisations whose delegates attended seminars/conferences organised by the Institute during the financial year:

	2018 S\$	2017 S\$
Trade receivables – third parties	78,851	90,395
Advance billings	27,655	43,057
	106,506	133,452

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2018

4. TRADE RECEIVABLES (CONT'D)

Trade receivables are denominated in the following currencies:

	2018 S\$	2017 S\$
Singapore Dollar	106,506	86,656
United States Dollar	-	46,796
	<u>106,506</u>	<u>133,452</u>

Trade receivables are generally on 30 days (2017: 30 days) credit terms.

The ageing of receivables at the end of the reporting date is:

	2018 S\$	2017 S\$
Not past due	82,407	63,607
Past due:		
1 to 30 days	20,912	35,196
31 to 60 days	3,187	29,454
61 to 90 days	-	5,195
	<u>106,506</u>	<u>133,452</u>

5. OTHER RECEIVABLES

	2018 S\$	2017 S\$
Prepayment	521	300
Sundry deposits	31,187	31,187
Interest receivable	2,533	2,413
Tax refund	3,323	3,323
	<u>37,564</u>	<u>37,223</u>

6. CASH AND CASH EQUIVALENTS

	2018 S\$	2017 S\$
Fixed deposits	889,900	884,157
Cash and bank balances	336,587	445,438
	<u>1,226,487</u>	<u>1,329,595</u>

The interest rate of the fixed deposits as at 31 May 2018 ranged from 0.10% to 1.28% (2017: 0.10% to 1.50%) per annum, with maturities of between 3 and 12 months (2017: between 3 and 12 months).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2018

7. TRADE AND OTHER PAYABLES

	2018 S\$	2017 S\$
Trade payables	53,939	43,805
Accrued payables	42,667	24,707
GST payables	30,472	20,429
	<u>127,078</u>	<u>88,941</u>

The carrying amounts of trade and other payables approximate their fair values.

Trade payables are generally on 30 days (2017: 30 days) credit terms. Trade and other payables are denominated in the following currencies:

	2018 S\$	2017 S\$
Singapore Dollar	119,824	87,223
United States Dollar	7,254	1,718
	<u>127,078</u>	<u>88,941</u>

8. STAFF COSTS

	2018 S\$	2017 S\$
Salaries and bonuses	790,909	721,781
Contribution to CPF	103,670	101,711
Other employee benefit expenses	8,078	8,131
	<u>902,657</u>	<u>831,623</u>

9. INCOME TAX

There is no income tax expense due to no taxable income.

A reconciliation of the Income tax expense from the amount of income tax expense determined by applying the Singapore statutory income tax rate on the results of the Institute is as follows:

	2018 S\$	2017 S\$
Deficit before taxation	<u>(182,539)</u>	<u>(289,008)</u>
Tax benefit calculated at statutory tax rate of 17%	(31,032)	(49,131)
Expenses not deductible for tax purposes	911	29
Enhanced allowance	-	(1,230)
Tax incentives	-	(14,427)
Deferred tax assets not recognised	30,121	64,759
	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2018

Deferred income tax assets are recognized for tax losses, capital allowances and donations carried forward to the extent that realization of the related tax benefits through future taxable profits is probable. The use of tax assets is subject to the agreement of the tax authority and compliance with certain provisions of the local tax legislation.

	2018 S\$	2017 S\$
Unutilised tax losses	570,000	400,000
Unutilised capital allowances	31,000	10,000
Unutilised donations	12,000	10,000
	<u>613,000</u>	<u>420,000</u>

10. OPERATING LEASE COMMITMENT

The Institute entered into commercial property lease on its office premises. At the end of the reporting date, this non-cancellable lease has remaining lease terms of within 1 year. Future minimum lease payments payable under the non-cancellable operating lease are as follows:

	2018 S\$	2017 S\$
Within 1 year	111,602	121,748
After 1 year but within 5 years	<u>-</u>	<u>111,602</u>

11. RELATED PARTY TRANSACTIONS

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

	2018 S\$	2017 S\$
Governors or Company related to Governors		
Seminar fee/honorarium	27,919	26,066
Website & IT expenses	15,000	-

The total remuneration of key management personnel (including salaries, bonuses and contribution to CPF) was S\$492,947 (2017: S\$416,266).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2018

12. FINANCIAL RISK MANAGEMENT POLICIES

The Institute is exposed to financial risks arising from its operations and the use of financial instruments. The Institute does not have any written financial risk management policies and guidelines.

The Institute does not hold or issue derivatives financial instruments or hedge against fluctuation, if any, in interest rates and foreign exchange.

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

Interest rate risk

The Institute's exposure to market risk for changes in interest rates relates primarily to interest-bearing fixed deposits with financial institutions. The Institute has no policy to hedge against its interest rate risk. The Institute is in a net interest-income position during the current financial year.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counter party to settle its financial and contractual obligations to the Institute as and when they fall due. The Institute monitors the exposure to credit risk on an ongoing basis taking into consideration the credit worthiness of the customer amongst the factors considered. Credit evaluations are performed on all customers requiring credit over a certain amount. The Institute does not require collateral in respect of financial assets.

At the end of the reporting period, there is no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

Foreign currency risk

The Institute is exposed to foreign exchange risk on transactions that are denominated in a currency other than Singapore Dollars. Exposure to foreign exchange risk is monitored on an ongoing basis by the Institute to ensure that the net exposure is at an acceptable level.

The Institute transacts in United States Dollars with The Institute of Internal Auditors for matters relating to examinations and membership. As a result, it is exposed to foreign currency risk arising from the exchange rate movements of this foreign currency against the Singapore Dollar. The Institute does not use any financial derivatives such as foreign currency forward contracts, foreign currency options or swaps for hedging purposes.

Foreign currency sensitivity analysis

The Institute's sensitivity to a 2% (2017: 2%) strengthening in United States Dollar, against Singapore Dollar would result in an increase in net operating deficit for the year by S\$145 (2017: S\$902). The sensitivity analysis assumes an instantaneous 2% (2017: 2%) change in the foreign currency exchange rate from the end of the reporting period, with all other variables held constant. The results of the model are also constrained by the fact that only monetary items, which are denominated in foreign currency.

If United States Dollar weakened against Singapore Dollar by 2% (2017: 2%), with all other variables including tax rate being held constant, it would have had the equal opposite effect on the amount shown above.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2018

Liquidity risk

The Institute monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by Institute to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Institute's liquidity risk is minimal as it maintains sufficient funds to meet its committed liabilities.

The Institute has no derivative financial liabilities. All non-derivative financial liabilities are due within 12 months.

Fair values

The fair values of all the Institute's financial assets and liabilities approximate their carrying amounts.

However, the Institute does not anticipate that the carrying amounts recorded at the end of the reporting period would be significantly different from the values that would eventually be received or settled.

13. CAPITAL MANAGEMENT

The Institute's objectives in capital management are:

- (a) To safeguard the Institute's ability to continue as a going concern;
- (b) To support the Institute's stability and growth; and
- (c) To provide funds for the purpose of strengthening the Institute's risk management capability.

The Board of Governors of the Institute has adopted an investment strategy for the Institute's surplus funds in January 2012. The investment strategy will be periodically reviewed by the Board.

14. FRS NOT YET ADOPTED

Certain new accounting standards and interpretations have been published that are mandatory for accounting periods beginning on or after 1 June 2018. The Institute does not expect that adoption of these accounting standards and interpretations will have a material impact on the Institute's financial statements.

The Institute has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual period beginning on or after
FRS 115 Revenue from Contracts from Customers	1 January 2018
FRS 109 Financial Instruments	1 January 2018
FRS 116 Leases	1 January 2019

The Board of Governors does not anticipate that the adoption of the above FRS in future periods will have a material impact on the financial statements of the Institute in the period of their initial adoption.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 May 2018

15. COMPARATIVES

Reclassification

Certain comparative figures in the statement of financial position have been re-classified to conform to current year's presentation as follows:

	As previously reported 2017	Reclassification 2017	As reclassified 2017
Statement of Financial Position	S\$	S\$	S\$
Trade receivables	189,583	(56,131)	133,452
Fee received in advance	<u>288,527</u>	<u>(56,131)</u>	<u>232,396</u>