Financial Statement of

THE BAHAMAS INSTITUTE OF CHARTERED ACCOUNTANTS

December 31, 2018

THE BAHAMAS INSTITUTE OF CHARTERED ACCOUNTANTS
Financial Statements

December 31, 2018

C O N T E N T S

bakertilly

The Deanery
#28 Cumberland Street
P.O. Box N-1991
Nassau, The Bahamas

T: +1 (242) 356-4114
F: +1 (242) 356-4125

info@bakertilly.bs
www.bakertilly.bs

INDEPENDENT AUDITORS' REPORT

To the Council of:
The Bahamas Institute of Chartered Accountants

Our Opinion

We have audited the financial statements of The Bahamas Institute of Chartered Accountants (the "Institute"), which comprise the statement of financial position as at December 31, 2018, and the statement of comprehensive income, statement of changes in equity 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 present fairly, in all material respects, the financial position of the Institute as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Institute in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) that are relevant to our audit of the financial statements in The Bahamas, and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

INDEPENDENT AUDITORS' REPORT *(Continued)*

Auditors' Responsibilities for the Audit of the Financial Statements

Our objective is 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 ISAs 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 ISAs, we exercise professional judgment 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. This risk of not detecting a material misstatement resulting from fraud is higher than 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 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 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 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 achieve fair presentation.

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

Baker Tilly

Baker Tilly
Chartered Accountants
Nassau, The Bahamas

May 29, 2019

THE BAHAMAS INSTITUTE OF CHARTERED ACCOUNTANTS
(Incorporated under the laws of the Commonwealth of The Bahamas)
Statement of Financial Position

As of December 31, 2018
(Expressed in Bahamian dollars)

	2018	2017
ASSETS		
Cash on hand and at banks (Note 3)	$ 752,981	$ 669,036
Accounts receivable (Note 4)	11,833	27,169
Other assets (Note 5)	9,065	14,065
Property, plant and equipment (Note 6)	21,601	25,414
Total assets	$ 795,480	$ 735,684
LIABILITIES		
Accrued expenses and other liabilities (Note 7)	$ 65,972	$ 62,470
Deferred income	3,475	6,925
Scholarship, building and other funds (Note 8)	25,997	22,847
Total liabilities	95,444	92,242
EQUITY		
Retained earnings	700,036	643,442
Total equity	700,036	643,442
Total liabilities and equity	$ 795,480	$ 735,684

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

APPROVED BY THE COUNCIL AND SIGNED ON ITS BEHALF BY:

President

Treasurer

May 29, 2019
Date

THE BAHAMAS INSTITUTE OF CHARTERED ACCOUNTANTS
Statement of Comprehensive Income

For the Year Ended December 31, 2018
(Expressed in Bahamian dollars)

	2018	2017
INCOME		
Institute of Chartered Accountants of the Caribbean conference fees and sponsorships (Note 10)	$ 454,249	$ -
Continuing professional development seminar fees (Note 10)	436,610	464,230
Membership fees	129,750	131,125
Licence fees	80,555	79,400
Interest	9,106	5,978
Other	19,037	16,322
	1,129,307	697,055
EXPENSES		
Institute of Chartered Accountants of the Caribbean conference hosting costs (Note 10)	428,074	5,161
Continuing professional development seminar costs (Note 10)	303,651	258,307
Salaries and employee benefits	144,215	105,554
Professional fees	54,487	45,295
Rent	38,774	32,835
Printing and stationery	15,889	9,401
Membership dues (Note 11)	13,944	13,803
Other	11,004	10,985
Communications	10,684	11,506
Bank charges	10,014	3,711
Advertising and promotions	9,049	7,587
Travel and entertainment	8,907	40,497
Depreciation (Note 6)	7,115	431
Annual general meeting costs	6,173	5,569
Donations, scholarships, awards and grants	5,730	4,300
Utilities	4,137	5,805
Council costs	845	6,725
Courier and postage	21	1,307
Provision for doubtful accounts (Note 4)	-	8,554
Repairs and maintenance	-	1,200
	1,072,713	578,533
Net income and total comprehensive income	$ 56,594	$ 118,522

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

THE BAHAMAS INSTITUTE OF CHARTERED ACCOUNTANTS
Statement of Changes in Equity

For the Year Ended December 31, 2018
(Expressed in Bahamian dollars)

	Retained Earnings	Equity
As of January 1, 2018	**$ 643,442**	**$ 643,442**
Comprehensive income		
Net income	56,594	56,594
Total comprehensive income	56,594	56,594
As of December 31, 2018	**$ 700,036**	**$ 700,036**
As of January 1, 2017	**$ 524,920**	**$ 524,920**
Comprehensive income		
Net income	118,522	118,522
Total comprehensive income	118,522	118,522
As of December 31, 2017	**$ 643,442**	**$ 643,442**

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

THE BAHAMAS INSTITUTE OF CHARTERED ACCOUNTANTS
Statement of Cash Flows

For the Year Ended December 31, 2018
(Expressed in Bahamian dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 56,594	$ 118,522
Adjustments for:		
Interest income	(9,106)	(5,978)
Gain on disposal of property, plant and equipment	-	(1,439)
Depreciation	7,115	431
Provision for doubtful accounts	-	8,554
Interest received	7,605	4,357
(Increase)/Decrease in operating assets		
Accounts receivable	15,336	(18,725)
Other assets	5,000	(8,401)
Increase/(Decrease) in operating liabilities		
Accrued expenses and other liabilities	3,502	31,344
Deferred income	(3,450)	5,525
Scholarship, building and other funds	3,150	2,435
Net cash from operating activities	85,746	136,625
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in term deposits with original contractual maturities greater than three (3) months	(6,285)	(125,011)
Purchases of property, plant and equipment	(3,302)	(25,335)
Proceeds from disposals of property, plant and equipment	-	1,439
Net cash used in investing activities	(9,587)	(148,907)
Net increase/(decrease) in cash and cash equivalents	76,159	(12,282)
Cash and cash equivalents as of the beginning of the year	438,860	451,142
Cash and cash equivalents as of the end of the year (Note 3)	$ 515,019	$ 438,860

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

1. GENERAL INFORMATION

The Bahamas Institute of Chartered Accountants (the Institute) is incorporated under the Companies Act, 1992 of the Commonwealth of The Bahamas (The Bahamas) and limited by guarantee. The Institute is the regulator of the accounting profession in The Bahamas, pursuant to the Bahamas Institute of Chartered Accountants Act, 2015 (the Act) and related Regulations:

- The Bahamas Institute of Chartered Accountants (General) Regulations, 2016.
- The Bahamas Institute of Chartered Accountants (Committees) Regulations, 2016.
- The Bahamas Institute of Chartered Accountants (Disciplinary) Regulations, 2016.

The Institute grants membership to accountants possessing the necessary academic and professional credentials; issues licenses to members to engage in public practice following the satisfaction of the public practice requirements, which principally comprise professional work experience in public accounting; and registers firms engaged in public practice, which are deemed to be providing audit or other attestation services that result in the issuance of information, audit or other attestation reports or similar certification that are reasonably expected to be relied upon by third parties.

The Institute is also charged with promoting standards and best practices in financial reporting, audit and attestation, and other accounting related matters through the provision of training, education and examination.

The Institute is a member of the International Federation of Accountants (IFAC) and the Institute of Chartered Accountants of the Caribbean (ICAC).

The registered office of the Institute is situated at 308 East Bay Street and its offices are situated at 33 Collins Avenue, New Providence, Bahamas.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

a) ***Basis of preparation* –** The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), and under the historical cost convention.

   The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgment in the process of applying the Institute's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results could differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Notes 2(e), 2(f) and 2(h).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

a) ***Basis of preparation*** *(Continued)*

New standards, amendments and interpretations adopted by the Institute

Effective 1 January 2018, the Institute adopted IFRS 9 *Financial Instruments* (IFRS 9) and IFRS 15 *Revenue from Contracts with Customers* (IFRS 15), which resulted in changes in accounting policies and expanded notes disclosures. The adoption of IFRS 9 resulted in changes in the Institute's accounting policies for recognition, classification, measurement and impairment of financial assets, however, these changes did not impact amounts previously recognised in the financial statements. There were no changes in relation to financial liabilities.

The adoption of IFRS 15 did not significantly impact the Institute's accounting policies and measurement of revenue, however, certain notes disclosures in the financial statements have been expanded.

Other standards and amendments and interpretations to published standards that became effective for the Institute's financial year beginning on January 1, 2018 were either not relevant or not significant to the Institute's operations and accordingly did not have a material impact on the Institute's accounting policies or financial statements.

New standards, amendments and interpretations not yet adopted by the Institute

With the exception of IFRS 16 *Leases* (IFRS 16), the application of new standards and amendments and interpretations to existing standards that have been published but are not yet effective are not expected to have a material impact on the Institute's accounting policies or financial statements in the financial period of initial application.

IFRS 16 results in lessees accounting for most leases within the scope of the standard in a manner similar to the way in which finance leases are currently accounted for under IAS 17 *Leases* (IAS 17). Lessees will recognise a 'right of use' asset and a corresponding financial liability on the statement of financial position. The asset will be amortised over the length of the lease and the financial liability measured at amortised cost. Lessor accounting remains substantially the same as in IAS 17. The Institute has not yet assessed the full impact of adopting IFRS 16, which is effective for financial periods beginning on or after January 1, 2019.

b) ***Foreign currency translation –*** The financial statements are presented in Bahamian dollars (B$), which is the Institute's functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income as a part of net income. Translation differences on monetary financial assets measured at fair value through profit or loss are included as a part of the fair value gains and losses.

c) ***Cash and cash equivalents –*** For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, current accounts and term deposits that have original contractual maturities of three (3) months or less.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

d) ***Financial assets*** **–** The Institute classifies its financial assets as at amortised cost. Management determines the classification of its financial assets at initial recognition, and subsequently, financial assets are reclassified only when the business model for the relevant class of financial assets, as a whole, changes. Such reclassification is prospective and is effective from the first financial period subsequent to the change in business model.

Financial assets at amortised cost are those held within a business model whose objective is to collect the contractual cash flows, and those contractual terms give rise to cash flows that are solely payments of principal and interest.

Accounts receivable represent amounts due from debtors for services performed in the ordinary course of business, with short terms to settlement, and are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, where they are recognised at fair value.

Financial assets at amortised cost are recognised on the trade date – the date on which the Group commits to originate, purchase or sell the asset – and are initially recognised at fair value plus transaction costs, except financial assets carried at fair value through profit or loss where such costs are expensed as incurred.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or when the Institute has transferred substantially all risks and rewards of ownership. If the Institute has neither transferred nor retained substantially all the risks and rewards of ownership, an assessment is made whether the Institute has retained control of the financial assets. Where the Institute has not retained control, financial assets are derecognised and any rights or obligations retained or created as part of the transaction are recognised as separate assets or liabilities. Alternatively, where the Institute has retained control, the Institute continues to recognise the financial assets to the extent of its continuing involvement in the financial assets.

Financial assets at amortised cost are subsequently carried at amortised cost using the effective interest method, less provisions for impairment.

Gains or losses arising from sales are recognised in the statement of comprehensive income as a part of net income in the financial period in which they arise.

e) ***Impairment of financial assets at amortised cost*** **–** The Institute applies the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all accounts receivable and other financial assets at amortised cost.

To measure the expected credit losses, accounts receivable and other financial assets at amortised cost are grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles over a period of two (2) prior years and the relevant historical credit losses experienced within that period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the debtors to settle the financial assets. The Institute has identified the gross domestic product (GDP) growth rate experienced in The Bahamas to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

e) ***Impairment of financial assets at amortised cost*** *(Continued)*

The carrying amount of the financial asset is reduced through the use of an allowance account, which is also referred to as provision for doubtful accounts in relation to accounts receivable, and the amount of the expected credit loss is recognised in the statement of comprehensive income as a part of net income. Decreases in previously recognised expected credit losses are recognised against the same financial statement line item.

Financial assets at amortised cost are written off against the related allowance account when all necessary procedures have been completed and there is no reasonable expectation of recovery, typically evidenced by, amongst other factors, the failure of a debtor to engage in a repayment plan with the Institute, and a failure to make contractual payments for a period greater than ninety (90) days.

Recoveries of accounts previously written off are recognised directly in the statement of comprehensive income as a part of the impairment loss expense included in net income.

f) ***Property, plant and equipment –*** Property, plant and equipment are carried at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of an item.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, 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. All repairs and maintenance are charged to the statement of comprehensive income as a part of net income during the financial period in which they are incurred.

Depreciation on other assets is calculated using the straight-line method to allocate costs (net of residual values) over estimated useful lives as follows:

	Estimated Useful Life
Computers and equipment	5 years
Furniture and fixtures	3 – 5 years
Leasehold improvements	The shorter of the lease term, including renewals, and 3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each date of the statement of financial position. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are recognised in the statement of comprehensive income as a part of net income.

g) ***Accounts payable*** – Accounts payable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

h) ***Income and expense recognition –*** Revenue is measured at the fair value of the consideration received or receivable, which represents the transaction price for the services identified as distinct performance obligations, and is recognised when it is probable that future economic benefits will flow to the Institute.

Revenue from continuing professional development seminars is recognised at a point in time when the Institute satisfies its performance obligation, which is at the time that the respective seminar is held. Amounts collected in relation to seminars to be held in future financial periods are deferred in the statement of financial position until the Institute satisfies the applicable performance obligations.

Revenue from membership and licence fees, where the member simultaneously receives and consumes the benefits provided by the Institute, is recognised rateably over the period of the applicable membership or licence, generally on a straight-line basis. Amounts collected in relation to future financial periods are deferred in the statement of financial position and recognised over the applicable membership or licence period to which the fees relate. Membership and licence application fees are recognised upon completion of the application evaluation process. All membership and licence fees are for fixed amounts.

Specific contributions from members received to subsidise specific initiatives of the Institute, including but not limited to scholarships and building funds, are deferred and recognised as income in the financial period in which any conditions attached to them have been satisfied and by reference to the financial period in which the Institute recognises as expenses the related costs that such contributions are intended to defray. These amounts are presented gross in the statement of comprehensive income.

Interest income and expense are recognised using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the: gross carrying amount of the financial asset (that is, its amortised cost before any allowance for expected credit losses), except for financial assets that are credit impaired, which in such cases use the net carrying amount (that is, amortised cost after allowance for credit losses); or net carrying amount of the financial liability.

When calculating the effective interest rate, the Institute estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options). The calculation includes all fees and commissions paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

All other income and expenses are recognised on the accrual basis of accounting.

i) ***Leases –*** Leases, in which the Institute is lessee, comprise operating leases. Rent expense is recognised over the term of the lease on a straight-line basis.

j) **Taxation –** Under the current laws of The Bahamas, the country of domicile of the Institute, there are no income, capital gains or other corporate taxes. The Institute's operations do not subject it to taxation in any other jurisdiction.

(Expressed in Bahamian dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

k) ***Fiduciary activities* –** The Institute acts in certain fiduciary capacities that result in the holding or placing of assets on behalf of other entities. These assets are excluded from these financial statements, as they do not belong to the Institute.

l) ***Corresponding figures* –** Where necessary, corresponding figures are adjusted to conform with changes in presentation in the current year, except as otherwise disclosed.

3. CASH ON HAND AND AT BANKS

	2018	2017
Cash on hand	$ 600	$ 600
Current accounts at banks	301,665	226,145
Term deposits	447,594	440,670
	749,859	667,415
Accrued interest	3,122	1,621
Total	$ 752,981	$ 669,036

Deposits with banks earn interest at rates ranging from 0.25% to 2.75% (2017: 0.50% to 2.75%) per annum.

For the purposes of the statement of cash flows, cash and cash equivalents comprise:

	2018	2017
Cash on hand	$ 600	$ 600
Current accounts at banks	301,665	226,145
Term deposits	447,594	440,670
	749,859	667,415
Term deposits with original contractual maturities greater than three (3) months	(234,840)	(228,555)
Total	$ 515,019	$ 438,860

(Expressed in Bahamian dollars)

4. ACCOUNTS RECEIVABLE

		2018		2017
Continuing professional development seminar fees	$	9,333	$	27,169
Other		2,500		-
Total	$	11,833	$	27,169

Movements in provision for doubtful accounts comprise:

		2018		2017
Balance as of the beginning of the year	$	-	$	20,710
Provision for doubtful accounts		-		8,554
Bad debts written off		-		(29,264)
Balance as of the end of the year	$	-	$	-

5. OTHER ASSETS

		2018		2017
Security deposits	$	9,065	$	9,065
Prepaid expenses		-		5,000
Total	$	9,065	$	14,065

(Expressed in Bahamian dollars)

6. PROPERTY, PLANT AND EQUIPMENT

		Leasehold Improvements		Furniture & Fixtures		Computer & Equipment		Total
Year ended December 31, 2018								
Opening net book value	$	6,400	$	17,868	$	1,146	$	25,414
Additions		2,335		967		-		3,302
Depreciation		(3,200)		(3,574)		(341)		(7,115)
Closing net book value	$	5,535	$	15,261	$	805	$	21,601
As of December 31, 2018								
Cost	$	8,735	$	18,835	$	26,875	$	54,445
Accumulated depreciation		(3,200)		(3,574)		(26,070)		(32,844)
Net book value	$	5,535	$	15,261	$	805	$	21,601
Year ended December 31, 2017								
Opening net book value	$	-	$	-	$	510	$	510
Additions		6,400		17,868		1,067		25,335
Cost		(10,761)		(36,938)		-		(47,699)
Accumulated depreciation		10,761		36,938		-		47,699
Depreciation		-		-		(431)		(431)
Closing net book value	$	6,400	$	17,868	$	1,146	$	25,414
As of December 31, 2017								
Cost	$	6,400	$	17,868	$	26,875	$	51,143
Accumulated depreciation		-		-		(25,729)		(25,729)
Net book value	$	6,400	$	17,868	$	1,146	$	25,414

(Expressed in Bahamian dollars)

7. ACCRUED EXPENSES AND OTHER LIABILITIES

		2018		2017
Accounts payable and accrued expenses	$	35,771	$	33,983
Value Added Tax payable		21,065		19,961
Other		9,136		8,526
Total	$	65,972	$	62,470

8. SCHOLARSHIP, BUILDING AND OTHER FUNDS

		2018		2017
Building fund	$	13,975	$	12,439
Scholarship fund		12,022		10,408
Total	$	25,997	$	22,847

Movements in scholarship, building and other funds comprise:

		2018		2017
Balance as of the beginning of the year	$	22,847	$	20,412
Contributions		3,150		2,435
Balance as of the end of the year	$	25,997	$	22,847

9. CAPITAL

The Institute is incorporated as a company without capital and limited by guarantee. Further, the Institute is registered as a non-profit association under the Companies Act, 1992.

(Expressed in Bahamian dollars)

10. CONTINUING PROFESSIONAL DEVELOPMENT SEMINAR FEES AND COSTS

	2018	2017
New Providence		
Institute of Chartered Accountants of the Caribbean conference fees and sponsorships	$ 454,249	$ -
Institute of Chartered Accountants of the Caribbean conference hosting costs	(428,074)	(5,161)
	26,175	(5,161)
Continuing professional development seminar fees	418,995	442,826
Continuing professional development seminar costs	(294,105)	(246,032)
	124,890	196,794
	151,065	191,633
Grand Bahama		
Continuing professional development seminar fees	17,615	21,404
Continuing professional development seminar costs	(9,546)	(12,275)
	8,069	9,129
Gross profit	$ 159,134	$ 200,762

11. MEMBERSHIP DUES

	2018	2017
Institute of Chartered Accountants of the Caribbean	$ 8,944	$ 8,803
International Federation of Accountants	5,000	5,000
Total	$ 13,944	$ 13,803

(Expressed in Bahamian dollars)

12. RELATED PARTY BALANCES AND TRANSACTIONS

Related parties include key management personnel (including Council Members); entities that have the ability to control or exercise significant influence over the Institute in making financial or operational decisions; and entities that are controlled, jointly controlled or significantly influenced by key management personnel and entities noted earlier. Related party balances and transactions, not disclosed elsewhere in these financial statements, are as follows:

	2018	2017
ASSETS		
Accounts receivable		
Key management personnel	$ 224	$ 215

There are no provisions for doubtful accounts in respect of accounts receivable.

	2018	2017
INCOME		
Membership fees		
Key management personnel	$ 2,400	$ 3,250
Licence fees		
Key management personnel	$ 3,000	$ 2,600
Interest		
Other related parties	$ 4,666	$ 4,219

13. COMMITMENTS

The future minimum rental payments required under a non-cancellable lease as of December 31, 2018 are as follows:

	2018	2017
2018	$ -	$ 24,000
2019	12,000	12,000
Total	$ 12,000	$ 36,000

The current lease has an option to renew for a further two (2) years.

14. CAPITAL MANAGEMENT

The Institute's objectives when managing capital, which comprises total equity on the face of the statement of financial position, are:

- To safeguard the Institute's ability to continue as a going concern so that it can continue to provide benefits for its members and other stakeholders; and
- To maintain a strong capital base to support the development of its activities.

Capital adequacy is monitored by the Institute's Council Members.

15. FINANCIAL RISK MANAGEMENT

The Institute engages in transactions that expose it to credit risk, liquidity risk and market risk (including interest rate and currency risk) in the normal course of business. The Institute's financial performance is affected by its capability to understand and effectively manage these risks, and its challenge is not only to measure and monitor these risks but also to manage them as profit opportunities.

<u>Concentration of risks</u>
Concentration of risk indicates the relative sensitivity of the Institute's performance to developments affecting a particular industry or geographical location, and arises: when a significant proportion of financial instruments or contracts are entered into with the same counterparty; or where a significant proportion of counterparties are engaged in similar business activities, or activities in the same geographical region, or that have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentration of liquidity risk arises from the repayment terms of financial liabilities, sources of borrowing facilities or reliance on a particular market in which to realise liquid assets. Concentration of currency risk arises when the Institute has a significant net open position in a single foreign currency, or aggregate net open positions in several currencies that are historically positively correlated.

To mitigate excessive concentration of risk, the Institute's policies and procedures include specific guidelines to maintain appropriate diversification.

(Expressed in Bahamian dollars)

15. FINANCIAL RISK MANAGEMENT *(Continued)*

15.1. Credit risk

Credit risk arises from the potential failure of a counterparty to perform according to the terms of the contract. The Institute's exposure to credit risk is primarily concentrated in its cash at banks and accounts receivable. The Institute seeks to mitigate such risk by placing its cash with financial institutions in good standing with the Central Bank of The Bahamas, and by monitoring the payment history of its members and other parties before continuing to extend credit to them.

The Institute assesses the probability of default of financial assets upon recognition, and continually assesses whether there has been a significant increase in credit risk for the purposes of recognising expected credit losses. A significant increase in credit risk is presumed if contract payments from a counterparty are more than thirty (30) days past due. Further, financial assets are classified as in default, which is consistent with the definition of credit-impaired, if contractual payments from a counterparty are more than ninety (90) days past due. Other qualitative factors specific to a counterparty's ability and intent to make contractual payments when due are evaluated in determining whether a financial asset is in default.

The ageing of accounts receivable is as follows:

	2018	**2017**
30 days or less	$ 1,405	$ 3,979
31 to 90 days	$ 4,652	$ 20,112
181 days or more	$ 5,776	$ 3,078

<u>Geographical concentrations of financial assets</u>
The Institute has a concentration of credit risk in respect of geographical area, as its financial assets are all based in The Bahamas.

(Expressed in Bahamian dollars)

15. FINANCIAL RISK MANAGEMENT *(Continued)*

15.2. Liquidity risk

Liquidity risk is the risk that the Institute might not have the necessary funds to honour all of its financial commitments. The Institute relies on the realisation of its accounts receivable, membership and licence fee collections and net proceeds from continuing professional development seminars to settle its financial obligations. Further, the Institute has the ability to obtain borrowing facilities, as and when required.

The table below analyses financial assets and liabilities into relevant maturity groupings based on the remaining period to the contractual maturity dates as of the date of the statement of financial position and represent undiscounted cash flows.

As at December 31, 2018	Repayable on Demand	Up to 3 Months	3 to 12 Years	Total
ASSETS				
Cash on hand and at banks	$ 302,265	$ 212,754	$ 239,537	$ 754,556
Accounts receivable	11,833	-	-	11,833
Other assets	-	9,065	-	9,065
Total financial assets	314,098	221,819	239,537	775,454
LIABILITIES				
Accrued expenses and other liabilities	-	65,972	-	65,972
Scholarship, building and other funds	-	25,997	-	25,997
Total financial liabilities	-	91,969	-	91,969
Net liquidity gap	$ 314,098	$ 129,850	$ 239,537	

As at December 31, 2017	Repayable on Demand	Up to 3 Months	3 to 12 Years	Total
ASSETS				
Cash on hand and at banks	$ 226,745	$ 212,282	$ 234,840	$ 673,867
Accounts receivable	27,169	-	-	27,169
Other assets	-	9,065	-	9,065
Total financial assets	253,914	221,347	234,840	710,101
LIABILITIES				
Accrued expenses and other liabilities	-	62,470	-	62,470
Scholarship, building and other funds	-	22,847	-	22,847
Total financial liabilities	-	85,317	-	85,317
Net liquidity gap	$ 253,914	$ 136,030	$ 234,840	

15. FINANCIAL RISK MANAGEMENT *(Continued)*

15.3. Market risk

Interest rate risk
Interest rate risk is the risk that future cash flows or the fair values of financial instruments may fluctuate significantly as a result of changes in market interest rates. The Institute's exposure to fair value interest rate risk is concentrated in its term deposits, which have fixed interest rates. However, this risk is not considered significant as prior to January 1, 2017, the Bahamian dollar Prime rate had not experienced any changes since the year ended December 31, 2011. Accordingly, the Institute does not seek to hedge this risk.

The Institute has no significant exposure to cash flow interest rate risk.

Currency risk
Currency risk is the risk that the fair values and/or amounts realised on settlement of financial instruments, and settlements of foreign currency transactions, will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised monetary assets and liabilities are denominated in currencies other than the Institute's functional currency. The Institute is not subject to significant currency risk as its foreign currency transactions and monetary assets and liabilities are denominated in currencies with foreign exchange rates currently fixed against the Institute's functional currency.

16. FIDUCIARY RISK MANAGEMENT

The Institute is susceptible to fiduciary risk, which is the risk that the Institute may fail in carrying out certain mandates in accordance with the wishes of its members or other parties. To manage this exposure, the Institute generally takes a conservative approach in its undertakings.

17. FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments utilised by the Institute comprise the recorded financial assets and liabilities disclosed in the financial statements. The Institute's financial instruments are principally short term in nature or have interest rates that reset to market rates; accordingly, their fair values approximate their carrying values.

The Institute ranks its financial instruments based on the hierarchy of valuation techniques required by IFRS, which is determined based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Institute's market assumptions. These two (2) types of inputs lead to the following fair value hierarchy:

- *Level 1* – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2* – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

17. FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

- *Level 3* – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

  This hierarchy requires the use of observable market data when available. The Institute considers relevant and observable market prices in its valuations where possible.

  The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the financial instrument.

  The determination of what constitutes 'observable' requires significant judgment by the Institute. The Institute considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

  The fair value of financial instruments traded in active markets is based on quoted market prices at the date of the statement of financial position. A market is regarded as active if quoted prices are readily and regularly available from the exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

  Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2.

  Financial instruments classified within Level 3 have significant unobservable inputs, as they trade infrequently.

  Financial instruments of the Institute are principally Level 2 in the fair value hierarchy.

18. SUBSEQUENT EVENTS

Subsequent to December 31, 2018, there were no events that impacted the financial statements.

19. CORRESPONDING FIGURES

Summary of significant accounting policies

The corresponding figures have been presented in accordance with the accounting policies that were applicable during that year, which are disclosed below.

a) Financial assets

The Institute classifies its financial assets into the category of loans and receivables. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not traded in an active market. They arise when the Institute provides money, goods or services to a debtor with no intention of trading the receivable.

Regular-way purchases and sales of financial assets are recognised on the trade date – the date on which the Institute commits to originate, purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs, except financial assets carried at fair value through profit or loss, where such costs are expensed as incurred. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or when the Institute has transferred substantially all risks and rewards of ownership.

Loans and receivables are subsequently carried at amortised cost using the effective interest method, less provisions for impairment.

Gains or losses arising from sales and changes in fair value of financial assets at fair value through profit or loss are recognised in the statement of comprehensive income as a part of net income in the financial period in which they arise.

b) Impairment of financial assets at amortised cost

The Institute assesses at each date of the statement of financial position whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Institute first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Institute determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

19. CORRESPONDING FIGURES *(Continued)*

Summary of significant accounting policies (Continued)

b) Impairment of financial assets at amortised cost *(Continued)*

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Institute may measure impairment on the basis of an instrument's fair value using an observable market price.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income as a part of net income. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the statement of comprehensive income as a part of net income. When a financial asset is uncollectible, it is written off against the related allowance account. Recoveries of accounts previously written off are recognised directly in the consolidated statement of comprehensive income as a part of net income.

c) Income and expense recognition

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

Revenue from continuing professional development seminars is recognised at the time that the respective seminar is held, with amounts collected in relation to seminars to be held in future financial periods being deferred in the statement of financial position.

Revenue from membership and licence fees is recognised over the period of the applicable membership or licence, with amounts collected in relation to future financial periods being deferred in the statement of financial position. Membership and licence fees are recognised upon completion of the application evaluation process. All membership and licence fees are for fixed amounts.

Specific contributions from members received to subsidise specific initiatives of the Institute, including but not limited to scholarships and building funds, are deferred and recognised as income in the financial period in which any conditions attached to them have been satisfied and by reference to the financial period in which the Institute recognises as expenses the related costs that such contributions are intended to defray. These amounts are presented gross in the statement of comprehensive income.

19. CORRESPONDING FIGURES *(Continued)*

Summary of significant accounting policies (Continued)

c) Income and expense recognition *(Continued)*

Interest income and expense are recognised in the statement of comprehensive income for all financial instruments measured at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Institute estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and commissions paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

All other income and expenses are recognised on the accrual basis of accounting.