

GREATER MOMENTUM

ANNUAL REPORT 2015/16



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CEA has gained **Greater Momentum** in delivering on our key responsibilities since our formation in 2010. We strengthened our regulatory frameworks and processes, deepened our engagements to raise professional and service standards in the real estate agency industry, and cultivated new networks to extend our consumer outreach efforts. We look forward to building on this momentum to realise our vision of building a professional and trusted real estate agency industry.

Our Vision

A professional and trusted real estate agency industry

Our Mission

To raise the professionalism of the real estate agency industry and safeguard consumer interest

> JOINT MESSAGE

GREATER MOMENTUM

In FY2015, the Council for Estate Agencies (CEA) crossed a major milestone as we marked our first half-decade.

Since its formation in 2010, CEA has embarked on a journey to transform the real estate agency industry. We established a robust regulatory framework that emphasises professional responsibility and ethical standards. We put in place a licensing and registration system, an effective and balanced enforcement regime, and a mandatory professional development programme.

Empowering consumers to take a shared responsibility in achieving well-executed property transactions is also a key strategy to complement the regulatory framework. We established a public register of property agencies and agents, a repository of consumer education resources, and reached out to consumers through a variety of platforms.

These combined efforts have helped to raise the standing of the industry and improve confidence of consumers in their interactions with property agents. There has been a sustained decline in the number of consumer complaints against property agents over the years. On a per thousand transaction basis, to adjust for market volume, the number of complaints received by CEA has declined steadily over the past six years from 15 to about 4.5 currently.

The findings from our second Public Perception Survey conducted in 2015 were reassuring. Seventy-nine per cent of respondents were satisfied with the services provided by property agents. This was a slight drop from the 81 per cent in the previous survey conducted in 2012 but was still a reasonably high level of satisfaction. Also, consumers showed high awareness of key industry practices and regulations, averaging 73 per cent.

STRENGTHENING PROFESSIONAL DEVELOPMENT

Our efforts over the past five years have laid strong foundations for the industry. Going forward, the Continuing Professional Development (CPD) framework and training roadmap will continue to play an important role in sharpening key competencies and maintaining high standards of professionalism in the industry.

In response to industry demand, we have started working with the industry associations to introduce certificate CPD courses that will equip property agents with the necessary knowledge to handle commercial, industrial, and foreign property transactions.

We are encouraged to note that industry stakeholders have spearheaded several initiatives to raise professional and service standards for their peers.



One of these initiatives is the “Commitment to Service” agreement that property agents can present to clients who engage them on an exclusive basis. This will spur the industry towards a more client-centric approach and raise productivity.

In addition, a working group formed to develop a certification system for property agencies has completed the initial phase by drafting the “Technical Reference for Estate Agents – Management Best Practices”. This reference document sets out the requirements of desired standards to be met by property agencies. We encourage industry players to review and give feedback on the technical reference, which will be available on the SPRING Singapore website later this year.

The real estate agency industry has an important role to play in upholding Singapore’s status as a global financial hub. Given our open economy and significant amount of foreign investments in the local property market, the industry is an important gatekeeper to counter the global threats of money laundering and terrorism financing.

Changing consumer attitudes and rising expectations mean that industry practitioners must shift from being sales-focused to finding ways to serve their customers better.

Supporting Singapore's role as a responsible member of the international Financial Action Task Force, CEA worked with the industry to implement processes and measures to prevent money laundering and financing of terrorism activities that might be conducted through property transactions.

GEARING FOR CHANGE

After five years as an enabler and regulator of the real estate agency industry, it is timely to take stock of where we are and see how we can gear CEA towards being more enterprise-centric while ensuring sound governance. To this end, we embarked on a rigorous review last year to streamline business processes and better integrate our regulatory workflows.

We are heartened by the active participation and strong support from our industry partners in the review. They provided useful insights and suggestions on how we can improve current business processes. We will be translating the recommendations into practical plans for progressive implementation.

Going forward, we will create new and more touch points to reach out to consumers and equip them with the relevant knowledge to make the best decisions in their property transactions involving property agents.

The real estate agency industry is operating in a complex environment. Apart from managing greater unpredictability in property and economic cycles, the sector is also facing increasing technological disruptions and rising consumer expectations.

One significant finding from the 2015 Public Perception Survey was that more consumers are undecided about engaging a property agent for future transactions, increasing from 24 per cent in 2012 to 31 per cent last year. In particular, consumers aged between 21 to 39 years old were more likely to handle property transactions on their own.

Changing consumer attitudes and rising expectations mean that industry practitioners must shift from being sales-focused to finding ways to serve their customers better. Apart from providing sound and credible advice, agents must be innovative and explore fresh ways to add value to meet customers' needs. Property agencies should therefore invest more in their agents' professional development to enable them to stay relevant.

CEA is committed to work with industry practitioners in navigating these changes. We will support property agencies and agents in raising the bar for themselves in three areas – professionalism, productivity, and client-centricity. We are confident that our collective efforts will bring about further improvements to the sector.

A NOTE OF APPRECIATION

What we have been able to achieve as an organisation since our formation in 2010 has been made possible because of the many individuals and partners who share our vision.

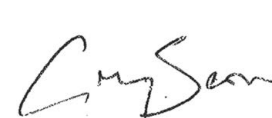
We would like to especially thank our founding Executive Director Mr Chionh Chye Khye for his tireless dedication and steady guidance of CEA from October 2010 to October 2015. His leadership

has been fundamental in the strides CEA has made in regulating and strengthening the real estate agency industry.

We are also grateful for the counsel and advice of fellow Council members and our voluntary Council Committees. Their collective wisdom has enabled the industry to grow stronger over these years.

Many thanks go to the team at CEA as well, for working steadfastly to deliver on our responsibilities and objectives.

Above all, the support of our industry stakeholders is invaluable and we are deeply appreciative of the cooperation that the industry has given us over the past five years. We look forward to deepening this partnership as we journey together to realise our joint vision of a more professional and trusted real estate agency industry.



Greg Seow
Council President



Lee Kwong Weng
Executive Director

CONSUMER SATISFACTION WITH PROPERTY AGENTS' SERVICES

79%

CONSUMER AWARENESS OF INDUSTRY PRACTICES AND REGULATIONS

73%

NUMBER OF COMPLAINTS PER THOUSAND TRANSACTIONS

4.5

> COUNCIL MEMBERS



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15

01 GREG SEOW
Council President

02 QUEK SEE TIAT
Deputy Council President

03 LEE KWONG WENG
Executive Director
Council for Estate Agencies

04 LAWRENCE ANG BOON KONG
Senior Consultant
Donaldson & Burkinshaw

05 MS PAULINE GOH
Chief Executive Officer
CBRE Singapore & Southeast
Asia Pte Ltd
Key Executive Officer
CBRE Pte Ltd

06 HARRIF BIN HAMBALI
Consultant
Asian Leaders Institute Pte Ltd

07 HO CHEE PONG
Director-General
Singapore Customs

08 HO TIAN LAM
Senior Advisor
Edmund Tie & Company (SEA)
Pte Ltd

09 MRS DEBORAH ONG
Assurance Partner &
Risk and Quality Leader
PricewaterhouseCoopers LLP
Singapore

10 SEAH SENG CHOON
Executive Director
Consumers Association of
Singapore

11 SIN LYE CHONG
Group Director,
Land Sales & Administration
Urban Redevelopment Authority

12 ER DR TAN GUAN
Senior Principal
T.Y.Lin International Pte Ltd

13 MICHAEL TAN
Executive Director &
Key Executive Officer
OrangeTee.com Pte Ltd

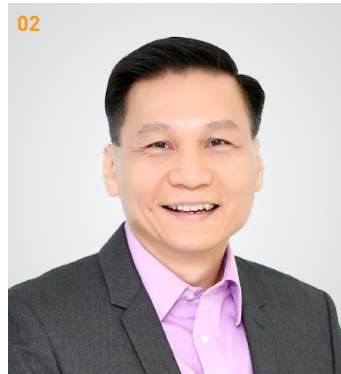
14 YAP CHIN BENG
Deputy Chief Executive Officer,
Estate & Corporate
Housing & Development Board

15 ASSOC PROF YU SHI MING
Department of Real Estate
National University of
Singapore

> SENIOR MANAGEMENT



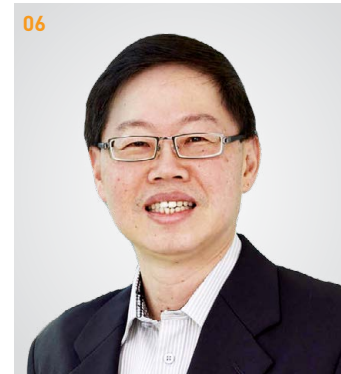
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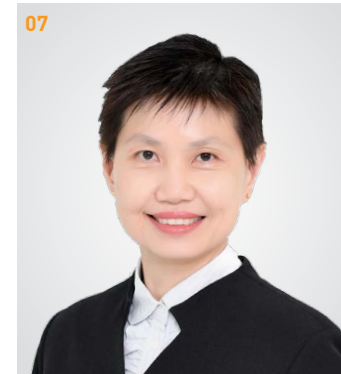
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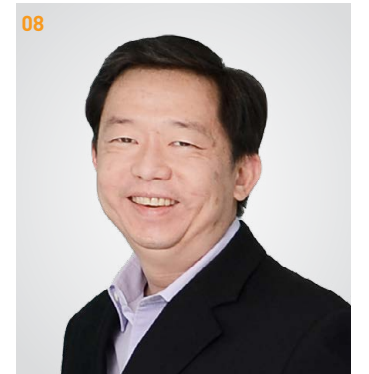
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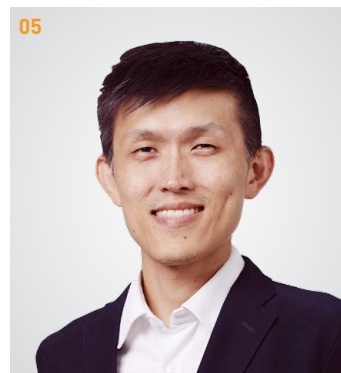
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01 LEE KWONG WENG
Executive Director

02 CHAN MUN KIT
Deputy Executive Director &
Covering Director
(Investigation & Inspection)

03 MS CHEW SUET FUN
Director
(Corporate Development)

06 CHAN KWOK CHEONG
Deputy Director
(Policy & Planning)

07 MS CHUA GECK SIANG
Deputy Director
(Licensing)

08 TIMOTHY KHO
Deputy Director
(Legal)

04 MS CHYE HUI SZE
Director
(Corporate Communications &
Public Outreach)

05 HENG WHOO KIAT
Director
(Policy & Licensing)

09 KHOR CHOR HUAT
Deputy Director
(Investigation)

10 DESMOND YEO
Deputy Director
(Inspection & Compliance)

> CEA COMMITTEES

EXAMINATION & PROFESSIONAL DEVELOPMENT COMMITTEE 26 OCTOBER 2014 TO 25 OCTOBER 2016

CHAIRMAN

Assoc Prof Yu Shi Ming

Department of Real Estate
School of Design and Environment
National University of Singapore

MEMBERS

Chng Shih Hian

Senior Executive Director
Suntec Real Estate Consultants
Pte Ltd

Sieow Teak Hwa

Key Executive Officer
Teakhwa Real Estate Pte Ltd

Ms Tan Chew Ling

Group Director,
Estate Administration & Property
Housing & Development Board

Tan Choi Heng

Assistant Director,
School of Design and Environment
Ngee Ann Polytechnic

Ho Tian Lam

Senior Advisor
Edmund Tie & Company (SEA)
Pte Ltd

Assoc Professor Sing Tien Foo

Deputy Head,
Administration and Finance,
Department of Real Estate
National University of Singapore

Augustine Tan

President
Real Estate Developers' Association
of Singapore
Executive Director, Property Sales
& Corporate Affairs
Far East Organisation

Heng Whoo Kiat

Director, Policy & Licensing
Council for Estate Agencies
(from 1 Jan 16)

Michael Tan

Executive Director &
Key Executive Officer
OrangeTee.com Pte Ltd

Ms Edith Tay Hwee Pheng

Director & Key Executive Officer
PropertyBank Pte Ltd

Dr Chua Yang Liang

Head of Research,
South East Asia and Singapore
Jones Lang LaSalle Property
Consultants Pte Ltd

LICENSING & PRACTICE COMMITTEE 26 OCTOBER 2014 TO 25 OCTOBER 2016

CHAIRMAN

Er Dr Tan Guan

Senior Principal
T.Y. Lin International Pte Ltd

MEMBERS

Fong Heng Boo

Retiree

Ng Boon Yew

Chairman
Raffles Campus Pte Ltd

Ms Pauline Goh

Chief Executive Officer
CBRE Singapore and Southeast
Asia Pte Ltd
Key Executive Officer
CBRE Pte Ltd

Lee Kut Cheung

Managing Director
RSP Architects Planners and
Engineers (Pte) Ltd

Tan Hong Boon

Regional Director, Investments
Jones Lang LaSalle
Property Consultants Pte Ltd

Er Lim Peng Hong

Managing Director
PH Consulting Pte Ltd

Albert Lu Nguan Soo

Director
C & H Properties Pte Ltd

Eugene Lim

Key Executive Officer
ERA Realty Network Pte Ltd

Prof Tang Hang Wu

Director,
Centre for Cross-Border
Commercial Law in Asia,
School of Law
Singapore Management University

> CEA COMMITTEES

DISCIPLINARY PANEL

26 OCTOBER 2014 TO 25 OCTOBER 2016

HEAD

Lawrence Ang Boon Kong
Senior Consultant
Donaldson & Burkinshaw

MEMBERS

Er Chan Ewe Jin
Managing Director
ECAS-EJ Consultants Pte Ltd

Assoc Prof Tan Teng Hooi
Head,
Building & Project Management
Programme,
School of Science & Technology
SIM University

Lee Chay Pin, Victor
Senior Partner
Chambers Law LLP

Yong Kwet Leong
Director
Assets Consultancy Enterprise
Pte Ltd

Felix Chua
Key Executive Officer
Cyberhomes Estate Agencies
Pte Ltd

B Rengarajoo, PBS
Principal
B Rengarajoo & Associates
Advocates & Solicitors

Goh Peng Thong
Director
AWP Pte Ltd

Reymond Fernandez
Managing Director
Reyfern Real Estate Consultancy
Pte Ltd

Derrick Wong
Partner
Derrick Wong & Lim BC LLP

Dr Tan Tee Khoon
Key Executive Officer
KF Property Network Pte Ltd

David Huan
Principal Trainer
Benchmark Realpro Pte Ltd
Senior Group Division Director
SLP Realty Pte Ltd

Assoc Prof Chin Tet Yung
Faculty of Law
National University of Singapore

Michael S Chia
Director
MSC Law Corporation

Christopher Thomas Koh Kia Yong
Director
Chris International

Ms Yashodhara Dhoraisingam
Advocate & Solicitor

Tan Hee Joek
Partner
Tan See Swan & Co.

Prof Teo Keang Sood
Faculty of Law
National University of Singapore

Dennis Yeo Huang Kiat
Managing Director,
Asia (Industrial and Logistics)
CBRE Pte Ltd

Peter Koh Hock Guan
Key Executive Officer
Gateway Property Consultants
Pte Ltd

AUDIT COMMITTEE

1 MARCH 2016 TO 25 OCTOBER 2016

CHAIRMAN

Ho Chee Pong
Director-General
Singapore Customs

MEMBERS

Sin Lye Chong
Group Director,
Land Sales & Administration
Urban Redevelopment Authority

Ng Boon Yew
Chairman
Raffles Campus Pte Ltd

Mrs Deborah Ong
Assurance Partner &
Risk and Quality Leader
PricewaterhouseCoopers LLP
Singapore

> WHO WE ARE

The Council for Estate Agencies (CEA) was established as a statutory board on 22 October 2010 to regulate and develop the real estate agency industry.

In pursuit of its mission to raise the professionalism of the real estate agency industry and safeguard consumer interest, CEA focuses on three strategic thrusts: effective regulation, industry development, and consumer education.

For effective regulation of the industry, CEA administers the licensing of estate agents and registration of salespersons, and regulates the practice of estate agents and salespersons in property transactions. It also conducts industry compliance checks and investigations, as well as disciplinary proceedings in respect of offences and unsatisfactory conduct or misconduct in relation to estate agency work.

CEA works closely with the industry to raise professionalism, expand capabilities and promote business excellence. It administers the mandatory examination and continuing professional development framework, as well as appoints course providers.

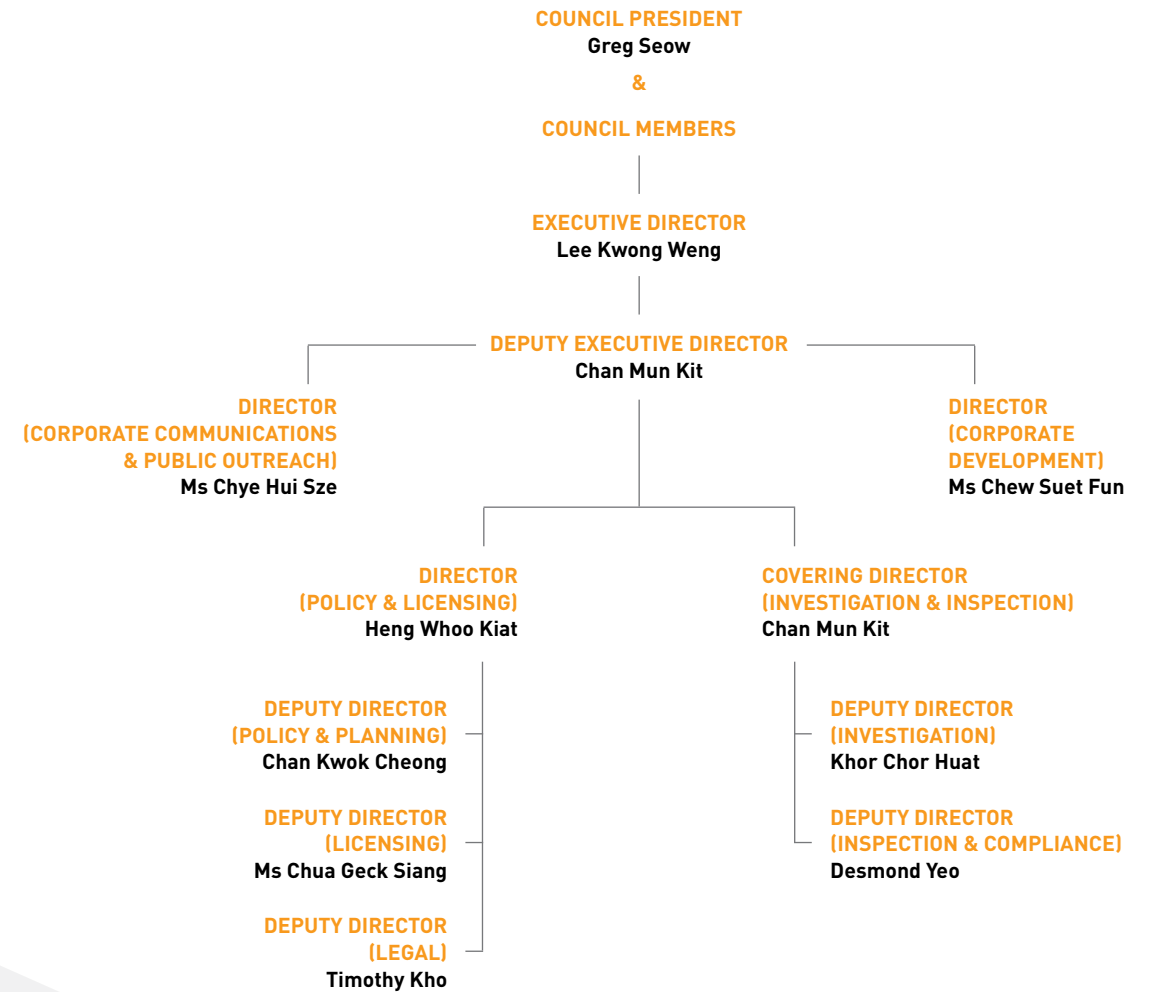
It identifies opportunities and fosters collaborations with strategic partners in industry development programmes to achieve business productivity.

To protect the interests of consumers, CEA plans and implements public education programmes to equip consumers with the necessary information to make informed decisions in property transactions. It facilitates access to consumer resources and provides channels for complaints and dispute resolution.

CEA is governed by a Council which comprises professionals and academicians from sectors related to the real estate agency industry, as well as representatives from government agencies involved in the administration of the property market.

The Council advises and provides strategic guidance to the management of CEA to meet its objectives. The Council is assisted by four Committees - Licensing & Practice Committee, Examination & Professional Development Committee, Disciplinary Panel, and Audit Committee.

> ORGANISATIONAL CHART





UPHOLDING STANDARDS

Over the past five years, our robust regulatory framework has raised the professional and ethical standards of the real estate agency industry and inspired greater consumer confidence. In an ever-evolving operating environment, we will continue to review our business processes to be more enterprise-centric and refine our regulatory measures to ensure sound governance.



> UPHOLDING STANDARDS

CEA continued to set the sights for the industry to reach higher professional and service standards. We actively engaged the industry to keep practitioners in tune with developments on regulations governing their duties, business activities, and conduct that have direct impact on them.

Another key focus for the year was to improve CEA's operational efficiency and enhance service support and delivery to the industry. We also thoroughly investigated complaints against and reported malpractices by the industry, and took firm but fair disciplinary actions against errant parties. These are all part of our efforts to achieve higher professional and ethical levels across the industry.

STREAMLINING PROCESSES

To streamline our business processes and improve customer responsiveness, CEA embarked on a Business Process Re-engineering (BPR) exercise. The exercise involved a fundamental review of our regulatory philosophy to identify areas of inefficiencies in our current work processes, and to propose changes to streamline our workflow to be more efficient and productive, supported by suitable IT systems.

For the BPR exercise to be holistic, we recognised the need to seek views and input from a key segment of our customers: the real estate agency industry professionals. Involvement of our industry partners is important as we co-create the future state design of work processes that will benefit both CEA and the industry.

Two workshops involving industry practitioners were held on 10 December 2015 and 3 February 2016. Key Executive Officers, property agents,

Co-creating the future state of our regulatory processes with the industry will benefit both CEA and real estate agency professionals



plus operations and support representatives provided candid feedback on various process-related challenges that they faced in areas such as licensing applications, complaint management, and customer service. They also readily shared their vision of the ideal service engagement

and experience with CEA in the workshop on ideas generation. The valuable insights and suggestions garnered would be useful in our review of how we can improve our service delivery standards and workflows. We were also heartened to note there was a common understanding by

the participants in the BPR workshops that both CEA and industry have to work hand in hand to achieve what is best to meet business needs, while ensuring that consumers' interests remain a priority.

CEA will be consolidating the insights and suggestions gleaned from the workshops and develop them into action plans during the next phase of the BPR exercise. We will continue to involve and seek input from industry practitioners at various stages of the project. This will enable CEA to be more enterprise-centric while ensuring sound governance.

TIMELY UPDATES ON REGULATIONS

CEA issues practice guidelines and circulars to update industry professionals on regulatory changes and provide clarity on the actions and responsibilities expected of them in the delivery of their services to clients. There were two key updates. One was an update in November 2015 to the practice guidelines on Options to Purchase and Sale & Purchase Agreements. In January 2016, we issued a practice circular to provide guidance on the general duties and ethical behaviour expected of property agencies and agents in relation to the collective sale, or en-bloc sale, of properties under the Land Titles Act.

ALIGNMENT WITH INTERNATIONAL STANDARDS TO PREVENT MONEY LAUNDERING AND TERRORISM FINANCING

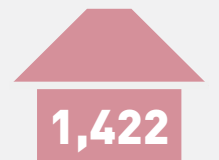
Singapore is a member of the Financial Action Task Force (FATF), an inter-governmental body that develops standards for combating money laundering, terrorism financing, and other related threats to the integrity of the international financial system.

As a member of the FATF, Singapore has an obligation to implement the recommendations of the task force, including measures to counter money laundering and terrorism financing. These measures are applicable to the real estate agency industry, which is one of the sectors identified as an important gatekeeper to counter the threat of money laundering and terrorism financing. The FATF conducted its evaluation of Singapore's anti-money laundering and combating terrorism financing efforts during an on-site visit from 17 November 2015 to 3 December 2015.

CEA has been working with the real estate agency industry since January 2015 on the implementation of measures to prevent money laundering and terrorism financing. We will continuously enhance

NUMBER OF PROPERTY AGENCIES

TOTAL LICENSED AS AT 31 MAR 15



NEW LICENSES FROM 1 APR 15 TO 31 MAR 16



LICENSES NOT RENEWED FROM 1 APR 15 TO 31 MAR 16



TOTAL LICENSED AS AT 31 MAR 16





Resources to help industry practitioners comply with regulatory requirements on money laundering and terrorism financing prevention

awareness, understanding, and implementation of the appropriate preventive measures to take against such activities that might be inadvertently conducted though property transactions. This will further strengthen professional and ethical standards in the sector.

We conducted a joint outreach session with the Commercial Affairs Department in July 2015 for industry professionals to deepen their knowledge of the vulnerabilities of the real estate agency sector to money laundering and terrorism financing. We also shared learning points on how the industry can better comply with current preventive measures.

The Practice Circular on prevention of money laundering and terrorism financing was updated in

September 2015 to further align with the FATF standards. To help industry practitioners comply with their obligations, we produced a simplified guide to help property agents better understand the requirements and an education poster on lodging suspicious transaction reports.

SMARTER REGULATION

We continued to focus on enhancing the effectiveness of our regulatory framework, while keeping in mind the need to manage industry compliance costs.

Following a review, two key amendments were made to the Code of Practice for Estate Agents in 2015. The first was to remove the requirement to state the holders' licence or registration expiry date on estate agent cards with

effect from 19 November 2015. This change arose from industry feedback about the high recurring cost of up to \$50 per card replacement. Removing this requirement will save the industry some \$1.3 million annually and reduce administrative workload. Consumers can continue to check the validity of a property agency's licence or an agent's registration using CEA's online public register.

The second amendment extended the retention period of transaction records from three years to five years. This will ensure industry compliance with international standards on combating money laundering and terrorism financing.

STEADY FALL IN NUMBER OF COMPLAINTS

CEA assesses and investigates complaints thoroughly through an established complaint management process. Appropriate enforcement actions are taken against substantiated cases. We received 780 complaints in the past year. On a per thousand transaction basis, to adjust for market volume, the number of complaints has steadily declined over the past six years to about 4.5 in FY2015.

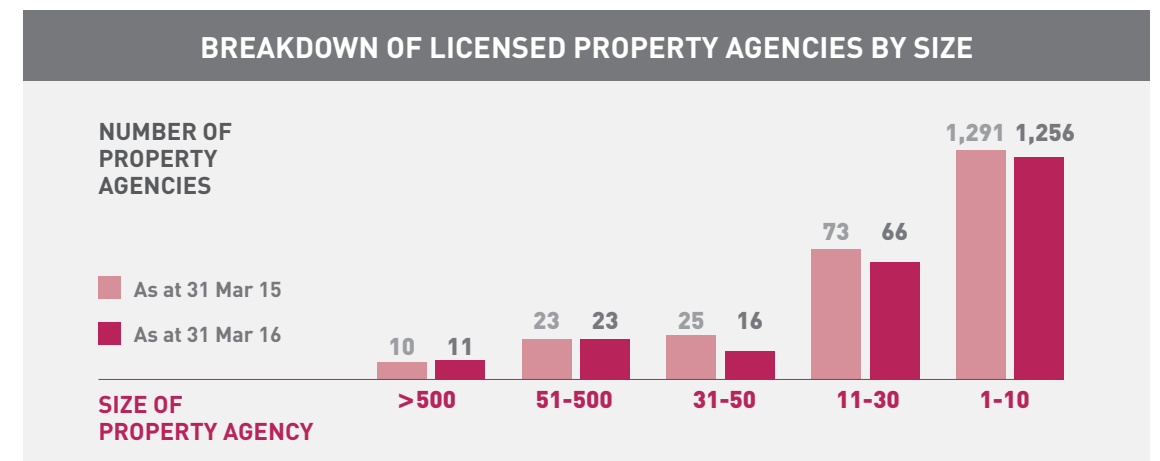
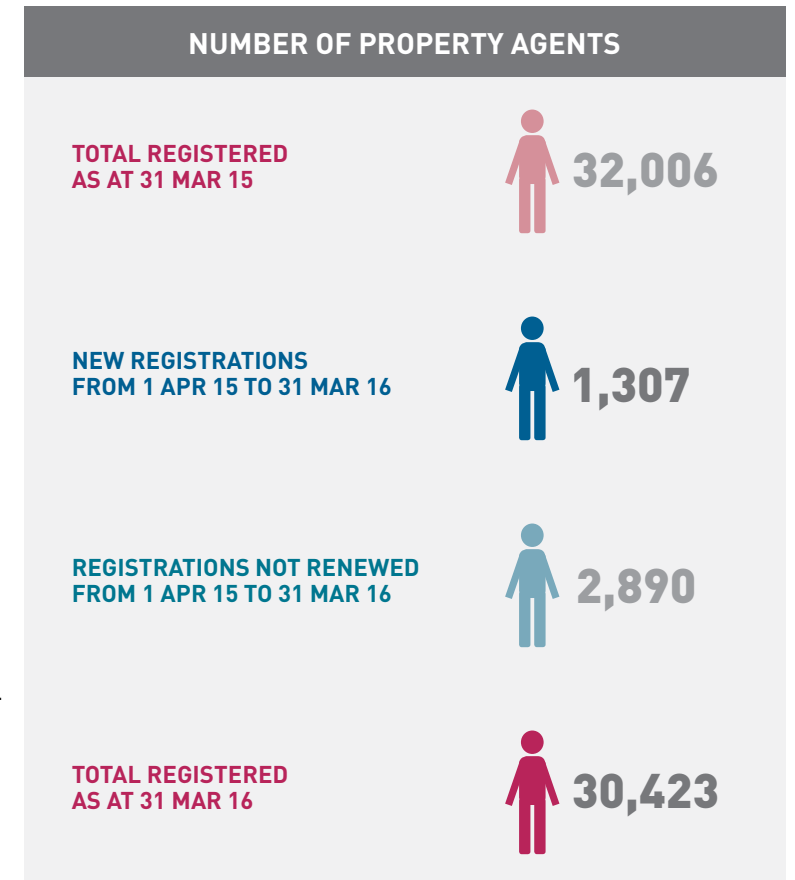
Consumers and property agents continued to leverage CEA's Dispute Resolution Scheme to effectively resolve contractual disputes.

Under the Scheme, CEA works with its appointed mediation and arbitration centres to provide a cost-effective and expeditious means to resolve disputes between consumers and property agencies.

ONGOING VIGILANCE

CEA conducts proactive checks to ensure that the work carried out by property agencies and agents adhere to rules and guidelines, and that estate agency work is being carried out only by licensed persons.

In the past year, we carried out regular field surveillances at property launches, property exhibitions, and investment seminars. We also monitored online and print advertisements. These checks enabled us to promptly identify breaches or infringements of the regulations and guidelines, and take enforcement actions.



We conducted 26 inspections on property agencies to check on their compliance with the practice circular on prevention of money laundering and terrorism financing. This included follow-up inspections to check on their readiness ahead of the FATF evaluation of Singapore at the end of 2015.

We also conducted inspections to see if they abided by the practice guidelines with respect to marketing foreign properties. This included assessing whether they had carried out due diligence on foreign developers and foreign properties, and on claims of investment returns, before they marketed the foreign properties.

TAKING A FIRM STANCE

During the year, CEA pressed on with our firm and coordinated stance in investigating and taking enforcement action against companies and individuals who breached the Estate Agents Act and the Regulations. These included prosecution cases related to unlicensed property agency work, unethical behaviour, and malpractices.

We initiated disciplinary proceedings against parties for infringements under the Code of Ethics and Professional Client Care. These included making misrepresentations to the client, failure to conduct property agency work with due diligence and care, and acting in ways that are in conflict with the client's interest or bring disrepute to the industry, such as signature forgery.

In one case, a property agent used his clients' HDB lease transaction security deposits and monthly rental monies totalling \$21,475 to repay his personal debts. As a result, his clients' payments to landlords were delayed. The agent also lied about the status of the monies and issued cheques that were subsequently dishonoured. He pleaded guilty to six charges of handling transaction monies. The court sentenced him to a fine of \$16,400.

We also investigated the case of a Chinese national on a student pass who brokered lease transactions on behalf of Chinese nationals in Singapore. He sourced for available rental properties online, advertised them on Chinese media portals, arranged property viewings, and negotiated with landlords' property agents on his clients' behalf. He closed 10 rental transactions and collected \$11,000 in referral fees. CEA inspectors caught the agent following a tip-off from a licensed property agency. He was charged in court with 11 counts of conducting estate agency work without a licence. He pleaded guilty and was fined \$40,000, in default 12 weeks of imprisonment.

CEA took disciplinary action against another agent for failing to conduct her work with due diligence and care, and placing an inaccurate advertisement. The agent had advertised her landlord client's property as being for commercial use, despite

knowing that it was zoned for residential use. When a tenant wanted to lease the premises to operate a fitness centre, the agent proceeded to prepare a Letter of Intent stating that the property may be used for commercial purposes. The misuse of the property came to light during an inspection by the Urban Redevelopment Authority. The tenant, who spent \$65,000 on renovations, had to vacate the property. The Disciplinary Committee issued the property agent with a five-month suspension and a \$4,500 fine.

PRIORITIES AHEAD

In the coming year, CEA will continue to work closely with the industry to design regulatory measures that will enable practitioners to achieve higher levels of professionalism and productivity. This in turn will drive industry towards greater client-centricity and further improve its standing.

We aim to refine our regulatory framework by introducing greater flexibility and being more pro-enterprise. This will include reviewing current compliance processes and introducing new workflows that will empower property agencies to take greater accountability in generating greater value for their clients.

NATURE OF COMPLAINTS	NUMBER OF COMPLAINTS	
	FY2014/15	FY2015/16
Advertisement/flyer e.g. misleading/missing information, improper distribution of flyers	305 (43%)	315 (40%)
Unprofessional/poor service e.g. wrong advice, not punctual, not following proper procedures	161 (23%)	212 (27%)
Misconduct e.g. use of threatening words, harassment, misrepresentation	121 (17%)	131 (17%)
Not acting in client's interest e.g. conflict of interest, refusing to co-broke, failing to convey offer	33 (5%)	33 (4%)
Unregistered property agent/unlicensed property agency	46 (7%)	55 (7%)
Others e.g. dual representation, fraud, money lending, handling transaction monies	36 (5%)	34 (5%)
Total	702	780

CATEGORIES	INVESTIGATION OUTCOME	NUMBER OF COMPLAINTS	
		FY2014/15	FY2015/16
Substantiated	Letter of Advice/Warning served	329 (48%)	249 (46%)
	Disciplinary action[#]	20 (3%)	17 (3%)
	Prosecution[#]	15 (2%)	15 (2%)
Unsubstantiated	Refers to cases with insufficient evidence to substantiate claims, assessed to have no wrongdoing on the part of the property agent, baseless/frivolous complaints	218 (32%)	255 (40%)
Others	Refers to cases with insufficient evidence for investigations, complaints resolved by property agencies, referred to other bodies/government agencies	102 (15%)	54 (9%)
Total		684	635

[#] These figures refer to the conclusion of the case before the Disciplinary Committee or Court. The corresponding figures in CEA's Annual Report 2014/15 refer to the conclusion of CEA's investigations of the complaint.



RAISING PROFESSIONALISM

Elevating professionalism and client-centricity in the real estate agency industry is an important area of focus for CEA. By having regular conversations with industry practitioners, we ensure that our policies and programmes are in tandem with developments in the sector. Perspectives from industry are invaluable to us, and enable us to roll out initiatives that are practical and relevant.



We thank CEA Committee members Ms Edith Tay (Director & CEO, PropertyBank Pte Ltd), Albert Lu (Director, C & H Properties Pte Ltd), and Sieow Teak Hwa (CEO, Teakhwa Real Estate Pte Ltd) for participating in the photo shoot

> RAISING PROFESSIONALISM

A knowledgeable and competent real estate agency industry is critical in establishing consumer confidence and trust. To this end, CEA focuses on developing the core competencies of property agencies and agents, as well as raising their professional and productivity standards.

Our multi-faceted approach – encompassing a comprehensive continuous learning framework and sharing of industry best practices – aims to raise the bar for industry professionals to achieve business and service excellence.

PROFESSIONAL QUALIFICATIONS

To ensure that all new entrants to the industry have a clear understanding of the relevant regulations, policies, and procedures related to estate agency work, newcomers are required to attend a Real Estate Agency (REA) or Real Estate Salesperson (RES) examination preparatory course before sitting for the compulsory examinations.

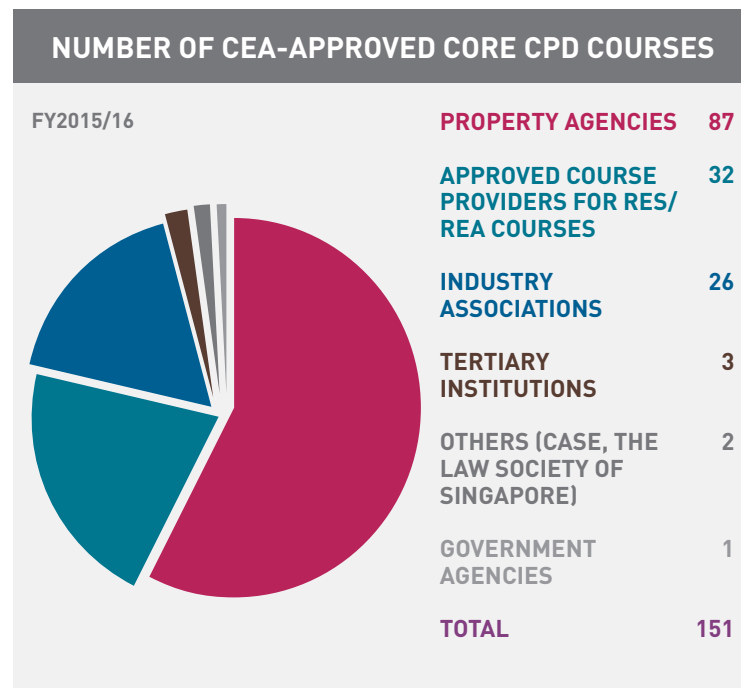
In FY 2015, 3,156 participants completed the RES course and 55 participants completed the REA course. We conducted four RES examinations and three REA examinations during the year. A total of 5,033 candidates registered for the RES examinations while another 87 candidates registered for the REA examinations.

In July 2015, CEA introduced modular re-sitting for the REA examination. Candidates who have passed at least one out of three papers in the REA examination are now allowed to retake just the paper(s) they failed in subsequent

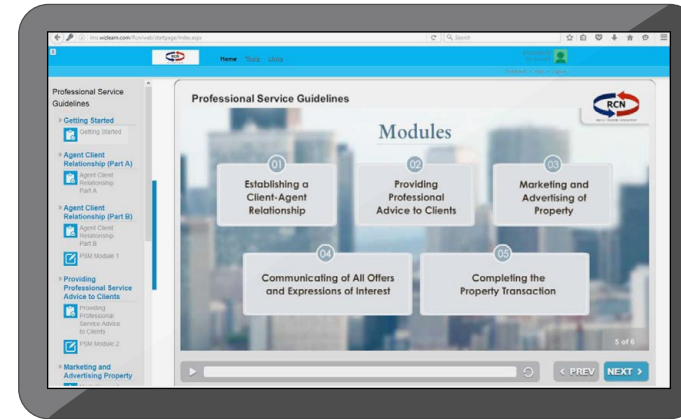
examinations. The initiative aims to encourage more existing property agents to upgrade their skills and knowledge in the real estate field by taking the REA course and examination, which would sharpen their expertise. This would in turn help to raise professionalism across the industry.

CONTINUOUS LEARNING

A key component of CEA's efforts to spearhead industry development is through our Continuing Professional Development (CPD) framework and roadmap. These play a critical role in inculcating key competencies and maintaining high standards of



Our first CPD e-learning course, 'Professional Service Guidelines for Salespersons', enables agents to sharpen their knowledge at their convenience (Photo: Real Centre Network Pte Ltd)



The CPD Training Roadmap is a definitive framework to guide industry practitioners in building capability and professionalism (Photo: Real Centre Network Pte Ltd)

professionalism in the industry. It is a key tool for Key Executive Officers (KEOs) and property agents to broaden and deepen their knowledge, as well as keep abreast of developments in the industry.

The CPD course menu is refreshed regularly and new courses on emerging topics are

introduced from time to time. This helps practitioners gain new and relevant knowledge for their work.

In March 2016, we approved the first CPD e-learning course, 'Professional Service Guidelines for Salespersons', as part of a pilot initiative by CEA to develop e-learning

modules for selected core topics under the CPD Training Roadmap. We plan to gather user and industry feedback from the pilot initiative before rolling out e-learning for more CPD topics. Apart from making learning more convenient and accessible, this initiative also reflects our commitment to adopt an infocomm technology-driven approach to training, which is a preferred form of learning for many property agents given their irregular work schedules.

In the past year, we have observed that a growing number of property agents are venturing into commercial, industrial, and foreign property transactions. To raise professional knowledge in these areas, we have started working with the industry associations to introduce certificate CPD courses that will equip property agents with the necessary knowledge to handle commercial, industrial, and foreign property transactions.

PROMOTING GREATER ACCOUNTABILITY AND BUSINESS EXCELLENCE

Several initiatives were introduced in the past year to support the industry as it aspires towards achieving service and operational excellence. These new initiatives encourage real estate agency businesses to

have greater accountability in the professional management of their work processes and agents.

In October 2014, a CEA-industry workgroup, comprising members from property agencies, real estate agency industry associations, and the Consumers Association of Singapore, was formed to look into ways to encourage consumers to use exclusive estate agency agreements. The aim is to raise productivity of property agents by minimising duplication of efforts in estate agency work for the same property.

The “Commitment to Service” initiative emerged as the workgroup’s key recommendation. Under this initiative, a property agent will commit to deliver a list of services to a client who opts to engage the agent on an exclusive basis. As industry professionals continue to explore new ways to provide value-added services to consumers, this initiative will contribute to efforts by the industry towards achieving a more client-centric approach in the conduct of business. Property agencies were encouraged to implement this initiative from 1 July 2016.

In response to feedback from the industry and consumers, the Institute of Estate Agents,

the then SAEA Ltd, and the Singapore Institute of Surveyors and Valuers have jointly developed a new set of guidelines to promote greater transparency and standardisation of job titles for property agents across the industry. The recommendations, which were developed in consultation with CEA, encourage good practices to ensure that job titles reflect more accurately a property agent’s responsibility within his company. We encourage property agents to adopt the guidelines as best practice by 31 December 2016.

CEA formed a working group in 2014 at the suggestion of the industry to explore developing a Certification System for property agencies, with the purpose of recognising agencies with excellent organisation and business practices, and raising industry professionalism.

The working group comprised representatives from property agencies, industry associations, the Consumers Association of Singapore, as well as related government bodies. The work group developed a “Technical Reference for Estate Agents – Management Best Practices” which sets out the requirements of standards to be met by property agencies in the following areas: management and culture, salesperson

development, operations management framework, and service delivery and customer satisfaction.

The working group sought feedback from industry practitioners and concluded that the industry preferred to use the Technical Reference as a guideline at this point in time, rather than to develop it further into a full-fledged Certification System. Property agencies are encouraged to implement the requirements set out in the Technical Reference as best practices for their companies.

INDUSTRY ENGAGEMENTS

CEA is keenly aware that real estate agency businesses are operating in an increasingly competitive and challenging environment. To ensure that our policies and regulations take into account the industry’s perspective, we actively engage our industry stakeholders through a variety of platforms.

In FY2015, we conducted six KEO dialogues and four focus group sessions with property agents, each with a representation of practitioners from different segments of the real estate agency industry. We also held four dialogue sessions with the real estate agency industry associations. These forums enabled us to gather ground feedback from industry practitioners,

The CEA delegation with our counterparts at the New Zealand Real Estate Agents Authority and CEA Executive Director Lee Kwong Weng with Hong Kong Estate Agents Authority CEO Ms Ruby Hon



Connecting with KEOs and property agents through dialogues and discussions allows CEA to have a better sensing of ground issues

explain our policies to them, as well as seek input on future plans. We gained useful insights to enable the successful implementation of upcoming initiatives, policies, and industry improvements. Industry input is invaluable to CEA as it allows us to constantly review and refine our processes so that they are in tandem with the times and are relevant to the industry.

We will continue with such engagements going forward to seek ways to reduce compliance costs and increase productivity of the industry, while ensuring that consumer interests are not compromised.

BUILDING GLOBAL ALLIANCES

To keep abreast of key developments and changes taking place in the real estate agency industry overseas, CEA met with regulatory bodies and practitioners in Australia, New Zealand, and Hong Kong. These visits provided us with a better understanding of the challenges and issues faced in these countries, as well as the regulatory best practices and strategies that have been adopted to improve industry performance.

In March 2016, we hosted visitors from Japan’s Ministry of Land, Infrastructure,

Transport, and Tourism, and the Japan-America Real Estate Coalition Office, who were keen to learn more about CEA’s functions and our regulatory framework.

Through these exchanges, CEA gained a more holistic view of the varying demands and challenges of managing and regulating the real estate agency industry in different countries. We will study the learning points gleaned and see how they can be applied to raise professionalism and productivity levels of our industry.



EMPOWERING CONSUMERS

We believe in empowering consumers to play an active role when working with their property agents to buy, sell, or rent property. CEA proactively creates touch points to share tips and tools on how consumers can protect their interests in such transactions. Our multi-channel approach allows us to reach out to a broad segment of the community.



> EMPOWERING CONSUMERS

A property is a long-term commitment and a valuable asset for many Singaporeans. This is why raising public awareness of the roles and responsibilities of consumers, property agents, and agencies is a high priority for CEA. We believe in empowering consumers to work effectively with the property agent they engage, and to make the best decisions for themselves in their property transactions.

TARGETED CONSUMER OUTREACH

In FY2015, CEA's public education efforts reached out to a diverse base of consumers, from first-time home buyers and tenants, to foreign property investors, and the more vulnerable groups of consumers. To maximise our reach to targeted segments of the community, we teamed up with several public, private, and non-profit agencies and utilised various communications channels and platforms to engage consumers.

For example, we partnered public agencies to organise education events. These included talks by the Central Provident Fund Board (CPF) for consumers buying their next home, as well as seminars by the Housing and Development Board (HDB) for those looking to sell or buy resale HDB flats or intending to sublet rooms.

Over the past five years, CEA has reached out to more than 10,000 consumers in collaboration with CPF and HDB.



Reaching out to consumers through events and talks like the 50Plus Expo 2015 and HDB Heartland talks (Bottom-right photo: HDB)

CEA's outreach to seniors centred around two major events: 50Plus Expo 2015, the largest fair for seniors in Singapore by the Council for Third Age (C3A), and U Live Symposium 2015, organised by NTUC U Live community for senior workers and retirees aged 55 years and above.

During these sessions, seniors participated in activities that equipped them with tips on safeguarding their interests in a property transaction.

We have also struck up new collaborations that enabled us to bring our education messages to the heartlands.

Working with the National Library Board, we presented talks at several public libraries on how consumers can maximise the value of engaging property agents in property transactions. Through the People's Association, we engaged with residents at the Kampong Kembangan Community Club's multi-racial dumpling festival. At both events and fairs for seniors, we displayed comic-themed posters at our booth that illustrated useful tips for engaging property agent services and minimising foreign property investment risks.

CEA also worked with MoneySENSE-Singapore Polytechnic Institute for Financial Literacy to spread our message to the public sector. We incorporated key messages in the "Buying a Home within Your Means" module of a two-day financial planning course for officers in the Ministry of Home Affairs.

CONNECTING WITH FOREIGN PROPERTY BUYERS

Prospective foreign property buyers were another segment of consumers that CEA connected with during the year. Through participation in events, advertisement campaigns, media stories,

and resources for consumers, we informed potential buyers about important financial considerations and pitfalls to avoid when purchasing foreign property.

In 2015, we leveraged foreign property marketing events such as the ST Property Seminar & Expo and SPH Digital Property Seminar & Showcase. Our information booths at the events provided ideal platforms for us to engage in face-to-face discussions with consumers and share advice using educational posters and consumer guides.

To coincide with these events, CEA also placed advertisements carrying cautionary messages on purchasing foreign property

in the print media. The use of cartoons in the advertisements was an effective way to convey the key messages to target audiences in a light-hearted and impactful way.

Another strategy to raise mass market awareness was through mainstream media coverage. We worked with the media on messages relating to CEA's regulatory safeguards, guidelines, and practical tips for consumers, which were incorporated into the news stories. Story contents ranged from the Advertising Standards Authority of Singapore's new guidelines for marketing foreign properties, to cases of Singaporeans at risk of losing their overseas property investments.



Sharing advice at a foreign property showcase

CEA's public education features appeared in lifestyle magazines such as NSman and M Lifestyle; Community Development Councils' newsletters such as Heartbeat, Cohesion, and Contact; as well as Homebuyers and CASE's The Consumer magazine



ENHANCING ONLINE TOUCH POINTS

Following up on feedback from a readers' survey, we revamped and relaunched our corporate bi-monthly e-newsletter CEAnergy in October 2015. The redesign involved creating a more reader-friendly layout and aesthetically-pleasing colours.

Timed to commemorate CEA's fifth anniversary, the special launch issue carried a joint message from our Council President Greg Seow and then-Executive Director Chionh Chye Khye, together with a showcase of CEA's achievements over the past five years. The commemorative issue also included messages from industry partners that reflected the industry's

progress and development since CEA's formation in 2010.

Work on the design and development of a new CEA corporate website started in FY2015. Targeted for relaunch in the second quarter of FY2016, the new website will offer new functions to better address the needs of different industry stakeholders. An example is a dedicated Continuing Professional Development (CPD) microsite that will provide Key Executive Officers, property agents, and course providers with new e-services to allow updating and tracking of attendance at professional training sessions.

EXTENDING MESSAGE IMPACT

To further increase the impact of our messages, CEA placed consumer education advertorials

featuring current topics of interest to industry stakeholders and consumers in newspapers as well as various community and lifestyle publications. We also co-authored a series of articles on best practices in property agent engagement with the Infocomm Development Authority of Singapore. These were published on e-citizen, a one-stop public portal for government services and information.

To provide consumers with timely and practical information on the process of resolving contractual disputes with property agents, CEA distributed copies of our dispute resolution guide at the Law Society of Singapore and the four appointed Dispute Resolution Centres - Consumer Association of Singapore (CASE) Mediation Centre, Singapore Institute of Arbitrators, Singapore Institute of Surveyors and Valuers, and Singapore Mediation Centre.

We worked closely with the media on feature stories to better explain CEA's policies and projects. These included CEA's CPD schemes and our contributions to the industry over recent years. News coverage of CEA's disciplinary actions taken against individuals who carried out estate agency work without registration also included messages that reinforce the steps that consumers can take to protect their interests.

Visitors checking out CEA's segment at MND's roving exhibition that chronicled Singapore's transformation since 1965



Seniors at the U Live Symposium learnt how they can be empowered consumers in property transactions involving property agents

RAISING CEA'S PROFILE

From 15 to 17 October 2015, CEA joined 15 other public agencies at the Public Service Festival to showcase the contributions of Singapore's public service towards improving the daily lives of our people.

CEA also participated in the roving exhibition organised by the Ministry of National Development (MND) to commemorate Singapore's 50th year of independence. Themed "50 years of Transforming Our City, Our Home", the exhibition featured MND's six statutory boards,

including CEA, and their roles in shaping modern Singapore. CEA's role in safeguarding homes as valued assets was a highlight. The event was opened by then-Minister for National Development Khaw Boon Wan, on 6 August 2015 at JEM in Jurong East, before travelling to five other locations islandwide between August and November 2015. Members of the public can visit the exhibition at the MND Complex until mid-2018.

THE NEXT STEPS

CEA completed its second Public Perception Survey in March 2016. Through

interviews with more than 2,200 consumers and members of the public, CEA gained insights into public awareness levels of the roles and responsibilities of CEA, property agents and agencies. We also had a good sensing of consumer satisfaction on the services provided by property agents, and general consumer perceptions and expectations of property agents.

The findings, together with a comparative analysis of results from the first baseline survey in 2012, will enable CEA to design and fine-tune policies and programmes for industry development and public education. The survey results will be released in the second quarter of 2016.

CEA's Public Outreach Division has been renamed Corporate Communications and Public Outreach Division to reflect the expanded role of the team. The team will increase its focus on strengthening the CEA brand and explaining the value and relevance of CEA's responsibilities and functions to our various stakeholders through more creative and innovative platforms. The team will continue to work with CEA's partners to build mutual understanding and garner support on key industry issues, in order to safeguard consumers' interests.



GROWING TOGETHER

Our achievements today and how much more we can reach for in future stem from a conducive and dynamic work environment. Our officers are part of a supportive CEA family where we grow, develop, and realise our potential together. We will build on our fundamentals in order to succeed in our regulatory, industry development, and public education functions.



> GROWING TOGETHER

In FY2015, CEA continued our organisational development efforts by creating a dynamic workplace and building up our key asset – our people. Our approach focuses on implementing robust systems that ensure good governance, while promoting a culture of continuous learning, innovation, and excellence. This has enabled us to develop a motivated and professional team that fulfils CEA’s mission of advancing Singapore’s real estate agency industry.



CEA united: We believe in having fun and realising our potential together

ENHANCING EFFICIENCIES AND STRENGTHENING GOVERNANCE

To ensure professional standards across the organisation, CEA places high priority on strong corporate governance and internal control systems.

We took steps to make CEA’s systems and processes more efficient. For example, we implemented a system to track the processing of invoices to ensure payments to vendors are made in a timely manner. To manage our cash balances more effectively, we

participated in the Centralised Liquidity Management scheme administered by the Accountant-General’s Department.

In addition, we reviewed and streamlined our procurement processes for better efficiency and internal controls. To update our team’s knowledge and understanding of the latest changes in the procurement environment, we implemented a procurement competency framework for staff to gain the requisite knowledge through in-house staff briefings and training sessions conducted at the Civil Service College.

NURTURING TALENT

We implemented two new human resource programmes in FY2015 to support our efforts to build a conducive environment for our people to fulfil their professional and personal potential.

The first programme is the Extended Management Executive Scheme. Under this new scheme, an officer’s career progression will be based on work performance and potential to take on higher responsibilities rather than academic qualifications. Promising management



Team CEA that clinched the Minister’s Award in 2015



CEA’s service star Licensing Officer Gillian Anandarajah

support officers who are non-degree holders can look forward to better career advancement opportunities under this initiative.

The second is a new onboarding programme for new employees. Aimed at boosting employee engagement, this initiative introduces new officers to the CEA workplace, along with its mission, vision, culture, policies, and employment benefits. This enables new staff members to have a better understanding of the organisation’s goals, adapt quickly to the new working environment, and become productive team players within a short span of time.

As part of staff development and exposure, CEA seconded an officer each to the Ministry of National Development

(MND) and the Urban Redevelopment Authority, and also attached an officer to the Council for Private Education.

CELEBRATING STAFF ACHIEVEMENTS

Providing stellar service to customers and striving for greater excellence are key beliefs that our officers embrace. CEA is proud of the recognition that our officers have received for their efforts.

Team members from CEA’s Inspection & Compliance, Legal, and Investigation Divisions collaborated successfully to investigate the founder of a members-only property investment club. The team worked innovatively to expose the unlicensed entity’s illegal activities that involved the marketing and sale of foreign properties under the

guise of conducting property investment seminars. The team’s operations resulted in the first successful prosecution of an unlicensed property agency in Singapore selling overseas properties. For its effort, the team won the Minister’s award in 2015.

Licensing Officer Gillian Anandarajah received the 2015 Excellent Service Silver Award, an award scheme managed by the Public Service Division together with six other industry organisations and supported by SPRING Singapore. Having joined CEA just over a year ago, Gillian’s professionalism and exemplary service attitude, embodied in her helpful and calm disposition even when faced with challenging issues, earned her recognition as a service champion and role model.

Legal Counsel Gavin Ng receiving his scholarship from then-Minister of National Development Khaw Boon Wan (Photo: MND)



Recharging and bonding over a friendly game of badminton



Legal Counsel Gavin Ng received MND's Executive Development and Growth Exchange Postgraduate Scholarship Award for 2015. He will be pursuing a Masters of Law degree at the University of California, Los Angeles. He is the third CEA employee to receive this prestigious scholarship, which seeks to build key competencies and nurture talent within the MND family.



Celebrating CEA's fifth anniversary with our very own cupcakes

BUILDING A PEOPLE-CENTRIC CEA

We believe that a supportive and caring work culture plays a big role in building a sense of unity and community within the CEA family.

In the past year, we leveraged the Workplace Health Promotion Grant to support our corporate-wide healthy lifestyle programme. This programme offers a wide array of activities – including onsite health screening for staff,

health talks, and sports such as archery, badminton, and bowling – to encourage staff wellness and team building.

To mark CEA's 5th anniversary, we celebrated our milestones and what we have achieved together over a staff dinner in October.

In the spirit of Singapore's 50th birthday, CEA employees and their families, along with our Council members, visited "The Future of Us" exhibition in December 2015. A key

event to round up the SG50 celebrations, the immersive multi-sensory interactive exhibits gave attendees a glimpse into how Singaporeans can live, work, play, care, and learn in the future.

APPRECIATING OUR PARTNERS

Many of CEA's contributions to the industry are made possible because of the strong partnerships we have with many individuals and organisations.



CEA Executive Director Lee Kwong Weng visiting a senior at our outreach event



Bringing on the smiles at the Thye Hua Kwan Senior Activity Centre

In September, CEA's annual Appreciation Lunch recognised the many partners who have contributed to CEA's mission and the industry's professional development. Guests included industry and public agencies partners, members from the Disciplinary Panel, Licensing & Practice, Examination & Professional Development, and Audit Committees, workgroup members, and CEA alumni.

MAKING A POSITIVE DIFFERENCE

During the year, CEA officers came together to support several charitable causes. The philosophy behind our corporate social responsibility initiatives is simple: every effort can result in a positive outcome for our community. In February 2016, our volunteers organised an early Lunar New Year celebration for low-income seniors at the

Thye Hua Kwan Senior Activity Centre in Ang Mo Kio. The seniors were treated to a fun-filled afternoon with a sing-a-long session, games, and a tea reception. We also helped to deliver food items and other daily household essentials to the homes of the elderly beneficiaries.

In 2015, we were happy to continue supporting the beneficiaries under the President's Challenge 2015. We raised \$4,345, almost double the amount contributed in 2014.

LOOKING AHEAD

As we work towards delivering on our core responsibilities, building an organisation of excellence will always take priority. We will build on our fundamentals and strengthen our systems in order to succeed in our regulatory,

industry development, and public education functions.

In the pipeline, we have plans to launch a broader staff competency framework to groom staff with specialised skills and knowledge, such as procurement and finance to ensure good stewardship of funds. We will be exploring the use of data analytics for core functions, such as purchase aggregation, for effective management and governance on the use of resources.

Emphasis will also be placed on new human resource development initiatives to foster a strong and cohesive staff identity, and an enhanced staff development framework that provides opportunities for internal job rotation and secondment to suitable government agencies.



FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

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STATEMENT BY THE COUNCIL

For the financial year ended 31 March 2016

In our opinion the accompanying statement of financial position, statement of comprehensive income, statement of changes in equity and the statement of cash flows of the Council for Estate Agencies (the "Council"), together with the notes thereon, are drawn up in accordance with the provisions of the Estate Agents Act, Chapter 95A and Statutory Board Financial Reporting Standards, so as to present fairly, in all material respects, the state of affairs of the Council for the financial year ended 31 March 2016 and the results and changes in equity of the Council and cash flows of the Council for the financial year then ended.

On behalf of the Council:

Greg Seow
President

Lee Kwong Weng
Executive Director

Singapore

22 June 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE COUNCIL FOR ESTATE AGENCIES

For the financial year ended 31 March 2016

Report on the Financial Statements

We have audited the accompanying financial statements of the Council for Estate Agencies (the "Council"), which comprise the statement of financial position as at 31 March 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Estate Agents Act, Chapter 95A (the "Act") and Statutory Board 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by council, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Statutory Board Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Council as at 31 March 2016, and the results, changes in equity and cash flows of the Council for the year ended on that date.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE COUNCIL FOR ESTATE AGENCIES

For the financial year ended 31 March 2016

Report on Other Legal and Regulatory Requirements

Management's Responsibility for Compliance with Legal and Regulatory Requirements

Management is responsible for ensuring that receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act. This responsibility includes implementing accounting and internal controls as management determines as necessary to enable compliance with the provisions of the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We conducted our audit in accordance with Singapore Standards on Auditing. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipts, expenditure, and investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act.


Our compliance audit includes obtaining an understanding of the internal control relevant to the receipts, expenditure, investment of moneys and the acquisition and disposal of assets; and assessing the risks of material misstatement of the financial statement from non-compliance, if any, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Because of the inherent limitations in any accounting and internal control system, non-compliances may nevertheless occur and not be detected.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on management's compliance.

Opinion

In our opinion:

- a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Council during the financial year are, in all material respects, in accordance with the provisions of the Act; and
- b) proper accounting and other records have been kept, including records of all assets of the Council whether purchased, donated or otherwise.



Audit Alliance LLP
Public Accountants and Chartered Accountants

Singapore

22 June 2016

STATEMENT OF FINANCIAL POSITION

As at 31 March 2016

	Note	2016 \$'000	2015 \$'000
ASSETS LESS LIABILITIES			
Non-current assets			
Plant and equipment	4	292	141
Intangible assets	5	-	96
		<u>292</u>	<u>237</u>
Current assets			
Trade and other receivables	6	166	133
Prepayments		58	17
Government grant receivable	7	-	4,676
Cash and cash equivalents	8	10,139	5,306
		<u>10,363</u>	<u>10,132</u>
Less:			
Current liabilities			
Trade and other payables	9	2,624	2,568
Deferred revenue	10	5,576	5,879
Government grant received in advance	7	372	-
		<u>8,572</u>	<u>8,447</u>
		<u>1,791</u>	<u>1,685</u>
Net current assets			
Non-current liabilities			
Deferred capital grant	11	223	62
Provision	12	141	141
		<u>364</u>	<u>203</u>
Net assets			
		<u>1,719</u>	<u>1,719</u>
Equity			
Share capital	13	1,719	1,719
Total equity		<u>1,719</u>	<u>1,719</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2016

	Note	2016 \$'000	2015 \$'000
Revenue			
	14	10,555	11,214
Less: Expenditure			
Real estate examination related costs		897	819
Depreciation and amortisation	4, 5	184	301
Fees and charges		4,040	3,436
Rental of premises		1,068	1,065
Expenditure on manpower	15	11,001	9,714
Administrative and other expenses	16	1,964	1,625
Total operating expenses		<u>19,154</u>	<u>16,960</u>
Operating deficit before government grant		(8,599)	(5,746)
Grants			
Government grant	7, 11	<u>8,599</u>	<u>5,746</u>
Comprehensive income for the financial year before statutory contribution to the Consolidated Fund		-	-
Statutory contribution to Consolidated Fund	18	-	-
Total comprehensive income for the financial year		<u>-</u>	<u>-</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2016

	Note	Share capital \$'000	Reserve \$'000	Total \$'000
Balance as at 1 April 2014	13	1,719	-	1,719
Total comprehensive income for the financial year		-	-	-
Balance as at 31 March 2015 and 1 April 2015		1,719	-	1,719
Total comprehensive income for the financial year		-	-	-
Balance as at 31 March 2016		1,719	-	1,719

STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2016

	Note	2016 \$'000	2015 \$'000
Cash flows from operating activities			
Operating deficit before government grant		(8,599)	(5,746)
Adjustments:			
Depreciation of plant and equipment	4	88	126
Amortisation of intangible assets	5	96	175
Interest income		(59)	(11)
Amortisation of deferred revenue		(8,340)	(8,760)
Operating deficit before working capital changes		(16,814)	(14,216)
(Increase)/decrease in trade and other receivables		(33)	300
(Increase)/decrease in prepayments		(41)	3
Increase in trade and other payables		56	699
Cash flows used in operations		(16,832)	(13,214)
Deferred revenue received		8,037	8,467
Interest received		59	11
Net cash flows used in operating activities		(8,736)	(4,736)
Cash flows from investing activities			
Purchase of plant and equipment		(239)	(56)
Purchase of intangible assets		-	(29)
Net cash flows used in investing activities		(239)	(85)
Cash flows from financing activities			
Government grants received		13,712	2,038
IDA reimbursements received		96	-
Net cash flows from financing activities		13,808	2,038
Net increase/(decrease) in cash and cash equivalents		4,833	(2,783)
Cash and cash equivalents at the beginning of the financial year		5,306	8,089
Cash and cash equivalents at end of the financial year	8	10,139	5,306

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

1. General Information

The Council for Estate Agencies (the "Council") was established on 22 October 2010 under the Estate Agents Act (Chapter 95A) (the "Act") and is under the purview of the Ministry of National Development ("MND"). As a statutory board, the Council is subject to the directions of the MND and is required to implement policies and comply with instructions from its supervisory Ministry and other Government Ministries such as the Ministry of Finance ("MOF").

The registered office and principal place of operations of the Council is located at 490, Lorong 6 Toa Payoh, HDB Hub Biz 3 #05-10, Singapore 310490.

The primary functions and duties of the Council are:

- i) To administer the licensing and registration regimes under the Act;
- ii) To regulate and control the practice of estate agents and salespersons;
- iii) To promote integrity and competence of estate agents and salespersons and to maintain or enhance their status;
- iv) To administer examination and a professional development framework for the purposes of licensing and registration under the Act;
- v) To develop codes of practice, ethics and conduct for estate agents and salespersons;
- vi) To conduct investigations and disciplinary proceedings in relation to offences and unsatisfactory conduct or misconduct in relation to estate agency work;
- vii) To develop measures to equip consumers with the necessary knowledge to conduct their real estate transactions with prudence and diligence; and
- viii) To perform such other functions and discharge such other duties as may be conferred on the Council by any written law.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with the Statutory Board Financial Reporting Standards ("SB-FRS") promulgated by the Accountant-General and the provisions of the Act.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements of the Council are presented in Singapore dollars ("SGD" or "\$") and rounded to the nearest thousand ("'\$000'"), unless otherwise stated.

2.2 Adoption of new and revised standards

In the current financial year, the Council has adopted all the new and revised standards and interpretation of SB-FRS ("INT SB-FRS") that are effective for annual periods beginning on or after 1 April 2015. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Council.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. Summary of significant accounting policies (continued)

2.3 Standard issued but not yet effective

The Council has not adopted the following standard that has been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendment to SB-FRS 109 Financial instruments	1 January 2018
SB-FRS 115 Revenue from contract with customers	1 January 2017

The Council expects that the adoption of the above standard will have no material impact on the financial statements in the period of initial application.

2.4 Functional currency

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

2.5 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is computed utilising the straight-line method to write-off the cost of these assets over their estimated useful lives as follows:

Furniture and fittings	8 years
Office equipment	5 years
Renovation	1 – 3 years

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent expenditure relating to plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Council and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial period in which it is incurred.

For acquisitions and disposals during the financial period, depreciation is provided from the period of acquisition and no depreciation is provided in the period of disposal respectively. Fully depreciated plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed and adjusted as appropriate, at each reporting date as a change in estimates.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. Summary of significant accounting policies (continued)

2.6 Intangible assets

Intangible assets acquired, which comprise computer softwares and development costs, are measured initially at cost. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each reporting period.

The estimated useful lives of the intangible assets are from 3 to 5 years.

2.7 Impairment of non-financial assets

The carrying amounts of the Council's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the income or expenditure (surplus or deficit).

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. Summary of significant accounting policies (continued)

2.8 Financial assets

Loans and receivables

Loans and receivables comprise trade and other receivables and cash and cash equivalents.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Gains and losses are recognised in the income and expenditure when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are derecognised when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Impairment of loans and receivables

For financial assets carried at amortised cost, the Council first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Council 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.

To determine whether there is objective evidence that an impairment loss on financial assets has incurred, the Council considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delays in payments.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash balances at bank and on hand that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. Summary of significant accounting policies (continued)

2.10 Provisions

Provisions are recognised when the Council has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.11 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grants to meet the current period's operating expenses are recognised as income in the financial period in which the operating expenses are incurred.

Grants received from the Ministry of National Development for capital expenditure are taken to the deferred capital grants account upon the utilisation of the grants for purchase of plant and equipment and intangible assets, which are capitalised, or to income or expenditure for purchase of plant and equipment and intangible assets which are written off in the year of purchase.

Deferred capital grants are recognised as income over the periods necessary to match the depreciation, amortisation, write-off and/or impairment loss of the plant and equipment and intangible assets purchased with the related grants. Upon the amortisation or disposal of plant and equipment and intangible assets, the balance of the related deferred capital grants is recognised as income to match the carrying amount of the plant and equipment and intangible assets disposed of.

2.12 Trade and other payables

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. Summary of significant accounting policies (continued)

2.13 Employee benefits

(a) Defined contribution plan: Singapore Central Provident Fund ("CPF") Contributions

The contributions on the Council's employees' salaries are made to the CPF as required by law. The CPF contributions are recognised in the income or expenditure in the period when the employees rendered their services entitling them to the contributions.

The Council has no further payment obligations once the contributions have been paid.

(b) Employee leave entitlement

Employee entitlement to annual leave is recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the balance sheet date.

2.14 Leases

Leases where the lessor effectively retains substantially all the risk and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the income or expenditure on a straight-line basis over the lease term.

The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.15 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Council and the revenue can be reliably measured. No revenue is recognised if there are significant uncertainties regarding recovery of the considerations due, associated costs or the possible refund of fee revenue.

Licence and registration fees

Licence and registration fees received from estate agents and salespersons respectively are recognised on a straight-line basis over the period for which the licence is granted.

Application fees

Application fees for licence and registration are recognised upon the receipt of fees.

Examination fees

Fees from candidates who signed up for the examinations are recognised as and when the examinations are taken.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. Summary of significant accounting policies (continued)

2.15 Revenue (continued)

Interest income

Interest income is recognised using the effective interest method.

2.16 Share capital

Proceeds from equity financing received from the Minister of Finance (Note 13).

2.17 Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax except:

- Where the goods and services tax incurred on purchase of assets or services is not recoverable from the taxation authority, in which case the goods and services tax is recognised as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of goods and services tax included.

The net amount of goods and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3. Significant accounting policies estimates

The preparation of the Council's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Useful lives of plant and equipment and intangible assets

The cost of plant and equipment and intangible assets are depreciated on a straight-line basis over the plant and equipment and intangible assets' estimated economic useful lives. Council estimates the useful lives of these plant and equipment and intangible assets to be within 1 year to 8 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Council's plant and equipment and intangible assets at the balance sheet date is disclosed in Notes 4 and 5 to the financial statements respectively.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

4. Plant and equipment

	Furniture and fittings \$'000	Office Equipment \$'000	Renovation \$'000	Total \$'000
Cost				
At 1 April 2014, 31 March 2015 and 1 April 2015	147	164	1,145	1,456
Additions	-	239	-	239
At 31 March 2016	147	403	1,145	1,695
Accumulated depreciation				
At 1 April 2014	53	81	1,057	1,191
Depreciation for the financial year	19	39	68	126
Write-off	-	(2)	-	(2)
At 31 March 2015 and 1 April 2015	72	118	1,125	1,315
Depreciation for the financial year	18	56	14	88
At 31 March 2016	90	174	1,139	1,403
Net carrying amount				
At 31 March 2016	57	229	6	292
At 31 March 2015	75	46	20	141

Included within the cost of renovation is a provision for premises reinstatement costs of \$141,000 (2015: \$141,000) (Note 12).

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

5. Intangible assets

	Computer software
	\$'000
Cost	
At 1 April 2014	641
Additions	29
At 31 March 2015 and at 1 April 2015	670
Additions	-
At 31 March 2016	<u>670</u>
Accumulated amortisation	
At 1 April 2014	399
Amortisation for the financial year	175
At 31 March 2015 and at 1 April 2015	574
Amortisation for the financial year	96
At 31 March 2016	<u>670</u>
Net carrying amount	
At 31 March 2016	-
At 31 March 2015	<u>96</u>

6. Trade and other receivables

	2016	2015
	\$'000	\$'000
Trade receivables	63	27
Other receivables	103	106
	<u>166</u>	<u>133</u>

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 days' term.

As at end of the reporting period, the Council has no trade receivable that is past due or impaired.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

7. Government grant

	2016	2015
	\$'000	\$'000
At beginning of the financial year		
Grant received	(4,676)	(993)
Grant recognised in income and expenditure for the financial year (Note 2.11)	13,712	2,038
Transferred to deferred capital grant during the financial year (Note 11)	(8,520)	(5,667)
At end of the financial year	<u>(144)</u>	<u>(54)</u>
	372	<u>(4,676)</u>
Government grant representing:		
Grant receivable	-	4,676
Grant received in advance	<u>372</u>	<u>-</u>

8. Cash and cash equivalents

	2016	2015
	\$'000	\$'000
Cash and bank balances	<u>10,139</u>	<u>5,306</u>

Cash and bank balances comprise cash which includes bank balances held by Accountant-General's Department ("AGD") under the Government's Centralised Liquidity Management Framework for Statutory Boards. The carrying amounts of these assets approximate their fair values.

Cash at banks earns interest at floating rates based on daily bank deposit rates.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

9. Trade and other payables

	2016 \$'000	2015 \$'000
Trade payables	744	693
Accrued expenses	1,576	1,619
Provision for unutilised leave	304	256
Total financial liabilities carried at amortised cost	<u>2,624</u>	<u>2,568</u>

Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 60 days' term.

10. Deferred revenue

	2016 \$'000	2015 \$'000
Within 1 year	<u>5,576</u>	<u>5,879</u>

Deferred revenue related to annual licence and registration fees received upon registration or renewal of licence from estate agents and salespersons. The revenue is recognised in accordance with the revenue recognition policy of the Council (Note 2.15).

11. Deferred capital grant

	2016 \$'000	2015 \$'000
At beginning of the financial year	62	87
Transferred from government grant during the financial year (Note 7)	144	54
Reimbursements from IDA	96	-
Grant recognised in income and expenditure for the financial year (Note 2.11)	<u>(79)</u>	<u>(79)</u>
At end of the financial year	<u>223</u>	<u>62</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

12. Provision

Provision was made for the estimated cost of reinstating the Council's rented premises to the original condition upon termination of the lease:

	2016 \$'000	2015 \$'000
At beginning and end of the financial year	<u>141</u>	<u>141</u>

13. Share capital

The Council received proceeds from equity financing of \$1,718,729 from the Ministry of Finance in 2012. 1,718,729 ordinary shares issued were held by the Minister for Finance, a body incorporated by the Minister for Finance (Incorporation) Act (Chapter 183) in its capacity as shareholder under the debt-equity framework for statutory boards.

14. Revenue

	2016 \$'000	2015 \$'000
Licence, registration and application fees	9,261	10,053
Examination fees and others	<u>1,294</u>	<u>1,161</u>
	<u>10,555</u>	<u>11,214</u>

15. Expenditure on manpower

	2016 \$'000	2015 \$'000
Key management personnel		
Salaries and related costs	1,491	1,590
CPF contributions	<u>62</u>	<u>45</u>
	1,553	1,635
Other than key management personnel		
Salaries and related costs	8,445	7,257
CPF contributions	<u>1,003</u>	<u>822</u>
	<u>9,448</u>	<u>8,079</u>
	<u>11,001</u>	<u>9,714</u>

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Council.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

16. Administrative and other expenses

Included in administrative and other expenses are:

	2016 \$'000	2015 \$'000
Council members' fees	131	113
Goods and services tax expenses	1,024	807
Plant and equipment expensed off	<u>19</u>	<u>60</u>

17. Related party transactions

For the purpose of these financial statements, parties are considered to be related to the Council if the Council 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 Council and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. Under SB-FRS 24, the parent Ministry and other state-controlled entities are deemed as related parties.

During the financial year, the Council rented premises, and procured administrative support services for human resources and information technology from the Housing & Development Board. The total amounts for these transactions for the financial year are \$1,596,786 (2015: \$1,732,302).

During the financial year, the Council also procured services amounting to \$342,550 (2015: \$585,550) from the Criminal Investigation Department for the screening of salespersons and estate agents.

Other than as disclosed elsewhere in the financial statements, there are no significant transactions with related parties which were carried out in the normal course of business.

18. Statutory contribution to consolidated fund

Under Section 13(1)(e) and the First Schedule of the Singapore Income Tax Act, Chapter 134, the income of the Council is exempt from income tax.

In lieu of income tax, the Council is required to make contribution to the Government Consolidated Fund in accordance with the Statutory Corporations (Contributions to Consolidated Fund) Act (Chapter 319A) and in accordance with the Finance Circular Minutes No M5/2005. The amount to be contributed is based on 17% of the net surplus of the Council.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

19. Commitments

Operating lease commitments - as lessee

The Council has entered into lease agreements for its office premises and office equipment. These non-cancellable leases have lease terms of more than one year.

Future minimum rental payable under non-cancellable operating leases at the end of the reporting year are as follows:

	2016 \$'000	2015 \$'000
Not later than one year	1,129	1,210
Later than one year and not later than five years	<u>1,691</u>	<u>821</u>
	<u>2,820</u>	<u>2,031</u>

The leases on the Council's premises on which rentals are payable will expire on 31 May 2019.

20. Financial risk management objectives and policies

Risk management is integral to the whole activities of the Council. The Council has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Council continually monitors its risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Council's activities.

Credit risk

As at the end of the reporting year, the Council has no significant concentrations of credit risk. Cash and cash equivalents are placed with financial institutions which are regulated.

The maximum exposure to credit risk is represented by the carrying amounts of its financial assets in the statement of financial position.

Liquidity risk

The Council receives its funds from the Government of Singapore and generates cash from its operating activities to meet its funding requirements. The Council monitors and maintains sufficient cash and cash equivalents to finance its operations.

All financial assets and liabilities (excluding the provision for reinstatement costs of rented premises) are repayable on demand or due within 1 year from the end of the reporting period.

Interest rate risk

At the end of the reporting period, the Council has limited exposure to interest rate risk.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

20. Financial risk management objectives and policies (continued)

Fair value for other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

Classification of financial instruments

The carrying amount of total loans and receivables are as below:

	2016 \$'000	2015 \$'000
Trade and other receivables	166	133
Grant receivable	-	4,676
Cash and bank balances	10,139	5,306
Total loans and receivables	<u>10,305</u>	<u>10,115</u>

Financial liabilities carried at amortised cost are disclosed in Note 9 to the financial statements.

21. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 March 2016 were authorised for issue by members of the Council on 22 June 2016.



Council for Estate Agencies

Annual Report 2015/16

(1 April 2015 to 31 March 2016)

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