

# TRANSFORMATION IN MOTION

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ANNUAL REPORT 2017/2018





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## **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

## **THREE BROAD STRATEGIES**

- 1 Regulate effectively to foster a well-disciplined real estate agency profession
- 2 Collaborate with the industry to spearhead industry development
- 3 Educate consumers so they can make informed decisions in property transactions involving the services of property agents

## JOINT MESSAGE



The real estate agency industry embarked on a new chapter in FY2017, heralded by the launch of the Real Estate Industry Transformation Map (ITM).

If we cast our minds back eight years ago to October 2010, the first wave of transformation for the real estate agency industry began when Council for Estate Agencies (CEA) was first formed to regulate and raise the professionalism of the industry.

Since then, we observe that the industry has made marked progress. We see more agents doing their work professionally and taking a client-centric approach when facilitating property transactions.

Consumer satisfaction with the service provided by the industry have remained high at around 80 per cent as shown in CEA's 2012 and 2015 Public Perception Surveys.

That is not to say that the industry has arrived. There is still room for improvement.

For instance, we still receive a high number of complaints from consumers and property agents against errant agencies and agents, with figures hovering between 700 to 900 cases each year.

### **Blueprint for a future-ready real estate industry**

At the same time, the real estate industry is facing various challenges from technological innovations, new and nimbler business models offered by existing and new players in the industry, as well as rising consumer expectations.

The Real Estate ITM thus marks the second wave of transformation that aims to advance the industry and help them navigate through the evolving, dynamic ecosystem and to better meet consumers' expectations.

In February 2018, Second Minister for National Development Mr Desmond Lee unveiled the Real Estate ITM to provide a roadmap for the transformation of the real estate industry.

Prior to the launch of the Real Estate ITM, the Ministry of National Development, with the support of CEA, held more than 50 engagement sessions in 2017 with stakeholders from the entire real estate value chain.

Representatives from property agencies, industry associations, conveyancing lawyers, valuation firms, facility managers, property developers, property technology firms, and unions were involved in these sessions.

These sessions culminated in the development of the roadmap that aims to transform the industry into a sector that is resilient to disruption and one that continues to provide good jobs for Singaporeans.

The Real Estate ITM focuses on two areas - property transaction services and facilities management. These sub-sectors were identified as having immense potential for transformation.

### **Focus on the property transaction services sector**

For the property transaction services sub-sector, CEA is leading a Digital Property Transaction Workgroup to move the industry towards seamless, end-to-end, efficient and secure transactions for consumers.

This cross-industry and inter-government agency workgroup is reviewing property transaction processes, developing templates, checklists, as well as common protocols to streamline property transaction processes.

At the same time, CEA is working with the industry to strengthen professionalism and enhance the competencies of industry practitioners to remain competitive and relevant through a review of the Continuing Professional Development (CPD) framework and promoting transparency of agents' transaction records.

CEA will work with the industry to implement the initiatives under the Real Estate ITM.

Our common goal is to transform the industry so that it will be better-positioned to take on the challenges of today and seize future opportunities when they arise.

We are very encouraged by the more forward-looking industry players who have already taken the leap of faith in embracing technology and raising the bar for their peers.

Some have embarked on new business models to cater to changing consumer behaviours while others have rolled out portals that display the track records of and consumer ratings for their agents.

There are, however, still some agencies, KEOs, and agents who have yet to appreciate that technological disruption is at their doorstep, and have not made moves to transform themselves and their teams to face these challenges. They fail to comprehend that the responsibility to stay current and competitive lies with them, and not with CEA. A few have even mistaken CEA as their industry association.

We urge these agencies and individuals to rouse themselves out of their comfort zones, and be inspired by their more progressive peers to improve or create new ways of working more productively, and ultimately provide better transaction experiences for clients.

There are also agencies, in particular the smaller ones that are aware of the challenges but are unsure of how best to help themselves or lack the resources to do so. We encourage these agencies to approach the industry associations.

## **Working with industry**

Apart from the Real Estate ITM engagement sessions, CEA continued its regular engagements with the industry throughout the year.

We invited Key Executive Officers to dialogue sessions to clarify and address misconceptions that the industry might have about CEA's role, as well as to better understand the concerns and challenges property agencies and agents encounter.

During the year, we discussed with the industry associations the broader issues of the industry's relevance in the face of technological disruptions, evolving consumer expectations, plus consolidation and increasing competition in the industry. We also worked closely with the associations to gather their input for the ongoing review of the CPD framework.

CEA continued to work with the industry to support the government's efforts to combat money laundering and the financing of terrorism. We conducted review sessions with property agencies to ensure that their procedures for property transactions comply with regulations.

On the whole, these sessions have helped us to take the pulse of the increasingly complex environment in which the real estate industry operates.

We will continue with this flow of open communication with the industry to ensure that our policies and regulations evolve with this dynamic ecosystem.

## **Enhancing our outreach**

To help consumers manage their property transactions in this dynamic environment, CEA embarked on an integrated outreach campaign that spanned out-of-home and online channels to reach a wide audience.

Through videos, banner ads, advertorials and bus shelter posters, our *Happy Consumer* campaign endeavoured to reinforce key tips about engaging property agents.

The campaign sparked some concerns from agents but also offered us the opportunity to clarify with the industry CEA's mandate to educate consumers in addition to our role as the industry regulator.

Our post-campaign surveys showed that the campaign helped in raising awareness of CEA and our role, but more importantly, aided in bridging consumers' knowledge gaps about working with property agents for a smooth transaction.

With the information gleaned from the surveys, we will continue our consumer education efforts in 2018 and beyond to help foster good working relationships between property agents and consumers.

## **Strengthening our fundamentals**

The fast-evolving environment has not only put pressure on the industry players but also on CEA's mission to help raise the professionalism of the industry and safeguard consumer interests.

During the past year, we focused on strengthening CEA's fundamentals, and continued to ensure effective enforcement and prosecution of offences and ethical breaches. We also continued to refine our regulatory regime to maintain effective enforcement and prosecution.

CEA introduced a data analytics competency framework to build up our organisation's capabilities in data analysis for CEA officers.

Building new competencies within the organisation and improving our own processes to be nimbler will be even more important as we navigate a complex and evolving environment together with the industry.



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Quek See Tiat  
President

### **Advancing together**

CEA has enjoyed the good working relationship with the industry and we look forward to continue promoting understanding, achieving common goals, and collaborating with one another in raising the industry to the next level of professional expertise and consumer-centric innovation.

Only by working together can we – CEA, industry, and the public – uplift the industry, build consumer confidence, and improve efficiencies.



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Lee Kwong Weng  
Executive Director



## COUNCIL MEMBERS

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As at 31 July 2018

### PRESIDENT

**Quek See Tiat**

### MEMBERS

**Lee Kwong Weng**

Executive Director  
Council for Estate Agencies

**Ms Pauline Goh**

Chief Executive Officer,  
Singapore & South East Asia  
Key Executive Officer  
CBRE Pte Ltd

**Harrif Bin Hambali**

Consultant  
Asian Leaders Institute Pte  
Ltd

**Loy York Jiun**

Executive Director  
Consumers Association of  
Singapore

**Ng Boon Yew**

Executive Chairman  
Raffles Campus Pte Ltd

**Mrs Deborah Ong**

Partner  
PwC Singapore

**Sin Lye Chong**

Group Director, Land Sales &  
Administration Group  
Urban Redevelopment  
Authority

**Michael Tan**

Executive Director & Key  
Executive Officer  
OrangeTee & Tie Pte Ltd

**Ms Tan Pei Shan**

Director, Energy Division  
Ministry of Trade and  
Industry

**Derrick Wong**

Consultant  
Third Wind Consultant

**Mike Chan Hein Wah**

Deputy Chief Executive  
Officer (Estate)  
Housing and Development  
Board

## CEA COMMITTEES

As at 31 July 2018

### Audit Committee

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#### CHAIRPERSON

**Mrs Deborah Ong**

Partner

PwC Singapore

#### MEMBERS

**Mike Chan Hein Wah**

Deputy Chief Executive Officer (Estate)

Housing & Development Board

**Ms Tan Pei Shan**

Director, Energy Division

Ministry of Trade and Industry

### Human Resource & Finance Committee

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#### CHAIRPERSON

**Quek See Tiat**

President

Council for Estate Agencies

#### MEMBERS

**Lee Kwong Weng**

Executive Director

Council for Estate Agencies

**Sin Lye Chong**

Group Director

Land Sales & Administration Group

Urban Redevelopment Authority

### Select Committee

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#### CHAIRPERSON

**Quek See Tiat**

President

Council for Estate Agencies

#### MEMBERS

**Lee Kwong Weng**

Executive Director

Council for Estate Agencies

**Mrs Deborah Ong**

Partner

PwC Singapore

**Ng Boon Yew**

Executive Chairman

Raffles Campus Pte Ltd

**Harrif Bin Hambali**

Consultant

Asian Leaders Institute Pte Ltd

**Derrick Wong**

Consultant

Third Wind Consultant

## Disciplinary Panel

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As at 31 July 2018

### HEAD

#### **Derrick Wong**

Consultant  
Third Wind Consultant

### MEMBERS

#### **Dr Tan Tee Khoon**

Managing Director  
KF Property Network  
Pte Ltd

#### **Yong Kwet Leong**

Key Executive Officer  
Assets Consultancy  
Enterprise Pte Ltd

#### **Victor Lee Chay Pin**

Senior Partner  
Chambers Law LLP

#### **Ms Yashodhara**

**Dhorausigam**  
Advocate & Solicitor

#### **Tan Hee Joek**

Partner  
Tan See Swan & Co

#### **David Huan**

Principal Trainer  
Benchmark Realpro Pte Ltd  
Associate Group Division  
Director  
SLP Scotia Pte Ltd

#### **Assoc Prof Chin Tet Yung**

Faculty of Law  
National University of  
Singapore

#### **Prof Teo Keang Sood**

Faculty of Law  
National University of  
Singapore

#### **Felix Chua**

Key Executive Officer  
Cyberhomes Estate  
Agencies Pte Ltd

#### **Dennis Yeo Huang Kiat**

Managing Director  
Asia (Industrial and  
Logistics)  
CBRE Pte Ltd

#### **B Rengarajoo, PBS, C. Arb**

Principal  
B Rengarajoo & Associates  
Advocates & Solicitors

#### **Michael S Chia**

Managing Director  
MSC Law Corporation

#### **Peter Koh Hock Guan**

Key Executive Officer  
Gateway Property  
Consultants Pte Ltd

#### **Goh Peng Thong**

Director  
AWP Pte Ltd

#### **Er. Jacqueline Chan**

Managing Director  
DSCO Group Pte Ltd

#### **Er. Ling Shiang Yun**

Partner  
Tham & Wong LLP

#### **A.P.M. Ferlin Jayatissa**

Associate Professor, Law  
Programmes  
School of Law  
Singapore University of Social  
Sciences  
Head of Litigation & Consultant  
Lexcompass LLC

#### **Ter Kim Cheu**

Retired Principal Senior State  
Counsel/ Parliamentary Counsel

#### **Tan Hong Boon**

Regional Director  
Capital Markets, Singapore  
Jones Lang LaSalle Property  
Consultants Pte Ltd

## Professional Development Committee

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As at 31 July 2018

### CHAIRPERSON

#### Ng Boon Yew

Executive Chairman  
Raffles Campus Pte Ltd

### DEPUTY CHAIRPERSON

#### Michael Tan

Executive Director & Key Executive Officer  
OrangeTee & Tie Pte Ltd

### MEMBERS

#### Prof Tang Hang Wu

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

#### Assoc Prof Sing Tien Foo

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

#### Ms Catherine Thoo Sin Ling

Course Chair (Real Estate Business)  
School of Design and Environment  
Ngee Ann Polytechnic

#### Ms Edith Tay

Executive Director and  
Key Executive Officer  
PropertyBank Pte Ltd

#### Er. Lim Peng Hong

Managing Director  
PH Consulting Pte Ltd

#### Sieow Teak Hwa

Key Executive Officer  
Teakhwa Real Estate Pte Ltd

#### Mrs Ong Choon Fah

Chief Executive Officer  
Edmund Tie & Company (SEA) Pte Ltd

#### Ms Quek Lee Kiang

Business Editor  
Lianhe Zaobao

#### Darius Cheung

Chief Executive Officer  
99.Co

#### Augustine Tan

President  
Real Estate Developers' Association of  
Singapore (REDAS)  
Executive Director  
Property Sales & Corporate Affairs  
Far East Organization

#### Eugene Lim

Key Executive Officer  
ERA Realty Network Pte Ltd

## WHO WE ARE

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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 property agencies and registration of property agents, and regulates the practice of property agencies and agents 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 close 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.

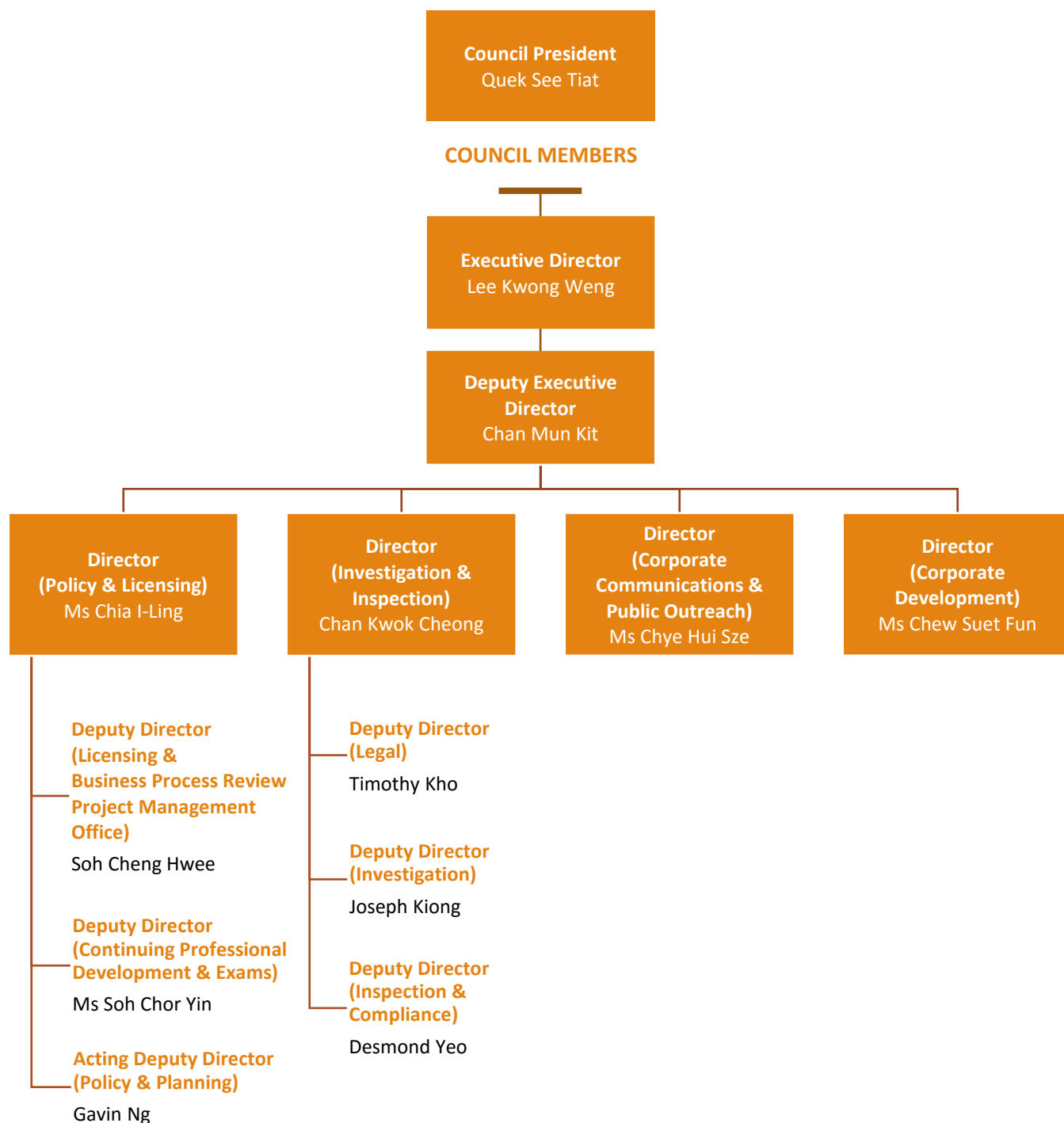
To protect the interests of consumers, CEA plans and implements public education programmes to equip consumers with the necessary information to make informed decisions in property transactions involving the services of property agents. It facilitates access to consumer resources and provides channels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

CEA is governed by a Council that 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 five Committees – Audit Committee, Disciplinary Panel, Human Resource & Finance Committee, Professional Development Committee and Select Committee.

## ORGANISATION STRUCTURE

As at 31 July 2018



## BOOSTING EFFICIENCY AND PROFESSIONALISM



Photo credit: Ministry of National Development

### Launch of the Real Estate Industry Transformation Map

After extensive collaborative efforts between the industry, union, academia, and Government, the Real Estate Industry Transformation Map (ITM) was launched on 8 February 2018 to transform the industry into a future-ready sector that will be resilient to disruption and will continue to provide good jobs for Singaporeans.

For more than a year since the start of 2017, the Ministry of National Development and Council for Estate Agencies (CEA) conducted over 50 engagement sessions with stakeholders across the real estate value chain. These sessions helped to shape the details of the plan that aims to take the real estate sector to the next level.

In his speech at the Real Estate ITM launch, Minister for Social and Family Development and Second Minister for National Development, Mr Desmond Lee, encouraged the industry to embrace innovation and technology, and explore ways to leverage digital tools to boost productivity, maintain competitiveness, and offer better value to customers.

Minister Lee also highlighted the need to invest in the upskilling of the workforce in order for the Real Estate ITM to succeed. He stressed the importance of a strong ecosystem of industry players, Institutes of Higher Learning, government agencies, industry associations, and unions to realise this transformation.

The Real Estate ITM initiatives focused on transforming the property transaction services and facilities management sub-sectors as they were assessed to hold the greatest potential for transformation.



For the property transaction services sub-sector, the aim of the Real Estate ITM initiatives is to offer seamless, efficient property transactions delivered by a professional, productive, and technology-enabled workforce.

Amongst the initiatives for this sub-sector that CEA is leading include:

*(a) Formation of a Digitalised Property Transaction Workgroup*

The Digitalised Property Transaction Workgroup was among the first of the series of initiatives to be rolled out under the Real Estate ITM.



This cross-industry and inter-government agency workgroup was established in January 2018 to move the real estate industry towards providing seamless, efficient, and secure transactions from end to end. Led by CEA, the workgroup is working with various government agencies to facilitate access to property-related Government data. This will enable firms to automate time-consuming due diligence checks, thus freeing up agents and agencies alike to provide more value-added service to their clients.

The workgroup will also review property transaction processes and develop standard contract templates, checklists, and common protocols for e-contracts and e-payments so that consumers can be assured of a smooth and secure transaction.

*(b) Publishing of property transactions closed by property agents*

CEA is working with the industry to first publish property agents' HDB resale transaction records from end 2018.

In the longer term, CEA also plans to work with the industry to collate and publish consumer ratings of agents.

This initiative aims to help property agents showcase verified records of their experience and professionalism, while offering greater transparency to consumers to boost their confidence in engaging agents.



*(c) Review of Continuing Professional Development (CPD) framework*

By end 2018, CEA will complete a review of the CPD framework for property agents. The CPD framework ensures that real estate professionals upgrade themselves and keep abreast of the latest changes in policies and procedures related to real estate transactions. This will help property agents remain competitive and relevant in the changing business environment and equip them with skills to handle digitalised processes.

The review will also include the development of a more structured approach to guide agents in achieving deeper technical knowledge and skillsets to perform duties in different segments of the property market.

*(d) Introduction of SkillsFuture for Digital Workplace programme*

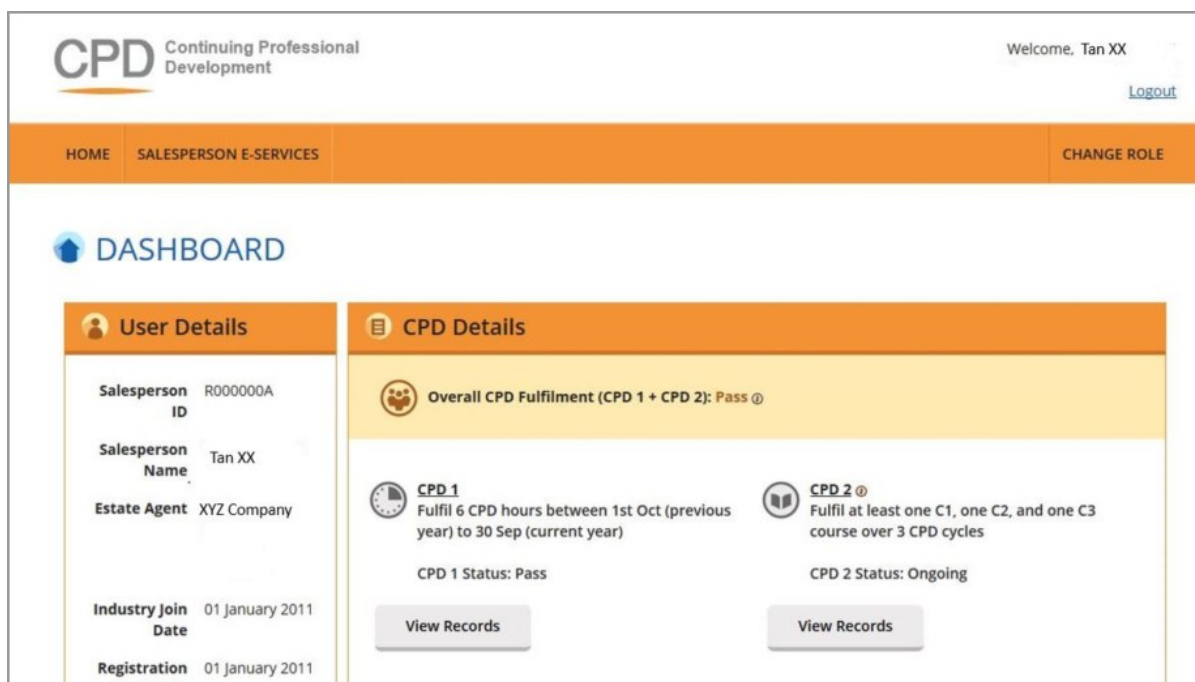
CEA worked with NTUC LearningHub to introduce a SkillsFuture for Digital Workplace programme contextualised for the real estate industry.



This foundation programme aims to help real estate professionals understand current and emerging technologies in the real estate industry. It also gives a flavour of some relevant digital tools to help real estate professionals to be more productive and efficient.

The first run of the programme was conducted in January 2018. Through the programme, we hope to imbue industry professionals with a positive mind set for change, innovation and resilience in the face of an industry that is undergoing technologically disruptive changes.

Other initiatives under the property transactions services sub-sector are the development of the HDB Resale Portal, which was launched by HDB in January 2018, and various government grants that real estate businesses and industrial associations can tap to reduce manual and time-consuming processes through the application of technology solutions.



## Efficiency-enhancing initiatives

Over the past year, CEA has launched several initiatives to improve our services to the industry, making them more efficient and user-friendly.

- **More features for *My CPD Portal***

CEA rolled out the *My CPD Portal* last year for property agents as a convenient platform for them to plan and manage their own professional training.

CEA first launched the portal to Key Executive Officers (KEO) in late March 2017 after consulting several property agencies, CPD course providers, and industry associations on the features that should be included in the portal.

We continued to fine-tune the portal based on the feedback received from KEOs and proceeded to roll out the portal for use by property agents in August 2017.

With the portal, agents can check their CPD fulfilment easily as well as search for upcoming courses to help them plan their training needs.

The portal also made it easy for course providers to add new CPD courses and perform course administration. It is a convenient, end-to-end course management platform for course providers, who have been using the portal to submit attendance records of and feedback from CPD course participants.

- **Paperless submission of salesperson registration application**

On 1 February 2018, CEA implemented paperless registration applications for property agents. Where previously a hard copy of the application had to be printed, signed, and submitted through their agency, property agents can now complete the entire process online, eliminating the need to handle hard copy documents.

This new process cuts down the number of steps for application submission, thus saving time for property agents.

Since the launch till the end of the financial year in March 2018, we have

processed a total of 352 property agents' registration applications using the paperless submission.

KEOs from several agencies have expressed their satisfaction with this paperless initiative, and offered feedback on ways to further improve the application process.

- **New salesperson registration application forms**

In addition to streamlining the application process, CEA reviewed the registration application forms to improve clarity on the information to be submitted.

The forms now include clear instructions to reduce ambiguity in the declaration requirements, thus aiding property agencies and agents alike in providing accurate information.

- **Application Programming Interface (API) for Public Register**

CEA has made available all information in the Public Register at Data.gov.sg, the Singapore Government's one-stop portal to access all publicly available datasets from 70 public agencies.

The entire dataset in CEA's Public Register is uploaded to Data.gov.sg thrice daily and can be downloaded either through an API or in excel format.

This allows direct access by companies such as property portals to do automatic checks on the validity of property agencies' licences and agents' registrations.

<b>Number of property agents and agencies</b>			
	As at 1 Jan 2016	As at 1 Jan 2017	As at 1 Jan 2018
<b>Number of property agents</b>	29,262	28,397	28,571
<b>Number of property agencies</b>	1,369	1,286	1,269

<b>Breakdown of property agencies by size</b>			
Size of property agency	No. of property agencies as at 1 Jan		
	2016	2017	2018
>500 agents	11	9	7
51-500 agents	22	23	18
31-50 agents	16	10	14
11-30 agents	65	58	64
1-10 agents	1,255	1,186	1,166
<b>Total</b>	<b>1,369</b>	<b>1,286</b>	<b>1,269</b>



### Combating money laundering and terrorism financing

Singapore continues to be an active and committed 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.

This commitment is shared by the real estate agency industry, which plays an important role in helping to counter the global threat of money laundering and terrorism financing through property transactions.

To reinforce the awareness and diligent administration of the compliance requirements, CEA issued a practice circular - Checklists for Estate Agents and Salespersons on Prevention of Money Laundering and Countering the Financing of Terrorism.

Industry feedback has helped us to refine these checklists, which are aimed at helping property agencies conduct self-assessment on their compliance, as well as providing a systematic approach for property agents to conduct their due diligence checks on their customers and guidelines on the lodging of Suspicious Transaction Reports.

CEA also conducted four group assessment sessions with property agencies to assess if they have put in place procedures to combat money laundering and terrorism financing.

Forty-four small and medium-sized property agencies were assessed and found to be generally in compliance with the regulations. However, the agencies could improve by having more stringent checks in the areas of identification and documentation of transactions with higher risks of money laundering and terrorism financing, as well as tighter enforcement in the area of compliance management.

Besides conducting more of these assessment sessions in the coming year, CEA is also working on enhancing our anti-money laundering and prevention of terrorism financing regime, bringing it further into alignment with FATF's requirements. This will entail working with the industry to identify areas of improvement, as well as reviewing the practice circulars to ensure sufficient coverage.

In response to the continuing trend of property agents placing "copied" advertisements to mislead buyers and tenants with the intention to generate leads for potential clients, CEA conducted a spot check 'blitz' on 143 advertisements placed by 130 property agents.

Forty-two agents were found to have breached CEA guidelines and were warned for advertising properties without the property owners' consent.

### **Clearer guidance on management of business and supervision of agents**

As part of CEA's efforts to ensure that property agencies comply with the Code of Practice for Estate Agents (COPEA), and in response to feedback from the industry for clearer guidance, we issued a practice circular setting out guidelines on the standard operating procedures (SOPs) that agencies are required to put in place for proper management of their businesses and supervision of their property agents.

The circular detailed the areas in which agencies have to establish SOPs, including the dissemination of information to their agents; handling, processing, and retention of transaction documents; complaints management; among others. This ensures that the industry maintains a certain level of professionalism and due diligence.





### Taking firm action

In FY2017, CEA successfully prosecuted all Court prosecution and Disciplinary Committee cases. The following are three noteworthy cases.

#### *Failure to provide written advisory message*

In December 2017, CEA sentenced Dennis Wee Realty Pte Ltd (DWR) to a total financial penalty of S\$66,000 for six charges of failing to provide a written advisory message to six sets of investors about the risks involved in purchasing foreign properties. The Disciplinary Committee also imposed a condition on DWR's licence that it is not allowed to transact or market foreign properties for 12 months with effect from 24 November 2017.

This was the largest fine meted out thus far to a property agency for failing to abide by regulations related to estate agency work involving foreign properties, and the second such case involving the

failure to provide a written advisory to investors about the risks involved in purchasing foreign properties.

DWR had conducted seminars in Singapore to market units in the Ibis Budget Hotels located in Lymm and Knutsford, Cheshire, United Kingdom (UK).

Throughout the property marketing process, which resulted in six investors purchasing a total of 13 units in the Lymm project and five units in Knutsford, DWR did not provide the investors with a written advisory message stating that the investors must conduct due diligence, nor did they highlight risks that the transaction is subject to foreign laws and to any change in the policy and rules in the UK.

#### *Dual representation*

In January 2018, property agent Wong Yeh Yee Steven was convicted of one charge of dual representation, having represented both the prospective landlord and prospective tenant of an HDB flat and collected commissions from both parties.

Wong met a landlord who was looking to rent out a room in her flat. A week later, he received a call from a potential tenant whom he subsequently brought to view the space.

The tenant agreed to rent the room for a year, and both the landlord and tenant paid Wong \$300 each as commission for his services.

Wong failed to carry out proper due diligence checks on the tenant's work permit. The tenant was later found to be an illegal over-stayer in Singapore, and the landlord was convicted and fined for harbouring this individual.

Wong was convicted in court of the dual representation charge, and received a fine of \$7,500 for contravening the Estate Agents (Estate Agency Work) Regulations 2010.

#### *Handling of monies related to transactions*

In November 2017, property agents Syed Omar Bin Syed Hassan and Sharifah Sofiah Binte Syed Ali were convicted of handling money related to a property transaction, in contravention of the Estate Agents (Estate Agency Work) Regulations 2010.

Syed was representing the landlord in a rental transaction, while his wife, Sharifah was representing the tenant.

Upon signing the tenancy agreement, the tenant passed the security deposit in cash to Sharifah, who subsequently passed the cash to Syed. Syed failed to hand this sum over to the landlord.

When collecting the house keys, the tenant passed the advanced rent as well as Sharifah's commission in cash to Sharifah. The latter passed the rent to Syed, who then pocketed the money instead of handing the cash to the landlord. Syed also failed to communicate to the tenant that subsequent rental payments were to be made via bank transfer directly to the landlord.

For each of the next two months, Syed collected the rent from the tenant but pocketed the sum again. The landlord lodged a police report, and it eventually came to light that Syed had used the money to pay for his late father's medical bills.

CEA prosecuted Syed and Sharifah, who were fined \$25,000 and \$3,600 respectively, for having handled multiple sums of money when facilitating the lease of an HDB flat.

## Complaints management

CEA regularly reviews our complaint management system to ensure that all substantiated cases are properly addressed and receive the appropriate attention.

In FY2017, we fine-tuned the categorisation of the complaints received to better reflect the nature of the cases we handle.

Service-related complaints are now even more finely categorised to identify cases involving unprofessional service as opposed to unsatisfactory professional conduct by agents, the difference being that the latter is primarily attributable to negligence or lack of knowledge.

Conduct-related cases, which were previously categorised based on the nature of the complaint, are now reclassified to reflect the severity of the misconduct.

These re-categorisations help CEA channel our resources more effectively to investigate and resolve complaints received. It also aids both CEA and the property agencies in addressing and resolving these complaints in a timely manner, signalling our joint commitment to uplift professionalism in the industry.

Our experience in the past year has shown that property agencies are generally prompt in addressing the issues raised, and some agencies have put in place extra measures to ensure greater accountability for their agents' actions. This service-oriented, customer-centric approach will help to restore trust and confidence with consumers.

To further enhance convenience for users, CEA embarked on integrating the *MyInfo* service into the complaint form on our website. This enhancement saved users time by auto-populating their personal information, such as their NRIC, name, and address from *MyInfo* to the form.





Nature of Complaints	Number of Complaints as at 31 Dec		
	2016	2017	
<b>ADVERTISEMENT/FLYER</b> (e.g. misleading / missing information / improper distribution of flyers)	236	<b>208</b>	
<b>SERVICE-RELATED CASES</b>			
<b>Unprofessional service</b> (e.g. service-related lapses such as not complying with applicable laws, failure to abide by duties / obligations related to documents and agreements)	124	<b>151</b>	
<b>Failure to provide good service to clients</b> (e.g. service-related lapses such as punctuality issues, no-show at appointments, tenancy, property management and commission disputes)	174	<b>294</b>	
<b>CONDUCT-RELATED CASES*</b>		<b>General Misconduct</b>	<b>Serious Misconduct</b>
<b>Misconduct</b> (e.g. use of threatening words / harassment / misrepresentation)	99	<b>101</b>	<b>103</b>
<b>Unregistered property agent/unlicensed property agency</b>	38		
<b>Others</b> (e.g. dual representation, fraud, money lending, handling transaction monies)	20		
<b>NOT ACTING IN CLIENT'S INTEREST</b> (e.g. conflict of interest / refusing to co-broke / failing to convey offer)	47		
<b>Total</b>	<b>738</b>	<b>857</b>	

\*From 2017, all conduct-related cases are classified according to their severity instead of form.

Categories	Investigation Outcome	Number of Complaints as at 31 Dec	
		2016	2017
<b>Substantiated</b>	<b>Letter of Advice/ Warning served</b>	259	<b>213</b>
	<b>Disciplinary action<sup>#</sup></b>	17	<b>16</b>
	<b>Prosecution<sup>#</sup></b>	18	<b>18</b>
<b>Unsubstantiated</b> Refers to cases with insufficient evidence to substantiate claims, assessed to have no wrongdoing on the part of the property agent, baseless / frivolous complaints		253	<b>255</b>
<b>Others</b> Refers to non-CEA regulated cases that are referred to other government agencies/organisation or property agencies for resolution		78	<b>394</b>
<b>Total</b>		<b>625</b>	<b>896</b>

<sup>#</sup> These figures refer to the conclusion of the case before the Disciplinary Committee or Court.

## ENHANCING OUR OUTREACH AND TOUCHPOINTS



CEA embarked on an integrated outreach campaign in FY2017. The *Happy Consumer* campaign aimed to address the knowledge gaps that were identified in our 2015 Public Perception Survey and our pre-campaign survey amongst consumers.

The themed campaign reinforced six key points for consumers to be aware of when engaging a property agent, namely:

- Check CEA's Public Register to ensure the property agent is registered with CEA
- Negotiate your agent's commission before he starts work
- Sign CEA's prescribed estate agency agreement and the Customer Particulars Form with the property agency
- Your agent should only represent you in a property transaction
- Handle your own money related to the transaction. Pay the payee directly using verifiable payment modes
- If you are familiar with property transactions, you can handle yours on your own. If you are not familiar with the procedures and regulations, it is advisable to engage a property agent to help facilitate your transaction

CEA ran the outreach campaign in two phases – in October 2017 and February 2018 – and it comprised both broad-based and targeted approaches to reach out to our audience.

### Leveraging new digital platforms

We engaged a number of new digital platforms to articulate our messages to consumers. These platforms included YouTube and websites on the Google

Display Network. We also expanded our reach by tapping on the large follower base of online lifestyle portals, like SGAG and The Smart Local, to extend our messages to a wider audience than ever before.

To reach those already looking to conduct property transactions, CEA advertised on property portals with a mix of banner ads, advertorials, and a short video. The content ran the gamut of direct educational and informative ads to human interest pieces that highlighted our key messages through a more creative narrative.



### Addressing misconceptions

As part of the campaign, we ran advertisements on two radio stations, and in about 200 bus shelters to reach the general public. These ads generated buzz when some property agents took issue with the phrasing of the content, mistaken that CEA was encouraging more do-it-yourself transactions.



Be a happier consumer...and don't be like Mdm Tan hor!

305,679 views

Like Comment Share

CEA responded by issuing a clarification to all KEOs, explaining the reasons for and intent behind the phrasing of statements in the advertisements.

The messages in our consumer outreach efforts are not new. CEA has been sharing these messages with the public in our various outreach efforts since 2011.

Regarding whether consumers can handle property transactions on their own, CEA shares this message with the public as we regularly receive queries on whether consumers would run afoul of the Estate Agents Act if they choose to do so.

Hence, we inform consumers that they can handle transactions on their own if they know how to, or to engage a property agent if they are not familiar with the processes and regulations.

Other common queries posed to us include whether commission rates are fixed, and whether an agent can represent both parties in the same transaction.

Our post-campaign surveys showed that the campaigns helped to increase awareness of CEA and aided in reinforcing the key messages with our target audience. We also gleaned interesting insights into the consumption habits of our audience, which will help us in planning our future outreach campaigns.

We are mindful that the majority of agents are doing their utmost for their clients. Our outreach efforts therefore aim to educate the public on their responsibilities when working with property agents, to achieve the best outcomes for the benefit of all parties.

## Sustaining outreach and publicity efforts

This campaign complements our regular outreach efforts that include collaborating with our partner agencies, such as the Housing & Development Board, the Central Provident Fund Board, and the Ministry of National Development on talks and seminars, and social media posts to educate consumers.

Our quarterly newsletter, *CEAenergy*, is another channel through which we continue to offer information to property agents on the latest industry news and lessons from recent cases, and provide consumers with helpful tips.

As for media coverage, a key highlight of the year was the launch of the Real Estate Industry Transformation Map where we partnered the Ministry of National Development and the Building and Construction Authority to publicise the initiatives.

During the year, we also continued to publicise the disciplinary actions CEA took against errant property agencies and agents, to remind the industry to act professionally and ethically when they perform estate agency work.

## Virtual help

CEA handles a high volume of queries from property agencies, agents, and the public on a daily basis.

In 2017, we reviewed our frontline operations under our business process re-engineering process to improve efficiency. Our review resulted in the launch of a call routing system in April 2017.

This automated routing system directs customers to the relevant parties

expediently, thus reducing the waiting time for callers looking to get their queries answered.

CEA's website received a new addition with the introduction of our virtual assistant "Ask Jamie" on 22 May 2017. This chatbot is able to answer specific questions by providing a quick and informative response, and helps to reduce the time spend searching for relevant information by directing visitors to webpages within the CEA website.



This redesign to our customer service approach has allowed us to raise our productivity and focus on providing more value-added support to the industry and consumers.

## In the pipeline

In the coming year, CEA will be conducting its third three-yearly Public Perception Survey. The survey enables CEA to gauge consumers' perceptions towards the services rendered by property agencies and agents. This in turn allows us to understand and support the progress of the industry in delivering professional service to consumers.

We will also be able to gain insights into consumers' awareness of key industry practices and regulations involving property agencies and agents in the property transaction process. These insights will help guide CEA's continued efforts to raise consumers' awareness on how they can work effectively and harmoniously with their property agents.

## IMPROVING PROCESSES, DEVELOPING OUR PEOPLE



### **New office, new chapter for CEA**

In March 2018, CEA moved to our new office in HDB Hub East Wing. The new office, though smaller in square footage, enabled us to house all CEA officers under one roof and improved organisational efficiency. It also provides a more conducive environment for the public and industry to interact with CEA.

We have also been able to reap cost savings with lower rental and conservancy charges, as well as by consolidating common office equipment. This move marks a new chapter for CEA as we align with the Singapore Government's efforts to transform our public service into a more efficient and future-ready institution.

### **Future ready, data ready**

Being future-ready means having a team that is able to keep up with both the industry's and public's demands for more

responsive and customer-centric offerings. That, in turn, requires data, and the requisite skillset to manage and understand the data.

To that end, CEA introduced a data analytics competency framework to build capabilities in data interpretation.

We identified four tiers of training that ranged from general awareness to advanced data analytics. These were then rolled out to all divisions and officers were sent on courses to develop this necessary skillset.

With an enhanced understanding of data analytics, CEA officers are now better equipped to use data to design effective policies and make decisions.

### **Improving internal efficiencies**

CEA piloted an enhanced payment process in September 2017 to increase our efficiency in managing payments.

This new process allows for better monitoring of each stage of the payment life cycle, and offers transparency and effective payment controls.

In line with the revised Government Instructional Manual on Management of Public Records, CEA introduced a records management policy for the organisation.

CEA's policy outlines the roles and responsibilities of every officer in managing records and filing emails. CEA also went through a round of digitisation of existing hard copy documents for knowledge management and as part of our business continuity plan.

We enhanced our Digital Document Repository system to facilitate the easy filing and retrieval of records, and conducted user training on the system to ensure proper archival of documents.

In September 2017, CEA implemented a single sign-in centralised SingPass / CorpPass gateway solution to offer a seamless experience for users across our e-services. This centralised solution is used for authenticating the SingPass and CorpPass logins to both the Estate Agency System e-Service and Continuing

Professional Development portal, and is scalable to incorporate other new e-services and systems in future.

### Corporate governance



In 2017, CEA continued the work we had begun in 2016 on risk management. Back then, the risks identified were operational in nature. In 2017, we reviewed our current risks to better align them with our strategic objectives, and developed a set of key risk factors.

This annual risk identification exercise aims to ensure that we mitigate the potential repercussions from these risks being realised. It also helps to safeguard our organisation against ambiguities in our processes and procedures.



**Delivering excellence**

Our staff's constant pursuit of excellence was recognised last year.

CEA's Licensing team received two awards, with Mohammad Firdhaus Bin Baharom being awarded the PS21 Star Service Manager Award, and Kelvin Tan Zhong Kai receiving the PS21 Star Service Award for excellent service.

Business Process Re-engineering team member Quek Szy Wee received the Commendation Medal for his contributions to the Public Service. The awards are an affirmation of our officers' significant contributions.

The Business Process Re-engineering team received the Minister's Team Award for their review and redesign of work processes to improve our service responsiveness, organisation effectiveness, and productivity.

The redesign of the complaint management processes, as well as the introduction of the complaints classification and customer services rectification protocols earned them the award that recognised innovative team-based projects that contribute to the Ministry of National Development's vision of transforming Singapore into "An Endearing Home, a Distinctive Global City".

## All for one, and one for CEA

Team CEA works hard and plays hard too. Throughout the year, we participated in several memorable activities that nourished our hearts, minds, and bodies, allowing us to reflect on our role in the larger national building narrative.

The Jubilee Walk was one such activity that enabled us to learn about the story of our resilience as a country and how we navigated the challenges of nation building over the past five decades of independence.

Our hearts were also moved to give generously to support charitable causes. We raised \$4,555 for the 2017 President's Challenge, which contributed to the Ministry of National Development's adoption of three Heart Buses to help the less fortunate.

Team CEA got active as we engaged in activities to promote a healthy lifestyle. A bowling tournament and cycling along the Punggol Park Connector and Coney Island got our staff moving to a healthy beat.



We also participated in the HDB's Housing Management Group's interagency futsal tournament, and though we did not bring back a trophy, we did return with lots of smiles (and sweat).







# FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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## STATEMENT BY THE COUNCIL

For the financial year ended 31 March 2018

In our opinion,

- (a) the accompanying financial statements of the Council for Estate Agencies (hereafter to be called “Council”) as set out on pages 6 to 31 are properly drawn up in accordance with the provisions of the Estate Agents Act, Chapter 95A (the “Act”) and Statutory Board Financial Reporting Standards, so as to present fairly, in all material respects, the financial position of the Council as at 31 March 2018 and of the results, changes in equity and cash flows of the Council for the financial year then ended;
- (b) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Council during the year have been, in all material respects, in accordance with the provisions of the Act; and
- (c) proper accounting and other records have been kept, including records of all assets of the Council whether purchased, donated or otherwise.

On behalf of the Council,



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Quek See Tiat  
President



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Lee Kwong Weng  
Executive Director

Singapore

Date: 21 June 2018

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

For the financial year ended 31 March 2018

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of the Council for Estate Agencies (the "Council") which comprise the statement of financial position as at **31 March 2018**, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Estate Agents Act, Chapter 95A (the "Act") and Statutory Board Financial Reporting Standards in Singapore ("SB-FRSs") so as to present fairly, in all material respects, the financial position of the Council as at 31 March 2018 and the results, changes in equity and cash flows of the Council for the financial year ended on that date.

#### *Basis for Opinion*

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Council in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Other Information*

Management is responsible for other information. The other information comprises the Statement by the Council of the Council for Estate Agencies set out on page 31.

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

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

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

For the financial year ended 31 March 2018

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Act and SB-FRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. A statutory board is constituted on its Act and its dissolution requires Parliament's approval. In preparing the financial statements, Management is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is intention to wind up the Council or for the Council to cease operations.

Those charged with governance are responsible for overseeing the Council's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

For the financial year ended 31 March 2018

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

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

### **Report on Other Legal and Regulatory Requirements**

#### *Opinion*

In our opinion:

- (a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Council during the 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.

#### *Basis for Opinion*

We conducted our audit in accordance with SSAs. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Compliance Audit* section of our report. We are independent of the Council in accordance with the ACRA Code together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on management's compliance.

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

For the financial year ended 31 March 2018

### *Responsibilities of Management for Compliance with Legal and Regulatory Requirements*

Management is responsible for ensuring that the 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 are necessary to enable compliance with the provisions of the Act.

### *Auditor's Responsibilities for the Compliance Audit*

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipts, expenditure, 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 statements 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.



**Assurance Partners LLP**

Public Accountants and Chartered Accountants

Singapore

Date: 21 June 2018

## STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2018

	Note	2018 S\$'000	2017 S\$'000
<b>Revenue</b>	(4)	<b>10,835</b>	10,561
<b>Less: Expenditure</b>			
Real estate examinations related costs		<b>1,419</b>	1,110
Depreciation and amortisation		<b>117</b>	139
Fees and charges	(5)	<b>4,546</b>	4,824
Rental of premises	(18)	<b>1,229</b>	1,068
Expenditure on manpower	(6)	<b>11,600</b>	10,725
Administrative and other expenses	(7)	<b>1,942</b>	1,936
Total operating expenses		<b>20,853</b>	19,802
Operating deficit before government grant		<b>(10,018)</b>	(9,241)
<b>Grants</b>			
Operating grants	(11)	<b>9,924</b>	9,188
Deferred capital grant amortised	(15)	<b>76</b>	53
Grants received in advance amortised	(11)	<b>18</b>	-
		<b>10,018</b>	9,241
Comprehensive income for the financial year before statutory contribution to Consolidated Fund		-	-
Statutory contribution to Consolidated Fund		-	-
<b>Total comprehensive income for the financial year</b>		<b>-</b>	-

The annexed notes form an integral part of these financial statements.

## STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Note	2018 S\$'000	2017 S\$'000
<b>ASSETS LESS LIABILITIES</b>			
<b>Non-current assets</b>			
Plant and equipment	(8)	1,009	215
Intangible assets	(9)	-	-
		<b>1,009</b>	<b>215</b>
<b>Current assets</b>			
Trade and other receivables	(10)	314	245
Prepayments		45	195
Cash and cash equivalents	(12)	10,534	11,173
		<b>10,893</b>	<b>11,613</b>
<b>Less:</b>			
<b>Current liabilities</b>			
Trade and other payables	(13)	2,766	3,329
Deferred revenue	(14)	5,441	5,379
Government grant received in advance	(11)	652	1,028
		<b>8,859</b>	<b>9,736</b>
<b>Net current assets</b>		<b>2,034</b>	<b>1,877</b>
<b>Non-current liabilities</b>			
Deferred capital grant	(15)	247	173
Provision	(16)	216	200
		<b>463</b>	<b>373</b>
<b>NET ASSETS</b>		<b>2,580</b>	<b>1,719</b>
<b>EQUITY</b>			
Share capital	(17)	2,580	1,719



## STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2018

	Note	Share Capital S\$'000
<b>2018</b>		
Balance as at 1 April 2017		1,719
Total capital injection for the year		861
Balance as at 31 March 2018	(17)	2,580
<b>2017</b>		
Balance as at 1 April 2016		1,719
Total comprehensive income for the year		-
Balance as at 31 March 2017	(17)	1,719

## STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2018

	Note	2018 S\$'000	2017 S\$'000
<b>Cash flows from operating activities</b>			
Operating deficit before government grant		(10,018)	(9,241)
Adjustments for:			
Amortisation of deferred revenue		(7,970)	(7,865)
Depreciation of plant and equipment	(8)	117	139
Interest income		(175)	(114)
Gain on disposal of fixed assets		(107)	-
Write-off of fixed assets		21	-
Operating deficit before working capital changes		(18,132)	(17,081)
Change in operating assets and liabilities			
Trade and other receivables		(69)	(79)
Prepayments		150	(137)
Trade and other payables		(563)	705
Cash flows used in operation		(18,614)	(16,592)
Deferred revenue received		8,032	7,668
Interest received		175	114
<b>Net cash used in operating activities</b>		<b>(10,407)</b>	<b>(8,810)</b>
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment	A	(809)	(3)
<b>Net cash used in investing activities</b>		<b>(809)</b>	<b>(3)</b>
<b>Cash flows from financing activities</b>			
Government grants received	(11)	9,716	9,847
Additions to share capital		861	-
<b>Net cash generated from financing activities</b>		<b>10,577</b>	<b>9,847</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(639)</b>	<b>1,034</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>11,173</b>	<b>10,139</b>
<b>Cash and cash equivalents at end of the year</b>	(12)	<b>10,534</b>	<b>11,173</b>

The annexed notes form an integral part of these financial statements.

## STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2018

### Note to the statement of cash flows

A. Purchase of plant and equipment

	2018 S\$'000	2017 S\$'000
Aggregate cost of plant and equipment acquired	932	62
Provision for reinstatement costs (Note 16)	(123)	(59)
Purchase of plant and equipment	<u>809</u>	<u>3</u>

	2018 S\$'000	2017 S\$'000
Capital injection received to acquire plant and equipment	659	-
Cash payment made to acquire plant and equipment	<u>150</u>	<u>3</u>
Purchase of plant and equipment	<u>809</u>	<u>3</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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

### 1. General

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 480 Lorong 6 Toa Payoh, HDB Hub East Wing #13-01, Singapore 310480.

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. Significant accounting policies

#### (a) Basis of preparation

The financial statements have been prepared in accordance with the Act and Statutory Board Singapore Financial Reporting Standards ("SB-FRS") including related interpretations ("INT SB-FRS") and Guidance Notes.

The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 2. Significant accounting policies (continued)

#### (a) Basis of preparation (continued)

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

#### *Interpretations and amendments to published standards effective in 2018*

On 1 April 2017, the Council adopted the new or amended SB-FRSs, and INT SB-FRSs that are mandatory for application for the financial year. Changes to the Council’s accounting policies have been made as required, in accordance with the transitional provisions in the respective SB-FRS and INT SB-FRS.

The adoption of these new or amended SB-FRSs, and INT SB-FRSs did not result in substantial changes to the accounting policies of the Council and had no material effect on the amounts reported for the current or prior financial years.

#### *Standards issued but not yet effective*

The following are the new or amended Standards and Interpretations that are not yet applicable, but may be early adopted for the current financial year.

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to SB-FRS 109 Financial Instruments	1 January 2018
Amendments to SB-FRS 115 Revenue from Contracts with Customers	1 January 2018
SB-FRS 116 Leases	1 January 2019

Except for SB-FRS 116, Management anticipates that the adoption of the above SB-FRSs in future periods will not have a material impact on the financial statements of the Council in the period of their initial adoption.

#### **SB-FRS 116 Leases**

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 2. Significant accounting policies (continued)

(a) Basis of preparation (continued)

*Standards issued but not yet effective* (continued)

The standard will affect primarily the accounting for the Council's operating leases. As at the reporting date, the Council has non-cancellable operating lease commitments of S\$2,554,278 (Note 19). However, the Council has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Council's profit and classification of cash flows. Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under SB-FRS 116.

SB-FRS 116 is effective for annual periods beginning on or after 1 January 2019 with early adoption permitted. The Council is currently assessing the impact of SB-FRS 116 and plans to adopt the standard on the required effective date.

(b) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Council's activities.

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.

The following specific recognition criteria must also be met before revenue is recognised:

(i) *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.

(ii) *Application fees*

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

(iii) *Examination fees*

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

(iv) *Interest income*

Interest is recognised using the effective interest method.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 2. Significant accounting policies (continued)

#### (c) 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. Injections of capital as part of the Capital Management Framework for Statutory Boards under Finance Circular Minute M26/2008 are treated as equity and recorded as share capital.

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.

#### (d) Employee benefits

##### ***Defined contribution plans***

Defined contribution plans are post-employment benefit plans under which the Council pays fixed contributions into separate entities such as the Central Provident Fund ("CPF") on a mandatory, contractual or voluntary basis. The Council has no further payment obligations once the contributions have been paid.

##### ***Employee leave entitlement***

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 2. Significant accounting policies (continued)

(e) Financial instruments

(i) *Financial assets*

*Initial recognition and measurement*

Financial assets are recognised when, and only when, the Council becomes a party to the contractual provisions of the financial instrument. The Council determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

*Subsequent measurement*

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in statement of comprehensive income when the loans and receivables are derecognised or impaired, and through the amortisation process.

*De-recognition*

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in statement of comprehensive income.



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 2. Significant accounting policies (continued)

#### (e) Financial instruments (continued)

##### (ii) *Financial liabilities*

###### *Initial recognition and measurement*

Financial liabilities are recognised when, and only when, the Council becomes a party to the contractual provisions of the financial instrument. The Council determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

###### *Subsequent measurement*

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in statement of comprehensive income when the liabilities are derecognised, and through the amortisation process.

###### *De-recognition*

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in statement of comprehensive income.

#### (f) Plant and equipment

Plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Council.

Depreciation on plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 2. Significant accounting policies (continued)

(f) Plant and equipment (continued)

The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at each end of the reporting period. The effects of any revision are recognised in statement of comprehensive income when the changes arise.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in statement of comprehensive income in the year the asset is derecognised.

(g) Intangible assets

Intangible assets acquired, which comprise computer softwares 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 each reporting period.

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

(h) Impairment of financial assets

The Council assesses at each end of the reporting period whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 2. Significant accounting policies (continued)

#### (i) Impairment of non-financial assets

The Council assesses at each end of the reporting period whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Council makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in statement of comprehensive income.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in statement of comprehensive income.

#### (j) Cash and cash equivalents

Cash and cash equivalents comprise cash balances at bank which are subject to an insignificant risk of change in value.

#### (k) 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 2. Significant accounting policies (continued)

(l) Currency translation

(i) Functional and presentation 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 and presentation currency.

(ii) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the end of the reporting period are recognised in statement of comprehensive income.

(m) Share capital

Proceeds from equity financing received from the Minister of Finance (Note 17).

(n) 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.

(o) 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 2. Significant accounting policies (continued)

(o) Goods and services tax (continued)

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.

(p) Related parties

(i) A person or a close member of that person's family is related to the Council if that person:

- (1) has control or joint control over the Council;
- (2) has significant influence over the Council; or
- (3) is a member of the key management personnel of the Council.

(ii) An entity is related to the Council if any of the following conditions applies:

- (1) the entity and the Council are members of the same group (which means that each member is related to the others);
- (2) the entity is a post-employment benefit plan for the benefit of employees of either the Council or an entity related to the Council. If the Council is itself such a plan, the sponsoring employers are also related to the Council;
- (3) the entity is controlled or jointly controlled by a person identified in (i);
- (4) a person identified in (i)(1) has significant influence over the entity or is a member of the key management personnel of the entity;
- (5) the entity provides key management personnel services to the Council.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 3. Critical accounting estimates, assumptions and judgements

The preparation of the Council's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of the 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 could require a material adjustment to the carrying amount of the asset or liability affected in the future period. Management is of the opinion that there is no significant judgement made in applying accounting policies and no estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

### 4. Revenue

	2018 S\$'000	2017 S\$'000
Licence, registration and application fees	8,920	9,079
Examination fees and others	1,915	1,482
	<b>10,835</b>	<b>10,561</b>

### 5. Fees and charges

	2018 S\$'000	2017 S\$'000
Housing and Development Board Consultancy and support services	463	483
Criminal Investigation Department Screening of salespersons and estate agents	347	561
Government Technology Agency Support services	659	489
Hardware and software development and maintenance	2,447	2,878
Others	630	413
	<b>4,546</b>	<b>4,824</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 6. Expenditure on manpower

	2018 S\$'000	2017 S\$'000
(a) Key management personnel		
Salaries and bonuses	1,769	1,635
Central Provident Fund contributions	83	103
	<b>1,852</b>	1,738
(b) Other than key management personnel		
Salaries and bonuses	8,653	7,909
Central Provident Fund contributions	1,095	1,078
	<b>9,748</b>	8,987
	<b>11,600</b>	10,725

The Council reimbursed the Housing and Development Board for the manpower costs paid on its behalf.

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

The Council has included the Executive Director, Deputy Executive Director and directors of the Council as key management personnel.

### 7. Administrative and other expenses

	2018 S\$'000	2017 S\$'000
Council members' fees	112	137
Goods and services tax expenses	1,014	1,004
Plant and equipment expensed off	194	44
Public outreach	511	560
Others	111	191
	<b>1,942</b>	1,936

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 8. Plant and equipment

	Furniture and fittings S\$'000	Office equipment S\$'000	Renovation S\$'000	Total S\$'000
<b>Cost</b>				
As at 1 April 2016	147	403	1,145	1,695
Additions	-	3	59	62
As at 31 March 2017	147	406	1,204	1,757
Additions	66	168	698	932
Written off	(147)	(116)	(1,111)	(1,374)
<b>As at 31 March 2018</b>	<b>66</b>	<b>458</b>	<b>791</b>	<b>1,315</b>
<b>Accumulated depreciation</b>				
As at 1 April 2016	90	174	1,139	1,403
Depreciation for the year	18	57	64	139
As at 31 March 2017	108	231	1,203	1,542
Depreciation for the year	18	76	23	117
Written off	(126)	(116)	(1,111)	(1,353)
<b>As at 31 March 2018</b>	<b>-</b>	<b>191</b>	<b>115</b>	<b>306</b>
<b>Carrying amount</b>				
<b>As at 31 March 2018</b>	<b>66</b>	<b>267</b>	<b>676</b>	<b>1,009</b>
As at 31 March 2017	39	175	1	215

Included within the cost of renovation is a provision for premises reinstatement costs of S\$216,000 (2017: S\$200,000) (Note 16).



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 9. Intangible assets

	Computer software S\$'000
<b>Cost</b>	
As at 1 April 2016	670
Additions	-
<b>As at 31 March 2017 and 31 March 2018</b>	<b>670</b>
<b>Accumulated amortisation</b>	
As at 1 April 2016	670
Amortisation for the year	-
<b>As at 31 March 2017 and 31 March 2018</b>	<b>670</b>
<b>Carrying amount</b>	
<b>As at 31 March 2018</b>	<b>-</b>
As at 31 March 2017	-

### 10. Trade and other receivables

	2018 S\$'000	2017 S\$'000
Trade receivables	132	87
Other receivables	182	158
	<b>314</b>	<b>245</b>

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

At the end of the reporting year, the Council has no trade receivable that is past due or impaired.

Trade and other receivables are denominated in Singapore Dollars. The carrying amounts of trade and other receivables approximate their fair value.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 11. Government Grant

	2018 S\$'000	2017 S\$'000
At the beginning of the financial year	1,028	372
Grant received	9,716	9,847
Grant recognised in income and expenditure for the financial year (Note 2c)	(9,924)	(9,188)
Transferred to deferred capital grant during the financial year (Note 15)	(150)	(3)
Depreciation of capital injection assets funded by operating grant	(18)	-
At the end of the financial year	652	1,028
Government grant representing:		
Grant received in advance	652	1,028

### 12. Cash and cash equivalents

	2018 S\$'000	2017 S\$'000
Cash and cash equivalents	10,534	11,173

Cash and cash equivalents 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. The carrying amount of cash and cash equivalents approximate their fair value.

Cash and cash equivalents are denominated in Singapore dollars.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 13. Trade and other payables

	2018 S\$'000	2017 S\$'000
Trade payables	582	1,415
Accrued expenses	1,738	1,591
Provision for unutilised leave	446	323
	<b>2,766</b>	<b>3,329</b>

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

Trade and other payables are denominated in Singapore Dollars. The carrying amounts of trade and other payables approximate their fair value.

### 14. Deferred revenue

	2018 S\$'000	2017 S\$'000
Within 1 year	5,441	5,379

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 2b).

### 15. Deferred capital grant

	2018 S\$'000	2017 S\$'000
At the beginning of the financial year	173	223
Transferred from government grant during the financial year (Note 11)	150	3
Grant recognised in income and expenditure for the financial year (Note 2c)	(76)	(53)
At end of the financial year	<b>247</b>	<b>173</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 16. Provision

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

	<b>2018</b>	2017
	<b>S\$'000</b>	S\$'000
At the beginning of the year	<b>200</b>	141
Additions	<b>123</b>	59
Disposal	<b>(107)</b>	-
At the end of the year	<b>216</b>	200

### 17. 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.

In 2018, the Council received additional S\$861,360.84 equity financing from Ministry of Finance.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 18. 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.

Other than disclosed elsewhere in the financial statements, the transactions with related parties based on agreed terms are as follows:

	<b>2018</b>	2017
	<b>S\$'000</b>	S\$'000
<b>Housing and Development Board</b>		
Rental of premises	<b>1,229</b>	1,068
Consultancy and support services	<b>463</b>	483
	<b>1,692</b>	1,551
<b>Criminal Investigation Department</b>		
Screening of salespersons and estate agents	<b>347</b>	561
<b>Government Technology Agency</b>		
Support services	<b>659</b>	489

The rental of premises for 2018 is higher due to overlapping payment of rental for new office and old office from December 2017 to March 2018.

The Council also transacts with other government agencies in its normal day-to-day operations, where the amounts are individually and collectively not significant.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 19. Commitments

The Council has entered into lease agreement 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:

	<b>2018</b>	2017
	<b>S\$'000</b>	S\$'000
Not later than one year	<b>1,072</b>	971
Later than one year and not later than five years	<b>1,482</b>	927
	<b>2,554</b>	1,898

The leases on the Council's premises on which rentals are payable will expire on 30 November 2020.

The above commitments are inclusive of lease commitments pertaining to rented premises from Housing & Development Board as follows:

	<b>2018</b>	2017
	<b>S\$'000</b>	S\$'000
Not later than one year	<b>913</b>	874
Later than one year and not later than five years	<b>1,401</b>	794
	<b>2,314</b>	1,668

### 20. 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 21. Financial risk management

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.

(a) 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.

(b) 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.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Council's financial instruments will fluctuate because of changes in market interest rates.

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

(d) Fair values

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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 22. Classification of financial assets and liabilities

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the financial year by SB-FRS 39 categories.

	2018 S\$'000	2017 S\$'000
<i>Loans and receivables</i>		
Trade and other receivables	314	245
Cash and cash equivalents	<b>10,534</b>	11,173
	<b>10,848</b>	11,418

Financial liabilities carried at amortized cost are disclosed in Note 13 to the financial statements.

### 23. Authorisation of financial statements

The financial statements for the financial year ended 31 March 2018 were authorised for issue in accordance with a resolution of the Council Members on 21 June 2018.





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