



EMBRACING  
**HANGE**

ANNUAL REPORT 2016/17

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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 increasingly complex and challenging environment highlights the importance of CEA’s mission to raise the professionalism of the real estate agency industry and safeguard consumers’ interests.”**

### EMBRACING CHANGE

Sweeping changes have been taking place in various industries such as retail, transport, and travel. Brought about by technological innovations, these shifts have transformed our lifestyles and behaviours.

The real estate agency industry had until recently not been at the centre of digital disruptions. The industry is now witnessing an increase in online offerings and more service options for consumers looking at buying, selling, or renting properties.

Property data and convenient tools are readily available online. Consumers in turn are showing greater interest in managing property transactions on their own. Some have become more selective in the services they require rather than engaging the full services of property agents.

Property agencies and portals alike have picked up on the trend and have started to innovate their services to meet this demand.

A quick scan reveals there are now around 15 portals that offer such differentiated services compared to virtually none when CEA was first formed.

Some enable consumers to conduct their entire property transactions online without the need for a property agent, while others allow consumers to opt for an agent’s services for selected parts of the transaction.

### A RETHINKING OF ROLES

There are reassuring signs that the industry is making good progress on raising professionalism and focusing more on client-centricity.

The findings from CEA’s 2015 Public Perception Survey found that close to eight in 10 respondents were satisfied with their property agents’ services. Complementing this positive feedback is the downward trend in the number of complaints CEA received against the industry in past years.

However, in view of technological disruptions plus changing consumer behaviours and preferences, how can the real estate agency industry remain relevant?

Apart from continuing to raise professionalism, improve productivity, and enhance client-centricity, the industry must rethink the services it offers to clients, and the manner in which they are delivered.

Property agencies must constantly review their business models, processes, and procedures to work more productively and serve their customers better. They can look at tapping technology and innovating to add value to their clients’ experiences and exceed their expectations.

For many Singaporeans, buying or selling a property is one of life’s most important decisions. There will always be consumers who prefer the “human touch”, and choose to engage property agents for their market knowledge and facilitation services. Hence, there will still be a demand for property agents and opportunities for estate agency work.

Consumers will expect their agents to provide them with information or services that are directly relevant to their personal preferences and situations. Property professionals must therefore look at how they can better focus on their clients, and provide personalised services that cannot be delivered by machines.

Most importantly, being a service industry, trust is critical. Property agencies must put in place processes and systems that engender trust in their clients. This would mean strengthening their

organisational capacity and structures for better supervision of their agents in order to maintain high ethical standards and demonstrate strong professional competence.

On their part, agents must endeavour to move from being sales-centric to customer-centric. It will be critical for agents to develop a good appreciation of their clients’ needs, understand their unique situations in the property transaction, and cultivate strong relationships based on trust.

### REWINDING UP FOR TRANSFORMATION

Adopting new mental models and overcoming the inertia to change are challenging. But CEA is committed to help the industry navigate this new terrain.

We are supporting the Ministry of National Development’s effort to work with other government agencies and the real estate industry to develop the Real Estate Industry Transformation Map (ITM) to meet future challenges.

**“Property agencies must constantly review their business models, processes, and procedures to work more productively and serve their customers better. They can look at tapping technology and innovating to add value to their clients’ experiences and exceed their expectations.”**

The Real Estate ITM is one of 23 ITMs to transform Singapore’s various industry sectors. The Real Estate ITM looks at synergies across the real estate value chain of which the estate agency industry is an important component.

The ITM will involve three broad thrusts:

- Raising productivity and streamlining processes;
- Helping businesses scale-up and take advantage of new growth areas, and supporting them in expanding to overseas markets; and
- Equipping workers with the right skills.

The estate agency industry’s active involvement is critical in its transformation to ensure it remains relevant to clients. CEA has started to and will continue to engage and consult the industry this year on the Real Estate ITM issues, ideas, and possibilities.

Many exciting ideas have been surfaced so far. An example is improving the efficiency in property transaction processes across the real estate value chain. We look forward to more ideas from the industry, and more importantly, involving the industry actively in the implementation of such ideas.

At the same time, we encourage property agencies to identify competency gaps and invest in their agents’ training and development. This ensures that Key Executive Officers and

property agents not only keep abreast of the latest knowledge and skills, but are also equipped to handle the increasingly disruptive business environment.

Going forward, we will work together with the industry to review the Continuing Professional Development framework to ensure that courses and programmes continue to provide relevant professional training to property agents. The aim is to help enable agents deliver higher value-add services to their clients. We will also work with course providers to improve on content delivery.

#### CHANGE FROM WITHIN

The increasingly complex and challenging environment highlights the importance of CEA’s mission to raise the professionalism of the real estate agency industry and safeguard consumers’ interests.

During the past year, we continued to build on our fundamentals. We worked on strengthening our regulatory frameworks and processes. We deepened our ongoing engagements to raise professional standards in the industry. We explored new platforms to instil a mindset amongst consumers that they too need to take shared responsibility for their property transactions.

Even as we encourage the industry to embrace change, we are undergoing an internal transformation ourselves. We will continue to build on the efforts from our Business Process Reengineering exercise by further simplifying and streamlining our workflows to become more mission- and customer-focussed.

We will also continue to identify and build new competencies to remain relevant and for our staff to be effective amidst a changing real estate agency industry. Promoting a learning mindset that encourages innovation will be a priority to drive corporate improvement and excellence.

#### MANY HANDS AT WORK

CEA has enjoyed the strong support and contributions of many individuals and partners during the past year.

We would like to especially thank our former and inaugural Council President Mr Greg Seow for his visionary leadership and mentorship of CEA since our establishment and during our formative years.

We also extend our appreciation to our former Council members and members of our voluntary Committees who stepped down last year for their guidance and sterling service.

As for our new Council and Committee members, we warmly welcome them to the CEA family and look forward to their counsel as we navigate new frontiers together.

The feedback and support from our industry partners have been invaluable to us. We are committed to strengthening our engagements with them as we tackle challenges together.

Last but not least, we would like to thank the CEA team for its hard work and strong spirit of purpose. This has become more important than ever as we move forward to help the industry to transform and at the same time, to transform CEA.



**Quek See Tiat**  
President



**Lee Kwong Weng**  
Executive Director

## Council Members



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### PRESIDENT

**01 Quек See Tiat**

**02 Lee Kwong Weng**

Executive Director  
Council for Estate Agencies

**03 Ms Pauline Goh**

Chief Executive Officer  
CBRE Singapore &  
Southeast Asia

**04 Harrif Bin Hambali**

Consultant  
Asian Leaders Institute Pte Ltd

**05 Loy York Jiun**

Executive Director  
Consumers Association of  
Singapore

**06 Ng Boon Yew**

Executive Chairman  
Raffles Campus Pte Ltd

**07 Mrs Deborah Ong**

Partner  
PwC Singapore

**08 Sin Lye Chong**

Group Director, Land Sales &  
Administration Group  
Urban Redevelopment Authority

**09 Michael Tan**

Executive Director & Key  
Executive Officer  
OrangeTee.com Pte Ltd

**10 Ms Tan Pei Shan**

Director, Energy Division  
Ministry of Trade and Industry

**11 Derrick Wong**

Partner  
Derrick Wong & Lim BC LLP

**12 Yap Chin Beng**

Deputy Chief Executive Officer  
(Estate & Corporate)  
Housing & Development Board  
(until 24 July 2017)

## Senior Management



**01 Lee Kwong Weng**  
Executive Director

**02 Chan Mun Kit**  
Deputy Executive Director



**03 Heng Whoo Kiat**  
Director  
(Policy & Licensing)

**04 Chan Kwok Cheong**  
Director  
(Investigation & Inspection)



**05 Ms Chye Hui Sze**  
Director  
(Corporate Communications &  
Public Outreach)

**06 Ms Chew Suet Fun**  
Director  
(Corporate Development)



**07 Ms Chua Geck Siang**  
Deputy Director  
(Business Process Review  
Project Management Office)

**08 Soh Cheng Hwee**  
Deputy Director  
(Licensing)



**09 Ms Chia I-Ling**  
Deputy Director  
(Policy & Planning)

**10 Timothy Kho**  
Deputy Director  
(Legal)



**11 Joseph Kiong**  
Deputy Director  
(Investigation)

**12 Desmond Yeo**  
Deputy Director  
(Inspection & Compliance)

## CEA Committees

### Audit Committee

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#### CHAIRPERSON

**Mrs Deborah Ong**

Partner  
PwC Singapore

#### MEMBERS

**Yap Chin Beng**

Deputy Chief Executive Officer (Estate & Corporate)  
Housing & Development Board  
(until 24 July 2017)

**Ms Tan Pei Shan**

Director, Energy Division  
Ministry of Trade and Industry

### Disciplinary Panel

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#### HEAD

**Derrick Wong**

Partner  
Derrick Wong & Lim BC LLP

#### 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 Dhoraisingam**

Advocate & Solicitor

**Tan Hee Jeok**

Partner  
Tan See Swan & Co

**David Huan**

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

**Assoc Prof Chin Tet Yung**

Faculty of Law  
National University of Singapore

**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**

Principal  
B Rengarajoo & Associates

**Michael S Chia**

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**

Senior Lecturer  
School of Law  
SIM University  
Head of Litigation & Consultant  
Lexcompass LLC

**Ter Kim Cheu**

Retired Parliamentary Counsel

**Tan Hong Boon**

Regional Director, Investments  
Jones Lang LaSalle Property  
Consultants Pte Ltd

## CEA Committees

### 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**  
Partner  
Derrick Wong & Lim BC LLP

### Professional Development Committee

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#### CHAIRPERSON

**Ng Boon Yew**

Executive Chairman  
Raffles Campus Pte Ltd

#### DEPUTY CHAIRPERSON

**Michael Tan**

Executive Director and  
Key Executive Officer  
OrangeTee.com 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**  
Director and  
Key Executive Officer  
Property Bank 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  
Executive Director  
Property Sales &  
Corporate Affairs  
Far East Organization

**Eugene Lim**  
Key Executive Officer  
ERA Realty Network Pte Ltd



## Who We Are

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

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

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

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

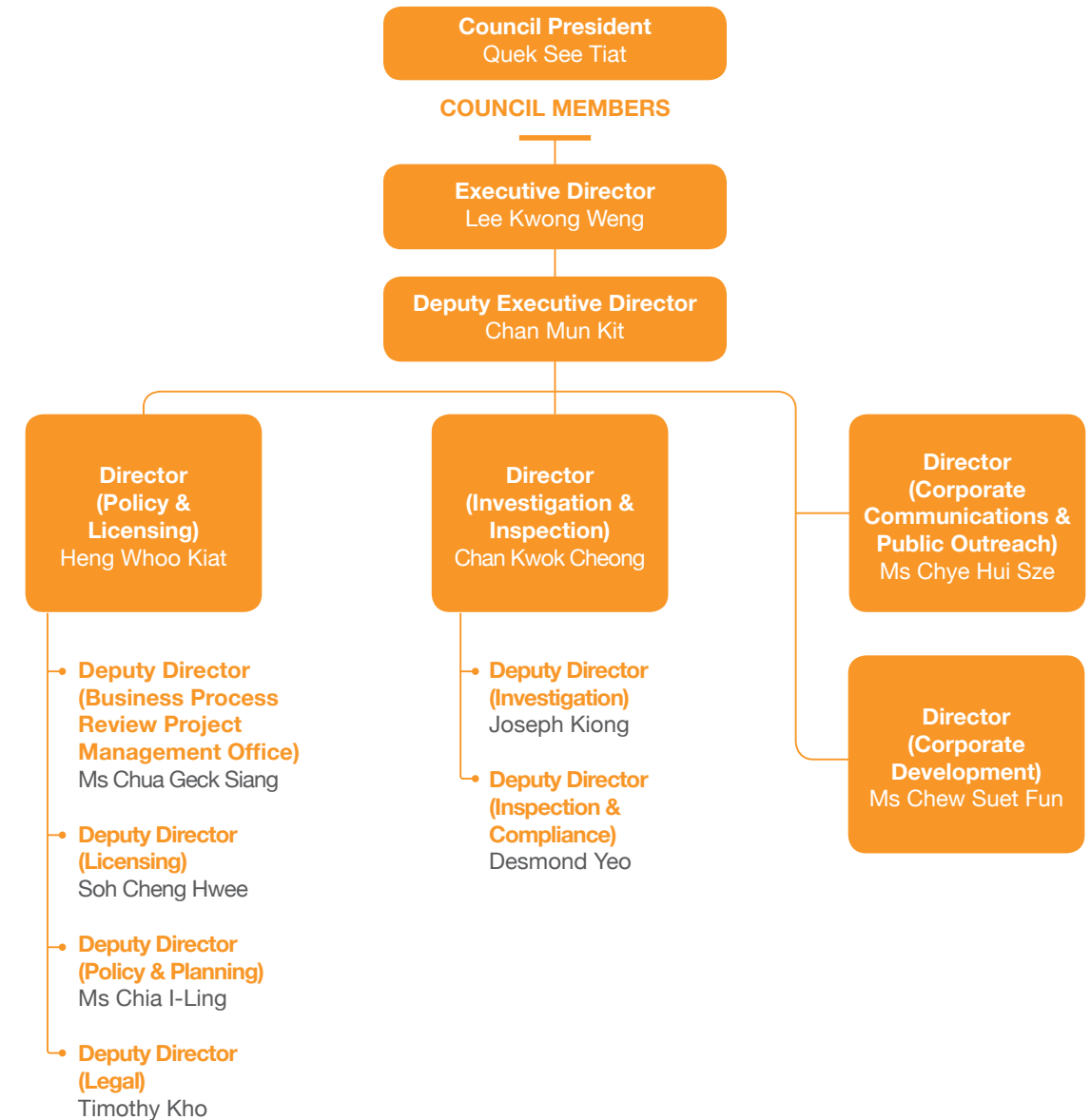
To project the interests of consumers, CEA plans and implements public education programmes to equip consumers with the necessary information to make informed decisions in property transactions involving the services of property agents. It facilitates access to consumer resources and provides channels 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 2017





**RAISING PROFESSIONALISM**  
PARTNERING FOR CHANGE

**AN INDUSTRY IN TRANSITION**

The real estate agency industry is operating in a very different environment than when it was first brought under CEA's regulatory regime in 2010.

Technological innovations have offered businesses new ways to improve productivity, efficiency, and service delivery. We have observed that local property agencies and new entrants are providing more choices in estate agency services to consumers through property portals.

At the same time, consumers' lifestyles and preferences in handling their property transactions are also changing. CEA's 2015 Public Perception Survey findings revealed that about a third of consumers polled were undecided about engaging a property agent for future transactions, more than the previous survey in 2012.

This evolving environment could be one of the reasons behind the slight consolidation in the real estate agency industry over the past three years where numbers of property agencies and agents have been decreasing.

| Number of property agents and agencies |                  |                  |                  |
|--|------------------|------------------|------------------|
|  | As at 1 Jan 2015 | As at 1 Jan 2016 | As at 1 Jan 2017 |
| Number of property agents              | 30,830           | 29,262           | 28,397           |
| Number of property agencies            | 1,369            | 1,369            | 1,286            |

| Breakdown of property agencies by size |                                      |              |              |
|--|--------------------------------------|--------------|--------------|
| Size of property agency                | No. of property agencies as at 1 Jan |              |              |
|  | 2015                                 | 2016         | 2017         |
| >500 agents                            | 11                                   | 11           | 9            |
| 51-500 agents                          | 22                                   | 22           | 23           |
| 31-50 agents                           | 24                                   | 16           | 10           |
| 11-30 agents                           | 71                                   | 65           | 58           |
| 1-10 agents                            | 1,241                                | 1,255        | 1,186        |
| <b>Total</b>                           | <b>1,369</b>                         | <b>1,369</b> | <b>1,286</b> |

**TRANSFORMING FOR SUSTAINED SUCCESS**

It was against this backdrop that CEA worked with the Ministry of National Development (MND) and various government agencies to review the real estate agency industry in early 2016.

The key aims of the review were to identify avenues to uplift professionalism and promote customer-centricity within the real estate agency industry, as well as to improve customers' property transaction experiences.

As part of the review, we studied regulatory bodies and practitioners in the United Kingdom, United States, and Japan to keep abreast of developments taking place overseas.

Subsequently, MND and CEA expanded this initial review of the real estate agency industry to a much broader review of the real estate industry.

The government recognised that the real and growing impact of digital disruptions and economic volatility have created a pressing demand for subsectors across the real estate industry value chain to consider new and better ways of doing things in order to seize opportunities and thrive.

Thus, Dr Koh Poh Koon, then Minister of State for National Development and Trade and Industry, announced that MND and CEA, together with various government agencies, will work together with key stakeholders to develop the Real Estate Industry Transformation Map (ITM).

He explained that the aim was to create a resilient and future-ready real estate sector that will continue to provide good jobs for Singaporeans.



Senior Minister of State for National Development and Trade & Industry Dr Koh Poh Koon at a REITM dialogue with industry stakeholders. (Photo: MND)

In his speech at MND's Committee of Supply debate in March 2017, Dr Koh laid out the three broad thrusts for the Real Estate ITM:

- Raise productivity and streamline processes;
- Help businesses scale up and take advantage of new growth areas, and support them in expanding to overseas markets; and
- Equip workers with the right skills.

### COLLABORATION IS KEY

The recommendations of the Real Estate ITM will concern the industry's ability to transform in order to tackle disruptive forces and meet future demands from clients.

MND and CEA have thus started consulting and engaging stakeholders from across the real estate value chain to collectively develop this roadmap for the industry.

Stakeholders include property agencies and agents, developers, industry associations, conveyancing firms, valuation firms, property and facility management companies, property portals, tech firms, and consumer groups.

Through various engagement platforms including interviews and dialogues, MND and CEA have been gathering views from stakeholders on how the real estate industry can transform, innovate, and raise productivity in the midst of a rapidly-changing technological and economic climate.

One such engagement session was hosted by Dr Koh Poh Koon, Senior Minister of State for National Development and Trade and Industry. Stakeholders touched on how the industry can embrace new technology to help them become more productive. There were also discussions on how we can further raise the accountability and transparency of property agents to maintain trust with consumers.

In addition, the dialogue participants gave their take on the challenges in growing revenue and

becoming more labour-efficient in an evolving operating environment. Among the ideas generated was how the industry can deepen internationalisation efforts to increase its value add to the economy and create better jobs.

Going forward, an Industry Tripartite Committee will bring together representatives from the government, businesses, and unions to further deliberate on the Real Estate ITM recommendations.

We will continue to engage with stakeholders as we formulate the Real Estate ITM. The views we receive will be incorporated into the ITM's development, and will help us refine its concept and detail its implementation.

The Real Estate ITM is one of 23 ITMs being developed under the government's Industry Transformation Programme.

The Committee on the Future Economy highlighted the development of ITMs as one key strategy to position Singapore's economy for the future. In its report released in February 2017, the Committee said that the 23 roadmaps will cover about 80 per cent of the economy by the end of 2017 and early 2018.

### DEEPENING ENGAGEMENTS WITH THE INDUSTRY

As we sought our stakeholders' views on macro issues facing the real estate industry as part of the ITM, we also expanded our ongoing regular engagement efforts to seek feedback on matters relating directly and uniquely to property agencies and agents.

Over the last financial year, we reached out to more Key Executive Officers (KEOs) and agents across property agencies of different sizes and specialisation areas, and kept conversations going between the industry associations and ourselves.



CEA reaches out regularly to KEOs, agents, and industry associations to seek ground feedback.

During these sessions, we shared with participants some of the policies or initiatives that we are exploring or reviewing, and invited them to give their feedback and suggestions.

The topics discussed ranged from local compliance matters to greater concerns impacting the industry locally and globally. These included disruptive technological influences, anti-money laundering measures and efforts in countering the financing of terrorism.

The insights and views arising from dialogue sessions and focus group discussions are invaluable to CEA. With greater clarity on industry's needs and concerns, we can refine our policies and practices so that they are well-grounded and more enterprise-centric.

### ENHANCING COMPETENCIES OF NEW ENTRANTS

A common thread emerged from our dialogues with the industry: property agents can still have a role to play even amidst technological advances – but they must serve their clients better by adding value to their clients' experiences. This would mean going beyond simply closing transactions to tapping technology to provide seamless services,



(Photo: Singapore Estate Agents Association)

offering sound, professional advice, and building meaningful relationships with clients.

We believe that a strong core of knowledgeable, competent, and tech-enabled agents working in the best interests of their clients is important in strengthening consumer confidence and trust in the profession.

Entry requirements and qualifying criteria, as well as mandatory examinations are part of CEA's efforts ensure that new entrants to the real estate agency industry are equipped with the requisite skills and are familiar with current property regulations to meet their clients' needs. Newcomers are required to attend a Real Estate Agency or Real Estate Salesperson course before sitting for compulsory examinations.

In June 2016, we reorganised the Real Estate Salesperson examination syllabus so that candidates are assessed on related topics in the same paper. This change took effect from 1 January 2017.

In the coming year, we will be reviewing the Real Estate Agency examination syllabus. This is to ensure that it remains relevant with industry requirements and practices.



The new CPD microsite encourages industry professionals to take greater responsibility over their own development.

**SUPPORTING INDUSTRY PROFESSIONALS ON THEIR LEARNING JOURNEYS**

Another key strategy of CEA's effort to raise professional standards in the industry is the Continuing Professional Development (CPD) framework.

The framework ensures that agents upgrade themselves and keep abreast of the latest changes in policies and procedures relating to real estate transactions. Every agent must undertake a minimum number of credit hours of learning activities in each calendar year. Fulfilling this minimum CPD hours is a condition for licence and registration renewal.

To encourage industry professionals to take greater responsibility over their own professional development, we launched a new CPD microsite in April 2016.

The CPD microsite will provide greater convenience to KEOs and property agents in managing CPD administrative matters, as well as

monitoring and planning training needs. It was designed and developed in consultation with the industry, CPD course providers, and industry associations.

We will progressively implement more features in the CPD microsite. When it was first launched, the portal provided quick access to information on the CPD scheme and courses. Users were also able to give qualitative feedback on courses they attend.

In March 2017, we rolled out a suite of e-services to KEOs via the My CPD Portal. Through the portal, KEOs are able to:

- Check if their agents have clocked the required CPD credit hours and fulfilled the attendance requirements for core courses;
- Update the attendance records of their agents;
- View upcoming courses to plan their training schedules; and
- Rate the courses that they have attended.

CEA is now working to extend the e-service to property agents.



CEA worked with industry associations to introduce certificate courses on the marketing of commercial, industrial, and foreign properties. (Photo: Institute of Estate Agents)

**ENCOURAGING UPSKILLING**

To further support industry professionals in their pursuit of professional knowledge and service excellence, CEA works with course providers to refresh the CPD course menu regularly and introduce new courses on emerging trends and industry best practices.

In the year, CEA worked with the Institute of Estate Agents, Singapore, the Singapore Estate Agents Association, and the Singapore Institute of Surveyors and Valuers to introduce certificate CPD courses on the marketing of commercial, industrial, and foreign properties.

The three industry associations run these courses to help property agents become more well-versed in these markets and serve their clients better. Each certification course has five 3-hour modules and an assessment component to reinforce understanding and knowledge retention.

A key focus area for CEA in the coming year is to review the content and raise the standards of CPD courses. Feedback from the industry will help CEA evaluate the effectiveness of our current courses and introduce new courses on emerging topics of relevance. We will also be working with course providers to improve on content delivery.

**TAPPING DIVERSE EXPERTISE**

Towards the end of 2016, the CEA Council appointed members to a new Professional Development Committee formed to advise CEA on licensing and professional matters. The Committee's views will enable us to refine our processes and policies so as to further raise standards and professionalism of industry.

The new Committee replaces the former Licensing & Practice Committee, and the Examinations & Professional Development Committee.

Besides the Professional Development Committee, the CEA Council appointed new members to four other committees: Audit Committee, Disciplinary Panel, Human Resource & Finance Committee, and the Select Committee.

Members of CEA's committees comprise Council members, professionals, and academicians with strong expertise in the real estate agency and property related sectors, as well as members of the legal profession and media.

The five Committees assist the Council in guiding CEA in pursuit of our mission by providing diverse views and recommendations to tap current and future opportunities, and meet the challenges in our operating environment.

In recognition of their valuable service and contributions towards our work, CEA held an appreciation lunch in September 2016 to thank our partners who had served in CEA's committees.



CEA is grateful to our many partners from the real estate agency and other related sectors for their invaluable service and contributions towards our work.



*CEA conducts proactive compliance checks to ensure that the work carried out by property agencies and agents adhere to rules and guidelines.*

**COLLECTIVE STAND AGAINST MONEY LAUNDERING AND TERRORISM FINANCING**

The real estate agency industry has an important responsibility to help counter the global threat of money laundering and terrorism financing through property transactions.

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

As part of Singapore's obligation as a FATF member, CEA has been working closely with other government agencies and the real estate agency industry to implement measures to prevent money laundering and terrorism financing.

We continuously enhance awareness, understanding, and implementation amongst industry professionals of the emerging compliance requirements and preventive measures against such activities that might inadvertently be conducted through property transactions.

CEA has issued circulars to remind the industry about the available resources they can tap to comply with customer due diligence requirements and the filing of suspicious transaction reports.

Apart from our industry-wide outreach efforts, we also engaged groups of property agencies to familiarise them with the anti-money laundering and countering financing of terrorism requirements and guide them on compliance matters. We will conduct more of such sessions in the coming year.



*CEA has been working closely with other government agencies and the real estate agency industry to implement measures to prevent money laundering and terrorism financing.*

In addition, we will be enhancing our regime next year to better align with FATF's recommendations, including reviewing the Practice Circular on Prevention of Money Laundering and Countering the Financing of Terrorism. The aim is to further strengthen the professional and ethical standards in the real estate agency industry.

**ALWAYS VIGILANT**

We continued to conduct regular and proactive inspections and field surveillances on property agencies and at property events. This is to ensure that the work carried out by property agencies and agents adhere to rules and guidelines, and that estate agency work is being carried out by licensed entities and registered persons.

We also took firm enforcement action against errant companies and individuals who breached the Estate Agents Act and the Regulations.

Here are some prominent disciplinary cases that were concluded this year.

*Agency receives fine and condition imposed on licence to conduct collective sale work*

In April 2016, CEA's Disciplinary Committee sentenced HSR International Realtors Pte Ltd (HSR) to a financial penalty of \$74,000 and imposed a condition on their licence. HSR was disallowed from undertaking any collective sale work for one year starting 20 April 2016.

HSR, which was appointed the marketing agent for the collective sale of Thomson View Condominium in September 2010, had offered incentive payments to four subsidiary proprietors to sign the Collective Sale Agreement. The incentives included offers of cash payments and air ticket reimbursement. This brought about a conflict of interest on the part of HSR.

### Former agent fined for handling \$93,000 in transaction monies – largest amount since 2010

In September 2016, the Court convicted former property agent Goh Chung Yong for handling monies amounting to \$93,000.

Among the property agents that the CEA has prosecuted for handling monies so far, this is the largest amount of monies that a property agent has handled.

Goh's client had passed him the monies, trusting him to pay the conveyancing lawyers handling a new flat purchase. However, Goh used the money to pay off loan sharks and lied that the money had been stolen from his car. Goh was sentenced to a \$10,000 fine.

### Heaviest fine meted out for unlicensed estate agency work

In December 2016, the Court convicted a property management company and its sole director for unlawfully conducting estate agency work without being licensed by CEA.

Franks Property was fined \$115,000, while its sole director, Lim Koon Heng, was fined \$100,000. The fines are the heaviest meted out by the courts to a company and an individual for unlicensed estate agency work so far.

Both Lim and his company each pleaded guilty to three out of nine charges. The proceeded charges that arose from three property transactions involved a total commission amount of \$94,976.64. This is also the highest amount of commission collected by an unlicensed estate agency that the CEA has prosecuted.

Prior to the CEA's formation, Lim and/or Franks Property held a House Agent Licence issued by the Inland Revenue Authority of Singapore. However, after the CEA was set up in October 2010, all property agencies and agents were required to be licensed and registered with CEA before they can carry out estate agency work. However, Lim and Franks Property did not do so.

### Agent and agencies taken to task on foreign property deals

In October 2016, the Disciplinary Committee imposed financial penalties on a property agency and property agent for the sale and marketing of Albany Heights Villas, a property in New Zealand. The Disciplinary Committee sentenced SQFT Global Properties Singapore to a financial penalty of \$10,000 for failing to supervise Paleenia Wong Mui Wah, who was its property agent then, regarding the conduct of her estate agency work. Wong was sentenced to a financial penalty of \$6,000.

Wong had misrepresented to an investor that the NZ\$65,000 to be paid by the investor to purchase a unit in Albany Heights Villas would be kept safe in a law practice's trust account for the construction of the property. She also misrepresented to the investor that the developer would not be able to use the money in the trust account for other purposes. The representation turned out to be false as the developer took money from the trust account without any construction having started on the property.

In December 2016, the Disciplinary Committee sentenced Square Yards Singapore to a financial penalty of \$7,500 for failing to provide an investor with written advisory message which would have drawn his attention to the risks involved in purchasing foreign properties.

The investor had purchased a property in North Dakota, United States, at US\$74,950 through Square Yards. He made partial payment of US\$33,982.50 to the US developer in 2014 but was unable to recover the sum after the developer was charged for alleged fraudulent activities.

Besides the financial penalty, the Disciplinary Committee also imposed a condition to Square Yards' licence that it is not to market or transact in any foreign property for six months with effect from 1 March 2017.



*A new workgroup comprising industry professionals will develop new guidelines to provide greater clarity on how property agencies should manage their businesses and supervise their agents.*

### EQUIPPING INDUSTRY PROFESSIONALS WITH CURRENT KNOWLEDGE

CEA issues practice guidelines to update industry professionals on regulatory changes and provide clarity on the actions and responsibilities expected of them in the delivery of services to their clients. These are reviewed on an ongoing basis to take into account new industry developments and trends.

The Professional Service Manual (PSM) was first issued in 2014 as practice guidelines for property agencies and agents. It seeks to set clear standards and guidelines to ensure property agents render their services competently, professionally and ethically, thus promoting open, fair and honest property transactions. It also highlights the responsibilities and duties that property agents must pay attention to when carrying out estate agency work in both the sale and leasing of properties.

The industry landscape has evolved considerably since the PSM's launch. In addition, CEA has further refined our policies to be in tandem with new industry developments and practices.

We will therefore be setting up a Professional Practice Manual workgroup comprising industry professionals and other relevant parties to consolidate all current and upcoming practice guidelines and the PSM into a single document. This compilation will also include new guidelines to facilitate industry compliance with the Code of Practice for Estate Agents. These new guidelines will provide greater clarity on how property agencies should manage their business and supervise their agents. This extensive exercise will be held in close consultation with our stakeholders.

CEA will also be reviewing the Practice Guidelines on Marketing of Foreign Properties. These will guide the actions and conduct of local property agencies and agents when marketing or facilitating the sale of foreign property in Singapore.

In addition, to offer practical and applicable tips to industry professionals, CEA shared lessons learnt from disciplinary cases to remind property agents on their obligations to their clients through our e-newsletter, *CEAenergy*.



**CUSTOMER  
FEEDBACK  
PROFESSIONALISM  
PRODUCTIVITY  
INNOVATION  
ACCOUNTABILITY  
EXCELLENCE**

*We revamped our complaint and feedback management workflows to achieve greater productivity and a more streamlined process for CEA and the industry.*

We distilled key learning points from the disciplinary cases and explained how scenarios could have been handled. For example, the SQFT Global Properties and Square Yards cases were used to highlight the due diligence checks that property agencies should do prior to the marketing and sale of foreign properties.

**STREAMLINING WORKFLOWS FOR GREATER PRODUCTIVITY AND EFFICIENCY**

CEA assesses and investigates complaints thoroughly through a systematic complaint management process. This allows us to take appropriate enforcement actions against substantiated cases.

In the past year, we revamped our complaint and feedback management workflows to achieve better resource utilisation, improved productivity, and a more streamlined process for CEA and the industry.

Since 1 June 2016, CEA officers assess and prioritise complaints upon receipt, identifying service related lapses from disciplinary matters.

For minor service lapses by property agents, CEA would usually ask the property agent’s agency

to resolve the matter. For disciplinary-related complaints, officers would assess the severity and complexity of cases using a new complaint classification matrix and dedicated investigation teams would look into them promptly.

With the redesigned workflows, CEA is now able to channel our resources more effectively to investigating and resolving complaints in a faster manner.

By flagging service-related complaints on agents to their property agencies, CEA and the agencies are able to resolve such complaints in a timely manner. The prompt resolution of cases also signifies CEA’s commitment to uplift professionalism in the industry and has fostered a stronger working relationship between the agencies and CEA.

Our experience in the past year has shown that property agencies have generally been prompt in addressing service lapses that CEA brought to their attention. Some agencies have also already put in place frameworks to strengthen accountability for their agents’ actions and set things right when glitches occur. Through their service-oriented approach and practices, these agencies have proactively taken steps to restore their clients’ trust and confidence.

| Nature of Complaints  | Number of Complaints as at 31 Dec |            |
|---|-----------------------------------|------------|
|   | 2015                              | 2016       |
| <b>Advertisement/flyer</b><br>(e.g. misleading/missing information/improper distribution of flyers)   | 360                               | 236        |
| <b>Unprofessional service</b><br>(e.g. major service-related lapses such as not complying with applicable laws, failure to abide by duties/obligations related to documents and agreements)   | 226                               | 124        |
| <b>Failure to provide exemplary service to clients</b><br>(e.g. minor service-related lapses such as punctuality issues, no-show at appointments, poor communication)<br><br>From 2016, CEA refers such service-related cases to property agencies who will manage them accordingly |                                   | 174        |
| <b>Misconduct</b><br>(e.g. use of threatening words/harassment/misrepresentation)   | 127                               | 99         |
| <b>Not acting in client’s interest</b><br>(e.g. conflict of interest/refusing to co-broke/failing to convey offer)  | 29                                | 47         |
| <b>Unregistered property agent/unlicensed property agency</b>   | 56                                | 38         |
| <b>Others</b><br>(e.g. dual representation, fraud, money lending, handling transaction monies)  | 35                                | 20         |
| <b>Total</b>  | <b>833</b>                        | <b>738</b> |

| Categories   | Investigation Outcome               | Number of Complaints as at 31 Dec |            |
|--|-------------------------------------|-----------------------------------|------------|
|  |                                     | 2015                              | 2016       |
| <b>Substantiated</b>   | Letter of Advice/<br>Warning served | 218                               | 259        |
|  | Disciplinary<br>action <sup>#</sup> | 16                                | 17         |
|  | Prosecution <sup>#</sup>            | 12                                | 18         |
| <b>Unsubstantiated</b><br>Refers to cases with insufficient evidence to substantiate claims, assessed to have no wrongdoing on the part of the property agent, baseless/frivolous complaints |                                     | 213                               | 253        |
| <b>Others</b><br>Refers to cases with insufficient evidence for investigations, complaints resolved by property agencies, referred to other bodies/government agencies                       |                                     | 210                               | 78         |
| <b>Total</b>   |                                     | <b>669</b>                        | <b>625</b> |

*# These figures refer to the conclusion of the case before the Disciplinary Committee or Court.*



**BUILDING CONFIDENCE**  
EXPANDING OUTREACH

**2015 PUBLIC PERCEPTION SURVEY FINDINGS**

CEA conducted our second Public Perception Survey from November 2015 to February 2016 with over 2,000 actual and potential consumers.

This was part of our efforts to track the progress of the real estate agency industry in delivering professional service to consumers. The first survey was conducted in 2012.

The survey findings, which were announced in mid-2016, revealed that majority of respondents were satisfied with the services rendered by property agents.

The top rated attributes of property agents were in the area of service excellence. Respondents felt that the agents they engaged were courteous, contactable and responsive, and reasonably accommodated their needs.

The respondents also demonstrated good awareness of key industry practices and regulations.

These included the need for agents to inform sellers or landlords of all offers/proposals

and seek owners' consent before advertising. Consumers were also aware that property agents should co-broke, with consent of consumers, to get the best offer for them.

In addition, the survey found that more consumers were undecided as to whether they intend to engage a property agent for future transactions.

Consumers between 21 to 39 years old were more undecided about engaging a property agent for future transactions.

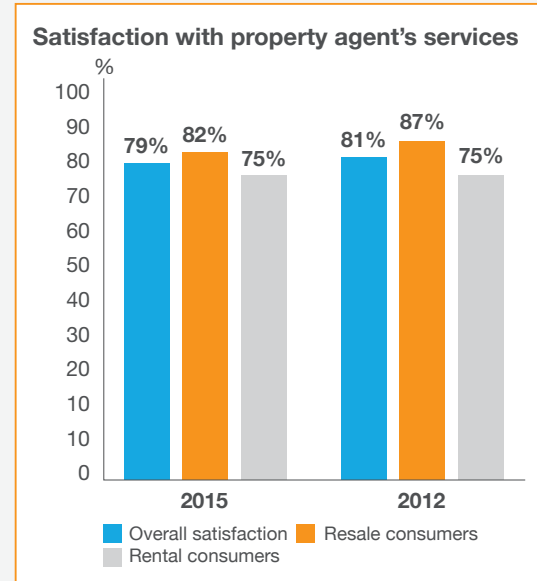
These consumers were also more likely to handle future property transactions on their own, compared to consumers in the 40 to 59, and 60 and above age bands.

The insights from the survey will guide CEA as we plan for initiatives to further promote consumer awareness on working with their agents to achieve successful outcomes.

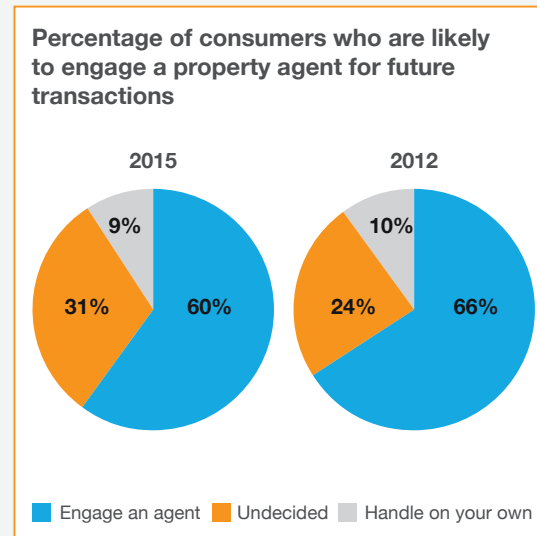
We also shared the survey findings with the industry as learning points on how they can level up their professionalism, provide value added service to, and earn the trust of their clients.

**KEY SURVEY FINDINGS**

79 per cent of respondents indicated that they were satisfied with their property agents, compared to 81 per cent in 2012



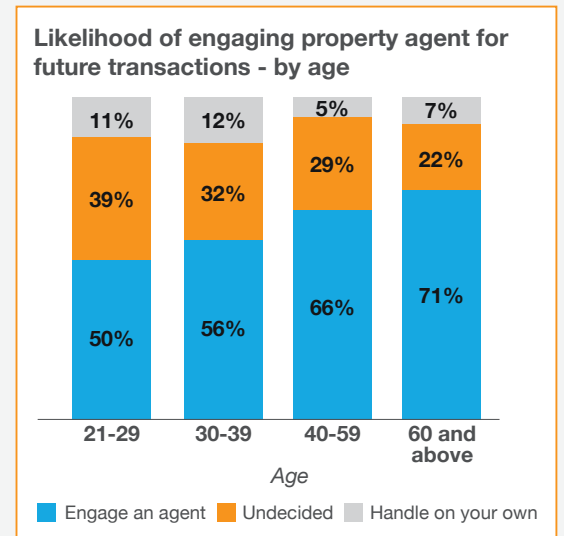
Three in 10 consumers were undecided on whether to engage a property agent for future transactions, compared to one in four in 2012



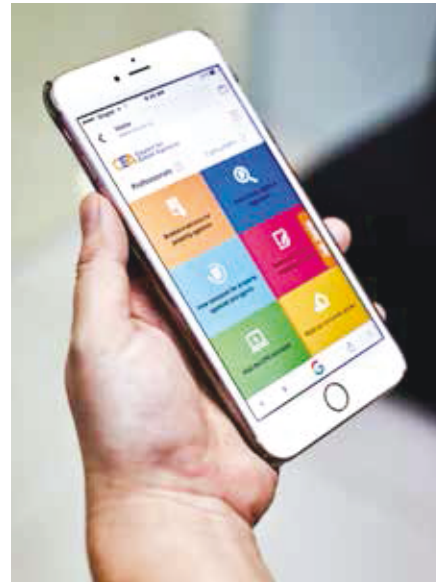
Consumer awareness of key industry practices and regulations remained the same as the 2012 survey, with consumers being aware of nine out of 12 key industry practices and regulations

| 2015   | 2012  |
|--|---|
| Property agents have to inform sellers or landlords of all offers/proposals                | Property agents have to inform sellers or landlords of all offers/proposals |
| Property agents must seek owners' consent before advertising                               | Property agents must seek owners' consent before advertising                |
| Property agents should co-broke, with consent of consumers, to get the best offer for them | Property agents cannot be associated with money-lending activities          |

Consumers between 21 to 29 years old were more undecided about engaging a property agent for future transactions, compared to those in the other age bands







Our corporate website sports a new look and is also mobile-friendly.

**STRENGTHENING COMMUNICATIONS, BUILDING OUR BRAND**

During the year, there was good coverage in the mainstream print and broadcast media on the disciplinary actions that CEA took against errant property agencies and agents.

Among the cases publicised were those on unregistered parties carrying out property transactions, as well as property agencies and agents who had failed to act in their clients' best interests.

While serving to strengthen CEA's image as a responsive and effective regulator, these news reports communicated the need for property agencies and agents to act professionally and ethically.

Media stories also provided an opportunity for us to sensitise the industry and public to developments that are changing the business landscape property agencies and agents are operating in.

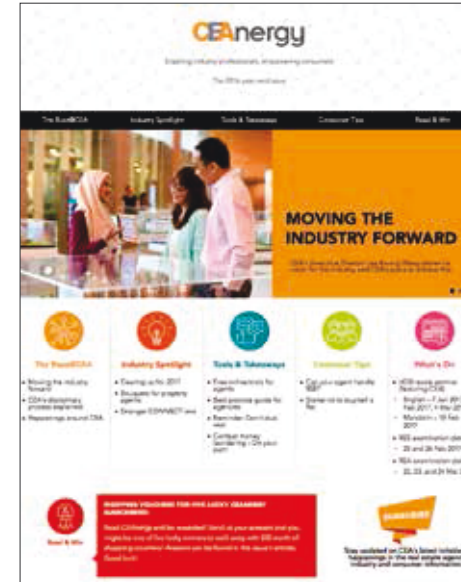
Channel NewsAsia ran a story on how disruptive technologies have catalysed the launch of

do-it-yourself and other hybrid property portals that allow consumer to carry out property transactions on their own, or choose and pay for specific services that they require from property agents.

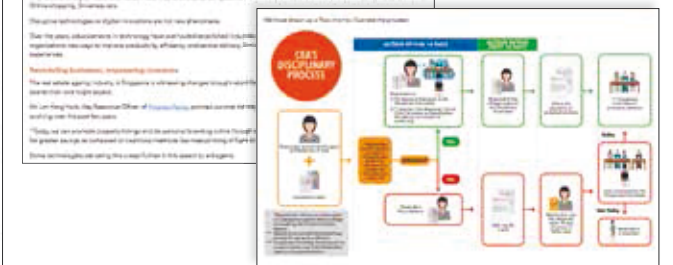
The story highlighted how incumbent real estate agencies are embracing technology to raise service standards. CEA emphasised the need for property agencies to ride the technology wave to stay relevant and competitive. We also encouraged the industry to raise the bar for themselves in their professionalism, productivity, and customer-centricity.



CEA's Deputy Executive Director Chan Mun Kit emphasised the need for consumers to exercise caution before committing to foreign property purchases.



Our e-newsletter, CEAnergy, was revamped to provide a more reader-friendly layout and more enriching content.



In another Channel NewsAsia feature, we stressed to consumers the importance of exercising caution and being aware of the risks involved in foreign property transactions - even when they are served by licensed property agencies.

The story covered the guidelines that CEA required property agencies to comply with when they market foreign properties to retail investors. This was complemented with an advisory that consumers must do their own homework and research before making a foreign property purchase.

**REFRESHING RESOURCES WITH USERS IN MIND**

To better serve our customers, we refreshed our corporate website with a new look during the year. We improved on the website's navigation features and reorganised content to make it a more intuitive browsing experience for industry professionals and consumers.

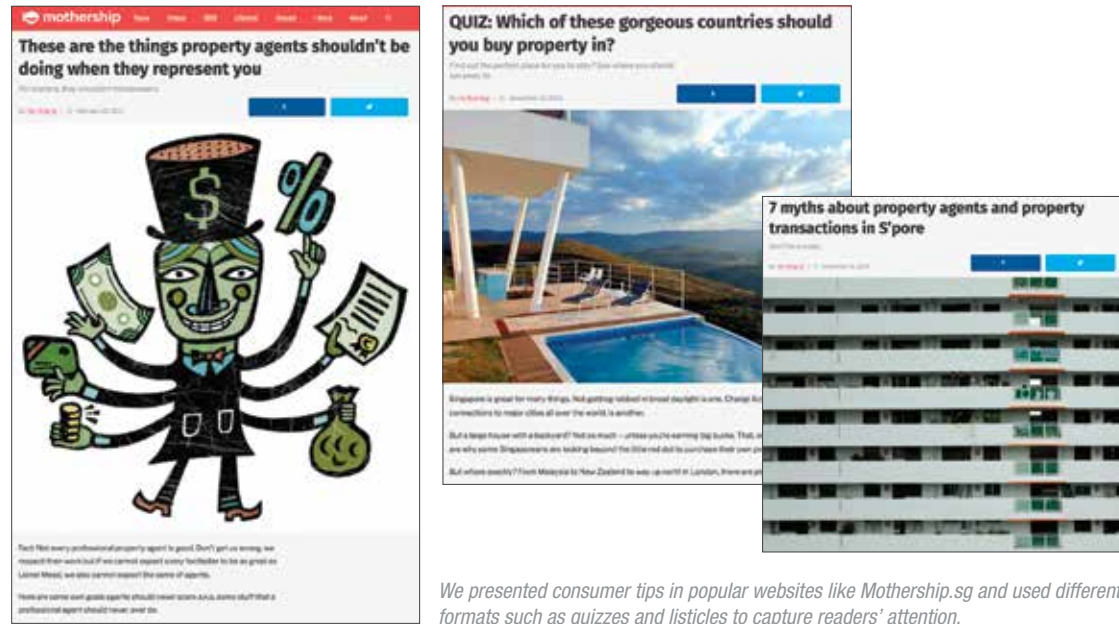
We also optimised our website content for easy viewing on mobile platforms, enabling users to view our web content easily while on the go.

CEAnergy, our quarterly e-newsletter targeting industry professionals and consumers, underwent a design facelift and a content enhancement as well.

Design-wise, the online publication boasts a new layout with more visuals and infographics to better explain content and improve readers' recall of key points.

Articles also carry richer content, reflecting the perspectives of industry professionals and CEA's leaders on important and emerging issues. For example, in the 1/2017 issue, we asked industry leaders for their views regarding the impact of technological innovations on the conduct of property transactions and how the industry can embrace the possibilities that come with technology application.

As a lead up to 2017, our Executive Director Lee Kwong Weng shared his thoughts in the 2016 year-end issue on the challenges and opportunities that the new operating environment would bring for both the industry and CEA.



We presented consumer tips in popular websites like Mothership.sg and used different formats such as quizzes and listicles to capture readers' attention.

In response to readers' feedback to make *CEAnergy* a more relevant read, there are now dedicated sections in the e-magazine offering practical tips in bite-sized form for industry professionals and consumers.

Readers wishing to deepen their knowledge in specific areas can also browse articles that provide useful tools and resources to help them in either their daily work or property decisions. These are designed to allow quick information takeaways and easy application.

**RESPONDING TO CONSUMERS' PREFERENCES**

In tandem with consumers' media consumption preferences, we reviewed our advertising approach and implemented new digital outreach initiatives. The aim was to focus our outreach efforts towards professionals, managers, executives, and businessmen.

We worked with Mothership.sg, an online content provider, on a series of consumer education stories. These write-ups disseminated practical tips on working effectively with agents for local and foreign property transactions.

To broaden the content appeal, the articles were presented in a variety of formats such as listicles, quizzes, and interviews. These adopted a conversational and light-hearted tone to capture readers' attention.

We also placed consumer education articles and advertisements in the print versions of key newspapers and adapted these for the online versions as well.

In an "askST" sponsored series in both the print and online editions of *The Straits Times*, we addressed commonly-asked questions on agent commissions, rental transactions, and foreign property investments topics.

Animated banner ads were placed in *Straits Times* online to increase visibility of these articles and pique the interest of readers. These ads were presented in comic strip style and were infused with light humour to better engage readers.

These online content was designed to be "shareable". To further extend our reach to different groups of consumers online, we tapped our partner agencies' social media platforms and shared our consumer tips on their channels.

The year also saw us launching our first radio advertisement campaign on six Mediacorp stations. The ads highlighted the need for consumers to check the CEA Public Register to verify if the agents they intend to engage are registered with CEA.

**SUSTAINED DIRECT OUTREACH EFFORTS**

Close collaboration with our partner agencies such as the Housing & Development Board and Central Provident Fund Board enabled us to continue to reach out to consumers through regular talks and seminars.

Besides giving talks to educate consumers on how they can protect their interests in property transactions involving property agents, we also distributed consumer materials and collaterals such as fridge magnets and tissue packs at these events. The constant visibility of these materials in consumers' daily lives helped to provide consumers with reminders on the key contact points for information.

Our outreach efforts were tailored to meet the needs of specific consumer groups as well. For instance, to reach out to prospective foreign property investors, we participated in the SMART Investments & International Property Expo.

Apart from sharing pointers on the precautions consumers should consider before committing to overseas property purchases, we also talked about the pitfalls they should be mindful of.

In addition, we held talks in English and Mandarin for seniors who attended the Council for Third Age's 50Plus event. Participants had the opportunity to interact with our staff members, who addressed their questions on the obligations of property agents to their clients.

**IN THE PIPELINE**

Creating greater top of mind awareness of CEA and our role in safeguarding consumers' interests remains a priority for us.

CEA will be refining our public outreach strategy to further raise public awareness and educate consumers that they have a part to play in ensuring a smooth property transaction. A key focus will be on refining our messages to cater to varied audiences, and extending our outreach platforms.



We work towards instilling a mindset amongst consumers that they too need to take shared responsibility for their property transactions as they are ultimately the final decision makers.



## ENHANCING PROCESSES DEVELOPING OUR PEOPLE

### A TRANSFORMATIONAL JOURNEY

As CEA advocates the industry to transform in light of its rapidly evolving business landscape, we are also re-examining our work processes to be more responsive to changing needs of industry and expectations of consumers.

During the year, we continued to build on the efforts from our Business Process Reengineering (BPR) exercise by forming a dedicated BPR team to drive the planning and implementation of the various initiatives and recommendations.

We embarked on the BPR exercise in late 2015 and conducted a fundamental review of our workflows to identify and address kinks in our current workflows and practices. One such review is the licensing and registration process where we are looking at streamlining the application and registration processes to enable more convenient submissions and reduce processing times.

The aim of the BPR is to improve organisation effectiveness, productivity, and service to stakeholders, while optimising our resources. In the longer term, technology will be a key enabler

for us to do things even faster and better. We will continue to tap technological tools in our frontline operations to improve customer service and feedback management. We will also be revamping our current IT system to make it more business-friendly for property agencies.

As many of the BPR initiatives will be geared towards improving property agencies' and agents' service experiences with us, we will continue to seek input from industry professionals as we fine-tune the details.



*We will continue to seek input from the industry as we implement our Business Processing Reengineering initiatives.*



*We aim to create opportunities for our officers to realise their professional and personal goals while delivering on our mission.*

### BUILDING A DYNAMIC TEAM

Nurturing a team that is committed and competent remained at the centre of our human resource polices.

During the year, we introduced a career development framework to create a more holistic staff management system that enables officers to explore different roles within the organisation through job rotations. The framework allows, where possible, an optimal match between each officer's professional growth, personal aspirations, and our business goals.

In the same vein, to ensure that our officers are sufficiently prepared to take on new challenges, we developed a staff competency framework to ensure our staff are suitably equipped with the necessary skillsets and abilities to achieve CEA's mission.

The learning experience at CEA will continue to take into account our business goals and objectives. Going forward, we will identify and

build new competencies and skillsets to empower CEA staff to meet the demands of the changing industry landscape. Some of these areas include computer forensics and data analytics.

### STRENGTHENING ACCOUNTABILITY

We continued to strengthen our accountability culture during the year through several initiatives.

Amongst them was the review of our financial regulations to better align them with the government's Instruction Manual and to achieve greater operational efficiency.

In addition, to improve the robustness of our procurement processes, we introduced data analytics on procurement activities to scan for irregularities and identify areas for improvement in compliance.



Patrick and Kasturi delighted customers with their outstanding service, while Joelle was commended for her contributions to the public service.



**DELIVERING EXCELLENCE THE CEA WAY**

Putting our customers first, exceeding their expectations, and giving our very best in all we do are key values that guide our plans and actions at CEA.

Our officers' efforts to pursue excellence were recognised on several fronts during the year.

Licensing team colleague Patrick Chan received the PS21 Star Service Award last year for the outstanding service he rendered to customers. The award is presented to officers who consistently demonstrate high standards of exemplary service.

Another colleague from the Licensing team, Kasturi Somu, received the Excellent Service Award (Silver) organised by SPRING Singapore for her commitment to delivering stellar service.

Joelle Lee from Policy & Planning received the Commendation Medal conferred in conjunction with the National Day Award 2016. The awards are an affirmation to public officers of their significant contributions to the nation.

Members of CEA's Corporate Communications and Public Outreach team received the Minister's Team Award 2016. The award acknowledges the value of 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".

The team won the award in recognition of CEA's public outreach efforts to educate consumers on property transactions involving property agents and to empower consumers to conduct such transactions prudently and judiciously.



CEA's Corporate Communications and Public Outreach team together with Minister for National Development & Second Minister for Finance Mr Lawrence Wong (6th from left) (Photo: HDB)

**PROUD TO BE PART OF TEAM CEA**

The CEA work experience creates fulfilment that goes beyond meeting challenging work targets. We believe that we can have fun too, even while working hard to deliver on our mission.

During the year, we organised several memorable activities for officers to recharge and reflect on what it means being a part of the CEA team.

Healthy lifestyle and team bonding were the key themes for the activities last year. We came together for invigorating games of badminton, bowling, basketball, and table tennis, just to name a few.



Lunch hour is well spent over a game of basketball!



*Greening our workspaces with our very own terrariums!*

The greenies among us participated in a terrarium making workshop under the National Parks Board's Community-In-Bloom initiative and went on a trip to explore the Kranji Marshes.

Those who preferred decoding clues and cracking mysteries signed up for an Escape Room game experience. At the close of the year, we all gathered for a Cohesion Night of fellowship and food.

### GOING BEYOND OURSELVES

While we work to deliver on our core responsibilities, CEA believes in going beyond our day-to-day business to give back to the community. Our corporate social responsibility efforts during the year revolved around activities that encouraged staff volunteerism and cultivating a community-caring culture.

For the first time, we collaborated with TOUCH Home Care on its Meals-on-Wheels initiative to deliver dinner to seniors living in the vicinity of Toa Payoh, Ang Mo Kio, and Bishan.

Together with the National Council of Social Service, we organised a visit to the Enabling Village, a community venue combining retail, lifestyle, and training for the disabled in an all-accessible public space.

During the visit, we gained a better appreciation of the assistive technologies that aid those with special needs to live, work, and integrate with society. Colleagues also purchased unique items from social enterprises at the Village that provide meaningful employment opportunities for the disabled.

CEA staff members gave generously to support several charitable causes. We raised \$3,460 in support of the 2016 President's Challenge, and more than \$6,200 for the Community Chest through pledge card collections. We are happy that our donations will go towards helping the needy in our society, including children with special needs, adults with disabilities, families in difficulties, as well as the elderly.



*We did our bit our bit for the Community Chest through pledge card collections.*



*All set and ready to deliver meals to seniors in our neighbourhood.*

# Financial Statements

For the financial year ended 31 March 2017

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## STATEMENT BY THE COUNCIL

For the financial year ended 31 March 2017

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 2017 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,



**Quek See Tiat**  
President



**Lee Kwong Weng**  
Executive Director

Singapore

21 June 2017

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

For the financial year ended 31 March 2017

### 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 2017**, 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 2017 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 1.

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 2017

### *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 2017

### *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.

### *Other Matters*

The financial statements of the Council for the financial year ended 31 March 2016 were audited by another firm of auditors who expressed an unmodified opinion on those financial statements in their report dated 22 June 2016.

### **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.

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

For the financial year ended 31 March 2017

### 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.

### 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

21 June 2017

## STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2017

|  | Note | 2017<br>S\$'000 | 2016<br>S\$'000 |
|--|------|-----------------|-----------------|
| <b>Revenue</b>   | (4)  | 10,561          | 10,555          |
| <b>Less: Expenditure</b>   |      |                 |                 |
| Real estate examinations related costs   |      | 1,110           | 897             |
| Depreciation and amortisation  |      | 139             | 184             |
| Fees and charges   | (5)  | 4,824           | 4,040           |
| Rental of premises   | (18) | 1,068           | 1,068           |
| Expenditure on manpower  | (6)  | 10,725          | 11,001          |
| Administrative and other expenses  | (7)  | 1,936           | 1,964           |
| Total operating expenses   |      | 19,802          | 19,154          |
| Operating deficit before government grant  |      | (9,241)         | (8,599)         |
| <b>Grants</b>  |      |                 |                 |
| Operating grants   | (11) | 9,188           | 8,520           |
| Deferred capital grant amortised   | (15) | 53              | 79              |
|  |      | 9,241           | 8,599           |
| 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>                                       |      | -               | -               |

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



## STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

|                                      | Note | 2017<br>S\$'000 | 2016<br>S\$'000 |
|--------------------------------------|------|-----------------|-----------------|
| <b>ASSETS LESS LIABILITIES</b>       |      |                 |                 |
| <b>Non-current assets</b>            |      |                 |                 |
| Plant and equipment                  | (8)  | 215             | 292             |
| Intangible assets                    | (9)  | -               | -               |
|                                      |      | <u>215</u>      | <u>292</u>      |
| <b>Current assets</b>                |      |                 |                 |
| Trade and other receivables          | (10) | 245             | 166             |
| Prepayments                          |      | 195             | 58              |
| Cash and cash equivalents            | (12) | 11,173          | 10,139          |
|                                      |      | <u>11,613</u>   | <u>10,363</u>   |
| <b>Less:</b>                         |      |                 |                 |
| <b>Current liabilities</b>           |      |                 |                 |
| Trade and other payables             | (13) | 3,329           | 2,624           |
| Deferred revenue                     | (14) | 5,379           | 5,576           |
| Government grant received in advance | (11) | 1,028           | 372             |
|                                      |      | <u>9,736</u>    | <u>8,572</u>    |
| <b>Net current assets</b>            |      | <u>1,877</u>    | <u>1,791</u>    |
| <b>Non-current liabilities</b>       |      |                 |                 |
| Deferred capital grant               | (15) | 173             | 223             |
| Provision                            | (16) | 200             | 141             |
|                                      |      | <u>373</u>      | <u>364</u>      |
| <b>NET ASSETS</b>                    |      | <u>1,719</u>    | <u>1,719</u>    |
| <b>EQUITY</b>                        |      |                 |                 |
| <b>Share capital</b>                 | (17) | <u>1,719</u>    | <u>1,719</u>    |

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

## STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2017

|   | Note | Share Capital<br>S\$'000 | Reserve<br>S\$'000 | Total<br>S\$'000 |
|---|------|--------------------------|--------------------|------------------|
| <b>2017</b>                             |      |                          |                    |                  |
| Balance as at 1 April 2016              |      | 1,719                    | -                  | 1,719            |
| Total comprehensive income for the year |      | -                        | -                  | -                |
| Balance as at 31 March 2017             | (17) | <u>1,719</u>             | <u>-</u>           | <u>1,719</u>     |
| <b>2016</b>                             |      |                          |                    |                  |
| Balance as at 1 April 2015              |      | 1,719                    | -                  | 1,719            |
| Total comprehensive income for the year |      | -                        | -                  | -                |
| Balance as at 31 March 2016             | (17) | <u>1,719</u>             | <u>-</u>           | <u>1,719</u>     |

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

## STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2017

|   | Note | 2017<br>S\$'000 | 2016<br>S\$'000 |
|---|------|-----------------|-----------------|
| <b>Cash flows from operating activities</b>               |      |                 |                 |
| Operating deficit before government grant                 |      | (9,241)         | (8,599)         |
| Adjustments for:  |      |                 |                 |
| Amortisation of deferred revenue                          |      | (7,865)         | (8,340)         |
| Amortisation of intangible assets                         |      | -               | 96              |
| Depreciation of plant and equipment                       | (8)  | 139             | 88              |
| Interest income   |      | (114)           | (59)            |
| Operating deficit before working capital changes          |      | (17,081)        | (16,814)        |
| Change in operating assets and liabilities                |      |                 |                 |
| Trade and other receivables                               |      | (79)            | (33)            |
| Prepayments   |      | (137)           | (41)            |
| Trade and other payables                                  |      | 705             | 56              |
| Cash flows used in operation                              |      | (16,592)        | (16,832)        |
| Deferred revenue received                                 |      | 7,668           | 8,037           |
| Interest received   |      | 114             | 59              |
| <b>Net cash used in operating activities</b>              |      | <b>(8,810)</b>  | <b>(8,736)</b>  |
| <b>Cash flows from investing activities</b>               |      |                 |                 |
| Purchase of plant and equipment                           | A    | (3)             | (239)           |
| <b>Net cash used in investing activities</b>              |      | <b>(3)</b>      | <b>(239)</b>    |
| <b>Cash flows from financing activities</b>               |      |                 |                 |
| Government grants received                                | (11) | 9,847           | 13,712          |
| IDA reimbursements received                               |      | -               | 96              |
| <b>Net cash generated from financing activities</b>       |      | <b>9,847</b>    | <b>13,808</b>   |
| <b>Net increase in cash and cash equivalents</b>          |      | <b>1,034</b>    | <b>4,833</b>    |
| <b>Cash and cash equivalents at beginning of the year</b> |      | <b>10,139</b>   | <b>5,306</b>    |
| <b>Cash and cash equivalents at end of the year</b>       | (12) | <b>11,173</b>   | <b>10,139</b>   |

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

## STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2017

### Note to the statement of cash flows

A. Purchase of plant and equipment

|  | 2017<br>S\$'000 | 2016<br>S\$'000 |
|--|-----------------|-----------------|
| Aggregate cost of plant and equipment acquired   | 62              | 239             |
| Provision for reinstatement costs (Note 16)      | (59)            | -               |
| Cash payment made to acquire plant and equipment | 3               | 239             |

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

### 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 490 Lorong 6 Toa Payoh, HDB Hub Biz 3 #05-10, Singapore 310490.

The primary functions and duties of the Council are:

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

### 2. 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.

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

### 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 2017*

On 1 April 2016, 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.

| <i>Description</i>   | <i>Effective for annual periods beginning on or after</i> |
|--|---|
| 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.

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

### 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\$1,898,000 (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 2017

### 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.

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 2017

### 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

### 2. Significant accounting policies (continued)

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

##### (i) Financial assets (continued)

###### *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.

##### (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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

### 2. Significant accounting policies (continued)

#### (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 |

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 arises.

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 de-recognition 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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

### 2. Significant accounting policies (continued)

#### (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.

#### (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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

### 2. Significant accounting policies (continued)

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

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.

#### (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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

### 2. Significant accounting policies (continued)

#### (l) Currency translation (continued)

##### (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.

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.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

### 2. Significant accounting policies (continued)

#### (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 2017

### 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

|  | 2017<br>S\$'000 | 2016<br>S\$'000 |
|--|-----------------|-----------------|
| Licence, registration and application fees | 9,079           | 9,261           |
| Examination fees and others                | 1,482           | 1,294           |
|  | 10,561          | 10,555          |

### 5. Fees and charges

|   | 2017<br>S\$'000 | 2016<br>S\$'000 |
|---|-----------------|-----------------|
| Housing and Development Board Consultancy and support services                | 483             | 529             |
| Criminal Investigation Department Screening of salespersons and estate agents | 561             | 343             |
| Government Technology Agency Support services                                 | 489             | 379             |
| Hardware and software development and maintenance                             | 2,878           | 1,929           |
| Others  | 413             | 860             |
|   | 4,824           | 4,040           |



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

### 6. Expenditure on manpower

#### (a) Key management personnel

|                                      | 2017<br>S\$'000 | 2016<br>S\$'000 |
|--------------------------------------|-----------------|-----------------|
| Salaries and bonuses                 | 1,635           | 1,491           |
| Central Provident Fund contributions | 103             | 62              |
|                                      | 1,738           | 1,553           |

#### (b) Other than key management personnel

|                                      |        |        |
|--------------------------------------|--------|--------|
| Salaries and bonuses                 | 7,909  | 8,445  |
| Central Provident Fund contributions | 1,078  | 1,003  |
|                                      | 8,987  | 9,448  |
|                                      | 10,725 | 11,001 |

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

|                                  | 2017<br>S\$'000 | 2016<br>S\$'000 |
|----------------------------------|-----------------|-----------------|
| Council members' fees            | 137             | 131             |
| Goods and services tax expenses  | 1,004           | 1,024           |
| Plant and equipment expensed off | 44              | 19              |
| Public outreach                  | 560             | 525             |
| Others                           | 191             | 265             |
|                                  | 1,936           | 1,964           |

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

### 8. Plant and equipment

|                                  | Furniture<br>and<br>fittings<br>S\$'000 | Office<br>equipment<br>S\$'000 | Renovation<br>S\$'000 | Total<br>S\$'000 |
|----------------------------------|---|--------------------------------|-----------------------|------------------|
| <b>Cost</b>                      |   |                                |                       |                  |
| As at 1 April 2015               | 147                                     | 164                            | 1,145                 | 1,456            |
| Additions                        | -                                       | 239                            | -                     | 239              |
| <b>As at 31 March 2016</b>       | 147                                     | 403                            | 1,145                 | 1,695            |
| <b>Additions</b>                 | -                                       | 3                              | 59                    | 62               |
| <b>As at 31 March 2017</b>       | 147                                     | 406                            | 1,204                 | 1,757            |
| <b>Accumulated depreciation</b>  |   |                                |                       |                  |
| As at 1 April 2015               | 72                                      | 118                            | 1,125                 | 1,315            |
| Depreciation for the year        | 18                                      | 56                             | 14                    | 88               |
| <b>As at 31 March 2016</b>       | 90                                      | 174                            | 1,139                 | 1,403            |
| <b>Depreciation for the year</b> | 18                                      | 57                             | 64                    | 139              |
| <b>As at 31 March 2017</b>       | 108                                     | 231                            | 1,203                 | 1,542            |
| <b>Carrying amount</b>           |   |                                |                       |                  |
| <b>As at 31 March 2017</b>       | 39                                      | 175                            | 1                     | 215              |
| As at 31 March 2016              | 57                                      | 229                            | 6                     | 292              |

Included within the cost of renovation is a provision for premises reinstatement costs of S\$200,000 (2015: S\$141,000) (Note 16).

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

### 9. Intangible assets

|                                 | Computer<br>software<br>S\$'000 |
|---------------------------------|---------------------------------|
| <b>Cost</b>                     |                                 |
| As at 1 April 2015              | 670                             |
| Additions                       | -                               |
| <b>As at 31 March 2016</b>      | <b>670</b>                      |
| Additions                       | -                               |
| <b>As at 31 March 2017</b>      | <b>670</b>                      |
| <b>Accumulated amortisation</b> |                                 |
| As at 1 April 2015              | 574                             |
| Amortisation for the year       | 96                              |
| <b>As at 31 March 2016</b>      | <b>670</b>                      |
| Amortisation for the year       | -                               |
| <b>As at 31 March 2017</b>      | <b>670</b>                      |
| <b>Carrying amount</b>          |                                 |
| <b>As at 31 March 2017</b>      | <b>-</b>                        |
| As at 31 March 2016             | -                               |

### 10. Trade and other receivables

|                   | 2017<br>S\$'000 | 2016<br>S\$'000 |
|-------------------|-----------------|-----------------|
| Trade receivables | 87              | 63              |
| Other receivables | 158             | 103             |
|                   | <b>245</b>      | <b>166</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.

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

### 11. Government Grant

|   | 2017<br>S\$'000 | 2016<br>S\$'000 |
|---|-----------------|-----------------|
| At the beginning of the financial year                                      | 372             | (4,676)         |
| Grant received  | 9,847           | 13,712          |
| Grant recognised in income and expenditure for the financial year (Note 2c) | (9,188)         | (8,520)         |
| Transferred to deferred capital grant during the financial year (Note 15)   | (3)             | (144)           |
| At the end of the financial year  | <b>1,028</b>    | <b>372</b>      |
| Government grant representing:<br>Grant received in advance                 | <b>1,028</b>    | <b>372</b>      |

### 12. Cash and cash equivalents

|                           | 2017<br>S\$'000 | 2016<br>S\$'000 |
|---------------------------|-----------------|-----------------|
| Cash and cash equivalents | 11,173          | 10,139          |

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.

### 13. Trade and other payables

|                                | 2017<br>S\$'000 | 2016<br>S\$'000 |
|--------------------------------|-----------------|-----------------|
| Trade payables                 | 1,415           | 744             |
| Accrued expenses               | 1,591           | 1,576           |
| Provision for unutilised leave | 323             | 304             |
|                                | <b>3,329</b>    | <b>2,624</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.

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

### 14. Deferred revenue

|               | 2017<br>S\$'000 | 2016<br>S\$'000 |
|---------------|-----------------|-----------------|
| Within 1 year | 5,379           | 5,576           |

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

|   | 2017<br>S\$'000 | 2016<br>S\$'000 |
|---|-----------------|-----------------|
| At the beginning of the financial year                                      | 223             | 62              |
| Transferred from government grant during the financial year (Note 11)       | 3               | 144             |
| Reimbursements from IDA   | -               | 96              |
| Grant recognised in income and expenditure for the financial year (Note 2c) | (53)            | (79)            |
| At end of the financial year  | 173             | 223             |

### 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:

|                              | 2017<br>S\$'000 | 2016<br>S\$'000 |
|------------------------------|-----------------|-----------------|
| At the beginning of the year | 141             | 141             |
| Additions                    | 59              | -               |
| At the end of the year       | 200             | 141             |

### 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.

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

### 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:

|   | 2017<br>S\$'000 | 2016<br>S\$'000 |
|---|-----------------|-----------------|
| <b>Housing and Development Board</b>        |                 |                 |
| Rental of premises                          | 1,068           | 1,068           |
| Consultancy and support services            | 483             | 529             |
|   | 1,551           | 1,597           |
| <b>Criminal Investigation Department</b>    |                 |                 |
| Screening of salespersons and estate agents | 561             | 343             |
| <b>Government Technology Agency</b>         |                 |                 |
| Support services                            | 489             | 379             |

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

### 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:

|   | 2017<br>S\$'000 | 2016<br>S\$'000 |
|---|-----------------|-----------------|
| Not later than one year                           | 971             | 1,129           |
| Later than one year and not later than five years | 927             | 1,691           |
|   | 1,898           | 2,820           |

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

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

|   | 2017<br>S\$'000 | 2016<br>S\$'000 |
|---|-----------------|-----------------|
| Not later than one year                           | 874             | 1,068           |
| Later than one year and not later than five years | 794             | 1,668           |
|   | 1,668           | 2,736           |

### 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 2017

### 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 2017

### 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.

|                              | 2017<br>S\$'000 | 2016<br>S\$'000 |
|------------------------------|-----------------|-----------------|
| <i>Loans and receivables</i> |                 |                 |
| Trade and other receivables  | 245             | 166             |
| Cash and cash equivalents    | 11,173          | 10,139          |
|                              | 11,418          | 10,305          |

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 2017 were authorised for issue in accordance with a resolution of the Council Members on 21 June 2017.

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