



# FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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## STATEMENT BY THE COUNCIL

For the financial year ended 31 March 2018

In our opinion,

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

On behalf of the Council,



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Quek See Tiat  
President



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Lee Kwong Weng  
Executive Director

Singapore

Date: 21 June 2018

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

For the financial year ended 31 March 2018

### Report on the Audit of the Financial Statements

#### *Opinion*

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

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

#### *Basis for Opinion*

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

#### *Other Information*

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

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

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

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

For the financial year ended 31 March 2018

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

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

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

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

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

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

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

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

For the financial year ended 31 March 2018

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

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

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

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

#### *Opinion*

In our opinion:

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

#### *Basis for Opinion*

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

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

For the financial year ended 31 March 2018

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

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

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

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

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



**Assurance Partners LLP**

Public Accountants and Chartered Accountants

Singapore

Date: 21 June 2018

## STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2018

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

## STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

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



## STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2018

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

## STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2018

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

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

## STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2018

### Note to the statement of cash flows

#### A. Purchase of plant and equipment

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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

### 1. General

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

The registered office and principal place of operations of the Council is located at 480 Lorong 6 Toa Payoh, HDB Hub East Wing #13-01, Singapore 310480.

The primary functions and duties of the Council are:

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

### 2. Significant accounting policies

#### (a) Basis of preparation

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 2. Significant accounting policies (continued)

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

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

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

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

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

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 2. Significant accounting policies (continued)

(a) Basis of preparation (continued)

*Standards issued but not yet effective* (continued)

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

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

(b) Revenue recognition

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

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Council and the revenue can be reliably measured.

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

(i) *Licence and registration fees*

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

(ii) *Application fees*

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

(iii) *Examination fees*

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

(iv) *Interest income*

Interest is recognised using the effective interest method.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 2. Significant accounting policies (continued)

#### (c) Government grants

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

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

Grants received from the Ministry of National Development for capital expenditure are taken to the deferred capital grants account upon the utilisation of the grants for purchase of plant and equipment and intangible assets, which are capitalised, or to income or expenditure for purchase of plant and equipment and intangible assets which are written off in the year of purchase. Injections of capital as part of the Capital Management Framework for Statutory Boards under Finance Circular Minute M26/2008 are treated as equity and recorded as share capital.

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

#### (d) Employee benefits

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 2. Significant accounting policies (continued)

(e) Financial instruments

(i) *Financial assets*

*Initial recognition and measurement*

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

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

*Subsequent measurement*

Loans and receivables

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

*De-recognition*

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

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



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 2. Significant accounting policies (continued)

(e) Financial instruments (continued)

(ii) *Financial liabilities*

*Initial recognition and measurement*

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

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

*Subsequent measurement*

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

*De-recognition*

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

(f) Plant and equipment

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 2. Significant accounting policies (continued)

(f) Plant and equipment (continued)

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

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

(g) Intangible assets

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

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

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

(h) Impairment of financial assets

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

Financial assets carried at amortised cost

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 2. Significant accounting policies (continued)

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

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

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

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

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

#### (j) Cash and cash equivalents

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

#### (k) Provisions

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 2. Significant accounting policies (continued)

(l) Currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

(m) Share capital

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

(n) Leases

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

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

(o) Goods and services tax

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 2. Significant accounting policies (continued)

(o) Goods and services tax (continued)

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

(p) Related parties

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

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

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

### 4. Revenue

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

### 5. Fees and charges

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 6. Expenditure on manpower

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

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

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

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

### 7. Administrative and other expenses

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 8. Plant and equipment

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

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



## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 9. Intangible assets

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

### 10. Trade and other receivables

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 11. Government Grant

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

### 12. Cash and cash equivalents

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

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

Cash and cash equivalents are denominated in Singapore dollars.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 13. Trade and other payables

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

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

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

### 14. Deferred revenue

	2018 S\$'000	2017 S\$'000
Within 1 year	<b>5,441</b>	5,379

Deferred revenue related to annual licence and registration fees received upon registration or renewal of licence from estate agents and salespersons. The revenue is recognised in accordance with the revenue recognition policy of the Council (Note 2b).

### 15. Deferred capital grant

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 16. Provision

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

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

### 17. Share capital

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 18. Related party transactions

For the purpose of these financial statements, parties are considered to be related to the Council if the Council has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Council and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. Under SB-FRS 24, the parent Ministry and other state-controlled entities are deemed as related parties.

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 19. Commitments

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

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

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

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

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

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

### 20. Statutory contribution to consolidated fund

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 21. Financial risk management

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

(a) Credit risk

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

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

(b) Liquidity risk

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

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

(c) Interest rate risk

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

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

(d) Fair values

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

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2018

### 22. Classification of financial assets and liabilities

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

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

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

### 23. Authorisation of financial statements

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





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