



**RAISING  
THE BAR**

**CEA** Council for  
Estate Agencies

ANNUAL REPORT 2012/2013

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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

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### **Raising the Bar**

To achieve higher standards  
To drive greater professionalism  
To empower consumers

The Council for Estate Agencies made good progress in raising the bar from strong regulation to greater emphasis on knowledge and understanding of good professional practices for the real estate agency industry and for consumers. As we journey on to develop the sector, the Council is committed to work hand in hand with stakeholders to help build an industry which values trust, integrity and professionalism.

## JOINT MESSAGE

2012 saw continued transformation of the real estate agency industry in Singapore, since the Estate Agents Act was established in 2010. Findings from the inaugural public perception survey by the Council for Estate Agencies (CEA) showed that most consumers were satisfied with services provided by their real estate salespersons, and estate agents were supportive of initiatives implemented by CEA to enhance professionalism in the industry.

CEA continued with its programme of inspection of estate agents, onsite checks on property-related launches and sales events, and compliance reviews of advertisements. CEA took enforcement actions against salespersons who breached industry regulations, including court prosecutions, disciplinary committee actions, and issuance of letters of warning.

As part of efforts to promote professionalism, CEA introduced a Professional Service Manual. A result of collaborative efforts involving estate agents, industry associations and relevant government agencies, the manual will provide a service standard benchmark for estate agents and their salespersons.

Another key initiative undertaken in collaboration with the industry was to review existing Estate Agents Regulations. This is appropriate as the industry and consumers have operated under the new regulatory environment for the past two years, and have given feedback to CEA. Changes arising from this review will be implemented in FY2014.

To enhance industry capabilities and best practices, CEA worked with partners to enhance its Continuing Professional Development scheme. New training courses were developed to provide better course relevance in response to the latest policy changes and developments in the real estate marketplace.

To promote greater use of information technology as an enabler to enhance productivity and service quality, CEA worked with the Infocomm Development Authority to promote the use of Software as a Service (SaaS) by real estate agents. With the appointment of selected vendors to provide Real Estate Agency Management SaaS applications, estate agents can benefit from this affordable and scalable IT management platform to achieve better customer engagement and business efficiency.

At the heart of a successful property transaction is consumer awareness and knowledge. During the year, CEA ramped up its public education efforts to enable consumers to make informed decisions on their property transactions. An online, one-stop consumer resource centre was set up in the CEA website to provide downloadable consumer guides, articles of interest, case studies, useful links and a calendar of public talks. CEA launched a mobile application of the Public Register of Estate Agents and Salespersons to allow consumers to verify the licensing details of estate agents and registration information of salespersons. A bi-monthly online newsletter, "CEAenergy" was launched to serve industry stakeholders and the public by providing updates on CEA's latest news, policies, initiatives and consumer tips.

CEA works closely with industry partners and government agencies to arrange joint outreach and consumer education programmes, and will continue to engage consumers with public talks co-organised with partners like the Consumers Association of Singapore to share information on industry regulations and practices, and to advise consumers on their rights and responsibilities.

In the coming year, CEA will work with the industry to develop a certification programme



for estate agents. New e-services and practice guidelines will also be launched, while consumers can look forward to an expanding range of consumer guides and education seminars.

We would like to express our appreciation to estate agents, salespersons and industry partners for your continued support of CEA's initiatives. We recognise that much effort

has been made by the industry to enhance professionalism and service standards. Our thanks also go to fellow Council members and our four Committees for their voluntary contribution of time and good counsel during the year, and to CEA's management and staff for their continued commitment and passion in leading the charge for positive change to Singapore's real estate agency industry.

**Greg Seow**  
President

**Chionh Chye Khye**  
Executive Director

# COUNCIL MEMBERS

22 October 2010 to 21 October 2013



*From left to right*

**Marc Boey** Group Director (Land Sales & Administration), Urban Redevelopment Authority

**Yap Chin Beng** Deputy Chief Executive Officer (Estate & Corporate), Housing & Development Board

**Chionh Chye Khye** Executive Director, Council for Estate Agencies

**Assoc Prof Yu Shi Ming** Head, Department of Real Estate, School of Design and Environment, National University of Singapore

**Ho Chee Pong** Senior Director (Human Capital), Public Service Division, Prime Minister's Office

*From left to right*

**Lawrence Ang Boon Kong** Senior Consultant, Donaldson & Burkinshaw

**Greg Seow** President, Council for Estate Agencies

**Seah Seng Choon** Executive Director, Consumers Association of Singapore

**Er Dr Tan Guan** Senior Principal, TY Lin International Pte Ltd

# SENIOR MANAGEMENT



*From left to right*

**Koh Pek Hoon** Deputy Director (Public Outreach)  
**Yeap Soon Teck** Deputy Director (Licensing)  
**Soh Kee Hean** Deputy Executive Director  
**Purnima Shantilal** Director (Licensing & Investigation)  
**Desmond Yeo** Deputy Director (Inspection & Compliance)

*From left to right*

**Timothy Kho** Deputy Director (Legal) (w.e.f. 1 July 2012)  
**Cheryl Lim** Deputy Director (Policy & Planning)  
**Khor Chor Huat** Deputy Director (Investigation)  
**Chionh Chye Khye** Executive Director  
**Chan Mun Kit** Director (Regulatory Control) (w.e.f. 3 April 2012)  
**Soh Chor Yin** Deputy Director (Corporate Development) (w.e.f. 18 June 2012)

# CEA COMMITTEES

## EXAMINATION & PROFESSIONAL DEVELOPMENT COMMITTEE

26 October 2012 to 25 October 2014

### CHAIRMAN

#### Assoc Prof Yu Shi Ming

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

### MEMBERS

#### Pauline Goh

Chief Executive Officer  
CBRE Singapore &  
Southeast Asia Pte Ltd

#### Peter Ow

Managing Director  
SLP International  
Property Consultants  
Pte Ltd

#### Eddie Yong

Executive Director of  
Investment Properties  
Far East Organisation  
(Representative  
from REDAS)

#### Michael Tan

Executive Director  
OrangeTee.com Pte Ltd

#### Donald Han

Special Advisor  
HSR Property Group

#### Tan Chew Ling

Group Director  
(Estate Administration  
& Property)  
Housing &  
Development Board

#### Tan Choi Heng

Course Manager  
Ngee Ann Polytechnic

#### Chan Mun Kit

Director  
(Regulatory Control)  
Council for Estate  
Agencies

#### Tan Kok Keong

Key Executive Officer  
Orion Property  
Consultants Pte Ltd

#### Ho Tian Lam

Chief Executive Officer  
DTZ Debenham Tie  
Leung (SEA) Pte Ltd

### FUNCTIONS

- 1 Determine examination syllabus for Key Executive Officers, practising directors/partners and salespersons, and ongoing review to ensure it is comprehensive, relevant to profession, and to raise industry standards
- 2 Examine and ensure CEA examinations and preparatory courses are able to achieve above mentioned objectives
- 3 Examine training needs and advise on appropriate training programmes to raise professional competency and standards
- 4 Oversee implementation of mandatory Continuing Professional Development (CPD) Scheme
- 5 Establish criteria and determine suitability of Real Estate Salesperson course, Real Estate Agent course and CPD course providers
- 6 Review and recommend education qualifications recognised as meeting the 4 GCE "O" Level qualification and CEA's examinations

## LICENSING & PRACTICE COMMITTEE

26 October 2012 to 25 October 2014

### CHAIRMAN

#### Er Dr Tan Guan

Senior Principal  
TY Lin International Pte Ltd

### MEMBERS

#### Chng Shih Hian

Senior Executive Director  
Suntec Real Estate  
Consultants Pte Ltd

#### Lee Kut Cheung

Managing Director  
RSP Architects Planners  
and Engineers (Pte) Ltd

#### Ng Boon Yew

Chairman  
Raffles Campus Pte Ltd

#### Prof Tang Hang Wu

School of Law  
Singapore Management  
University

#### Fong Heng Boo

Director  
(Special Duties)  
Singapore  
Totalisator Board

#### Albert Lu Nguan Soo

Key Executive Officer  
C & H  
Properties Pte Ltd

#### Tan Hong Boon

Regional Director  
(Investments)  
Jones Lang LaSalle  
Property Consultants  
Pte Ltd

#### Dennis Yeo Huang Kiat

Managing Director  
Singapore & Industrial  
Services, Asia  
Colliers International

### FUNCTIONS

- 1 Review and recommend changes to licensing/registration criteria
- 2 Consider and review processes for licensing/registration, including renewal and continuation processes
- 3 Consider, review and recommend debarment guidelines
- 4 Consider licensing/registration debarment cases, including rejecting applicants not fit and proper, considering reconsideration requests and revocation/suspension recommendations
- 5 Review and recommend amendments to Code of Ethics and Professional Client Care for estate agents and salespersons and Code of Practice for estate agents
- 6 Consider, review and recommend revision to Practice Circulars and Guidelines on various aspects of estate agency work

# CEA COMMITTEES

## DISCIPLINARY PANEL

26 October 2012 to 25 October 2014

### HEAD

#### Lawrence Ang Boon Kong

Senior Consultant  
Donaldson & Burkinshaw

### MEMBERS

#### Er Chan Ewe Jin

Principal Director  
Ecas-EJ Consultants  
Pte Ltd

#### Karam Singh Parmar

Senior Partner  
Tan Kok Quan  
Partnership

#### Wo Mei Lan

Director  
Liu & Wo Architects  
Pte Ltd

#### Prabhakaran s/o Narayanan Nair

Partner  
Derrick Wong &  
Lim BC LLP

#### Chee Wai Pong

Chee Wai Pong & Co

#### Dr Tan Teng Hooi

Associate Professor  
SIM University

#### Derrick Wong

Partner  
Derrick Wong &  
Lim BC LLP

#### Amarjit Singh

Consultant  
Donaldson &  
Burkinshaw

#### Reymond Fernandez

Director  
Reyfern Real Estate  
Consultancy Pte Ltd

#### Assoc Prof Tay Kah Poh

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

#### Phylcia Ang Ying Hui

Head of Residential  
Sales  
Savills Residential  
Pte Ltd

#### Dr Tan Tee Khoon

Managing Director  
KF Property Network  
Pte Ltd

#### Hamidul Haq

Equity Partner  
Rajah & Tann LLP

#### Yashodhara Dhoraisingam

Chief Operating Officer  
KSCGP Juris LLP

#### Tan Hee Joek

Partner  
Tan See Swan & Co

#### Christopher Thomas

**Koh Kia Yong**  
Director  
Chris International

#### Eric Tin Keng Seng

Partner  
Donaldson &  
Burkinshaw

#### Victor Lee Chay Pin

Senior Partner  
Chambers Law LLP

#### Yong Kwet Leong

Director  
Assets Consultancy  
Enterprise Pte Ltd

### FUNCTIONS

- 1 Hear cases for professional misconduct and breaches of the Code of Ethics and Professional Client Care and Code of Practice
- 2 Determine disciplinary actions which include warnings, fines, suspension debarment and imposition of conditions on the estate agencies and salespersons
- 3 Make recommendations as may be appropriate in relation to the disciplinary case hearing process

## AUDIT COMMITTEE

1 March 2012 to 28 February 2014

### CHAIRMAN

#### Ho Chee Pong

Senior Director (Human Capital)  
Public Service Division, Prime Minister's Office

### MEMBERS

#### Marc Boey

Group Director  
(Land Sales &  
Administration)  
Urban Redevelopment  
Authority

#### Fong Heng Boo

Director  
(Special Duties)  
Singapore  
Totalisator Board

#### Ng Boon Yew

Chairman  
Raffles Campus Pte Ltd

### FUNCTIONS

- 1 Nominate the External Auditor and approve remuneration and terms of engagement of the External Auditor (unless the External Auditor is the Auditor General)
- 2 Review with Appointed External and Internal Auditors:
  - a) their audit plans
  - b) their evaluation of the systems of internal controls; and
  - c) their audit reports
- 3 Review assistance given by CEA's officers to the Appointed External and Internal Auditors
- 4 Review annual accounts and consolidated accounts and recommend them to the Council for approval
- 5 Review adequacy and effectiveness of CEA's risk management systems

# CORPORATE PROFILE

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 new regulatory framework through licensing of estate agents, registration of salespersons, and regulating the practice of estate agents and salespersons in property transactions. It also conducts industry compliance checks and investigations, as well as disciplinary proceedings in respect of offences and unsatisfactory conduct or misconduct in relation to estate agency work. CEA works closely with the industry to raise professionalism, expand capabilities and promote business excellence. It administers the mandatory examination and continuing professional development framework as well as appoints

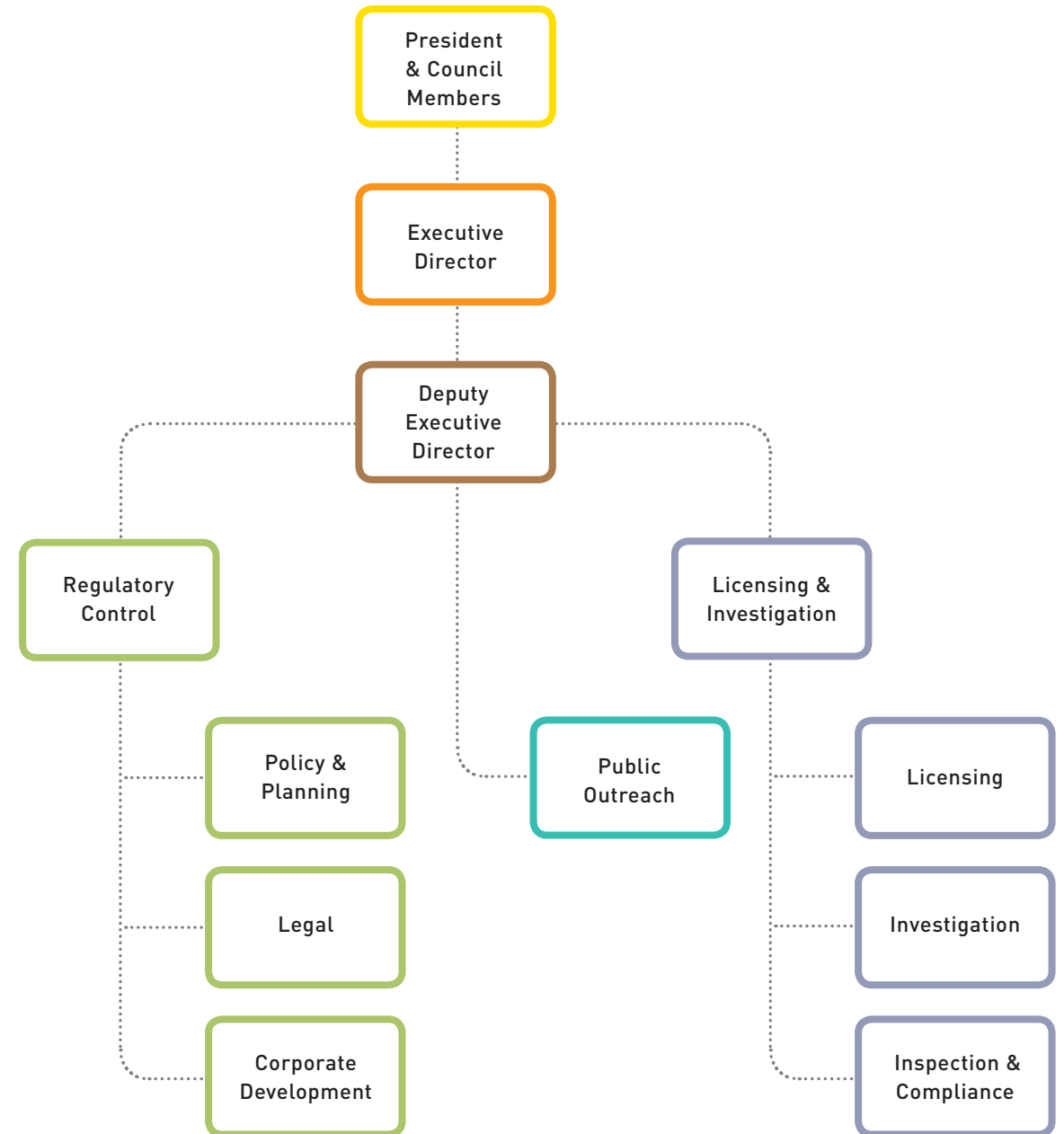
course providers. It identifies opportunities and fosters collaborations with strategic partners in industry development programmes to achieve business productivity.

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

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

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

# ORGANISATIONAL CHART





# KEY ACTIVITIES

## 2012

### MAY

- Commencement of CEA's audit of Approved Course Providers to ensure the quality and standard of Real Estate Agency (REA)/Real Estate Salesperson (RES) courses.
- Hosted an educational visit by the Legal Department, Housing & Development Board.
- Unregistered salesperson, Sim Soon Leong Raymond, sentenced to fine under the Estate Agents Act.

### JUNE

- Successfully completed the transition of provisionally registered salespersons to the new regulatory regime. The one-and-a-half-year transition ended on 30 June 2012. CEA conducted 20 RES examinations during the transition period. A two-month extension was given to salespersons who had made at least one RES examination attempt to pass the examination by 31 August 2012.
- CEA and the Urban Redevelopment Authority issued a joint Circular on the marketing of industrial properties to remind estate agents not to do misleading advertisements on the usage of the properties.
- Formed a Review Regulations Working Group comprising representatives from the industry, CASE and government agencies to review the Estate Agents Regulations.
- Registered salesperson, Kee Lee Ping, was sentenced to suspension and fine under CEA disciplinary framework.
- Unregistered salesperson, Lim Beng Kwang, sentenced to fine under the Estate Agents Act.

### JULY

- Registered salesperson, Su Yeow Hui Anthony, sentenced to suspension and fine under CEA disciplinary framework.
- Registered salesperson, Ting Seng Keng Edward, sentenced to fine under CEA disciplinary framework.

### AUGUST

- Launched "CEAenergy", a bi-monthly e-newsletter to update consumers and the industry on CEA's policies and initiatives, as well as provide consumer tips.
- CEA received the Minister's Award (Team) 2012 for its initiative on Licensing of Estate Agents and Registration of Salespersons.

### SEPTEMBER

- Unregistered salesperson, Tan Hock Khin, prosecuted under the Estate Agents Act.
- The Professional Service Manual Working Group completed the draft manual which was circulated to a wider segment of the industry for comments.

### OCTOBER

- Launched "CEA@SG", the mobile version of the Public Register of Estate Agents and Salespersons to facilitate consumers to verify information on the go.
- CEA welcomed its first scholar, Kao Hwee Ling, under the MND Family – Singapore Polytechnic Diploma scholarship programme.
- Appointed the Licensing & Practice Committee, the Examinations & Professional Development Committee and the Disciplinary Panel for a new two-year term.
- Commenced the annual licence and registration renewal/continuation exercise. The Estate Agencies Information Technology System was enhanced to allow salespersons to use SingPass for the first time to submit e-applications to CEA through their estate agents.

### NOVEMBER

- Announced findings of the inaugural public perception survey on the real estate agency industry to gauge consumer awareness and satisfaction of the industry.
- Set up an online Consumer Resource Centre on CEA website to provide useful information and guides for consumers on a one-stop platform.
- Collaborated with Police in a prosecution case against a KEO, Lee Pit Chin James, for unlicensed moneylending activities, the first such case since CEA's formation.
- Unregistered salesperson, Yap Zhi Yi Jason, sentenced to fine under the Estate Agents Act.

# KEY ACTIVITIES

## DECEMBER

- Implemented new requirements for Core Continuing Professional Development (CPD) Activity Providers to state key information in advertising their core CPD courses, and to obtain feedback from course participants using CEA's post-course evaluation form.
- Participated in the "Responsible and Ethical Advertising" seminar organised by the Advertising Standards Authority of Singapore.
- Unregistered salesperson, Lum Chap Heng, sentenced to fine for posting flyers in public.
- First registered salesperson, Ghazali Bin Mohamed Rasul, prosecuted for moneylender referrals.
- Informed Approved Course Providers of the revised RES examination format to be implemented in May 2013. The revised format introduces examination questions related to case studies.
- Appointed NTUC LearningHub Pte Ltd for the conduct and administration of the RES and REA examinations.

## 2013

### JANUARY

- Completed the annual licence and registration renewal/continuation exercise. As at 1 Jan 2013, there were 31,040 registered salespersons and 1,492 licensed estate agents.
- Collaborated with the Law Society of Singapore to introduce a new core CPD activity to equip salespersons with knowledge relating to the conveyancing process and regulations.
- Implemented administrative fee for the assessment of education qualifications from foreign and local non-government educational institutions submitted by applicants prior to RES course attendance.
- Implemented administrative fee for the assessment of core CPD course applications.
- Embarked on a Best Practice Sharing Sessions initiative which aims to build a knowledge database of industry best practices through visits to estate agents.
- Issued a Practice Circular reminding the industry to comply with the relevant rules relating to the Additional Buyer's Stamp Duty for residential properties and the Seller's Stamp Duty for industrial properties.
- Unregistered salesperson, Lailatul Asha Bte Hassim, prosecuted under the Estate Agents Act.

### FEBRUARY

- First registered salesperson, Chan Wai Meng Dominic, prosecuted for handling transaction money.
- Carried out industry consultations on the draft Professional Service Manual. The Manual was officially launched on 27 April 2013.
- Registered salesperson, Chua Cheng Thian Benny, sentenced to suspension and fine under CEA disciplinary framework.

### MARCH

- Supported the inaugural Asia Pacific Real Estate Convention & Expo (APRECE) 2013 organised by the Institute of Estate Agents. CEA also had a meeting with the President and senior members of the National Association of Realtors, USA on the sidelines of APRECE.
- Supported the launch of the Singapore Industrial & Services Employees Union (SISEU) Real Estate Professionals' Chapter which announced the tie-up between SISEU and SAEA Ltd.
- Collaborated with the Infocomm Development Authority and the industry associations to appoint solution providers for the development of cost-effective and scalable Software-as-a-Service-based agency management applications for estate agents.
- Conducted industry consultations on the review of RES examination syllabus. The objective was to ensure that the syllabus was more comprehensive and updated with industry practices and existing policies/regulations governing estate agency work.
- First registered salesperson, Nangoi Demelza Carmelita, prosecuted for dual representation.

## ACHIEVING HIGHER STANDARDS

CEA serves to uphold a fair and effective regulatory framework that safeguards consumer interests while raising the status and professionalism of the real estate agency industry. Towards this end, CEA undertakes enforcement actions, proactive monitoring and works closely with stakeholders to implement regulatory guidelines to uphold the good reputation and integrity of the industry.





CEA provides various channels for public enquiries and feedback.

The Council for Estate Agencies (CEA) was set up on 22 October 2010 to regulate and develop the real estate agency industry in Singapore. In the initial phase of operation, CEA has put into effect the key elements under the Estate Agents Act – new regulations and codes of conduct, stricter licensing conditions for estate agents and mandatory registration of salespersons, processes for discipline and dispute resolution, and a proactive enforcement system. The Council successfully completed the transition of provisionally registered salespersons to the new regulatory regime on 30 June 2012.

CEA has since moved on to ramp up its regulation and enforcement work. Over the last 12 months, it has been taking stronger actions to ensure that the regulations were understood and followed. It is also continuing to define, refine and reinforce professional practice guidelines to ensure that they support the best interests of the industry, its practitioners and consumers.

## REGULATING MANDATORY REGISTRATION & LICENSING

The system of licensing estate agents and mandatory registration of salespersons continued to play a fundamental role in helping the industry achieve high standards of competency, accountability and compliance.

In FY2012, CEA processed and approved approximately 100 licence applications and 10,800 registration applications. It also completed the 2012 year-end renewal/continuation exercise for 1,492 estate agents and 31,040 salespersons.

As at 31 March 2013, there were 1,495 licensed estate agents and 32,982 registered salespersons.

To ensure a hassle-free and smooth renewal process, CEA implemented an online registration

system. Salespersons no longer need to submit hardcopy application forms. They could use their SingPass accounts to submit online applications to CEA and check information and status updates on their registration renewal.

The integrated online system aims to streamline the administration process and ensure compliance with regulatory guidelines. Estate agents were able to submit online returns of Continuing Professional Development (CPD) activities attended by their salespersons to CEA.

In addition, the CPD cycle has been adjusted to better synchronise with the year-end renewal/continuation exercise. From year 2013 onwards, the CPD cycle will end in September every year so as to tie in with the renewal or continuation of licence or registration in October. Each CPD cycle will last 12 months, starting from 1 October of the year to 30 September of the following year. All KEOs, practising directors or partners, and salespersons will be required to fulfil six CPD credit hours by 30 September each year in order to continue or renew their licence or registration.

The CEA website provides an important gateway to information for existing and aspiring salespersons. The salesperson resource page offers information on the registration process and requirements. Salespersons can also find information on CPD activities and download CEA prescribed estate agency agreements, practice guides and circulars. Some of the serious offences handled by CEA are listed for the industry to note. If salespersons are involved in a dispute or subjected to disciplinary action, they can refer to the website for information on the Dispute Resolution Scheme and the disciplinary process.

## SYSTEMATIC HANDLING OF CONSUMER ISSUES

To support its objective of achieving higher standards of professionalism and consumer



CEA works closely with industry stakeholders in refining and implementing its regulations.

service, CEA provides multiple channels for public feedback and industry engagement. These include its customer service counter, toll-free hotline, fax, email and website.

In FY2012, CEA received over 53,500 enquiries, feedback and complaints from members of the public and industry. A significant number of enquiries were from estate agents and salespersons concerning the year-end licensing, registration renewal and continuation exercise.

A total of 880 complaints were received in FY2012. The top three complaints were related to advertisements that carried misleading/missing information or that were posted without prior consent from home owners (36%), unprofessional services rendered by salespersons (29%), and salesperson misconduct (16%).

As estate agents are responsible for managing their salespersons, CEA continued to leverage the integrated system comprising CEA and estate agents to conduct joint investigations of complaints. These joint efforts have helped to instil greater accountability, fairness and confidence in the customer issues management process across the industry.

In FY2012, CEA concluded 815 complaints. Estate agents resolved 275 cases. Among the 164 substantiated complaints, seven cases ended in court prosecutions, seven in disciplinary actions and 150 with the issuance of

Letters of Advice. A total of 297 complaints were determined to be unsubstantiated. In addition, 11 cases were referred to the Police and the Small Claims Tribunal, and the remaining 68 cases were found to be not under the purview of the Council.

There were 35 cases that underwent mediation/arbitration under the CEA Dispute Resolution Scheme. The Scheme was introduced to help resolve disputes by way of mediation and arbitration in cases where the estate agent and complainant are unable to arrive at a satisfactory resolution from the estate agent.

The four Dispute Resolution Centres appointed by CEA are the Consumers Association of Singapore, Singapore Institute of Surveyors and Valuers, Singapore Mediation Centre and Singapore Institute of Arbitrators.

As some parties involved in disputes also lodge their cases with the Small Claims Tribunal (SCT), CEA had a meeting with the Tribunal to establish an understanding on the handling of such cases. SCT will not hear cases where the parties had not signed the prescribed estate agency agreement. As a first step, parties involved in disputes can go for mediation under the CEA Dispute Resolution Scheme.

## STEPPING UP PROACTIVE MONITORING

Besides ensuring active response to inbound feedback, CEA poured in greater efforts to conduct proactive monitoring of operations in the industry.

CEA adopts a two-pronged strategy in industry monitoring. Firstly, compliance checks are done to ensure that only licensed estate agents and registered salespersons conduct estate agency work, in line with the Estate Agents Act. Secondly, inspection is conducted on estate agents to ensure proper systems are put in place for the management and supervision



Compliance checks on advertisements.

of salespersons, complaint handling, advertisement control and maintenance of proper records.

In FY2012, CEA carried out nine inspections on estate agents. Another two familiarisation visits were made to estate agents as part of CEA's regular engagement with the industry. Each visit included a tour of the estate agent's main operation facilities and interactions with its senior management. These visits enabled estate agents to share with CEA their views on key areas such as training, operations, management, IT systems and complaint management.

CEA conducted 42 on-site compliance checks at property launches, exhibitions and investment seminars. Prior to these events, CEA informs the organisers of the rules and regulations under the Estate Agents Act and its Regulations and performs background checks on the exhibitors. An assessment will be made whether there may be any potential breach of the Estate Agents Act. At the events, CEA will ascertain if there is any entity or person who conducts unlicensed estate agency work, and assess sales practices by licensed estate agents and registered salespersons – including salesperson conduct, estate agents' management of salespersons, advertising and marketing – to ensure that these are in line with the regulatory requirements, industry standards and practices.

In addition, CEA performed 221 compliance checks of advertisements. The checks enabled

CEA to identify unlicensed estate agents and unregistered salespersons as well as breaches of the advertisement guidelines by registered salespersons so that appropriate enforcement actions could be taken.

Through proactive monitoring, CEA noticed a trend of advertisements marketing properties for the wrong uses. To counter the situation, CEA issued a joint Practice Circular with the Urban Redevelopment Authority (URA) on 20 June 2012 to remind estate agents and salespersons against wrongfully marketing industrial properties for uses other than its allowable use.

CEA issued two other Practice Circulars in FY2012. One was issued on 23 August 2012 to inform estate agents and salespersons that they are not to advertise or offer any free gifts, including cash or cash vouchers, to induce consumers to engage their services. Another Practice Circular on the Revised Additional Buyer's Stamp Duty and Seller's Stamp Duty was issued on 14 January 2013 to remind estate agents and salespersons not to backdate documents and to comply with laws of other government agencies. It is a breach of the Estate Agents Regulations if estate agents and salesperson infringe statutory and regulatory requirements of government agencies.

CEA participated in a seminar titled "Responsible and Ethical Advertising" organised by the Advertising Standards Authority of Singapore on 7 December 2012. This platform provided an opportunity for CEA

to share with businesses the advertising rules and regulations in the real estate agency industry and to highlight important issues that are relevant to the industry players. Through such sharing sessions, CEA seeks to cultivate a healthy relationship with various stakeholders to raise the professionalism of the estate agency industry.

To encourage estate agents to share and learn best practices that support compliance efforts under the new Estate Agents Act and regulatory landscape, CEA launched a new initiative on Best Practices Sharing. Four visit-cum-dialogue sessions were held between November 2012 and March 2013. The open discussions presented an ideal setting for participants to share their experiences, views and best practices. Systems, processes and practices in estate agents that helped support their businesses and enhance productivity were discussed. These sharing sessions will culminate in a Best Practices Seminar to be held in late 2013 to provide a platform for estate agents to share insights and best practices with the rest of the industry.

## DRIVING REGULATORY COMPLIANCE & ENFORCEMENT

As the Council administers the full cycle of regulatory compliance, its responsibility starts from identifying and investigating allegations of regulatory breaches and extends to taking disciplinary or legal action against offenders



Examples of advertisement infringements.

under the Estate Agents Act. CEA has been reinforcing its enforcement regime to deliver decisive action when unethical practices and breaches are uncovered.

In FY2012, CEA conducted investigations into complaints against salespersons for misconduct, unethical behaviour and offences under the Estate Agents Act. CEA prosecuted seven individuals for breaches of the Estate Agents Act.

There were three cases related to carrying out estate agency work without registration and/or authorisation from an estate agent. Of these, the accused in two cases were convicted and one case is pending before the courts. Two other accused, who were charged for unregistered salesperson offences before 1 April 2012, were also convicted during FY2012.

CEA also views moneylending-related offences seriously. A former salesperson was charged for referring his clients to a moneylender and receiving payments from the moneylender, both of which are offences under the Estate Agents Act. The case is now before the courts.

Collusion with moneylenders and involvement in moneylending activities by estate agents and salespersons may result in debarment from working in the industry. As at 31 March 2013, CEA had debarred ten individuals as registered salespersons for their involvement in unlicensed moneylending activities.



A Best Practices Sharing session by estate agent, C & H Properties Pte Ltd.

Two accused have been charged for handling of transaction money in the rental of a HDB flat. One of them was also charged for representing both parties in a lease transaction. Both cases are before the courts. In the final case, a salesperson was prosecuted for unregistered estate agency work, impeding CEA officers in their field operation, neglecting to provide information and documents to CEA on request and providing false information during investigation. This case is now before the courts.

To enhance the effectiveness of its enforcement activities, CEA works closely with key law enforcement agencies such as the Immigration and Checkpoints Authority, Registry of Moneylenders (ROM) and Singapore Police Force, in particular, its Criminal Investigation Department (CID). The close collaboration between CEA and CID was evident in the case where a KEO of an estate agent was charged by CID for operating an unlicensed moneylending business. The KEO was also charged by ROM for offences under the Moneylenders' Rules when he was a licensed moneylender. He was convicted and sentenced to nine months' imprisonment and a fine of \$474,000.

## UPLIFTING PROFESSIONAL INTEGRITY OF THE INDUSTRY

The range of disciplinary actions taken by CEA against errant estate agents and salespersons includes warnings, fines, suspension and revocation of licence or registration. Letters of Advice may be issued if disciplinary action is not undertaken.

In FY2012, CEA initiated disciplinary proceedings against seven salespersons for breaches under the Estate Agents Act and its regulations. Of the seven, one case has been concluded. The remaining six cases were pending the completion of disciplinary proceedings as at 31 March 2013. A further three cases, which commenced before 1 April 2012, were concluded in FY2012.



CEA shared its advertising rules and regulations with the advertising industry.

CEA also issued six composition notices for compoundable offences, including the handling of transaction money and use of CEA's name.

## LOOKING AHEAD

In its continued drive to raise professionalism in the real estate agency industry, CEA is pushing ahead to roll out several new initiatives. High on the list will be the introduction of the Practice Guidelines on Professional Service Manual in FY2013 which sets out the professional service standards and responsibilities required of estate agents and salespersons in estate agency work.

To provide greater clarity and further aid compliance by the industry, CEA plans to review and update the existing Practice Guidelines on Ethical Advertising, and Practice Guidelines on Option to Purchase and Sale & Purchase Agreements in FY2013.

New practice guidelines and circulars will also be released to help estate agents and salespersons in their sales activities and provide additional information to consumers. Topics include marketing of new developments and overseas properties, provision of floor area information to customers, conveying accurate information on property transaction

prices and benefits offered by developers, and conduct between salespersons. There will also be guidelines on the prevention of money laundering and countering the financing of terrorism.

A new certification scheme to recognise and differentiate outstanding licensed estate agents is in the pipeline. The scheme will introduce a series of standards for key industry practices such as people development and business process excellence. CEA will seek input from industry stakeholders before implementation in FY2014.

To maximise the efficacy and resources deployed in investigation work, a new electronic Investigation Paper System will be implemented to facilitate effective tracking of investigation papers and the timelines.

As CEA continues to work closely with its partners, joint circulars by HDB and URA will be issued in FY2013 to provide specific guidance to salespersons on transactions for subletting of HDB flats and short-term leasing of private properties.

Collectively, these initiatives will positively impact stakeholders across the real estate transaction cycle by providing clearly-structured frameworks and systems to guide the decision making and practices of estate agents and salespersons.

## DRIVING GREATER PROFESSIONALISM

Knowledge, ethics and service excellence are critical factors in delivering higher standards of professionalism in the real estate agency industry. CEA is committed to developing the competencies and capabilities of estate agents and salespersons through continuing training and industry development programmes.





CEA Executive Director, Chionh Chye Khye at a PSM discussion with KEOs.

In line with the new regulatory framework and to meet the demands of the dynamic real estate agency industry, CEA is focused on facilitating a wide range of training programmes to promote relevant knowledge, and groom skills and capabilities. Becoming proficient at what they do means estate agents and salespersons will not only need a good grasp of specialised industry practices, they must also be equipped to deliver high standards of professional service. To gain a competitive business edge, they need to have a clear understanding of consumer needs and how best to serve them at every stage of the real estate transaction process.

## MAINTAINING HIGH QUALIFICATION STANDARDS

In FY2012, CEA received continued support across the industry for implementing minimum educational requirements and qualifying

examinations. This is important to ensure that practitioners in the industry have a competent understanding of industry regulations, policies and procedures.

CEA received a total of 2,000 applications for qualification assessment. Of these, 1,775 (89%) applications were recognised as having met the minimum qualification of four GCE "O" level passes.

In the same period, 7,919 persons completed the Real Estate Salesperson (RES) course, while 80 persons completed the Real Estate Agency (REA) course. A total of 11 RES examinations and five REA examinations were held in FY2012. All aspiring salespersons are required to pass the RES examination before they can register with CEA. All Key Executive Officers (KEOs) or practising directors/partners need to pass the REA examination before they can be appointed.

In order to prepare potential KEOs, practising directors/partners and salespersons for the REA and RES examinations, courses are run by approved course providers under CEA Approved Course Provider (ACP) Scheme. CEA monitors closely the performance of ACPs through participants' feedback and the examination passing rates.

To ensure the quality of training, CEA conducted an audit of the ACPs between May and November 2012. The audit included site visits and lesson observations of the ACPs. Based on its findings, CEA revised the terms and conditions for ACPs and introduced new criteria for compliance in the areas of curriculum development and control, trainer requirements, post-course follow-up, facilities and advertising. Further audits of the ACPs will be done on an ongoing basis.

An open tender was put up to outsource the conduct and administration of the RES and REA examinations for a three-year period, from January 2013 to December 2015. The tender exercise ensures transparency and fair competition, as well as derives the best value from the contract through open competition. The tender was awarded to NTUC LearningHub Pte Ltd in December 2012.

In December 2012, as part of its regular review of the relevance and standards of the industry examinations, CEA announced a revision to the RES examination format. With effect from the May 2013 examination, a new case study section will be added in the RES examination to test applied knowledge in case interpretation and analysis. The case studies will be based on typical real life scenarios which real estate salespersons are likely to encounter when carrying out estate agency work in property transactions.

From 2013 onwards, the frequency of RES examinations was changed from once a month to once in two months.

## ADVANCING PROFESSIONAL GROWTH

As continued professional growth of industry practitioners is one of the key enablers in the framework to raise industry standards, various initiatives were implemented to promote professional advancement.

In FY2012, CEA worked closely with the industry to develop new customised contents and courses for its mandatory Continuing Professional Development (CPD) Scheme. Implemented since 1 April 2011, the CPD Scheme requires KEOs and salespersons to complete at least six credit hours of CPD training a year to qualify for licence and registration renewal.

To ensure a variety of relevant CPD courses to meet the industry's training needs, CEA works with industry partners, including industry associations, government agencies, tertiary institutions, professional bodies and the CEA approved course training providers to come up with new training courses. CEA also taps the partner organisations' core areas of expertise to meet the industry's training requirements.

During the year, CEA approved a total of 133 core CPD training programmes. These courses covered a wide range of topics from CEA regulations and practice guidelines to policies and procedures related to real estate.



A new CPD activity. (Photo: The Law Society of Singapore)





Members of the CEA Examination & Professional Development Committee.

New courses were also introduced to cover topics of interest and relevance to the industry. The Consumers Association of Singapore (CASE) ran a series of four courses – “Professional Advertising in the Real Estate Business”, “Data Privacy Practice in Real Estate Business”, “Alternative Dispute Resolution for Real Estate Disputes” and “Professional Business Practice in Real Estate Business”. The speakers included academics from local universities as well as industry professionals from CASE and the Advertising Standards Authority of Singapore.

In recognition of the importance of legal knowledge required of salespersons in the course of carrying out estate agency work, CEA worked with the Law Society of Singapore to hold a three-module seminar on “Sharpening Your Real Estate Skills – Acquiring Conveyancing Knowledge”.



RES examination conducted by NTUC LearningHub.

The Singapore Institute of Retail Studies, a national Continuing Education & Training Centre, conducted a “WSQ Lead a Service Team with CEA Code of Ethics” course, targeted at supervisors who lead teams of salespersons. Others included “Commercial Properties Leasing & Transaction Course” by the Ngee Ann Polytechnic and “The Requirements on Outdoor Advertisement” by the Building & Construction Authority.

CEA gave materials to the industry associations to help them run relevant CPD courses for the industry. For example, the Institute of Estate Agents (IEA) was given disciplinary case studies to develop a course on “Handling Complaints/ Disputes & Disciplinary Case Studies”. The SAEA Ltd conducted a workshop for KEOs, practising directors/partners on “Standard Operating Procedures - Complaints & Dispute Resolution - Training & Supervision”. The Singapore Institute of Surveyors and Valuers (SISV) incorporated the CEA Dispute Resolution Framework into its “SISV Construction & Real Estate Mediation Course”.

There were other CPD courses conducted by various estate agents and industry associations on topics relating to the property cooling measures, property tax issues, seller’s stamp duty, additional buyer’s stamp duty and GST.

To further enhance the quality of CPD courses, CEA implemented new requirements from 1 January 2013. All activity providers were required to use the revised core CPD Activity Application Form to submit core CPD courses for approval by CEA. They must comply with requirements such as ensuring the course content and coverage is comprehensive and prepared with the target audience in mind, and that all courses must indicate the relevant level of training in the course publicity. They must ensure the CPD trainers are well qualified to deliver the core CPD activity, and satisfy criteria including sufficient years of practical experience or relevant experience and academic qualifications for the selected topics. All activity providers must ensure proper and stringent

controls on attendance taking, record keeping and use CEA’s standardised post-course evaluation form to obtain course feedback.

To increase the number of core CPD courses for the industry, CEA has allowed the large estate agents with more than 400 salespersons to open their core CPD courses to salespersons from other estate agents.

During the year, staff audited CPD activities to assess the quality of the programmes and to ensure compliance with CEA’s guidelines. The CPD activity providers audited include industry associations, ACPs and estate agents. They were given comments on how to improve on their delivery of CPD programmes.

To support CEA’s efforts to raise professional standards, the Singapore Industrial & Services Employees’ Union (SISEU) launched the SISEU Real Estate Professionals’ Chapter on 4 March 2013. The SISEU Chapter aims to reach out to the real estate professionals through skills training and industry development activities. To mark its launch, the SISEU Chapter announced a pilot funding of \$20,000 from NTUC’s Employment and Employability Institute (e2i) to provide salespersons who are Singaporeans and Permanent Residents with fee subsidies for some CPD courses run by the industry association SAEA Ltd.

## COLLABORATING FOR PROFESSIONALISM & BUSINESS EXCELLENCE

CEA engages the industry regularly through exchanges and collaborations on various fronts to build capabilities and achieve operational excellence in the industry.

Bi-monthly dialogue sessions were held with KEOs from the large and medium-sized estate agents to gather feedback from the industry and share best practices, disciplinary cases, case studies on advertisement infringements and complaints statistics. They were also updated on the CEA’s initiatives such as regulations review, upcoming guidelines and practice circulars, industry development programmes and consumer outreach activities.

CEA also met up with the Housing & Development Board (HDB) and Urban Redevelopment Authority (URA) on a bi-monthly basis to cross-share information and discuss policy and operational matters relevant to the agencies. Such close collaborations have facilitated and enabled HDB to send relevant HDB circulars or information directly to KEOs for compliance or reference by estate agents and salespersons. From time to time, joint circulars with HDB or URA on latest policy/



Acting Minister for Manpower Tan Chuan-Jin announced CEA’s review of regulations at APRECE 2013. (Photo: IEA)



RES course. (Photo: IEA)

procedural updates have been sent out to estate agents to guide them on practice areas that are regulated by both CEA and the partner agencies.

CEA organised collaborative work groups to tap industry participation and the expertise of relevant government agencies, industry associations and estate agents. This open approach helps garner the views and suggestions from a broad cross-section of the industry, which is beneficial when initiating new programmes or dealing with complex industry issues and policies.

The success of industry-wide partnership was clearly demonstrated in the progress made in developing the Professional Service Manual (PSM) in FY2012. The PSM sets out the dos and don'ts to guide salespersons in their work and the professional practices expected of them. This is the first time that the real estate agency industry will have a detailed set of guidelines on service standards and ethical behaviours. This collaborative effort involved various industry stakeholders and government agencies including the URA and HDB.

The PSM Working Group kick-started the project in November 2011 and has since completed several rounds of industry-wide consultations. These consultations were integral to the drafting of the PSM in view of the impact of the

new regulatory requirements on the industry practices. As at 31 March 2013, the manual was in the final stage of completion. The PSM implementation date is targeted for 1 January 2014 to allow time for the industry to understand its contents fully as well as to conduct training for salespersons.

A review of the existing Estate Agents Regulations was also underway. In June 2012, CEA formed a Regulations Review Working Group, comprising representatives from the estate agents, industry associations, CASE, HDB and URA. This major initiative was announced by the Acting Minister for Manpower and Senior Minister of State for National Development, Tan Chuan-Jin at the Asia Pacific Real Estate Convention and Expo 2013 on 20 March 2013.

The issues reviewed include provisions relating to dual representation, avoidance of association with moneylending and conflict of interest. Other areas under review include provisions relating to marketing, co-broking arrangements and usage of CEA's prescribed estate agency agreement.

The Code of Ethics & Professional Client Care will also be fine-tuned, while the Code of Practice will be enhanced to help estate agents better manage their recruitment efforts, salespersons' training and estate agency work. In addition, the Working Group will refine the licensing and registration requirements, and look into ways to promote wider use of the resolution mechanism for disputes between estate agents and consumers. Changes arising from the review are expected to be implemented in FY2014.

Another joint initiative spearheaded by CEA was the call for industry adoption of IT and Software-as-a-Service (SaaS). CEA set up a Working Group to review IT solutions for real estate businesses. This followed closely to the Infocomm Development Authority of Singapore's (IDA) SaaS Call-For-Collaboration (CFC) public exercise launched in 2012. The CFC hopes to encourage small and medium enterprises to adopt SaaS IT solutions for business benefits,



CEA's Director (Regulatory Control), Chan Mun Kit (extreme left) and Chairman of SAEA Ltd, Tay Kah Poh (second from right) with Secretary-General of NTUC, Lim Swee Say (centre) and industry partners at the launch of SISEU. (Photo: NTUC)

from enhanced productivity to better customer engagement.

Three vendors have been appointed to develop and roll out Real Estate Agency Management SaaS applications to the industry from 1 March 2013. The Real Estate Agency Management SaaS modules will support integrated "back-end" agency operations and "front-end" salespersons operations. They will also be scalable to suit the diverse needs of different estate agents and salespersons.

CEA is exploring the use of the internet to promote e-learning for the industry. In collaboration with the Singapore Polytechnic, CEA started work in December 2012 on a pilot project



CPD activity. (Photo: Real Estate School)

to develop a learning web application covering contents in the Practice Guidelines on Ethical Advertising. The application is in the form of a scenario-based comic strip. To achieve the learning objectives, the contents are organised into chapters, each depicting the estate agency work carried out, learning points and quiz questions at the end of each comic strip. It is intended to educate salespersons and to serve as public education to the consumers who may also find this informative and useful when they engage salespersons for their property transactions.

## LOOKING AHEAD

In the year ahead, the industry can expect enhancements to the RES and REA course syllabus to ensure delivery of clear learning outcomes and continued relevance in the fast changing industry.

A CPD training roadmap will also be introduced to provide a progressive pathway to encourage development of knowledge and skills for individuals and the industry.

Significant opportunities for growth and competency development lie ahead for estate agents and salespeople as CEA continues to lead the industry towards transformation for the future.

## EMPOWERING CONSUMERS

As the guardian of consumer interests in the real estate agency industry, CEA empowers consumers to make informed decisions in their property transactions. Its public outreach efforts focus on enhancing access to relevant resources and engaging consumers through communications platforms, media publicity and collaborations with strategic partners to extend its reach.





Eight out of ten consumers surveyed were satisfied with their salespersons' conduct and services.

CEA recognises the importance of safeguarding consumer interests and undertakes to equip consumers with the necessary knowledge for their property transactions. It carries out various initiatives to promote public awareness of the Council and key industry practices, as well as educate consumers on their rights and the responsibilities of salespersons. Through its work, CEA aims to empower consumers with greater confidence and accountability in their property decisions.

In FY2012, CEA focused on developing more consumer resources and making them readily accessible to the wider community. It also stepped up efforts in consumer engagement through more education seminars and working closely with the media and partners to reach out to the public.

## EXPANDING CONSUMER RESOURCES

CEA built on its extensive repository of information for consumer education by rolling out a new online consumer resource centre on its website at [www.cea.gov.sg/consumerresources](http://www.cea.gov.sg/consumerresources). As the main source for information on CEA and the real estate agency industry in Singapore, the reference site features downloadable consumer guides, a schedule of consumer education talks, case studies, articles of interest, and reference information on HDB and private property transactions. The resource centre will be regularly updated with more contents as and when they are ready.

To expand its outreach and facilitate easy access to important information by the public, linkages were made between the CEA website and those of other government agencies and industry associations. Regular updates ensure that the



CEA contributes articles to the media and publications of partner organisations.

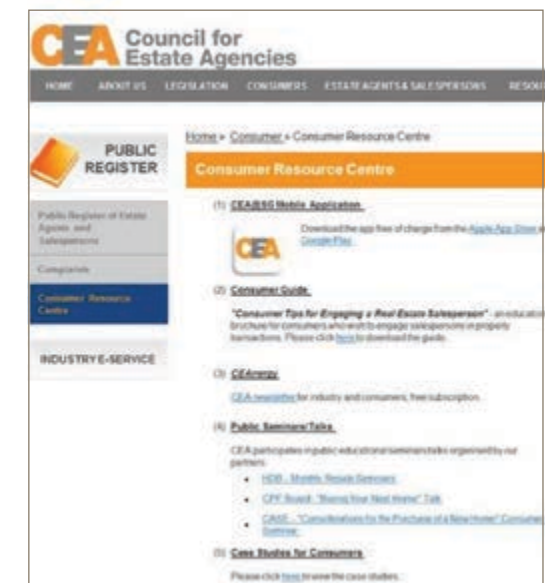
website is the convenient source for the latest industry news and guidelines.

On 17 October 2012, CEA enabled "on-the-go" access to the Public Register of Estate Agents and Salespersons with the launch of its first mobile application "CEA@SG". Consumers are encouraged to make the Public Register their first stop of enquiry when engaging the services of estate agents and salespersons. The launch of this mobile app is significant as iOS and Android device users are now able to verify easily the licensing and registration validity of estate agents and salespersons at property viewings or on-site discussions. The mobile app is available free of charge from the Apple App Store and Google Play.

CEA also continued to grow its stable of collaterals. "CEAenergy", an e-newsletter was launched on 27 August 2012 to raise the profile of CEA and the real estate agency sector. The name "CEAenergy" (read as synergy) was chosen as CEA works in synergy with stakeholders and consumers to achieve a holistic development of the industry. The bi-monthly online newsletter updates consumers and the industry on CEA's policies and cases, industry developments, public outreach initiatives, consumer tips and events. It was distributed to Key Executive Officers (KEOs), salespersons, key government and industry stakeholders, partners and the

local media. The newsletter is available to members of the public through free subscription via the CEA website.

CEA published its inaugural annual report for the period from 22 October 2010 to 31 March 2012. It was issued to key stakeholders, including KEOs, major local media, and partners in the public and private sector. Highlights in the annual report were picked up and reported in various leading local print and online media.



CEA's online consumer resource centre.



A CEA officer speaking at a HDB Public Talk. (Photo: HDB)

## EXTENDING COMMUNITY AWARENESS

As a relatively small statutory board, it is critical for CEA to leverage the reach and resources of partner agencies to help extend its public outreach efforts. In FY2012, CEA participated in 21 consumer education seminars to reach out to about 3,000 consumers directly.

The Council fielded speakers at 16 HDB monthly resale seminars to educate consumers on what to look out for when engaging the services of a salesperson. These seminars were conducted in English, Malay and Mandarin. CEA also spoke at a HDB public talk on subletting of HDB flats. In addition, CEA participated in four public education seminars organised by the Central Provident Fund (CPF) Board for consumers buying their next home.

As a champion of consumer interests, the Consumers Association of Singapore (CASE) is a strategic partner of CEA in consumer education.

Quarterly meetings were held to discuss consumer issues and to develop initiatives that enable consumers to make informed decisions in property transactions. Work started on two new projects scheduled for FY2013. One of which was a joint CEA-CASE seminar to provide insights into the property market and various aspects of property transactions, such as consumer rights, estate agent responsibilities, and property financing. The other initiative was a consumer guide on the sale, purchase and rental of properties to be launched at the joint seminar.

The industry associations have also expressed interest to contribute to the consumer education efforts of the Council. The associations' members are in the frontline servicing consumers and they can therefore provide good contributions towards consumer education. Regular meetings with CASE and the industry associations have been planned to develop projects relating to consumer interests and education.

## ENGAGING MEDIA & PARTNERS

In addition to joint outreach with its strategic partners, the Council also stepped up efforts to deliver its core messages to the public via the mass media. With their significant reach,



Taking questions from the audience at HDB Resale Seminar in Mandarin.

the mass media play an instrumental part in promoting understanding of CEA's role and its key initiatives. Consumers and the industry also learn about their rights and responsibilities as well as the enforcement efforts against errant agents and salespersons.

In FY2012, CEA's media strategy involved the dissemination of information through press releases, and engagements in editorial features and interviews. Where significant cases are prosecuted in Court or in the disciplinary committees, press releases are issued so as to spread the deterrent message and enhance awareness. CEA also worked closely with various media to roll out a series of educational programmes to target different groups of consumers.

To engage the Malay-speaking community, CEA worked with Berita Harian on a six-part consumer education series. Published fortnightly from 6 December 2012, the articles provided tips on engaging the services of a real



CEA works closely with the media to reach out to consumers.

estate salesperson, buying an overseas property and rental transactions. It also featured key industry practices and regulations such as commission payable, use of prescribed estate agency agreement and dispute resolution mechanism, as well as the three "Nos" in estate agency work – no dual representation, no referral to moneylenders and no handling of transaction monies. Positive feedback from readers led to an extension of the series by another six articles, which ended on 9 May 2013.

CEA also contributed articles to various publications of partner organisations. Featured articles included "Get it right as a home buyer or seller" which appeared online in the CPF Board's InTouch Magazine and "Protecting home buyers" which was published in URA's publication, Skyline. CEA also provided a series of consumer education articles to STProperty, an online property portal. Homebuyers, a publication for residential property investors, published one of CEA's public education articles as well as a chapter and relevant statistics from CEA's Annual Report.



Reaching out to consumers at a talk organised by CASE.



CEA-Berita Harian consumer education series.

## DRIVING DIRECT CONSUMER CONTACT

A key factor that enables CEA to develop relevant services and effective regulations is its ability to obtain timely and accurate feedback and insights from the marketplace.

In November 2012, CEA completed a public perception survey on the real estate agency industry. The survey interviewed more than 2,200 consumers and potential consumers, 1,200 salespersons and close to 500 KEOs.

The aim of the survey was to gain insights into the perceptions and expectations of consumers

and industry stakeholders. The survey covered four key areas: (a) public awareness of the roles and responsibilities of CEA, estate agents and salespersons; (b) consumer satisfaction; (c) consumer expectations; and, (d) industry perception of KEOs and salespersons.

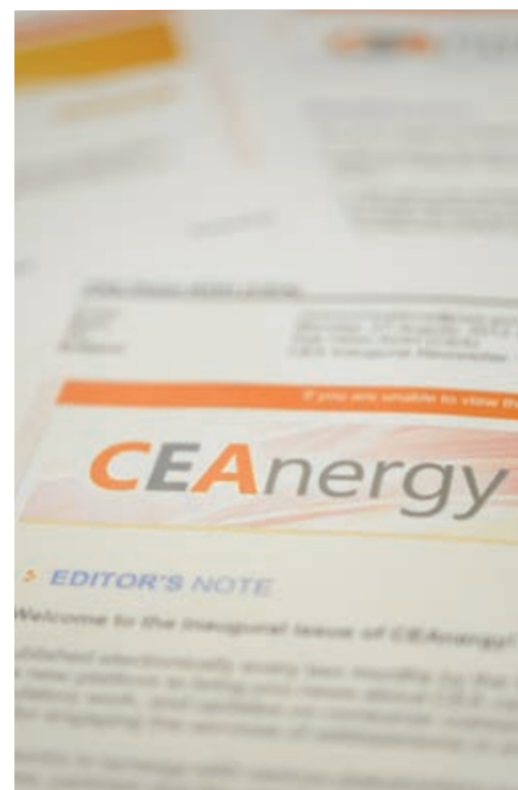
Released to the media on 26 November 2012, the survey results revealed that eight out of ten consumers were satisfied with the conduct and services provided by their salespersons while seven out of ten consumers planned to recommend their salespersons to others. However, consumers would like salespersons to improve on their industry and market knowledge so as to be able to better advise on their property transactions.

Awareness of key industry practices/regulations among consumers was generally high, averaging 72% or eight out of the 11 key areas. The awareness level of potential consumers was lower at 59%. Resale consumers showed a higher level of awareness of the key industry practices/regulations compared to rental consumers.

The industry has also expressed strong support of CEA's efforts in raising the standards of the industry. Some 80% of KEOs and salespersons indicated that the regulatory measures and enforcement of minimum eligibility criteria for salespersons have helped raise the



CEA participates in public education seminars by the CPF Board. (Photo: CPF Board)



CEA's e-newsletter, "CEAnergy".

professionalism of the industry, though they felt that more could be done in the areas of industry development and consumer education.

Over 90% of salespersons found that the training, including the Continuing Professional Development courses, was effective in raising their professionalism. Majority of them also indicated that they would require additional training on government rules and regulations and market information.

CEA will use the survey findings to guide the design of policies and programmes to further industry development and public education.

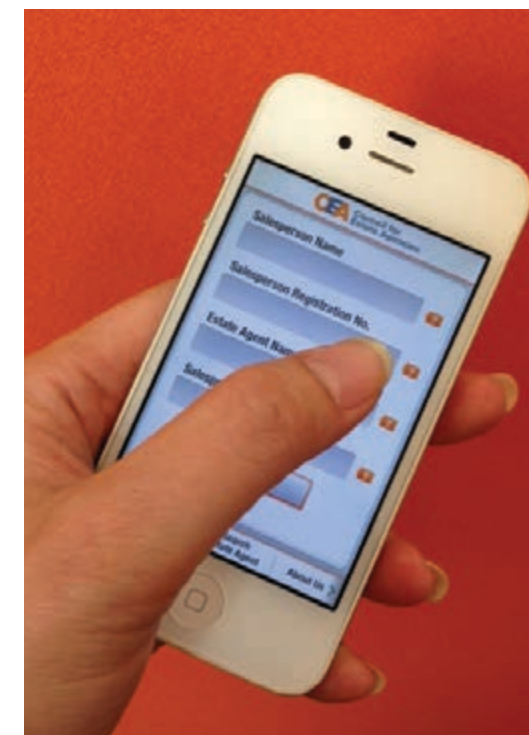
## LOOKING AHEAD

To meet the growing demand and expectations for CEA to do more in the area of consumer education, CEA plans to step up its outreach

efforts by engaging directly with the public and collaborating with more partner agencies.

More consumer guides are in the development pipeline to address the various aspects of property transactions involving the services of a salesperson. When published, these guides will help consumers to make better and more informed decisions about their property transactions. The mobile app will also be enhanced to provide easy access to more consumer resources.

Collaborations with partner agencies will enable the Council to launch new initiatives for consumers. A joint initiative with CASE and the industry associations is in the works to support a new series of consumer education seminars. Topics will range from engaging real estate salespersons to consumer responsibilities and dispute resolution. CEA will also seek partnership with community and non-government organisations to bring its consumer education programmes to various target groups.



"CEA@SG" mobile app.

## MAXIMISING TEAM POTENTIAL

The greatest resource of CEA is its staff. Investing in them and their capabilities remains its priority. The Council also strives to build a stimulating workplace that enables staff to pursue excellence in their work and professional development so as to meet the challenges of the industry.





The 2012 Minister's Award winning team from CEA with Minister for National Development, Khaw Boon Wan (centre). (Photo: MND)

In FY2012, CEA continued to roll out different staff initiatives to equip and empower its employees with core competencies and capabilities, create a nurturing work environment that supports teamwork and work excellence, and encourage employee engagement and work-life balance.

## STRENGTHENING COMPETENCIES & CAPABILITIES

To build a competent team to meet current and future demands of the industry, CEA focused its efforts on human resource planning and staff recruitment services. As at 31 March 2013, it achieved an effective staffing rate of 89%.

CEA is committed to developing a culture of lifelong learning and building up the competencies and knowledge required of

staff in their areas of work and work practices. During the year, CEA arranged for staff to attend relevant training courses and development programmes based on their qualifications and experiences. For instance, investigators attend training at the Home Team Academy. The exposure to different courses enabled staff to hone their skills such as investigation or media skills, and expand their knowledge of topics like ethical issues related to their work.

In recognition of its efforts in driving transformational change in the industry, CEA received the Minister's Award (Team) 2012 for the initiative on "Licensing of Estate Agents and Registration of Salespersons". A team comprising staff from various Divisions was tasked to build a system from scratch to handle applications for licence and registration, as well as fee payment. During the months of preparation, the team worked overtime in the office and even at home during the festive period. The hard work and perseverance of the

team enabled the system to be completed on time for the mass licensing and registration exercise in October 2010. At the end of the exercise, close to 1,500 estate agents and over 31,000 salespersons were transited successfully to the new regulatory system. The team continued to enhance the system incorporating complaints, debarment and reconsideration processes. As part of the system, a public register was also set up for consumers to obtain information about estate agents and salespersons before engaging them.

CEA is a corporate participant in the Ministry of National Development (MND) Family Scholarship programme, which aims to promote design-thinking competencies and inculcate an innovative culture among MND agencies. A Singapore Polytechnic Diploma scholarship was awarded to student Kao Hwee Ling, who will join CEA when she completes her course of study in business innovation and design.

## BUILDING A STIMULATING WORK ENVIRONMENT

In FY2012, many internal processes for office administration were streamlined to achieve better efficiencies across the organisation. Key improvements included setting up the



Visit by the HDB Legal Department.

digital document registry and the CEA intranet for knowledge management and information sharing. These contributed towards building a stimulating work environment that empowers staff to strive for work excellence and productivity improvements.

In line with ensuring good corporate governance, CEA conducted its first internal audit of the licensing operations. It also reviewed the performance of its appointed information technology (IT) vendor to ensure that all contractual obligations were met.

CEA implemented various schemes in FY2012 to deepen the sense of well-being among staff members, including flexible working hours and



CEA Executive Director, Chionh Chye Khye (right) receiving the NTUC Certificate of Appreciation from Head (Strategies and Planning/Youth Lab) of NTUC Youth Development Unit, Alex Yam. (Photo: MND)



telecommuting. The aim of these family friendly schemes is to motivate employees and promote a balanced lifestyle. CEA employees also benefitted from a health screening exercise as part of its staff welfare scheme.

To build a conducive workplace for a bigger workforce, CEA renovated its work spaces to enhance the layout of its expanded office space. A "Blue Sky Day" on the last Friday of every month was also implemented to encourage employees to leave the office punctually at the end of the work day in order to spend time with their family and friends.

As part of its commitment to make a difference in the Singapore community, CEA conducted its own "Our Singapore Conversation" sessions. The views shared by staff were contributed to the National Conversation.

CEA also participated in the President's Challenge 2012 charity drive. Staff donated generously and contributed to the more than \$11 million raised by the Ministry of National Development and its six statutory boards during the event.



CEA Executive Director, Chionh Chye Khye (left) with scholarship recipient, Kao Hwee Ling.



Building a conducive work environment that encourages work-life balance.

## LEARNING EXCHANGES

CEA welcomes opportunities to share with visitors its experience and challenges in regulating the real estate agency industry in Singapore. On 30 May 2012, CEA hosted an educational visit by the Legal Department of the Housing & Development Board. The visitors were briefed on the Council's corporate history, complaint management system, legal case studies and consumer education efforts.

To promote mutual exchanges between regulatory agencies, CEA visited the Council for Private Education (CPE) on 31 October 2012 to learn more about its best practices in regulation, industry development and consumer education. In turn, CPE visited CEA on 22 November 2012 to better understand CEA's customer services, licensing operations, media communications and public outreach strategies. CEA will be planning further exchanges with CPE in 2013 to understand its EduTrust Certification Scheme. This is to help CEA plan and frame its own certification scheme for the real estate agency industry.



"Our Singapore Conversation" session with CEA staff.

## LOOKING AHEAD

To achieve organisational excellence, CEA is not only investing in people development programmes, but also putting in place an integrated IT infrastructure to support the effective use of IT and proper documentation of work procedures. These tools are critical to enabling and enhancing knowledge management across the organisation.

Schemes for managing staff suggestions and recognition of good front line services will be implemented in the coming year to provide a platform for employees to contribute their best ideas towards achieving its corporate goals and to recognise good work done by staff. It is also formulating a series of business continuity plans to ensure the robustness of CEA's operations.

The Council will continue to empower its people with the right skills and knowledge, and promote a positive work culture so that the CEA team is primed to drive the transformation of the real estate agency industry.



CEA Deputy Executive Director, Soh Kee Hean (left) receiving the President's Challenge 2012 token of appreciation for CEA from President Tony Tan Keng Yam.

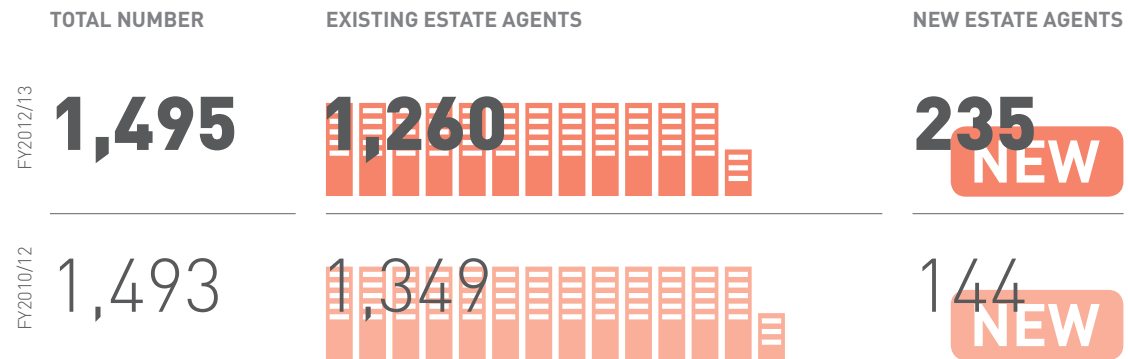
# STATISTICAL OVERVIEW

## FY2012/13 (1 APRIL 2012 TO 31 MARCH 2013)

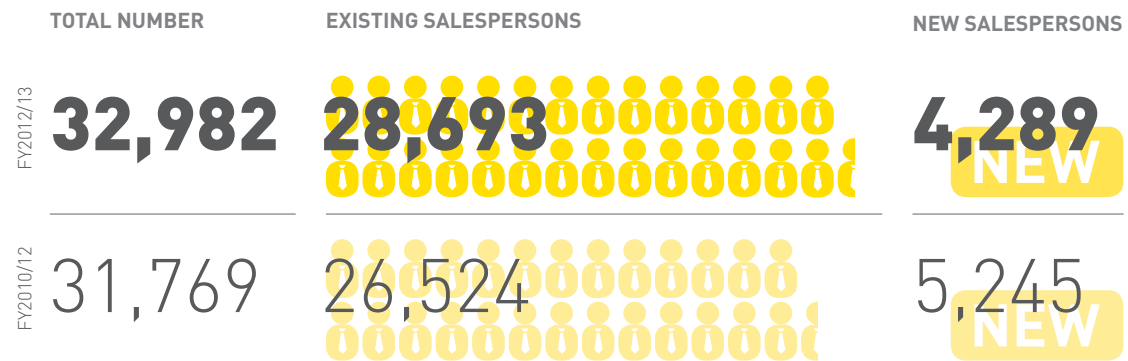
FY2010/12 refers to 22 October 2010 to 31 March 2012 (18 months).

### LICENSING & REGISTRATION

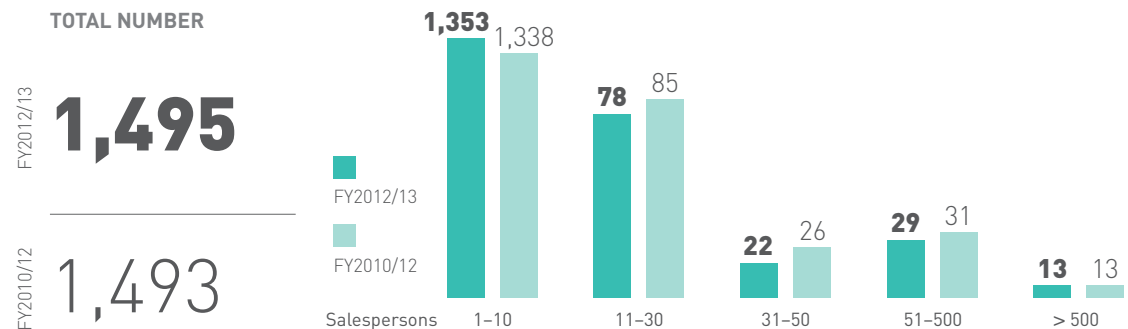
#### NUMBER OF LICENSED ESTATE AGENTS



#### NUMBER OF REGISTERED SALESPERSONS

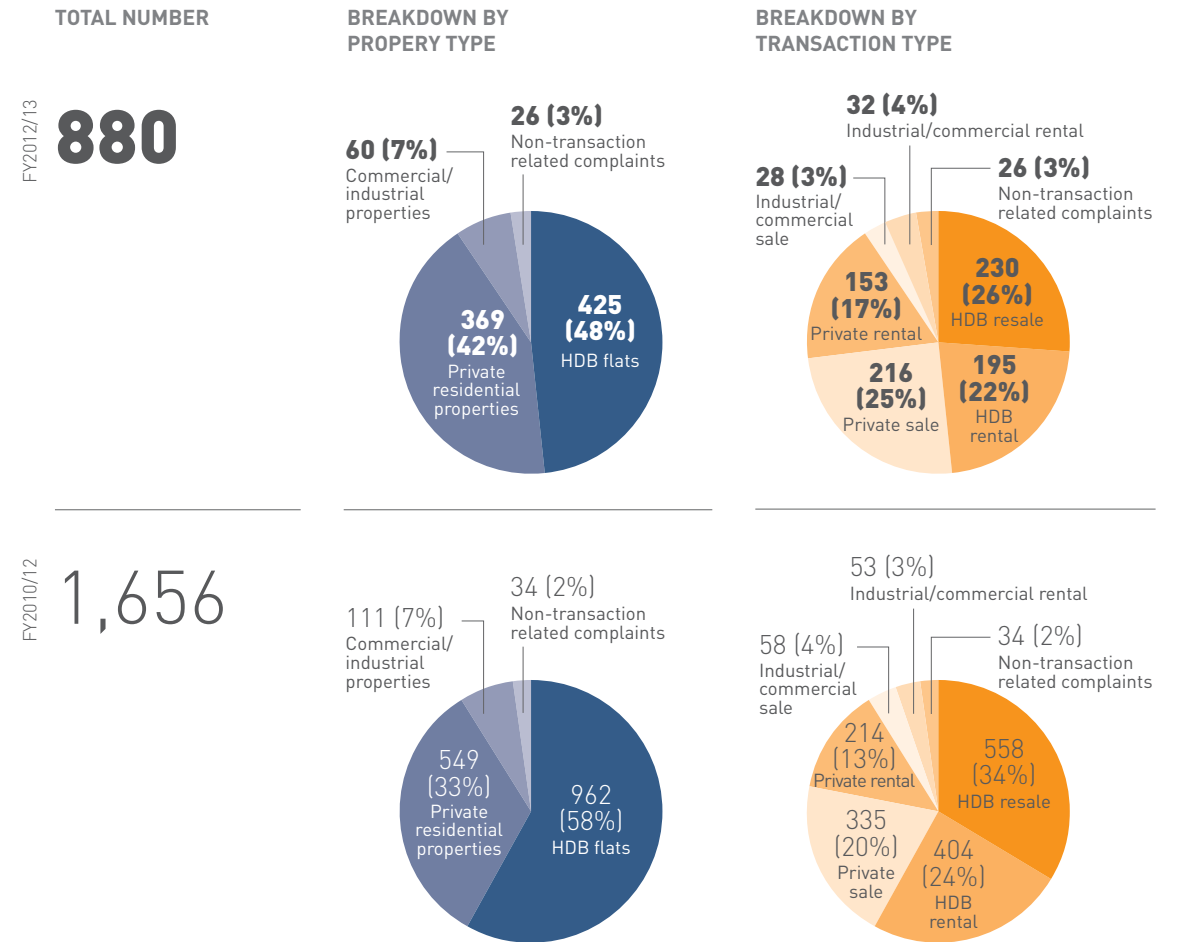


#### BREAKDOWN OF LICENSED ESTATE AGENTS BY SIZE



### COMPLAINT MANAGEMENT

#### TOTAL NUMBER OF COMPLAINT CASES



FY2010/12 refers to 22 October 2010 to 31 March 2012 (18 months).

## COMPLAINT MANAGEMENT

### NATURE OF COMPLAINTS

| Nature of Complaints                                                                                     | Number of Complaints |                  |
|----------------------------------------------------------------------------------------------------------|----------------------|------------------|
|                                                                                                          | FY2010/12            | FY2012/13        |
| Unprofessional/poor service (e.g. wrong advice/not punctual/not following proper procedures)             | 729 (44%)            | <b>255 (29%)</b> |
| Advertisement/flyer (e.g. misleading/missing information/improper distribution of flyers)                | 272 (16%)            | <b>319 (36%)</b> |
| Misconduct (e.g. use of threatening words/harassment/misrepresentation)                                  | 261 (16%)            | <b>143 (16%)</b> |
| Not acting in client's interest (e.g. conflict of interest/refusing to co-broke/failing to convey offer) | 116 (7%)             | <b>44 (5%)</b>   |
| Unregistered salesperson/unlicensed estate agent                                                         | 83 (5%)              | <b>48 (5%)</b>   |
| Dual representation                                                                                      | 79 (5%)              | <b>14 (2%)</b>   |
| Fraud                                                                                                    | 43 (3%)              | <b>4 (1%)</b>    |
| Moneylending                                                                                             | 8 (<1%)              | <b>9 (1%)</b>    |
| Handling transaction monies                                                                              | N.A.                 | <b>9 (1%)</b>    |
| Others (e.g. recruitments/seminars)                                                                      | 65 (4%)              | <b>35 (4%)</b>   |
| <b>Total</b>                                                                                             | <b>1,656</b>         | <b>880</b>       |

FY2010/12 refers to 22 October 2010 to 31 March 2012 (18 months).

## COMPLAINT MANAGEMENT

### CATEGORIES OF CONCLUDED COMPLAINTS

| Categories                                   | Outcomes                                                                                                       | Number of Complaints |            |
|----------------------------------------------|----------------------------------------------------------------------------------------------------------------|----------------------|------------|
|                                              |                                                                                                                | FY2010/12            | FY2012/13  |
| Resolved by estate agents                    | Complaints resolved by estate agents                                                                           | 267                  | <b>275</b> |
| Substantiated                                | Letter of Advice/Warning served on salespersons and estate agents                                              | 177                  | <b>150</b> |
|                                              | Disciplinary action                                                                                            | 1                    | <b>7</b>   |
|                                              | Prosecution                                                                                                    | -                    | <b>7</b>   |
| Unsubstantiated                              | Insufficient evidence to substantiate claim                                                                    | 275                  | <b>101</b> |
|                                              | Assessed by CEA that there was no wrongdoing by the salesperson                                                | 143                  | <b>192</b> |
|                                              | Baseless/frivolous complaints                                                                                  | 4                    | <b>4</b>   |
| Referred to other bodies/Government agencies | Small Claims Tribunals                                                                                         | 52                   | <b>4</b>   |
|                                              | Police (for investigation)                                                                                     | 22                   | <b>7</b>   |
| No further action                            | After investigation, established that the cases were not under CEA's purview (e.g. landlord and tenant issues) | 139                  | <b>68</b>  |
| <b>Total</b>                                 |                                                                                                                | <b>1,080</b>         | <b>815</b> |

FY2010/12 refers to 22 October 2010 to 31 March 2012 (18 months).

## COMPLAINT MANAGEMENT AND COMPLIANCE CHECKS

### NUMBER OF PROACTIVE CHECKS & COMPLIANCE ACTIVITIES

| Types                                                                          | Number of Cases |
|--------------------------------------------------------------------------------|-----------------|
| Advertisement, media & internet scan                                           | 221             |
| Field surveillance (e.g. at seminars, property exhibitions, property launches) | 42              |
| Inspections on estate agents                                                   | 9               |

### ACTIONS TAKEN (INCLUSIVE OF COMPLAINT CASES AND COMPLIANCE CHECKS)

| Actions Taken                  | Number of Cases                                                        |                                                                               |
|--------------------------------|------------------------------------------------------------------------|-------------------------------------------------------------------------------|
|                                | FY2010/12                                                              | FY2012/13                                                                     |
| Letter of Advice (LOA)/Warning | 283 LOAs issued to estate agents/salespersons (arising from 238 cases) | <b>287 LOAs issued to estate agents/salespersons (arising from 176 cases)</b> |
| Court prosecution              | 3 cases (1 concluded)                                                  | <b>7 cases (4 concluded)</b>                                                  |
| Disciplinary action            | 5 cases (1 concluded)                                                  | <b>7 cases (4 concluded)</b>                                                  |
| Composition fines              | 0                                                                      | <b>6 cases (3 concluded)</b>                                                  |

### DISPUTE RESOLUTION: MEDIATION AND ARBITRATION CASES

In FY2012, 35 cases had gone for mediation/arbitration under the Dispute Resolution Scheme. The mediation cases were held at all of the three Approved Mediation Centres, and the arbitration cases at one of the two Approved Arbitration Centres.

| Approved Mediation Centres                 | Number of Cases |           |
|--------------------------------------------|-----------------|-----------|
|                                            | FY2010/12       | FY2012/13 |
| Consumers Association of Singapore         | 14*             | 26        |
| Singapore Institute of Surveyors & Valuers | 3*              | 5         |
| Singapore Mediation Centre                 | 0               | 1         |

| Approved Arbitration Centres               | Number of Cases |           |
|--------------------------------------------|-----------------|-----------|
|                                            | FY2010/12       | FY2012/13 |
| Singapore Institute of Surveyors & Valuers | 2               | 3         |

\*includes 5 additional cases that were not featured in FY2010/12's report  
The other approved arbitration centre is the Singapore Institute of Arbitrators.

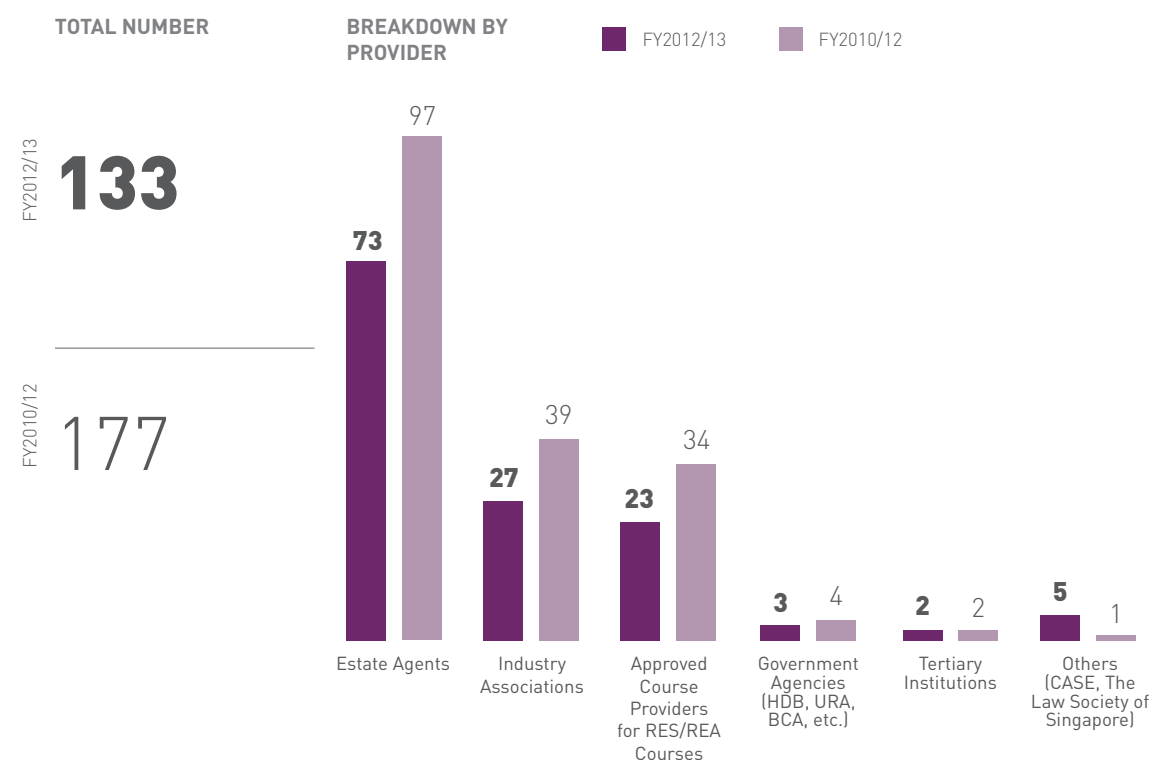
FY2010/12 refers to 22 October 2010 to 31 March 2012 (18 months).

## INDUSTRY DEVELOPMENT

### NUMBER OF INDUSTRY ENGAGEMENT ACTIVITIES

| Platforms                                                         | Number of Activities |           |
|-------------------------------------------------------------------|----------------------|-----------|
|                                                                   | FY2010/12            | FY2012/13 |
| KEO briefings                                                     | 20                   | <b>5</b>  |
| Familiarisation visits and best practices visits to estate agents | 14                   | <b>6</b>  |

### NUMBER OF CORE CPD COURSES APPROVED BY CEA



FY2010/12 refers to 22 October 2010 to 31 March 2012 (18 months).


# FINANCIAL STATEMENTS

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## STATEMENT BY THE COUNCIL

In our opinion the accompanying statement of financial position, statement of comprehensive income, statement of changes in equity and the statement of cash flows of the Council for Estate Agencies (the "Council"), together with the notes thereon, are drawn up in accordance with the provisions of the Estate Agents Act, Chapter 95A and Statutory Board Financial Reporting Standards, so as to present fairly, in all material respects, the state of affairs of the Council for the financial year ended 31 March 2013 and the results and changes in equity of the Council and cash flows of the Council for the financial year then ended.

On behalf of the Council:



Greg Seow  
President



Chionh Chye Khye  
Executive Director

Singapore  
18 June 2013

# INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 March 2013

Independent Auditor's Report to the Members of the Council for Estate Agencies

## REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the Council for Estate Agencies (the "Council"), which comprise the statement of financial position as at 31 March 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of Estate Agents Act, Chapter 95A (the "Act") and Statutory Board Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Statutory Board Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Council as at 31 March 2013 and of the results, changes in equity and cash flows of the Council for the year ended on that date.

# INDEPENDENT AUDITOR'S REPORT (CONT'D)

For the financial year ended 31 March 2013

Independent Auditor's Report to the Members of the Council for Estate Agencies

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### *Management's Responsibility 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 Responsibility*

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

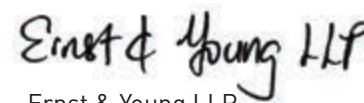
Our compliance audit includes obtaining an understanding of the internal control relevant to the receipts, expenditure, investment of moneys and the acquisition and disposal of assets; and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for 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.

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

### *Opinion*

In our opinion:

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



Ernst & Young LLP

Public Accountants and  
Certified Public Accountants

Singapore  
18 June 2013

# STATEMENT OF FINANCIAL POSITION

As at 31 March 2013

|                                | Note | 2013<br>\$'000 | 2012<br>\$'000 |
|--------------------------------|------|----------------|----------------|
| <b>ASSETS LESS LIABILITIES</b> |      |                |                |
| <b>Non-current assets</b>      |      |                |                |
| Plant and equipment            | 4    | 438            | 924            |
| Intangible assets              | 5    | 370            | 397            |
|                                |      | 808            | 1,321          |
| <b>Current assets</b>          |      |                |                |
| Trade and other receivables    | 6    | 522            | 1,015          |
| Prepayments                    |      | 16             | 3              |
| Cash and cash equivalents      | 7    | 9,584          | 9,482          |
|                                |      | 10,122         | 10,500         |
| <b>Less:</b>                   |      |                |                |
| <b>Current liabilities</b>     |      |                |                |
| Trade and other payables       | 8    | 1,677          | 1,699          |
| Deferred revenue               | 9    | 6,104          | 5,844          |
| Government grant               | 10   | 1,176          | 2,418          |
|                                |      | 8,957          | 9,961          |
| <b>Net current assets</b>      |      | 1,165          | 539            |
| <b>Non-current liabilities</b> |      |                |                |
| Deferred capital grant         | 11   | 113            | -              |
| Provision                      | 12   | 141            | 141            |
|                                |      | 254            | 141            |
| <b>Net assets</b>              |      | 1,719          | 1,719          |
| <b>Equity</b>                  |      |                |                |
| Share capital                  | 13   | 1,719          | 1,719          |
| <b>Total equity</b>            |      | 1,719          | 1,719          |



Greg Seow  
President

18 June 2013

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

# STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2013

|                                                                                      | Note  | 01.04.2012<br>to<br>31.03.2013<br>\$'000 | 22.10.2010<br>to<br>31.03.2012<br>\$'000 |
|--------------------------------------------------------------------------------------|-------|------------------------------------------|------------------------------------------|
| <b>Revenue</b>                                                                       | 14    | 13,069                                   | 14,312                                   |
| <b>Less: Expenditure</b>                                                             |       |                                          |                                          |
| Real estate examinations related costs                                               |       | 1,796                                    | 1,762                                    |
| Depreciation and amortisation                                                        | 4, 5  | 658                                      | 539                                      |
| Fees and charges                                                                     |       | 2,368                                    | 3,412                                    |
| Rental of premises                                                                   |       | 1,009                                    | 1,087                                    |
| Expenditure on manpower                                                              | 15    | 7,346                                    | 9,293                                    |
| Administrative and other expenses                                                    | 16    | 1,021                                    | 1,143                                    |
| <b>Total operating expenses</b>                                                      |       | 14,198                                   | 17,236                                   |
| Operating deficit before government grant                                            |       | (1,129)                                  | (2,924)                                  |
| <b>Grants</b>                                                                        |       |                                          |                                          |
| Government grant                                                                     | 10,11 | 1,129                                    | 2,924                                    |
| Comprehensive income for the year before statutory contribution to Consolidated Fund |       | -                                        | -                                        |
| Statutory contribution to Consolidated Fund                                          | 18    | -                                        | -                                        |
| <b>Total comprehensive income for the financial year/period</b>                      |       | -                                        | -                                        |

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

# STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2013

|                                                     | Note | Share Capital<br>\$'000 | Reserves<br>\$'000 | Total<br>\$'000 |
|-----------------------------------------------------|------|-------------------------|--------------------|-----------------|
| Date of formation (22 October 2010)                 |      | -                       | -                  | -               |
| Equity financing                                    | 13   | 1,719                   | -                  | 1,719           |
| Total comprehensive income for the financial period |      | -                       | -                  | -               |
| <b>Balance as at 31 March 2012</b>                  |      | <b>1,719</b>            | <b>-</b>           | <b>1,719</b>    |
| Balance at 1 April 2012                             | 13   | 1,719                   | -                  | 1,719           |
| Total comprehensive income for the financial year   |      | -                       | -                  | -               |
| <b>Balance as at 31 March 2013</b>                  |      | <b>1,719</b>            | <b>-</b>           | <b>1,719</b>    |

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

# STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2013

|                                                                         | Note | 01.04.2012<br>to<br>31.03.2013<br>\$'000 | 22.10.2010<br>to<br>31.03.2012<br>\$'000 |
|-------------------------------------------------------------------------|------|------------------------------------------|------------------------------------------|
| <b>Cash flows from operating activities</b>                             |      |                                          |                                          |
| Operating deficit before government grant                               |      | (1,129)                                  | (2,924)                                  |
| Adjustments:                                                            |      |                                          |                                          |
| Depreciation of plant and equipment                                     | 4    | 521                                      | 444                                      |
| Amortisation of intangible assets                                       | 5    | 137                                      | 95                                       |
| Interest income                                                         |      | (1)                                      | (5)                                      |
| Amortisation of deferred income                                         |      | (8,975)                                  | (11,091)                                 |
| Plant and equipment write-off                                           |      | 1                                        | -                                        |
| <b>Operating deficit before working capital changes</b>                 |      | <b>(9,446)</b>                           | <b>(13,481)</b>                          |
| Decrease/(increase) in trade and other receivables                      |      | 493                                      | (1,015)                                  |
| Increase in prepayments                                                 |      | (13)                                     | (3)                                      |
| (Decrease)/Increase in trade and other payables                         |      | (22)                                     | 1,699                                    |
| <b>Cash flows used in operations</b>                                    |      | <b>(8,988)</b>                           | <b>(12,800)</b>                          |
| Deferred income received                                                |      | 9,235                                    | 16,935                                   |
| Interest received                                                       |      | 1                                        | 5                                        |
| <b>Net cash flows from operating activities</b>                         |      | <b>248</b>                               | <b>4,140</b>                             |
| <b>Cash flows from investing activities</b>                             |      |                                          |                                          |
| Purchase of plant and equipment                                         |      | (36)                                     | (1,227)                                  |
| Purchase of intangible assets                                           |      | (110)                                    | (492)                                    |
| <b>Net cash flows used in investing activities</b>                      |      | <b>(146)</b>                             | <b>(1,719)</b>                           |
| <b>Cash flows from financing activities</b>                             |      |                                          |                                          |
| Equity financing received                                               | 13   | -                                        | 1,719                                    |
| Government grant received                                               | 10   | -                                        | 5,342                                    |
| <b>Net cash flows from financing activities</b>                         |      | <b>-</b>                                 | <b>7,061</b>                             |
| Net increase in cash and cash equivalents                               |      | 102                                      | 9,482                                    |
| Cash and cash equivalents at the beginning of the financial year/period |      | 9,482                                    | -                                        |
| <b>Cash and cash equivalents at end of the financial year/period</b>    | 7    | <b>9,584</b>                             | <b>9,482</b>                             |

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



# NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

## 1. GENERAL INFORMATION

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

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

The primary functions and duties of the Council are:

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

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

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

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

### 2.2 Adoption of new and revised standards

In the current financial year, the Council has adopted all the new and revised standards and interpretation of SB-FRS ("INT SB-FRS") that are effective for annual periods beginning on or after 1 April 2012. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Council.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2013

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.3 Standards issued but not yet effective

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

| <i>Description</i>                                                                | <i>Effective for annual periods beginning on or after</i> |
|-----------------------------------------------------------------------------------|-----------------------------------------------------------|
| Amendments to SB-FRS 107 Offsetting of Financial Assets and Financial Liabilities | 1 January 2013                                            |
| SB-FRS 113 Fair Value Measurement                                                 | 1 January 2013                                            |
| Improvements to SB-FRSs 201                                                       | 1 January 2013                                            |

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

### 2.4 Functional currency

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2013

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.5 Plant and equipment

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

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

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

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

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

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

### 2.6 Intangible assets

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2013

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.7 Impairment of non-financial assets

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

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

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

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

### 2.8 Financial assets

#### *Loans and receivables*

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

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

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

#### *Impairment of loans and receivables*

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2013

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.9 Cash and cash equivalents

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

### 2.10 Provisions

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

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

### 2.11 Government grants

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

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

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

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

### 2.12 Financial liabilities

#### **Non-derivative financial liabilities**

Non-derivative financial liabilities comprise trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs on the trade date at which the Council becomes a party to the contractual provisions of the instrument. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in the income or expenditure when the liabilities are derecognised, and through the amortisation process. The Council derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Council has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2013

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.13 Employee benefits

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

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

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

#### **(b) Employee leave entitlement**

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

### 2.14 Leases

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

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

### 2.15 Revenue

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

#### **Licence and registration fees**

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

#### **Application fees**

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

#### **Examination fees**

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

#### **Interest income**

Interest income is recognised using the effective interest method.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2013

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.16 Share capital

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

### 2.17 Goods and services tax

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

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

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

## 3. SIGNIFICANT ACCOUNTING POLICIES ESTIMATES

The preparation of the Council's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, 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.

### Key sources of estimation uncertainty

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

### Useful lives of plant and equipment and intangible assets

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2013

## 4. PLANT AND EQUIPMENT

|                                           | Furniture<br>and fittings<br>\$'000 | Office<br>equipment<br>\$'000 | Renovation<br>\$'000 | Total<br>\$'000 |
|-------------------------------------------|-------------------------------------|-------------------------------|----------------------|-----------------|
| <b>Cost</b>                               |                                     |                               |                      |                 |
| At 22 October 2010<br>(date of formation) | –                                   | –                             | –                    | –               |
| Additions                                 | 149                                 | 135                           | 1,084                | 1,368           |
| At 31 March 2012 and<br>1 April 2012      | 149                                 | 135                           | 1,084                | 1,368           |
| Additions                                 | –                                   | –                             | 36                   | 36              |
| Write-off                                 | (2)                                 | –                             | –                    | (2)             |
| At 31 March 2013                          | 147                                 | 135                           | 1,120                | 1,402           |
| <b>Accumulated depreciation</b>           |                                     |                               |                      |                 |
| At 22 October 2010<br>(date of formation) | –                                   | –                             | –                    | –               |
| Depreciation for the<br>financial period  | 17                                  | 26                            | 401                  | 444             |
| At 31 March 2012 and<br>1 April 2012      | 17                                  | 26                            | 401                  | 444             |
| Depreciation for the<br>financial year    | 19                                  | 28                            | 474                  | 521             |
| Write-off                                 | (1)                                 | –                             | –                    | (1)             |
| At 31 March 2013                          | 35                                  | 54                            | 875                  | 964             |
| <b>Net carrying amount</b>                |                                     |                               |                      |                 |
| At 31 March 2013                          | 112                                 | 81                            | 245                  | 438             |
| At 31 March 2012                          | 132                                 | 109                           | 683                  | 924             |

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2013

## 5. INTANGIBLE ASSETS

|                                        | \$'000 |
|----------------------------------------|--------|
| <b>Computer softwares</b>              |        |
| <b>Cost</b>                            |        |
| At 22 October 2010 (date of formation) | -      |
| Additions                              | 492    |
| At 31 March 2012 and 1 April 2012      | 492    |
| Additions                              | 110    |
| At 31 March 2013                       | 602    |
| <b>Accumulated amortisation</b>        |        |
| At 22 October 2010 (date of formation) | -      |
| Amortisation for the financial period  | 95     |
| At 31 March 2012 and 1 April 2012      | 95     |
| Amortisation for the financial year    | 137    |
| At 31 March 2013                       | 232    |
| <b>Net carrying amount</b>             |        |
| At 31 March 2013                       | 370    |
| At 31 March 2012                       | 397    |

## 6. TRADE AND OTHER RECEIVABLES

|                   | 2013<br>\$'000 | 2012<br>\$'000 |
|-------------------|----------------|----------------|
| Trade receivables | 447            | 135            |
| Other receivables | 75             | 880            |
|                   | 522            | 1,015          |

### *Trade receivables*

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

As at 31 March 2013, the Council has no trade receivable that is past due or impaired.

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2013

## 7. CASH AND CASH EQUIVALENTS

|                        | 2013<br>\$'000 | 2012<br>\$'000 |
|------------------------|----------------|----------------|
| Cash and bank balances | 9,584          | 9,482          |

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

## 8. TRADE AND OTHER PAYABLES

|                                                       | 2013<br>\$'000 | 2012<br>\$'000 |
|-------------------------------------------------------|----------------|----------------|
| Trade payables                                        | 174            | 477            |
| Accrued expenses                                      | 1,091          | 961            |
| Provision for unutilised leave                        | 178            | 216            |
| Security deposits                                     | 234            | 45             |
| Total financial liabilities carried at amortised cost | 1,677          | 1,699          |

### *Trade payables*

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

## 9. DEFERRED REVENUE

|               | 2013<br>\$'000 | 2012<br>\$'000 |
|---------------|----------------|----------------|
| Within 1 year | 6,104          | 5,844          |

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

## 10. GOVERNMENT GRANT

|                                                                                  | 2013<br>\$'000 | 2012<br>\$'000 |
|----------------------------------------------------------------------------------|----------------|----------------|
| At beginning of the financial year/period                                        | 2,418          | -              |
| Grant received during the year/period                                            | -              | 5,342          |
| Transferred to income and expenditure statement during the financial year/period | (1,096)        | (2,924)        |
| Transferred to deferred capital grant during the financial year/period           | (146)          | -              |
| At end of the financial year/period                                              | 1,176          | 2,418          |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2013

## 11. DEFERRED CAPITAL GRANT

|                                                                                  | 2013<br>\$'000 | 2012<br>\$'000 |
|----------------------------------------------------------------------------------|----------------|----------------|
| At beginning of the financial year/period                                        | -              | -              |
| Grant received during the year/period                                            | -              | -              |
| Transferred from government grant during the financial year/period               | 146            | -              |
| Transferred to income and expenditure statement during the financial year/period | (33)           | -              |
| <b>At end of the financial year/period</b>                                       | <b>113</b>     | <b>-</b>       |

## 12. PROVISION

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

|                                                 | 2013<br>\$'000 | 2012<br>\$'000 |
|-------------------------------------------------|----------------|----------------|
| At beginning of the financial year/period       | 141            | -              |
| Reinstatement costs of rented premises (Note 4) | -              | 141            |
| <b>At end of the financial year/period</b>      | <b>141</b>     | <b>141</b>     |

## 13. SHARE CAPITAL

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

## 14. REVENUE

|                                            | 01.04.2012<br>to<br>31.03.2013<br>\$'000 | 22.10.2010<br>to<br>31.03.2012<br>\$'000 |
|--------------------------------------------|------------------------------------------|------------------------------------------|
| Licence, registration and application fees | 10,454                                   | 11,655                                   |
| Examination fees and others                | 2,615                                    | 2,657                                    |
| <b>At end of the financial year/period</b> | <b>13,069</b>                            | <b>14,312</b>                            |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2013

## 15. EXPENDITURE ON MANPOWER

|                                            | 01.04.2012<br>to<br>31.03.2013<br>\$'000 | 22.10.2010<br>to<br>31.03.2012<br>\$'000 |
|--------------------------------------------|------------------------------------------|------------------------------------------|
| <b>Key management personnel</b>            |                                          |                                          |
| Salaries and related costs                 | 1,505                                    | 2,563                                    |
| Central Provident Fund contribution        | 49                                       | 54                                       |
|                                            | 1,554                                    | 2,617                                    |
| <b>Other than key management personnel</b> |                                          |                                          |
| Salaries and related costs                 | 5,151                                    | 6,184                                    |
| Central Provident Fund contribution        | 641                                      | 492                                      |
|                                            | 5,792                                    | 6,676                                    |
| <b>At end of the financial year/period</b> | <b>7,346</b>                             | <b>9,293</b>                             |

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

### Key management personnel

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

## 16. ADMINISTRATIVE AND OTHER EXPENSES

Included in administrative and other expenses are:

|                                  | 01.04.2012<br>to<br>31.03.2013<br>\$'000 | 22.10.2010<br>to<br>31.03.2012<br>\$'000 |
|----------------------------------|------------------------------------------|------------------------------------------|
| Council members' fees            | 96                                       | 101                                      |
| Goods and services tax expenses  | 663                                      | 578                                      |
| Plant and equipment expensed off | 11                                       | 221                                      |

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2013

## 17. RELATED PARTY TRANSACTIONS

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

During the financial year, the Council rented premises, and procured administrative support services for human resources, information technology, finance and audit from the Housing & Development Board. The total amount for these transactions for the financial year are \$1,778,138 (2012: \$2,396,713).

During the financial year, the Council also procured services amounting to \$587,794 (2012: \$1,023,750) from the Criminal Investigation Department for the screening of salespersons and estate agents.

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

## 18. STATUTORY CONTRIBUTION TO CONSOLIDATED FUND

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2013

## 19. COMMITMENTS

### Operating lease commitments - as lessee

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

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

|                                                   | 2013<br>\$'000 | 2012<br>\$'000 |
|---------------------------------------------------|----------------|----------------|
| Not later than one year                           | 510            | 1,038          |
| Later than one year and not later than five years | 248            | 683            |
|                                                   | 758            | 1,721          |

The leases on the Council's premises on which rentals are payable will expire on 30 September 2014.

## 20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

### Credit risk

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

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

# NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2013

## 20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

### 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 are repayable on demand or due within 1 year from the end of the reporting period, except for the provision for reinstatement costs of rented premises (Note 12).

### Interest rate risk

At the reporting date, the Council has limited exposure to interest rate risk.

### Fair value for other financial assets and liabilities

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

### Classification of financial instruments

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

|                                    | <b>2013</b>   | <b>2012</b>   |
|------------------------------------|---------------|---------------|
|                                    | \$'000        | \$'000        |
| Trade and other receivables        | 522           | 1,015         |
| Cash and bank balances             | 9,584         | 9,482         |
| <b>Total loans and receivables</b> | <b>10,106</b> | <b>10,497</b> |

Financial liabilities are disclosed in Note 8 to the financial statements.

## 21. COMPARATIVE FIGURES

The comparative figures covered the financial period from 22 October 2010 (date of formation) to 31 March 2012.

## 22. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial period ended 31 March 2013 were authorised for issue by members of the Council on 18 June 2013.



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