



YEARS of

**Partnering and Transforming the
Real Estate Agency Industry**

**ANNUAL REPORT
2020/21**

TABLE OF CONTENTS

03

Vision and Mission

07

CEA Committees

13

**Tackling the COVID-19
Pandemic Together**

28

Striving for Excellence

04

Joint Message

11

Who We Are

16

**10 Years of Partnership
and Collaboration**

33

Financial Statements

06

Council Members

12

CEA Organisation Chart

23

**Raising Industry
Professionalism and Standards**



To celebrate CEA's 10th anniversary in 2020, CEA's Deputy Director of Inspection & Compliance, Mr Lau See Yong, specially designed a 10th anniversary logo.

The origami-inspired, futuristic typeface in the logo embodies the concept of transformation in the real estate agency industry.

Over the past years, CEA has embarked on a journey with stakeholders and partners to sculpt a largely unregulated industry into a more professional industry today.

The operating landscape is continuously changing. Moving ahead, CEA will embrace the new challenges and work together with our partners to take the real estate agency industry to higher levels of professional and service excellence.

This typeface is also used for the cover of CEA's Annual Report 2020/21.

VISION & MISSION

Vision

A professional and trusted real estate agency industry

Mission

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

Desired End State

A successfully transformed real estate agency industry that is productive and resilient, and provides professional and client-centric services, supported by technology.

Our Strategic Thrusts



CEA administers an effective **regulatory framework** that fosters a well-disciplined, trusted and professional real estate agency industry



CEA partners the real estate agency industry to spearhead **professional development and digitalisation** of the industry



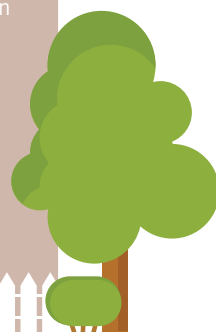
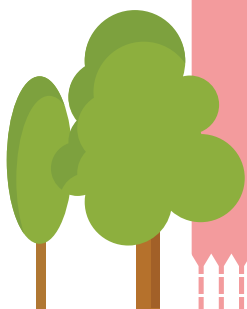
CEA **educates consumers** on how to make informed decisions when they engage property agencies and agents for their property transactions

CEA's Initiatives To Support Strategic Thrusts

- Kept our regulatory framework up-to-date with the operating environment, with the Estate Agents (Amendment) Act
- Strengthened the disciplinary and enforcement regime
- Published a guide on the CEA Regulatory and Enforcement Framework to provide clarity on our regulatory approach

- Implemented initiatives under the Real Estate Industry Transformation Map, such as standard contract templates and the SMEs Go Digital programme for the real estate agency industry
- Developed the Guide on Consumer Ratings of Property Agents
- Enhanced the Continuous Professional Development Framework

- Increased consumer awareness of their personal responsibility in engaging a property agent through effective outreach campaigns
- Instilled consumers' trust in the real estate agency industry with the Transaction Records Initiative



JOINT MESSAGE



CEA Council President Mr Quek See Tiat (left) and CEA Executive Director Mr Lim Chee Hwee.

The Council for Estate Agencies (CEA) celebrated its 10th anniversary in 2020. This was a significant milestone which marked the first decade of CEA's efforts to raise the professionalism of the real estate agency industry and safeguard consumer interest. It was also a year of unprecedented challenges for Singapore and the rest of the world arising from the COVID-19 pandemic.

The pandemic has disrupted the conduct of estate agency work. We commend the property agencies and agents for sharing the collective responsibility with CEA to fight COVID-19 and minimise the risk of community transmission of the virus. On a more positive note, the pandemic has catalysed the industry's transformation with more property agents and agencies making greater use of technology and online tools for estate agency work in order to adapt to the COVID-19 safe management measures.

A virtual celebration event for our 10th anniversary was held with more than 150 guests from our industry stakeholders and partners. During the event with Mr Tan Kiat How, Minister of State, Ministry of National Development and Ministry of Communications &

Information, as the guest-of-honour, we unveiled the Estate Agents Pledge which reaffirms property agencies' commitment to delivering professional and trusted services, putting consumers' interests first, and upgrading the skills of their agents and supporting them to achieve higher standards of service for their clients. The Pledge is a timely and relevant call for property agencies to make a firm commitment to their consumers and agents amidst the pandemic, and for many years to come.

Leading Industry Transformation

As part of ongoing efforts to build the digital capabilities and enhance the resilience of the industry to disruptions, CEA partnered with the Infocomm

Media Development Authority and Enterprise Singapore to launch sector-specific digital solutions for property agencies under the SMEs Go Digital programme in February 2021. These solutions help, in particular, the small and mid-sized property agencies to take steps towards digitalisation with Government funding support through the Productivity Solutions Grant and Enterprise Development Grant.

CEA continued its delivery of initiatives from the Real Estate Industry Transformation Map to elevate industry professionalism and standards so that property agencies and agents can provide better and more value-added services to consumers. Together with industry stakeholders, the CEA-led Ratings of Property Agents Workgroup developed a Guide on Best Practices for Consumer Ratings of Property Agents, which introduces consistent standards for the ratings of property agents and enhances the comparability of ratings across various platforms. Consumers can refer to the property agents' residential property transaction records – a new feature in the CEA Public Register, and the agents' ratings in various rating platforms to make a more informed decision when choosing their property agents for their property transactions.

Both CEA and the industry recognised that upskilling of the property agents should continue despite the COVID-19 pandemic. Continuing Professional Development course providers made online learning possible for property agents by either converting their courses into virtual classroom sessions or adding e-learning programmes. This gave agents the flexibility to fit their training around their work, or go through the courses again if needed, from the safety of their homes.

Another upskilling initiative that CEA undertook was our collaboration with the National Library Board (NLB) to provide a quarterly reading list of NLB resources for property agents. This reading list helps to support property agents' efforts to upgrade their soft skills. To encourage property agents to pursue lifelong learning by attending courses conducted by the institutes of higher learning, CEA also gave out the SkillsFuture Study Award in March 2021 to two deserving property agents.

Upholding Regulatory Standards

Over the years, we have made significant progress to raise the level of professionalism and ethical standards amongst property agents and agencies. Yet, there are still the errant minority of property agents who commit offences and disciplinary breaches. To this end, following industry consultations, we amended the Estate Agents Act to enable CEA to take firmer enforcement actions, including a new Letter of Censure disciplinary regime and higher financial penalties for disciplinary breaches so as to send a stronger deterrence signal to the industry. We will work with the property agencies to reduce the number of complaints against their agents, and to uphold consumers' trust.

Engaging and Collaborating with Our Stakeholders

During the pandemic, CEA continued its engagement sessions with property agencies, real estate agency industry associations and property portals, albeit virtually, to comply with the safe management measures. Through these sessions, we were able to gather valuable feedback to finetune our policies, regulations and initiatives.

In November 2020, CEA organised the Emerging Stronger Conversation session with nine Key Executive Officers from small and mid-sized property agencies

who shared their experience and challenges in adopting digital tools for their business. They also provided useful ideas on how CEA could better support them in their digitalisation journey.

CEA also sought industry stakeholders' input on the key features and workflows to design and build the new Advanced CEA Estate Agencies System (ACEAS) to replace the decade-old Estate Agencies System (EAS). With enhanced system capabilities and an improved user interface, ACEAS, which was rolled out in 2021, provides more efficient work processes and enhances the user experience for property agencies and agents.

A Note of Appreciation

We extend our appreciation to our former Council members and CEA Committees' members who stepped down in 2020 for their invaluable guidance and service. At the same time, we warmly welcome our new Council members and CEA Committees' members to the CEA family and look forward to their contributions to help shape CEA's policies, regulations and programmes.

Forging Ahead Together

With the onset of the COVID-19 pandemic, we witnessed the resilience of the real estate agency industry to overcome tough challenges and turn the crisis into opportunities, while protecting the health and safety of their consumers, agents and the wider community. This is indeed laudable.

We must keep up with the momentum of change, and to transform the industry for the new normal. CEA remains committed to working with and fostering a stronger partnership with our industry stakeholders to achieve our shared vision of a professional and trusted real estate agency industry in the years ahead.



Quek See Tiat
President



Lim Chee Hwee
Executive Director

COUNCIL MEMBERS

AS AT 10 AUGUST 2021

President

Members

Mr Quek See Tiat

Mr Mike Chan Hein Wah

Deputy Chief Executive Officer (Estate)
Housing & Development Board

Ms Koh Choon Fah

Retired CEO
Edmund Tie & Company (SEA) Pte Ltd.

Ms Lee Siow Hwee

Executive Director
Consumers Association of Singapore

Mr Lok Vi Ming

Senior Counsel and Managing Director
LVM Law Chambers LLC

Mr Mohamed Abdul Akbar Bin Mohamed Abdul Kader

Managing Director
Nan Guan Construction Pte Ltd

Mr Ng Boon Yew

Executive Chairman
Raffles Campus Group

Mrs Deborah Ong

Retired Partner
PwC Singapore

Mr Sin Lye Chong

Group Director (Land Sales & Administration)
Urban Redevelopment Authority

Ms Tan Pei Shan

Executive Director, Policy & Planning
National Research Foundation

Dr Tan Tee Khoon

Country Manager, Singapore
PropertyGuru Group

Mr Thomas Tan

Secretary
Singapore Estate Agents Association
Chief Operating Officer
ERA Singapore

Mr Lim Chee Hwee

Executive Director
Council for Estate Agencies

AUDIT COMMITTEE

AS AT 10 AUGUST 2021

Chairperson

Mrs Deborah Ong
Retired Partner
PwC Singapore

Members

Mr Chan Hein Wah
Deputy Chief Executive Officer (Estate)
Housing & Development Board

Mr Mohamed Abdul Akbar Bin Mohamed Abdul Kader
Managing Director
Nan Guan Construction

HUMAN RESOURCE & FINANCE COMMITTEE

AS AT 10 AUGUST 2021

Chairperson

Mr Quek See Tiat
President
Council for Estate Agencies

Members

Mr Sin Lye Chong
Group Director (Land Sales & Administration)
Urban Redevelopment Authority

Mr Lim Chee Hwee
Executive Director
Council for Estate Agencies



SELECT COMMITTEE

AS AT 10 AUGUST 2021

Chairperson

Mr Quek See Tiat
President
Council for Estate Agencies

Members

Ms Lee Siow Hwee
Executive Director
Consumers Association of Singapore

Mr Lok Vi Ming
Senior Counsel & Managing Director
LVM Law Chambers LLC

Mr Ng Boon Yew
Executive Chairman
Raffles Campus Group

Mrs Deborah Ong
Retired Partner
PwC Singapore

Ms Tan Pei Shan
Executive Director, Policy & Planning
National Research Foundation

Mr Lim Chee Hwee
Executive Director
Council for Estate Agencies

DISCIPLINARY PANEL

AS AT 10 AUGUST 2021

Head	<p>Dr Tan Tee Khoo Country Manager, Singapore PropertyGuru Group</p>	
Members	<p>Mr Andrew Chan Partner Allen & Gledhill</p>	<p>Er Ling Shiang Yun Partner iEngineers Singapore Pte Ltd</p>
	<p>Mr Chia Chor Leong Consultant Breakpoint LLC</p>	<p>Ms Monica Neo Senior Partner Chan Neo LLP</p>
	<p>Mr Michael S Chia Managing Director MSC Law Corporation</p>	<p>Mr B Rengarajoo, PBS Principal B Rengarajoo & Associates Advocates & Solicitors</p>
	<p>Ms Eunice Chua Chief Executive Officer Financial Industry Disputes Resolution Centre Ltd (FIDReC)</p>	<p>Mr Tan Hee Jeok Partner Tan See Swan & Co</p>
	<p>Mr Felix Chua Key Executive Officer Cyberhomes Estate Agencies Pte Ltd</p>	<p>Ms Tan Pei Shan Executive Director, Policy & Planning National Research Foundation</p>
	<p>Ms Yashodhara Dhoraisingam Advocate & Solicitor</p>	<p>Mr Thomas Tan Thiam Hee Secretary Singapore Estate Agents Association Chief Operating Officer ERA Singapore</p>
	<p>Mr Goh Heng Hoon Key Executive Officer Ashburton Realty</p>	<p>Ar Teh Joo Heng Principal Teh Joo Heng Architects</p>
	<p>Mr Peter Koh Hock Guan Key Executive Officer Gateway Property Consultants Pte Ltd</p>	<p>Prof Teo Keang Sood Faculty of Law National University of Singapore</p>
	<p>Er Kok King Min Senior Consultant PH Consulting Pte Ltd</p>	<p>Mr Dennis Yeo Huang Kiat Chief Executive Singapore & South-East Asia Cushman & Wakefield</p>

PROFESSIONAL DEVELOPMENT COMMITTEE

AS AT 10 AUGUST 2021

Chairperson

Mr Ng Boon Yew
Executive Chairman
Raffles Campus Group

Deputy Chairperson

Ms Koh Choon Fah
Retired CEO
Edmund Tie & Company (SEA) Pte Ltd

Members

Ms Chua Lei Kwan Lina Mary
Partner
Rajah and Tann Singapore LLP

Mrs Pang-Eng Peck Hong
Director (School of Design and Environment)
Ngee Ann Polytechnic

Ms Lee Mei Ling
Executive Vice President & Head, Property Development
City Developments Limited

Mr Eugene Lim
Key Executive Officer
ERA Realty Network Pte Ltd

Er Lim Peng Hong
Managing Director
PH Consulting Pte Ltd

Mr Bruce Lye
Co-Founder & Managing Partner
SRI Pte Ltd

Dr Sky Seah Kiat Ying
Deputy Head (Academic)
Department of Real Estate
National University of Singapore

Mr Tan Hong Boon
Executive Director
Capital Markets, Singapore
Jones Lang LaSalle Property Consultants Pte Ltd

Prof Tang Hang Wu
Law Professor and Director
Centre for Cross Border Commercial Law in Asia
School of Law
Singapore Management University

Ms Edith Tay
Executive Director and Key Executive Officer
PropertyBank Pte Ltd

WHO WE ARE

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

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

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

CEA works closely with the industry to raise its professionalism, expand its capabilities, and promote business excellence. It administers the mandatory examinations for property agencies and agents, and the Continuing Professional Development framework, as well as appoints course providers. It identifies opportunities and fosters

collaborations with strategic partners in industry development programmes to achieve business productivity.

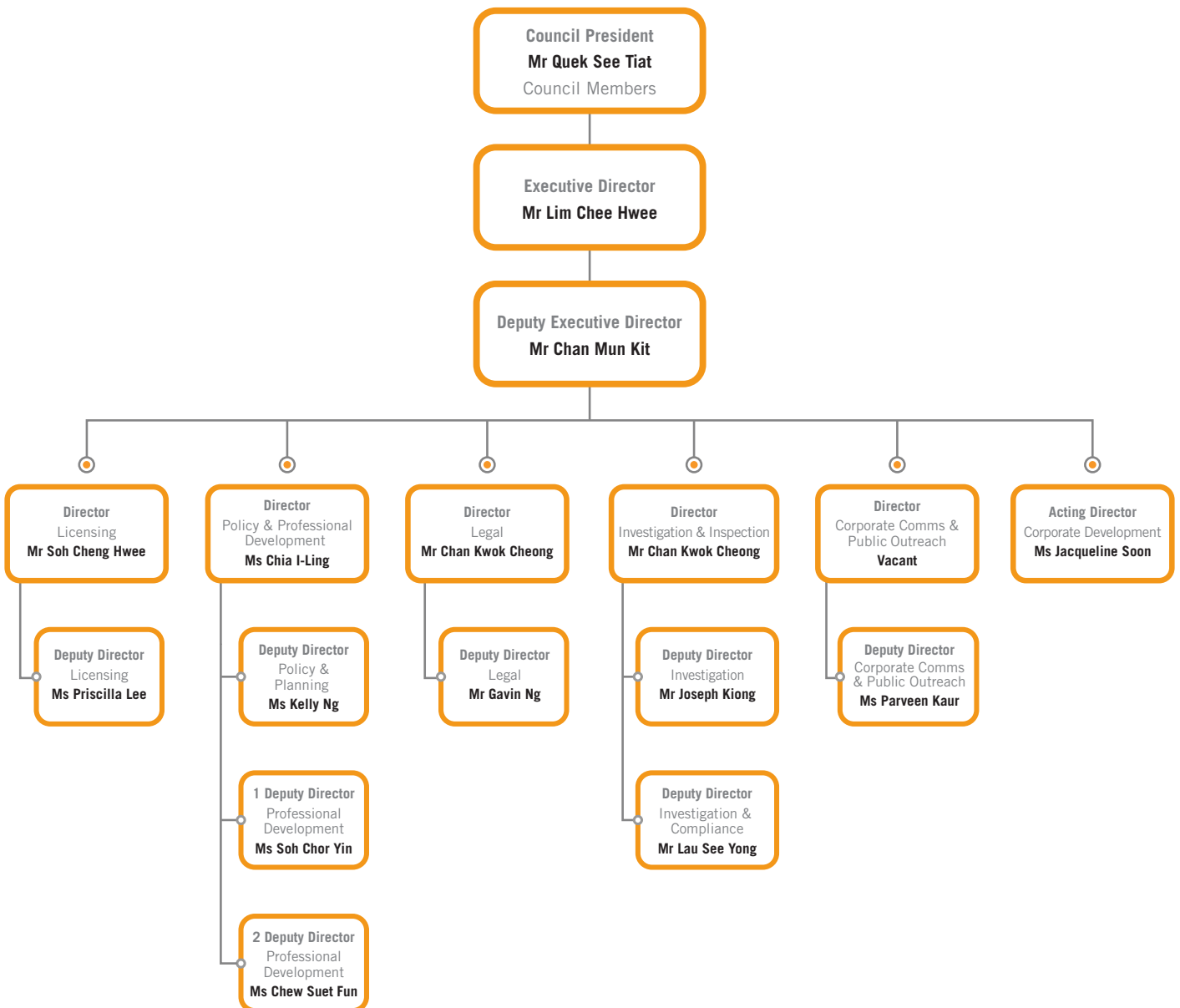
To protect the interests of consumers, CEA plans and implements public education programmes to equip consumers with the necessary information to make informed decisions in property transactions involving the services of property agents. It facilitates access to consumer resources and provides various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

CEA is governed by a Council that comprises professionals from sectors related to the real estate agency industry, as well as representatives from relevant government agencies.

The Council advises and provides strategic guidance to the management of CEA to meet its objectives. The Council is assisted by five Committees: Audit Committee, Human Resource & Finance Committee, Select Committee, Disciplinary Panel, and Professional Development Committee.

CEA ORGANISATION CHART

WITH EFFECT FROM 10 AUGUST 2021



TACKLING THE COVID-19 PANDEMIC TOGETHER



With the onset of the COVID-19 pandemic in April 2020, the real estate agency industry had to adjust and adapt to changes in the operating environment to protect the health and safety of themselves, their clients and the community at large. Both the industry and CEA adopted the guiding principles of fighting COVID-19 as our collective responsibility and ensuring that safe management measures became an integral part of property transaction activities. Property agencies and agents played their part to reduce the spread of COVID-19 by conducting estate agency work in ways that minimised physical interaction, such as hosting virtual property tours, and organising webinars and virtual property exhibitions.

Apart from day-to-day operations, the professional development activities for current and aspiring property agents that required physical attendance, like the Continuing Professional Development (CPD) courses and real estate agency industry examinations, were also affected.

We also witnessed the resilience of the industry during this challenging time, by how property agencies rolled out initiatives and schemes to support their agents and actively encouraged them to continue upskilling. With the help of stakeholders and government agencies, CEA supported the industry's efforts in uplifting themselves in various ways.

Advisories on Real Estate Agency Work During COVID-19

Since April 2020, CEA issued advisories for every phase of the COVID-19 period for the real estate agency industry, based on the Multi-Ministry Taskforce's guidance on, among others, the safe management measures during the pandemic. CEA, as the sector lead for the real estate agency industry, provided guidelines on conducting estate agency work safely, including adopting digital or online tools.

The property agencies and industry associations were quick to disseminate this information to their agents, demonstrating their commitment to keep their clients and themselves safe during these challenging times.

The industry leveraged technology to overcome the physical restrictions and moved operations online,

ranging from small virtual home tours to large virtual roadshows. As consumer preferences evolve, and as we move toward an endemic COVID-19 phase, more consumers will prefer the efficiency and convenience of digital tools, such as virtual viewings and digital signing.

Online CPD Courses

To enable property agents to continue upskilling despite the COVID-19 restrictions, CPD course providers converted their courses into virtual classroom sessions offering online learning. They added e-learning programmes to their course repertoire. About 96 per cent of courses were eventually available online which gave agents the flexibility of fitting their professional development training around their schedules or repeating them as needed from the safety of their homes.

Though challenging to convert physical lessons into online classes, the course providers pivoted quickly and found interesting ways to engage the participants, like incorporating online games into their lessons. The nimbleness with which the course providers and participants were able to adapt to virtual learning reflected the readiness of the industry to embrace the digital paradigm and integrate technology with their professional development.

Changes to the RES Examinations

While there continued to be healthy interest in the Real Estate Salesperson (RES) examination in 2020, the evolving COVID-19 situation and the need to ensure the safety of candidates and examination personnel led to the cancellation of the February 2020 and June 2020 RES examinations. The examination resumed in September, October and November 2020, albeit on a smaller scale in order to comply with the safe management measures during the pandemic.

SMEs Go Digital Programme for the Real Estate Agency Industry

In February 2021, Mr Desmond Lee, Minister for National Development, launched the SMEs Go Digital Programme for the real estate agency industry. With this programme (under the auspices of the Infocomm Media Development Authority), eligible property

agencies can adopt digital solutions for their business processes and receive funding support from Enterprise Singapore's Productivity Solutions Grant (PSG) to help offset the costs for these solutions. The scope of the PSG was expanded to support more solutions and its maximum support increased to 80 per cent to provide more assistance during the pandemic.

The digital solutions were aimed at helping property agencies, especially the small and mid-sized agencies, to use digital technologies and build stronger digital capabilities so as to raise productivity. Some examples of digital solutions include those which help the agencies with managing documents, conducting due diligence checks, customer management or submitting transaction records.

Assistance Schemes Available

As of March 2021, about 37 per cent of the total population of property agents were eligible for and received the Self-Employed Person Income Relief Scheme (SIRS) payouts.

The Government Technology Agency, Ministry of Social and Family Development and National Council of Social Service consolidated a list of assistance schemes on <https://supportgowhere.gov.sg> for individuals and businesses who needed a helping hand to get through the impact of COVID-19. CEA identified and shared information on schemes which were relevant for property agencies and agents for their reference.

Industry-led Support Schemes

When the COVID-19 pandemic hit, various property agencies took the opportunity to build up their virtual viewings capabilities and increase consumer engagement via webinars and virtual property exhibitions. Some also announced support packages for their agents, both financially and in terms of training and development.

The four largest property agencies – PropNex Realty, ERA Realty Network, OrangeTee & Tie, and Huttons Asia – supported their agents by providing financial

support packages, training, mentorship, and digital tools and transformation.

The Singapore Estate Agents Association (SEAA) supported the industry in adopting digital tools by partnering a solutions provider to introduce enhanced virtual tours to its members. The Institute of Estate Agents (IEA) also conducted training for its members on using video conferencing tools. Both SEAA and IEA continued to partner the National Trade Union Congress, and training and business providers to share about digital tools and marketing with their members.

Unity in Challenging Times

We are heartened by the industry's unified stance in overcoming the challenges brought about by the COVID-19 pandemic. Property agencies and agents made the best of their circumstances and used the pandemic as a catalyst to make technological strides in their work. CEA will continue to support and encourage the industry to prepare and thrive in the new normal.

10 YEARS OF PARTNERSHIP AND COLLABORATION





Group photograph of the Ratings of Property Agents Workgroup.

Working with industry partners has been an important part of CEA's work for the past decade. These partnerships with the real estate agency industry associations, property agencies and their Key Executive Officers (KEOs), training providers, institutes of higher learning and government agencies have enabled us to finetune policies and regulations, and develop initiatives to transform and raise the professionalism of the industry, as well as enhance communication with consumers and industry alike.

Our partnerships with the industry continue to be a cornerstone of our engagement efforts, allowing us to gather ground feedback from industry practitioners, explain our policies and regulations to facilitate better understanding and compliance, and seek input on future plans and industry improvements.

In 2020, CEA acknowledged the contributions of our partners by celebrating our 10th anniversary with key stakeholders who were pivotal in the development and implementation of our policies and initiatives over the years.

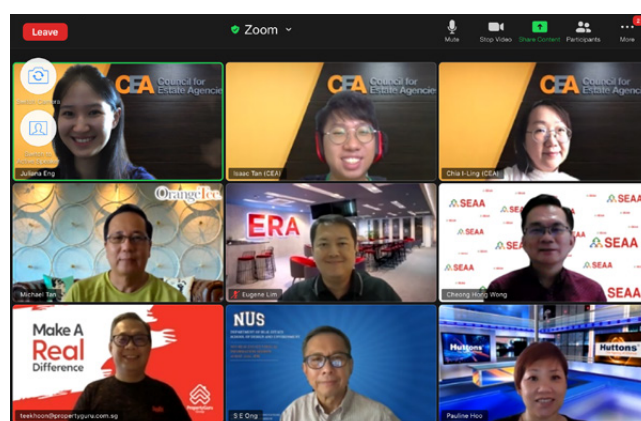
Pushing Ahead the Real Estate Industry Transformation Map (ITM) Initiatives

Guide on Best Practices for Consumer Ratings of Property Agents

As part of CEA's efforts to enhance industry professionalism and safeguard consumer interest, we launched the Guide on Best Practices for Consumer Ratings of Property Agents to introduce consistent standards

for the ratings of property agents based on the key categories of service, professionalism and skills. The common standards enable the comparability of ratings across various platforms so that consumers can better appreciate the ratings of property agents from different property agencies. It would also enable property agents to get their clients' recognition, especially those who had put in efforts to go the extra mile for

their clients and provide value-added services. This initiative not only benefits the real estate agency industry and consumers, but also provides guidance for other stakeholders in the property transactions subsector such as property listing portals which have or are considering implementing rating systems for the industry as a whole.



The Guide was a collaborative effort by a CEA-industry workgroup under the auspices of the Real Estate ITM. Formed in November 2019, the Ratings of Property Agents Workgroup was led by CEA and comprised representatives from PropNex Realty, ERA Realty Network, OrangeTee & Tie, Huttons Asia, Singapore Estate Agents Association (SEAA), PropertyGuru, Consumers Association of Singapore, and National University of Singapore. It developed the Guide to improve the transparency of property transactions and strengthen consumers' confidence in the industry.

The four largest property agencies – PropNex Realty, ERA Realty Network, OrangeTee & Tie and Huttons Asia – have adopted the features and practices set out in the Guide for their respective rating systems. Together, they cover about 80 per cent of property agents in the real estate agency industry.

New checklists and updated standard contract templates

Following the development of standard tenancy agreement templates in 2018/19, the Digitalised Property Transactions Workgroup (DPTWG), which is chaired by CEA and comprises stakeholders from the real estate sector and government agencies, continued to develop checklists to guide industry practitioners and consumers on the various steps that should be performed in the sale and purchase of private residential property. This is in line with the DPTWG's aim of moving the real estate agency industry towards facilitating seamless, efficient and secure property transactions.

The standard contract templates for the Option to Purchase and Sale and Purchase Agreement, which were developed by the DPTWG, were also updated in line with the issuance of the Law Society of Singapore's Conditions of Sale 2020 in November 2020. As of end June 2021, the number of downloads of the various contract templates developed by the DPTWG from CEA's website are:

- Tenancy agreement template for HDB flats: More than 13,000 downloads.
- Tenancy agreement template for private residential property: More than 14,000 downloads.
- Option to Purchase for private residential property: More than 6,000 downloads.
- Sale and Purchase of private residential property: More than 5,000 downloads.

Key digitalisation initiatives of government agencies

The Housing and Development Board (HDB) launched the HDB Flat Portal in January 2021 as part of its efforts to streamline and simplify the process of buying and selling HDB flats. This was the culmination of a series of engagement sessions where CEA had worked

in partnership with HDB to seek feedback from many industry players and stakeholders on how we could make it more convenient for home buyers and flat sellers to gather information on their housing and financing options through a single platform. The main features of the portal include listings of current and upcoming new flats, customised financial calculators for buyers and sellers, as well as a loan-listing service with information on housing loans offered by both HDB and participating financial institutions. CEA will continue to support HDB in its efforts to make the buying and selling of HDB flats more seamless and convenient for Singaporeans.

The various stakeholders in the DTPWG support the Singapore Land Authority's development of the Digital Conveyancing Portal. The Portal will provide a fully integrated, efficient and transparent digital end-to-end conveyancing process for resale, developer sale and sub-sale transactions which will benefit various stakeholders such as law firms, government agencies, financial institutions, industry bodies, property agencies as well as individual buyers and sellers.

Feedback on Revised Continuing Professional Development Framework



The revised Continuing Professional Development (CPD) framework for property agents was launched in October 2019. This framework expands the breadth of courses for agents to hone their competencies and deepen their skillsets, helping them carry out their duties more effectively and professionally.

In a survey of 6,500 property agents conducted in October 2020 after the first year of implementation, 94 per cent of respondents welcomed the revised framework as they found it easy to understand and to comply with.

More than 60 per cent of respondents recognised the importance of attending courses on generic competencies that contributed to their overall personal development and improved their soft skills such as leadership, digital literacy, communication and creative thinking skills. Close to 40 per cent of respondents said that the framework allows them to keep track of their CPD fulfilment, while a third welcomed the flexibility to fulfil the requirements via e-learning courses.

Launch of Recommended National Library Board Resources for the Real Estate Agency Industry

To complement the property agents' learning journey, CEA and the National Library Board (NLB) sought the industry's input to curate a recommended reading list centred on the themes of Generic Competencies in CEA's CPD framework for the real estate agency industry. The reading list included resources on building soft skills which complement a property agent's technical knowledge, such as communication, leadership and interpersonal skills.

The first issue of the reading list was launched in November 2020 and subsequent reading lists were sent by CEA to all agents on a quarterly basis. The resources included eBooks, audiobooks and bite-sized videos that could be easily accessible via the NLB mobile application for convenient reading and listening on the go.

SkillsFuture Study Award for the Real Estate Agency Industry

The SkillsFuture Study Award for the Real Estate Agency Industry aims to encourage KEOs and property agents to acquire skillsets and competencies that will help them to upgrade and remain relevant in the real estate agency industry. The award is an extension of CEA's efforts in support of the Real Estate ITM, and provides a \$5,000 sponsorship that recipients can use to defray their expenses associated with the course they take, which must be applicable to estate agency work.

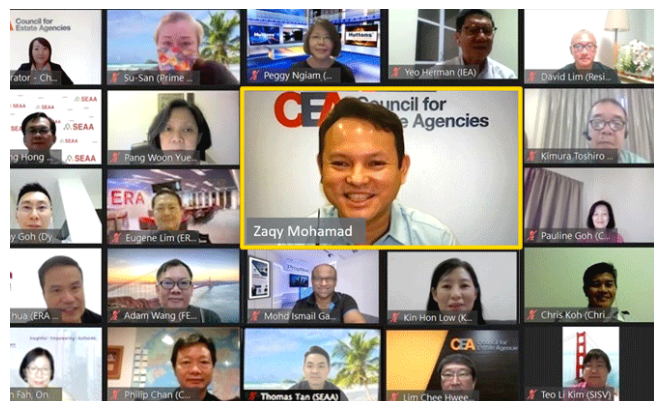
The 2021 SkillsFuture Study Award for the Real Estate Agency Industry was awarded to Mr Chua Yun Cheng from Cushman and Wakefield, and Mr Steven He Ling Min from ERA Realty Network on 19 March 2021.

Forging Stronger Bonds

CEA continued to engage and work with the industry to build a robust and stable real estate agency ecosystem. These efforts included gathering feedback from industry leaders and seeking input on industry development and future plans, which was especially crucial during the COVID-19 pandemic.

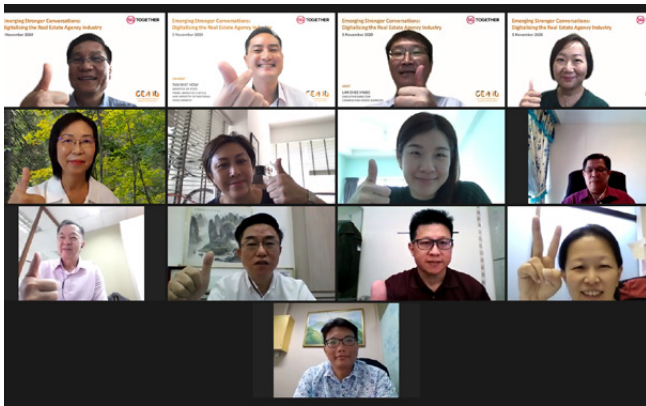
Engagement sessions with the industry

In June 2020, Mr Zaqy Mohamad, then Minister of State, Ministry of National Development and Ministry of Manpower, met about 40 real estate agency leaders comprising chief executive officers and KEOs of property agents and representatives from the industry associations, in a virtual engagement session.



Mr Zaqy thanked the industry for their resilience and cooperation during the COVID-19 circuit breaker period from 7 April 2020 to 1 June 2020 and shared that the Government had committed almost \$100 billion over four Budgets – the Unity, Resilience, Solidarity and Fortitude Budgets – to help Singaporeans and businesses, including property agencies and agents, during these challenging times.

From November 2020 to January 2021, Mr Tan Kiat How, Minister of State, Ministry of National Development and Ministry of Communications & Information, embarked on a series of engagement sessions with property agencies, real estate industry associations and property portals.



The Emerging Stronger Conversation session organised by CEA, which was also attended by Mr Tan Kiat How, brought together nine KEOs from small and mid-sized property agencies.

There was a collective recognition that property agencies and agents in Singapore were at different stages of readiness to digitalise, and that there was a need for more support for smaller agencies, and training for the less technologically savvy agents to ensure that they would not be disproportionately affected by the digitalisation drive.

During Mr Tan Kiat How's meetings with the Institute of Estate Agents (IEA), SEAA and Singapore Institute of Surveyors and Valuers (SISV), the three industry associations shared how they were quick to move CPD courses online as the COVID-19 pandemic struck, and to conduct webinars to level up digital literacy

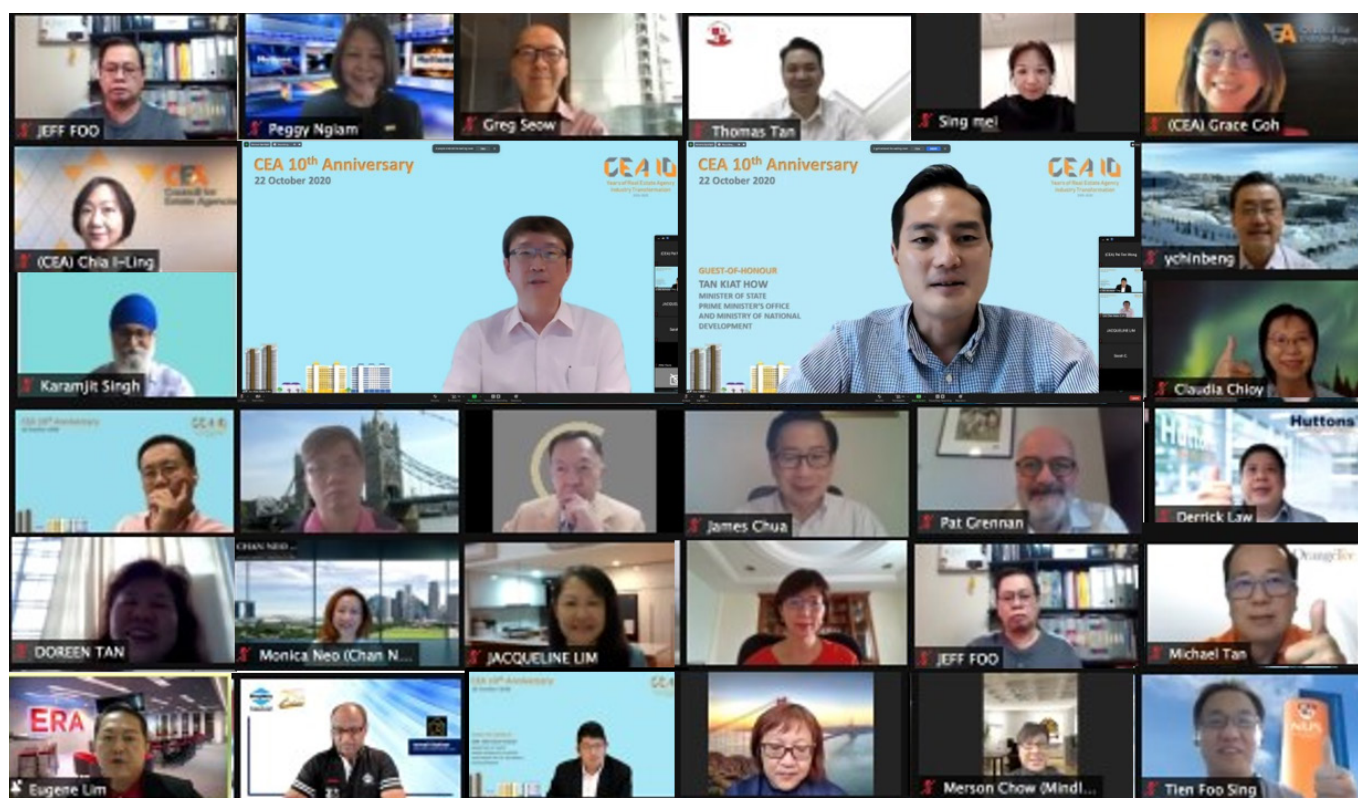


amongst property agents. They also discussed how technology could be used to market properties virtually. Mr Tan Kiat How met up with representatives from the four largest property agencies (PropNex Realty, ERA Realty Network, OrangeTee & Tie, and Huttons Asia), and learned about their initiatives to mitigate the challenges posed by the COVID-19 safe management measures, with a focus on providing good service to their clients.

These agencies, all of whom had already begun their digitalisation journeys before the pandemic hit and had their own unique suite of digital tools, agreed that one positive aspect of COVID-19 was the acceleration of digitalisation efforts as evidenced by the increased demand for online courses and a growing acceptance amongst consumers of virtual viewings and webinars. They also affirmed to continue their digitalisation drive and help uphold the professionalism and service quality of their agents.

At Mr Tan Kiat How's sessions with key representatives from PropertyGuru, 99.co and Edgeprop, the focus of discussion was on the greater use of technology and data analytics. As online listing portals, they had the benefit of being in the right space when COVID-19 hit, and the resultant safe management measures intensified the use of their suite of virtual tools. They shared the same ethos of adding value to consumers and property agents alike, and helping the agents establish credibility, which, in turn, would raise their professionalism.

At all these sessions, the common refrain was the acknowledgement that digitalisation, and developing and tapping on technological tools had helped to uphold the professionalism and service quality of the industry.

CEA's 10th anniversary

However, property agents had to continuously sharpen their skills and critical competencies to maintain the human touch when interacting with their clients.

The year 2020 marked a significant milestone in CEA's history. On 22 October 2020, CEA celebrated our 10th anniversary¹ at a virtual event because of COVID-19 restrictions. It was attended by more than 150 guests, including leaders from property agencies, industry associations and property portals, representatives from government agencies, members of CEA's past and present Council and Committees, as well as CEA staff.

To commemorate CEA's 10th anniversary, Mr Tan Kiat How, Minister of State, Ministry of National Development and Ministry of Communications & Information, sealed a time capsule containing items that are symbolic of the achievements in CEA's



¹ Link to CEA's 10th Anniversary Commemorative Issue of CEANergy: <https://www.cea.gov.sg/docs/default-source/module/newsletter/cea-10th-anniversary-commemorative-issue/cea10/index.html>

regulatory, professional development and consumer outreach functions. These items also serve as a reminder of the importance of CEA's role, and why it must continue to strive towards delivering its key responsibilities in an evolving operating landscape.



Among the items in the time capsule are court documents from CEA's first prosecution case; a framed photograph of Mr Desmond Lee (then Minister for Social and Family Development and Second Minister for National Development) with industry and union leaders taken at the Real Estate ITM launch in 2018; CEA's first consumer education brochure; staff passes of the pioneer batch of officers who have been with the CEA since 2010; and a face mask which was a popular item during the pandemic to remind all of us about how the real estate agency industry and Singapore were impacted by COVID-19.

Together with its industry partners, CEA also launched the Estate Agents Pledge at our 10th anniversary celebration. The Pledge is inspired by the progress the real estate agency industry has achieved in the last 10 years and the possibilities it can aspire towards in the next decade. It reaffirms property agencies' commitment to delivering professional and trusted

services for their customers, property agents, and the overall real estate agency industry.

Close to 250 property agencies representing more than 90 per cent of property agents have signed the Pledge. The three real estate agency industry associations, namely IEA, SEAA and SISV have also pledged their support.



The Estate Agents Pledge

"As members of the real estate agency industry in Singapore, we, pledge to:

- Put our customers' interests first;
- Upgrade the skills of our real estate salespersons and support them to achieve higher standards of service; and
- Pursue good governance to conduct estate agency work responsibly so as to build a more professional and trusted real estate agency industry."

The Estate Agents Pledge Logo

The hand on heart and open doors symbolise the property agency's commitment to its customers and property agents in the property transaction journey.

The four windows represent the four tenets of the Pledge – trust, professionalism, service and governance.

Gold embodies the property agency's continuous drive to achieve the highest standards in professionalism and service excellence, in partnership with CEA.



RAISING INDUSTRY PROFESSIONALISM AND STANDARDS



Estate Agents (Amendment) Act Passed by Parliament

CEA's commitment to raise the professionalism of the real estate agency industry was cemented with the amendments made to the Estate Agents Act. These amendments aim to benefit the industry and consumers by enhancing the licensing and regulatory regime for property agencies and agents, and protect consumer interests in property transactions facilitated by the agents.

The majority of property agents and agencies consistently uphold high professional standards, but the conduct of the errant minority erodes consumer confidence in the industry. Both CEA and the industry are mindful that such errant behaviour negates the ongoing efforts to enhance professionalism and ethical standards, and a stronger deterrence is needed to prevent misconduct. The legislative amendments include higher maximum financial penalties that the CEA Disciplinary Committee can impose for serious disciplinary breaches, and a new Letter of Censure disciplinary regime that allows CEA to issue letters of censure and impose financial penalties for minor disciplinary breaches.

The operating landscape of the real estate agency industry has evolved over time because of technology and digitalisation. The amended Act enables CEA to improve the efficiency of its inspections and investigations, such as serving notices to property agencies through electronic means, and conducting inspections of agencies electronically.

As the real estate agency industry is an important gatekeeper to counter money laundering and terrorism financing, the duties of property agents and agencies on the prevention of money laundering and terrorism financing have been incorporated into the amended Act, in line with the recommendations of the Financial Action Task Force (FATF)².

The amendments to the Estate Agents Act were operationalised on 30 July 2021.

Supporting the Women's Charter (Amendment) Act

The Women's Charter (Amendment) Act under the

Ministry of Home Affairs (MHA) came into force on 7 August 2020 to strengthen the Government's enforcement actions against vice syndicates and activities in residential estates. The amended Women's Charter requires landlords who rent out and tenants who sub-let their premises to conduct identity checks at the point of signing the lease agreement to ensure that the people whom they are renting their properties to are who they claim to be.

To support MHA in operationalising the amended Women's Charter, CEA consulted the industry and subsequently prepared a checklist to guide property agents to conduct and document the necessary checks carried out on all tenants and occupiers. The CEA team who worked in this inter-agency effort led by MHA to tackle the online vice situation was awarded the Ministry of Home Affairs Operational Excellence Award in October 2020.

Property Agents' Transaction Records Initiative (TRI)

Since 4 January 2019, CEA has published property agents' records for Housing & Development Board (HDB) resale flat transactions on the CEA Public Register under the first phase of the Property Agents' Transaction Records Initiative (TRI).

Josephine Ng

Registration No. R200106F

Salesperson | HDB Resale Records | HDB Rental Records | Private Rental Records | Private Sale Records

Registration Start Date: 01/01/2019

Registration End Date: 31/12/2021

Awards

Award 1: SEAA's Salespersons Achievement Award (Silver) 2020

Award 2: SEAA's Rookies Award 2020

Estate Agent Name: ABC Company

Licence No.: L20200010

Print | Cancel

² FATF is an inter-governmental body established to set standards and promote effective implementation of legal, regulatory and operational measures for combating money-laundering, terrorist financing and other related threats to the integrity of the international financial system.

Josephine Ng

Registration No. R200106F

Salesperson HDB Resale Records HDB Rental Records Private Rental Records Private Sale Records

Search for Client, Sale Type

Month/Year	District	General Location	Client	Property	Sale Type
July 2021	19	Serangoon Garden/ Hougang/ Punggol	Buyer	Condominium/Apartments	New Sale
July 2021	19	Serangoon Garden/ Hougang/ Punggol	Seller	Executive Condominium	Sub-sale
July 2021	25	Kranji/ Woodgrove	Seller	Landed	Sub-sale
June 2021	19	Serangoon Garden/ Hougang/ Punggol	Seller	Executive Condominium	Sub-sale
June 2021	19	Serangoon Garden/ Hougang/ Punggol	Seller	Condominium/Apartments	New Sale
June 2021	19	Serangoon Garden/ Hougang/ Punggol	Buyer	Condominium/Apartments	New Sale
May 2021	16	Bedok/ Upper East Coast/ Eastwood/ ...	Seller	Executive Condominium	Resale
May 2021	17	Loyang/ Changi	Buyer	Strata Landed	New Sale
May 2021	20	Bishan/ Ang Mo Kio	Buyer	Landed	Resale
April 2021	14	Geylang/ Eunos	Buyer	Condominium/Apartments	Sub-sale

CEA has since expanded the TRI to include other residential property transactions such as private residential sale and resale transactions, and private and HDB rental transactions. With this update, property consumers can view a complete record of all residential property transactions facilitated by property agents in Singapore.

The TRI is one of the initiatives under the Real Estate Industry Transformation Map (ITM) and is aimed at raising industry professionalism and building consumer trust by publishing verified records of residential property transactions facilitated by property agents. Based on the information shown in the transaction records, potential clients can check on the transaction types and locations that an agent has experience in, and the recency of his experience.

Taking Firm Enforcement Action

CEA's efforts in investigating and prosecuting breaches of the Estate Agent Act and Regulations serve to uphold industry professionalism. In addition to conducting regular inspections of property agencies, CEA successfully prosecuted several errant agents in Court and took enforcement actions against those who committed disciplinary breaches after hearings by the CEA Disciplinary Committee.

Here are some examples of the cases:

Conducting unregistered estate agency work

A former property agent committed an offence under the Estate Agents Act by conducting estate agency work without being registered by CEA.

The former property agent represented a landlord, facilitated a rental transaction and collected more than \$3,000 for rent and fees related to the lease. Before signing the tenancy agreement, the prospective tenant checked the CEA Public Register and could not find the former agent's details. When asked by the prospective tenant, the former agent lied that she had a pending registration application with CEA. In another rental transaction that she facilitated, the former agent collected and misappropriated \$2,000 from the tenant meant for the payment of rental deposit.

The Court sentenced the former property agent to a total fine of \$19,000 (in default six weeks' imprisonment) for one charge of acting as an estate agent in relation to a rental transaction without first being licensed, and two charges of Criminal Breach of Trust (CBT). The Court also took into consideration two other CBT charges.

Dual representation

A property agent breached the Estate Agents (Estate Agency Work) Regulations when she committed dual representation by representing both the landlord and tenant in facilitating and closing a one-year lease of an Executive Condominium unit. In addition to collecting commission from the landlord and tenant for the lease transaction, she also contravened the Executive Condominium Housing Scheme Act by facilitating the lease transaction of the entire unit within the Minimum Occupation Period.

Typically, the property agency would invoice the client for the commission, and then transfer a portion of the commission to the agent. If an agent collected commission from her client first, she would have to submit the transaction and commission received to her property agency, before receiving her portion of the commission later from the agency. The landlord was unaware of the standard practice in commission payment and paid the agent directly via cheque.

The agent also collected commission in cash from the tenant. The tenant was under the impression that the agent was representing him in the transaction and did not raise any objection to paying her when she asked for commission payment. The agent did not submit the lease transaction to her agency.

The Court sentenced the agent to a fine of \$9,000 (in default two months' imprisonment) for one charge of committing dual representation. The property agent's registration was revoked by CEA after her conviction by the Court.

Handling transaction money

A property agent contravened the Estate Agents Regulations by handling transaction money in the form of rent payments from the tenant to her landlord-client for an unauthorised lease of a HDB flat. During the time of the offence, the agent was aware of the CEA Regulations and its prohibition against the handling of transaction money.

A Letter of Warning was issued by HDB to the landlord for renting out the entire unit to the tenant without HDB's approval. By facilitating the rental and subsequent renewal of the entire unit to a tenant who was not allowed to rent an entire flat, the agent contributed to the breach of HDB regulations by the landlord and tenant.

The Court sentenced the agent to a total fine of \$5,400 (in default 26 days' imprisonment) for two charges of handling transaction money. The Court also took into consideration five other similar charges for the purpose of sentencing. The property agent's registration was revoked by CEA after her conviction by the Court.

Failure to convey offers

A property agent, Agent X, failed to submit an offer to purchase to her seller-client as soon as possible after receiving it from a prospective buyer's agent, Agent Y. Agent Y had proposed a co-broking arrangement to Agent X, who preferred an offer by another potential buyer not represented by an agent. Agent X subsequently only conveyed the offer of the

unrepresented buyer, lied to Agent Y that her seller-client did not respond to the offer Agent Y made, and gave a false impression that another property agent closed the transaction.

Agent X also failed to provide professional advice to a buyer-client from another transaction about making amendments to his tenancy agreement. The tenant wanted to end the lease early, assign the remaining part of his lease to two other people, and document the landlord's verbal agreement to his request. Though these matters were beyond Agent X's knowledge or expertise, she did not advise her client to seek the advice of appropriate professionals, including lawyers to amend the tenancy agreement.

Agent X pleaded guilty to two breaches of CEA's Code of Ethics and Professional Client Care and was sentenced by the CEA Disciplinary Committee to a total financial penalty of \$12,500 and a suspension of 10 months.

Failure to perform estate agency work in accordance with applicable laws

A property agent, who was also the Key Executive Officer of his agency, amended and extended the validity period of an exclusive estate agency agreement made between his agency and his clients - the sellers of Property A, from three months to six months. The prescribed maximum validity period of an estate agency agreement is three months, and the agent did not explain this to his clients.

He also marketed and performed viewings without consent for Property B for another couple despite knowing they had an ongoing exclusive estate agency agreement with another agency. His advertisements on Property B gave readers the impression that his agency was the exclusive agency appointed by the sellers.

The agent pleaded guilty to two breaches of the Code of Ethics and Professional Client Care and was sentenced by the CEA Disciplinary Committee to a total financial penalty of \$7,000 and a suspension of four months. The CEA Disciplinary Committee took into consideration four other charges for the purpose of sentencing.

Nature of complaints	Number of complaints as at 31 Dec	
	2019	2020
Advertisement/Flyer	260	223
Service-related case <i>(e.g. service-related lapses such punctuality issues; no-show at appointments; poor communication)</i>	336	422
Not acting in client's interests <i>(e.g. dual representation; failing to declare conflict of interest; failing to convey offer, counter-offer, or expression of interests)</i>	21	23
Not acting ethically and fairly to other persons (other than clients) <i>(e.g. overstating or misrepresenting facts; conveying false information)</i>	27	36
Non-compliance with rules and procedures of property transactions <i>(e.g. conducting estate agency work as an unregistered agent; failing to conduct business with due diligence and care; holding of transaction monies)</i>	107	104
Other breaches <i>(e.g. providing false information to CEA in relation to renewal of licence or registration; bringing discredit or disrepute to the real estate industry; obstructing CEA's investigations)</i>	26	50
Total	777	858

Categories	Investigation Outcome	Number of complaints as at 31 Dec	
		2019	2020
Substantiated	Letter of Advice/Warning served	217	192
	Disciplinary action[#]	17	23
	Court prosecution[#]	6	7
Unsubstantiated <i>Refers to cases with inadequate evidence to substantiate allegations made, or assessed by CEA after its investigation that there was no wrongdoing by the property agent.</i>		224 [*]	294
Service-related cases <i>Refers to cases that were referred to property agencies for resolution, such as service-related lapses, disputes between property agents or property agencies.</i>		367	459
Others <i>Refers to non-CEA regulated cases that were referred by CEA to other government agencies/organisations for resolution.</i>		17 [*]	14
Total[^]		848	989

These figures refer to the conclusion of the cases before the CEA Disciplinary Committee or the Court.

* These figures differ from FY2019/20 Annual Report due to a re-classification of cases.

^ Some cases completed in the year were brought forward from previous years.

STRIVING FOR EXCELLENCE



Advanced CEA Estate Agencies System (ACEAS)

CEA developed the Advanced CEA Estate Agencies System to replace the Estate Agencies System (EAS) which has been used by the real estate agency industry since 2011, to process applications and renewals of property agencies' licences and agents' registrations.

With enhanced system capabilities and an improved user interface, ACEAS is able to provide a better user experience for property agencies and agents. The industry can also expect faster approval of applications, efficient payment modes and streamlined system workflows.

During the conceptualisation and planning of ACEAS over the past two years, CEA held engagement sessions with industry stakeholders to gather feedback on the key features and workflows for the new system.

ACEAS is aligned with the Government's Public Sector Transformation initiatives to work smarter and better through technology, deliver services seamlessly as one Public Service, and to connect and work with industry and citizens.

Launch of CEA's Facebook Account

To improve our outreach efforts and leverage channels that property agents and consumers use frequently, CEA launched our Facebook page in October 2020. This allowed CEA to push out key information in a timely manner. We are also able to expand our outreach campaign options to place targeted advertisements on both Facebook and Instagram, and increase our reach to a wider audience.

The posts which generated the most engagements were CEA's industry notices and advisories, as well as updates on the Real Estate Salesperson (RES) examination. In particular, our posts on the launch of the sector-specific digital solutions under the SMEs Go Digital programme, and increasing the capacity for the RES examinations in 2021 had healthy engagement rates.



Reaching Out to Property Consumers

In September 2020, we launched our annual outreach campaign “The Art of Engaging a Property Agent” to emphasise the importance of having personal responsibility as a consumer and cultivating a good agent-client relationship to facilitate smooth property transactions. The four key messages that we emphasised to property consumers were:

- Check the CEA Public Register before dealing with a property agent;
- Discuss commission rates with your agent before you engage him to do estate agency work for you;
- Sign the CEA prescribed estate agency agreement and Customer’s Particulars Form; and,
- Be aware that dual representation by an agent is prohibited.

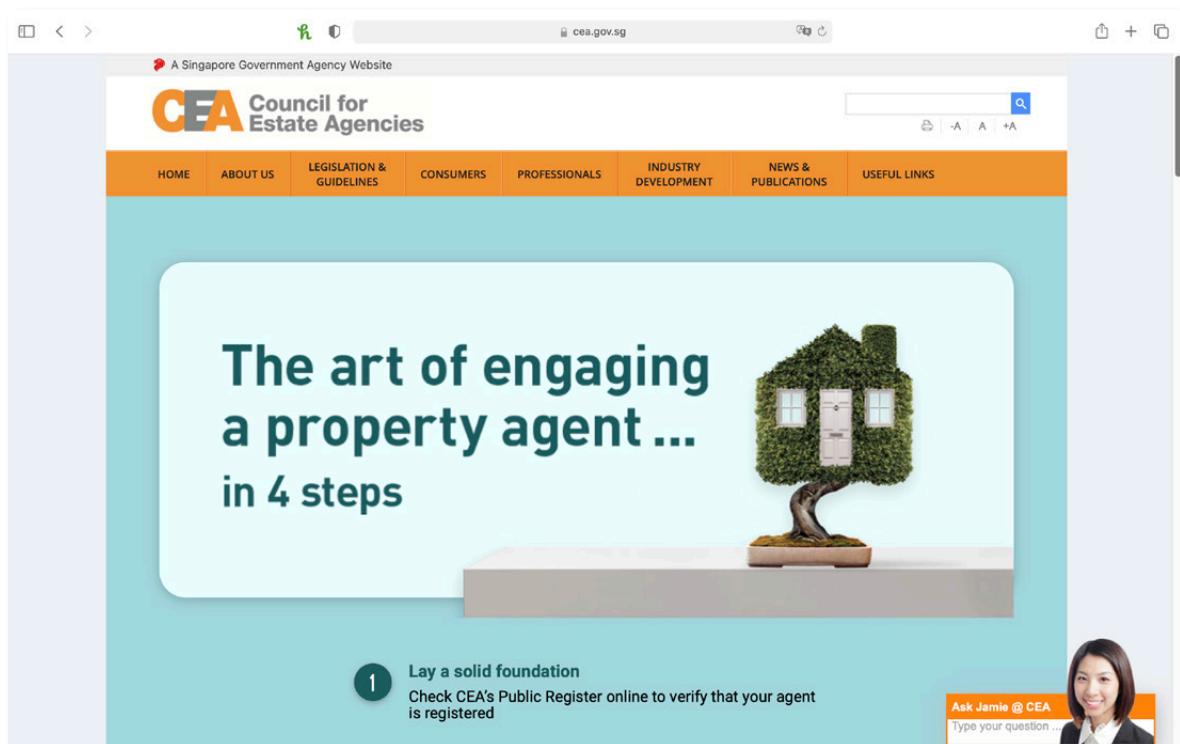
We conveyed our consumer messages using online banner advertisements, videos and social media

advertisements. Along with digital platforms, social media channels were also leveraged to reach our target audience.

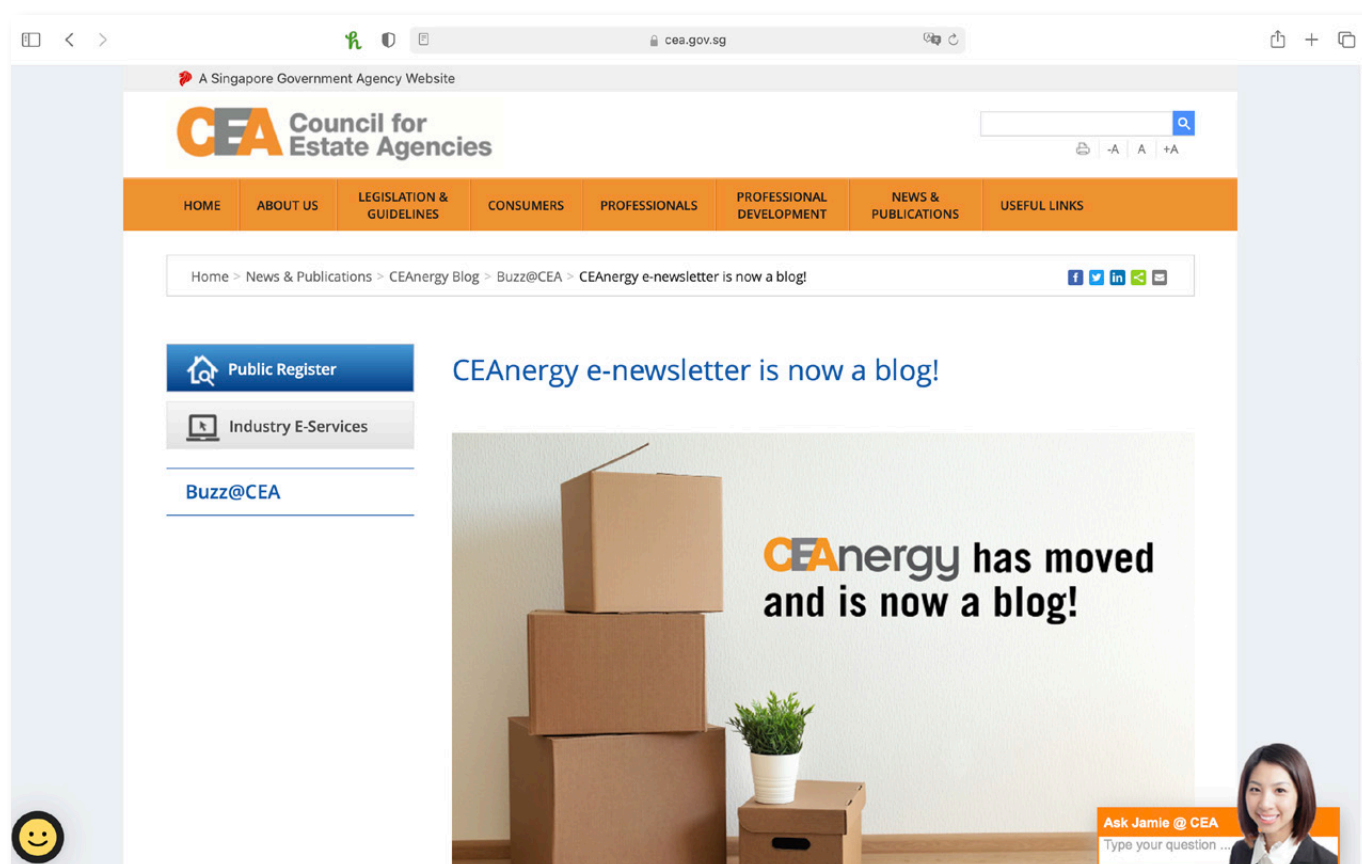
As property marketing is increasingly more prevalent in the social media space, CEA also tapped on Facebook and Instagram advertising. These channels allowed our advertisements to be served in a targeted manner to property consumers based on their social media consumption habits, interests and demographics.

The variety of advertising options available has enabled us to develop different kinds of still and video creatives to engage with our target audience differently.

CEA also extended our reach to a diverse range of property consumers through collaborations with other government agencies via sharing of content on their social media platforms as well as virtual seminars co-presented with the Housing & Development Board.



Improving the Timeliness of Our Industry Communiques



CEAnergy, CEA's quarterly e-newsletter for the real estate agency industry, was redesigned into a blog in February 2021. The *CEAnergy* blog keeps the industry apprised of the latest happenings, industry news and trends, and practice-related tips in a timelier manner to ensure that property agents have the latest information at their fingertips. The blog brings together other staple content such as information on recent CEA policies for property agents to better appreciate the rationale behind them, as well as reviews of past disciplinary cases for the industry to learn from.

Rising Above Challenges in Trying Times

We are proud that as a small agency, nine of our staff volunteered to support the national fight against

COVID-19. Some were deployed at the frontlines as Safe Distancing Ambassadors, and as members of dormitory management operations to perform swab and serology tests for migrant workers. Others contributed behind the scenes, e.g., negotiating and securing sites to house recovering COVID-19 patients, helping out with processing appeals related to COVID-19 restrictions, putting together the Daily Situation Reports, and developing communications material for dormitory residents.

These CEA officers started out their volunteering stints because they wanted to play a part in the fight against COVID-19. As they went about their deployments, our officers gained a renewed appreciation and respect for those serving at the frontline. There were also heartwarming moments when our officers received support and encouragement from team members from their deployed sites and also from CEA staff and management. Their common takeaway was that various government agencies had put in tremendous effort to deal with the effects of COVID-19, and that everyone in the community can do their part by abiding with the safe management measures and mitigating the spread of the virus.

In the National Day Awards 2020, Ms Lee Yueh Lih, Principal Manager of CEA's Licensing Division, was conferred the Commendation Medal for showing initiative and delivering quality work. She also provided assistance to and mentored her colleagues when they encountered challenges in their work. Ms Lee was one of the nine CEA officers who volunteered in the fight against COVID-19 by taking on dormitory management operations work.



CEA officer Ms Lee Yueh Lih (second from right) during her deployment at MOM's Dormitory Management Operations.

The real estate agency industry has significantly evolved over the past ten years. As we enter and face the challenges of the next decade and the endemic phase of COVID-19, CEA will continue to collaborate and partner with property agencies and agents in their transformation journey to embrace digitalisation, raise professional standards, and build consumer trust.

CEA officer Mr Justin Tang (in black, last row on the left) during his deployment at MOM's Dormitory Management Operations.



FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021)

CONTENTS

- 34** Statement by the Council
- 35** Independent Auditor's Report
- 39** Statement of Comprehensive Income
- 40** Statement of Financial Position
- 41** Statement of Changes in Equity
- 42** Statement of Cash Flows
- 43** Notes to the Financial Statements

STATEMENT BY THE COUNCIL

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

In our opinion,

- (a) the accompanying financial statements of the Council for Estate Agencies (hereafter to be called “Council”) as set out on pages 6 to 36 are properly drawn up in accordance with the provisions of the Public Sector (Governance) Act 2018, Act 5 of 2018 (the “Public Sector (Governance) Act”), the Estate Agents Act, Chapter 95A (the “Act”) and Statutory Board Financial Reporting Standards (“SB-FRSs”), so as to present fairly, in all material respects, the financial position of the Council as at **31 March 2021** and the results, changes in equity and cash flows of the Council for the financial year then ended;
- (b) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Council during the financial year have been, in all material respects, in accordance with the provisions of the Public Sector (Governance) Act and the Act; and
- (c) proper accounting and other records have been kept, including records of all assets of the Council whether purchased, donated or otherwise.

On behalf of the Council,



Quek See Tiat
President



Lim Chee Hwee
Executive Director

Singapore

Date: 22 July 2021

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

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of the Council for Estate Agencies (the "Council") which comprise the statement of financial position as at **31 March 2021**, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Public Sector (Governance) Act 2018, Act 5 of 2018 (the "Public Sector (Governance) Act"), the Estate Agents Act, Chapter 95A (the "Act") and Statutory Board Financial Reporting Standards ("SB-FRSs") so as to present fairly, in all material respects, the state of affairs of the Council as at **31 March 2021** and the results, changes in equity and cash flows of the Council for the year ended on that date.

Basis for Opinion

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

Other Information

Management is responsible for other information. The other information comprises the Statement by the Council of the Council for Estate Agencies set out on page 1.

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

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

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

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Public Sector (Governance) Act, the Act and SB-FRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

A statutory board is constituted based on its constitutional act and its dissolution requires Parliament's approval. In preparing the financial statements, management is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is intention to wind up the Council or for the Council to cease operations.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENT

Opinion

In our opinion:

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

Basis for Opinion

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

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

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

Responsibilities of Management for Compliance with Legal and Regulatory Requirements

Management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Public Sector (Governance) Act, the Act and the requirements of any other written law applicable to moneys of or managed by the Council. This responsibility includes implementing accounting and internal controls as management determines are necessary to enable compliance with the provisions of the Act.

Auditor's Responsibilities for the Compliance Audit

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Public Sector (Governance) Act, the Act and the requirements of any other written law applicable to moneys of or managed by the Council.

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



Assurance Partners LLP

Public Accountants and Chartered Accountants

Singapore

Date: 22 July 2021

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	Note	2021 S\$'000	2020 S\$'000
Revenue	(4)	11,655	11,360
Less: Expenditure			
Real estate examinations related costs		1,051	874
Depreciation and amortisation		1,101	1,174
Fees and charges	(5)	4,662	5,392
Expenditure on manpower	(6)	11,239	10,958
Administrative and other expenses	(7)	1,379	1,547
Finance cost	(8)	49	51
Total operating expenses		19,481	19,996
Operating deficit before government grant		(7,826)	(8,636)
Grants			
Operating grants	(13)	7,527	8,282
Deferred capital grant amortised	(18)	109	103
Grants received in advance amortised	(13)	190	251
		7,826	8,636
Surplus for the financial year before statutory contribution to Consolidated Fund		–	–
Statutory contribution to Consolidated Fund		–	–
Total comprehensive income for the financial year		–	–

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Note	2021 S\$'000	2020 S\$'000
Non-current assets			
Plant and equipment	(9)	139	338
Right-of-use assets	(10)	2,003	517
Intangible assets	(11)	683	622
		2,825	1,477
Current assets			
Trade and other receivables	(12)	147	326
Prepayments		137	146
Cash and cash equivalents	(14)	14,965	11,140
		15,249	11,612
Less:			
Current liabilities			
Trade and other payables	(15)	2,388	1,803
Deferred revenue	(16)	5,714	5,663
Lease liabilities	(17)	725	549
Government grant received in advance	(13)	4,291	1,518
		13,118	9,533
Net current assets		2,131	2,079
Non-current liabilities			
Deferred capital grant	(18)	224	308
Provision	(19)	162	123
Lease liabilities	(17)	1,296	–
		1,682	431
NET ASSETS		3,274	3,125
EQUITY			
Share capital	(20)	3,274	3,125

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	Note	Share Capital S\$'000
2021		
Balance as at 1 April 2020		3,125
Total capital injection for the year		149
Balance as at 31 March 2021	(20)	<u>3,274</u>
2020		
Balance as at 1 April 2019		2,806
Total capital injection for the year		319
Balance as at 31 March 2020	(20)	<u>3,125</u>

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	Note	2021 S\$'000	2020 S\$'000
Cash flows from operating activities			
Operating deficit before government grant		(7,826)	(8,636)
Adjustments for:			
Amortisation of deferred revenue	(4)	(7,899)	(7,982)
Depreciation of plant and equipment	(9)	245	344
Depreciation of right-of-use assets	(10)	768	776
Amortisation of intangible assets	(11)	88	54
Interest income		(79)	(178)
Interest expense	(8)	49	51
Operating deficit before working capital changes		(14,654)	(15,571)
Change in operating assets and liabilities:			
Trade and other receivables		179	35
Prepayments		9	(40)
Trade and other payables		585	(1,119)
Cash used in operation		(13,881)	(16,695)
Deferred revenue received		7,950	8,098
Interest received		79	178
Net cash used in operating activities		(5,852)	(8,419)
Cash flows from investing activities			
Purchase of plant and equipment	(9)	(7)	(18)
Purchase of intangible assets	(11)	(149)	(561)
Net cash used in investing activities		(156)	(579)
Cash flows from financing activities			
Interest paid	(8)	(49)	(51)
Payment of principal portion of lease liabilities	(17)	(782)	(789)
Government operating grants received	(13)	10,515	8,560
Government capital injection received	(20)	149	319
Net cash generated from financing activities		9,833	8,039
Net increase/(decrease) in cash and cash equivalents		3,825	(959)
Cash and cash equivalents at beginning of the year		11,140	12,099
Cash and cash equivalents at end of the year	(14)	14,965	11,140

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

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

1. GENERAL

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

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

The primary functions and duties of the Council are:

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

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

(b) Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Council has adopted all the new and amended standards which are relevant to the Council and are effective for annual financial periods beginning on or after 1 January 2020. The adoption of these standards did not have any material effect on the financial performance or position of the Council.

(c) Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to SB-FRS 116 <i>Leases: Covid-19-Related Rent Concessions</i>	1 June 2020
Amendments to SB-FRS 109 <i>Financial Instruments</i> , SB-FRS 39 <i>Financial Instruments: Recognition and Measurement</i> , SB-FRS 107 <i>Financial Instruments: Disclosures</i> , SB-FRS 104 <i>Insurance Contracts</i> , SB-FRS 116 <i>Leases: Interest Rate Benchmark Reform – Phase 2</i>	1 January 2021
Amendments to SB-FRS 16 <i>Property, Plant and Equipment: Proceeds before Intended Use</i>	1 January 2022
Amendments to SB-FRS 37 <i>Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to SB-FRSs 2018-2020	1 January 2022
Amendments to SB-FRS 1 <i>Presentation of Financial Statements: Classification of Liabilities as Current or Non-current</i>	1 January 2023

Those charged with governance expects that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Revenue recognition

Revenue is measured based on the consideration to which the Council expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Council satisfies a performance obligation by transferring a promised goods or services to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

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

(i) Licence and registration fees

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

(ii) Application fees

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

(iii) Examination fees

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

(iv) Interest income

Interest is recognised using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Government grants

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

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

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

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

(f) Foreign currency

(i) Functional and presentation currency

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

(ii) Transactions and balances

Transactions in foreign currencies are measured in the functional currency of the Council and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Plant and equipment

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. 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 plant and equipment.

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	<u>Useful lives</u>
Furniture and fittings	8 years
Office equipment	5 years
Renovation	3 years

Work-in-progress included in plant and equipment is not depreciated as these assets are not available for use.

The residual value, useful lives and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

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

(h) Intangible assets

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

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

Work-in-progress included in intangible assets is not depreciated as these assets are not available for use.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Impairment of non-financial assets

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

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

Impairment losses are recognised in statement of comprehensive income.

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

(j) Financial instruments

(i) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Council measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in statement of comprehensive income.

Trade receivables are measured at the amount of consideration to which the Council expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial instruments (continued)

(i) Financial assets (continued)

Subsequent measurement

- Investment in debts instruments

Subsequent measurement of debt instruments depends on the Council's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, FVOCI and FVPL. The Council only has debt instruments at amortised cost.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in statement of comprehensive income when the assets are derecognised or impaired, and through the amortisation process.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in statement of comprehensive income.

(ii) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial instruments (continued)

(ii) Financial liabilities (continued)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in statement of comprehensive income.

(iii) Offsetting of financial instruments

A financial asset and a financial liability shall be offset and the net amount presented in the statement of financial position when, and only when, an entity:

- (a) currently has a legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(k) Impairment of financial assets

The Council recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Council expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Council applies a simplified approach in calculating ECLs. Therefore, the Council does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Council has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

The Council considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Council may also consider a financial asset to be in default when internal or external information indicates that the Council is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Council. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand which are subject to an insignificant risk of changes in value.

(m) 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 resources embodying economic benefits 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.

Provision for reinstatement cost

The Council recognised a liability and capitalises an expense in plant and equipment if the Council has a present legal or constructive obligation to reinstate the leased premises to their original state upon expiry of the lease. The provision is made based on management's best estimate of the expected costs to be incurred to reinstate the leased premises to their original state. The capitalised provision for reinstatement cost in plant and equipment is amortised over the period of lease.

(n) Employee benefits

(i) Defined contribution plans

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

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Council has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Leases

The Council assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As lessee

The Council applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Council recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

Right-of-use assets

The Council recognises right-of-use assets at the commencement date of the leases (i.e. the date of underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

	<u>Useful lives</u>
Office premises	Over the lease term of the leased asset

Right-of-use assets and related operating expenses are funded by government operating grants (Note 2e).

If ownership of the leased asset transfer to the Council at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2(i).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Leases (continued)

(i) As lessee (continued)

Lease liabilities

At the commencement date of the lease, the Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Council and payments of penalties for terminating the lease, if the lease term reflects the Council exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Council uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(p) Goods and services tax ("GST")

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as an expense in the income or expenditure as applicable; and
- receivables and payables that are stated with the amount of GST included.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Related parties

A related party is defined as follows:

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

- (i) has control or joint control of the Council;
- (ii) has significant influence over the Council; or
- (iii) is a member of the key management personnel of the Council or of a parent of the Council.

B. An entity is related to the Council if any of the following conditions applies:

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

(r) Share capital

Under the Minister for Finance's Capital Management Framework for Statutory Boards (Finance Circular Minutes No. M26/2008), proceeds received from Ministry of Finance are capital injections recognised as share capital in equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Contingencies

A contingent liability is:

- (i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council; or
- (ii) a present obligation that arises from past events but is not recognised because:
 - it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council.

Contingent liabilities and assets are not recognised on the statement of financial position of the Council, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

3.1 Judgements made in applying accounting policies

Management is of the opinion that there are no significant judgements made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONTINUED)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Council based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Council. Such changes are reflected in the assumptions when they occur.

(a) Impairment of plant and equipment, right-of-use assets and intangible assets

Plant and equipment, right-of-use assets and intangible assets are reviewed for impairment whenever there is an indication that these assets may be impaired. The Council considers the guidance of SB-FRS 36 in assessing whether there is any indication that an item of the above assets may be impaired. This assessment requires significant judgement.

If any such indication exists, the recoverable amount of the assets is estimated to ascertain the amount of impairment loss. The recoverable amount is defined as the higher of the fair value less cost to sell and value-in-use.

In determining the value-in-use of assets, the Council applies a discounted cash flow model where the future cash flows derived from such assets are discounted at an appropriate rate. Forecasts of future cash flow are estimated based on financial budgets and forecasts approved by the management.

The carrying amount of the Council's plant and equipment, right-of-use assets and intangible assets are disclosed in Note 9, Note 10 and Note 11 to the financial statements.

(b) Estimated useful lives and residual value of plant and equipment, right-of-use assets and intangible assets

The cost of plant and equipment, right-of-use assets and intangible assets less residual value is depreciated or amortised on a straight-line basis over the plant and equipment, right-of-use assets and intangible assets estimated economic useful lives. The estimated useful life and residual value reflects the Council's estimate of the periods that the Council intends to derive future economic benefits from the use of the plant and equipment, right-of-use assets and intangible assets and residual value that the Council's estimated to recover at the end of the useful life.

The carrying amount of the Council's plant and equipment, right-of-use assets and intangible assets are disclosed in Note 9, Note 10 and Note 11 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

4. REVENUE

	2021 S\$'000	2020 S\$'000
<u>Type of services</u>		
Licence, registration and application fees	9,352	8,817
Examination fees and others	2,303	2,543
	11,655	11,360
<u>Timing of transfer of services</u>		
At a point in time	3,756	3,378
Over a period of time	7,899	7,982
	11,655	11,360

5. FEES AND CHARGES

	2021 S\$'000	2020 S\$'000
Housing and Development Board Consultancy and support services	398	438
Criminal Investigation Department Screening of salespersons and estate agents	656	289
Government Technology Agency Support services	952	895
Hardware and software development and maintenance	2,040	2,982
Others	616	788
	4,662	5,392

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

6. EXPENDITURE ON MANPOWER

(a) Key management personnel

	2021 S\$'000	2020 S\$'000
Salaries and bonuses	1,873	1,865
Central Provident Fund contributions	99	105
	<u>1,972</u>	<u>1,970</u>

(b) Other than key management personnel

	2021 S\$'000	2020 S\$'000
Salaries and bonuses	8,421	8,131
Central Provident Fund contributions	846	857
	<u>9,267</u>	<u>8,988</u>
	<u>11,239</u>	<u>10,958</u>

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

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

7. ADMINISTRATIVE AND OTHER EXPENSES

	2021 S\$'000	2020 S\$'000
Council members' fees	112	108
Goods and services tax expenses	879	949
Public outreach	260	344
Others	128	146
	<u>1,379</u>	<u>1,547</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

8. FINANCE COST

	2021 S\$'000	2020 S\$'000
Interest expense on:		
– Lease liabilities	49	51

9. PLANT AND EQUIPMENT

	Furniture and fittings S\$'000	Office equipment S\$'000	Renovation S\$'000	Work in progress S\$'000	Total S\$'000
Cost					
At 1 April 2019	66	445	698	–	1,209
Additions	–	–	–	18	18
At 31 March 2020	66	445	698	18	1,227
Additions	–	7	39	–	46
Transfer	–	18	–	(18)	–
At 31 March 2021	66	470	737	–	1,273
Accumulated depreciation					
At 1 April 2019	9	261	275	–	545
Depreciation for the year	8	82	254	–	344
At 31 March 2020	17	343	529	–	889
Depreciation for the year	8	64	173	–	245
At 31 March 2021	25	407	702	–	1,134
Carrying amount					
At 31 March 2021	41	63	35	–	139
At 31 March 2020	49	102	169	18	338

Included within the cost of renovation is a provision for premises reinstatement costs of S\$162,000 (2020: S\$123,000) (Note 19).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

10. RIGHT-OF-USE ASSETS

	Office premises S\$'000
Carrying amount	
At 1 April 2019	1,293
Depreciation	(776)
At 31 March 2020	517
Additions	2,254
Depreciation	(768)
At 31 March 2021	2,003

The Council has lease contract for office premises from Housing and Development Board with lease term of 3 years. The Council's obligations under these leases are secured by the lessor's title to the leased assets.

Amounts recognised in statement of comprehensive income

	2021 S\$'000	2020 S\$'000
Depreciation of right-of-use assets	768	776
Interest expense on lease liabilities (Note 8)	49	51
Expense relating to leases of low value assets and short-term leases	100	143
Total amount recognised in statement of comprehensive income	917	970

Total cash outflow

The Council had total cash outflow for leases of S\$931,000 (2020: S\$983,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

11. INTANGIBLE ASSETS

	Computer software S\$'000	Work in progress S\$'000	Total S\$'000
Cost			
At 1 April 2019	787	–	787
Additions	308	253	561
Write-off	(30)	–	(30)
At 31 March 2020	1,065	253	1,318
Additions	149	–	149
At 31 March 2021	1,214	253	1,467
Accumulated amortisation			
At 1 April 2019	672	–	672
Amortisation for the year	54	–	54
Write-off	(30)	–	(30)
At 31 March 2020	696	–	696
Amortisation for the year	88	–	88
At 31 March 2021	784	–	784
Carrying amount			
At 31 March 2021	430	253	683
At 31 March 2020	369	253	622

12. TRADE AND OTHER RECEIVABLES

	2021 S\$'000	2020 S\$'000
Trade receivables	–	6
Other receivables	24	123
GST receivables	123	197
	147	326

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

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

Trade and other receivables are denominated in Singapore Dollar.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

13. GOVERNMENT GRANT RECEIVED IN ADVANCE

	2021 S\$'000	2020 S\$'000
At the beginning of the financial year	1,518	1,733
Grant received	10,515	8,560
Grant recognised in income and expenditure for the financial year (Note 2e)	(7,527)	(8,282)
Transferred to deferred capital grant during the financial year (Note 18)	(25)	(242)
Depreciation of capital injection assets funded by operating grant	(190)	(251)
At the end of the financial year	<u>4,291</u>	<u>1,518</u>
Government grant representing: Grant received in advance	<u>4,291</u>	<u>1,518</u>

14. CASH AND CASH EQUIVALENTS

	2021 S\$'000	2020 S\$'000
Cash and cash equivalents	<u>14,965</u>	<u>11,140</u>

Cash and cash equivalents comprise cash which includes bank balances held by Accountant-General's Department ("AGD") under the Government's Centralised Liquidity Management Framework for Statutory Boards.

Cash and cash equivalents are denominated in Singapore Dollar.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

15. TRADE AND OTHER PAYABLES

	2021 S\$'000	2020 S\$'000
Trade payables	16	15
Other payables	11	3
Accrued expenses	1,819	1,387
Provision for unutilised leave	542	398
	2,388	1,803

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

Trade and other payables are denominated in the Singapore Dollar.

16. DEFERRED REVENUE

	2021 S\$'000	2020 S\$'000
Within 1 year	5,714	5,663

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

17. LEASE LIABILITIES

	2021 S\$'000	2020 S\$'000
Current	725	549
Non-current	1,296	–
	2,021	549

The Council has lease liabilities arising from lease contract for office premise from Housing and Development Board with lease term of 3 years (Note 10).

A reconciliation of liabilities arising from financing activities is as follows:

	1 April 2020	Cash flows	Non-cash changes			31 March 2021
	S\$'000	S\$'000	Acquisition	Accretion of	Other	S\$'000
	S\$'000	S\$'000	S\$'000	interest	S\$'000	S\$'000
				S\$'000		
Liabilities						
Lease liabilities						
– current	549	(831)	233	49	725	725
– non-current	–	–	2,021	–	(725)	1,296
	549	(831)	2,254	49	–	2,021

	1 April 2019	Cash flows	Non-cash changes			31 March 2020
	S\$'000	S\$'000	Acquisition	Accretion of	Other	S\$'000
	S\$'000	S\$'000	S\$'000	interest	S\$'000	S\$'000
				S\$'000		
Liabilities						
Lease liabilities						
– current	789	(840)	–	51	549	549
– non-current	549	–	–	–	(549)	–
	1,338	(840)	–	51	–	549

The “other” column relates to reclassification of non-current portion of lease liabilities due to passage of time.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

18. DEFERRED CAPITAL GRANT

	2021 S\$'000	2020 S\$'000
At the beginning of the financial year	308	169
Transferred from government grant during the financial year (Note 13)	25	242
Grant recognised in income and expenditure for the financial year (Note 2e)	(109)	(103)
At end of the financial year	<u>224</u>	<u>308</u>

19. PROVISION

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

	2021 S\$'000	2020 S\$'000
At the beginning of the financial year	123	123
Additions	39	–
At the end of the financial year	<u>162</u>	<u>123</u>

20. SHARE CAPITAL

	2021 Number of shares '000	2020	2021 S\$'000	2020 S\$'000
Issued and fully paid up:				
At the beginning of the financial year	3,125	2,806	3,125	2,806
Equity injection	149	319	149	319
At the end of the financial year	<u>3,274</u>	<u>3,125</u>	<u>3,274</u>	<u>3,125</u>

Injection of capital is part of the Capital Management Framework for Statutory Boards under Finance Circular Minute M26/2008. The shares have been fully paid and are held by the Minister for Finance, a body corporate incorporated by the Minister for Finance (Incorporation) Act (Chapter 183). The holder of these shares, which has no par value, is entitled to receive dividends.

In 2021, the Council received additional S\$149,120.55 (2020: S\$318,749.73) equity financing from Ministry of Finance.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

21. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

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

	Note	2021 S\$'000	2020 S\$'000
Housing and Development Board			
Rental of premises	17	831	840
Consultancy and support services	5	398	438
		<u>1,229</u>	<u>1,278</u>
Criminal Investigation Department			
Screening of salespersons and estate agents	5	656	289
Government Technology Agency			
Support Services	5	952	895

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

22. STATUTORY CONTRIBUTION TO CONSOLIDATED FUND

Under Section 13(1)(e) and the First Schedule of the Singapore Income Tax Act, Chapter 134, the income of the Council is exempt from income tax. In lieu of income tax, the Council is required to make contribution to the Government Consolidated Fund in accordance with the Statutory Corporations (Contributions to Consolidated Fund) Act (Chapter 319A) and in accordance with the Finance Circular Minutes No M5/2005. The amount to be contributed is based on 17% of the net surplus of the Council.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

23. FAIR VALUE OF ASSETS AND LIABILITIES

Assets and liabilities not measured at fair value

Other receivables, cash and cash equivalents and other payables

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

Trade receivables and trade payables

The carrying amounts of these receivables and payables approximate their fair values as they are subject to normal trade credit terms.

Lease liabilities

The carrying amounts of lease liabilities approximate their fair value as they are subject to interest rates close to market rate of interest for similar arrangements with financial institutions.

24. FINANCIAL RISK MANAGEMENT

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

(a) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Council. The Council's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and cash equivalents held by AGD), the Council minimises credit risk by dealing exclusively with high credit rating counterparties.

The Council has adopted a policy of only dealing with creditworthy counterparties. The Council performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Council considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Council has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 90 days, default of interest due for more than 90 days or there is significant difficulty of the counterparty.

The Council takes into consideration of the economic conditions during the period over which the historical debts has been collected, current conditions and the Council's view of the economic conditions over the expected lives of the debtor in assessing the credit risk rating of the debtor.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

The Council's current credit risk grading framework comprises the following categories:

Category	Definition of category	Basis for recognising expected credit loss (ECL)
I	Counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
II	Amount is > 90 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
III	Amount is > 120 days past due or there is evidence indicating the asset is credit-impaired (in default).	Lifetime ECL – credit-impaired
IV	There is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.	Amount is written off

The table below details the credit quality of the Council's financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

	Note	Category	12-month or lifetime ECL	Gross carrying amount S\$'000	Loss allowance S\$'000	Net carrying amount S\$'000
31 March 2021						
Other receivables (exclude GST receivables)	12	I	12-month ECL	24	–	24
					–	
31 March 2020						
Trade receivables	12	Note 1	Lifetime ECL (simplified)	6	–	6
Other receivables (exclude GST receivables)	12	I	12-month ECL	123	–	123
					–	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

Trade receivables (Note 1)

For trade receivables, the Council has applied the simplified approach in SB-FRS 109 to measure the loss allowance at lifetime ECL. The Council determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors over last three financial years, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

Based on the above, the Council concluded that the expected credit loss for trade receivables is close to zero. All trade receivables are not past due at the end of the reporting period.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Council's performance to developments affecting a particular industry.

Exposure to credit risk

The Council has no significant concentration of credit risk. The Council has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

Other receivables

The Council assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Council measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

24. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk

Liquidity risk refers to the risk that the Council will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Council's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

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

All financial assets and liabilities (excluding the provision for reinstatement costs of rented premises) are repayable on demand or due within 1 year from the end of the reporting period, except for lease liabilities amounted to \$1,296,000 (2020: S\$Nil) which are due within 2 to 5 years from the end of the reporting period (Note 17).

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Council's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(i) Interest rate risk

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

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

(ii) Foreign currency risk

The Council's foreign exchange risk results mainly from cash flows from transactions denominated in foreign currencies. At present, the Council does not have any formal policy for hedging against currency risk. The Council ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates, where necessary, to address short term imbalances.

At the end of the reporting period, the Council does not have any significant foreign currency risk.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

25. FINANCIAL INSTRUMENTS BY CATEGORY

At the reporting date, the aggregate carrying amounts of financial assets at amortised cost and financial liabilities at amortised cost were as follows:

	Note	2021 S\$'000	2020 S\$'000
Financial assets measured at amortised cost			
Trade and other receivables (exclude GST receivables)	12	24	129
Cash and cash equivalents	14	14,965	11,140
Total financial assets measured at amortised cost		14,989	11,269
Financial liabilities measured at amortised cost			
Trade and other payables	15	2,388	1,803
Lease liabilities	17	2,021	549
Total financial liabilities measured at amortised cost		4,409	2,352

26. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 March 2021 were authorised for issue in accordance with a resolution of the Council Members on 22 July 2021.

GENERAL INFORMATION

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

Council's Members

President	:	Mr. Quek See Tiat
Members	:	Mr. Lim Chee Hwee
		Mr. Mike Chan
		Dr. Tan Tee Khoon
		Mrs. Deborah Ong
		Mr. Sin Lye Chong
		Mr. Mohamed Abdul Akbar Bin Mohamed Abdul Kader
		Mr. Ng Boon Yew
		Ms. Tan Pei Shan
		Mr. Lok Vi Ming
		Ms. Koh Choon Fah
		Mr. Thomas Tan

Auditors

Assurance Partners LLP
Public Accountants and Chartered Accountants of Singapore
140 Paya Lebar Road
#05-16 AZ@Paya Lebar
Singapore 409015
Telephone : (65) 6702 3178
Fax : (65) 6635 3038
Auditor-In-Charge : Goh Geok Lin

Registered Office

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

Principal Banker

Overseas-Chinese Banking Corporation Limited