FINANCIAL STATEMENTS

(FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021)

CONTENTS

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)	**3,274**
2020		
Balance as at 1 April 2019		2,806
Total capital injection for the year		319
Balance as at 31 March 2020	(20)	3,125

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

	Useful lives
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:

	Useful lives
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
Type of services		
Licence, registration and application fees	**9,352**	8,817
Examination fees and others	**2,303**	2,543
	11,655	11,360
Timing of transfer of services		
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
	1,972	1,970

(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
	9,267	8,988
	11,239	10,958

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
	1,379	1,547

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	2020
	S$'000	S$'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	**4,291**	1,518
Government grant representing:		
Grant received in advance	**4,291**	1,518

14. CASH AND CASH EQUIVALENTS

	2021	2020
	S$'000	S$'000
Cash and cash equivalents	**14,965**	11,140

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	2020
	S$'000	S$'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**
			Acquisition	**Accretion of interest**	**Other**	
	S$'000	S$'000	S$'000	S$'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**
			Acquisition	**Accretion of interest**	**Other**	
	S$'000	S$'000	S$'000	S$'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	**224**	308

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	**162**	123

20. SHARE CAPITAL

	2021 Number of shares '000	2020 Number of shares '000	**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	**3,274**	3,125	**3,274**	3,125

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
		1,229	1,278
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