FINANCIAL STATEMENTS

STATEMENT BY THE COUNCIL

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

On behalf of the Council:

Greg Seow
President

Chionh Chye Khye
Executive Director

Singapore
18 June 2013

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 March 2013

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

REPORT ON THE FINANCIAL STATEMENTS

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

INDEPENDENT AUDITOR'S REPORT (CONT'D)

For the financial year ended 31 March 2013

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Management's Responsibility for Compliance with Legal and Regulatory Requirements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion:

(a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Council during the year are, in all material respects, in accordance with the provisions of the Act; and

(b) proper accounting and other records have been kept, including records of all assets of the Council whether purchased, donated or otherwise.

Ernst & Young LLP

Ernst & Young LLP

Public Accountants and
Certified Public Accountants

Singapore
18 June 2013

STATEMENT OF FINANCIAL POSITION

As at 31 March 2013

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

Greg Seow
President

18 June 2013

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

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2013

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

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

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 March 2013

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

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

STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2013

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

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2013

1. GENERAL INFORMATION

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

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

The primary functions and duties of the Council are:

i) To administer the licensing and registration regimes under the Act;

ii) To regulate and control the practice of estate agents and salespersons;

iii) To promote integrity and competence of estate agents and salespersons and to maintain or enhance their status;

iv) To administer examination and a professional development framework for the purposes of licensing and registration under the Act;

v) To develop codes of practice, ethics and conduct for estate agents and salespersons;

vi) To conduct investigations and disciplinary proceedings in relation to offences and unsatisfactory conduct or misconduct in relation to estate agency work;

vii) To develop measures to equip consumers with the necessary knowledge to conduct their real estate transactions with prudence and diligence; and

viii) To perform such other functions and discharge such other duties as may be conferred on the Council by any written law.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

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

2.2 Adoption of new and revised standards

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Standards issued but not yet effective

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

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

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

2.4 Functional currency

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Plant and equipment

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

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

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

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

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

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

2.6 Intangible assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Impairment of non-financial assets

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

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

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

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

2.8 Financial assets

Loans and receivables

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

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

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

Impairment of loans and receivables

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Cash and cash equivalents

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

2.10 Provisions

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

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

2.11 Government grants

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

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

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

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

2.12 Financial liabilities

Non-derivative financial liabilities

Non-derivative financial liabilities comprise trade and other payables.

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Employee benefits

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

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

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

(b) Employee leave entitlement

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

2.14 Leases

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

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

2.15 Revenue

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

Licence and registration fees

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

Application fees

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

Examination fees

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

Interest income

Interest income is recognised using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2013

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Share capital

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

2.17 Goods and services tax

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES ESTIMATES

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

Key sources of estimation uncertainty

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

Useful lives of plant and equipment and intangible assets

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2013

4. PLANT AND EQUIPMENT

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2013

5. INTANGIBLE ASSETS

Computer softwares

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

6. TRADE AND OTHER RECEIVABLES

	2013 $'000	2012 $'000
Trade receivables	447	135
Other receivables	75	880
	522	1,015

Trade receivables

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2013

7. CASH AND CASH EQUIVALENTS

	2013 $'000	2012 $'000
Cash and bank balances	9,584	9,482

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

8. TRADE AND OTHER PAYABLES

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

Trade payables

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

9. DEFERRED REVENUE

	2013 $'000	2012 $'000
Within 1 year	6,104	5,844

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

10. GOVERNMENT GRANT

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2013

11. DEFERRED CAPITAL GRANT

	2013 $'000	2012 $'000
At beginning of the financial year/period	–	–
Grant received during the year/period	–	–
Transferred from government grant during the financial year/period	146	–
Transferred to income and expenditure statement during the financial year/period	(33)	–
At end of the financial year/period	113	–

12. PROVISION

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

	2013 $'000	2012 $'000
At beginning of the financial year/period	141	–
Reinstatement costs of rented premises (Note 4)	–	141
At end of the financial year/period	141	141

13. SHARE CAPITAL

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

14. REVENUE

	01.04.2012 to 31.03.2013 $'000	22.10.2010 to 31.03.2012 $'000
Licence, registration and application fees	10,454	11,655
Examination fees and others	2,615	2,657
	13,069	14,312

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2013

15. EXPENDITURE ON MANPOWER

	01.04.2012 to 31.03.2013 $'000	22.10.2010 to 31.03.2012 $'000
Key management personnel		
Salaries and related costs	1,505	2,563
Central Provident Fund contribution	49	54
	1,554	2,617
Other than key management personnel		
Salaries and related costs	5,151	6,184
Central Provident Fund contribution	641	492
	5,792	6,676
	7,346	9,293

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

Key management personnel

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

16. ADMINISTRATIVE AND OTHER EXPENSES

Included in administrative and other expenses are:

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2013

17. RELATED PARTY TRANSACTIONS

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

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

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

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

18. STATUTORY CONTRIBUTION TO CONSOLIDATED FUND

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2013

19. COMMITMENTS

Operating lease commitments - as lessee

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

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

	2013 $'000	**2012** $'000
Not later than one year	510	1,038
Later than one year and not later than five years	248	683
	758	1,721

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

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

Credit risk

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31 March 2013

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

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

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

Interest rate risk

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

Fair value for other financial assets and liabilities

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

Classification of financial instruments

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

	2013 $'000	**2012** $'000
Trade and other receivables	522	1,015
Cash and bank balances	9,584	9,482
Total loans and receivables	10,106	10,497

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

21. COMPARATIVE FIGURES

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

22. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

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