

ACCOUNTING AND CORPORATE REGULATORY AUTHORITY

STATEMENT BY THE ACCOUNTING AND CORPORATE REGULATORY AUTHORITY

In our opinion, the accompanying financial statements of the Accounting and Corporate Regulatory Authority (the “Authority”) as set out on pages 1 to 18 are drawn up so as to present fairly, in all material respects, the state of affairs of the Authority as at 31 March 2016, and the results, changes in equity and cash flows of the Authority for the financial year then ended.

On behalf of the Authority



LIM SOO HOON
Chairman



KENNETH YAP YEW CHOH
Chief Executive

Singapore
29 June 2016

**INDEPENDENT AUDITOR'S REPORT
ON THE AUDIT OF THE FINANCIAL STATEMENTS OF
ACCOUNTING AND CORPORATE REGULATORY AUTHORITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

Report on the Financial Statements

The accompanying financial statements of the Accounting and Corporate Regulatory Authority (the "Authority"), set out on pages 1 to 18, have been audited under my direction. These financial statements comprise the statement of financial position as at 31 March 2016, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Accounting and Corporate Regulatory Authority Act (Cap. 2A, 2005 Revised Edition) (the "Act") and Statutory Board Financial Reporting Standards, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on the audit. The audit was conducted in accordance with Singapore Standards on Auditing. Those standards require that ethical requirements be complied with, and that the audit be planned and performed 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 judgement, 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 controls 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 controls. 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.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my 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 Authority as at 31 March 2016 and the results, changes in equity and cash flows of the Authority for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

Management's Responsibility for Compliance with Legal and Regulatory Requirements

The 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

My responsibility is to express an opinion on management's compliance based on the audit of the financial statements. The audit was conducted in accordance with Singapore Standards on Auditing. Those standards require that the compliance audit be planned and performed 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.

A compliance audit includes obtaining an understanding of the internal controls 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 controls. Because of the inherent limitations in any accounting and internal control system, non-compliance may nevertheless occur and not be detected.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion on management's compliance.

Opinion

In my opinion:

- (a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Authority during the financial 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 Authority whether purchased, donated or otherwise.



TAN YOKE MENG WILLIE
AUDITOR-GENERAL
SINGAPORE

29 June 2016

ACCOUNTING AND CORPORATE REGULATORY AUTHORITY
Statement of Financial Position as at 31 March 2016

	Note	2015/16 S\$	2014/15 S\$
Capital and reserves			
Share capital	4	8,601,000	8,601,000
Accumulated surplus		168,876,808	170,533,768
		<u>177,477,808</u>	<u>179,134,768</u>
Represented by:			
Non-current assets			
Property, plant and equipment	5	7,360,686	5,180,234
Intangible assets	6	19,891,261	989,860
Development projects-in-progress	7	-	8,358,036
		<u>27,251,947</u>	<u>14,528,130</u>
Current assets			
Trade and other receivables	8	6,503,919	4,373,339
Cash and cash equivalents	9	174,248,269	174,221,182
		<u>180,752,188</u>	<u>178,594,521</u>
Current liabilities			
Trade and other payables	10	(23,230,612)	(7,903,700)
Fees received in advance		(1,340,773)	(605,334)
Deposits	11	(2,979,143)	(2,284,735)
Provision for pension	12	(13,909)	(13,909)
Provision for contribution to Government Consolidated Fund	13	(810,454)	(2,234,471)
		<u>(28,374,891)</u>	<u>(13,042,149)</u>
Net current assets		152,377,297	165,552,372
Non-current liabilities			
Deferred capital grants	14	(1,024,837)	-
Provision for costs of dismantlement, removal or restoration	15	(717,212)	(559,000)
Provision for pension	12	(409,387)	(386,734)
		<u>(1,151,436)</u>	<u>(944,734)</u>
		<u>177,477,808</u>	<u>179,134,768</u>

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

ACCOUNTING AND CORPORATE REGULATORY AUTHORITY
Statement of Comprehensive Income for the financial year ended 31 March 2016

	Note	2015/16 S\$	2014/15 S\$
Income			
Company registration and related fees		23,790,779	23,474,290
Agency fee		15,333,333	1,300,000
Fines and penalties	16	1,442,125	16,696,665
Information service fees		13,184,830	13,250,862
Business registration and related fees		6,071,716	6,205,507
Public accountants registration and related fees		1,656,360	1,714,048
Corporate service providers registration and related fees		754,700	-
Other income	17	4,121,878	2,819,915
		<u>66,355,721</u>	<u>65,461,287</u>
Expenditure			
Staff costs	18	(21,694,400)	(20,285,697)
Services	19	(24,166,945)	(15,611,812)
Rental, maintenance and supplies	20	(6,054,855)	(5,381,509)
Depreciation of property, plant and equipment	5	(1,823,379)	(4,145,103)
Amortisation of intangible assets	6	(1,254,470)	(444,235)
Other expenditure	21	(6,594,297)	(6,403,466)
		<u>(61,588,346)</u>	<u>(52,271,822)</u>
Surplus before contribution to Government Consolidated Fund			
		4,767,375	13,189,465
Contribution to Government Consolidated Fund	13	<u>(818,192)</u>	<u>(2,242,209)</u>
Net surplus for the financial year			
		<u>3,949,183</u>	<u>10,947,256</u>
Other Comprehensive Income/(Expense)			
Items that will not be reclassified subsequently to Income or Expenditure			
Actuarial loss on pension obligations	12	(25,143)	(165,755)
Other Comprehensive Expense for the financial year			
		<u>(25,143)</u>	<u>(165,755)</u>
Total Comprehensive Income for the financial year			
		<u>3,924,040</u>	<u>10,781,501</u>

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

ACCOUNTING AND CORPORATE REGULATORY AUTHORITY
Statement of Changes in Equity for the financial year ended 31 March 2016

	Note	Share capital S\$	Accumulated surplus S\$	Total S\$
Balance as at 1 April 2014		8,601,000	159,752,267	168,353,267
Net Surplus for the financial year		-	10,947,256	10,947,256
Other Comprehensive Expense		-	(165,755)	(165,755)
Balance as at 31 March 2015		<u>8,601,000</u>	<u>170,533,768</u>	<u>179,134,768</u>
Net Surplus for the financial year		-	3,949,183	3,949,183
Other Comprehensive Expense		-	(25,143)	(25,143)
Dividends paid	22	-	(5,581,000)	(5,581,000)
Balance as at 31 March 2016		<u><u>8,601,000</u></u>	<u><u>168,876,808</u></u>	<u><u>177,477,808</u></u>

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

ACCOUNTING AND CORPORATE REGULATORY AUTHORITY
Statement of Cash Flows for the financial year ended 31 March 2016

	Note	2015/16 S\$	2014/15 S\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus before contribution to Government Consolidated Fund		4,767,375	13,189,465
Adjustments for:			
Depreciation of property, plant and equipment	5	1,823,379	4,145,103
Amortisation of intangible assets	6	1,254,470	444,235
Gain on disposal of property, plant and equipment		-	(607)
Assets transferred from other government agencies		-	(68,740)
Amortisation of deferred capital grants	14	(53,939)	-
Development projects expensed off		112,287	17,473
Provision for pension	12	11,419	(9,522)
Interest income	17	(1,520,555)	(1,029,277)
Surplus before working capital changes		6,394,436	16,688,130
Changes in working capital:			
Decrease in inventories		-	25,721
Increase in trade and other receivables		(1,615,010)	(2,166,565)
Increase in trade and other payables		1,987,766	1,474,677
Increase in fees received in advance		735,439	47,712
Increase in deposits		694,408	214,501
Cash generated from operations		8,197,039	16,284,176
Pension paid	12	(13,909)	(228,253)
Contribution to Government Consolidated Fund	13	(2,242,209)	(2,921,725)
Net cash from operating activities		5,940,921	13,134,198
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		1,004,985	731,294
Payment for purchase of property, plant and equipment		(159,976)	(20,549)
Proceeds from disposal of property, plant and equipment		-	1,107
Payment for development projects		(1,177,843)	(6,102,038)
Net cash used in investing activities		(332,834)	(5,390,186)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	22	(5,581,000)	-
Net cash used in financing activities		(5,581,000)	-
Net increase in cash and cash equivalents		27,087	7,744,012
Cash and cash equivalents as at beginning of financial year	9	174,221,182	166,477,170
Cash and cash equivalents as at end of financial year	9	174,248,269	174,221,182

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

ACCOUNTING AND CORPORATE REGULATORY AUTHORITY
Notes to the Financial Statements for the financial year ended 31 March 2016

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

The financial statements were approved by the members of the Board of the Authority on 29 June 2016.

1. GENERAL

The Accounting and Corporate Regulatory Authority ("the Authority") was established on 1 April 2004 under the Accounting and Corporate Regulatory Authority Act (Cap. 2A, 2005 Revised Edition) and is under the purview of the Ministry of Finance. As a statutory board, the Authority is subject to the directions of the Ministry of Finance and is required to implement policies and policy changes as determined by the Ministry of Finance and other Government Ministries such as the Prime Minister's Office from time to time.

The principal activities of the Authority are:

- (a) to administer the Accountants Act (Cap. 2, 2005 Revised Edition), Business Names Registration Act 2014 (Act 29 of 2014), Companies Act (Cap. 50, 2006 Revised Edition), Limited Liability Partnerships Act (Cap. 163A, 2006 Revised Edition) and Limited Partnerships Act (Cap. 163B, 2010 Revised Edition);
- (b) to report and make recommendations to, and advise the Government on matters relating to the registration and regulation of business entities, corporate service providers and public accountants;
- (c) to establish and administer a repository of documents and information relating to business entities and public accountants and to provide access to the public to such documents and information;
- (d) to represent the Government internationally in respect of matters relating to the registration and regulation of business entities and public accountants;
- (e) to promote public awareness about new business structures, compliance requirements, corporate governance practices and any other matters under the purview of the Authority;
- (f) to provide a responsive and forward-looking regulatory environment for business entities, corporate service providers and public accountants conducive to enterprise in Singapore;
- (g) to promote, facilitate and assist in the development of the accountancy sector, including studying, reporting, making recommendations to and advising the Government on all matters relating to the development and promotion of the accountancy sector; and
- (h) to carry out such other functions as may be conferred on the Authority by the Accounting and Corporate Regulatory Authority Act (Cap. 2A, 2005 Revised Edition).

The registered office and principal place of operation of the Authority is located at 10 Anson Road, International Plaza, #05-01/15, Singapore 079903.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Authority have been prepared in accordance with the provisions of the Accounting and Corporate Regulatory Authority Act (Cap. 2A, 2005 Revised Edition) and the Statutory Board Financial Reporting Standards ("SB-FRS").

The financial statements are presented in Singapore dollars (S\$) which is also the functional currency. They are presented on the historical cost basis except for certain financial assets and liabilities as disclosed in the accounting policies below.

The preparation of the financial statements in conformity with SB-FRS requires management to exercise its judgement in the process of applying the Authority's accounting policies. It also requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenditure during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

New or revised accounting standards effective in 2015

The new or revised SB-FRS mandatory for application did not have any material impact on the Authority's financial statements.

New or revised accounting standards not yet effective

Certain new standards and amendments to existing standards have been published and are mandatory for the Authority's accounting periods beginning on or after 1 January 2016 or later periods and which the Authority has not early adopted. The Authority anticipates that the adoption of these standards and amendments will not have a material impact on the Authority's financial statements.

(b) Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Projected cost of dismantlement, removal or restoration are included as part of the cost of property, plant and equipment if there is obligation for dismantlement, removal or restoration as a consequence of acquiring or using the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Authority and the cost of the asset can be measured reliably. All other repairs and maintenance are charged to income or expenditure during the financial year in which they are incurred.

Assets costing less than S\$2,000 per item are charged to income or expenditure in the year of purchase.

Depreciation on property, plant and equipment is calculated on a straight-line basis to write off the cost less residual value of the assets over their estimated useful lives as follows:

Furniture and fittings	8 years
Office equipment	5 to 8 years
Computer hardware and system	3 to 5 years

The depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each financial year-end. The effects of any revision are recognised in income or expenditure when the changes arise.

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to income or expenditure.

(c) Intangible assets and amortisation

Intangible assets consist mainly of computer software and development costs for various computer application systems. They are capitalised on the basis of the costs incurred to bring to use or develop the specific software. Direct expenditure which enhances or extends the performance of computer software beyond its specifications and which can be reliably measured is recognised as a capital improvement and added to the original cost of the software. Costs associated with maintaining computer software are recognised as an expense as incurred.

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated on a straight-line basis to write off the cost of the intangible assets over their estimated useful lives of 5 years. The amortisation period and method are reviewed at each financial year-end. The effects of any revision are recognised in income or expenditure when the changes arise.

On disposal of an item of intangible assets, the difference between the net disposal proceeds and its carrying amount is taken to income or expenditure.

(d) *Development projects-in-progress*

Development projects-in-progress relate to projects on computer systems. No depreciation or amortisation is provided for development projects-in-progress until they are transferred to property, plant and equipment or intangible assets.

(e) *Impairment of non-financial assets*

Property, plant and equipment, intangible assets and development projects-in-progress are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less cost to sell and its value in use. A cash-generating unit is the smallest identifiable asset group that generates cash inflows that are largely independent from other assets and groups.

An impairment loss is recognised in income or expenditure if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses recognised in prior years 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 any accumulated depreciation or amortisation, if no impairment loss has been recognised. Reversal of impairment loss is recorded in income or expenditure.

(f) *Trade and other receivables*

Trade and other receivables are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method, less allowance for impairment. They are included in current assets, except those maturing later than 12 months after the reporting period are classified as non-current assets. Trade and other receivables are derecognised when the rights to receive cash flows from the customers have expired or have been received.

An allowance for impairment is established when there is objective evidence that the Authority will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the allowance is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in income or expenditure.

When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in income or expenditure.

The carrying amounts recorded at the end of the reporting period approximate their fair values and are not expected to be significantly different from the values that would eventually be received.

(g) *Cash and cash equivalents*

Cash and cash equivalents comprise cash and bank balances and deposits maintained with Accountant-General's Department that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(h) *Trade and other payables*

Trade and other payables are initially measured at fair value less transaction costs and subsequently measured at amortised cost using the effective interest method.

The carrying amounts recorded at the end of the reporting period approximate their fair values and are not expected to be significantly different from the values that would eventually be settled.

(i) *Provisions*

Provisions are recognised in the Statement of Financial Position when the Authority has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate, taking into consideration the time value of money. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed.

(j) *Income recognition*

Company, business, public accountants and corporate service providers registration and related fees are recognised when transacted except for prepayment of business renewal fees and public accountant renewal fees which are recognised on an accrual basis as and when earned.

Information service fees are recognised when information is provided.

Income from fines and penalties is recognised at the point of collection of the settlements.

Agency fee is recognised over the period in which the service is rendered.

Interest income is recognised on a time-proportion basis using the effective interest method.

All other fees are recognised on the accrual basis as and when earned.

(k) *Employee benefits*

(i) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Authority pays fixed contributions into separate entities such as the Central Provident Fund. The Authority has no further payment obligations once the contributions have been paid. The Authority's contributions are recognised as staff costs when they are due.

(ii) Employees' leave entitlements

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

(iii) Pension benefits

Provision for pension is made for the payment of pension benefits to pensionable officers under the provisions of the Pensions Act (Cap. 225, 2004 Revised Edition). The cost of pension benefits due to pensionable officers is determined based on the discounted present value of expected payouts to be made by the Authority in respect of services provided by these pensionable officers up to the end of the reporting period. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the tenure of the related pension obligation. Any actuarial gain or loss arising from the valuation of pension provision is immediately recognised as other comprehensive income or expense not reclassified subsequently to income or expenditure.

(l) *Operating leases*

Leases of rental of office premises and computer equipment where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are taken to income or expenditure on a straight-line basis over the period of the lease.

(m) *Government grants*

Government grants are recognised at their fair values where there is reasonable assurance that the grant will be received and all conditions attached will be complied with. When the grants relate to compensation for expenses incurred, they are recognised in the income and expenditure on a systematic basis in the same periods in which the expenses are recognised. Where the grants relate to assets, the grants are recognised as deferred capital grants in the statement of financial position. The deferred capital grants are amortised and credited to the income and expenditure over the periods necessary to match the depreciation charged of the assets or when the assets are disposed of or written off.

3. **CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS**

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The critical accounting estimates and assumptions are stated below:

(a) *Estimated impairment of non-financial assets*

Property, plant and equipment, intangible assets and development projects-in-progress are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

(b) *Impairment of trade and other receivables*

Management reviews its receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired.

In determining this, management makes judgement as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in. Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded as an expense.

In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience.

4. **SHARE CAPITAL**

The 8,601,000 shares are fully paid and held by the Minister for Finance, a body incorporated by the Minister for Finance (Incorporation) Act (Cap. 183, 2014 Revised Edition). The shares have no par value.

5. PROPERTY, PLANT AND EQUIPMENT

2015/16	Furniture and fittings	Office equipment	Computer hardware and system	Total
	S\$	S\$	S\$	S\$
Cost				
As at 1 April 2015	2,147,544	981,612	18,258,631	21,387,787
Additions	164,592	124,167	29,429	318,188
Assets received under capital grants	-	-	215,856	215,856
Transferred from Development projects-in-progress	518,912	89,150	2,861,725	3,469,787
Disposals	(17,055)	(9,611)	(10,602,588)	(10,629,254)
As at 31 March 2016	2,813,993	1,185,318	10,763,053	14,762,364
Accumulated Depreciation				
As at 1 April 2015	1,265,223	859,436	14,082,894	16,207,553
Depreciation for the financial year	381,176	67,119	1,375,084	1,823,379
Disposals	(17,055)	(9,611)	(10,602,588)	(10,629,254)
As at 31 March 2016	1,629,344	916,944	4,855,390	7,401,678
Net Book Value				
As at 31 March 2016	1,184,649	268,374	5,907,663	7,360,686

2014/15	Furniture and fittings	Office equipment	Computer hardware and system	Total
	S\$	S\$	S\$	S\$
Cost				
As at 1 April 2014	2,224,401	965,404	21,058,919	24,248,724
Additions	-	18,019	71,270	89,289
Transferred from Development projects-in-progress	-	-	254,281	254,281
Disposals	(76,857)	(1,811)	(3,125,839)	(3,204,507)
As at 31 March 2015	2,147,544	981,612	18,258,631	21,387,787
Accumulated Depreciation				
As at 1 April 2014	1,065,366	740,625	13,460,466	15,266,457
Depreciation for the financial year	276,214	120,622	3,748,267	4,145,103
Disposals	(76,357)	(1,811)	(3,125,839)	(3,204,007)
As at 31 March 2015	1,265,223	859,436	14,082,894	16,207,553
Net Book Value				
As at 31 March 2015	882,321	122,176	4,175,737	5,180,234

6. INTANGIBLE ASSETS

	2015/16	2014/15
	S\$	S\$
Cost		
As at 1 April	7,362,944	6,289,559
Assets received under capital grants	862,920	-
Transferred from Development projects-in-progress	19,292,951	1,073,385
Disposal	<u>(5,970,952)</u>	<u>-</u>
As at 31 March	<u>21,547,863</u>	<u>7,362,944</u>
Accumulated amortisation		
As at 1 April	6,373,084	5,928,849
Amortisation for the financial year	1,254,470	444,235
Disposal	<u>(5,970,952)</u>	<u>-</u>
As at 31 March	<u>1,656,602</u>	<u>6,373,084</u>
Net book value as at 31 March	<u>19,891,261</u>	<u>989,860</u>

All intangible assets are internally-developed applications relating to the operations of the Authority and with a remaining amortisation period ranging from 1 to 5 years (2014/15: 1 to 5 years).

7. DEVELOPMENT PROJECTS-IN-PROGRESS

	2015/16	2014/15
	S\$	S\$
Cost		
As at 1 April	8,358,036	8,738,307
Expenditure incurred	14,404,702	947,395
Transferred to Intangible assets	(19,292,951)	(1,073,385)
Transferred to Property, plant and equipment	<u>(3,469,787)</u>	<u>(254,281)</u>
As at 31 March	<u>-</u>	<u>8,358,036</u>

Development projects related to computer systems are internally-developed applications for the operations of the Authority.

8. TRADE AND OTHER RECEIVABLES

	2015/16	2014/15
	S\$	S\$
Trade receivables	3,566,317	1,275,875
Other receivables	1,606,272	2,149,631
Prepayment	167,861	299,934
Interest income receivable	<u>1,163,469</u>	<u>647,899</u>
As at 31 March	<u>6,503,919</u>	<u>4,373,339</u>

Trade receivables are unsecured, non-interest bearing and they are neither past due nor impaired.

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and at banks and deposits maintained with the Accountant-General's Department (AGD) of the Ministry of Finance. Deposits maintained with AGD include cash float for payments to be made by the Authority using the AGD's accounting and payment system, deposits placed under the Whole-of-Government Centralised Liquidity Management (CLM) and Statutory Board Approved Funds Scheme. The effective interest rate of deposits placed with AGD under CLM is 1.24% (2014/15: 0.90%) per annum. There is no interest earned on deposits of S\$50,827,015 (2014/15: S\$53,622,316) placed under the Statutory Board Approved Funds Scheme and such amount is not subject to dividend payment in accordance with the Capital Management Framework for Statutory Boards issued by the Ministry of Finance.

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise:

	2015/16	2014/15
	S\$	S\$
Cash on hand and at banks	416,846	353,854
Deposits maintained with AGD	173,831,423	173,867,328
As at 31 March	<u>174,248,269</u>	<u>174,221,182</u>

The carrying amounts recorded at the end of the reporting period approximate their fair values.

Under the deposits maintained with AGD are four funds set up under the Statutory Board Approved Funds Scheme set aside from the Authority's accumulated surplus. The balances and the purposes of the funds are as follows:

	2015/16	2014/15
	S\$	S\$
IT - Capability Development Fund	21,436,574	21,436,574
Accountancy Development Fund	8,070,455	10,012,912
ACRA XBRL Facilitation Fund	14,490,498	14,559,842
Business Competency Development Fund	6,829,488	7,612,988
	<u>50,827,015</u>	<u>53,622,316</u>

***IT - Capability Development Fund** caters to the development of IT infrastructure and capabilities to provide a trusted regulatory environment for the business community.*

***Accountancy Development Fund** supports areas relating to the Singapore Qualification Programme as well as promoting high quality financial reporting, audit quality and corporate governance.*

***ACRA XBRL Facilitation Fund** supports the use of technology to facilitate submission of eXtensible Business Reporting Language ("XBRL") financial statements and XBRL data exchanges with a view to provide value-added business information as a service offering to the business community.*

***Business Competency Development Fund** aims to boost the regulatory knowledge base and competency of the business community and raise the level of corporate compliance in Singapore.*

10. TRADE AND OTHER PAYABLES

	2015/16	2014/15
	S\$	S\$
Trade payables	21,984,251	6,697,890
Other payables	563,515	567,961
Provision for unconsumed leave	682,846	637,849
As at 31 March	<u>23,230,612</u>	<u>7,903,700</u>

Trade payables are unsecured, non-interest bearing and payable on a 30-day credit term.

Provision for unconsumed leave is the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

The movement in provision for unconsumed leave is as follows:

	2015/16	2014/15
	S\$	S\$
As at 1 April	637,849	642,431
Net amount provided/(utilised) during the financial year	44,997	(4,582)
As at 31 March	<u>682,846</u>	<u>637,849</u>

11. DEPOSITS

Deposits include security deposits placed by vendors and monies placed with the Authority by secretarial, law and accounting firms for payment of future transactions with the Authority.

	2015/16	2014/15
	S\$	S\$
Security deposits	175,683	138,020
Deposits placed with the Authority	2,803,460	2,146,715
As at 31 March	<u>2,979,143</u>	<u>2,284,735</u>

Deposits are unsecured, interest-free and are repayable on demand.

12. PROVISION FOR PENSION

This represents the Authority's share of retirement benefits due to pensionable employees who were transferred from the Civil Service to the Authority when it was established. Pension payable to pensionable officers prior to the establishment of the Authority will be borne by the Government and is excluded from the amount stated below.

	2015/16	2014/15
	S\$	S\$
As at 1 April	400,643	472,663
Amount provided during the financial year	36,562	156,233
Amount paid during the financial year	(13,909)	(228,253)
As at 31 March	<u>423,296</u>	<u>400,643</u>
Amount payable within one year	13,909	13,909
Amount payable after one year	409,387	386,734

The pension obligation is calculated based on the last drawn salary and the number of years of service for pensionable employees. As at end of 2015/16, there were no active pensionable employees in service and pension obligation is calculated based on the monthly pension allowance to retired pensionable employees and life expectancy of 85 years (2014/15: 85 years). The discount rates used in determining the present value of pension obligations as at 31 March 2016 ranges from 2.33% to 2.52% depending on the tenure of the obligation (2014/15: 2.75% to 2.87%).

Amounts recognised in the Statement of Comprehensive Income in respect of the pension obligations for the financial year are as follows:

	2015/16	2014/15
<u>Staff Cost</u>	S\$	S\$
Interest cost	11,419	3,339
Gain on settlement	-	(12,861)
	<u>11,419</u>	<u>(9,522)</u>
<u>Other Comprehensive Expense</u>		
Actuarial loss	25,143	165,755
	<u>36,562</u>	<u>156,233</u>

13. PROVISION FOR CONTRIBUTION TO GOVERNMENT CONSOLIDATED FUND

The provision comprises contribution to the Government Consolidated Fund made in accordance with section 3 of the Statutory Corporations (Contributions to Consolidated Fund) Act (Cap 319A, 2004 Revised Edition) which is based on 17% (2014/15: 17%) of the surplus for the financial year.

	2015/16	2014/15
	S\$	S\$
As at 1 April	2,234,471	2,913,987
Amount provided during the financial year	818,192	2,242,209
Amount paid during the financial year	(2,242,209)	(2,921,725)
As at 31 March	<u>810,454</u>	<u>2,234,471</u>

14. DEFERRED CAPITAL GRANTS

	2015/16	2014/15
	S\$	S\$
As at 1 April	-	-
Assets received	1,078,776	-
	<u>1,078,776</u>	<u>-</u>
Amortisation of Deferred capital grants	(53,939)	-
As at 31 March	<u>1,024,837</u>	<u>-</u>

During the financial year, the grants related to assets amounting S\$932,548 and S\$146,228 were received from the Ministry of Finance and the Infocomm Development Authority of Singapore respectively.

15. PROVISION FOR COSTS OF DISMANTLEMENT, REMOVAL OR RESTORATION

Provision was made for the costs of dismantlement, removal or restoration of the Authority's rented premises to the original condition upon termination of the lease.

	2015/16	2014/15
	S\$	S\$
As at 1 April	559,000	559,000
Amount provided during the financial year	158,212	-
As at 31 March	<u>717,212</u>	<u>559,000</u>

16. FINES AND PENALTIES

The Accounting and Corporate Regulatory Authority (Amendment) Act 2014 took effect on 15 May 2015. The Act stipulated that, amongst others, the following sums collected by the Authority are to be paid into the Government Consolidated Fund:

- (a) any penalty for late payment or late filing;
- (b) any financial penalty, and interest for late payment of the financial penalty; and
- (c) any sum for the composition of any offence.

With the amendment in the Accounting and Corporate Regulatory Authority Act, the collection of fines and penalties on behalf of the Ministry of Finance during the financial year amounting to S\$15,369,798 was not reported as part of the income of the Authority. The Authority receives an Agency Fee for being an agent of the government in the collection of fines and penalties.

17. OTHER INCOME

	2015/16	2014/15
	S\$	S\$
Interest income	1,520,555	1,029,277
Operating grants from the Ministry of Finance	1,084,145	449,322
Amortisation of Deferred capital grants	53,939	-
Conference and training fees	1,048,432	516,325
Others	414,807	824,991
	<u>4,121,878</u>	<u>2,819,915</u>

18. STAFF COSTS

	2015/16	2014/15
	S\$	S\$
Salaries and other costs	19,300,767	18,233,985
CPF contributions	2,393,633	2,051,712
	<u>21,694,400</u>	<u>20,285,697</u>

19. SERVICES

Included in the expenditure on Services are the following:

	2015/16	2014/15
	S\$	S\$
Computer service charges	16,219,355	9,776,528
Professional and consultancy fees	4,046,606	2,388,449
Audit fees	313,000	363,540

20. RENTAL, MAINTENANCE AND SUPPLIES

	2015/16	2014/15
	S\$	S\$
Maintenance	3,387,073	2,903,933
Rental	2,303,159	2,085,966
Utilities and office supplies	364,623	391,610
	<u>6,054,855</u>	<u>5,381,509</u>

21. OTHER EXPENDITURE

Included in Other Expenditure are the following:

	2015/16	2014/15
	S\$	S\$
Expenses incurred under Statutory Board Approved Funds:		
- Accountancy Development Fund	2,021,267	1,510,132
- Business Competency Development Fund	897,022	386,815
- ACRA XBRL Facilitation Fund	61,602	353,829
Non-recoverable GST expenses	1,216,258	1,518,437
Commission and related fees	713,674	736,934
Postage and other related expenses	624,316	339,061
Overseas travelling expenses	291,606	339,336
Conference and other related expenses	81,501	439,302

22. DIVIDENDS PAID

	2015/16	2014/15
	S\$	S\$
Dividends paid in respect of the previous financial year	5,581,000	-

The payment is made in accordance with the Capital Management Framework for Statutory Boards outlined in the Finance Circular Minute No. M26/2008.

23. COMMITMENTS

(a) Capital commitments

Capital expenditure for development projects which have been approved and contracted but not provided for in the financial statements is S\$3,966,201 (2014/15: S\$17,076,131).

	2015/16	2014/15
	S\$	S\$
Property, plant and equipment	-	16,949,781
Intangible assets	3,966,201	126,350
As at 31 March	<u>3,966,201</u>	<u>17,076,131</u>

(b) Operating lease commitments

At the end of the reporting period, the commitments in respect of non-cancellable operating leases for the rental of office premises, computer equipment and office equipment are as follows:

	2015/16	2014/15
	S\$	S\$
Not later than one year	2,454,668	2,459,943
Between one and three years	1,820,933	4,176,619
As at 31 March	<u>4,275,601</u>	<u>6,636,562</u>

24. RELATED PARTY TRANSACTIONS

24.1 Other than disclosed elsewhere in the financial statements, the significant transactions between the Authority and related parties are as follows:

	2015/16	2014/15
	S\$	S\$
(a) Purchases of goods and services from Infocomm Development Authority of Singapore	4,880,347	4,144,367
(b) Agency Fee from Ministry of Finance	15,333,333	1,300,000
(c) Funding support to Singapore Accountancy Commission under the Accountancy Development Fund	1,964,398	1,262,200

On 14 February 2013, the Authority undertook to provide S\$10 million funding to the Singapore Accountancy Commission via the Accountancy Development Fund [Note 9] over 5 years with effect from 2013/14. At the end of the reporting period, the outstanding commitment is S\$2,915,089 (2014/15: S\$4,879,487).

24.2 Other than disclosed elsewhere in the financial statements, the significant account balances as at 31 March that the Authority has in relation to its related parties are as follows:

	2015/16	2014/15
	S\$	S\$
(d) Outstanding Agency Fee from the Ministry of Finance	1,471,250	1,391,000
(e) Collection of fines and penalties due to the Ministry of Finance	1,484,855	-

24.3 Compensation of key management personnel

	2015/16	2014/15
	S\$	S\$
(f) Salaries and other short-term employee benefits	2,545,373	2,280,829
CPF contributions	124,991	94,107
Board members' allowances	159,103	186,469

The Authority's key management personnel is defined as the Board Members and the Executive Committee members. The Executive Committee oversees the planning, directing and controlling of the activities of the Authority.

25. FINANCIAL RISK MANAGEMENT

(a) *Credit Risk*

The Authority's exposure to credit risk arises from customers and financial institutions. Concentration of credit risk relating to trade receivables is limited due to its varied customers. Cash and deposits are placed with Accountant-General's Department under Whole-of-Government Centralised Liquidity Management and Statutory Board Approved Funds Scheme as well as high credit quality financial institutions. Credit risk is thus minimised. The maximum exposure at the end of the financial year, in relation to each class of recognised financial asset, is the carrying amount of those assets as indicated in the statement of financial position.

(b) *Liquidity Risk*

The Authority monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Authority's operations. The Authority does not have a significant exposure to liquidity risk at the end of the reporting period.

(c) *Interest Rate Risk*

The exposure to risk for changes in interest rate relates primarily to deposits placed with Accountant-General's Department under Whole-of-Government Centralised Liquidity Management and high credit quality financial institutions.

(d) *Currency Risk*

The Authority is not subject to any foreign exchange exposure.

(e) *Capital Risk*

Minister for Finance, a body incorporated by the Minister for Finance (Incorporation) Act (Cap 183, 2014 Revised Edition) is the only shareholder of the Authority. Dividend payment to the shareholder is made in accordance with the Capital Management Framework for Statutory Boards.

The Authority manages its capital to ensure that it will be able to continue as a going concern while fulfilling its objective as a statutory board. The capital structure of the Authority consists of share capital and accumulated surplus. There were no changes in the capital management approach during the financial year and the Authority is also not subject to externally imposed capital requirements, except for those mandated by the Ministry of Finance.

26. CONTINGENT LIABILITY

The Accounting and Corporate Regulatory Authority (Amendment) Act 2014 which took effect on 15 May 2015 stipulated that, amongst others, the collection of fines and penalties by the Authority are to be paid into the Government Consolidated Fund. Following this, the Authority may be required by the Minister for Finance ("Minister") to channel part of its fines revenue collected in the past to the Government Consolidated Fund. Under Section 3 of the Statutory Corporation (Contribution to Consolidated Fund) Act, the Minister may, by notice in writing, require any specified statutory corporation to pay into the Consolidated Fund within the period specified in the notice the whole or part of the amount in the funds of that statutory corporation which, in the opinion of the Minister, is not required for performing its functions and duties. The estimated amount to be paid into the Government Consolidated Fund is S\$34 million over the prescribed period.

As at the reporting date, no notice in writing has been received from the Minister to pay the whole or part of its fines revenue collected in the past to the Government Consolidated Fund. As the payment is subject to the issuance of the notice, no provision has been recognised in the financial statements.