

RELIABLE, RESPONSIVE, RESOURCEFUL

PROMOTING A TRUSTED AND VIBRANT
BUSINESS ENVIRONMENT IN SINGAPORE



Financial Statements 2017/18

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 6 to 28 are drawn up so as to present fairly, in all material respects, the state of affairs of the Authority as at 31 March 2018, and the results, changes in equity and cash flows of the Authority for the financial year then ended.

On behalf of the Authority



TAN CHING YEE
CHAIRMAN



ONG KHIAW HONG
CHIEF EXECUTIVE

SINGAPORE
29 June 2018

INDEPENDENT AUDITORS' REPORT

On the Audit of the Financial
Statements of the Accounting and
Corporate Regulatory Authority
for the Financial Year ended
31 March 2018

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

The financial statements of the Accounting and Corporate Regulatory Authority (the Authority), set out on pages 7 to 29, have been audited under my direction. These financial statements comprise the statement of financial position as at 31 March 2018, 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 my opinion, the accompanying financial statements are properly drawn up 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 so as to present fairly, in all material respects, the state of affairs of the Authority as at 31 March 2018 and the results, changes in equity and cash flows of the Authority for the financial year ended on that date.

Basis for Opinion

The audit was conducted in accordance with Singapore Standards on Auditing (SSAs). The responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this report. As the Auditor-General, I am independent of the Authority and I exercise my duties and powers in accordance with the Constitution of the Republic of Singapore (1999 Revised Edition) and the Audit Act (Cap. 17, 1999 Revised Edition). Ethical requirements that are relevant to the audit and in line with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) have been fulfilled. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

Other Information

The management is responsible for the other information. The other information obtained at the date of this auditor's report is the Statement of the Directors but does not include the financial statements and my auditor's report thereon.

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

In connection with the audit of the financial statements, the auditor's responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or the knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work performed on the other information obtained prior to the date of this auditor's report, there is a material misstatement of this other information, that fact will be reported. I have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT

On the Audit of the Financial
Statements of the Accounting and
Corporate Regulatory Authority
for the Financial Year ended
31 March 2018

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

The management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of 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.

A statutory board is constituted based on its Act and its dissolution requires Parliament's approval. In preparing the financial statements, management is responsible for assessing the Authority'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 Authority or for the Authority to cease operations.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, professional judgement is exercised and professional scepticism is maintained throughout the audit. An audit also includes:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for my 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 controls.
- Obtaining an understanding of internal controls 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 Authority's internal controls.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITORS' REPORT

On the Audit of the Financial
Statements of the Accounting and
Corporate Regulatory Authority
for the Financial Year ended
31 March 2018

- Concluding 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 Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I will draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluating 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.

Among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls identified during the audit are communicated to those charged with governance.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion

In my opinion:

- 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
- proper accounting and other records have been kept, including records of all assets of the Authority whether purchased, donated or otherwise.

Basis for Opinion

The audit was conducted in accordance with SSAs. The responsibilities under those standards are further described in the *Auditor's Responsibilities for the Compliance Audit* section of this report. As the Auditor-General, I am independent of the Authority and I exercise my duties and powers in accordance with the Constitution of the Republic of Singapore and the Audit Act. Ethical requirements that are relevant to the audit and in line with the ACRA Code have been fulfilled. I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion on management's compliance.

INDEPENDENT AUDITORS' REPORT

On the Audit of the Financial
Statements of the Accounting and
Corporate Regulatory Authority
for the Financial Year ended
31 March 2018

Responsibilities of Management 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 Responsibilities for the Compliance Audit

My responsibility is to express an opinion on management's compliance based on the audit of the financial statements. The compliance audit was 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-compliances may nevertheless occur and not be detected.



TAN YOKE MENG WILLIE
AUDITOR-GENERAL

SINGAPORE
29 June 2018

STATEMENT OF FINANCIAL POSITION

Accounting and Corporate
Regulatory Authority

As at 31 March 2018

	Note	2017/2018 S\$'000	2016/2017 S\$'000
Capital and reserves			
Share capital	4	8,601	8,601
Accumulated surplus		163,163	149,471
		<u>171,764</u>	<u>158,072</u>
Represented by:			
Non-current assets			
Intangible assets	5	14,384	15,645
Property, plant and equipment	6	3,748	5,179
Development projects-in-progress	7	111	3,024
		<u>18,243</u>	<u>23,848</u>
Current assets			
Cash and cash equivalents	8	168,842	186,515
Trade and other receivables	9	5,894	7,370
		<u>174,736</u>	<u>193,885</u>
Current liabilities			
Trade and other payables	10	(9,279)	(12,750)
Fees received in advance		(2,940)	(2,506)
Deposits	11	(3,685)	(3,478)
Provision for pension	12	(16)	(14)
Provision for contribution to Government Consolidated Fund	13	(2,897)	(37,747)
		<u>(18,817)</u>	<u>(56,495)</u>
Net current assets		155,919	137,390
Non-current liabilities			
Fees received in advance		(729)	(1,232)
Deferred capital grants	14	(593)	(809)
Provision for costs of dismantlement, removal or restoration	15	(688)	(717)
Provision for pension	12	(388)	(408)
		<u>(2,398)</u>	<u>(3,166)</u>
		<u>171,764</u>	<u>158,072</u>

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

STATEMENT OF COMPREHENSIVE INCOME

Accounting and Corporate
Regulatory Authority

For the Financial Year ended
31 March 2018

	Note	2017/2018 S\$'000	2016/2017 S\$'000
Income			
Company incorporation and related fees		31,733	30,716
Agency fees	16	17,200	17,000
Information service fees		14,322	14,369
Business registration and related fees		6,913	7,317
Public accountants registration and related fees		1,512	1,523
Corporate service providers registration and related fees		843	796
Other income	17	4,041	5,941
		<u>76,564</u>	<u>77,662</u>
Expenditure			
Staff costs	18	(23,795)	(22,413)
Services	19	(16,030)	(15,337)
Rental, maintenance and supplies	20	(7,829)	(3,982)
Amortisation of intangible assets	5	(4,983)	(4,246)
Depreciation of property, plant and equipment	6	(2,030)	(2,259)
Other expenditure	21	(4,857)	(7,133)
		<u>(59,524)</u>	<u>(55,370)</u>
Surplus before contribution to Government Consolidated Fund		17,040	22,292
Contribution to Government Consolidated Fund	13	(2,897)	(3,790)
Net surplus for the financial year		<u>14,143</u>	<u>18,502</u>
Other Comprehensive Income/(Expense)			
Items that will not be reclassified subsequently to income or expenditure			
Actuarial gain/(loss) on pension obligations	12	14	(2)
Other Comprehensive Income/(Expense) for the financial year		<u>14</u>	<u>(2)</u>
Total comprehensive income for the financial year		<u>14,157</u>	<u>18,500</u>

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

STATEMENT OF CHANGES IN EQUITY

Accounting and Corporate
Regulatory Authority

For the Financial Year ended
31 March 2018

	Note	Share capital S\$'000	Accumulated surplus S\$'000	Total S\$'000
Balance as at 1 April 2016		8,601	168,877	177,478
Net surplus for the financial year		–	18,502	18,502
Other Comprehensive Expense		–	(2)	(2)
Dividends paid	22	–	(3,949)	(3,949)
Return of past composition sums and penalties to Government Consolidated Fund	13	–	(33,957)	(33,957)
Balance as at 31 March 2017		8,601	149,471	158,072
Net surplus for the financial year		–	14,143	14,143
Other Comprehensive Income		–	14	14
Dividends paid	22	–	(465)	(465)
Balance as at 31 March 2018		8,601	163,163	171,764

STATEMENT OF CASH FLOWS

Accounting and Corporate
Regulatory Authority

For the Financial Year ended
31 March 2018

	Note	2017/2018 S\$'000	2016/2017 S\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus before contribution to Government Consolidated Fund		17,040	22,292
Adjustments for:			
Amortisation of intangible assets	5	4,983	4,246
Depreciation of property, plant and equipment	6	2,030	2,259
Loss on disposal of property, plant and equipment		55	-
Amortisation of deferred capital grants	14	(216)	(216)
Write back of provision for costs of dismantlement, removal or restoration	15	(29)	-
Provision for pension	12	10	11
Interest income	17	(1,500)	(1,673)
Surplus before working capital changes		22,373	26,919
Changes in working capital:			
Decrease/(increase) in trade and other receivables		1,116	(912)
Increase/(decrease) in trade and other payables		2,150	(2,333)
(Decrease)/increase in fees received in advance		(69)	2,398
Increase in deposits		207	499
Cash generated from operations		25,777	26,571
Pension paid	12	(14)	(14)
Contribution paid to Government Consolidated Fund	13	(3,790)	(810)
Net cash from operating activities		21,973	25,747
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		1,827	1,719
Payment for purchase of property, plant and equipment		(297)	(12)
Payment for development projects-in-progress		(6,754)	(11,238)
Net cash used in investing activities		(5,224)	(9,531)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	22	(465)	(3,949)
Return of past composition sums and penalties to Government Consolidated Fund	13	(33,957)	-
Net cash used in financing activities		(34,422)	(3,949)
Net (decrease)/increase in cash and cash equivalents		(17,673)	12,267
Cash and cash equivalents as at beginning of the financial year	8	186,515	174,248
Cash and cash equivalents as at end of the financial year	8	168,842	186,515

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

NOTES TO THE FINANCIAL STATEMENTS

Accounting and Corporate
Regulatory Authority

For the Financial Year ended
31 March 2018

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 2018.

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 10 Anson Road, International Plaza, #05-01/15, Singapore 079903.

NOTES TO THE FINANCIAL STATEMENTS

Accounting and Corporate
Regulatory Authority

For the Financial Year ended
31 March 2018

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 which is also the functional currency of the Authority. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated. They are presented on the historical cost basis except 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, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income or 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 year in which the estimates are revised and in any future years affected.

New or revised accounting standards effective in 2017

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

The following new standards have been published and are mandatory for the Authority's accounting periods beginning on or after 1 April 2018 or later periods and which the Authority has not early adopted:

	Effective date (annual periods beginning on or after)
SB-FRS 109: Financial Instruments	1 January 2018
SB-FRS 115: Revenue from Contracts with Customers (with clarifications issued)	1 January 2018
SB-FRS 116: Leases	1 January 2019

NOTES TO THE FINANCIAL STATEMENTS

Accounting and Corporate
Regulatory Authority

For the Financial Year ended
31 March 2018

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(a) Basis of preparation *(cont'd)*

SB-FRS 109 *Financial Instruments*

SB-FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in SB-FRS 109 are based on an expected credit loss model and replace the SB-FRS 39 incurred loss model.

The Authority plans to adopt the new standard on the required effective date and does not anticipate the application of this standard to have a significant impact on the Authority's financial statements.

SB-FRS 115 *Revenue from Contracts with Customers*

SB-FRS 115 will supersede all current revenue recognition requirements under SB-FRS. The standard establishes a five-step model that will apply to revenue arising from contracts with customers. Under SB-FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled to in exchange for transferring goods or services to a customer.

The Authority plans to adopt the new standard on the required effective date and based on its preliminary assessment, the Authority does not anticipate the application of this standard to have a significant impact on the Authority's financial statements. This assessment may be subject to changes arising from ongoing analysis, until the Authority adopts the SB-FRS 115 in 2018/2019.

SB-FRS 116 *Leases*

SB-FRS 116 will supersede SB-FRS 17 *Leases* and its associated interpretative guidance. The Standard requires the lessees to recognise most leases on financial statements to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The Standard includes two recognition exemptions for leases – leases of 'low value' assets and short-term leases.

The Authority plans to adopt the new standard on the required effective date and is in the process of assessing the possible impact of implementing SB-FRS 116. It is currently impracticable to provide a reasonable estimate of the financial effect until the Authority completes the assessment.

(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.

NOTES TO THE FINANCIAL STATEMENTS

Accounting and Corporate
Regulatory Authority

For the Financial Year ended
31 March 2018

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(b) Property, plant and equipment and depreciation *(cont'd)*

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 recognised in expenditure when incurred.

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

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts 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 method, estimated useful lives and residual values are reviewed, and adjusted as appropriate, at each financial year-end. The effects of any revision are recognised in 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 recognised in 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 in expenditure when incurred.

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to income or expenditure using the straight-line method over their estimated useful life 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 recognised in income or expenditure.

NOTES TO THE FINANCIAL STATEMENTS

Accounting and Corporate
Regulatory Authority

For the Financial Year ended
31 March 2018

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(d) Development projects-in-progress

Development projects-in-progress relate to projects on computer systems and/or internally developed applications relating to the operations of the Authority. 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 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 recognised in income.

(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 financial year are classified as non-current assets. Trade and other receivables are derecognised when they have been received or the rights to receive cash flows from the customers have expired.

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 expenditure.

NOTES TO THE FINANCIAL STATEMENTS

Accounting and Corporate
Regulatory Authority

For the Financial Year ended
31 March 2018

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(f) Trade and other receivables *(cont'd)*

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

The carrying amounts recorded at the end of the financial year 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 on hand, 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 financial year 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, 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 financial year 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 incorporation, registration and related fees are recognised when transacted. Renewal fees received in advance are deferred and recognised in income when due.

Information service fees are recognised when information is provided.

Agency fees are 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.

NOTES TO THE FINANCIAL STATEMENTS

Accounting and Corporate
Regulatory Authority

For the Financial Year ended
31 March 2018

2. SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

(k) Employee benefits

(i) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Authority pays fixed contributions into 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 financial year.

(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 financial year. 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 or 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 or expenditure over the periods necessary to match the depreciation charged of the assets or when the assets are disposed or written off.

NOTES TO THE FINANCIAL STATEMENTS

Accounting and Corporate
Regulatory Authority

For the Financial Year ended
31 March 2018

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:

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.

4. SHARE CAPITAL

The 8,601,000 (2016/2017: 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. INTANGIBLE ASSETS

	2017/2018 S\$'000	2016/2017 S\$'000
Cost		
As at 1 April	21,548	21,548
Transferred from development projects-in-progress (Note 7)	3,722	-
As at 31 March	25,270	21,548
Accumulated amortisation		
As at 1 April	5,903	1,657
Amortisation for the financial year	4,983	4,246
As at 31 March	10,886	5,903
Net book value as at 31 March	14,384	15,645

All intangible assets are internally-developed applications relating to the operations of the Authority and with a remaining amortisation period ranging from 2 to 4 years (2016/2017: 2 to 4 years).

NOTES TO THE FINANCIAL STATEMENTS

Accounting and Corporate
Regulatory Authority

For the Financial Year ended
31 March 2018

6. PROPERTY, PLANT AND EQUIPMENT

	Furniture and fittings S\$'000	Office equipment S\$'000	Computer hardware and system S\$'000	Total S\$'000
Cost				
As at 1 April 2016	2,814	1,185	10,763	14,762
Additions	4	8	66	78
As at 31 March 2017	2,818	1,193	10,829	14,840
Additions	17	4	243	264
Transferred from development projects-in-progress (Note 7)	-	-	390	390
Retirement	(165)	(62)	(6)	(233)
As at 31 March 2018	2,670	1,135	11,456	15,261
Accumulated depreciation				
As at 1 April 2016	1,629	917	4,856	7,402
Depreciation for the financial year	403	75	1,781	2,259
As at 31 March 2017	2,032	992	6,637	9,661
Depreciation for the financial year	337	66	1,627	2,030
Retirement	(111)	(62)	(5)	(178)
As at 31 March 2018	2,258	996	8,259	11,513
Net book value				
As at 1 April 2016	1,185	268	5,907	7,360
As at 31 March 2017	786	201	4,192	5,179
As at 31 March 2018	412	139	3,197	3,748

NOTES TO THE FINANCIAL STATEMENTS

Accounting and Corporate
Regulatory Authority

For the Financial Year ended
31 March 2018

7. DEVELOPMENT PROJECTS-IN-PROGRESS

	2017/2018 S\$'000	2016/2017 S\$'000
Cost		
As at 1 April	3,024	–
Expenditure incurred	1,199	3,024
Transferred to intangible assets (Note 5)	(3,722)	–
Transferred to property, plant and equipment (Note 6)	(390)	–
As at 31 March	111	3,024

Development projects are related to computer systems and/or applications relating to the operations of the Authority.

8. 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 (SB) Approved Funds Scheme.

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

	2017/2018 S\$'000	2016/2017 S\$'000
Cash on hand, cash at banks and deposits with AGD	3,514	4,594
Deposits with AGD under CLM	135,328	135,964
Deposits with AGD under SB Approved Funds Scheme	30,000	12,000
Other deposit with AGD	–	33,957
As at 31 March	168,842	186,515

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

The effective interest rate of deposits placed with AGD under CLM is 1.26% (2016/2017: 1.39%) per annum.

The deposits maintained with AGD under SB Approved Funds Scheme is made up of funds for Next Wave Digital Services to leverage on information technology to raise productivity and reduce compliance costs for businesses, accounting firms and corporate service providers in the next phase of the Authority's digital service development. In the financial year ended 31 March 2017, such deposits with AGD were made up of four funds for industry development purpose, namely: IT Capability Development Fund, Accountancy Development Fund, ACRA XBRL Facilitation Fund and Business Competency Development Fund.

NOTES TO THE FINANCIAL STATEMENTS

Accounting and Corporate
Regulatory Authority

For the Financial Year ended
31 March 2018

8. CASH AND CASH EQUIVALENTS *(cont'd)*

There is no interest earned on the deposits placed under the SB 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.

In the financial year ended 31 March 2017, other deposit with AGD was an amount set aside for return of past composition sums and penalties to the Government Consolidated Fund (see Note 13). The deposit did not earn interest and was not subject to dividend payment.

9. TRADE AND OTHER RECEIVABLES

	2017/2018 S\$'000	2016/2017 S\$'000
Trade receivables	2,177	1,724
Other receivables	2,872	4,226
Prepayment	55	303
Interest income receivable	790	1,117
As at 31 March	5,894	7,370

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

10. TRADE AND OTHER PAYABLES

	2017/2018 S\$'000	2016/2017 S\$'000
Trade payables	7,900	11,320
Other payables	668	766
Provision for unconsumed leave	711	664
As at 31 March	9,279	12,750

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 financial year.

NOTES TO THE FINANCIAL STATEMENTS

Accounting and Corporate
Regulatory Authority

For the Financial Year ended
31 March 2018

10. TRADE AND OTHER PAYABLES *(cont'd)*

The movement in provision for unconsumed leave is as follows:

	2017/2018 S\$'000	2016/2017 S\$'000
As at 1 April	664	683
Net amount provided/(utilised) during the financial year	47	(19)
As at 31 March	711	664

11. DEPOSITS

Deposits comprise security deposits placed by information service providers and vendors and monies placed mainly by secretarial, law and accounting firms for payment of future transactions with the Authority.

	2017/2018 S\$'000	2016/2017 S\$'000
Security deposits	172	143
Monies placed with the Authority	3,513	3,335
As at 31 March	3,685	3,478

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 was borne by the Government and excluded from the amount stated below.

	2017/2018 S\$'000	2016/2017 S\$'000
As at 1 April	422	423
Amount (written back)/provided during the financial year	(4)	13
Amount paid during the financial year	(14)	(14)
As at 31 March	404	422
Amount payable within one year	16	14
Amount payable after one year	388	408

NOTES TO THE FINANCIAL STATEMENTS

Accounting and Corporate
Regulatory Authority

For the Financial Year ended
31 March 2018

12. PROVISION FOR PENSION *(cont'd)*

There are no pensionable employees in service. Pension obligation is calculated based on the monthly pension allowance to retired pensionable employees and life expectancy of 85 years (2016/2017: 85 years). The discount rates used in determining the present value of pension obligations as at 31 March 2018 ranges from 2.61% to 2.76% depending on the tenure of the obligation (2016/2017: 2.43% to 2.47%).

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

	2017/2018 S\$'000	2016/2017 S\$'000
Staff cost:		
Interest cost	10	11
Other comprehensive (income)/expense		
Actuarial (gain)/loss due to changes in financial assumptions	(14)	2
	(4)	13

13. CONTRIBUTION TO GOVERNMENT CONSOLIDATED FUND

The contribution to the Government Consolidated Fund is made in accordance with section 3 of the Statutory Corporations (Contributions to Consolidated Fund) Act (Cap. 319A, 2004 Revised Edition). Under this Act, the Minister for Finance has the authority to prescribe the contributions to be made by the statutory boards in respect of their annual accounting surplus as well as their past accumulated surplus in lieu of income tax.

The contribution rate and the framework governing such contributions are determined by the Ministry of Finance.

	2017/2018 S\$'000	2016/2017 S\$'000
As at 1 April	37,747	810
Amount provided during the financial year:		
Contribution at 17% of the surplus (2016/2017: 17%)	2,897	3,790
Return of past composition sums and penalties	-	33,957
Amount paid during the financial year	(37,747)	(810)
As at 31 March	2,897	37,747

NOTES TO THE FINANCIAL STATEMENTS

Accounting and Corporate
Regulatory Authority

For the Financial Year ended
31 March 2018

13. CONTRIBUTION TO GOVERNMENT CONSOLIDATED FUND *(cont'd)*

On 25 April 2017, the Minister for Finance issued a notice in writing under Section 3 of the Statutory Corporations (Contributions to Consolidated Fund) Act 3(b) for the Authority to return the ring-fenced composition sums and penalties collected from 1 April 2010 to 30 April 2015.

The composition sums and penalties of S\$33,957,299 were returned on 24 May 2017.

14. DEFERRED CAPITAL GRANTS

	2017/2018 S\$'000	2016/2017 S\$'000
As at 1 April	809	1,025
Amortisation of deferred capital grants (Note 17)	(216)	(216)
As at 31 March	593	809

The capital grants related to assets amounting to S\$932,548 and S\$146,228 were received from the Ministry of Finance and the former Infocomm Development Authority of Singapore respectively in the financial year ended 31 March 2016.

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.

	2017/2018 S\$'000	2016/2017 S\$'000
As at 1 April	717	717
Amount provided during the financial year	15	-
Amount used during the financial year	(15)	-
Amount written back during the financial year	(29)	-
As at 31 March	688	717

During the financial year, the required work to dismantle one of the rented premises was completed and the unused provision of S\$29,447 (2016/2017: Nil) was written back and included in other income (Note 17).

NOTES TO THE FINANCIAL STATEMENTS

Accounting and Corporate
Regulatory Authority

For the Financial Year ended
31 March 2018

16. AGENCY FEES

16.1 Under the Accounting and Corporate Regulatory Authority (Amendment) Act 2014 effective from 15 May 2015, 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.

The collection of the above sums during the financial year amounting to S\$17,184,317 (2016/2017: S\$17,625,796) was not reported as part of the Authority's income. In return, the Authority receives Agency Fee of S\$14,000,000 (2016/2017: S\$14,000,000) for being an agent of the Government in the collection of composition sums and penalties.

16.2 The Authority received an Agency Fee of S\$3,200,000 (2016/2017: S\$3,000,000) for sharing data with Government Agencies during the financial year.

17. OTHER INCOME

	2017/2018 S\$'000	2016/2017 S\$'000
Interest income	1,500	1,673
Operating grants from Government Agencies	1,437	746
Amortisation of deferred capital grants (Note 14)	216	216
Training fees	360	879
Others	528	2,427
	4,041	5,941

Included in others is an amount of S\$769 (2016/2017: S\$2,080,828) relating to liquidated damages agreed between vendors and the Authority.

18. STAFF COSTS

	2017/2018 S\$'000	2016/2017 S\$'000
Salaries and other costs	21,201	19,806
CPF contributions	2,594	2,607
	23,795	22,413

NOTES TO THE FINANCIAL STATEMENTS

Accounting and Corporate
Regulatory Authority

For the Financial Year ended
31 March 2018

19. SERVICES

Included in services are the following:

	2017/2018 S\$'000	2016/2017 S\$'000
Computer service charges	8,654	7,397
Professional and consultancy fees	3,748	4,298
Statutory audit fees	322	313

20. RENTAL, MAINTENANCE AND SUPPLIES

	2017/2018 S\$'000	2016/2017 S\$'000
Maintenance	5,284	1,298
Rental	2,227	2,289
Utilities and office supplies	318	395
	7,829	3,982

21. OTHER EXPENDITURE

Included in other expenditure are the following:

	2017/2018 S\$'000	2016/2017 S\$'000
Expenses incurred under Statutory Board Approved Funds:		
Accountancy Development Fund	1,047	1,888
Business Competency Development Fund	880	1,099
Non-recoverable GST expenses	1,160	1,273
Commission and related fees	824	927
Overseas travelling expenses	204	360
Postage and other related expenses	117	264
Conference and other related expenses	30	120

NOTES TO THE FINANCIAL STATEMENTS

Accounting and Corporate
Regulatory Authority

For the Financial Year ended
31 March 2018

21. OTHER EXPENDITURE *(cont'd)*

The purpose of the Statutory Board Approved Funds are as follows:

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

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.

22. DIVIDENDS PAID

	2017/2018 S\$'000	2016/2017 S\$'000
Dividends paid in respect of the previous financial year	465	3,949

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\$1,303,777 (2016/2017: S\$975,295).

(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:

	2017/2018 S\$'000	2016/2017 S\$'000
Not later than one year	2,240	1,814
Between one and three years	1,762	27
As at 31 March	4,002	1,841

NOTES TO THE FINANCIAL STATEMENTS

Accounting and Corporate
Regulatory Authority

For the Financial Year ended
31 March 2018

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:

	2017/2018 S\$'000	2016/2017 S\$'000
(a) Purchases of goods and services from Government Technology Agency	5,608	5,447
(b) Agency Fees from Ministry of Finance (Note 16)	17,200	17,000
(c) Funding support to Singapore Accountancy Commission under the Accountancy Development Fund	1,027	1,888

On 14 February 2013, the Authority undertook to provide S\$10 million funding to the Singapore Accountancy Commission's Singapore Chartered Accountants Qualification Programme (Note 21) for 5 years with effect from 2013/14. At the end of the financial year, the outstanding commitment was NIL (2016/2017: S\$ 1,027,227) as the funding ended on 31 March 2018.

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:

	2017/2018 S\$'000	2016/2017 S\$'000
(d) Agency fees receivable from the Ministry of Finance	1,700	3,032
(e) Composition sums and penalties due to the Ministry of Finance	1,428	1,473

24.3 Compensation of key management personnel:

	2017/2018 S\$'000	2016/2017 S\$'000
(f) Salaries and other short-term employee benefits	3,600	2,349
(g) CPF contributions	174	136
(h) Board members' allowances	174	164

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.

NOTES TO THE FINANCIAL STATEMENTS

Accounting and Corporate
Regulatory Authority

For the Financial Year ended
31 March 2018

25. FINANCIAL RISK MANAGEMENT

(a) Credit risk

The Authority's exposure to credit risk arises mainly from customers and financial institutions. Credit risk exposure is minimised by placing deposits 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. 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 financial year.

(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 significant foreign exchange exposure.

(e) Capital Risk

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.

**ACCOUNTING AND CORPORATE
REGULATORY AUTHORITY**

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