RESPONSIVE IN A CHANGING WORLD

FINANCIAL STATEMENTS

ACRA

Accounting And Corporate Regulatory Authority

ANNUAL REPORT 2010/11

Contents

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 4 to 23 are drawn up so as to give a true and fair view of the state of affairs of the Authority as at 31 March 2011, and the results, changes in equity and cash flows of the Authority for the financial year then ended.

On behalf of the Authority

CHAN LAI FUNG
Chairman

JUTHIKA RAMANATHAN
Chief Executive

Singapore
22 June 2011

INDEPENDENT AUDITOR'S REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS OF ACCOUNTING AND CORPORATE REGULATORY AUTHORITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

Report on the Financial Statements

The accompanying financial statements of the Accounting and Corporate Regulatory Authority (the "Authority"), set out on pages 4 to 23, have been audited under my direction. These financial statements comprise the statement of financial position as at 31 March 2011, the statement of comprehensive income, statement of changes in equity and 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 of financial statements that give a true and fair view in accordance with the Accounting and Corporate Regulatory Authority Act (Chapter 2A, 2005 Revised Edition) [the "Act"] and Statutory Board Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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 give a true and fair view of the state of affairs of the Authority as at 31 March 2011 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

In my opinion,

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

b) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Authority during the financial year have been in accordance with the provisions of the Act.

LIM SOO PING
AUDITOR-GENERAL
SINGAPORE

22 June 2011

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2011

	Note	2010/11 S$	2009/10 S$
Capital and reserves			
Share capital	4	8,601,000	8,601,000
Accumulated surplus		111,711,994	95,768,836
		120,312,994	104,369,836
Represented by:			
Non-current assets			
Property, plant and equipment	5	2,840,247	3,875,380
Intangible assets	6	1,573,167	1,051,689
Development projects-in-progress	7	3,489,056	1,705,017
		7,902,470	6,632,086
Current assets			
Trade and other receivables	8	1,671,490	1,571,799
Cash and cash equivalents	9	124,440,962	108,138,163
		126,112,452	109,709,962
Current liabilities			
Trade and other payables	10	(7,004,211)	(5,780,720)
Fees received in advance		(529,513)	(503,738)
Deposits	11	(1,835,530)	(1,626,115)
Provision for pension	12	(2,588)	(2,588)
Provision for contribution to Government Consolidated Fund	13	(3,384,245)	(3,217,626)
		(12,756,087)	(11,130,787)
Net current assets		113,356,365	98,579,175
Non-current liabilities			
Provision for pension	12	(945,841)	(841,425)
		120,312,994	104,369,836

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	Note	2010/11 S$	2009/10 S$
Income			
Company registration and related fees		18,678,721	16,798,566
Fines and penalties		17,479,918	16,461,048
Information service fees		10,653,986	9,365,723
Business registration and related fees		5,284,953	5,304,109
Public accountants registration and related fees		1,493,316	1,152,358
Other income	14	660,922	947,196
		54,251,816	50,029,000
Expenditure			
Staff costs	15	(15,840,929)	(12,019,755)
Services	16	(8,538,128)	(9,352,473)
Rental, maintenance and supplies	17	(5,287,781)	(4,805,005)
Depreciation of property, plant and equipment	5	(1,126,824)	(1,087,129)
Amortisation of intangible assets	6	(570,278)	(361,075)
Other expenditure	18	(3,135,879)	(3,476,352)
		(34,499,819)	(31,101,789)
Surplus before contribution to Government Consolidated Fund		19,751,997	18,927,211
Contribution to Government Consolidated Fund	13	(3,357,839)	(3,217,626)
Net surplus for the financial year, representing total comprehensive income for the financial year		16,394,158	15,709,585

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

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	Note	Share capital S$	Accumulated surplus S$	Total S$
Balance as at 1 April 2009		8,601,000	81,211,251	89,812,251
Total comprehensive income for the financial year		-	15,709,585	15,709,585
Dividend	19	-	(1,152,000)	(1,152,000)
Balance as at 31 March 2010		8,601,000	95,768,836	104,369,836
Total comprehensive income for the financial year		-	16,394,158	16,394,158
Dividend	19	-	(451,000)	(451,000)
Balance as at 31 March 2011		8,601,000	111,711,994	120,312,994

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

	Note	2010/11 S$	2009/10 S$
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus before contribution to Government Consolidated Fund		19,751,997	18,927,211
Adjustments for:			
Depreciation of property, plant and equipment	5	1,126,824	1,087,129
Amortisation of intangible assets	6	570,278	361,075
Loss on disposal of property, plant and equipment	18	87,856	523,572
Development projects expensed off	7	327,851	110,328
Provision for pension	12	107,004	113,456
Interest income	14	(590,413)	(657,273)
Surplus before working capital changes		21,381,397	20,465,498
Changes in working capital:			
Decrease/(Increase) in trade and other receivables		14,772	(499,294)
(Decrease)/Increase in trade and other payables		(185,979)	1,418,236
Increase in fees received in advance		25,775	22,427
Increase in deposits		209,415	209,729
Cash generated from operations		21,445,380	21,616,596
Pension paid	12	(2,588)	(2,588)
Contribution to Government Consolidated Fund	13	(3,217,626)	(3,715,240)
Net cash from operating activities		18,225,166	17,898,768
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		588,505	718,010
Payment for purchase of property, plant and equipment		(356,566)	(102,815)
Proceeds from disposal of property, plant and equipment		798	-
Payment for development projects		(1,704,104)	(3,129,667)
Net cash used in investing activities		(1,471,367)	(2,514,472)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011
(continued)

	Note	2010/11 S$	2009/10 S$
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid	19	(451,000)	(1,152,000)
Net cash used in financing activities		(451,000)	(1,152,000)
Net increase in cash and cash equivalents		16,302,799	14,232,296
Cash and cash equivalents as at beginning of financial year		108,138,163	93,905,867
Cash and cash equivalents as at end of financial year	9	124,440,962	108,138,163

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

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 22 June 2011.

1. GENERAL

The Accounting and Corporate Regulatory Authority ("the Authority") was established on 1 April 2004 under the Accounting and Corporate Regulatory Authority Act (Chapter 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 (Chapter 2, 2005 Revised Edition), Business Registration Act (Chapter 32, 2004 Revised Edition), Companies Act (Chapter 50, 2006 Revised Edition), Limited Liability Partnerships Act (Chapter 163A, 2006 Revised Edition) and Limited Partnerships Act (Chapter 163B, 2009 Revised Edition);

b) to report and make recommendations to, and advise the Government on matters relating to the registration and regulation of business entities 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 and public accountants conducive to enterprise in Singapore; and

g) to carry out such other functions as may be conferred on the Authority by the Accounting and Corporate Regulatory Authority Act (Chapter 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

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 (Chapter 2A, 2005 Revised Edition) and the Statutory Board Financial Reporting Standards ("SB-FRS").

The SB-FRS are equivalent to the Singapore Financial Reporting Standards ("SFRS") except that certain related party disclosures are optional. As the Authority continues to make the related party disclosures that are now optional, this difference between SB-FRS and SFRS has no material impact on the financial statements of the Authority.

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.

Interpretations and amendments to published standards effective in 2010

The new or amended SB-FRS and Interpretations to SB-FRS mandatory for application from 1 April 2010 did not have any material impact on the Authority's financial statements.

New or revised accounting standards and interpretations Not Yet Effective

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Authority's accounting periods beginning on or after 1 January 2011 or later periods and which the Authority has not early adopted. The Authority anticipates that the adoption of these standards, amendments and interpretations 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.

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 the Statement of Comprehensive Income during the financial year in which they are incurred.

Assets costing less than S$500 per item are charged to the Statement of Comprehensive Income 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
Micrographic equipment	8 years
Audio visual equipment	5 years
Office equipment	5 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 the Statement of Comprehensive Income 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 the Statement of Comprehensive Income.

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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

c) *Intangible assets and amortisation (continued)*

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 the Statement of Comprehensive Income 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 the Statement of Comprehensive Income.

d) *Development projects-in-progress*

Development projects-in-progress relate to projects on computer systems and office renovation carried out by the Authority during the financial year. 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 the Statement of Comprehensive Income 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 the Statement of Comprehensive 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 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 the Statement of Comprehensive Income.

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 Statement of Comprehensive Income.

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, fixed deposits 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 (net of 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.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

i) *Provisions (continued)*

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 registration and related fees and business registration and related fees are recognised when transacted.

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

Information service fees are recognised when information is provided.

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 employee compensation expense 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 (Chapter 225, 2004 Revised Edition). The cost of pension benefits due to pensionable officers is determined based on the 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.

l) *Operating leases*

Leases of property, plant and 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 the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

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 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 (Chapter 183, 1985 Revised Edition). The shares have no par value.

5. PROPERTY, PLANT AND EQUIPMENT

2009/10	Furniture and fittings S$	Micrographic equipment S$	Audio visual equipment S$	Office equipment S$	Computer hardware and system S$	Total S$
Cost						
At 1 April 2010	1,991,236	87,251	71,062	248,554	9,526,028	11,924,131
Reclassification of assets	(548,280)	-	17,700	373,680	156,900	-
Additions	-	-	6,020	19,078	347,829	372,927
Adjustment	(79,948)	-	-	-	-	(79,948)
Disposals	(27,618)	-	(12,696)	(92,199)	(684,757)	(817,270)
At 31 March 2011	1,335,390	87,251	82,086	549,113	9,346,000	11,399,840
Accumulated Depreciation						
At 1 April 2010	209,678	44,500	62,032	233,717	7,498,824	8,048,751
Reclassification of assets	(11,435)	-	369	7,797	3,269	-
Depreciation for the year	128,683	7,400	11,806	87,834	906,278	1,142,001
Adjustment	(11,639)	-	-	-	(3,538)	(15,177)
Disposals	(5,087)	-	(12,084)	(29,088)	(569,723)	(615,982)
At 31 March 2011	310,200	51,900	62,123	300,260	7,835,110	8,559,593
Net Book Value						
At 31 March 2011	1,025,190	35,351	19,963	248,853	1,510,890	2,840,247

5. PROPERTY, PLANT AND EQUIPMENT (continued)

2009/10	Furniture and fittings S$	Micrographic equipment S$	Audio visual equipment S$	Office equipment S$	Computer hardware and system S$	Total S$
Cost						
At 1 April 2009	1,319,704	87,251	69,944	275,120	8,966,081	10,718,100
Additions	-	-	1,118	-	101,697	102,815
Transferred from Development projects-in-progress	1,769,782	-	-	-	458,250	2,228,032
Disposals	(1,098,250)	-	-	(26,566)	-	(1,124,816)
At 31 March 2010	1,991,236	87,251	71,062	248,554	9,526,028	11,924,131
Accumulated Depreciation						
At 1 April 2009	601,632	37,100	47,838	226,731	6,649,564	7,562,865
Depreciation for the year	185,471	7,400	14,194	30,804	849,260	1,087,129
Disposals	(577,425)	-	-	(23,818)	-	(601,243)
At 31 March 2010	209,678	44,500	62,032	233,717	7,498,824	8,048,751
Net Book Value						
At 31 March 2010	1,781,558	42,751	9,030	14,837	2,027,204	3,875,380

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

6. INTANGIBLE ASSETS

	2010/11 S$	2009/10 S$
Cost		
As at 1 April	5,126,073	4,189,386
Transferred from Development projects-in-progress	1,091,756	936,687
As at 31 March	6,217,829	5,126,073
Accumulated amortisation		
As at 1 April	4,074,384	3,713,309
Amortisation	570,278	361,075
As at 31 March	4,644,662	4,074,384
Net book value as at 31 March	1,573,167	1,051,689

All intangible assets are internally-developed applications relating to the operations of the Authority with a remaining amortisation period ranging from 1 to 4 years (2009/10: 1 to 4 years).

7. DEVELOPMENT PROJECTS-IN-PROGRESS

	2010/11 S$	2009/10 S$
Cost		
As at 1 April	1,705,017	883,509
Expenditure incurred	3,203,646	4,096,555
Development projects expensed off	(327,851)	(110,328)
Transferred to Intangible assets	(1,091,756)	(936,687)
Transferred to Property, plant and equipment	-	(2,228,032)
As at 31 March	3,489,056	1,705,017

Development projects are internally-developed applications for the operations of the Authority.

8. TRADE AND OTHER RECEIVABLES

	2010/11 S$	2009/10 S$
Trade receivables	1,272,723	1,210,060
Prepayment	81,574	46,454
Interest income receivable	317,193	315,285
As at 31 March	1,671,490	1,571,799

Trade receivables are unsecured and 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, deposits maintained with the Accountant-General's Department (AGD) of the Ministry of Finance and fixed deposits placed with banks. Deposits maintained with AGD include cash float for payments to be made by the Authority using the AGD's accounting and payment system and deposits placed under Whole-of-Government Centralised Liquidity Management (CLM) effective from 1 April 2009. Fixed deposits with banks are placed for periods not exceeding 365 days. The effective interest rate of fixed deposits and deposits placed with AGD under CLM is 0.52% (2009/10: 0.67%) per annum.

For the purpose of the statement of cash flows, cash and cash equivalents comprise:

	2010/11 S$	2009/10 S$
Cash on hand and at banks	298,120	4,036,547
Deposits maintained with AGD	68,142,842	58,601,616
Fixed deposits with banks	56,000,000	45,500,000
As at 31 March	124,440,962	108,138,163

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

10. TRADE AND OTHER PAYABLES

	2010/11 S$	2009/10 S$
Trade payables	6,035,106	5,038,592
Other payables	408,100	337,128
Provision for unconsumed leave	561,005	405,000
As at 31 March	7,004,211	5,780,720

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

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.

	2010/11 S$	2009/10 S$
Security deposits	15,000	15,000
Deposits placed with the Authority	1,820,530	1,611,115
As at 31 March	1,835,530	1,626,115

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011

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.

	2010/11 S$	2009/10 S$
As at 1 April	844,013	733,145
Amount provided during the financial year	107,004	113,456
Amount paid during the financial year	(2,588)	(2,588)
As at 31 March	948,429	844,013
Amount payable within one year	2,588	2,588
Amount payable after one year	945,841	841,425

The pension obligation is calculated based on the last drawn salary and the number of years of service and is discounted to the present value using discount rate, as provided in the Pensions Act (Chapter 225, 2004 Revised Edition).

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 (Chapter 319A, 2004 Revised Edition) which is based on 17% (2009/10: 17%) of the surplus for the financial year and unclaimed moneys amounting to S$26,406 (2009/10: Nil) to be transferred to the Government Consolidated Fund.

	2010/11 S$	2009/10 S$
As at 1 April	3,217,626	3,715,240
Amount provided during the financial year	3,384,245	3,217,626
Amount paid during the financial year	(3,217,626)	(3,715,240)
As at 31 March	3,384,245	3,217,626

14. OTHER INCOME

Other income includes interest income of S$590,413 (2009/10: S$657,273).

15. STAFF COSTS

	2010/11 S$	2009/10 S$
Salaries and other costs	14,480,612	10,922,733
CPF contributions	1,360,317	1,097,022
	15,840,929	12,019,755

16. SERVICES

Included in the expenditure on Services are the following:

	2010/11 S$	2009/10 S$
Computer service charges	6,322,586	7,074,477
Consultancy fees	1,771,616	1,908,660
Audit fees	263,000	243,140

17. RENTAL, MAINTENANCE AND SUPPLIES

	2010/11 S$	2009/10 S$
Maintenance	2,977,546	2,520,975
Rental	1,980,612	1,996,194
Utilities and office supplies	329,623	287,836
	5,287,781	4,805,005

18. OTHER EXPENDITURE

Included in Other expenditure are the following:

	2010/11 S$	2009/10 S$
Non-recoverable GST expenses	903,833	947,811
Commission and related fees	600,934	520,066
Loss on disposal of property, plant and equipment	87,856	523,572
Postage and other related expenses	504,327	515,075
Conference	11,210	221,457
Overseas travelling expenses	154,260	155,435
Recruitment expenses	135,613	140,179
Board members' allowances	116,375	66,675

19. DIVIDEND

	2010/11 S$	2009/10 S$
Dividend paid in respect of the previous financial year	451,000	1,152,000

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

20. COMMITMENTS

a) *Capital commitments*

Capital expenditure for development projects which has been approved but not provided for in the financial statements is as follows:

	2010/11 S$	2009/10 S$
Property, plant and equipment	730,651	991,599
Intangible assets	4,967,881	7,124,197
As at 31 March	5,698,532	8,115,796

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 and computer equipment are as follows:

	2010/11 S$	2009/10 S$
Amount due within one year	1,645,356	2,244,864
Amount due within two to four years	-	1,645,356
As at 31 March	1,645,356	3,890,220

21. RELATED PARTY TRANSACTIONS

Other than disclosed elsewhere in the financial statements, the significant transactions with related parties are as follows:

	2010/11 S$	2009/10 S$
a) Payments to Statutory Boards		
Computer and other services	2,132,947	1,888,855
b) Compensation of key management personnel		
Salaries and other short-term employee benefits	3,990,013	3,121,243
Post employment benefits	265,462	254,932

22. 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 fixed deposits are placed with Accountant-General's Department under Whole-of-Government Centralised Liquidity Management and 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 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 (Chapter 183, 1985 Revised Edition) is the only shareholder of the Authority. Dividend payment to the shareholder is made in accordance to the Capital Management Framework for Statutory Boards via Finance Circular Minute No. M26/2008.

The Authority manages its capital to ensure 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. The Authority is not subject to externally imposed capital requirements.

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ACRA

Accounting And Corporate Regulatory Authority