

FINANCIAL STATEMENTS 2021/2022

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 29 are drawn up so as to present fairly, in all material respects, the state of affairs of the Authority as at 31 March 2022, and the results, changes in equity and cash flows of the Authority for the financial year then ended.

On behalf of the Authority

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TAN CHING YEE
Chairman

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ONG KHIAW HONG
Chief Executive
Singapore

Independent Auditor's Report

ON THE AUDIT OF THE FINANCIAL STATEMENTS OF THE ACCOUNTING AND CORPORATE REGULATORY AUTHORITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

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 1 to 29, have been audited under my direction. These financial statements comprise the statement of financial position as at 31 March 2022, 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 Public Sector (Governance) Act 2018 (the PSG Act), the Accounting and Corporate Regulatory Authority Act 2004 (the ACRA 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 2022 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 and the Audit Act 1966 (the Audit Act). 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 by the Authority 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.

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 PSG Act, the ACRA 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.

The Authority is constituted based on the ACRA 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.
- 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:

- (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 PSG Act, the ACRA Act and the requirements of any other written law applicable to moneys of or managed by the Authority; and
- (b) 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.

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 PSG Act, the ACRA Act and the requirements of any other written law applicable to moneys of or managed by the Authority. This responsibility includes monitoring related compliance requirements relevant to the Authority, and implementing internal controls as management determines are necessary to enable compliance with the requirements.

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 PSG Act, the ACRA Act and the requirements of any other written law applicable to moneys of or managed by the Authority.

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 Authority's internal controls. Because of the inherent limitations in any internal control system, non-compliances may nevertheless occur and not be detected.

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GOH SOON POH
Auditor-General
Singapore

Accounting and Corporate Regulatory Authority

Statement of Financial Position as at 31 March 2022

	Note	31 March 2022	31 March 2021
		S\$'000	S\$'000
Capital and reserves			
Share capital	4	8,601	8,601
Accumulated surplus		211,407	199,425
		220,008	208,026
Represented by:			
Non-current assets			
Property, plant and equipment	5	29,454	8,252
Intangible assets	6	14,372	19,066
Development projects-in-progress	7	407	91
		44,233	27,409
Current assets			
Cash and cash equivalents	8	212,175	205,446
Trade and other receivables	9	6,107	5,852
		218,282	211,298
Current liabilities			
Trade and other payables	10	(16,499)	(24,150)
Lease liabilities	11	(2,432)	(1,473)
Provision for contribution to Government Consolidated Fund	12	(2,450)	(1,655)
Deferred income	13	(307)	-
Deposits	14	(118)	(2,134)
Provision for pension	15	(16)	(16)
Provision for costs of dismantlement, removal or restoration	16	-	(407)
		(21,822)	(29,835)
Net current assets		196,460	181,463
Non-current liabilities			
Lease liabilities	11	(19,356)	-
Provision for costs of dismantlement, removal or restoration	16	(583)	-
Provision for pension	15	(389)	(414)
Deferred capital grants	17	(357)	(432)
		220,008	208,026

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 2022

	Note	2021/2022 S\$'000	2020/2021 S\$'000
Income			
Company incorporation and related fees	18	39,537	33,377
Information service fees	18	16,708	15,829
Agency fees	18	16,100	16,100
Business registration and related fees	18	6,229	6,672
Variable capital company incorporation and related fees	18	2,660	1,748
Public accountant registration and related fees	18	2,173	2,028
Corporate service provider registration and related fees	18	774	1,067
Other income	19	2,412	2,740
		86,593	79,561
Expenditure			
Staff costs	20	(29,634)	(26,604)
Services	21	(25,628)	(26,414)
Other expenditure	22	(6,230)	(3,066)
Depreciation of property, plant and equipment	5	(5,390)	(3,530)
Amortisation of intangible assets	6	(4,753)	(5,342)
Rental, maintenance and supplies	23	(2,231)	(6,760)
		(73,866)	(71,716)
Surplus before Government grants		12,727	7,845
Government grants	24	1,685	1,888
Surplus before contribution to Government Consolidated Fund		14,412	9,733
Contribution to Government Consolidated Fund	12	(2,450)	(1,655)
Net surplus for the financial year		11,962	8,078
Other Comprehensive Income/(Expense)			
Items that will not be reclassified subsequently to income or expenditure			
Actuarial gain on pension obligations	15	20	26
Other Comprehensive Income for the financial year		20	26
Total comprehensive income for the financial year		11,982	8,104

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 2022

	Note	Share capital S\$'000	Accumulated surplus S\$'000	Total S\$'000
Balance at 1 April 2020		8,601	196,569	205,170
Net surplus for the financial year		-	8,078	8,078
Other Comprehensive Income		-	26	26
Dividends paid	25	-	(5,248)	(5,248)
Balance at 31 March 2021		8,601	199,425	208,026
Net surplus for the financial year		-	11,962	11,962
Other Comprehensive Income		-	20	20
Balance at 31 March 2022		8,601	211,407	220,008

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 2022

	Note	2021/2022 S\$'000	2020/2021 S\$'000
Cash Flows From Operating Activities			
Surplus before contribution to Government Consolidated Fund		14,412	9,733
Adjustments for:			
Depreciation of property, plant and equipment	5	5,390	3,530
Amortisation of intangible assets	6	4,753	5,342
Interest expenses	11	445	28
Provision for pension	15	11	8
Interest income	19	(524)	(1,543)
Amortisation of deferred income	13	(438)	-
Provision/(Write back) of provision for costs of dismantlement, removal or restoration		186	(281)
Amortisation of deferred capital grants	17	(75)	(174)
Loss on disposal of intangible assets		-	90
Surplus before working capital changes		24,160	16,733
Changes in working capital:			
(Increase)/Decrease in trade and other receivables		(480)	489
Increase in trade and other payables and deferred income		2,299	3,454
Decrease in deposits		(2,016)	(376)
Cash generated from operations		23,963	20,300
Contribution paid to Government Consolidated Fund	12	(1,655)	(3,935)
Pension paid	15	(16)	(16)
Net cash from operating activities		22,292	16,349
Cash Flows From Investing Activities			
Interest received		560	3,124
Payment for purchase of property, plant and equipment		(2,571)	(35)
Payment for restoration costs		(593)	-
Payment for development projects-in-progress		(9,580)	(12,819)
Net cash used in investing activities		(12,184)	(9,730)
Cash Flows From Financing Activities			
Payment of principal portion of lease liabilities		(3,123)	(2,020)
Interest paid	11	(445)	(28)
Dividends paid	25	-	(5,248)
Capital grants received		189	86
Net cash used in financing activities		(3,379)	(7,210)
Net increase/ (decrease) in cash and cash equivalents		6,729	(591)
Cash and cash equivalents as at beginning of the financial year		205,446	206,037
Cash and cash equivalents as at end of the financial year	8	212,175	205,446

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 2022

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 2022.

1. GENERAL

The Accounting and Corporate Regulatory Authority (the "Authority") was established on 1 April 2004 under the Accounting and Corporate Regulatory Authority Act 2004 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 agencies from time to time.

The principal activities of the Authority are:

- (a) to administer the Accountants Act 2004, Business Names Registration Act 2014, Companies Act 1967, Limited Liability Partnerships Act 2005, Limited Partnerships Act 2008 and Variable Capital Companies Act 2018;
- (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 2004.

The registered office and principal place of operation of the Authority is 55 Newton Road, Revenue House, #03-02, Singapore 307987.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements of the Authority have been prepared in accordance with the provisions of the Public Sector (Governance) Act 2018, the Accounting and Corporate Regulatory Authority Act 2004 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 prepared 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 2021

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 Authority has not early adopted the following standards which are applicable to the Authority but not yet effective:

		Effective date (annual periods beginning on or after)
SB-FRS 16	Amendments to SB-FRS 16: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
SB-FRS 37	Amendments to SB-FRS 37: Onerous Contracts – Costs of Fulfilling a Contract	1 January 2022
Various FRSS	Annual Improvements to various SB-FRSs 2018-2020	1 January 2022
	Reference to SB-FRS Conceptual Framework for Reporting Standards	1 January 2022
SB-FRS 1	Amendments to SB-FRS 1: Classification of Liabilities as Current or Non-current	1 January 2023
SB-FRS 1	Practice Statement 2 Making Materiality Judgements	1 January 2023
SB-FRS 8	Definition of Accounting Estimates	1 January 2023

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

(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 recognised in expenditure when incurred.

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
Leased premises	over lease period of 9 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 enhance or extend 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.

(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.

The Authority applies the simplified approach for trade receivables and recognises a loss allowance based on lifetime expected credit losses at each reporting date. Lifetime expected credit losses are estimated based on the Authority's credit loss experience, adjusted for factors that are specific to the debtors and general economic conditions, taking into consideration both the current and the forecast direction of conditions. The amount of the allowance is recognised in expenditure.

When the asset becomes uncollectible, it is written off against the allowance accounts. 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

Revenue is recognised when the Authority satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation, generally measured based on the consideration to which the Authority expects to be entitled in exchange for transferring promised goods or services to a customer.

Company, variable capital company, business, public accountant and corporate service provider incorporation/registration and renewal fees are recognised at a point in time when the registration or renewal is granted. Fees pertaining to regulatory inspections of public accountants are recognised over time.

Information service fees from online sales are recognised at a point in time when information is provided. Fees from sales through agreements are recognised over time.

Agency fee and income from other services provided are recognised over the period in which the services are rendered.

Interest income is recognised using the effective interest method.

(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 the estimated liability for annual 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 1956. 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) Leases

The Authority applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Authority recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

Right-of-use assets

The Authority recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The Authority's right-of-use assets are presented within property, plant and equipment (Note 5).

Lease liabilities

At the commencement date of the lease, the Authority recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments.

In calculating the present value of lease payments, the Authority uses the incremental borrowing rate which is the cost of equity as defined under the cost of capital framework by the Ministry of Finance at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. change to future payments resulting from a change in the rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying assets.

The Authority's lease liabilities are disclosed in Note 11.

Leases of low-value assets

The Authority applies the lease of low-value assets recognition exemption to leases of booth and kiosk spaces, computer equipment and office equipment that are considered to be low value and payments made under such 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.

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.

Provision for expected credit losses of trade receivables

The Authority uses a provision matrix to calculate expected credit losses (ECLs) for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Authority's historical observed default rates. At every reporting date, historical default rates are updated.

The Authority's historical credit loss experience may also not be representative of its debtor's actual default in the future. The information about the ECLs on the Authority's trade receivables is disclosed in Note 9.

Determination of lease term of contracts with extension options

The Authority determines the lease term as the non-cancellable term of the lease, together with any period covered by an option to extend the lease if it is reasonably certain to be exercised.

Where the lease contract for office premises provides an extension option, the Authority applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to extend the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the extension. After the commencement date, the Authority reassesses the lease term whether there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to extend. The Authority will include the extension option in the lease term for leases of office premises because of the significant costs that would arise to replace the assets.

4. SHARE CAPITAL

The 8,601,000 (2020/2021: 8,601,000) shares are fully paid and held by the Minister for Finance, a body incorporated by the Minister for Finance (Incorporation) Act 1959. The shares have no par value.

5. PROPERTY, PLANT AND EQUIPMENT

	Leased Premises	Furniture and fittings	Office equipment	Computer hardware and system	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Cost					
As at 1 April 2020	3,527	2,644	1,056	9,256	16,483
Right-of-use assets (Note 11)	1,957	-	-	-	1,957
Transferred from development projects-in-progress (Note 7)	-	-	-	7,085	7,085
Purchase of property, plant and equipment	-	-	-	35	35
Disposal	-	(58)	(26)	(3)	(87)
As at 31 March 2021	5,484	2,586	1,030	16,373	25,473
Right-of-use assets (Note 11)	24,021	-	-	-	24,021
Purchase of property, plant and equipment	-	751	394	1,426	2,571
Disposal	(5,484)	(2,584)	(981)	(4,310)	(13,359)
As at 31 March 2022	24,021	753	443	13,489	38,706
Accumulated depreciation					
As at 1 April 2020	2,016	2,485	1,028	8,249	13,778
Depreciation for the financial year	2,001	159	26	1,344	3,530
Disposal	-	(58)	(26)	(3)	(87)
As at 31 March 2021	4,017	2,586	1,028	9,590	17,221
Depreciation for the financial year	3,593	47	41	1,709	5,390
Disposal	(5,484)	(2,584)	(981)	(4,310)	(13,359)
As at 31 March 2022	2,126	49	88	6,989	9,252
Net book value					
As at 31 March 2021	1,467	-	2	6,783	8,252
As at 31 March 2022	21,895	704	355	6,500	29,454

6. INTANGIBLE ASSETS

	2021/2022	2020/2021
	S\$'000	S\$'000
Cost		
As at 1 April	44,634	26,236
Transferred from development projects-in-progress (Note 7)	59	18,768
Disposal	(924)	(370)
As at 31 March	<u>43,769</u>	<u>44,634</u>
Accumulated amortisation		
As at 1 April	25,568	20,506
Amortisation for the financial year	4,753	5,342
Disposal	(924)	(280)
As at 31 March	<u>29,397</u>	<u>25,568</u>
Net book value as at 31 March	<u>14,372</u>	<u>19,066</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 (2020/2021: 1 to 5 years).

7. DEVELOPMENT PROJECTS-IN-PROGRESS

	2021/2022	2020/2021
	S\$'000	S\$'000
Cost		
As at 1 April	91	3,088
Expenditure incurred	375	22,856
Transferred to property, plant and equipment (Note 5)	-	(7,085)
Transferred to intangible assets (Note 6)	(59)	(18,768)
As at 31 March	<u>407</u>	<u>91</u>

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:

	As at 31 March 2022	As at 31 March 2021
	S\$'000	S\$'000
Deposits with AGD under CLM	174,636	159,637
Deposits with AGD under SB Approved Funds Scheme	30,000	30,000
Deposits with AGD	6,829	14,965
Cash at banks	710	844
	212,175	205,446

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 0.31% (2020/2021: 0.96%) 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. Subsequent to 31 March 2022, the deposits placed under the SB Approved Funds Scheme were transferred to deposits with AGD under CLM on 13 May 2022.

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.

9. TRADE AND OTHER RECEIVABLES

	As at 31 March 2022	As at 31 March 2021
	S\$'000	S\$'000
Trade receivables	3,389	3,566
Loss allowance	(37)	(50)
Trade receivables, net	3,352	3,516
Other receivables	1,632	1,535
Prepayment	794	436
Interest income receivable	329	365
	6,107	5,852

Trade receivables are unsecured, non-interest bearing and usually collected within the credit terms granted. They are neither past due nor impaired except for the loss allowance provided.

The interest income receivable mainly pertains to interest receivable on deposits maintained with the Accountant-General's Department (AGD) of the Ministry of Finance under the Whole-of-Government Centralised Liquidity Management (CLM).

The movement in allowance for expected credit losses (ECL) of trade receivables computed based on lifetime ECL is as follows:

	2021/2022	2020/2021
	S\$'000	S\$'000
As at 1 April	50	63
Amount reversed during the financial year	(13)	(13)
As at 31 March	37	50

10. TRADE AND OTHER PAYABLES

	As at 31 March 2022	As at 31 March 2021
	S\$'000	S\$'000
Trade payables	11,279	19,069
Other payables	3,804	3,634
Provision for unconsumed leave	1,416	1,447
	16,499	24,150

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.

The movement in provision for unconsumed leave is as follows:

	2021/2022	2020/2021
	S\$'000	S\$'000
As at 1 April	1,447	948
Net amount (utilised)/provided during the financial year	(31)	499
As at 31 March	1,416	1,447

11. LEASES

The Authority has lease contracts for office premises.

The Authority also has certain leases of booth and kiosk spaces, computer equipment and office equipment with low value. The Authority applies the 'lease of low-value assets' recognition exemption for these leases.

(a) Net book value of right-of-use assets classified within property, plant and equipment

	2021/2022	2020/2021
	S\$'000	S\$'000
As at 1 April	1,467	1,511
Additions (Note 5)	24,021	1,957
Depreciation (Note 5)	(3,593)	(2,001)
As at 31 March	21,895	1,467

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the year are disclosed as follows:

	2021/2022	2020/2021
	S\$'000	S\$'000
As at 1 April	1,473	1,536
Additions	23,438	1,957
Interest expenses on lease liabilities (Note 22)	445	28
Payment of lease liabilities	(3,568)	(2,048)
As at 31 March	21,788	1,473
Amount payable within one year	2,432	1,473
Amount payable after one year	19,356	-

With the relocation of the Authority's office premise from International Plaza to Revenue House, the additions to lease liabilities in 2021/2022 pertain to office lease with the Inland Revenue Authority of Singapore.

(c) Amounts recognised in the Statement of Comprehensive Income

	2021/2022	2020/2021
	S\$'000	S\$'000
Depreciation of right-of-use assets	3,593	2,001
Interest expenses on lease liabilities (Note 22)	445	28
Expense relating to leases of low-value assets	231	263
Total amount recognised in Statement of Comprehensive Income	4,269	2,292

(d) Total cash outflow

The Authority had total cash outflows for leases of S\$3,798,823 in 2021/2022 (2020/2021: S\$2,311,311).

(e) Maturity analysis of lease liabilities

The following are the remaining maturities of lease liabilities based on contractual undiscounted cash flows:

	2021/2022	2020/2021
	S\$'000	S\$'000
Within one year	2,922	1,486
Between one and five years	11,688	-
More than five years	9,367	-
Total	23,977	1,486

12. 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 1989. 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.

	2021/2022	2020/2021
	S\$'000	S\$'000
As at 1 April	1,655	3,935
Amount provided during the financial year:		
Contribution at 17% of the surplus (2020/2021: 17%)	2,450	1,655
Amount paid during the financial year	(1,655)	(3,935)
As at 31 March	2,450	1,655

13. DEFERRED INCOME

	2021/2022	2020/2021
	S\$'000	S\$'000
Deferred income received during the financial year	745	-
Amortisation of deferred income (Note 19)	(438)	-
As at 31 March	307	-

Deferred income pertains to fees received in advance for services to be rendered to the Singapore Accountancy Commission.

14. 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. With effect from 1 September 2021, monies can no longer be placed with the Authority for future transactions.

	As at 31 March 2022	As at 31 March 2021
	S\$'000	S\$'000
Security deposits	40	40
Monies placed with the Authority	78	2,094
	118	2,134

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

15. 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.

	2021/2022	2020/2021
	S\$'000	S\$'000
As at 1 April	430	464
Amount reversed during the financial year	(9)	(18)
Amount paid during the financial year	(16)	(16)
As at 31 March	405	430
Amount payable within one year	16	16
Amount payable after one year	389	414

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 86 years (2020/2021: 85 years). The discount rates used in determining the present value of pension obligations as at 31 March 2022 ranges from 2.54% to 2.60% depending on the tenure of the obligation (2020/2021: 2.05% to 2.08%).

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

	2021/2022	2020/2021
	S\$'000	S\$'000
Staff cost:		
Interest cost	11	8
Other comprehensive (income)/expense	(20)	(26)
Actuarial gain due to changes in financial assumptions	(9)	(18)

16. 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.

	2021/2022	2020/2021
	S\$'000	S\$'000
As at 1 April	407	688
Amount provided/(reversed) during the financial year	769	(281)
Amount used during the financial year	(593)	-
As at 31 March	583	407
Amount payable within one year	-	407
Amount payable after one year	583	-

17. DEFERRED CAPITAL GRANTS

	2021/2022	2020/2021
	S\$'000	S\$'000
As at 1 April	432	247
Capital grants	-	359
Amortisation of deferred capital grants (Note 24)	(75)	(174)
As at 31 March	357	432

The deferred capital grants as at 1 April 2020 included assets received from the Ministry of Finance and the former Infocomm Development Authority of Singapore in the financial year ended 31 March 2016 which were fully amortised as at 31 December 2020. The deferred capital grants as at 1 April 2021 pertain to assets received from the Monetary Authority of Singapore.

In the financial year ended 31 March 2022, capital grants related to assets amounting to S\$169,884 is receivable from the Monetary Authority of Singapore (2020/2021: S\$358,644).

18. INCOME

(a) Disaggregation of Revenue

	Timing of recognition					
	At a point in time	Over time	Total	At a point in time	Over time	Total
	2021/22	2021/22	2021/22	2020/21	2020/21	2020/21
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Company incorporation and related fees	39,537	-	39,537	33,377	-	33,377
Information service fees	6,820	9,888	16,708	6,250	9,579	15,829
Agency Fees	-	16,100	16,100	-	16,100	16,100
Business registration and related fees	6,229	-	6,229	6,672	-	6,672
Variable capital company incorporation and related fees	2,660	-	2,660	1,748	-	1,748
Public accountant registration and related fees	1,253	920	2,173	1,220	808	2,028
Corporate service provider registration and related fees	774	-	774	1,067	-	1,067
Total	57,273	26,908	84,181	50,334	26,487	76,821

(b) Agency Fees

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:

- (i) any penalty for late payment or late filing;
- (ii) any financial penalty, and interest for late payment of the financial penalty; and
- (iii) any sum for the composition of any offence.

The collection of the above sums during the financial year amounting to S\$13,442,223 (2020/2021: S\$10,864,295) was not reported as part of the Authority's income. In return, the Authority received Agency Fee of S\$14,000,000 (2020/2021: S\$14,000,000) from the Ministry of Finance (MOF) for being an agent of the Government in the collection of composition sums and penalties. Agency fees receivable from MOF as at 31 March 2022 were S\$1,166,663 (31 March 2021: S\$1,166,663).

The Authority received an Agency Fee of S\$2,100,000 (2020/2021: S\$2,100,000) from the Prime Minister's Office (PMO) for sharing data with Government Agencies during the financial year. Agency fees receivable from PMO as at 31 March 2022 were S\$350,000 (31 March 2021: S\$350,000).

19. OTHER INCOME

	2021/2022	2020/2021
	S\$'000	S\$'000
Interest income	524	1,543
Amortisation of deferred income (Note 13)	438	-
Training fees	80	95
Others	1,370	1,102
	2,412	2,740

The interest income mainly pertains to interest earned on deposits under the Whole-of-Government Centralised Liquidity Management (CLM) maintained with the Accountant-General's Department (AGD) of the Ministry of Finance.

20. STAFF COSTS

	2021/2022	2020/2021
	S\$'000	S\$'000
Salaries and other costs	26,514	23,767
CPF contributions	3,120	2,837
	29,634	26,604

21. SERVICES

Included in services are the following:

	2021/2022	2020/2021
	S\$'000	S\$'000
Computer service charges	16,653	17,012
Professional and consultancy fees	4,691	4,039
Statutory audit fees	285	275

22. OTHER EXPENDITURE

Included in other expenditure are the following:

	2021/2022	2020/2021
	S\$'000	S\$'000
Non-recoverable GST expenses	1,840	1,731
Renovation Costs expensed off	1,384	-
Remittance in relation to Monetary Authority of Singapore's funding	1,125	70
Commission and related fees	707	578
Interest expenses on lease liabilities (Note 11)	445	28
Postage and other related expenses	153	246

23. RENTAL, MAINTENANCE AND SUPPLIES

	2021/2022	2020/2021
	S\$'000	S\$'000
Maintenance	2,065	6,548
Utilities and office supplies	137	181
Rental	29	31
	2,231	6,760

24. GOVERNMENT GRANTS

	2021/2022	2020/2021
	S\$'000	S\$'000
Operating grants	1,610	1,645
Amortisation of deferred capital grants (Note 17)	75	174
Property tax rebate	-	69
	1,685	1,888

25. DIVIDENDS PAID

	2021/2022	2020/2021
	S\$'000	S\$'000
Dividend paid in respect of the previous financial year	-	5,248

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

26. COMMITMENTS

(a) Capital commitments

Capital commitments for development projects which have been approved and contracted but not provided for in the financial statements as at 31 March 2022 were S\$3,019,854 (31 March 2021: S\$3,901,743).

(b) Operating lease commitments as lessee

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

	2021/2022	2020/2021
	S\$'000	S\$'000
Not later than one year	21	31
Between one and three years	5	13
As at 31 March	26	44

27. RELATED PARTY TRANSACTIONS

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

	2021/2022	2020/2021
	S\$'000	S\$'000
(a) Purchases of goods and services from Government Technology Agency	8,018	4,724
(b) Lease and other payments to Inland Revenue Authority of Singapore	3,114	-
(c) Services to Singapore Accountancy Commission	1,247	328
(d) Government grants from Prime Minister's Office	1,195	1,177

27.2 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:

	2021/2022	2020/2021
	S\$'000	S\$'000
(e) Composition sums and penalties due to Ministry of Finance	1,094	1,695

27.3 Compensation of key management personnel:

	2021/2022	2020/2021
	S\$'000	S\$'000
(f) Salaries and other short-term employee benefits	4,175	3,563
(g) CPF contributions	197	164
(h) Board members' allowances	172	165

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.

28. 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.

29. SUBSEQUENT EVENTS

On 1 July 2021, the Ministry of Finance announced that it will merge the accountancy-related units in the Authority, the Singapore Accountancy Commission (“SAC”) and the Accounting Standards Council (“ASC”) secretariat into a strengthened accountancy function under one entity (“Merged Entity”).

The Merged Entity will be formed and will commence operations by the fourth quarter of 2022. It will retain the name Accounting and Corporate Regulatory Authority, which encompasses the enlarged functions of the Merged Entity.

On the date of the formation of the Merged Entity, all the business and undertakings and all rights and obligations of the SAC and ASC Secretariat will be transferred and vested in the Authority on the date of the merger. The assets, liabilities and share capital will be transferred at their net book value, with a corresponding amount credited to the Authority’s capital account.