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 5 to 24 are drawn up so as to present fairly, in all material respects, the state of affairs of the Authority as at 31 March 2017, and the results, changes in equity and cash flows of the Authority for the financial year then ended.

On behalf of the Authority

LIM SOO HOON
Chairman

ONG KHIAW HONG
Chief Executive

Singapore
28 June 2017

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 2017

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 5 to 24, have been audited under my direction. These financial statements comprise the statement of financial position as at 31 March 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Accounting and Corporate Regulatory Authority Act (Cap.2A, 2005 Revised Edition) (the Act) and Statutory Board Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Authority as at 31 March 2017 and the results, changes in equity and cash flows of the Authority for the financial year ended on that date.

Basis for Opinion

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

Other Information

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

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

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

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

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

The management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Act and Statutory Board Financial Reporting Standards, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

A statutory board is constituted based on its Act and its dissolution requires Parliament's approval. In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is intention to wind up the Authority or for the Authority to cease operations.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, professional judgement is exercised and professional scepticism is maintained throughout the audit. An audit also includes:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtaining an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal controls.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- 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.

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 2017

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 Act; 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 Act. This responsibility includes implementing accounting and internal controls as management determines are necessary to enable compliance with the provisions of the Act.

Auditor's Responsibilities for the Compliance Audit

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

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

TAN YOKE MENG WILLIE
Auditor-General

Singapore
28 June 2017

STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

	Note	2016/17 S$	2015/16 S$
Capital and reserves			
Share capital	4	8,601,000	8,601,000
Accumulated surplus		149,471,064	168,876,808
		158,072,064	177,477,808
Represented by:			
Non-current assets			
Property, plant and equipment	5	5,178,661	7,360,686
Intangible assets	6	15,645,410	19,891,261
Development projects-in-progress	7	3,024,331	–
		23,848,402	27,251,947
Current assets			
Trade and other receivables	8	7,369,877	6,503,919
Cash and cash equivalents	9	186,515,546	174,248,269
		193,885,423	180,752,188
Current liabilities			
Trade and other payables	10	(12,749,832)	(23,230,612)
Fees received in advance		(2,505,932)	(1,058,293)
Deposits	11	(3,478,411)	(2,979,143)
Provision for pension	12	(13,909)	(13,909)
Provision for contribution to Government Consolidated Fund	13	(37,747,003)	(810,454)
		(56,495,087)	(28,092,411)
Net current assets		137,390,336	152,659,777
Non-current liabilities			
Fees received in advance		(1,232,250)	(282,480)
Deferred capital grants	14	(809,082)	(1,024,837)
Provision for costs of dismantlement, removal or restoration	15	(717,212)	(717,212)
Provision for pension	12	(408,130)	(409,387)
		158,072,064	177,477,808

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

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2017

	Note	2016/17 S$	2015/16 S$
Income			
Company registration and related fees		30,716,177	23,790,779
Agency fee	16	17,000,000	15,333,333
Composition sums and penalties		–	1,442,125
Information service fees		14,369,804	13,184,830
Business registration and related fees		7,316,874	6,071,716
Public accountants registration and related fees		1,522,863	1,656,360
Corporate service providers registration and related fees		796,100	754,700
Other income	17	5,941,028	4,121,878
		77,662,846	66,355,721
Expenditure			
Staff costs	18	(22,412,759)	(21,694,400)
Services	19	(15,337,440)	(24,166,945)
Rental, maintenance and supplies	20	(3,981,630)	(6,054,855)
Depreciation of property, plant and equipment	5	(2,259,414)	(1,823,379)
Amortisation of intangible assets	6	(4,245,851)	(1,254,470)
Other expenditure	21	(7,133,378)	(6,594,297)
		(55,370,472)	(61,588,346)
Surplus before contribution to Government Consolidated Fund		22,292,374	4,767,375
Contribution to Government Consolidated Fund	13	(3,789,704)	(818,192)
Net surplus for the financial year		18,502,670	3,949,183
Other Comprehensive Income/(Expense)			
Items that will not be reclassified subsequently to Income or Expenditure			
Actuarial loss on pension obligations	12	(2,115)	(25,143)
Other Comprehensive Expense for the financial year		(2,115)	(25,143)
Total Comprehensive Income for the financial year		18,500,555	3,924,040

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

STATEMENT OF CHANGES IN EQUITY

As at 31 March 2017

	Note	Share capital S$	Accumulated surplus S$	Total S$
Balance as at 1 April 2015		8,601,000	170,533,768	179,134,768
Net Surplus for the financial year		–	3,949,183	3,949,183
Other Comprehensive Expense		–	(25,143)	(25,143)
Dividends paid	22	–	(5,581,000)	(5,581,000)
Balance as at 31 March 2016		8,601,000	168,876,808	177,477,808
Net Surplus for the financial year		–	18,502,670	18,502,670
Other Comprehensive Expense		–	(2,115)	(2,115)
Dividends paid	22	–	(3,949,000)	(3,949,000)
Return of past composition sums and penalties to Government Consolidated Fund	13	–	(33,957,299)	(33,957,299)
Balance as at 31 March 2017		8,601,000	149,471,064	158,072,064

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

STATEMENT OF CASH FLOWS

For the financial year ended 31 March 2017

	Note	2016/17 S$	2015/16 S$
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus before contribution to Government Consolidated Fund		22,292,374	4,767,375
Adjustments for:			
Depreciation of property, plant and equipment	5	2,259,414	1,823,379
Amortisation of intangible assets	6	4,245,851	1,254,470
Amortisation of deferred capital grants	14	(215,755)	(53,939)
Development projects expensed off		–	112,287
Provision for pension	12	10,537	11,419
Interest income	17	(1,672,951)	(1,520,555)
Surplus before working capital changes		26,919,470	6,394,436
Changes in working capital:			
Increase in trade and other receivables		(912,115)	(1,615,010)
(Decrease)/Increase in trade and other payables		(2,332,957)	1,987,766
Increase in fees received in advance		2,397,409	735,439
Increase in deposits		499,268	694,408
Cash generated from operations		26,571,075	8,197,039
Pension paid	12	(13,909)	(13,909)
Contribution paid to Government Consolidated Fund	13	(810,454)	(2,242,209)
Net cash from operating activities		25,746,712	5,940,921
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		1,719,108	1,004,985
Payment for purchase of property, plant and equipment		(12,439)	(159,976)
Payment for development projects-in-progress		(11,237,104)	(1,177,843)
Net cash used in investing activities		(9,530,435)	(332,834)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	22	(3,949,000)	(5,581,000)
Net cash used in financing activities		(3,949,000)	(5,581,000)
Net increase in cash and cash equivalents		12,267,277	27,087
Cash and cash equivalents as at beginning of the financial year	9	174,248,269	174,221,182
Cash and cash equivalents as at end of the financial year	9	186,515,546	174,248,269

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

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 28 June 2017.

1. GENERAL

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

The principal activities of the Authority are:

(a) to administer the Accountants Act (Cap. 2, 2005 Revised Edition), Business Names Registration Act 2014 (Act 29 of 2014), Companies Act (Cap. 50, 2006 Revised Edition), Limited Liability Partnerships Act (Cap. 163A, 2006 Revised Edition) and Limited Partnerships Act (Cap. 163B, 2010 Revised Edition);

(b) to report and make recommendations to, and advise the Government on matters relating to the registration and regulation of business entities, corporate service providers and public accountants;

(c) to establish and administer a repository of documents and information relating to business entities and public accountants and to provide access to the public to such documents and information;

(d) to represent the Government internationally in respect of matters relating to the registration and regulation of business entities and public accountants;

(e) to promote public awareness about new business structures, compliance requirements, corporate governance practices and any other matters under the purview of the Authority;

(f) to provide a responsive and forward-looking regulatory environment for business entities, corporate service providers and public accountants conducive to enterprise in Singapore;

(g) to promote, facilitate and assist in the development of the accountancy sector, including studying, reporting, making recommendations to and advising the Government on all matters relating to the development and promotion of the accountancy sector; and

(h) to carry out such other functions as may be conferred on the Authority by the Accounting and Corporate Regulatory Authority Act (Cap. 2A, 2005 Revised Edition).

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

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

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

2. SIGNIFICANT ACCOUNTING POLICIES

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

The financial statements are presented in Singapore dollars (S$) which is also the functional currency of the Authority. 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, the 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 year in which the estimates are revised and in any future years affected.

New or revised accounting standards effective in 2016

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

New or revised accounting standards not yet effective

Certain new standards and amendments to existing standards have been published and are mandatory for the Authority's accounting periods beginning on or after 1 April 2017 or later periods and which the Authority has not early adopted. The Authority anticipates that the adoption of these standards and amendments will not have a material impact on the Authority's financial statements.

(b) Property, plant and equipment and depreciation

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

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

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

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 expenditure when the changes arise.

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

(c) Intangible assets and amortisation

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

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

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

(d) Development projects-in-progress

Development projects-in-progress relate to projects on computer systems 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 recorded in income.

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

(f) Trade and other receivables

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

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

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

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

(g) Cash and cash equivalents

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

(h) Trade and other payables

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

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

(i) Provisions

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

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

(j) Income recognition

Company, business, public accountants and corporate service providers registration and related fees are recognised when transacted. Renewal fees received in advance are deferred and recognised as income when due.

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

(j) Income recognition *(cont'd)*

Information service fees are recognised when information is provided.

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

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

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

(k) Employee benefits

(i) Defined contribution plans

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

(ii) Employees' leave entitlements

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

(iii) Pension benefits

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

(l) Operating leases

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

(m) Government grants

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

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

Estimated impairment of non-financial assets

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

4. SHARE CAPITAL

The 8,601,000 (2015/16: 8,601,000) shares are fully paid and held by the Minister for Finance, a body incorporated by the Minister for Finance (Incorporation) Act (Cap. 183, 2014 Revised Edition). The shares have no par value.

5. PROPERTY, PLANT AND EQUIPMENT

2016/17	Furniture and fittings S$	Office equipment S$	Computer hardware and system S$	Total S$
Cost				
As at 1 April 2016	2,813,993	1,185,318	10,763,053	14,762,364
Additions	3,550	7,477	66,362	77,389
As at 31 March 2017	2,817,543	1,192,795	10,829,415	14,839,753
Accumulated Depreciation				
As at 1 April 2016	1,629,344	916,944	4,855,390	7,401,678
Depreciation for the financial year	402,923	75,184	1,781,307	2,259,414
As at 31 March 2017	2,032,267	992,128	6,636,697	9,661,092
Net Book Value				
As at 31 March 2017	785,276	200,667	4,192,718	5,178,661

5. PROPERTY, PLANT AND EQUIPMENT *(cont'd)*

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

6. INTANGIBLE ASSETS

	2016/17 S$	2015/16 S$
Cost		
As at 1 April	21,547,863	7,362,944
Assets received under capital grants (Note 14)	–	862,920
Transferred from Development projects-in-progress	–	19,292,951
Decommissioned	–	(5,970,952)
As at 31 March	21,547,863	21,547,863
Accumulated amortisation		
As at 1 April	1,656,602	6,373,084
Amortisation for the financial year	4,245,851	1,254,470
Decommissioned	–	(5,970,952)
As at 31 March	5,902,453	1,656,602
Net book value as at 31 March	15,645,410	19,891,261

All intangible assets are internally-developed applications relating to the operations of the Authority and with a remaining amortisation period ranging from 2 to 4 years (2015/16: 1 to 5 years).

7. DEVELOPMENT PROJECTS-IN-PROGRESS

	2016/17 S$	2015/16 S$
Cost		
As at 1 April	–	8,358,036
Expenditure incurred	3,024,331	14,404,702
Transferred to Intangible assets	–	(19,292,951)
Transferred to Property, plant and equipment	–	(3,469,787)
As at 31 March	3,024,331	–

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

8. TRADE AND OTHER RECEIVABLES

	2016/17 S$	2015/16 S$
Trade receivables	1,724,310	2,317,988
Other receivables	4,225,545	2,854,601
Prepayment	302,710	167,861
Interest income receivable	1,117,312	1,163,469
As at 31 March	7,369,877	6,503,919

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

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and at banks and deposits maintained with the Accountant-General's Department (AGD) of the Ministry of Finance. Deposits maintained with AGD include cash float for payments to be made by the Authority using the AGD's accounting and payment system, deposits placed under the Whole-of-Government Centralised Liquidity Management (CLM) and Statutory Board (SB) Approved Funds Scheme.

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

	2016/17 S$	2015/16 S$
Cash on hand, cash at banks and deposits with AGD	4,594,038	2,439,554
Deposits with AGD under CLM	135,964,209	120,981,700
Deposits with AGD under SB Approved Funds Scheme	12,000,000	50,827,015
Other deposit with AGD	33,957,299	–
As at 31 March	186,515,546	174,248,269

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

The effective interest rate of deposits placed with AGD under CLM is 1.39% (2015/16: 1.24%) per annum.

The deposits maintained with AGD under SB Approved Funds Scheme are made up of four funds for industry development purpose, namely: IT-Capability Development Fund, Accountancy Development Fund, ACRA XBRL Facilitation Fund and Business Competency Development Fund. 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.

Other deposit with AGD refers to an amount set aside for return of past composition sums and penalties to the Government Consolidated Fund (see Note 13). The deposit does not earn interest and is not subject to dividend payment.

10. TRADE AND OTHER PAYABLES

	2016/17 S$	2015/16 S$
Trade payables	11,320,081	21,984,251
Other payables	766,072	563,515
Provision for unconsumed leave	663,679	682,846
As at 31 March	12,749,832	23,230,612

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

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

The movement in provision for unconsumed leave is as follows:

	2016/17 S$	2015/16 S$
As at 1 April	682,846	637,849
Net amount (utilised)/provided during the financial year	(19,167)	44,997
As at 31 March	663,679	682,846

11. DEPOSITS

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

	2016/17 S$	2015/16 S$
Security deposits	143,020	175,683
Monies placed with the Authority	3,335,391	2,803,460
As at 31 March	3,478,411	2,979,143

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

12. PROVISION FOR PENSION

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

	2016/17 S$	2015/16 S$
As at 1 April	423,296	400,643
Amount provided during the financial year	12,652	36,562
Amount paid during the financial year	(13,909)	(13,909)
As at 31 March	422,039	423,296
Amount payable within one year	13,909	13,909
Amount payable after one year	408,130	409,387

As at end of 31 March 2017, there were no pensionable employees in service. Pension obligation is calculated based on the monthly pension allowance to retired pensionable employees and life expectancy of 85 years (2015/16: 85 years). The discount rates used in determining the present value of pension obligations as at 31 March 2017 ranges from 2.43% to 2.47% depending on the tenure of the obligation (2015/16: 2.33% to 2.52%).

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

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

	2016/17 S$	2015/16 S$
Staff Cost		
Interest cost	10,537	11,419
Other Comprehensive Expense		
Actuarial loss due to changes in financial assumptions	2,115	25,143
	12,652	36,562

13. CONTRIBUTION TO GOVERNMENT CONSOLIDATED FUND

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

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

	2016/17 S$	2015/16 S$
As at 1 April	810,454	2,234,471
Amount provided during the financial year		
– Contribution at 17% of the surplus (2015/16: 17%)	3,789,704	818,192
– Return of past composition sums and penalties	33,957,299	–
Amount paid during the financial year	(810,454)	(2,242,209)
As at 31 March	37,747,003	810,454

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

14. DEFERRED CAPITAL GRANTS

	2016/17 S$	2015/16 S$
As at 1 April	1,024,837	–
Grant received on Property, plant and equipment (Note 5)	–	215,856
Grant received on Intangible assets (Note 6)	–	862,920
	1,024,837	1,078,776
Amortisation of Deferred capital grants (Note 17)	(215,755)	(53,939)
As at 31 March	809,082	1,024,837

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

15. PROVISION FOR COSTS OF DISMANTLEMENT, REMOVAL OR RESTORATION

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

	2016/17 S$	2015/16 S$
As at 1 April	717,212	559,000
Amount provided during the financial year	–	158,212
As at 31 March	717,212	717,212

16. AGENCY FEES

16.1 Under the Accounting and Corporate Regulatory Authority (Amendment) Act 2014 effective from 15 May 2015, the following sums collected by the Authority are to be paid into the Government Consolidated Fund:

(a) any penalty for late payment or late filing;

(b) any financial penalty, and interest for late payment of the financial penalty; and

(c) any sum for the composition of any offence.

The collection of the above sums during the financial year amounting to S$17,625,796 (2015/16: S$15,369,798) was not reported as part of the Authority's income. In return, the Authority receives Agency Fee of S$14,000,000 (2015/16: S$12,833,333) for being an agent of the government in the collection of composition sums and penalties.

16.2 The Authority receives an Agency Fee of S$3,000,000 (2015/16: S$2,500,000) for sharing data with Government Agencies.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

17. OTHER INCOME

	2016/17 S$	2015/16 S$
Interest income	1,672,951	1,520,555
Operating grants from the Ministry of Finance	745,530	1,084,145
Amortisation of deferred capital grants (Note 14)	215,755	53,939
Training fees	879,299	1,048,432
Others	2,427,493	414,807
	5,941,028	4,121,878

Included in others is an amount of S$2,080,828 (2015/16: S$70,789) relating to liquidated damages agreed between vendors and the Authority.

18. STAFF COSTS

	2016/17 S$	2015/16 S$
Salaries and other costs	19,805,710	19,300,767
CPF contributions	2,607,049	2,393,633
	22,412,759	21,694,400

19. SERVICES

Included in the expenditure on Services are the following:

	2016/17 S$	2015/16 S$
Computer service charges	7,396,855	16,219,355
Professional and consultancy fees	4,297,845	4,046,606
Statutory audit fees	313,000	313,000

20. RENTAL, MAINTENANCE AND SUPPLIES

	2016/17 S$	2015/16 S$
Maintenance	1,297,740	3,387,073
Rental	2,289,106	2,303,159
Utilities and office supplies	394,784	364,623
	3,981,630	6,054,855

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

21. OTHER EXPENDITURE

Included in Other Expenditure are the following:

	2016/17 S$	2015/16 S$
Expenses incurred under Statutory Board Approved Funds:		
– Accountancy Development Fund	1,887,862	2,021,267
– Business Competency Development Fund	1,098,716	897,022
Non-recoverable GST expenses	1,273,159	1,216,258
Commission and related fees	927,307	713,674
Postage and other related expenses	264,315	624,316
Overseas travelling expenses	359,902	291,606
Conference and other related expenses	120,185	81,501

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

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

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

22. DIVIDENDS PAID

	2016/17 S$	2015/16 S$
Dividends paid in respect of the previous financial year	3,949,000	5,581,000

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

23. COMMITMENTS

(a) Capital commitments

Capital expenditure for development projects which have been approved and contracted but not provided for in the financial statements is S$975,295 (2015/16: S$3,966,201).

(b) Operating lease commitments

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

	2016/17 S$	2015/16 S$
Not later than one year	1,814,159	2,454,668
Between one and three years	26,418	1,820,933
As at 31 March	1,840,577	4,275,601

24. RELATED PARTY TRANSACTIONS

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

		2016/17 S$	2015/16 S$
(a)	Purchases of goods and services from Government Technology Agency	5,446,899	4,880,347
(b)	Agency Fee from Ministry of Finance (Note 16)	17,000,000	15,333,333
(c)	Funding support to Singapore Accountancy Commission under the Accountancy Development Fund	1,887,862	1,964,398

On 14 February 2013, the Authority undertook to provide S$10 million funding to the Singapore Accountancy Commission's Singapore Chartered Accountants Qualification Programme [Note 21] for 5 years with effect from 2013/14. At the end of the financial year, the outstanding commitment is S$1,027,227 (2015/16: S$2,915,089).

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

		2016/17 S$	2015/16 S$
(d)	Agency fee receivable from the Ministry of Finance	3,031,663	1,471,250
(e)	Composition sums and penalties due to the Ministry of Finance	1,472,704	1,484,855

24.3 Compensation of key management personnel

		2016/17 S$	2015/16 S$
(f)	Salaries and other short-term employee benefits	2,348,802	2,545,373
	CPF contributions	136,346	124,991
	Board members' allowances	163,500	159,103

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

25. FINANCIAL RISK MANAGEMENT

(a) Credit Risk

The Authority's exposure to credit risk arises 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.

26. COMPARATIVES

Certain comparative figures in the financial statements have been adjusted to conform with the changes in the presentation in the current financial year.

The fees received in advance from three-year renewal option for Business and Limited Partnerships introduced in January 2016 were previously presented as current liabilities in the Statement of Financial Position. With effect from this financial year, the portion of fees received in advance to be recognised as income more than twelve months after the reporting period is presented as non-current liabilities.

In addition, an amount due from Ministry of Finance, previously included under Trade Receivables, are now included under Other Receivables in Note 8.