

*Fully
Engaged*

Annual
Report
2013/14

Our Vision

A professional and trusted real estate agency industry

Our Mission

To raise the professionalism of the real estate agency industry and safeguard consumer interest

Three years on, and CEA's full engagement with stakeholders and consumers continues to prove its relevance to the real estate agency industry and its potential to transform the industry into a better and more dynamic professional community.

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Message

When the Council for Estate Agencies (CEA) took its first step towards developing a professional and trusted real estate agency industry in 2010, it focused on three key areas of regulation, industry development and consumer education. In FY2013, CEA remained fully engaged in driving these strategies to build a high quality sector.

The year saw CEA make good progress on several initiatives to raise professionalism of the industry. The Continuing Professional Development (CPD) Training Roadmap was introduced to guide the Key Executive Officers (KEOs) and salespersons in planning their training in a structured and progressive manner. Developed in consultation with the industry and training providers, the comprehensive framework gives directions on core courses that are suitable for KEOs and salespersons of varying years of experience, and encourages them to attend a balanced mix of training courses on different subject matters.

Another milestone was the launch of the Professional Service Manual in April 2013 to promote professionalism and ethical service in the industry. The manual details the service standards and responsibilities required of estate agents and salespersons. A result of collaborative efforts involving estate agents, industry associations and relevant government agencies, the manual took effect on 1 January 2014.

CEA also completed a review of the Real Estate Salesperson examination syllabus. The revised syllabus was augmented with more in-depth details to enhance practical knowledge of candidates, and learning outcomes to facilitate better appreciation of the level of understanding required for various topics.

To encourage estate agents to share and adopt best practices in the industry, CEA organised its first Best Practices Seminar on 11 October 2013. KEOs from the major estate agents were invited to share their best practices in people management, operational effectiveness and service excellence. Information from the seminar was compiled into a depository of best practices and made accessible online to all estate agents.

A crucial element in CEA's policy development and implementation is engagement with our stakeholders. Dialogue sessions were held more frequently with the large estate agents and also extended to the medium-sized estate agents and industry associations. To ensure better ground sensing, focus group discussions with salespersons were initiated to obtain direct feedback and fresh perspectives on various industry practices and new initiatives.

CEA continued to take enforcement actions against salespersons who breached industry regulations. Coupled with proactive monitoring of industry practices on the ground, the number of complaints against salespersons has reduced by 15% from 880 in FY2012 to 751 in FY2013. Based on per 100 (residential) transactions, the complaints against salespersons have reduced by 2.55% from 0.549 to 0.535 for the same period.

In consumer education, CEA was able to reach out to a wider sector of the community through more varied platforms. In addition to participating in regular public talks held by partners, CEA collaborated with partners to organise outreach activities.

On 27 April 2013, CEA joined hands with the Consumers Association of Singapore (CASE) to organise a major public seminar themed "Safeguarding Consumer Interests in Property Transactions". Participants gained insights into various areas including the property market outlook, responsibilities of estate agents and salespersons, property financing and consumer rights in property transactions. An exhibition was also set up with a series of posters which were produced to reinforce key consumer education messages for participants.

Following its success, CEA collaborated with CASE and the industry associations – Institute of Estate Agents, SAEA Ltd, and Singapore Institute of Surveyors and Valuers – to launch a new quarterly "Get It Right! CEA-CASE Consumer Seminar Series" in August 2013. These seminars aimed to equip consumers with essential knowledge relating to property transactions.



CEA also reached out to the active agers by participating for the first time in the annual seniors fair, 50plus Expo, organised by the Council for Third Age in March 2014. Close to 2,500 seniors visited the CEA booth where they interacted with staff and participated in simple quizzes to learn about the dos and don'ts of engaging salespersons for property transactions.

Consumers have access to more educational resources with the launch of two new consumer guides in the year. CEA and CASE jointly produced a guide "Sale, Purchase and Rental of Properties" which highlights important considerations in the transaction process, what salespersons can do for consumers and how to resolve disputes. With an increasing number of foreign properties being marketed in Singapore, an online guide "Buying Foreign Properties" was rolled out to advise consumers to exercise due diligence when investing in such properties. A practice guidelines on the marketing of foreign properties was also issued to guide the conduct of estate agents and salespersons in this area.

Moving forward, CEA will focus on developing capabilities and raising productivity of the industry. CEA will work with stakeholders to introduce new infocomm technology applications, and promote the use of e-learning in the delivery of training courses and estate agency work. Consultations with the industry will be carried out in developing new practice

guidelines and improving the quality and variety of CPD courses. At the same time, CEA has commenced work to develop an industry-wide certification system for estate agents. CEA will also seek new partners to widen the network for consumer outreach and expand education resources to enable consumers to make informed decisions in property transactions.

We would like to thank the pioneer Council members for their valuable guidance in the first three years of regulating the real estate agency industry. For continuity, seven have been re-appointed for a second term in October 2013 and we welcome four new members to the Council.

We would also like to express our appreciation to industry partners, estate agents and salespersons for their support and contribution in supporting CEA's initiatives. Many thanks also go to members of CEA's four working Committees for volunteering their time and advice, and to our management team and staff for their hard work and commitment in building a professional real estate agency industry in Singapore.

Greg Seow
Council President

Chionh Chye Khye
Executive Director

Council Members

(22 October 2013 to 21 October 2016)

- 01. Greg Seow**
Council President
Director
PartnerRe Limited
- 02. Lawrence Ang Boon Kong**
Senior Consultant
Donaldson & Burkinshaw
- 03. Chionh Chye Khye**
Executive Director
Council for Estate Agencies
- 04. Assoc Prof Yu Shi Ming**
Department of Real Estate
School of Design and Environment
National University of Singapore
- 05. Sin Lye Chong**
Group Director
(Land Sales & Administration)
& Controller of Housing
Urban Redevelopment Authority
- 06. Ho Tian Lam**
Chief Executive Officer
DTZ Debenham Tie Leung (SEA) Pte Ltd
- 07. Er Dr Tan Guan**
Senior Principal
T.Y.Lin International Pte Ltd
- 08. Yap Chin Beng**
Deputy Chief Executive Officer
(Estates & Corporate)
Housing & Development Board
- 09. Ho Chee Pong**
Director-General
Singapore Customs
- 10. Pauline Goh**
Chief Executive Officer
CBRE Singapore & Southeast Asia Pte Ltd
- 11. Harrif Bin Hambali**
Senior Manager
Don Shudar International Pte Ltd
- 12. Seah Seng Choon**
Executive Director
Consumers Association of Singapore



Senior Management

01. Chionh Chye Khye
Executive Director

02. Soh Kee Hean
Deputy Executive Director

03. Chan Mun Kit
Director
(Regulatory Control)

07. Purnima Shantilal
Director
(Licensing & Investigation)

08. Chan Kwok Cheong
Deputy Director
(Policy & Planning)
(wef 3 February 2014)

09. Yeap Soon Teck
Deputy Director
(Licensing)

04. Khor Chor Huat
Deputy Director
(Investigation)

05. Desmond Yeo
Deputy Director
(Inspection & Compliance)

06. Koh Pek Hoon
Deputy Director
(Public Outreach)

10. Timothy Kho
Deputy Director
(Legal)

11. Soh Chor Yin
Deputy Director
(Corporate Development)



01



02



03



07



08



09



04



05



06



10



11

CEA Committees

EXAMINATION & PROFESSIONAL DEVELOPMENT COMMITTEE

26 October 2012 to 25 October 2014

CHAIRMAN

Assoc Prof Yu Shi Ming

School of Design and Environment
National University of Singapore

MEMBERS

Pauline Goh

Chief Executive Officer
CBRE Singapore &
Southeast Asia Pte Ltd
& Key Executive Officer
CBRE Pte Ltd

Donald Han Yong Lee

Key Executive Officer
Chesterton Singapore
Pte Ltd

Peter Ow Kwok Phui

Property Consultant
Reyfern Real Estate
Consultancy Pte Ltd

Tan Choi Heng

Course Manager
Ngee Ann Polytechnic

Eddie Yong

Managing Partner
Equity & Land LLP
(Representative from
REDAS)

Tan Chew Ling

Group Director
(Estate Administration
& Property)
Housing & Development
Board

Ho Tian Lam

Chief Executive Officer &
Key Executive Officer
DTZ Debenham Tie Leung
(SEA) Pte Ltd

Michael Tan

Executive Director/
Key Executive Officer
OrangeTee.com Pte Ltd

Tan Kok Keong

Key Executive Officer
Orion Property
Consultants Pte Ltd

Chan Mun Kit

Director
(Regulatory Control)
Council for Estate
Agencies

FUNCTIONS

1. Determine examination syllabus for Key Executive Officers, practising directors/partners and salespersons, and ongoing review to ensure it is comprehensive, relevant to profession, and to raise industry standards
2. Examine and ensure CEA examinations and preparatory courses are able to achieve above mentioned objectives
3. Examine training needs and advise on appropriate training programs to raise professional competency and standards
4. Oversee implementation of mandatory Continuing Professional Development (CPD) Scheme
5. Establish criteria and determine suitability of Real Estate Salesperson course, Real Estate Agent course and CPD course providers
6. Review and recommend educational qualifications recognised as meeting the 4 GCE "O" Level qualifications and CEA examinations

LICENSING & PRACTICE COMMITTEE

26 October 2012 to 25 October 2014

CHAIRMAN

Er Dr Tan Guan

Senior Principal
TY Lin International Pte Ltd

MEMBERS

Chng Shih Hian

Senior Executive Director
Suntec Real Estate
Consultants Pte Ltd

Fong Heng Boo

Director
(Special Duties)
Singapore Totalisator
Board

Lee Kut Cheung

Managing Director
RSP Architects Planners
and Engineers (Pte) Ltd

Albert Lu Nguan Soo

Key Executive Officer
C & H Properties Pte Ltd

Ng Boon Yew

Chairman
Raffles Campus Pte Ltd

Tan Hong Boon

Key Executive Officer
Jones Lang LaSalle
Residential Pte Ltd

Prof Tang Hang Wu

School of Law
Singapore Management
University

Dennis Yeo Huang Kiat

Key Executive Officer
Colliers International
(Singapore) Pte Ltd

FUNCTIONS

1. Review and recommend changes to licensing/registration criteria
2. Consider and review processes for licensing/registration, including renewal and continuation processes
3. Consider, review and recommend debarment guidelines
4. Consider licensing/registration debarment cases, including rejecting applicants not fit and proper, considering reconsideration requests and revocation/suspension recommendations
5. Review and recommend amendments to Code of Ethics and Professional Client Care for estate agents and salespersons and Code of Practice for estate agents
6. Consider, review and recommend revision to Practice Circulars and Guidelines on various aspects of estate agency work

CEA Committees

DISCIPLINARY PANEL

26 October 2012 to 25 October 2014

HEAD

Lawrence Ang Boon Kong
Senior Consultant
Donaldson & Burkinshaw

MEMBERS

Er Chan Ewe Jin
Managing Director
Ecas-EJ Consultants
Pte Ltd

Karam Singh Parmar
Administration Partner
Tan Kok Quan
Partnership

Wo Mei Lan
Director
Liu & Wo Architects
Pte Ltd

**Prabhakaran s/o
Narayanan Nair**
Partner
Derrick Wong & Lim
BC LLP

Chee Wai Pong
Chee Wai Pong & Co

Dr Tan Teng Hooi
Associate Professor
SIM University

Derrick Wong
Partner
Derrick Wong & Lim
BC LLP

Amarjit Singh
Consultant
Donaldson & Burkinshaw

Reymond Fernandez
Managing Director
Reyfern Real Estate
Consultancy Pte Ltd

Tay Kah Poh
Executive Director of
Agency Services
Knight Frank Pte Ltd

Phylicia Ang Ying Hui
Executive Director
Savills Residential
Pte Ltd

Dr Tan Tee Khoon
Managing Director
KF Property Network
Pte Ltd

Hamidul Haq
Equity Partner
Rajah & Tann LLP

Eric Tin Keng Seng
Partner
Donaldson & Burkinshaw

**Yashodhara
Dhoraisingam**
Chief Operating Officer
KSCGP Juris LLP

Tan Hee Joek
Partner
Tan See Swan & Co

**Christopher Thomas
Koh Kia Yong**
Director
Chris International

Victor Lee Chay Pin
Senior Partner
Chambers Law LLP

Yong Kwet Leong
Director
Assets Consultancy
Enterprise Pte Ltd

FUNCTIONS

1. Hear cases for professional misconduct and breaches of the Code of Ethics and Professional Client Care and Code of Practice
2. Determine disciplinary actions which include warnings, fines, suspension debarment and imposition of conditions on the estate agents and salespersons
3. Make recommendations as may be appropriate in relation to the disciplinary case hearing process

AUDIT COMMITTEE

1 March 2014 to 29 February 2016

CHAIRMAN

Ho Chee Pong
Director-General
Singapore Customs

MEMBERS

Sin Lye Chong
Group Director
(Land Sales &
Administration)
& Controller of Housing
Urban Redevelopment
Authority

Fong Heng Boo
Director
(Special Duties)
Singapore Totalisator
Board

Ng Boon Yew
Chairman
Raffles Campus Pte Ltd

FUNCTIONS

1. Nominate the External Auditor and approve remuneration and terms of engagement of the External Auditor (unless the External Auditor is the Auditor General)
2. Review with Appointed External and Internal Auditors:
 - a. their audit plans;
 - b. their evaluation of the systems of internal controls; and
 - c. their audit reports.
3. Review assistance given by CEA's officers to the Appointed External and Internal Auditors
4. Review annual accounts and consolidated accounts and recommend them to the Council for approval
5. Review adequacy and effectiveness of CEA's risk management systems

Corporate Profile

The Council for Estate Agencies (CEA) was established as a statutory board on 22 October 2010 to regulate and develop the real estate agency industry.

In pursuit of its mission to raise the professionalism of the real estate agency industry and safeguard consumer interest, CEA focuses on three strategic thrusts: effective regulation, industry development and consumer education.

For effective regulation of the industry, CEA administers the licensing of estate agents and registration of salespersons, and regulates the practice of estate agents and salespersons in property transactions. It also conducts industry compliance checks and investigations, as well as disciplinary proceedings in respect of offences and unsatisfactory conduct or misconduct in relation to estate agency work.

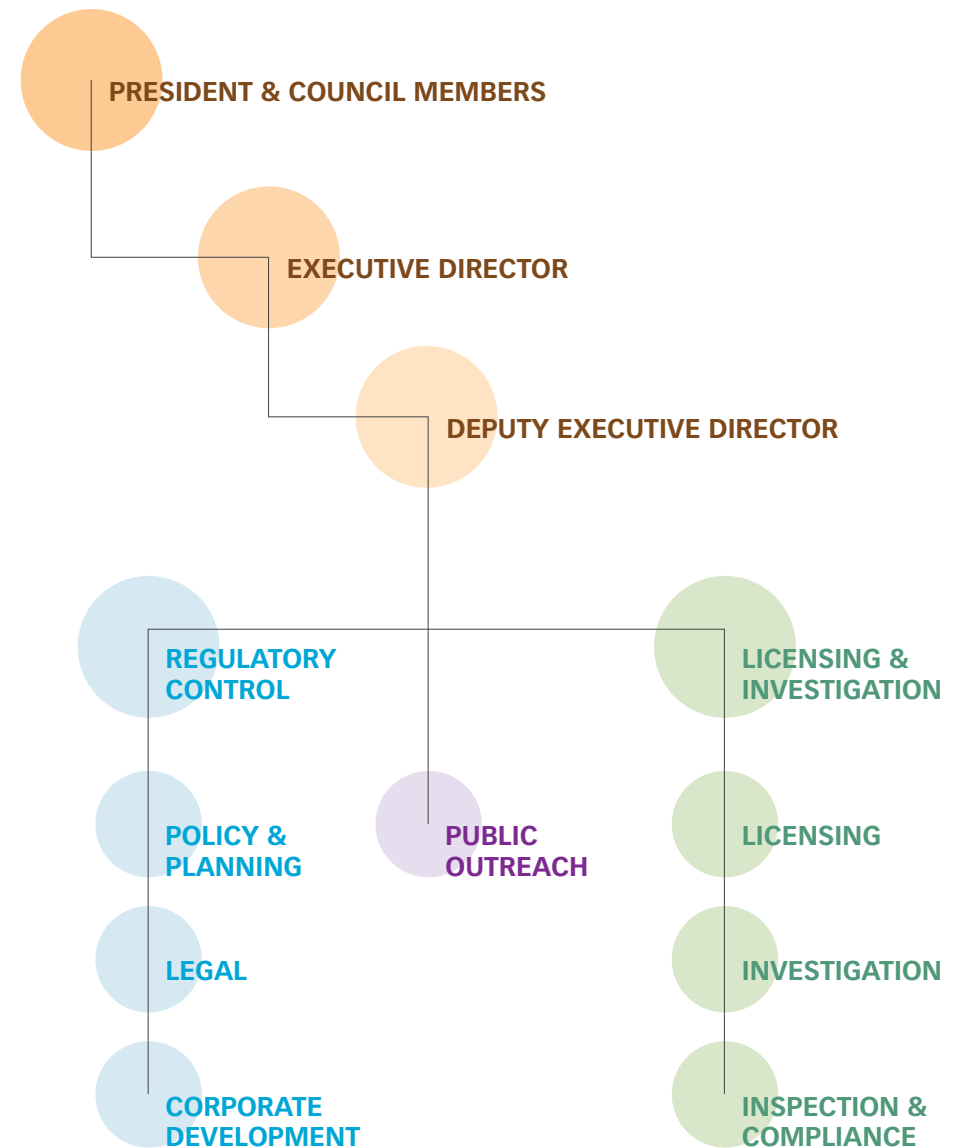
CEA works closely with the industry to raise professionalism, expand capabilities and promote business excellence. It administers the mandatory examination and continuing professional development framework as well as appoints course providers. It identifies opportunities and fosters collaborations with strategic partners in industry development programmes to achieve business productivity.

To protect the interests of consumers, CEA plans and implements public education programmes to equip consumers with the necessary information to make informed decisions in property transactions. It facilitates access to consumer resources and provides channels for complaints and dispute resolution.

CEA is governed by a Council which comprises professionals and academicians from sectors related to the real estate agency industry, as well as representatives from government agencies involved in the administration of the property market.

The Council advises and provides strategic guidance to the management of CEA to meet its objectives. The Council is assisted by four Committees – Licensing & Practice Committee, Examination & Professional Development Committee, Disciplinary Panel and Audit Committee.

Organisational Chart



The Year in Review

(1 April 2013 to 31 March 2014)

APRIL /13

- Launch of the Software-as-a-Service infocomm solutions for estate agents on 4 April 2013 by the Infocomm Development Authority of Singapore (IDA) with the support of CEA and industry associations to promote infocomm adoption and enhance productivity of the real estate agency industry.
- CEA and the Consumers Association of Singapore (CASE) organised a public seminar "Safeguarding Consumer Interests in Property Transactions" on 27 April 2013. The Guest of Honour was Tan Chuan-Jin, then Acting Minister for Manpower and Senior Minister of State for National Development.
- Launch of the CEA-CASE consumer guide "Sale, Purchase and Rental of Properties" on 27 April 2013.
- Launch of the Practice Guidelines on the Professional Service Manual on 27 April 2013 to promote professionalism and ethical service in the real estate agency industry.

MAY /13

- Visit of the Minister for National Development, Khaw Boon Wan to CEA on 6 May 2013.
- Revision of the format of the Real Estate Salesperson Examination to ensure its relevance to the real estate agency industry.

JUNE /13

- Delegation of authority to estate agents with more than 100 salespersons to investigate certain advertisement-related complaints.

AUGUST /13

- CEA received the Minister's Award (Team) on 7 August 2013 for raising standards in the real estate agency industry through qualification assessment, examinations and Continuing Professional Development (CPD).
- CEA collaborated with the Salvation Army Family Services Support to organise its first corporate social responsibility project "Home Visitation cum Distribution of Groceries" on 13 August 2013.
- Launch of the Get It Right! CEA-CASE Consumer Seminar series, in collaboration with the industry associations, on 17 August 2013.

SEPTEMBER /13

- Visit of the Chief Executive Officer of Hong Kong Estate Agents Authority, Augustine Ng on 3 September 2013.
- CEA participated in the plenary session of the Asia Pacific Real Estate Congress 2013, organised by FIABCI Singapore in partnership with the Singapore Institute of Surveyors & Valuers and SAEA Ltd, on 4 and 5 September 2013.
- Visit of the Minister of State for National Development, Desmond Lee to CEA on 27 September 2013.



CEA-CASE Consumer Seminar



Minister Khaw's visit to CEA



Salesperson focus group discussion



Infocomm technology networking event

The Year in Review

(1 April 2013 to 31 March 2014)

OCTOBER /13

- Launch of the CPD Training Roadmap for Key Executive Officers and salespersons.
- Inaugural Best Practices Seminar held on 11 October 2013 for Key Executive Officers to share and learn best practices within the real estate agency industry.
- Re-appointment of the Council President and seven Council members for a three-year term, and appointment of four new members for a three-year term.

NOVEMBER /13

- Second Get It Right! CEA-CASE Consumer Seminar held on 2 November 2013.
- New features added to CEA@SG mobile app to provide access to online consumer resource centre, e-newsletter and press releases.
- Issue of Practice Circular on the Prevention of Money Laundering and Countering the Financing of Terrorism.
- Issue of Practice Circular on the Revised CPD Guidelines for Estate Agents and CPD Activity Providers, and Requirements for CPD Trainers.

JANUARY /14

- Completion of the annual licence and registration renewal/ continuation exercise. As at 1 January 2014, there were 31,783 registered salespersons and 1,495 licensed estate agents.
- CEA worked with the Lions Befrienders and Thye Hua Kwan Moral Society to organise a home visitation cum distribution of groceries to the elderly on 24 January 2014.

FEBRUARY /14

- CEA organised an infocomm technology networking event with IDA on 14 February 2014 to facilitate adoption of technology (such as geospatial, data analytics and 3-D modelling technologies) by estate agents.
- CEA organised its first focus group discussion with salespersons to gather views for shaping future policies.
- Third Get It Right! CEA-CASE Consumer Seminar held on 22 February 2014.
- Re-appointment of the CEA Audit Committee for a two-year term.

MARCH /14

- Launch of the online consumer guide "Consumer Tips on Buying Foreign Properties" on 17 March 2014.
- Launch of the Practice Guidelines on Marketing Foreign Properties, which provides details on the responsibilities of estate agents and the preparatory activities required when they market foreign properties.
- CEA participated in the 50plus Expo from 28 to 30 March 2014 to educate elderly consumers on the responsibilities of real estate salespersons.
- Issue of Practice Circular on Revisions in the Provision of Core CPD Activities.
- Issue of Practice Circular on Changes to the Housing & Development Board Resale Processes.



Get It Right! Seminar



Public engagement with seniors at 50plus Expo



Best Practices Seminar



Distribution of groceries to the elderly

Fully Engaged in Inspiring Confidence

Established to develop the real estate agency industry, CEA undertakes a holistic approach anchored by a fair and effective regulatory framework. Through implementing market-relevant regulatory guidelines, maintaining a well-structured licensing and registration process, and taking decisive enforcement action, CEA serves to safeguard consumer interests and inspire confidence in the industry.



*CEA is accessible to the public via
multiple communication channels* ↗

Fully Engaged in Inspiring Confidence

In keeping up with rapid changes in the real estate landscape in FY2013, CEA develops and implements updated policies and guidelines to ensure ethical practices. The Professional Service Manual was launched to provide a service standard benchmark for estate agents and salespersons. Other areas of focus included mandatory licensing and registration, systematic handling of consumer issues, proactive monitoring, and driving regulatory compliance and enforcement to achieve higher professional standards in the industry.

LICENSING AND REGISTRATION

The mandatory licensing of estate agents and registration of salespersons is critical to achieve greater accountability and competency, and ensure high standards of professionalism in the industry. In FY2013, CEA processed and approved 81 licence applications and 3,061 registration applications. It also completed a year-end renewal exercise for 1,425 estate agents and 31,783 salespersons.

A key improvement to the renewal process was the provision for salespersons to submit their registration renewal applications and update their personal details online. This has made the renewal process more convenient for both salespersons and estate agents, as salespersons no longer need to request their estate agents to make changes on their behalf. It allows salespersons to input information directly in the application forms online via SingPass. The forms are then checked and endorsed by the Key Executive Officers (KEOs) before submission to CEA. The system was also enhanced to help KEOs verify the reasons for their salespersons who were not eligible for registration renewal so that follow-up action could be taken. In addition, various filtering options were added in the system to assist estate agents to better manage the renewal of their salespersons.

For salespersons, the key improvement was to allow them to check their Continuing Professional Development (CPD) records and renewal status online through the CEA website. In addition, salespersons who were ineligible for the renewal exercise, but subsequently managed to fulfil the requirements, were provided with email notifications to enable them to follow up with their estate agents promptly.

With effect from 1 October 2013, salespersons had to comply with the Central Provident Fund (CPF) Medisave contribution requirement, which is provided under the CPF Act for the self-employed in various industries in Singapore. Salespersons who are in arrears of Medisave contribution or who do not have an active instalment plan with the CPF Board will not be able to apply for renewal/continuation of their registration.

Information was disseminated to the industry early, from the beginning of the year. CEA and CPF Board conducted briefings to inform the industry about the requirement. CEA linked its renewal system with the CPF Board to support automated tracking of Medisave contribution submissions by salespersons. Licensing circulars and regular emails were also sent to remind salespersons who were in Medisave arrears to make the necessary arrangements with the CPF Board.



Customer service officers are equipped to take public calls and attend to walk-in customers

Some estate agents also worked out arrangements with CPF Board to facilitate their salespersons' fulfilment of Medisave contributions.

COMPLAINT MANAGEMENT

Effective complaint management is important to CEA. Multiple channels for feedback are available to the public and industry. These include a customer service counter, toll-free hotline, fax, email and website. In FY2013, CEA handled over 41,000 calls and received more than 4,400 walk-in customers.

In FY2013, CEA received 751 complaints. The top three complaints were related to advertisements/flyers that carried misleading/missing information or that were distributed improperly, unprofessional services rendered by salespersons, and salesperson misconduct.

A total of 823 complaints were concluded as some cases were received before FY2013. These comprised 510 substantiated complaints and 215 unsubstantiated cases. Estate agents resolved 23 cases while 75 cases were found not to be under the purview of CEA or referred to the Police.

Consumers and estate agents continued to make use of the CEA Dispute Resolution Scheme (DRS) to resolve contractual disputes such as on commission payment. In FY2013, 72% of cases which went through mediation have been resolved successfully.

Industry associations conducted CPD courses for KEOs and salespersons on dispute resolution during the year. The Institute of Estate Agents (IEA) conducted training on "Handling Complaints/Disputes & Disciplinary Case Studies", while SAEA Ltd conducted courses on "How to Handle Complaints and Dispute Resolution" and "Different Methods of Resolving Disputes and Complaints to CEA". The dispute resolution centres appointed by CEA – the Consumers Association of Singapore (CASE), Singapore Institute of Surveyors and Valuers (SISV), Singapore Mediation Centre (SMC) and Singapore Institute of Arbitrators (SIArb) – also provided CPD training to enhance industry skills in mediation and arbitration.

CEA generated greater awareness of the DRS through various consumer education initiatives such as consumer talks, consumer guides, education posters, media interviews and CEA's bimonthly e-newsletter *CEAenergy*. Information on the DRS was also provided for inclusion into the Directory of Alternative Dispute Resolution (ADR) service providers, to be published by the State Courts, providing the opportunity for parties to settle disputes through mediation instead of through the Court process.



Educational poster on CEA Dispute Resolution Scheme



Compliance inspection at the premises of UPG International Pte Ltd

PROACTIVE CHECKS

CEA performs proactive monitoring of operations in the industry to ensure that estate agency work is conducted in compliance with the Estate Agents Act and its Regulations, guidelines and circulars. This involves identifying infringements and unethical behaviour in the conduct of estate agency work as well as carrying out inspections on estate agents to ensure that proper systems for management and supervision of salespersons, complaint handling, advertisement control and maintenance of proper records are in place.

In FY2013, CEA carried out 22 inspections on large and medium-sized estate agents. The inspections seek to ensure that estate agents meet the Code of Practice for Estate Agents. The scope of the inspection includes making sure estate agents have systems and documentation in place for the management and supervision of their salespersons, in areas such as complaint handling and advertisement control. The estate agents must also have proper retention of records for required documents.

CEA also conducted on-site compliance checks at property launches, exhibitions and investment seminars. Prior to these events, background checks were performed on the exhibitors for potential breaches of the Estate Agents Act, such as unlicensed estate agency work. At the events, CEA observed and assessed sales practices by licensed estate agents and registered salespersons for compliance with regulatory requirements, industry standards and guidelines.

In addition, CEA performed checks on advertisements in the internet and print media to ensure that all estate agency work undertaken is consistently compliant with industry regulations. Action may be taken where there are instances of work done by unlicensed estate agents and unregistered salespersons, or where there are infringements of industry guidelines.

PROSECUTION AND DISCIPLINARY ACTIONS

CEA takes a serious view of unethical practices and breaches which tarnish the reputation and integrity of the industry. Firm and decisive action is integral to ensuring that offences are appropriately addressed to prevent similar future occurrences.

Cases involving unlicensed moneylending are of particular concern. CEA does not condone any collusion with moneylenders or involvement in moneylending activities by estate agents and salespersons. These transactions expose consumers to the risk of indebtedness and undermine the integrity of the estate agency industry.

In FY2013, CEA continued to work closely with the Police on investigation of suspicious HDB resale transactions in which sales proceeds are used by sellers to repay loans to unlicensed moneylenders. Out of eight transactions investigated by CEA, four were referred to the Police. In one case, Police prosecuted the KEO of an estate agent, James Lee Pit Chin for unlicensed moneylending. He was convicted and sentenced to nine months imprisonment and a fine of \$474,000. CEA revoked his estate agent licence and salesperson registration. CEA also subsequently charged one of his salespersons Patrick Tan in court for one charge of referral to moneylenders and two charges of dual representation.

In the same period, CEA took prosecution action against 19 individuals. One case concerned Mustafa Kamal Bin Seri, who referred his client to a moneylender. Another salesperson Ghazali Bin Mohamed Rasul, charged before 1 April 2013, was also convicted in FY2013 for similar offences.

As the law prohibits a person from holding a moneylending licence and an estate agent licence concurrently, there is ongoing liaison with the

Insolvency and Public Trustee Office to prevent such occurrences. Such a liaison facilitates CEA to check for information that may affect a person's suitability for the real estate agency industry.

There were 13 cases related to carrying out estate agency work without registration and/or authorisation from an estate agent. Of these, eight accused were convicted and five cases were pending before the courts. One individual, charged before 1 April 2013, was also convicted in FY2013 for performing estate agency work without registration.

One of the most serious prosecution cases was that of Heng Sophia, who conducted estate agency work without registration. On 18 February 2014, she was prosecuted in court and fined a total of \$50,000 in respect of six charges.

Heng was an employee of a previously licensed estate agent, One International Pte Ltd, but was not a registered salesperson. She assumed the identity of another registered salesperson and conducted estate agency work, placed advertisements and signed tenancy documents using the latter's name and registration number.

Three cases for the handling of transaction money in property transactions were charged in Court. Another two were charged in relation to dual representation, of which one was convicted and the other case pending. One salesperson charged before 1 April 2013 was also convicted in FY2013 for committing dual representation.

CEA initiated disciplinary proceedings against 17 salespersons for various infringements under the Estate Agents Act and its Regulations. These include failure to convey an expression of interest, failure to act in the client's best interest, not complying with HDB procedures, and bringing disrepute to the industry. A further four cases commenced before 1 April 2013 were also concluded in FY2013. In all, seven salespersons were found guilty by the Disciplinary Committee. Their registration was suspended from three to six months and the financial penalties ranged from \$3,000 to \$12,000.

In FY2013, CEA also issued 32 composition notices for compoundable offences, including the handling of transaction money and using the name of CEA without written permission.

Under the Code of Practice for Estate Agents, estate agents are required to vet all publicity and advertising materials of their salespersons prior to publication. Estate agents must also have in place a system for the investigation of claims and complaints against the estate agent or any of their salespersons. To enhance the management and accountability of the estate agents, with effect from June 2013, large and medium-sized estate agents were given authority to deal with selected advertisement complaints instead of having the cases dealt with by CEA. Such complaints include flyer distribution, email advertising, advertisements without identification information and claims which could not be substantiated. Advertisement complaints received by CEA will be sent to the estate agents concerned for investigation. Estate agents will take action against their salespersons if the complaint is substantiated, and keep CEA notified on the outcome of their investigation and action taken. CEA maintains an overview of the situation and will step in if there are repeated complaints.

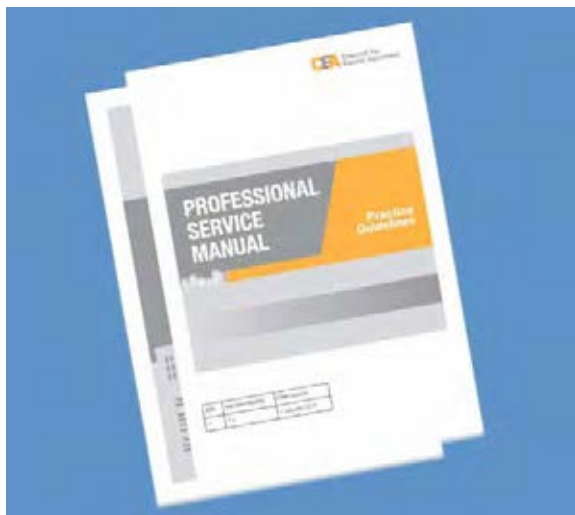
PROFESSIONAL PRACTICES

Policies and guidelines facilitate professional conduct by outlining standards of acceptable action by professionals in the industry. As CEA continues to develop and implement new policies and guidelines in collaboration with industry stakeholders, it also carries out periodic reviews on existing ones to ensure they are up-to-date with developments in the industry landscape.

Professional Service Manual

One of the significant milestones in FY2013 was the launch of the Professional Service Manual on 27 April 2013 by then Acting Minister for Manpower and Senior Minister of State for National Development, Tan Chuan-Jin at a major consumer seminar.

The Manual aims to promote professionalism and ethical service in the real estate agency industry. It sets out the service standards and responsibilities required of estate agents and salespersons in estate agency work. Among the topics covered are the duties of salespersons in conducting due diligence checks for consumers and providing professional advice to them. It also places a higher duty of care and diligence on salespersons when they deal with vulnerable customers. The clarity it offers on salespersons' duties and responsibilities in turn helps consumers better understand what salespersons can do for them.



Professional Service Manual – a service standard benchmark for the industry

For the first time, the work of the estate agent and salesperson has been documented through the different stages of the property transaction cycle in a Manual. This initiative was the fruit of many months of discussions by a CEA-led working group comprising representatives from estate agents, industry associations, government organisations, as well as consultations with industry stakeholders.

A “sunrise” period of eight months was given to the industry to allow estate agents and salespersons to be familiar with the Manual before it took effect on 1 January 2014. The Manual is to be read with reference to the Estate Agents Act and the relevant subsidiary legislation including the Code of Ethics and Professional Client Care.



Professional Service Manual Working Group in discussion

Practice Guidelines

In recent years, there has been a growing trend of buyers in Singapore considering purchases of foreign properties. As marketing of foreign properties is different in many ways from marketing local properties, CEA implemented the Practice Guidelines for Estate Agents and Salespersons Marketing Foreign Properties on 14 March 2014 to ensure professional practices when estate agents market foreign properties.

The Practice Guidelines provides details on the preparatory activities required before the estate agents market foreign properties, such as the selection and training of salespersons. It also defines the responsibilities of estate agents, including the need for them to conduct due diligence on the foreign developer, foreign property and claims before they market the property. Estate agents are required to inform consumers on a range of information such as building approval, details of the property, and rules and restrictions on foreign ownership when they market the property.

The Practice Guidelines was developed through the collaborative effort of a CEA-led working group comprising estate agents, industry associations, relevant government agencies and CASE.

Briefings on the Practice Guidelines were held for estate agents. For enforcement, CEA conducted on-site surveillances at property exhibitions to check that estate agents and salespersons comply with the Practice Guidelines. It also proactively scanned the media to check that foreign properties are marketed only by either vendors or licensed estate agents. Inspection of estate agents marketing foreign

properties involved ensuring that they have done due diligence checks in compliance with the Practice Guidelines.

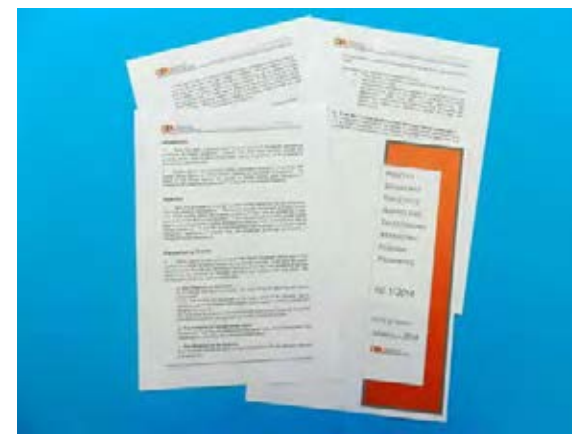
Practice Circulars

CEA works closely with the Housing & Development Board (HDB) and Urban Redevelopment Authority (URA) to develop useful information that estate agents and salespersons are required to know in the course of their work. This includes policy or procedural updates to guide them on practice areas regulated by CEA and/or the partner agencies.

A joint CEA-HDB Practice Circular was released in October 2013 pertaining to HDB subletting policies and regulations, and duties of estate agents and salespersons in subletting transactions. The Circular sets out the guidelines that estate agents and salespersons must follow when dealing with subletting transactions of HDB flats/rooms.

Another Practice Circular issued by CEA in March 2014 informed the industry to comply with changes in the resale process for HDB flats. Estate agents and salespersons were required to assist HDB flat buyers and sellers in price negotiation based on recent HDB transaction prices and not on Cash over Valuation (COV). The transaction prices would be published by HDB on a daily basis and the submission of valuation requests to HDB could only be done after the Option to Purchase was granted. These changes will help improve the long term stability of the HDB resale market.

As part of its ongoing collaboration with HDB, CEA contributed to a one-stop information portal for salespersons launched on the HDB InfoWEB in January



Practice Guidelines on Marketing Foreign Properties



Briefing on PDPA at IEA seminar (Photo: IEA)

2014. The portal hosts information on subjects ranging from policies and procedures, to CPD courses. It is also accessible from the CEA website.

The industry was reminded about URA’s guidelines on the usage of the term “Small Office Home Office” (SOHO) through a Practice Circular in January 2014. Following another URA circular on pre-approved amendments to the Option to Purchase and Sale and Purchase Agreement for non-residential units, CEA also issued a Practice Circular in March 2014. The Practice Circular highlighted points to note on the provision of floor area information for non-residential and private housing developments when marketing properties in new developments.

In FY2013, CEA worked closely with the Personal Data Protection Commission (PDPC) to prepare estate agents and salespersons for the implementation of the Personal Data Protection Act (PDPA) and its Do-Not-Call (DNC) provisions. To familiarise the industry with the new regulations, CEA arranged for PDPC to conduct briefings at the KEO dialogue sessions and seminars organised by industry associations. CEA and PDPC also worked together on the advisory guidelines for the real estate agency industry. These were subsequently put out for public consultation before PDPC finalised the guidelines. In addition, CEA liaised with training providers to offer CPD courses on PDPA related topics. The DNC came into force on 2 January 2014 while the rest of the PDPA would be effective on 2 July 2014.

In November 2013, CEA issued a Practice Circular on Prevention of Money Laundering and Countering the Financing of Terrorism. It informs estate agents and salespersons on issues relating to anti-money laundering and counter financing of terrorism, as well as appropriate preventive measures to be adopted against such activities that might be conducted through property transactions.



Fully Engaged in Raising Professionalism

CEA champions efforts to nurture an industry that embraces accountability, integrity and competence through active engagement with the estate agents, industry associations and other stakeholders. CEA is committed to building a community of professionals dedicated to service excellence through continuing training and industry development programmes.

↖ Continuing training helps to raise professionalism of the industry
(Photo: Life Mastery Academy)

Fully Engaged in Raising Professionalism

In FY2013, CEA made good progress on several initiatives to uplift the professional stature of the industry. The Continuing Professional Development roadmap was introduced to guide training in a structured and progressive manner. The Real Estate Salesperson examination syllabus was reviewed and course providers assessed to ensure standards and quality were maintained. There was increased engagement and consultation with industry stakeholders on areas of enhancing professional practice, business excellence and productivity of the industry.

HIGH ENTRY STANDARDS

In the year, there were 5,462 individuals who completed the Real Estate Salesperson (RES) course and 56 individuals who completed the Real Estate Agency (REA) Course. The REA course prepares would-be Key Executive Officers (KEOs), practising directors and partners to sit for the REA examination while the RES course prepares aspiring salespersons



Aspiring salespersons taking the RES examination

for the RES examination. These examinations ensure that new entrants to the industry have a competent understanding of industry regulations, policies and procedures.

Both the RES and REA courses are run by the Approved Course Providers (ACPs). CEA monitors the quality of ACPs through participants' feedback and their performance in the examinations. Lesson observations by CEA were conducted at the ACPs from June to December 2013. Trainers were assessed on their knowledge, lesson planning and instructional delivery in teaching the courses. An assessment report was subsequently provided to the ACPs to give them an indication of their trainers' performance.

The RES examination format was changed with effect from the May 2013 examination. A new case study section was introduced in both Paper 1, which focuses on an overview of the real estate agency industry and land law concepts, and Paper 2, which focuses on real estate marketing and property transactions. One or two case scenarios would be given and candidates would have to answer questions which touch on estate agency rules and work relating to the cases. The case study questions test the application of

knowledge to situations that salespersons may encounter. It also gives a practical orientation to the examination papers.

A review of the RES examination syllabus was carried out in the year and revisions to the syllabus were announced in January 2014. The revised RES examination syllabus contains more in-depth details on the relevant topics to enhance practical knowledge of candidates. Rules, regulations, policies, and procedures pertaining to the real estate agency practice have also been updated in the revised syllabus.

In addition, learning outcomes and expectations of cognitive levels for each learning outcome were introduced to facilitate better appreciation of the level of understanding required for each topic. As a result of the review, CEA made adjustments to the topic coverage between the two papers in the RES examination to group associated topics under the same competency units and to achieve a well-balanced coverage for both papers.

PROFESSIONAL DEVELOPMENT

Continuing professional development (CPD) remains a key component of the regulatory framework to achieve higher professional standards of the real estate agency industry. CEA has been continuously expanding the depth and breadth of CPD courses. To address the diverse learning needs of the industry and encourage a culture of constant learning, CEA worked closely with the industry and training providers to understand the evolving demands in different training areas.

In October 2013, CEA launched the CPD Training Roadmap, a comprehensive framework to guide



CPD course conducted by SAEA Ltd (Photo: SAEA Ltd)

KEOs and salespersons in building their capabilities and professionalism. The CPD roadmap took effect from the annual 2014 CPD cycle which commenced on 1 October 2013. An enhancement to the CPD Scheme implemented in April 2011, the new training framework groups courses into three categories. The categories are based on key knowledge areas needed by salespersons when conducting estate agency work and by KEOs in managing and supervising salespersons under their charge.

Developed in consultation with the industry and training providers, the CPD roadmap aims to provide a systematic framework with clearer direction on core courses that are suitable for KEOs and salespersons of varying years of experience. It encourages a balanced mix of training courses on different subject matters



Salespersons attending a CPD course (Photo: Realty International Associates Pte Ltd)

Positive feedback from salespersons on the CPD courses they attended:

“ *Informative and lively... very useful course which should be attended regularly by salespersons.* ”

- *The Professional Service Manual Made Simple by C & H Properties Pte Ltd*

“ *Useful training program...very enriching experience to learn from a practising lawyer.* ”

- *Common Legal Pitfalls Faced by Real Estate Salespersons by SAEA Ltd*

“ *Learnt a lot in this class... informative and practical training session.* ”

- *Introduction to Commercial Properties by Real Centre Network Pte Ltd*

“ *Good speaker, clear explanation, well prepared, lesson is very informative.* ”

- *HDB Policy Updates by IEA*

and provides guidance to CPD training providers in tailoring courses and materials suitable for different target groups in the industry.



Best Practices Depository



Opening of the Best Practices Seminar by CEA Executive Director, Chionh Chye Khye

The CPD courses in each category are pegged at three levels of expertise to match the needs of salespersons of different experience levels, or those who are at different stages of their careers. Salespersons are free to choose the level of courses appropriate for themselves. They can choose to develop their knowledge in a specific subject progressively by attending courses on the same subject from the lower to the higher levels. Those who wish to pursue more in-depth learning in specialised areas may opt for courses of special interest such as commercial or industrial property, en bloc sale, and dispute resolution.

KEOs and salespersons must complete a mandatory six credit hours of training a year, of which three credit hours must be on core subjects, as a pre-requisite to qualify for licence and registration renewal.

CEA completed its review on the provision of core CPD activities. From 1 April 2014, CEA would be opening up the CPD Scheme to all estate agents for application to be a core CPD activity provider. With this revision, the consideration for allowing an estate agent to conduct a core CPD activity for the industry shifted from the size of the estate agent to assessment of the quality of the course, qualifications of the trainer, and ability of the provider to administer the course satisfactorily.

During the year, CEA approved a total of 121 core CPD training courses covering a wide range of topics from CEA regulations and practice guidelines to policies and procedures related to real estate. These courses were conducted by ACPs, estate agents, industry associations, government agencies, and others such as the Consumers Association of Singapore and The Law Society of Singapore.

BUSINESS EXCELLENCE

Best Practices Seminar

Since November 2012, CEA had been visiting estate agents to find out more about the systems, processes and practices that support their businesses and enhance productivity. These visit-cum-dialogue sessions with estate agents culminated in the first Best Practices Seminar held on 11 October 2013. The new platform aims to raise the professional standards of the industry through sharing of best practices and building up a knowledge pool of industry best practices in people management, operational effectiveness and service excellence.

In his welcome address, CEA Executive Director Chionh Chye Khye stressed that it was not enough for the industry to comply with regulations and take errand salespersons to task. CEA and the estate agents must impart to the salespersons the knowledge and skills to deliver value-added services to consumers and perform an excellent professional job. It is also important to uplift all estate agents to achieve excellence in business organisation and practices. He said that this was the way to deliver better service to the consumers and for estate agents to achieve greater competitiveness.

Speakers from five estate agents were invited to share the best practices in their companies. They were Thomas Lee of DTZ Property Network Pte Ltd; Lim Yong Hock of Propnex Realty Pte Ltd; Michael Tan of OrangeTee.Com Pte Ltd; Gui Boon Sim of CBRE Realty Associates Pte Ltd; and Dennis Yeo of Colliers International (Singapore) Pte Ltd. The best practices were categorised into three broad areas of People, Systems and Processes, and Service.



Q&A panel with CEA Deputy Executive Director, Soh Kee Hean (centre) at the Best Practices Seminar

Sharing by Michael Tan, KEO of OrangeTee.Com Pte Ltd on the Integrated IT System

- Facilitates training of salespersons.
- Allows salespersons to view, register and pay for training courses, scan estate agent cards to take attendance, print e-certificates, and monitor training hours completed.
- Reduces cost and human error, and improves productivity for the agency and its salespersons.

Sharing by Dennis Yeo, KEO of Colliers International (Singapore) Pte Ltd on the Net Promoter Score

- Measures the company and its salespersons' service excellence based on consumers' feedback after each transaction.
- All departments and salespersons are able to view online their service performance breakdown by department and by individuals.
- Salespersons with low scores will be counselled.
- Company makes systemic changes to address the low score.

Information from CEA's visits and the seminar was compiled into a depository of best practices on the CEA website and made accessible to all estate agents and salespersons.

IT adoption

CEA has always recognised and encouraged wider adoption of infocomm technology as an enabler to enhance business operations and productivity of the industry. One of the key developments in the year has been the introduction of the Software as a Service (SaaS) for estate agents in partnership with the Infocomm Development Authority of Singapore (IDA).

Under IDA's SaaS Call for Collaboration (CFC) exercise, three vendors were selected for the development of Real Estate Agency Management SaaS applications. Adopters of solutions that meet the CFC requirements would be funded under IDA's iSPRINT (Increase SME Productivity with Infocomm Adoption & Transformation) Scheme. The SaaS system consists of integrated "back-end" Agency Operations and "front-end" Salespersons Operations modules, and is scalable to suit the different needs of individual estate agents and salespersons. Estate agents and salespersons from more than 200 estate agents have signed up and are starting to use the SaaS applications. These estate agents benefitted from the iSPRINT funding.



KEO dialogue session chaired by CEA Executive Director, Chionh Chye Khye

The SaaS implementation was featured in a television programme, "Project-I", in December 2013 which showcased the adoption of IT by small and medium enterprises in Singapore. Several industry representatives were interviewed in the programme and they shared the benefits of SaaS to estate agents and salespersons.

On 14 February 2014, CEA with the support of IDA organised an infocomm technology networking event for industry practitioners to learn new ideas for implementing IT in their businesses. The IT solution providers present shared about the benefits of geospatial technology, the possibilities of using mobile apps and integrated enterprise systems, and applying 3D modelling to aid in estate agency work. Ideas using games technology and data analytics for decision making were also presented.

WIDER INDUSTRY ENGAGEMENT

In recognition of the need for continual engagement, CEA organises dialogue sessions, briefings, working groups and meetings to disseminate information and listen to the industry.



Salesperson focus group discussion

In FY2013, CEA continued its practice to hold regular dialogue sessions with KEOs of large and medium-sized estate agents to garner feedback and share best practices, disciplinary cases and complaints statistics. These sessions chaired by CEA Executive Director, Chionh Chye Khye engaged KEOs in discussions on various initiatives, policies and guidelines being developed for the industry. Topics included the CPD roadmap, regulations review, professional service manual, certification scheme, marketing of foreign properties and co-broking arrangements. KEOs gave feedback and posed queries to CEA on various matters.

To extend the engagement beyond KEOs, CEA started a series of focus group discussions with salespersons for the first time. These interactive sessions enable CEA to receive direct feedback from salespersons on the issues faced while performing estate agency work. Two focus group discussions were conducted on 26 February and 12 March 2014, one with salespersons from the larger estate agents and another with those servicing the private property and HDB property sectors. Participants discussed and provided useful suggestions on CEA's initiatives ranging from ideas on commendations for salespersons, entry requirements of salespersons to the CPD Scheme.



Sharing by IT solution provider at the Infocomm Technology Networking Event



CEA Deputy Executive Director, Soh Kee Hean speaking at the inaugural SAEA KEO Breakfast Forum (Photo: SAEA Ltd)

The industry associations – Institute of Estate Agents (IEA), SAEA Ltd and Singapore Institute of Surveyors and Valuers (SISV) – are already regular participants in the KEO dialogue sessions held regularly at CEA. In order to provide an avenue for greater exchange, CEA initiated a first dedicated dialogue session with the three industry associations on 27 March 2014. The quarterly dialogue sessions, chaired by CEA Executive Director, Chionh Chye Khye provide an additional channel for CEA to engage and receive feedback from the associations as industry stakeholders representing estate agents and salespersons on issues facing the industry. The three associations will continue to participate in the KEO dialogue sessions where they can hear from KEOs and contribute to the discussions.

CEA also held separate bimonthly meetings with partner agencies in the real estate industry – the Urban Redevelopment Authority and the Housing & Development Board, where policy and operational matters of mutual interest were discussed.

CEA participated in the Asia Pacific Real Estate Congress held on 4 and 5 September 2013. The event was organised by the Singapore chapter of the Fédération Internationale des Administrateurs de Biens Conseils et Agents Immobiliers (FIABCI), in partnership with SAEA Ltd and SISV. At the plenary session, CEA Deputy Executive Director, Soh Kee Hean spoke on the regulatory framework for estate agency practice in Singapore. He also identified three areas of focus that CEA would undertake to develop the industry – ethics and professional practices, basic entry training and CPD, and business and organisation practices beyond regulation. The congress was well-attended by both



CEA Director (Regulatory Control), Chan Mun Kit participating in an SAEA KEO Tea Forum (Photo: SAEA Ltd)

local and overseas industry representatives, with more than 70 overseas delegates.

CEA was also invited by SAEA Ltd to speak at two industry events. At the inaugural KEO Breakfast Forum on 21 May 2013, CEA Deputy Executive Director, Soh Kee Hean spoke on "KEOs – Working with CEA to Enhance Professional Practice" and highlighted the importance of KEOs' roles and responsibilities in promoting professionalism in the industry. CEA Director (Regulatory Control), Chan Mun Kit participated in the KEO Tea Forum on 21 August 2013 with a presentation on the Professional Service Manual.

In the year ahead, CEA will continue its drive to raise professionalism in the real estate agency industry. It will consult the industry on improving the quality and variety of CPD courses and increasing the mandatory CPD credit hours. The REA examination syllabus will be reviewed to introduce learning outcomes and ensure continued relevance in the dynamic industry.

CEA will continue to work with stakeholders to introduce new infocomm technology applications to the industry such as the use of e-learning. Industry engagement will be stepped up with more focus group discussions with salespersons and greater consultations with KEOs through regular dialogue sessions to gather their inputs on new initiatives and policies.

Fully Engaged in Safeguarding Consumers

Committed to giving a voice to consumers and protecting their interests, CEA develops new initiatives and enhances its ongoing programmes to inform and educate consumers. By leveraging infocomm technology and collaborating with stakeholders and partners, CEA engages the public on multiple levels to deliver information to a wider audience.

*CEA organises diverse outreach
activities to engage consumers*



Fully Engaged in Safeguarding Consumers

In FY2013, CEA intensified its outreach efforts to engage consumers directly through more varied platforms and collaborating with partners and government agencies to launch several new initiatives. Through exhibitions and seminars focused on topics of current interest, consumers gained a deeper understanding of the procedures in property transactions and the responsibilities of salespersons. CEA also expanded its consumer resources and worked with the media to equip consumers with the relevant knowledge for making informed decisions in property transactions.

DIVERSE OUTREACH ACTIVITIES

CEA-CASE Consumer Seminar

On 27 April 2013, CEA organised a major consumer seminar jointly with the Consumers Association of Singapore (CASE). The half-day seminar on "Safeguarding Consumer Interests in Property Transactions" was held at the NTUC Auditorium and graced by the Guest-of-Honour, Tan Chuan-Jin, then Acting Minister for Manpower and Senior Minister of State for National Development. Three new initiatives were announced – a new quarterly consumer seminar series, a joint CASE-CEA consumer guide, and the Professional Service Manual.

Topics at the seminar included outlook of the Singapore's property market, financing options for property purchases, responsibilities of estate agents and salespersons, and consumer rights in property transactions. The speakers were Ku Swee Yong, Key Executive Officer (KEO) of International Property Advisor Pte Ltd; Yip Woon Lye from the Association of Banks in Singapore; Dr Tan Tee Khoo, KEO of KF Property Network Pte Ltd; and Sebastian Quek, CASE Central Committee Member. They were joined by Soh Kee Hean, CEA Deputy Executive Director and



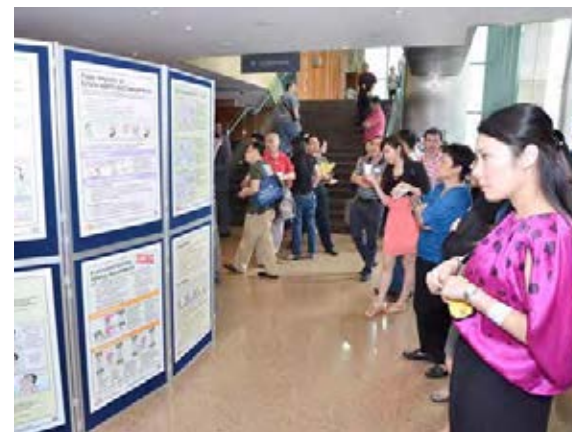
The CEA-CASE consumer seminar officiated by Tan Chuan-Jin, then Acting Minister for Manpower and Senior Minister of State for National Development



Q&A session at the CEA-CASE consumer seminar

Seah Seng Choon, CASE Executive Director for a lively question and answer session with participants. The event attracted close to 360 participants, media and industry representatives.

A key highlight of the seminar was the poster exhibition set up by CEA and CASE. Witty and informative comic-illustrated posters helped participants to better remember and understand the key messages heard at the seminar. There were also information booths set up by the Institute of Estate Agents (IEA), SAEA Ltd, Singapore Institute of Surveyors and Valuers (SISV), CASE, CaseTrust and the Credit Bureau of Singapore.



Key consumer messages communicated through comic-illustrated posters.



Participants at the CEA-CASE consumer seminar

Get It Right! Consumer Seminars

The partnership was enhanced with the involvement of industry associations – IEA, SAEA Ltd and SISV – which actively participated in putting together the programme and sourcing for speakers. The industry associations also took on the task of managing the seminars, from registration of participants, organising the seminar materials, managing the venue to liaising with speakers and compiling post seminar feedback.

At the inaugural seminar on 17 August 2013, participants heard from three industry experts – Michael Tan of OrangeTee.com Pte Ltd, Dennis Tay of SAEA Ltd and Martin Tay from the Association of Banks in Singapore. They provided valuable advice on buying overseas properties, responsibilities of salespersons and property financing.

“ It was very well presented and informative, and value for money too. The speakers were interesting and knowledgeable. ”

“ I was happy to attend the seminar as the speakers were very good in their delivery. ”

- Feedback from the seminar participants

Other topics of interest presented at the half-day seminars include market outlook, buying new developments, and dispute resolution. Over 100 participants turned up for each seminar.



Souvenir items with educational messages

At the CEA booth, visitors learnt consumer tips through a poster exhibition and games. Specially-designed souvenirs bearing important consumer education messages were distributed to visitors. CEA established its first touch point with seniors and had lively interactions with some 2,500 visitors at the booth. A free Mandarin talk was also conducted to enable visitors to gain a better understanding of the responsibilities of salespersons, their role as consumers and what is involved in dispute resolution.

| Type of Activities | No. of Activities | Attendance |
|---------------------------------|-------------------|--------------|
| HDB resale seminars | 16 | 1,596 |
| HDB public talks | 3 | 547 |
| CPF public talks | 4 | 698 |
| CEA-CASE Consumer Seminar | 1 | 359 |
| Get It Right! CEA-CASE Seminars | 3 | 334 |
| CEA booth at 50plus Expo | 1 | 2,608 |
| Total | 28 | 6,142 |

CEA at 50plus Expo

Extending its outreach efforts to potentially vulnerable consumer groups, CEA participated in the 50plus Expo for seniors. Held from 28 to 30 March 2014 at the Suntec Singapore Convention & Exhibition Centre, the event was organised by the Council for Third Age (C3A).



CEA participated in the 50plus Expo for the first time



Panel members taking questions at the Get It Right! CEA-CASE seminar

Partner Events

CEA continued its strong collaboration with government agencies such as the Housing & Development Board (HDB) and Central Provident Fund (CPF) Board. CEA staff spoke at 19 HDB resale seminars and public talks, sharing messages on the responsibilities of salespersons and roles of consumers in property transactions. These talks were conducted in English, Mandarin and Malay. CEA also participated in four talks organised by the CPF Board for consumers buying their next home. Each of these seminars was well attended by homebuyers and owners.

GROWING CONSUMER RESOURCES

CEA regularly monitors the changing informational needs of consumers in the evolving property market. In the year, CEA increased its range of consumer guides and educational information to enrich consumers in their understanding of property transactions and how to maximise the value in engaging real estate salespersons.

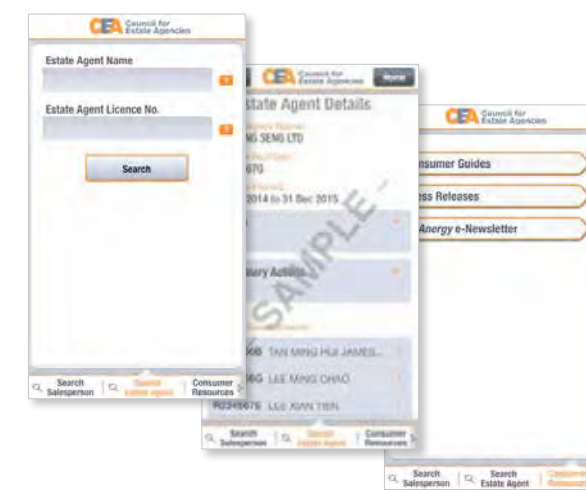
CEA and CASE jointly released a new guide on “Sale, Purchase and Rental of Properties” on 27 April 2013. It highlights important considerations in the transaction process for private and HDB properties, what salespersons can do for consumers, and how to resolve complaints or disputes.

Increasingly, more foreign properties are being marketed in Singapore. CEA deemed it necessary to caution consumers to exercise due diligence and do their homework before investing in such properties. A new consumer guide “Consumer Tips

on Buying Foreign Properties” was launched on the CEA website on 17 March 2014. It highlights some key considerations in investing in foreign properties such as taxes payable, restrictions on foreign ownership, dispute resolution mechanism as well as possible risks of sudden changes in foreign regulatory frameworks and foreign exchange fluctuation. The guide also urged consumers to understand their needs and be aware of the total financial commitments before making any purchase decision.

To reach out to non-English speaking consumers, the “Consumer Tips for Engaging a Real Estate Salesperson” guide was translated into Malay and Chinese. The guide provides key points on the responsibilities of salespersons and how consumers can play a part to achieve a smooth property transaction.

An enhanced version of the “CEA@SG” mobile application was launched to support effective distribution of CEA’s rapidly growing repository of consumer resources. CEA@SG was first launched in October 2012 as a mobile version of the Public Register of Estate Agents and Salespersons. The latest version enables consumers to access CEA consumer guides, press releases and CEAnergy e-newsletter on the go. Real estate salespersons can also retrieve useful information to explain to their clients and refer clients to the information found on the app. The app can be downloaded from the Apple App Store and Google Play.



Retrieve useful information on the go with the CEA@SG mobile app

CEA also introduced a new section “Tips for Seniors” on its online Consumer Resource Centre. Consumer tips were tailored for those who may have plans to engage a salesperson to help in the purchase, sale or rental of their property when they reach retirement age. The new materials and case studies aim to provide seniors the necessary knowledge to be savvy consumers.

The bimonthly e-newsletter *CEAenergy* remains an integral channel of communication and connection between CEA and its stakeholders. It publishes positive feedback and commendations from consumers for salespersons to help the public better understand the professional work done by the industry. A “Readers Mailbox” section was added to encourage readers to send in stories on positive experiences with their salespersons. Through this sharing, CEA hopes to inspire the industry towards a higher professional standard in their estate agency services. Members of the public can sign up to receive *CEAenergy* and other CEA news/information via the link www.cea.gov.sg/consumerresources.

Full page educational advertorials were inserted in the various Community Development Council (CDC) newsletters to teach consumers how to be savvy in property transactions. Reaching out to over 1.16 million households, the advertorials provided consumer tips on what to look out for when engaging salespersons, and explained what salespersons can and cannot do for their clients.



CEA's bimonthly e-newsletter *CEAenergy*

VALUABLE PARTNERSHIPS

CEA continued to work closely with the media and partner agencies in FY2013 to spread important educational messages to more consumers. Outreach initiatives, events, and news about prosecutions against errant salespersons were covered by both the mainstream and online media. CEA's consumer guides and educational articles were also carried by online media such as STProperty and property magazine Home Buyers.



Key consumer messages communicated through witty comic strips

Efforts to reach out to consumers online were expanded through partners' communication platforms. CEA contributed an article on tips on engaging a real estate salesperson to MyNiceHome.sg, a website by HDB for home owners and buyers. A similar article was provided to eCitizen, a first-stop portal for government information and services. CEA consumer events were also publicised on the portal of MoneySENSE, a national financial education programme.

For the first time, CEA worked with the Singapore Police Force to disseminate consumer messages to a wider sector of the community. CEA contributed contents to an outreach poster and preventive advisory issued by the Police to educate the public on rental scams. In addition, the Police helped to distribute CEA consumer guides to grassroots leaders through its 35 Neighbourhood Police Centres island-wide.

CEA also collaborated with the Police on an episode of its commissioned television programme “Crimewatch”



New consumer guides

which focused on loan shark harassment. CEA fielded a spokesperson to advise consumers that salespersons have a duty to ascertain material facts and important information of a property on their clients' behalf. The episode would be produced in the four major languages and is scheduled for broadcast in April and May 2014.

Going forward, CEA will continue to identify areas in which consumers will require more information, and develop new guides to equip them accordingly. More resources will be provided to communicate key messages through the mass media and publications with relevant readership. Access to CEA e-services and resources will be enhanced with the development of a new website. CEA will also seek out opportunities for collaborations with more partner agencies and organisations to widen its network for public outreach.



CEA participates in a HDB public talk. (Photo: HDB)



A CEA officer speaking at a CPF Board talk (Photo: CPF Board)



Fully Engaged in Enabling Excellence

CEA's most valuable asset is its people. Developing its staff to maximise their potential and capabilities will enable them to fulfil the Council's pivotal role in advancing the real estate agency industry in Singapore.

↖ A nurturing workplace fosters staff interaction and team spirit

Fully Engaged in Enabling Excellence

A nurturing work environment that supports employee engagement and professional development is important for an effective organisation. CEA strives to create a dynamic and energised workplace that enables staff to fulfil their aspirations and pursue excellence in their work. In FY2013, CEA enhanced its knowledge management infrastructure and implemented various schemes for staff suggestion and service recognition to encourage innovation and service excellence.

HUMAN RESOURCE

In FY2013, CEA implemented a Service Recognition Scheme to recognise staff who have rendered quality and effective service to the public. Staff who receive public compliments for delivery of high service standards are given commendation by CEA management.

To encourage the contribution of ideas for work improvement and productivity enhancements, a Staff Suggestion Scheme was initiated with rewards for staff whose suggestions are implemented.

An enhanced flexible working hours scheme and telecommuting was also launched in the year. This is to enable staff to meet family needs and personal goals outside of work life, and help alleviate the stress of commuting during rush hours.

CEA is a corporate participant of the Ministry of National Development (MND) Family Scholarship Programme. One of its outstanding staff, Joseph Kiong, was awarded the prestigious MND postgraduate scholarship to pursue full-time studies for a Master in Public Administration/General Management in 2014. The scholarship aims to groom staff for higher responsibilities and fulfil their career aspirations. A diploma scholarship was also awarded

to student Atikah Bte Zainuddin in support of her studies at the Singapore Polytechnic. She will join CEA after completing her course.

STELLAR PERFORMANCE

On 29 May 2013, Customer Service Officer Basheer Ahamed Sirajdeen was conferred the PS21 Star Service Award at the Excellence in Public Service Awards



CEA staff, Joseph Kiong receiving the MND EDGE scholarship from the Minister for National Development, Khaw Boon Wan (Photo: MND)



CEA staff, Basheer Ahamed Sirajdeen receiving the PS21 Star Service Award from the Head of Civil Service, Peter Ong (Photo: PSD)

Ceremony 2013. The service award recognises public officers and members of the public who have contributed to better service delivery and outcomes for Singapore.

Deen, as he is known to colleagues, was part of the pioneer team when CEA started operations in October 2010. Armed with a friendly disposition and extensive

knowledge of the real estate agency regulations, he never fails to impress customers with his excellent service.

“ Patience, when attending to both complaints and enquiries from the public. And of course, going the extra mile whenever possible. ”

- Deen when asked for his secret to providing good service

In the course of his work, Deen has received both written and verbal compliments for his professionalism and commitment in serving his customers.

CEA received the Minister’s Award (Team) 2013 from the Minister of National Development, Khaw Boon Wan for its initiative on “Raising standards in the real estate agency industry through qualification assessment, examinations and continuing professional development”.

Within a short span of time after CEA’s formation, the Policy & Planning team rolled out a series of initiatives to raise professionalism of the industry. A scheme for the assessment and approval of course providers to



The 2013 Minister’s Award winning team from CEA with the Minister for National Development, Khaw Boon Wan (Photo: MND)

conduct the Real Estate Salesperson (RES) and Real Estate Agency (REA) courses was implemented. At the same time, a system was established to appoint examiners to set questions and administrators to conduct the RES and REA examinations. The team also developed the Continuing Professional Development (CPD) framework to ensure that the salespersons' professional knowledge is up-to-date through attending CPD courses. A second framework was set up to assess the local private and foreign education qualifications of new entrants.

WORKPLACE EXCELLENCE

To achieve organisational efficiencies, CEA continued to develop its knowledge management tools with structured documentation of the internal processes.

CEA also participated in the government's efforts towards a smooth transition from the current Standard ICT Operating Environment (SOE) to the Whole-of-Government (WOG) infrastructure project. These efforts contribute collectively towards creating an efficient environment that empowers staff to strive for work excellence.

The Council embarked on the development of a risk management framework in FY2013. Through this framework, CEA is able to systematically identify key risk factors in different areas of work, formulate risk measures and implement risk management strategies. Such an approach is consistent with enhancing good corporate governance.



CEA Executive Director, Chionh Chye Khye and the CEO of Hong Kong Estate Agents Authority, Augustine Ng



Staff interacting with the Minister for National Development, Khaw Boon Wan

CEA conducted the annual Learning Needs Analysis for staff and also considered staff for training in areas which are relevant to the needs of the organisation. A group of officers was sent for training in facilitation skills so as to enhance their capability in conducting focus group discussions with members of the industry. In addition, officers who deliver presentations at public seminars were sent for training in public presentation skills.

For leadership training, CEA sent officers to attend the Governance and Leadership Programme at the Civil Service College. Promising young officers were sent to the MND flagship programmes such as the MND City Excel Programme and the MND Edge Programme, which focused on leadership development and principles of governance and public policy.

In line with the Public Service Code of Conduct, CEA issued an organisation Code of Conduct in March 2014 that guides officers in their official conduct and in their interaction with stakeholders, such as industry players, vendors and consumers.

CEA VISITORS

CEA welcomed the visit of the Minister for National Development, Khaw Boon Wan on 6 May 2013. Hosted by CEA President, Greg Seow, the programme included a briefing on the plans and challenges of CEA and a tour of the office. The Minister acknowledged the efforts and progress made by CEA in regulating the industry and encouraged CEA to be

firm and fair in its regulatory actions. He said it was the right approach for CEA to engage the industry in various workgroups and initiatives to develop the sector and educate consumers. Staff interacted with the Minister over tea and shared with him their work experiences at CEA.

The Chief Executive Officer of the Estate Agents Authority, Hong Kong, Augustine Ng, made a courtesy call on CEA on 3 September 2013. He was hosted by CEA Executive Director, Chionh Chye Khye, who shared about the regulatory regime for estate agents and salespersons, operations framework and efforts to raise the professionalism of the industry and to educate consumers. CEA also thanked the Authority for sharing its regulatory experience prior to CEA's formation, which had contributed significantly to the regulatory framework implemented in Singapore.

As part of his tour to the various MND statutory boards, the Minister of State for National Development, Desmond Lee visited CEA on 27 September 2013. He was hosted by CEA Executive Director, Chionh Chye Khye and briefed on the structure and operations in CEA.

CONTRIBUTIONS TO THE COMMUNITY

CEA launched its first corporate social responsibility (CSR) project with a "Home Visitation cum Distribution of Groceries" charity event on 13 August 2013. In collaboration with the Salvation Army Family Services



Bags of groceries for distribution to the needy



Visit to CEA by the Minister of State for National Development, Desmond Lee

Support, CEA staff bought, packed and distributed food items to low-income seniors aged 70 and above living in the Bukit Merah area.

A week before the Lunar New Year, staff undertook a second CSR project on 24 January 2014 to bring festive cheer to the needy seniors living in 1 and 2-room rental flats in the Bedok and Ang Mo Kio estates. Staff distributed groceries, New Year goodies and red packets to 100 beneficiaries from two charity organisations, Lions Befrienders and Thye Hua Kwan Moral Society.

CEA also contributed to the President's Challenge 2013 charity drive. Staff donated generously to the record \$75,000 raised by MND and its statutory boards during the event.

In the year ahead, CEA will build upon its value assets and organisational strength. Structured training roadmaps will be introduced to meet the training and development needs of its officers. It will also enhance the corporate functions and operational processes, build greater resiliency in its IT infrastructure, and advance knowledge management through use of IT and documentation of work procedures.

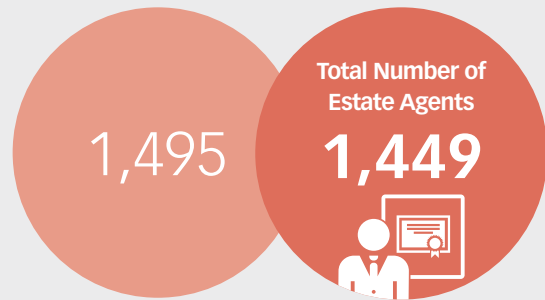
Statistical Overview

FY2013/14 (1 April 2013 to 31 March 2014)

LICENSING & REGISTRATION

NUMBER OF LICENSED ESTATE AGENTS

FY12/13 FY13/14



Existing Estate Agents

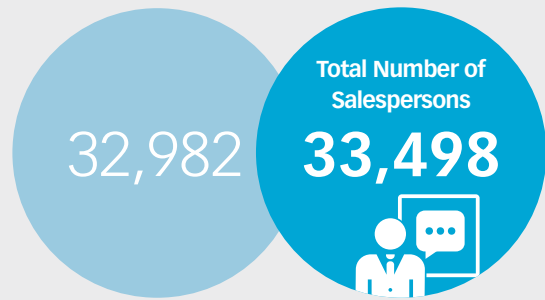
1,260 | 1,368

New Estate Agents

235 | 81

NUMBER OF REGISTERED SALESPERSONS

FY12/13 FY13/14



Existing Salespersons

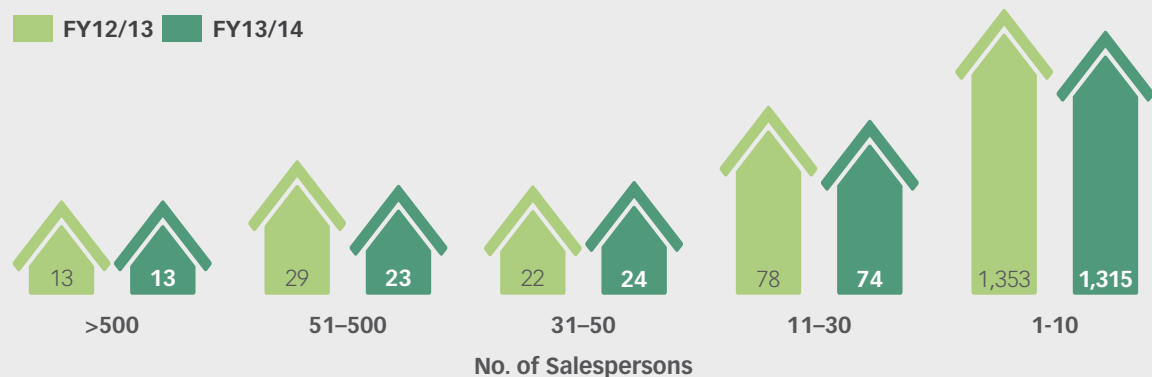
28,693 | 30,437

New Salespersons

4,289 | 3,061

BREAKDOWN OF LICENSED ESTATE AGENTS BY SIZE

FY12/13 FY13/14

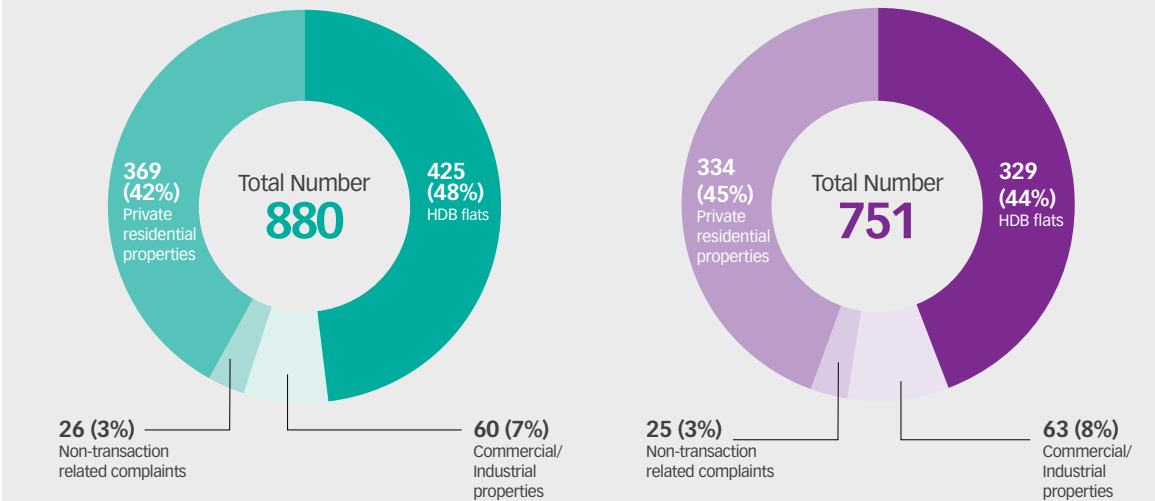


COMPLAINT MANAGEMENT

TOTAL NUMBER OF COMPLAINT CASES

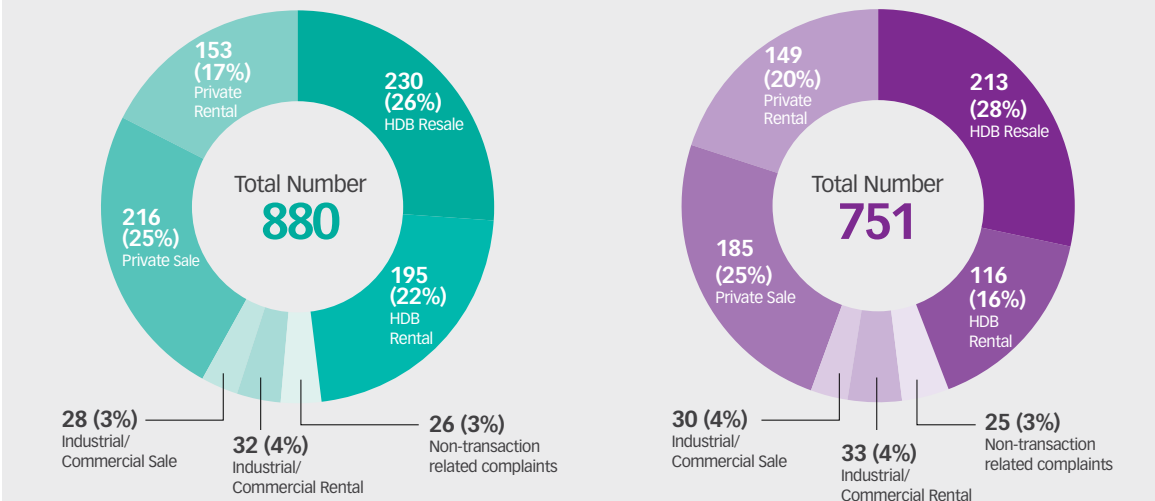
Breakdown by Property Type:

FY12/13 FY13/14



Breakdown by Transaction Type:

FY12/13 FY13/14



Statistical Overview

FY2013/14 (1 April 2013 to 31 March 2014)

COMPLAINT MANAGEMENT

NATURE OF COMPLAINTS

| Nature of Complaints | Number of Complaints | |
|--|----------------------|-------------------|
| | FY2012/13 | FY2013/14 |
| Advertisement/flyer (e.g. misleading/missing information/improper distribution of flyers) | 319 (36%) | 318* (42%) |
| Unprofessional/poor service (e.g. wrong advice/not punctual/not following proper procedures) | 255 (29%) | 183 (24%) |
| Misconduct (e.g. use of threatening words/harassment/misrepresentation) | 143 (16%) | 129 (17%) |
| Not acting in client's interest (e.g. conflict of interest/refusing to co-broke/failing to convey offer) | 44 (5%) | 33 (4%) |
| Unregistered salesperson/unlicensed estate agent | 48 (5%) | 36 (5%) |
| Dual representation | 14 (2%) | 6 (1%) |
| Fraud | 4 (1%) | 1 (<1%) |
| Moneylending | 9 (1%) | 12 (2%) |
| Handling transaction monies | 9 (1%) | 15 (2%) |
| Others (e.g. recruitments/seminars) | 35 (4%) | 18 (2%) |
| Total | 880 | 751 |

*includes 182 cases involving advertisements that were handled by estate agents with more than 100 salespersons

COMPLAINT MANAGEMENT

CATEGORIES OF CONCLUDED COMPLAINTS

| Categories | Outcome | Number of Complaints | |
|--|--|----------------------|------------|
| | | FY2012/13 | FY2013/14 |
| Resolved by estate agents | Complaints resolved by estate agents | 8* | 23 |
| Substantiated | Letter of Advice/Warning served on salespersons and estate agents | 150 | 363 |
| | Letter of Advice issued on salespersons by estate agents for less serious advertisement complaints | – | 127 |
| | Disciplinary action | 7 | 15 |
| | Prosecution | 7 | 5 |
| Unsubstantiated | Insufficient evidence to substantiate claim | 101 | 92 |
| | Assessed by CEA that there was no wrongdoing by the salesperson | 192 | 119 |
| | Baseless/frivolous complaints | 4 | 4 |
| Referred to other bodies/ Government agencies | Small Claims Tribunals | 4 | 0 |
| | Police (for investigation) | 7 | 9 |
| No further action | After investigation, established that the cases were not under CEA's purview (e.g. landlord and tenant issues) | 68 | 66 |
| Total | | 548* | 823 |

*adjustments were made to these figures

Statistical Overview

FY2013/14 (1 April 2013 to 31 March 2014)

COMPLAINT MANAGEMENT AND COMPLIANCE CHECKS

NUMBER OF PROACTIVE CHECKS & COMPLIANCE ACTIVITIES

| Type | FY2012/13 | FY2013/14 |
|--|-----------|-----------|
| Advertisement, media & internet scan | 221 | 77 |
| Field surveillance (e.g. at seminars, property exhibitions, property launches) | 42 | 36 |
| Inspections on estate agents | 9 | 22 |

ACTIONS TAKEN (INCLUSIVE OF COMPLAINT CASES AND COMPLIANCE CHECKS)

| Actions Taken | Number of Cases | |
|--------------------------------|--|--|
| | FY2012/13 | FY2013/14 |
| Letter of Advice (LOA)/Warning | 287 LOAs issued to estate agents/salespersons (arising from 176 cases) | 644 LOAs issued to estate agents/salespersons (arising from 458 cases) |
| Court prosecution | 7 cases (4 concluded) | 19 cases (13 concluded) |
| Disciplinary action | 7 cases (4 concluded) | 17 cases (7 concluded) |
| Composition Fines | 6 cases (3 concluded) | 32 cases (28 concluded) |

DISPUTE RESOLUTION: MEDIATION AND ARBITRATION CASES

In FY2013, 18 cases had gone to mediation under the Dispute Resolution Scheme. The mediation cases were held at all three Approved Mediation Centres.

| Approved Mediation Centres | FY2012/13 | FY2013/14 |
|--|-----------|-----------|
| Consumers Association of Singapore | 26 | 12 |
| Singapore Institute of Surveyors & Valuers | 5 | 5 |
| Singapore Mediation Centre | 1 | 1 |

| Approved Arbitration Centres | FY2012/13 | FY2013/14 |
|--|-----------|-----------|
| Singapore Institute of Surveyors & Valuers | 3 | 0 |

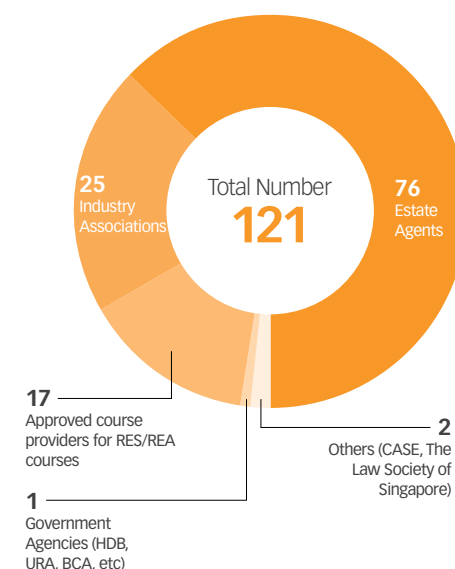
The other approved centre is Singapore Institute of Arbitrators.

INDUSTRY DEVELOPMENT

NUMBER OF INDUSTRY ENGAGEMENT ACTIVITIES

| Platforms | Number of Activities | |
|--------------------------------------|----------------------|-----------|
| | FY2012/13 | FY2013/14 |
| KEO briefings | 5 | 12 |
| Salespersons focus group discussions | – | 2 |

NUMBER OF CORE CPD COURSES APPROVED BY CEA



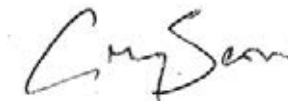
Financial Statements

| | |
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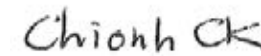
Statement by the Council

In our opinion the accompanying statement of financial position, statement of comprehensive income, statement of changes in equity and the statement of cash flows of the Council for Estate Agencies (the "Council"), together with the notes thereon, are drawn up in accordance with the provisions of the Estate Agents Act, Chapter 95A and Statutory Board Financial Reporting Standards, so as to present fairly, in all material respects, the state of affairs of the Council for the financial year ended 31 March 2014 and the results and changes in equity of the Council and cash flows of the Council for the financial year then ended.

On behalf of the Council:



Greg Seow
President



Chionh Chye Khye
Executive Director

Singapore
16 June 2014

Independent Auditor's Report

For the financial year ended 31 March 2014

Independent Auditor's Report to the Members of the Council for Estate Agencies

Report on the Financial Statements

We have audited the accompanying financial statements of the Council for Estate Agencies (the "Council"), which comprise the statement of financial position as at 31 March 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Estate Agents Act, Chapter 95A (the "Act") and Statutory Board Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Statutory Board Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Council as at 31 March 2014 and the results, changes in equity and cash flows of the Council for the financial year ended on that date.

Independent Auditor's Report

For the financial year ended 31 March 2014

Independent Auditor's Report to the Members of the Council for Estate Agencies

Report on Other Legal and Regulatory Requirements

Management's Responsibility for Compliance with Legal and Regulatory Requirements

Management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act. This responsibility includes implementing accounting and internal controls as management determines are necessary to enable compliance with the provisions of the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We conducted our audit in accordance with Singapore Standards on Auditing. We planned and performed the compliance audit 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.

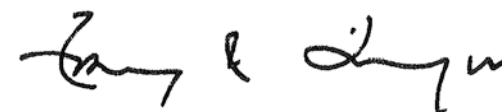
Our compliance audit includes obtaining an understanding of the internal control relevant to the receipts, expenditure, investment of moneys and the acquisition and disposal of assets; and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on management's compliance.

Opinion

In our opinion:

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



Ernst & Young LLP

Public Accountants and
Chartered Accountants

Singapore
16 June 2014

Statement of Financial Position

As at 31 March 2014

| | Note | 2014 \$'000 | 2013 \$'000 |
|--------------------------------------|------|----------------|----------------|
| ASSETS LESS LIABILITIES | | | |
| Non-current assets | | | |
| Plant and equipment | 4 | 211 | 438 |
| Intangible assets | 5 | 242 | 370 |
| | | 453 | 808 |
| Current assets | | | |
| Trade and other receivables | 6 | 433 | 522 |
| Prepayments | | 20 | 16 |
| Government grant receivable | 7 | 993 | – |
| Cash and cash equivalents | 8 | 8,089 | 9,584 |
| | | 9,535 | 10,122 |
| Less: | | | |
| Current liabilities | | | |
| Trade and other payables | 9 | 1,869 | 1,677 |
| Deferred revenue | 10 | 6,172 | 6,104 |
| Government grant received in advance | 7 | – | 1,176 |
| | | 8,041 | 8,957 |
| Net current assets | | 1,494 | 1,165 |
| Non-current liabilities | | | |
| Deferred capital grant | 11 | 87 | 113 |
| Provision | 12 | 141 | 141 |
| | | 228 | 254 |
| Net assets | | 1,719 | 1,719 |
| Equity | | | |
| Share capital | 13 | 1,719 | 1,719 |
| Total equity | | 1,719 | 1,719 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Comprehensive Income

For the financial year ended 31 March 2014

| | Note | 2014 \$'000 | 2013 \$'000 |
|--|------|----------------|----------------|
| Revenue | 14 | 12,639 | 13,069 |
| Less: Expenditure | | | |
| Real estate examinations related costs | | 1,565 | 1,796 |
| Depreciation and amortisation | 4, 5 | 394 | 658 |
| Fees and charges | | 2,435 | 2,368 |
| Rental of premises | | 1,059 | 1,009 |
| Expenditure on manpower | 15 | 8,334 | 7,346 |
| Administrative and other expenses | 16 | 1,047 | 1,021 |
| Total operating expenses | | 14,834 | 14,198 |
| Operating deficit before government grant | | (2,195) | (1,129) |
| Grants | | | |
| Government grant | 7,11 | 2,195 | 1,129 |
| Comprehensive income for the financial year before statutory contribution to Consolidated Fund | | – | – |
| Statutory contribution to Consolidated Fund | 18 | – | – |
| Total comprehensive income for the financial year | | – | – |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Changes in Equity

For the financial year ended 31 March 2014

| | Note | Share capital \$'000 | Reserve \$'000 | Total \$'000 |
|---|------|-------------------------|-------------------|-----------------|
| Balance at 1 April 2012 | 13 | 1,719 | – | 1,719 |
| Total comprehensive income for the financial year | | – | – | – |
| Balance as at 31 March 2013 and 1 April 2013 | | 1,719 | – | 1,719 |
| Total comprehensive income for the financial year | | – | – | – |
| Balance as at 31 March 2014 | | 1,719 | – | 1,719 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statement of Cash Flows

For the financial year ended 31 March 2014

| | Note | 2014 \$'000 | 2013 \$'000 |
|---|------|-----------------|----------------|
| Cash flows from operating activities | | | |
| Operating deficit before government grant | | (2,195) | (1,129) |
| Adjustments: | | | |
| Depreciation of plant and equipment | 4 | 227 | 521 |
| Amortisation of intangible assets | 5 | 167 | 137 |
| Interest income | | (3) | (1) |
| Amortisation of deferred income | | (9,199) | (8,975) |
| Plant and equipment write-off | | – | 1 |
| Operating deficit before working capital changes | | (11,003) | (9,446) |
| Decrease in trade and other receivables | | 89 | 493 |
| Increase in prepayments | | (4) | (13) |
| Increase/(decrease) in trade and other payables | | 192 | (22) |
| Cash flows used in operations | | (10,726) | (8,988) |
| Deferred income received | | 9,267 | 9,235 |
| Interest received | | 3 | 1 |
| Net cash flows (used in)/generated from operating activities | | (1,456) | 248 |
| Cash flows from investing activities | | | |
| Purchase of plant and equipment | | – | (36) |
| Purchase of intangible assets | | (39) | (110) |
| Net cash flows used in investing activities | | (39) | (146) |
| Net (decrease)/increase in cash and cash equivalents | | (1,495) | 102 |
| Cash and cash equivalents at the beginning of the financial year | | 9,584 | 9,482 |
| Cash and cash equivalents at end of the financial year | 8 | 8,089 | 9,584 |

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

31 March 2014

1. GENERAL INFORMATION

The Council for Estate Agencies (the "Council") was established on 22 October 2010 under the Estate Agents Act (Chapter 95A) (the "Act") and is under the purview of the Ministry of National Development ("MND"). As a statutory board, the Council is subject to the directions of the MND and is required to implement policies and comply with instructions from its supervisory Ministry and other Government Ministries such as the Ministry of Finance ("MOF").

The registered office and principal place of operations of the Council is located at 490, Lorong 6 Toa Payoh, HDB Hub Biz 3 #05-10, Singapore 310490.

The primary functions and duties of the Council are:

- i) To administer the licensing and registration regimes under the Act;
- ii) To regulate and control the practice of estate agents and salespersons;
- iii) To promote integrity and competence of estate agents and salespersons and to maintain or enhance their status;
- iv) To administer examination and a professional development framework for the purposes of licensing and registration under the Act;
- v) To develop codes of practice, ethics and conduct for estate agents and salespersons;
- vi) To conduct investigations and disciplinary proceedings in relation to offences and unsatisfactory conduct or misconduct in relation to estate agency work;
- vii) To develop measures to equip consumers with the necessary knowledge to conduct their real estate transactions with prudence and diligence; and
- viii) To perform such other functions and discharge such other duties as may be conferred on the Council by any written law.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with the Statutory Board Financial Reporting Standards ("SB-FRS") promulgated by the Accountant-General and the provisions of the Act.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements of the Council are presented in Singapore dollars ("SGD" or "\$") and rounded to the nearest thousand ("'\$000'"), unless otherwise stated.

Notes to the Financial Statements (cont'd)

31 March 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Adoption of new and revised standards

In the current financial year, the Council has adopted all the new and revised standards and interpretation of SB-FRS ("INT SB-FRS") that are effective for annual periods beginning on or after 1 April 2013. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Council.

2.3 Standard issued but not yet effective

The Council has not adopted the following standard that has been issued but not yet effective:

| Description | Effective for annual periods beginning on or after |
|---|--|
| Amendments to SB-FRS 32 <i>Offsetting of Financial Assets and Financial Liabilities</i> | 1 January 2014 |

The Council expects that the adoption of the above standard will have no material impact on the financial statements in the period of initial application.

2.4 Functional currency

Items included in the financial statements of the Council are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Singapore dollars, which is the Council's functional currency.

2.5 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is computed utilising the straight-line method to write-off the cost of these assets over their estimated useful lives as follows:

| | |
|------------------------|-------------|
| Furniture and fittings | 8 years |
| Office equipment | 5 years |
| Renovation | 1 – 3 years |

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Notes to the Financial Statements (cont'd)

31 March 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Plant and equipment (continued)

Subsequent expenditure relating to plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Council and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial period in which it is incurred.

For acquisitions and disposals during the financial period, depreciation is provided from the period of acquisition and no depreciation is provided in the period of disposal respectively. Fully depreciated plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed and adjusted as appropriate, at each reporting date as a change in estimates.

2.6 Intangible assets

Intangible assets acquired, which comprise computer softwares and development costs, are measured initially at cost. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each reporting period.

The estimated useful lives of the intangible assets are from 3 to 5 years.

2.7 Impairment of non-financial assets

The carrying amounts of the Council's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

The recoverable amount of an asset or cash-generating unit ("CGU") is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the income or expenditure (surplus or deficit).

Notes to the Financial Statements (cont'd)

31 March 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Impairment of non-financial assets (continued)

Impairment losses recognised in prior periods 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 depreciation, if no impairment loss had been recognised.

2.8 Financial assets

Loans and receivables

Loans and receivables comprise trade and other receivables and cash and cash equivalents.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Gains and losses are recognised in the income and expenditure when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are derecognised when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Impairment of loans and receivables

For financial assets carried at amortised cost, the Council first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Council determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

To determine whether there is objective evidence that an impairment loss on financial assets has incurred, the Council considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Notes to the Financial Statements (cont'd)

31 March 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash balances at bank and on hand that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

2.10 Provisions

Provisions are recognised when the Council has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.11 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grants to meet the current period's operating expenses are recognised as income in the financial period in which the operating expenses are incurred.

Grants received from the Ministry of National Development for capital expenditure are taken to the deferred capital grants account upon the utilisation of the grants for purchase of plant and equipment and intangible assets, which are capitalised, or to income or expenditure for purchase of plant and equipment and intangible assets which are written off in the year of purchase.

Deferred capital grants are recognised as income over the periods necessary to match the depreciation, amortisation, write-off and/or impairment loss of the plant and equipment and intangible assets purchased with the related grants. Upon the amortisation or disposal of plant and equipment and intangible assets, the balance of the related deferred capital grants is recognised as income to match the carrying amount of the plant and equipment and intangible assets disposed of.

Notes to the Financial Statements (cont'd)

31 March 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Financial liabilities

Non-derivative financial liabilities

Non-derivative financial liabilities comprise trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs on the trade date at which the Council becomes a party to the contractual provisions of the instrument. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in the income or expenditure when the liabilities are derecognised, and through the amortisation process. The Council derecognises a financial liability when its contractual obligations are discharged or cancelled or expired.

Financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Council has a legal right to set-off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.13 Employee benefits

(a) **Defined contribution plan: Singapore Central Provident Fund ("CPF") Contributions**

The contributions on the Council's employees' salaries are made to the CPF as required by law. The CPF contributions are recognised in the income or expenditure in the period when the employees rendered their services entitling them to the contributions.

The Council has no further payment obligations once the contributions have been paid.

(b) **Employee leave entitlement**

Employee entitlement to annual leave is recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the balance sheet date.

Notes to the Financial Statements (cont'd)

31 March 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Leases

Leases where the lessor effectively retains substantially all the risk and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the income or expenditure on a straight-line basis over the lease term.

The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.15 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Council and the revenue can be reliably measured. No revenue is recognised if there are significant uncertainties regarding recovery of the considerations due, associated costs or the possible refund of fee revenue.

Licence and registration fees

Licence and registration fees received from estate agents and salespersons respectively are recognised on a straight-line basis over the period for which the licence is granted.

Application fees

Application fees for licence and registration are recognised upon the receipt of fees.

Examination fees

Fees from candidates who signed up for the examinations are recognised as and when the examinations are taken.

Interest income

Interest income is recognised using the effective interest method.

2.16 Share capital

Proceeds from equity financing received from the Minister of Finance (Note 13).

Notes to the Financial Statements (cont'd)

31 March 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.17 Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax except:

- Where the goods and services tax incurred on purchase of assets or services is not recoverable from the taxation authority, in which case the goods and services tax is recognised as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of goods and services tax included.

The net amount of goods and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES ESTIMATES

The preparation of the Council's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Useful lives of plant and equipment and intangible assets

The cost of plant and equipment and intangible assets are depreciated on a straight-line basis over the plant and equipment and intangible assets' estimated economic useful lives. Management estimates the useful lives of these plant and equipment and intangible assets to be within 1 year to 8 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Council's plant and equipment and intangible assets at the balance sheet date is disclosed in Notes 4 and 5 to the financial statements respectively.

Notes to the Financial Statements (cont'd)

31 March 2014

4. PLANT AND EQUIPMENT

| | Furniture and fittings \$'000 | Office equipment \$'000 | Renovation \$'000 | Total \$'000 |
|--|----------------------------------|----------------------------|----------------------|-----------------|
| Cost | | | | |
| At 1 April 2012 | 149 | 135 | 1,084 | 1,368 |
| Additions | – | – | 36 | 36 |
| Write-off | (2) | – | – | (2) |
| At 31 March 2013, 1 April 2013 and 31 March 2014 | 147 | 135 | 1,120 | 1,402 |
| Accumulated depreciation | | | | |
| At 1 April 2012 | 17 | 26 | 401 | 444 |
| Depreciation for the financial year | 19 | 28 | 474 | 521 |
| Write-off | (1) | – | – | (1) |
| At 31 March 2013 and 1 April 2013 | 35 | 54 | 875 | 964 |
| Depreciation for the financial year | 18 | 27 | 182 | 227 |
| At 31 March 2014 | 53 | 81 | 1,057 | 1,191 |
| Net carrying amount | | | | |
| At 31 March 2014 | 94 | 54 | 63 | 211 |
| At 31 March 2013 | 112 | 81 | 245 | 438 |

Included within the cost of renovation is a provision for premises reinstatement costs of \$141,000 (2013: \$141,000) (Note 12).

Notes to the Financial Statements (cont'd)

31 March 2014

5. INTANGIBLE ASSETS

| | Computer software \$'000 |
|--------------------------------------|-----------------------------|
| Cost | |
| At 1 April 2012 | 492 |
| Additions | 110 |
| At 31 March 2013 and at 1 April 2013 | 602 |
| Additions | 39 |
| At 31 March 2014 | 641 |
| Accumulated amortisation | |
| At 1 April 2012 | 95 |
| Amortisation for the financial year | 137 |
| At 31 March 2013 and at 1 April 2013 | 232 |
| Amortisation for the financial year | 167 |
| At 31 March 2014 | 399 |
| Net carrying amount | |
| At 31 March 2014 | 242 |
| At 31 March 2013 | 370 |

6. TRADE AND OTHER RECEIVABLES

| | 2014 \$'000 | 2013 \$'000 |
|-------------------|----------------|----------------|
| Trade receivables | 409 | 447 |
| Other receivables | 24 | 75 |
| | 433 | 522 |

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 days' term.

As at end of the reporting period, the Council has no trade receivable that is past due or impaired.

Notes to the Financial Statements (cont'd)

31 March 2014

7. GOVERNMENT GRANT

| | 2014 | 2013 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| At beginning of the financial year | 1,176 | 2,418 |
| Grant recognised in income and expenditure for the financial year (Note 2.11) | (2,130) | (1,096) |
| Transferred to deferred capital grant during the financial year (Note 11) | (39) | (146) |
| At end of the financial year | (993) | 1,176 |
| | 2014 | 2013 |
| | \$'000 | \$'000 |
| Government grant representing: | | |
| Grant receivable | 993 | – |
| Grant received in advance | – | 1,176 |

8. CASH AND CASH EQUIVALENTS

| | 2014 | 2013 |
|------------------------|--------|--------|
| | \$'000 | \$'000 |
| Cash and bank balances | 8,089 | 9,584 |

Cash at banks earns interest at floating rates based on daily bank deposit rates.

9. TRADE AND OTHER PAYABLES

| | 2014 | 2013 |
|---|--------|--------|
| | \$'000 | \$'000 |
| Trade payables | 148 | 174 |
| Accrued expenses | 1,328 | 1,091 |
| Provision for unutilised leave | 181 | 178 |
| Security deposits | 212 | 234 |
| Total financial liabilities carried at amortised cost | 1,869 | 1,677 |

Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 60 days' term.

Notes to the Financial Statements (cont'd)

31 March 2014

10. DEFERRED REVENUE

| | 2014 | 2013 |
|---------------|--------|--------|
| | \$'000 | \$'000 |
| Within 1 year | 6,172 | 6,104 |

Deferred revenue relates to annual licence and registration fees received upon registration or renewal of licence from estate agents and salespersons. The revenue is recognised in accordance with the revenue recognition policy of the Council (Note 2.15).

11. DEFERRED CAPITAL GRANT

| | 2014 | 2013 |
|---|--------|--------|
| | \$'000 | \$'000 |
| At beginning of the financial year | 113 | – |
| Transferred from government grant during the financial year (Note 7) | 39 | 146 |
| Grant recognised in income and expenditure for the financial year (Note 2.11) | (65) | (33) |
| At end of the financial year | 87 | 113 |

12. PROVISION

Provision was made for the estimated cost of reinstating the Council's rented premises to the original condition upon termination of the lease:

| | 2014 | 2013 |
|--|--------|--------|
| | \$'000 | \$'000 |
| At beginning and end of the financial year | 141 | 141 |

13. SHARE CAPITAL

The Council received proceeds from equity financing of \$1,718,729 from the Ministry of Finance in 2012. 1,718,729 ordinary shares issued were held by the Minister for Finance, a body incorporated by the Minister for Finance (Incorporation) Act (Chapter 183) in its capacity as shareholder under the debt-equity framework for statutory boards.

Notes to the Financial Statements (cont'd)

31 March 2014

14. REVENUE

| | 2014 \$'000 | 2013 \$'000 |
|--|----------------|----------------|
| Licence, registration and application fees | 10,388 | 10,454 |
| Examination fees and others | 2,251 | 2,615 |
| | <u>12,639</u> | <u>13,069</u> |

15. EXPENDITURE ON MANPOWER

| | 2014 \$'000 | 2013 \$'000 |
|--|----------------|----------------|
| Key management personnel | | |
| Salaries and related costs | 1,650 | 1,505 |
| CPF contributions | 42 | 49 |
| | <u>1,692</u> | <u>1,554</u> |
| Other than key management personnel | | |
| Salaries and related costs | 5,947 | 5,151 |
| CPF contributions | 695 | 641 |
| | <u>6,642</u> | <u>5,792</u> |
| | <u>8,334</u> | <u>7,346</u> |

The Council reimbursed the Housing & Development Board for the manpower costs paid on its behalf.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Council.

Notes to the Financial Statements (cont'd)

31 March 2014

16. ADMINISTRATIVE AND OTHER EXPENSES

Included in administrative and other expenses are:

| | 2014 \$'000 | 2013 \$'000 |
|----------------------------------|----------------|----------------|
| Council members' fees | 103 | 96 |
| Goods and services tax expenses | 624 | 663 |
| Plant and equipment expensed off | 19 | 11 |

17. RELATED PARTY TRANSACTIONS

For the purpose of these financial statements, parties are considered to be related to the Council if the Council has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Council and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. Under SB-FRS 24, the parent Ministry and other state-controlled entities are deemed as related parties.

During the financial year, the Council rented premises, and procured administrative support services for human resources, information technology, finance and audit from the Housing & Development Board. The total amounts for these transactions for the financial year are \$1,852,801 (2013: \$1,778,138).

During the financial year, the Council also procured services amounting to \$420,550 (2013: \$587,794) from the Criminal Investigation Department for the screening of salespersons and estate agents.

Other than as disclosed elsewhere in the financial statements, there are no significant transactions with related parties which were carried out in the normal course of business.

18. STATUTORY CONTRIBUTION TO CONSOLIDATED FUND

Under Section 13(1)(e) and the First Schedule of the Singapore Income Tax Act, Chapter 134, the income of the Council is exempt from income tax.

In lieu of income tax, the Council is required to make contribution to the Government Consolidated Fund in accordance with the Statutory Corporations (Contributions to Consolidated Fund) Act (Chapter 319A) and in accordance with the Finance Circular Minutes No M5/2005. The amount to be contributed is based on 17% of the net surplus of the Council.

Notes to the Financial Statements (cont'd)

31 March 2014

19. COMMITMENTS

Operating lease commitments – as lessee

The Council has entered into lease agreements for its office premises and office equipment. These non-cancellable leases have lease terms of more than one year.

Future minimum rental payable under non-cancellable operating leases at the end of the reporting year are as follows:

| | 2014 \$'000 | 2013 \$'000 |
|---|----------------|----------------|
| Not later than one year | 890 | 510 |
| Later than one year and not later than five years | 833 | 248 |
| | 1,723 | 758 |

The leases on the Council's premises on which rentals are payable will expire on 31 May 2016.

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Risk management is integral to the whole activities of the Council. The Council has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Council continually monitors its risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Council's activities.

Credit risk

As at the end of the reporting year, the Council has no significant concentrations of credit risk. Cash and cash equivalents are placed with financial institutions which are regulated.

The maximum exposure to credit risk is represented by the carrying amounts of its financial assets in the statement of financial position.

Liquidity risk

The Council receives its funds from the Government of Singapore and generates cash from its operating activities to meet its funding requirements. The Council monitors and maintains sufficient cash and cash equivalents to finance its operations.

All financial assets and liabilities (excluding the provision for reinstatement costs of rented premises) are repayable on demand or due within 1 year from the end of the reporting period.

Notes to the Financial Statements (cont'd)

31 March 2014

20. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk

At the end of the reporting period, the Council has limited exposure to interest rate risk.

Fair value for other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) are assumed to approximate their fair values because of the short period to maturity.

Classification of financial instruments

The carrying amount of total loans and receivables are as below:

| | 2014 \$'000 | 2013 \$'000 |
|-----------------------------|----------------|----------------|
| Trade and other receivables | 433 | 522 |
| Grant receivable | 993 | – |
| Cash and bank balances | 8,089 | 9,584 |
| Total loans and receivables | 9,515 | 10,106 |

Financial liabilities carried at amortised cost are disclosed in Note 9 to the financial statements.

21. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 March 2014 were authorised for issue by members of the Council on 16 June 2014.

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