Competition and Consumer Commission of Singapore
(formerly known as Competition Commission of Singapore)

Annual Report
Year ended 31 March 2018

Statement by the Members of the Commission

In our opinion,

(a) the accompanying financial statements of the Competition and Consumer Commission of Singapore (formerly known as Competition Commission of Singapore) (the "Commission"), set out on pages FS1 to FS24 are properly drawn up in accordance with the provisions of the Competition Act, Chapter 50B (the "Act") and Statutory Board Financial Reporting Standards ("SB-FRS") so as to present fairly, in all material respects, the state of affairs of the Commission as at 31 March 2018 and the results, changes in equity and cash flows of the Commission for the financial year ended on that date;

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

(c) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Commission during the financial year are in accordance with the provisions of the Act.

The Members of the Commission have, on the date of this statement, authorised these financial statements for issue.

On behalf of the Commission

Aubeck Kam Tse Tsuen
Chairman

Toh Han Li
Chief Executive

9 July 2018

KPMG

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Independent auditors' report

Members of the Commission
Competition and Consumer Commission of Singapore

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Competition and Consumer Commission of Singapore (formerly known as Competition Commission of Singapore) ("the Commission"), which comprise the statement of financial position as at 31 March 2018, the statement of income and expenditure and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages FS1 to FS24.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Competition Act, Chapter 50B ("the Act") and Statutory Board Financial Reporting Standards ("SB-FRS") so as to present fairly, in all material respects, the state of affairs of the Commission as at 31 March 2018 and the results, changes in equity and cash flows of the Commission for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Commission in accordance with the Accounting and Corporate Regulatory Authority *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained the List of Commission Members, List of Senior Management and Statement by the Members of the Commission prior to the date of this auditor's report.

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

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

If, based on the work we have performed on the other information obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair representation of these financial statements in accordance with the provisions of the Act and SB-FRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements are fee from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the financial statements

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

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Commission to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

Report on other legal and regulatory requirements

Opinion

In our opinion:

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

(b) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Commission during the year are, in all material respects, in accordance with the provisions of the Act.

Basis for opinion

We conducted our audit in accordance wiith SSAs. Our responsibilities under those standards are further described in the *'Auditor's Responsibilities for the Compliance Audit'* section of our report. We are independent of the Commission in accordance with the ACRA Code together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our ethical responsibilities in accordance with these requirements and the ACRA code. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion on management's compliance.

Responsibilities of management 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 for the compliance audit

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. 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.

KPMG LLP

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
9 July 2018

Statement of financial position
As at 31 March 2018

	Note	2018	2017
		$	$
Assets			
Plant and equipment	4	1,195,700	965,973
Intangible assets	5	543,133	571,654
Non-current assets		1,738,833	1,537,627
Other receivables	6	283,269	395,664
Prepayments		314,493	188,493
Cash and cash equivalents	7	23,137,228	22,174,725
Current assets		23,734,990	22,758,882
Total assets		25,473,823	24,296,509
Equity			
Share capital	8	2,097,892	2,097,892
Accumulated surpluses		18,054,935	18,067,637
Total equity		20,152,827	20,165,529
Liabilities			
Provision for reinstatement costs		287,301	287,301
Deferred capital grants	9	1,467,356	1,051,307
Non-current liabilities		1,754,657	1,338,608
Trade and other payables	10	2,708,055	2,704,009
Amounts payable to the supervisory ministry	11	858,284	–
Provision for contribution to consolidated fund	12	–	88,363
Current liabilities		3,566,339	2,792,372
Total liabilities		5,320,996	4,130,980
Total equity and liabilities		25,473,823	24,296,509

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

Statement of income and expenditure and other comprehensive income
Year ended 31 March 2018

	Note	2018 $	2017 $
Income			
Interest income		204,897	247,645
Application fee income		130,000	488,000
Other operating income		16,613	2,132
	13	351,510	737,777
Expenditure			
Depreciation of plant and equipment	4	(404,866)	(459,493)
Amortisation of intangible assets	5	(132,926)	(123,944)
Salaries, wages and staff benefits		(10,797,606)	(10,413,877)
Staff training and development costs		(439,493)	(572,697)
Information technology expenses		(1,492,581)	(1,391,159)
Operating lease expenses		(1,557,143)	(1,457,558)
Other operating expenses		(1,979,748)	(2,158,114)
		(16,804,363)	(16,576,842)
Deficit before government grants		(16,452,853)	(15,839,065)
Government grants			
Operating grants	14	16,116,239	16,733,198
Deferred capital grant amortised	9	323,912	348,896
		16,440,151	17,082,094
(Deficit)/surplus before contribution to consolidated fund	15	(12,702)	1,243,029
Contribution to consolidated fund	12	–	(88,363)
Net (deficit)/surplus for the year representing total comprehensive (loss)/income for the year		(12,702)	1,154,666

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

Statement of changes in equity
Year ended 31 March 2018

	Share capital $	Accumulated surpluses $	Total $
Balance at 1 April 2016	2,097,892	16,912,971	19,010,863
Net surplus for the year, representing total comprehensive income for the year	–	1,154,666	1,154,666
Balance at 31 March 2017	2,097,892	18,067,637	20,165,529
Balance at 1 April 2017	2,097,892	18,067,637	20,165,529
Net deficit for the year, representing total comprehensive loss for the year	–	(12,702)	(12,702)
Balance at 31 March 2018	2,097,892	18,054,935	20,152,827

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

Statement of cash flows
Year ended 31 March 2018

	Note	2018	2017
		$	$
Cash flows from operating activities			
Deficit before government grants		(16,452,853)	(15,839,065)
Adjustments for:			
Depreciation of plant and equipment	4	404,866	459,493
Amortisation of intangible assets	5	132,926	123,944
Write off of plant and equipment		963	29,301
Interest income	13	(204,897)	(247,645)
		(16,118,995)	(15,473,972)
Changes in:			
Other receivables		42,970	(193,354)
Prepayments		(126,000)	240,393
Trade and other payables		(203,261)	823,096
Cash used in operations		(16,405,286)	(14,603,837)
Contribution to consolidated fund		(88,363)	–
Amounts payable to the supervisory ministry		858,284	–
Increase in cash with AGD not available for general use		(858,284)	–
Net cash used in operating activities		(16,493,649)	(14,603,837)
Cash flows from investing activities			
Purchase of plant and equipment		(132,856)	(261,549)
Acquisition of intangible assets		(399,798)	(26,469)
Interest received		274,322	255,921
Net cash used in investing activities		(258,332)	(32,097)
Cash flow from financing activity			
Government grants received		16,856,200	17,109,000
Net cash from financing activity		16,856,200	17,109,000
Net increase in cash and cash equivalents		104,219	2,473,066
Cash and cash equivalents at the beginning of the financial year		22,174,725	19,701,659
Cash and cash equivalents at the end of the financial year	7	22,278,944	22,174,725

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Members of the Commission on 9 July 2018.

1 Domicile and activities

The Competition and Consumer Commission of Singapore (formerly known as Competition Commission of Singapore) (the "Commission") was established as a statutory board in Singapore under the provisions of the Competition Act, Chapter 50B (the "Act").

As a statutory board, the Commission is subjected to the control of its supervisory ministry, Ministry of Trade and Industry ("MTI"). The Commission is required to follow the policies and instructions issued from time to time by MTI and other government ministries and departments such as the Ministry of Finance ("MOF").

The principal place of business and registered office is located at 45 Maxwell Road, #09-01, The URA Centre, Singapore 069118.

The Commission's functions and duties are principally to:

a. maintain and enhance efficient market conduct and promote overall productivity, innovation and competitiveness of markets in Singapore;

b. eliminate or control practices having adverse effect on competition in Singapore;

c. promote and sustain competition in markets in Singapore;

d. promote a strong competitive culture and environment throughout the economy in Singapore;

e. act internationally as the national body representative of Singapore in respect of competition matters; and

f. advise the Government or other public authority on national needs and policies in respect of competition matters generally.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the provision of the Act and the Statutory Board Financial Reporting Standards ("SB-FRS"), including Interpretations of SB-FRS ("INT SB-FRS") and SB-FRS Guidance Notes as promulgated by the Accountant-General.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the functional currency of the Commission.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with SB-FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management is of the opinion that there are no critical judgments or significant estimates that would have a significant effect on the amounts recognised in the financial statements.

2.5 Changes in accounting policies

The Commission has adopted all the new and revised SB-FRSs, INT SB-FRSs and Guidance Notes which became effective during the financial year. The initial adoption of these SB-FRSs, INT SB-FRSs and Guidance Notes did not have a material impact on these financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in Note 2.5, which addresses changes in accounting policies.

3.1 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Commission at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

3.2 Financial instruments

Non-derivative financial assets

The Commission initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Commission becomes a party to the contractual provisions of the instrument.

The Commission derecognises a financial asset 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, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Commission is recognised as a separate asset or liability.

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

The Commission's non-derivative financial assets comprise loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially measured 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.

Loans and receivables comprise cash and cash equivalents, financial penalties receivables and other receivables. Cash and cash equivalents comprise deposits placed with the Accountant-General's Department ("AGD") and cash maintained centrally with AGD as a consolidated pool.

Non-derivative financial liabilities

Financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Commission becomes a party to the contractual provisions of the instrument.

The Commission derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Commission currently has a legally enforceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Commission classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise of trade and other payables and amounts payable to the supervisory ministry.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

3.3 Plant and equipment

Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:
- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Commission has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if probable that the future economic benefits embodied within the component will flow to the Commission, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in the profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment, unless it is included in the carrying amount of another asset. Capital work-in-progress is not depreciated.

Depreciation is recognised from the date that the plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

• Furniture, fixtures and equipment	8 years
• Office equipment	5 to 10 years
• Computer equipment	3 to 5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.4 Intangible assets

Intangible assets that are acquired by the Commission and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation is calculated based on the cost of the asset, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and comparative periods are from 3 to 5 years. Development work-in-progress is not amortised.

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Leased assets

Leases in terms of which the Commission assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Commission's statement of financial position.

3.6 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Commission on terms that the Commission would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

The Commission considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans with similar risk characteristics.

In assessing collective impairment, the Commission uses historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Commission considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Commission's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or 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 value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amount of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

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 or amortisation, if no impairment loss had been recognised.

3.7 Provisions

A provision is recognised if, as a result of a past event, the Commission has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Site Restoration

In accordance with the applicable terms and conditions in the lease arrangement governing the Commission's use of assets under operating leases and a provision for reinstatement costs in respect of the leased premises, and the related expense, was recognised at the date of inception of the lease.

3.8 Employee benefits

Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Commission has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

3.9 Government grants

Government grants are recognised initially at their fair value where there is a reasonable assurance that the grants will be received and the Commission will comply with the conditions associated with grants.

Government grants utilised for the purchase of depreciable assets are initially recorded as "deferred capital grants" on the statement of financial position of the Commission. Deferred capital grants are then recognised in the statement of income and expenditure and other comprehensive income over the periods necessary to match the depreciation of the assets purchased, with the related grants. Capital grants are recognised in profit or loss on a systematic basis over the useful life of the asset. Upon disposal of the asset, the balance of the related deferred capital grants is recognised in the statement of income and expenditure and other comprehensive income to match the net book value of assets written off.

Other government grants are recognised as income over the periods necessary to match the expenditure for which they are intended to compensate, on a systematic basis.

3.10 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Application fees

Application fees income is recognised when the service is provided.

Interest income

Interest income is accrued on a time-proportion basis, by reference to the principal outstanding and at the effective interest rate applicable.

3.11 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted by revising the minimum lease payments over the remaining term of lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Commission determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria:

- The fulfilment of the arrangement is dependent on the use of a specific asset or assets; and
- The arrangement contains a right to use the asset(s).

At inception or upon reassessment of the arrangement, the Commission separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Commission concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently, the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Commission's incremental borrowing rate.

3.12 Financial penalties

Financial penalties are imposed on undertakings found to have infringed the prohibitions under the Competition Act, Chapter 50B. Financial penalties are collected on behalf of the supervisory ministry, and together with the interest accrued on financial penalties, are transferred to the Consolidated Fund at least once every quarter. Financial penalties are accounted for on a cash basis.

3.13 Contribution to consolidated fund

The Commission is required to make contribution to the Consolidated Fund in accordance with the Statutory Corporations (Contributions to Consolidated Fund) Act, Chapter 319A. The provision is based on the guidelines specified by the Ministry of Finance. It is computed based on the net surplus of the Commission for each of the financial year at the prevailing corporate tax rate for the Year of Assessment. Contribution to consolidated fund is provided for on an accrual basis.

3.14 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018 and earlier application is permitted. The Commission has not early applied the following new or amended standards in preparing these statements.

Applicable to 2019 financial statements

SB-FRS 115 *Revenue from Contracts with Customers*

SB-FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

When effective, SB-FRS 115 replaces existing revenue recognition guidance, including SB-FRS 18 *Revenue*, SB-FRS 11 *Construction Contracts*, INT SB-FRS 113 *Customer Loyalty Programmes*, INT SB-FRS 115 *Agreements for the Construction of Real Estate*, INT SB-FRS 118 *Transfers of Assets from Customers* and INT SB-FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

SB-FRS 115 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. SB-FRS 115 offers a range of transition options including full retrospective adoption where an entity can choose to apply the standard to its historical transactions and retrospectively adjust each comparative period presented in its 2018 financial statements. When applying the full retrospective method, an entity may also elect to use a series of practical expedients to ease transition.

The Commission anticipates that the initial application of the SB-FRS 115 may result in changes to the accounting policies relating to revenue recognition. The Commission is still assessing the potential impact of implementing SB-FRS 115.

SB-FRS 109 *Financial Instruments*

SB-FRS 109 *Financial instruments* sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces SB-FRS 39 *Financial instruments: Recognition and Measurement*.

a) Classification - Financial assets

SB-FRS 109 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

SB-FRS 109 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The standard eliminates the existing SB-FRS 39 categories of held to maturity, loans and receivables and available for sale.

Under SB-FRS 109, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

b) Impairment - Financial assets and contract assets

SB-FRS 109 replaces the 'incurred loss' model with a forward-looking expected credit loss ("ECL") model. The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and certain loan commitments and financial guarantee contracts.

Under SB-FRS 109, loss allowances will be measured on either of the following bases:

- *12-month ECLs: these* are ECLs that result from possible default events within the 12 months after the reporting date; or
- *lifetime ECLs:* these are ECLs that result from all possible default events over the expected life of a financial instrument.

c) ***Classification - Financial liabilities***

SB-FRS 109 largely retains the existing requirements in SB-FRS 39 for the classification of financial liabilities.

However, under SB-FRS 39 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under SB-FRS 109 these fair value changes are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and

- the remaining amount of change in the fair value is presented in profit or loss.

The Commission anticipates that the initial application of the SB-FRS 109 may result in changes to the accounting policies relating to financial instruments. The Commission is still assessing the potential impact of implementing SB-FRS 109.

Applicable to 2020 financial statements

SB-FRS 116 *Leases*

SB-FRS 116 replaces existing lease accounting guidance. SB-FRS 116 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if SB-FRS 115 is also applied. SB-FRS 116 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right–of–use ("ROU") assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

SB-FRS 116 substantially carries forward the lessor accounting requirements in SB-FRS 17 *Leases*. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the SB-FRS 17 operating lease and finance lease accounting models respectively. However, SB-FRS 116 requires more extensive disclosures to be provided by a lessor.

The Commission anticipates that the initial application of the SB-FRS 116 may result in changes to the accounting policies relating to leases. The Commission is still assessing the potential impact of implementing SB-FRS 116 and does not plan to early adopt the standard.

4 Plant and equipment

	Furniture, fixtures and equipment $	Office equipment $	Computer equipment $	Total $
Cost				
At 1 April 2016	1,360,827	885,910	1,782,362	4,029,099
Additions	115,313	32,887	125,289	273,489
Disposals/Write off	(43,665)	(31,303)	(29,639)	(104,607)
At 31 March 2017	1,432,475	887,494	1,878,012	4,197,981
Additions	–	6,253	339,974	346,227
Reclassification from intangible assets	–	–	289,329	289,329
Disposals/Write off	(1,635)	–	(424,122)	(425,757)
At 31 March 2018	1,430,840	893,747	2,083,193	4,407,780
Accumulated depreciation				
At 1 April 2016	902,207	513,313	1,432,301	2,847,821
Depreciation	169,432	80,566	209,495	459,493
Disposals/Write off	(32,545)	(16,043)	(26,718)	(75,306)
At 31 March 2017	1,039,094	577,836	1,615,078	3,232,008
Depreciation	173,986	80,592	150,288	404,866
Disposals/Write off	(672)	–	(424,122)	(424,794)
At 31 March 2018	1,212,408	658,428	1,341,244	3,212,080
Carrying amounts				
At 1 April 2016	458,620	372,597	350,061	1,181,278
At 31 March 2017	393,381	309,658	262,934	965,973
At 31 March 2018	218,432	235,319	741,949	1,195,700

5 Intangible assets

	Acquired computer software $	Development work-in-progress $	Total $
Cost			
At 1 April 2016	755,778	251,750	1,007,528
Additions	26,469	75,844	102,313
At 31 March 2017	782,247	327,594	1,109,841
Additions	153,749	239,985	393,734
Reclassification to plant and equipment	–	(289,329)	(289,329)
At 31 March 2018	935,996	278,250	1,214,246
Amortisation:			
At 1 April 2016	414,243	–	414,243
Amortisation charge	123,944	–	123,944
At 31 March 2017	538,187	–	538,187
Amortisation charge	132,926	–	132,926
At 31 March 2018	671,113	–	671,113
Carrying amounts			
At 1 April 2016	341,535	251,750	593,285
At 31 March 2017	244,060	327,594	571,654
At 31 March 2018	264,883	278,250	543,133

Development work-in-progress relates to Knowledge Management System (2017: Knowledge Management System and Netapp SAN Storage).

6 Other receivables

	2018 $	2017 $
Interest receivable	93,258	162,683
Other receivables	190,011	232,981
	283,269	395,664

Other receivables amount are not past due and not impaired.

7 Cash and cash equivalents

	2018 $	2017 $
Cash with AGD	21,194,839	17,699,489
Deposits with AGD	1,942,389	4,475,236
	23,137,228	22,174,725
Less: Cash with AGD not available for general use	(858,284)	–
	22,278,944	22,174,725

The Commission participates in the AGD's Centralised Liquidity Management ("CLM") Scheme whereby the Commission's cash is pooled together and managed centrally by AGD, a related party. This does not affect the daily liquidity of the Commission. AGD pays interest on the Commission's cash with AGD. The weighted average effective interest rates range between 1.21% to 1.28% (2017: 1.24% to 1.49%) per annum.

Cash with AGD not available for general use relates to the financial penalties collected on behalf of the supervisory ministry, Ministry of Trade and Industry.

8 Share capital

	2018	2017	2018	2017
	No. of shares		$	$
Issued and fully paid ordinary shares, with no par value:				
At 1 April and 31 March	2,097,892	2,097,892	2,097,892	2,097,892

The shares have been fully paid for and are held by the Minister of Finance, a body corporate incorporated by the Minister for Finance (Incorporation) Act (Chapter 183). The holder of these shares, which has no par value and do not carry any voting rights, is entitled to receive dividends from the Commission. There is no dividend payable in current year.

9 Deferred capital grants

	Note	2018 $	2017 $
At 1 April		1,051,307	1,024,401
Transfer from operating grants	14	739,961	375,802
Transfer to statement of income and expenditure and other comprehensive income		(323,912)	(348,896)
At 31 March		1,467,356	1,051,307

10 Trade and other payables

	2018 $	2017 $
Trade payables	584,629	979,264
Accrual for payroll related costs	875,000	878,266
Accrual for operating and other expenses	713,335	643,695
Accrual for purchase of plant and equipment and intangible assets	295,091	87,784
Deferred income	240,000	115,000
	2,708,055	2,704,009

The average credit period is 30 days (2017: 30 days). No interest is charged on outstanding balances.

11 Financial penalties

Financial penalties are imposed on undertakings found to have infringed the prohibitions under the Competition Act, Chapter 50B. In accordance with the Finance Circular Minute No. M5/2016, legislated financial penalties are considered public moneys and are collected by the Commission on behalf of its supervisory ministry, Ministry of Trade and Industry. All financial penalties collected by the Commission are paid into the Consolidated Fund in accordance with Section 13(2) of the Competition Act, Chapter 50B.

Movements in the amount payable to supervisory ministry on financial penalties collected are as follows:

	2018 $	2017 $
At 1 April	–	–
Financial penalties collected	20,471,086	680,196
Financial penalties paid to the supervisory ministry	(19,612,802)	(680,196)
At 31 March	858,284	–
Represented by:		
Cash with AGD	858,284	–

12 Provision for contribution to consolidated fund

The Commission is required to make contributions to the Consolidated Fund in accordance with the Statutory Corporations (Contributions to Consolidated Fund) Act (Cap 319A, 2004 Revised Edition) and in accordance with the Finance Circular Minute No. 5/2005 with effect from 2004/2005. The amount to be contributed is based on 17% (2017: 17%) of the net surplus of the Commission, after netting off the prior years' accounting deficit.

13 Income

	2018 $	2017 $
Interest income on cash balances placed with AGD	204,897	247,645
Application fee income	130,000	488,000
Other operating income	16,613	2,132
	351,510	737,777

14 Operating grants

	Note	2018 $	2017 $
Grants received from government during the year		16,856,200	17,084,400
Other grants received during the year		–	24,600
Transfer to deferred capital grants	9	(739,961)	(375,802)
		16,116,239	16,733,198

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

15 (Deficit)/surplus before contribution to consolidated fund

(Deficit)/surplus for the year has been arrived at after charging:

	2018 $	2017 $
Operating lease expenses	1,557,143	1,457,558
Salaries, wages and other allowances	9,730,810	9,394,555
Contribution to defined contribution plans, included in salaries, wages and staff benefits	1,066,796	1,019,322

16 Related parties

For the purpose of these financial statements, parties are considered to be related to the Commission if the Commission has the ability, directly or indirectly, to control the party, exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Commission and the party are subject to common control or significant influence. Related parties may be individuals or other entities. In accordance with SB-FRS paragraph 28A, the Commission is exempted from disclosing transactions with government-related entities other than Ministries, Organs of State and other Statutory boards, unless there are circumstances to indicate that these transactions are unusual and their disclosure would be of interest to readers of financial statements.

Key management personnel compensation

Key management personnel of the Commission are those persons have the authority and responsibility for planning, directing and controlling the activities of the Commission. The core management are considered as key management personnel of the Commission.

Key management personnel compensation comprises:

	2018 $	2017 $
Short-term benefits and salaries paid to directors and above	3,476,666	3,380,719
Allowances paid to non-executive Commission Members	89,692	101,719
	3,566,358	3,482,438

Transactions with Ministries, Organs of State, Statutory Boards and other Government Agencies

The Commission leases and office premise from Urban Redevelopment Authority. In addition, the Commission engages information technology services from Government Technology Agency.

	2018	2017
	$	$
Operating grants received from government	16,856,200	17,804,400
Office premises lease	1,423,956	1,334,756
Other grants received	–	24,600
Computer and IT related expenses	59,596	49,316

17 Commitments

Capital commitments

Capital expenditure contracted for at the end of the reporting period but not recognised in the financial statements are as follows:

	2018	2017
	$	$
Capital commitments in respect of computer system	516,750	13,250

Operating lease commitments

The future minimum lease payables under non-cancellable operating leases contracted for at the balance sheet date but not recognised as liabilities, are as follows:

	2018	2017
	$	$
Not later than 1 year	1,549,009	1,543,769
Later than one year but not later than five years	806,362	2,261,275
	2,355,371	3,805,044

Operating lease payments represent rentals payable by the Commission for its office premises, office equipment and lease of laptops. Leases are negotiated and rentals are fixed for an average of 1 to 5 years with renewal options included in the contracts.

18 Financial instruments

Financial risk management

Overview

The Commission has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- interest rate risk

This note presents information about the Commission's exposure to each of the above risks, the Commission's objectives, policies and processes for measuring and managing risk, and the Commission's management of capital.

Risk management framework

The Members of the Commission has overall responsibility for the establishment and oversight of the Commission's risk management framework. Management is responsible for developing and monitoring the Commission's risk management policies. Management reports regularly to the Members of the Commission on its activities.

The Commission's risk management policies are established to identify and analyse the risks faced by the Commission, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Commission's activities. The Commission, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Commission if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises from its financial assets.

The carrying amounts of financial assets in the statement of financial position represent the maximum exposure to credit risk, before taking into account any collateral held. As at 31 March 2018, the Commission does not hold any collateral in respect of its financial assets.

Cash and fixed deposits are placed with banks and financial institutions which are regulated. The Commission mitigate credit risk exposure through regular monitoring of the recoverability of the financial assets.

Liquidity risk

Liquidity risk is the risk that the Commission will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Commission is not subject to regulatory requirement to maintain minimum cash level. It is the policy of the Commission to maintain a level of cash deemed adequate by the management to finance its operations and mitigate the effects of fluctuations in cash flows.

To manage liquidity risk, the Commission places surplus funds with AGD which are readily available where required. The undiscounted cashflow of the Commission's current financial liabilities at the reporting date approximate their carrying amounts and are expected to be settled within the next 12 months.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate arising from changes in interest rates.

The Commission's exposure to interest rate risk primarily arises from the cash participation in AGD's CLM Scheme. Interest rate risk on cash balances are managed through AGD's CLM Scheme. Surplus funds are placed with AGD.

Sensitivity analysis

The sensitivity analysis has been determined based on the exposure to interest rates for cash and cash equivalents balances at the reporting date. If interest rates had been 100 basis points higher or lower and all other variables held constant, the Commission's surplus before tax for the period ended 31 March 2018 would have increase or decrease for by $211,948 (2017: $176,995).

Capital management

The Commission manages its capital base in consideration of current economic conditions and its plan for the year in concern. The request for grants from the Ministry of Trade and Industry is made though the annual budget exercise. The Commission is not exposed to any external capital requirements. However, it is required to comply with FCM No. 26/2008 under the Capital Management Framework for Statutory Boards. The capital structure of the Commission consists of accumulated surpluses and share capital. The Commission's capital structure remains unchanged since 31 March 2017.

Accounting classification and fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Note	Loans and receivables $	Other financial liabilities $	Total carrying amount $	Fair value $
31 March 2018					
Financial assets					
Other receivables	6	283,269	–	283,269	283,269
Cash and cash equivalents	7	23,137,228	–	23,137,228	23,137,228
		23,420,497	–	23,420,497	23,420,497

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

	Note	Loans and receivables $	Other financial liabilities $	Total carrying amount $	Fair value $
31 March 2018					
Financial liabilities					
Trade and other payables*		–	2,468,055	2,468,055	2,468,055
Amounts payable to the supervisory ministry		–	858,284	858,284	858,284
		–	3,326,339	3,326,339	3,326,339
31 March 2017					
Financial assets					
Other receivables	6	395,664	–	395,664	395,664
Cash and cash equivalents	7	22,174,725	–	22,174,725	22,174,725
		22,570,389	–	22,570,389	22,570,389
Financial liabilities					
Trade and other payables*	10	–	2,589,009	2,589,009	2,589,009
		–	2,589,009	2,589,009	2,589,009

* *excludes deferred income*

The carrying amounts are assumed to approximate the fair value for all financial assets and liabilities with maturity periods less than one year and where the effect of discounting is immaterial.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying amounts of financial assets and financial liabilities as reported in the financial statements approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

19 Comparative information

The comparative information presented in the financial statements were audited by another auditor.

20 Subsequent events

With effect from 1 April 2018, the Commission takes over the role as the government agency responsible for administering and enforcing the Consumer Protection (Fair Trading Act), which protects consumers against unfair trade practices in Singapore, in addition to enforcing the Competition Act. In connection, the organisation name of the Competition Commission of Singapore was changed to Competition and Consumer Commission of Singapore with effect from 1 April 2018.