

Professional Engineers Board Singapore

**Annual Report
For Financial Year
2019**



professional engineers board singapore
52 Jurong Gateway Road #07-03 Singapore 608550

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■ PRESIDENT AND MEMBERS OF THE BOARD

President



Er. Ho Siong Hin

Members of The Board



From left to right

**Er. Au Kow Liong
Er. Chan Ewe Jin
Er. Chan Jacqueline**



From left to right

**Er. Chew Keat Chuan
Er. Dr Chiew Sing Ping
Er. Chua Tong Seng**



From left to right

**Er. Khew Teck Fook, Edwin
Er. Lau Joo Ming
Er. Dr Lock Kai Sang**

Members of The Board (Cont'd)



From left to right

Er. Neo Tee Boon
Er. Shahrom Bin Mohamed Ariff (From 1 January 2018 to 22 April 2019)
Er. Tan Shu Min, Emily



From left to right

Er. Dr Wong Liang Heng, Johnny
Ar. Chan Li Chen, Angelene

Registrar



Er. Tay Chiou Peng, Raymond

■ MISSION, KEY OBJECTIVES AND FUNCTIONS OF THE BOARD

Mission

To safeguard life, property, and welfare of the public by setting and maintaining high standards for registering professional engineers, and by regulating and advancing the practice of professional engineering.

Key Objectives

- To maintain an internationally acceptable standard of assessment which emphasizes quality academic education, examination, and practical experience that ensures only competent individuals are accepted for registration as professional engineers.
- To maintain a process that ensures professional engineers demonstrate a high standard of professional development, and conduct and ethics that meet the expectations of clients and consumers.
- To develop responsible self-governance of the profession through judicious administration of the Act and Rules on professional conduct and ethics.
- To coordinate and facilitate cross-border mobility of qualified professional engineers.

Functions

- To keep and maintain a register of professional engineers, a register of practitioners and a register of licensees.
- To hold or arrange for the holding of such examinations as the Board considers necessary for the purpose of enabling persons to qualify for registration under the Professional Engineers Act.
- To approve or reject applications for registration under the Professional Engineers Act or to approve any such applications subject to such restrictions as it may think fit to impose.
- To establish and maintain standards of professional conduct and ethics of the engineering profession.
- To promote learning and education in connection with engineering, either alone or in conjunction with any other professional body.
- To hear and determine disputes relating to professional conduct or ethics of professional engineers or to appoint a committee or arbitrator to hear and determine those disputes.
- To license corporations, partnerships and limited liability partnerships which supply professional engineering services relating to any of the prescribed branches of professional engineering work in Singapore.

- Generally to do all such acts, matters and things as are necessary to be carried out under the provisions of the Professional Engineers Act.

■ REGISTRATION AND LICENSING

Registration of Professional Engineers

In year 2019, the Board conducted 38 professional interview sessions for 169 applicants while a total of 103 candidates were registered as professional engineers during the year. Table 1 shows the number of new professional engineers registered in the last 5 years.

Table 1: Number of Newly-Registered Professional Engineers by Year

Branch of Engineering	No. of Professional Engineers Registered				
	2015	2016	2017	2018	2019
Civil	51	55	57	59	60
Electrical	20	28	21	35	26
Mechanical	15	13	21	21	16
Chemical	-	-	63	78	1
TOTAL	86	96	162	193	103

As at 31 December 2019, there was a total of 4208 professional engineers on the register of professional engineers and a total of 2545 (60.5%) professional engineers on the annual register of practitioners. Table 2 shows the breakdown of the number of registered professional engineers and practitioners in the 4 main branches of engineering (namely, civil, chemical, electrical and mechanical).

Table 2: Number of Registered Professional Engineers as at 31 December 2019

Branch of Engineering	Total No. of Registered Professional Engineers		No. of Practitioners (Professional Engineers in Each Branch with Practicing Certificates)	
	Number	Percent (%)	Number	Percent (%)
Civil & Structural	2068	49.1	1356	65.6
Electrical	956	22.7	600	62.8
Mechanical	943	22.4	523	55.5
Chemical	160	3.8	61	38.1
Others ¹	81	1.9	5	6.2
TOTAL	4208	100	2545	

¹ Others include Aeronautical, Electronic, Industrial, Information Technology, Manufacturing, Marine, Naval Architecture and Production.

Registration of Specialist Professional Engineers

As at 31 December 2019, there was a total of 416 professional engineers on the register of specialist professional engineers and a total of 373 (89.7%) of them had practicing certificates. Table 3 shows the breakdown of the number of registered specialist professional engineers.

Table 3: Number of Registered Specialist Professional Engineers as at 31 December 2019

Specialised Branch of Engineering	Total No. of Registered Specialist Professional Engineers		No. of Specialist Professional Engineers in Each Branch with Practicing Certificates	
	Number	Percent (%)	Number	Percent (%)
Geotechnical	113	27.2	98	86.7
Amusement Ride	18	4.3	17	94.4
Lift and escalator	97	23.3	90	92.8
Crane	59	14.2	52	88.1
Access Platform	66	15.9	61	92.4
Pressure Vessel	50	12.0	43	86.0
Protective Security	13	3.1	12	92.3
TOTAL	416	100%	373	

Licensing of Corporations and Partnerships

As at 31 December 2019, there was a total of 229 licensed corporations, partnerships and limited liability partnerships on the Board's register of licensees. Table 4 shows the breakdown of the licensees.

Table 4: Number of Licensees as at 31 December 2019

Type of Corporations/Partnerships	No. of licensees
Limited corporations	197
Unlimited corporations	4
Multi-discipline/Limited liability partnerships	28
TOTAL	229

■ DISCIPLINARY INQUIRIES

In 2019, Investigation Committees appointed by the Board completed inquiries on three complaint cases against professional engineers. Following the inquiries, two cases were referred to a Disciplinary Committee while a warning letter was issued to the other professional engineer.

In 2019, a Disciplinary Committee appointed by the Board completed two formal inquiries. At completion of the inquiries, one of the professional engineers was suspended from practice for a period of 2 years and another was suspended for a period of 6 months and fined \$10,000.

■ ACTIVITIES OF THE BOARD

Board Meetings

The Board held a total of 11 meetings in the year 2019.

Professional Engineers Registration Examinations

The Examination Committee of the Board, chaired by Board member Er. Dr Chiew Sing Ping, held 3 meetings in 2019 and oversaw the conduct of the Practice of Professional Engineering Examination (PPE) and the Fundamentals of Engineering Examination (FEE). The Practice of Professional Engineering Examination was conducted on 7 May 2019 for civil, electrical and mechanical engineering. The Fundamentals of Engineering Examination was conducted on 17 September 2019 for chemical and civil engineering, 18 September 2019 for electrical engineering and mechanical engineering. Summaries of the results of the two examinations are as shown in Tables 5 and 6 below.

Table 5: Results of PPE 2019

Branch of Engineering	PPE 2019		
	No. of Candidates	No. of Passes	Pass Rate
Civil	248	54	21.8%
Electrical	176	47	26.7%
Mechanical	113	32	28.3%
Overall	537	133	24.8%

Table 6: Results of FEE 2019

Branch of Engineering	FEE 2019		
	No. of Candidates	No. of Passes	Pass Rate
Chemical	10	10	100%
Civil	322	122	37.9%
Electrical	147	58	39.5%
Mechanical	157	91	58.0%
Overall	636	282	44.2%

Amendment to the Professional Engineers Rules

The PE Rules were amended and came into effect in April 2019. Companies which obtained a valid licence from PEB are allowed to indicate details on professional engineering services in the specific branches. Form 6 of the Second Schedule of the PE Rules was amended to allow a corporation to explicitly specify the branch(es) of engineering that it is authorised to provide in the licence issued.

ASEAN Mutual Recognition Arrangement on Engineering Services

The Board had been involved in the implementation of the ASEAN Mutual Recognition Arrangement on Engineering Services. In this regard, the ASEAN Chartered Professional Engineer (ACPE) Monitoring Committee Singapore, which had been authorised by the Board, continued to process applications submitted by professional engineers for registration as ACPEs. For the year 2019, 11 applications for registration as ACPEs were approved. As at 31 December 2019 the number of ACPEs from Singapore on the ACPE Register is 289. PEB had also authorised 1 ACPE (from Myanmar) as Registered Foreign Professional Engineer (RFPE).

PEB Seminar 2019

The inaugural PEB Seminar 2019 was held on 4 October 2019, which was attended by 470 participants. At the seminar, Er. Raymond Tay, Registrar of PEB, shared on lessons learnt from contravention cases. Er. Colin Yip, Associate and Building Digital Leader from ARUP Singapore spoke on transformative technologies in digital design/VDC/IDD and their application in projects. Er. Dr Nasim Shahzad, Group Executive Chairman of Meinhardt Singapore, gave his insights on the considerations in setting up and operating a private engineering consultancy in Singapore and venturing abroad.

PEB Day of Dedication 2019

The Professional Engineers Board (PEB) Day of Dedication (DOD) 2019 was held at the Mandarin Oriental Singapore on 9 November 2019 where over 240 PEs pledged to continue their services to society and uphold high standards of professional engineering practice. The event was graced by Mr Desmond Lee, Minister for Social and Family Development and Second Minister for National Development. The Day of Dedication is held to recognise new PEs as well as the contribution of PEs to Singapore's built environment and the community.

Ninety-six new professional engineers (PEs) were presented with certificates of registration for the chemical, civil, mechanical and electrical engineering branches. Twenty-one Specialist PEs were registered in five branches of specialised professional engineering, namely, (i) lift and escalator engineering, (ii) crane engineering, (iii) pressure vessel engineering, (iv) geotechnical engineering, and (v) protective security engineering.

In addition, 10 ASEAN Chartered Professional Engineers (ACPEs) received their certificates of registration, while 12 outstanding graduates from the NUS and NTU undergraduate and postgraduate engineering programmes were presented with Gold Medal Awards.

PEB Book Launch - Professional Engineers' Contribution to Nation Building

A new book, "Engineers as Urban Systems Innovators", was launched at PEB's Day of Dedication 2019. The book captures the key principles of building a liveable and sustainable Singapore with the focus on the efforts by PEB's Distinguished Professional Engineer Award recipients.

The book, a joint publication by PEB and the Centre for Liveable Cities (CLC), was unveiled by Mr Desmond Lee, Minister for Social and Family Development and Second Minister for National Development. Er. Ho Siong Hin, President of PEB; Er. Khoo Teng Chye, Executive Director of CLC; fellow distinguished professional engineers, including Er. Cham Tao Soon, Er. Chang Meng Teng, Er. Liew Mun Leong and Er. Tan Ee Ping, were present at the book launch. The past recipients for the Distinguished Professional Engineer Award also included Er. Tan Gee Paw and Er. Dr Shahzad Nasim.

PEB and four universities sign a Memorandum of Understanding

PEB signed a Memorandum of Understanding (MOU) with four universities, i.e. Nanyang Technological University Singapore (NTU), National University of Singapore (NUS), Singapore Institute of Technology (SIT) and Singapore University of Technology and Design (SUTD). Under the MOU, these local universities will conduct the Fundamentals of Engineering Examination (FEE) for their students. This will facilitate more local undergraduates to take the FEE in their final year of studies. The arrangement will give universities the flexibility to adjust the schedule of the FEE in order for it to fit into the school curriculum. Previously, the undergraduates would have to take the mass FEE organised by the PEB and most undergraduates would only take the FEE after they have graduated from the universities.

Innovative Professional Engineer Award

Two PEs, Er. Tan Kee Chong and Er. Teh Poh Suan, were presented with the inaugural Innovative Professional Engineer Award by Minister Desmond Lee. The award is for PEs exemplifying professionalism through innovativeness and entrepreneurship in delivering the outcomes of projects in which they were involved, and raising the standing and reputation of the profession.

In his speech, Minister Lee lauded Er. Tan Kee Chong for his work with industry stakeholders to test and integrate data loggers in various types of mobile cranes which allows logging of key operational data, including whether safety devices have been duly activated. This enables crane owners to take measures to curb unsafe practices before they cause workplace incidents, and optimise crane deployment and fleet management. Er. Teh Poh Suan's team piloted a solar leasing business model, where private sector vendors co-funded the capital costs of solar panel deployment. The private vendors recouped their initial investment by leasing solar energy to building occupants at a discount from prevailing energy tariffs.

PEB Scholarships and Gold Medals

In 2019, the Board awarded scholarships of \$6,000 each to 8 engineering undergraduates from National University of Singapore (NUS) and 8 engineering undergraduates from Nanyang Technological University (NTU). The Board also awarded Gold Medals to NUS and NTU graduates in civil, electrical and mechanical engineering, comprising 6 Gold Medals to BEng. graduates and 6 Gold Medals to MSc graduates.

Annual Appreciation Dinner

The Board held an appreciation dinner on 25 November 2019 to thank professional engineers who had rendered voluntary service to PEB. About 100 professional engineers who were members of the various committees of the Board and the professional interview panels attended the dinner.

PROFESSIONAL ENGINEERS BOARD

FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

Audit Alliance LLP
Public Accountants and Chartered Accountants Singapore

PROFESSIONAL ENGINEERS BOARD

FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

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PROFESSIONAL ENGINEERS BOARD

(Constituted under the Professional Engineers Act (Chapter 253))

STATEMENT BY THE BOARD'S MANAGEMENT

For the financial year ended 31 December 2019

In our opinion:

- (a) the accompanying financial statements of Professional Engineers Board (the "Board") are drawn up in accordance with the provisions of the Professional Engineers Act (Chapter 253) (the "Act") so as to give a true and fair view of the financial position of the Board as at **31 December 2019** and the financial performance, changes in accumulated fund and cash flows of the Board for the year ended on that date;
- (b) at the date of this statement, there are reasonable grounds to believe that the Board will be able to pay its debts as and when they fall due; and
- (c) nothing came to our notice that caused us to believe that the receipts, expenditure, and investment of monies and the acquisition and disposal of assets by the Board during the financial year have not been in accordance with the provisions of the Act.

The Board's Management has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board's Management



Ho Siong Hin
President



Tay Chiou Peng
Registrar

Singapore, 27 April 2020

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PROFESSIONAL ENGINEERS BOARD**
(Constituted under the Professional Engineers Act (Chapter 253))

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Professional Engineers Board (the "Board") which comprise the balance sheet as at 31 December 2019, the statement of comprehensive income, statement of changes in accumulated fund and statement of cash flows of the Board for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Public Sector (Governance Act) Act 2018, Act 5 of 2018 (the "Public Sector (Governance) Act"), the Professional Engineers Act (Chapter 253) (the "Act") and Statutory Board Financial Reporting Standards ("SB-FRS"), so as to give a true and fair view of the balance sheet of the Board as at 31 December 2019 and of the financial performance, changes in accumulated fund and cash flows of the Board 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 Board in accordance with the Accounting and Corporate Regulatory Authority (ACRA) 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

Board's Management is responsible for the other information. The other information comprises of the Statement by the Board's Management included on pages 1 but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not and will 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 identified above 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 that we obtained prior to the date of this auditor's 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.

Responsibility of the Board's Management for the Financial Statements

Board's management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Professional Engineering Act (Chapter 235) (the "Act") and Statutory Board Financial Reporting Standards ("FRS), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PROFESSIONAL ENGINEERS BOARD**

(Constituted under the Professional Engineers Act (Chapter 253))

Responsibility of the Board's Management for the Financial Statements (continued)

In preparing the financial statements, the Board's Management is responsible for assessing the Board'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 the Board's Management either intends to liquidate the Board or to cease operation, or has no realistic alternative but to do so.

The Board's Management responsibilities include overseeing the Board's financial reporting process.

Independent Auditor's responsibility 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 auditor's 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 control.
- Obtain an understanding of internal control 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 Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management Committee.
- Conclude on the appropriateness of Management Committee'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 Board'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 auditor's report. However, future events or conditions may cause the Board 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 the Board's Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PROFESSIONAL ENGINEERS BOARD**
(Constituted under the Professional Engineers Act (Chapter 253))

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required the Act to be kept by the Board have been properly kept in accordance with provision of the Act.

A handwritten signature in blue ink, consisting of several loops and a long horizontal stroke extending to the right.

Audit Alliance LLP
Public Accountants and Chartered Accountants

Singapore, 27 April 2020

PROFESSIONAL ENGINEERS BOARD

(Constituted under the Professional Engineers Act (Chapter 253))

STATEMENT OF COMPREHENSIVE INCOME*For the financial year ended 31 December 2019*

	Note	2019 S\$	2018 S\$
Income			
Company Licensing Fees		114,042	110,708
Examination Fees		502,050	460,600
Grant Income		269,941	-
Renewal Fees		527,450	523,100
Registration Fees		48,400	86,450
Interest Income	4	124,506	103,059
Other Income	5	38,628	26,141
Total Income		1,625,017	1,310,058
Less: Expenditure			
Audit Fee		3,980	4,280
Annual and Appreciation Dinner		17,104	19,185
Amortisation – Right of Use Assets		55,982	-
Computer Services and Software		84,436	141,455
Certificate Presentation Ceremony		37,195	42,146
Distinguished PE Awards		86,606	-
Depreciation		10,283	4,661
Examination Expenses		179,334	155,179
Honorarium to Board Members		58,705	61,200
International Liaison, Accreditation and Overseas Visit		11,413	26,103
Interest Expenses		2,493	-
Operating Leases		-	65,825
Seminar Expenses		9,922	-
Staff Expenses	6	502,037	461,736
Scholarships		96,000	96,000
Utilities and Service Charges		31,855	26,685
Other Expenses		187,154	192,921
		1,374,499	1,297,376
Surplus before contribution to consolidated fund		250,518	12,682
Contribution to Singapore Government Consolidated Fund	7	42,588	2,156
Total comprehensive surplus for the year		207,930	10,526

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

PROFESSIONAL ENGINEERS BOARD

(Constituted under the Professional Engineers Act (Chapter 253))

BALANCE SHEET*As at 31 December 2019*

	Note	2019 S\$	2018 S\$
Non-current asset			
Plant and Equipment	8	22,932	28,169
Right of Use Assets	15	285,353	-
Investment	9	2,964,000	2,964,000
		<u>3,272,285</u>	<u>2,992,169</u>
Current assets			
Other Receivables	10	320,224	42,726
Fixed Deposits with Financial Institution	11	2,300,000	2,300,000
Cash and Cash Equivalents	12	453,528	401,022
Total current asset		<u>3,073,752</u>	<u>2,743,748</u>
Total assets		<u><u>6,346,037</u></u>	<u><u>5,735,917</u></u>
Equity			
Accumulated Surplus		<u>5,128,223</u>	<u>4,925,911</u>
Net equity		<u>5,128,223</u>	<u>4,925,911</u>
Non-Current liabilities			
Lease Liabilities	15	<u>285,942</u>	<u>-</u>
Current liabilities			
Other Payables and Accruals	13	301,997	201,864
Advance Received	14	629,875	608,142
Total current liabilities		<u>931,872</u>	<u>810,006</u>
Total equity and liabilities		<u><u>6,346,037</u></u>	<u><u>5,735,917</u></u>

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

PROFESSIONAL ENGINEERS BOARD

(Constituted under the Professional Engineers Act (Chapter 253))

STATEMENT OF CHANGES IN ACCUMULATED FUND

For the financial year ended 31 December 2019

	Accumulated Surplus S\$
2019	
Beginning of financial year	4,925,911
Effect of adopting FRS 116 lease	(5,618)
Beginning of financial year (restated)	4,920,293
Total comprehensive surplus for the year	<u>207,930</u>
End of financial year	<u>5,128,223</u>
2018	
Beginning of financial year	4,915,385
Total comprehensive surplus for the year	<u>10,526</u>
End of financial year	<u><u>4,925,911</u></u>

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

PROFESSIONAL ENGINEERS BOARD

(Constituted under the Professional Engineers Act (Chapter 253))

STATEMENT OF CASH FLOWS*For the financial year ended 31 December 2019*

	Notes	2019 S\$	2018 S\$
Cash flows from operating activities			
Surplus for the year		250,518	12,682
Adjustments for:			
Amortisation – right of use assets		55,982	-
Depreciation on plant and equipment	8	10,283	4,661
Interest expense		2,493	-
Interest incomes		(124,506)	(103,059)
		<u>194,770</u>	<u>(85,716)</u>
Changes in working capital:			
Other receivables		(277,498)	(6,553)
Other payables and accruals		121,866	65,980
Net cash used in operating activities		<u>39,138</u>	<u>(26,289)</u>
Cash flows from investing activity			
Fixed deposits place		-	1,000,000
Investments		-	(1,004,000)
Interest received		124,506	103,059
Purchase of plant and equipment	8	(5,046)	(19,702)
Net cash generated from investing activities		<u>119,460</u>	<u>79,357</u>
Cash flows from financing activity			
Contribution to consolidated fund		(42,588)	-
Interest paid		(2,493)	-
Payment of principal portion of lease liabilities		(61,011)	-
Net cash used in financing activity		<u>(106,092)</u>	<u>-</u>
Net increase in cash and cash equivalents		52,506	53,068
Cash and cash equivalents at beginning of the year		401,022	347,954
Cash and cash equivalents at end of the year	12	<u>453,528</u>	<u>401,022</u>

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

PROFESSIONAL ENGINEERS BOARD

(Constituted under the Professional Engineers Act (Chapter 253))

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

1. General information

The Professional Engineers Board was established in 1970 under Professional Engineers Act, Chapter 253.

The registered office and principal place of operations of the Board is located at 52 Jurong Gateway road #07-03, Singapore 608550.

The principal activities of the Board are those of administering the Board's membership, Register of Professional Engineers and licensing of professional engineering corporations. There has been no significant change in the nature of this activity during the financial year.

2. Significant Accounting Policies

2.1 Basis of Preparation

These financial statements have been prepared in accordance with Statutory Board Financial Reporting Standards ("SB-FRS") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SB-FRS requires management to exercise its judgement in the process of applying the Board's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The financial statements are presented in Singapore Dollars (S\$) which is the Board's functional currency.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Board has adopted all the new and amended standards which are relevant to the Board and are effective for annual financial periods beginning on or after 1 January 2019. Except for the adoption of SB-FRS 116 Leases described below, the adoption of these standards did not have any material effect on the financial performance or position of the Board.

SB-FRS 116 Leases

SB-FRS 116 supersedes SB-FRS 17 Leases, INT SB-FRS 104 Determining whether an Arrangement contains a Lease, INT SB-FRS 15 Operating Leases-Incentives and INT SB-FRS 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

PROFESSIONAL ENGINEERS BOARD

(Constituted under the Professional Engineers Act (Chapter 253))

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Significant Accounting Policies (continued)

2.2 Changes in accounting policies (continued)

SB-FRS 116 Leases (continued)

The Board adopted SB-FRS 116 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application as an adjustment to the opening balance of retained earnings. The Board elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 January 2019. Instead, the Board applied the standard only to contracts that were previously identified as leases applying SB-FRS 17 and INT SB-FRS 104 at the date of initial application.

The effect of adopting SB-FRS 116 as at 1 January 2019 was as follows:

	Increase/(decrease)
	S\$
Right of use assets	51,153
Lease liabilities	56,771
Retained earnings	(5,618)

The Board has lease contracts for buildings. Before the adoption of SB-FRS 116, the Board classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. The accounting policy prior to 1 January 2019 is disclosed in Note 2.15.

Upon adoption of SB-FRS 116, the Board applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The accounting policy beginning on and after 1 January 2019 is disclosed in Note 2.15. The standard provides specific transition requirements and practical expedients, which have been applied by the Board.

(a) Leases previously accounted for as operating leases

The Board recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for the leases were recognised based on the carrying amount as if the standard had always been applied, using the incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Board also applied the available practical expedients wherein it:

- used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relied on its assessment of whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review;
- applied the short-term leases exemption to leases with lease term that ends within 12 months of the date of initial application;
- excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and

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For the financial year ended 31 December 2019

2. Significant Accounting Policies (continued)

2.2 Changes in accounting policies (continued)

SB-FRS 116 Leases (continued)

(a) Leases previously accounted for as operating leases (continued)

- used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, as at 1 January 2019:

- right-of-use assets of \$26,195 were recognised;
- additional lease liabilities of \$26,922 were recognised;
- the net effect of these adjustments of \$727 had been adjusted to retained earnings. Comparative information is not restated.

(b) Leases previously accounted for as operating leases

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	S\$
Operating lease commitments as at 31 December 2018	<u>58,018</u>
Weighted average incremental borrowing rate as at 1 January 2019	<u>5.25%</u>
Discounted operating lease commitments as at 1 January 2019	<u>56,771</u>
Lease liabilities as at 1 January 2019	<u>56,771</u>

New or amended Standards and Interpretations after 1 January 2020

Certain new accounting standards and interpretations have been published that are mandatory for accounting years after 1 January 2020.

The Board is currently assessing the impact on the adoption of the new standards in the period of initial application.

2.3 Foreign currency transactions and balance

Transactions in foreign currencies are measured in the functional currency of the Board and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Significant Accounting Policies (continued)

2.4 Revenue recognition

Revenue is measured based on the consideration to which the Board expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Board satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Government Grant

Income from the government grants are recognized upon receipt.

Registration Fee

Registration fee income is recognized when the applicant is registered as a member with the entity.

Renewal and Licensing Fee

Renewal and licensing fee income is recognized on amortisation basis.

Examination Fee and Other Fee

Examination and other fee income are recognized in the period in which the services are rendered.

Interest Income

Interest income is recognized on accrual basis.

2.5 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(i) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Board pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Board has no further payment obligations once the contributions have been paid.

(ii) Short-term compensated absences

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 balance sheet date.

2.6 Income tax

The income of the Board is exempted from income tax under Section 13(1) (e) of the Singapore Income Tax Act.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Significant Accounting Policies (continued)

2.7 Contribution to consolidated fund

The Statutory Corporations (Contribution to Consolidated Fund) Act, Chapter 319A and Ministry of Finance mandates all Statutory Corporations contribute a percentage of its annual surplus income to the Singapore Government Consolidated Fund. Such contributions are accrued for in the year which the corresponding surplus income arises.

2.8 Plant and equipment

(i) Measurement

All property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Management.

(ii) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	<u>Useful life</u>
Office furniture	8 years
Office equipment	5 years
Computer	3 years
Photo and printing equipment	8 years

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision of the residual values and useful lives are included in the statement of comprehensive income for the financial year in which the changes arise.

(iii) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Board and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repair and maintenance expenses in the statement of comprehensive income during the financial year in which it is incurred.

(iv) Disposal

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

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Significant Accounting Policies (continued)

2.9 Impairment of non-financial assets

The Board assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, (or, where applicable, when an annual impairment testing for an asset is required), the Board makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.10 Financial assets

The Board classifies its financial assets into the following measurement categories

- Amortised cost
- Fair value through profit or loss (FVPL)

The classification depends on the Board's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Board reclassifies debt instruments when and only when its business model for managing those assets changes.

(i) At initial recognition

At initial recognition, the Board measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

PROFESSIONAL ENGINEERS BOARD

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Significant Accounting Policies (continued)

2.10 Financial assets (continued)

(ii) At subsequent measurement

a) Debt instrument

Debt instruments of the Board mainly comprise of cash and bank deposits, trade and other receivables.

There are three prescribed subsequent measurement categories, depending on the Board's business model in managing the assets and the cash flow characteristic of the assets. The Board managed these group of financial assets by collecting the contractual cash flow and these cash flows represents solely payment of principal and interest. Accordingly, these group of financial assets are measured at amortised cost subsequent to initial recognition.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets are recognised using the effective interest rate method.

The Board assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost.

For trade and other receivable, the Board applied the simplified approach permitted by the SB-SB-FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For cash and bank deposits, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

b) Equity instrument

On initial recognition of an investment in equity instrument that is not held for trading, the Board may irrevocably elect to present subsequent changes in fair value in other comprehensive income which will not be reclassified subsequently to profit or loss. Dividends from such investments are to be recognised in profit or loss when the Board's right to receive payments is established. For investments in equity instruments which the Board has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss.

(iii) Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Significant Accounting Policies (continued)

2.11 Impairment of financial assets

The Board recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Board expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Board applies a simplified approach in calculating ECLs. Therefore, the Board does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Board has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

The Board considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Board may also consider a financial asset to be in default when internal or external information indicates that the Board is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Board. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.12 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, cash at bank and deposits with financial institutions which are subject to an insignificant risk of change in value. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.13 Other payables

Other payables represent liabilities for goods and services provided to the Board prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less. Otherwise, they are presented as non-current liabilities. Other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.14 Provisions

Provisions for legal claims are recognised when the Board has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

PROFESSIONAL ENGINEERS BOARD

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Significant Accounting Policies (continued)

2.15 Leases

The accounting for leases before 1 January 2019 are as follows:

When the Board is the lessee:

The Board leases the factory and warehouse under operating leases from non-related parties.

Lessee – Operating leases

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in statement of comprehensive income on a straight-line basis over the period of the lease. Contingent rents are recognised as an expense in statement of comprehensive income when incurred.

The accounting for leases after 1 January 2019 are as follows:

The Board assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

When the Board is the lessee:

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

Right-of-use assets

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

If ownership of the leased asset transfers to the Board at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.9.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. Significant Accounting Policies (continued)

2.15 Leases (continued)

The accounting for leases after 1 January 2019 are as follows: (continued)

Lease liabilities

At the commencement date of the lease, the Board recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Board and payments of penalties for terminating the lease, if the lease term reflects the Board exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Board uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Board applies the short-term lease recognition exemption to its short-term leases of machinery (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

2.16 Related party

A party is considered to be related to the Board if:

- a) The party, directly or indirectly through one or more intermediaries,
 - i. control, is controlled by, or is under common control with, the Board;
 - ii. has an interest in the Board that gives it significant influence over the Board; or
 - iii. has joint control over the Board;
- b) The party is an associated entity;
- c) The party is a jointly-controlled entity;
- d) The party is a member of the key management personnel of the Board or its parent;
- e) The party is a close member of the family of any individual referred to in (a) or (d);
- f) The party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e).

PROFESSIONAL ENGINEERS BOARD

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

3. Critical accounting estimates, assumption and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances

Critical accounting estimates and assumptions

Impairment of Loans and Receivables

The Board's Management review its loans and receivables for objective evidence of impairment annually. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, the Board's Management has made judgments as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the Board's Management has made judgments as to whether an impairment loss should be recorded as an expense. In determining this, the Board's Management has used estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experienced.

Depreciation of Property, Plant and Equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. The Board's Management estimates the useful lives of these property, plant and equipment to be within 3 to 8 years. Changes in the expected level of usage and technological developments could impact the useful economic lives and the residual values, if any, of these assets, therefore future depreciation charges could be revised.

Investments

The Board holds corporate variable rate notes that are not traded in an active market with a carrying amount of S\$2,964,000. The Board has used discounted cash flow analysis for valuing these financial assets and made estimates about expected future cash flow and credit spreads. If the credit spread used in the discounted cash flow analysis had been higher/lower by 1% from the Board's management's estimated, the Board's carrying amount of available-for-sale financial assets would have been higher/lower by S\$29,640.

Impairment of Property, Plant and Equipment

The Board's Management determines whether property, plant and equipment are impaired at least on an annual basis. This required an estimation of the expected future cash flows from the property, plant and equipment.

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NOTES TO THE FINANCIAL STATEMENTS*For the financial year ended 31 December 2019*

4. Interest income

	2019	2018
	S\$	S\$
Bank balances	284	458
Debt securities	82,700	64,073
Fixed deposits	41,522	38,528
	<u>124,506</u>	<u>103,059</u>

5. Staff expenses

	2019	2018
	S\$	S\$
Salaries and bonuses	433,246	388,850
Central Provident Fund contributions	68,791	72,886
	<u>502,037</u>	<u>461,736</u>

6. Contribution to consolidated fund

The Statutory Corporations (Contributions to Consolidated Fund) Act, Chapter 319A requires that the Board contribute part of its annual excess of income over expenditure to a Consolidated Fund ("Fund"). This Fund belongs to Singapore and is administered by the Government in accordance with the Constitution of The Republic of Singapore.

	2019	2018
	S\$	S\$
Contribution to Consolidated Fund at 17% (2018: 17%) of net surplus income for the financial year	<u>42,588</u>	<u>2,156</u>

PROFESSIONAL ENGINEERS BOARD

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NOTES TO THE FINANCIAL STATEMENTS*For the financial year ended 31 December 2019***7. Plant and equipment**

	Office Furniture S\$	Office Equipment S\$	Computers S\$	Photo & printing equipment S\$	Total S\$
2019					
<i>Cost</i>					
At 1 January	2,305	15,742	38,755	9,288	66,090
Additions	552	4,494	-	-	5,046
At 31 December	2,857	20,236	38,755	9,288	71,136
<i>Accumulated depreciation</i>					
At 1 January	2,305	10,262	20,710	4,644	37,921
Depreciation	52	2,502	6,568	1,161	10,283
At 31 December	2,357	12,764	27,278	5,805	48,204
<i>Net book value</i>					
At 31 December	500	7,472	11,477	3,483	22,932
2018					
<i>Cost</i>					
At 1 January	2,305	14,950	19,845	9,288	46,388
Additions	-	792	18,910	-	19,702
Disposal	-	-	-	-	-
At 31 December	2,305	15,742	38,755	9,288	66,090
<i>Accumulated depreciation</i>					
At 1 January	2,305	8,249	19,223	3,483	33,260
Depreciation	-	2,013	1,487	1,161	4,661
Disposal	-	-	-	-	-
At 31 December	2,305	10,262	20,710	4,644	37,921
<i>Net book value</i>					
At 31 December	-	5,480	18,045	4,644	28,169

PROFESSIONAL ENGINEERS BOARD

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

8. Investments

	2019	2018
	S\$	S\$
Unquoted debt securities (Singapore)	<u>2,964,000</u>	<u>2,964,000</u>

Debt securities bear fixed rate interest at 2.5% to 3.1% (2018: 2.5% to 3.1%) per annum and mature in year 2021, 2024 and 2025.

9. Other receivables

	2019	2018
	S\$	S\$
Interest income receivable	49,987	23,547
Prepayment and other debtors	296	19,179
Grant receivable	<u>269,941</u>	<u>-</u>
	<u>320,224</u>	<u>42,726</u>

Other receivables are denominated in Singapore Dollars. No interest is charged on receivables.

10. Fixed deposits with financial institutions

All fixed deposits mature within one year and earn interest at rates ranging from 1.1% to 2% (2018: 1.2 to 1.5%) per annum.

11. Cash and cash equivalents

	2019	2018
	S\$	S\$
Cash and bank balances	<u>453,528</u>	<u>401,022</u>

Cash and bank balances are denominated in Singapore Dollars.

PROFESSIONAL ENGINEERS BOARD

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NOTES TO THE FINANCIAL STATEMENTS*For the financial year ended 31 December 2019*

12. Other payables and accruals

	2019 S\$	2018 S\$
Accrued operating expenses	259,409	168,846
Accrued contribution to Consolidated Fund	42,588	33,018
	<u>301,997</u>	<u>201,864</u>

Other payables and accruals are denominated in Singapore Dollars.

13. Advance received

	2019 S\$	2018 S\$
Registration fees received in advance	18,200	17,000
Renewal fees received in advance	501,350	487,400
Company licensing fees received in advance	86,625	82,167
Examination fees received in advance	15,300	12,275
Other advance payments received	8,400	9,300
	<u>629,875</u>	<u>608,142</u>

15. LeasesBoard as a lessee

The Board has lease contracts for land, buildings and motor vehicles. The Board's obligations under these leases are secured by the lessor's title to the leased assets. The Board is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension options which are further discussed below.

The Board also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Board applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

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NOTES TO THE FINANCIAL STATEMENTS*For the financial year ended 31 December 2019***15. Leases (continued)****(a) Carrying amounts of right-of-use assets classified within property, plant and equipment**

	Leasehold buildings S\$	Total S\$
Cost		
At 1 January 2019	-	-
Effect of adopting SB-FRS 116	<u>279,020</u>	<u>279,020</u>
At 1 January 2019 (restated)	<u>279,020</u>	<u>279,020</u>
Addition	<u>290,181</u>	<u>290,181</u>
At 31 December 2019	<u>569,201</u>	<u>569,201</u>
Accumulated depreciation		
At 1 January 2019	-	-
Effect of adopting SB-FRS 116	<u>227,866</u>	<u>227,866</u>
At 1 January 2019 (restated)	<u>227,866</u>	<u>227,866</u>
Addition	<u>55,982</u>	<u>55,982</u>
At 31 December 2019	<u>283,848</u>	<u>283,848</u>
Carrying amount		
At 31 December 2019	<u>285,353</u>	<u>285,353</u>

(b) Lease liabilities

The carrying amounts of lease liabilities are:

	2019 S\$
Lease liabilities	
- current	52,349
- non-current	<u>233,593</u>

A reconciliation of liabilities arising from financing activities is as follows:

2019	1 January 2019	Effects of adopting SB-FRS 116	1 January 2019 (Restated)	Cash flows	Non-cash changes			31 December 2019
					Acquisition	Accretion of interests	Others	
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Current:								
-Lease liabilities	-	56,771	56,771	(63,504)	290,182	2,493	-	<u>285,942</u>

PROFESSIONAL ENGINEERS BOARD

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

15. Leases (continued)

(c) Amounts recognised in profit or loss

	2019 S\$
Depreciation of right-of-use assets	55,982
Interest expense on lease liabilities	2,493
	<hr/>
Total amount recognised in profit or loss	58,475

(d) Total cash outflow

The Board had total cash outflows for leases of S\$61,011 in 2019.

(e) Extension options

The Board has several lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Board's business needs. Management exercises significant judgement in determining whether these extension options are reasonably certain to be exercised.

16. Related party transactions

Compensation of Board's Management members representing key management personnel was as follows:

	2019 S\$	2018 S\$
Board's Management members' remuneration, honorarium and other short-term benefits	58,705	61,200
	<hr/>	<hr/>
	58,705	61,200

17. Commitment

Operating lease commitments – as lessee

The Board leases warehouses and equipment under non-cancellable operating lease agreements. These leases have varying terms.

As at 31 December 2018, the future minimum lease payables under non-cancellable operating leases contracted for but not recognised as liabilities, are as follows:

	S\$
Not later than one year	58,018

PROFESSIONAL ENGINEERS BOARD

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

17. Commitment (continued)

Minimum lease payments recognised as an expense in profit or loss for the financial year ended 31 December 2018 amounted to \$65,825.

As disclosed in Note 2.2, the Board has adopted SB-FRS 116 on 1 January 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the statement of financial position as at 31 December 2019, except for short-term and low-value leases.

18. Fair value

(i) Fair value hierarchy

The Board categories their value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows: -

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(ii) Assets measured at fair value

There is no asset that is measured at fair value.

(iii) Assets and liabilities not measured at fair value

Cash and cash equivalents, other payables

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

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19. Financial risk management objectives and policies

The Board is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks are credit risk, interest rate risk and liquidity risk. The Board's management reviews and agrees on policies for managing each of these risks and they are summarised below:

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Board.

The Board has adopted a policy of only dealing with creditworthy counterparties. The Board performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

Exposure to credit risk

The Board has no significant concentration of credit risk. The Board has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Board has no significant interest-bearing assets, the Board's income is substantially independent of changes in market interest rates.

The management monitors movements in interest rates to ensure deposits are placed with financial institutions offering optimal rates of return.

Liquidity risk

Liquidity risk is the risk that the Board will encounter difficulty in meeting financial obligations as they fall due.

The management exercises prudence in managing its operating cash flows and aims at maintaining a high level of liquidity at all times.

All financial liabilities of the Board are repayable on demand or mature within one year.

20. Financial instrument by category

At the reporting date, the aggregate carrying amounts of financial assets at amortised cost and financial liabilities at amortised cost were as follows:

	2019 S\$	2018 S\$
Financial assets measured at amortised cost		
Fixed deposit with financial institutions	2,300,000	2,300,000
Other receivables	320,224	42,726
Cash and cash equivalents	453,528	401,022
Total financial assets measured at amortised cost	<u>3,073,752</u>	<u>2,743,748</u>
Financial liabilities measured at amortised cost		
Other payables and accruals	301,997	201,864
Total financial liabilities measured at amortised cost	<u>301,997</u>	<u>201,864</u>

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21. Capital risk management

The Board's objectives when managing capital are to safeguard the Board's ability to continue as a going concern and to maintain an optimal capital structure so as to maximize stakeholder value. In order to maintain or achieve an optimal capital structure, the Board may obtain new borrowings or sell assets to reduce borrowings.

The Board is not subject to externally imposed capital requirement. The Board's Management monitors capital based on a gearing ratio. There has been no change in the objectives, policies and processes since last year.

The gearing ratio is calculated as debt divided by total capital. Debt comprises of payables. Total capital is calculated as total funds plus debt.

	2019	2018
	S\$	S\$
Debt	931,872	810,006
Total Funds	5,128,223	4,925,911
Total Capital	<u>6,060,095</u>	<u>5,735,917</u>
Gearing Ratio	15.4%	14.1%

22. Authorisation of financial statements

The financial statements of the Professional Engineers Board for the year ended 31 December 2019 were authorised for issue by the Board on 27 April 2020.