Deloitte.

INTELLECTUAL PROPERTY OFFICE OF SINGAPORE AND ITS SUBSIDIARIES

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 2020

INTELLECTUAL PROPERTY OFFICE OF SINGAPORE AND ITS SUBSIDIARIES

REPORT AND FINANCIAL STATEMENTS

C O N T E N T S

INTELLECTUAL PROPERTY OFFICE OF SINGAPORE AND ITS SUBSIDIARIES

STATEMENT BY INTELLECTUAL OFFICE OF SINGAPORE

In the opinion of the Members of the Board,

(a) the accompanying financial statements of Intellectual Property Office of Singapore (the "Office") and its subsidiaries (the "Group"), set up on pages 6 to 53 are properly drawn up in accordance with the provisions of the Public Sector (Governance) Act 2018, Act 5 of 2018 (the "PSG Act"), the Intellectual Property Office of Singapore Act 2002 (Revised Edition), Chapter 140 (the "IPOS Act") and Statutory Board Financial Reporting Standards ("SB-FRS") so as to present fairly, in all material respects, the financial position of the Group and of the Office as at 31 March 2020 and the financial performance, changes in equity of the Group and the Office and cash flows of the Group for the year ended on that date;

(b) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Office during the financial year ended 31 March 2020 have been in accordance with the provisions of the PSG Act, the IPOS Act and the requirements of any other written law applicable to moneys of or managed by the Office and;

(c) proper accounting and other records have been kept, including records of all assets of the Office and of those subsidiaries incorporated in Singapore whether purchased, donated or otherwise.

On behalf of Intellectual Property Office of Singapore and its subsidiaries

Stanley Lai
Chairman

Daren Tang
Chief Executive

Singapore
28 July 2020

Deloitte.

Deloitte & Touche LLP
Unique Entity No. T08LL0721A
6 Shenton Way
OUE Downtown 2
#33-00
Singapore 068809

Tel: +65 6224 8288
Fax: +65 6538 6166
www.deloitte.com/sg

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOARD OF

INTELLECTUAL PROPERTY OFFICE OF SINGAPORE

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Intellectual Property Office of Singapore (the "Office") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Office as at 31 March 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Office for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 53.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Office are properly drawn up in accordance with the provisions of the Public Sector (Governance) Act 2018, Act 5 of 2018 (the "PSG Act"), the Intellectual Property Office of Singapore Act 2002 (Revised Edition), Chapter 140 (the "IPOS Act") and Statutory Board Financial Reporting Standards ("SB-FRS") so as to present fairly, in all material respects, the financial position of the Group and the Office as at 31 March 2020 and financial performance and changes in equity of the Group and the Office and consolidated cash flows of the Group 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group 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 Matters

The consolidated financial statements of the Group and the statement of financial position, statement of comprehensive income and statement of changes in equity of the Office for the year ended 31 March 2019 were audited by another firm of auditors who expressed an unmodified opinion on those financial statements on 16 July 2019.

Deloitte.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOARD OF

INTELLECTUAL PROPERTY OFFICE OF SINGAPORE

Information Other than Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the Statement by Intellectual Office of Singapore set out on page 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 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, 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 presentation of the financial statements in accordance with the provisions of the PSG Act, the IPOS Act and SB-FRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

A statutory board is constituted based on its constitutional act and its dissolution requires Parliament's approval. In preparing the financial statements, management is responsible for assessing the Group'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 Group or for the Group to cease operations.

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

Auditor's 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 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 skepticism throughout the audit. We also:

(a) 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.

(b) 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 Group's internal control.

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

(d) 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 Group to cease to continue as a going concern.

(e) 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.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Office during the year are, in all material respects, in accordance with the provisions of the PSG Act, IPOS Act and the requirements of any other written law applicable to moneys of or managed by the Office and;

(b) proper accounting and other records have been kept, including records of all assets of the Office and of those subsidiaries which we are the auditors, incorporated in Singapore whether purchased, donated or otherwise.

Deloitte.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE BOARD OF

INTELLECTUAL PROPERTY OFFICE OF SINGAPORE

Basis for Opinion

We conducted our audit in accordance with 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 Group 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 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 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 PSG Act, IPOS Act and the requirements of any other written law applicable to moneys of or managed by the Office. This responsibility includes monitoring related compliance requirements relevant to the Office, and implementing accounting and internal controls as management determines are necessary to enable compliance with the requirements.

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

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

Deloitte & Touche LLP

Public Accountants and
Chartered Accountants
Singapore

28 July 2020

INTELLECTUAL PROPERTY OFFICE OF SINGAPORE AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION
31 March 2020

	Note	Group		Office	
		2020	2019	2020	2019
		$	$	$	$
ASSETS					
Current assets					
Cash and cash equivalents	6	100,661,994	104,393,398	91,458,490	94,285,752
Trade receivables	7	3,163,051	2,697,623	1,822,620	1,618,609
Other receivables	8	7,367,641	6,686,566	9,784,551	9,097,792
Total current assets		111,192,686	113,777,587	103,065,661	105,002,153
Non-current assets					
Intangible assets	9	2,897,059	4,398,692	2,158,839	3,388,720
Plant and equipment	10	5,673,367	2,535,170	5,629,899	2,243,949
Right-of-use asset	11	14,128,377	-	14,128,377	-
Investment in subsidiaries	12	-	-	2	4,730,002
Total non-current assets		22,698,803	6,933,862	21,917,117	10,362,671
Total assets		133,891,489	120,711,449	124,982,778	115,364,824
LIABILITIES AND EQUITY					
Current liabilities					
Trade payables	13	774,934	739,136	122,197	18,646
Other payables	14	14,823,682	13,957,201	13,631,714	12,119,360
Provision for reinstatement costs	15	759,137	1,021,954	759,137	744,555
Deferred revenue	16	306,600	450,506	21,600	3,212
Grants received in advance	17	2,114,691	2,001,411	2,061,791	2,001,411
Provision for contribution to consolidated fund	18	-	4,739,357	-	4,739,357
Income tax payable		3,554	3,554	-	-
Patent deposits	19	6,782,332	5,112,385	6,782,332	5,112,385
Lease liability	20	3,149,818	-	3,149,818	-
Total current liabilities		28,714,748	28,025,504	26,528,589	24,738,926
Non-current liability					
Lease liability	20	10,797,536	-	10,797,536	-
Capital and reserves					
Share capital	21	853,153	853,153	853,153	853,153
Accumulated surpluses		93,526,052	91,832,792	86,803,500	89,772,745
Total equity		94,379,205	92,685,945	87,656,653	90,625,898
Total liabilities and equity		133,891,489	120,711,449	124,982,778	115,364,824

INTELLECTUAL PROPERTY OFFICE OF SINGAPORE AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Year ended 31 March 2020

		Group		Office	
	Note	2020	2019	2020	2019
		$	$	$	$
Operating income					
Registration fees	22	59,310,309	56,567,938	50,959,839	49,755,698
Training course income		3,925,213	2,190,268	-	-
Other fees and charges		3,189,517	3,438,841	2,479,665	766,623
		66,425,039	62,197,047	53,439,504	50,522,321
Operating expenditure					
Employee benefit expenses	23	41,979,272	41,336,949	22,965,929	23,992,618
Maintenance of office premises and computers		8,833,717	8,132,400	8,206,606	7,822,981
Rental of office premises		-	4,207,378	-	3,051,199
Short-term lease expenses		2,426,339	-	1,731,396	-
Amortisation expense	9	2,203,147	3,676,503	1,867,071	3,235,745
Depreciation expense	10, 11	3,730,741	887,923	3,643,088	560,300
Impairment loss in subsidiary	12	-	-	12,430,000	21,300,000
Interest expense		185,632	-	185,632	-
Loss allowances	7, 8	9,199	20,000	251,731	-
Grants disbursed	24	-	-	428,673	1,924,475
Other expenses	25	10,297,505	8,439,935	7,146,793	5,165,315
		69,665,552	66,701,088	58,856,919	67,052,633
Operating deficit		(3,240,513)	(4,504,041)	(5,417,415)	(16,530,312)
Non-operating income					
Interest income	26	1,993,429	1,773,578	1,906,970	1,723,572
Other income		203,824	-	200,531	-
		2,197,253	1,773,578	2,107,501	1,723,572
Deficit before grants and contribution to Consolidated Fund		(1,043,260)	(2,730,463)	(3,309,914)	(14,806,740)
Grants					
Operating grants	17	2,736,520	5,444,057	340,669	1,028,922
Surplus (Deficit) before contribution to Consolidated Fund and taxation		1,693,260	2,713,594	(2,969,245)	(13,777,818)
Contribution to Consolidated Fund	18	-	-	-	-
Income tax expense	27	-	(30,202)	-	-
Total comprehensive income (loss) for the financial year		1,693,260	2,683,392	(2,969,245)	(13,777,818)

INTELLECTUAL PROPERTY OFFICE OF SINGAPORE AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN EQUITY
Year ended 31 March 2020

	Share capital	Accumulated surplus	Total
	$	$	$
Group			
Balance as at 1 April 2018	853,153	89,149,400	90,002,553
Profit for the year, representing total comprehensive income for the year	-	2,683,392	2,683,392
Balance at 31 March 2019	853,153	91,832,792	92,685,945
Profit for the year, representing total comprehensive income for the year	-	1,693,260	1,693,260
Balance at 31 March 2020	853,153	93,526,052	94,379,205
Office			
Balance as at 1 April 2018	853,153	103,550,563	104,403,716
Loss for the year, representing total comprehensive loss for the year	-	(13,777,818)	(13,777,818)
Balance as at 31 March 2019	853,153	89,772,745	90,625,898
Loss for the year, representing total comprehensive loss for the year	-	(2,969,245)	(2,969,245)
Balance as at 31 March 2020	853,153	86,803,500	87,656,653

INTELLECTUAL PROPERTY OFFICE OF SINGAPORE AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 March 2020

	Note	Group 2020	Group 2019
		$	$
Operating activities			
Deficit before grants and Contribution to Consolidated Fund		(1,043,260)	(2,730,463)
Adjustments for:			
Amortisation of intangible assets	9	2,203,147	3,676,503
Intangible assets written off	9	39,703	-
Depreciation of right-of-use asset	11	2,493,243	
Depreciation of plant and equipment	10	1,237,498	887,923
Plant and equipment written off	10	547,764	11,698
Loss on disposal of plant and equipment		2,251	-
Loss allowance for trade receivables	7	9,199	20,000
Interest expense		185,632	-
Interest income	26	(1,993,429)	(1,773,578)
Surplus before working capital changes		3,681,748	92,083
Trade and other receivables		(1,082,885)	(5,100,897)
Trade and other payables		639,462	2,211,348
Deferred revenue		(143,906)	232,133
Patent deposits		1,669,947	961,711
Cash generated from (used in) operations		4,764,366	(1,603,622)
Interest received		1,920,612	1,224,012
Income tax paid		-	(17,981)
Contribution to consolidated fund		(4,739,357)	(1,385,953)
Net cash generated from (used in) operating activities		1,945,621	(1,783,544)
Investing activities			
Purchase of intangible assets	9	(741,217)	(881,049)
Purchase of plant and equipment	10	(4,943,344)	(1,498,684)
Proceeds from disposal of plant and equipment		17,634	-
Net cash used in investing activities		(5,666,927)	(2,379,733)
Financing activities			
Government grants received	17	2,849,800	3,554,709
Repayment of lease liability		(2,859,898)	-
Placement of fixed deposit pledged		-	(10,000)
Net cash (used in) from financing activities		(10,098)	3,544,709
Net decrease in cash and cash equivalents		(3,731,404)	(618,568)
Cash and cash equivalents at beginning of year		104,383,398	105,001,966
Cash and cash equivalents at end of year	6	100,651,994	104,383,398

1 GENERAL

Intellectual Property Office of Singapore (the "Office") is established under the Intellectual Property Office of Singapore Act 2002 (Revised Edition), Chapter 140, under the purview of the Ministry of Law (the "IPOS Act") with its principal place of business and registered office at 1 Paya Lebar Link #11-03 PLQ 1, Paya Lebar Quarter, Singapore 408533.

As a statutory board, the Office is subject to the directions of the Ministry of Law and is required to implement policies and comply with instructions from its supervising ministry and other government ministries and departments such as the Ministry of Finance.

The principal activities of the Office are:

(a) to administer the systems of protection of intellectual property ("IP") in Singapore;
(b) to formulate and review of IP rights policies and legislations;
(c) to maintain and disseminate of IP information and documents;
(d) to represent the Government internationally on IP matters;
(e) to nurture and train of IP agents;
(f) to co-operate with other organisations and IP offices on IP programmes; and
(g) to promote the awareness and effective use of IP rights.

There have been no significant changes in the nature of these activities during the financial year.

The principal activities of the subsidiaries are set out in Note 12.

The financial statements are presented in Singapore Dollars ($).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of accounting

The financial statements are prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the PSG Act, the IPOS Act and Statutory Board Financial Reporting Standards ("SB-FRS"), including Interpretations of SB-FRS ("INT SB-FRS") and SB-FRS Guidance Notes.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in the consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of SB-FRS 116 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as value in use in SB-FRS 36 *Impairment of Assets.*

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

2.2 Adoption of new and revised standards

On 1 April 2019, the Group and the Office adopted all the new and revised SB-FRSs and INT SB-FRS that are effective from that date and are relevant to its operations. The adoption of these new/revised SB-FRSs, INT SB-FRSs and SB-FRS Guidance Notes does not result in changes to the Group and the Office's accounting policies and has no material effect on the amounts reported for the current or prior year, except as disclosed below.

SB-FRS 116 Leases

SB-FRS 116 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of SB-FRS 116 on the Group's financial statements is described below.

The date of initial application of SB-FRS 116 for the Group is 1 April 2019.

The Group has applied SB-FRS 116 using the cumulative catch-up approach which:

- requires the Group to recognise the cumulative effect of initially applying SB-FRS 116 as an adjustment to the opening balance of retained earnings at the date of initial application; and

- does not permit restatement of comparatives, which continue to be presented under SB-FRS 17 *Leases* and INT FRS 104 *Determining whether an Arrangement contains a Lease*.

(a) Impact of the new definition of a lease

The Group has made use of the practical expedient available on transition to SB-FRS 116 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with SB-FRS 17 and INT FRS 104 will continue to be applied to those leases entered or changed before 1 April 2019.

The change in definition of a lease mainly relates to the concept of control. SB-FRS 116 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in SB-FRS 17 and INT SB-FRS 104.

The Group applies the definition of a lease and related guidance set out in SB-FRS 116 to all lease contracts entered into or modified on or after 1 April 2019 (whether it is a lessor or a lessee in the lease contract). The new definition in SB-FRS 116 does not significantly change the scope of contracts that meet the definition of a lease for the Group.

(b) Impact on lessee accounting

Former operating leases

SB-FRS 116 changes how the Group accounts for leases previously classified as operating leases under SB-FRS 17, which were off-balance-sheet.

Applying SB-FRS 116, for all leases, the Group:

a) Recognises right-of-use assets and lease liabilities in the statements of financial position, initially measured at the present value of the remaining lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with SB-FRS 116.C8(b)(ii), except for the right-of-use asset for property leases which were measured on a retrospective basis as if the Standard had been applied since the commencement date;

b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the statement of profit or loss; and

c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statement of cash flows.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under SB-FRS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under SB-FRS 116, right-of-use assets are tested for impairment in accordance with SB-FRS 36 *Impairment of Assets*.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the company has opted to recognise a lease expense on a straight-line basis as permitted by SB-FRS 116. This expense is presented within other operating expenses in the statement of profit or loss.

The Group has used the following practical expedients when applying the cumulative catch-up approach to leases previously classified as operating leases applying SB-FRS 17:

- The Group has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The Group has excluded initial direct costs from the measurement of right-of-use asset at the date of initial application.

Former finance leases

For leases that were classified as finance leases applying SB-FRS 17, the carrying amount of the leased assets and obligations under finance leases measured applying SB-FRS 17 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments, except in cases where the company has elected to apply the low-value lease recognition exemption.

The right-of-use asset and the lease liability are accounted for applying SB-FRS 116 from 1 April 2019.

(c) Financial impact of initial application of SB-FRS 116

The weighted average lessee's incremental borrowing rate applied to the lease liability recognised in the statement of financial position on 1 April 2019 is 2.5% per annum for the Group and Office.

The following table shows the operating lease commitments disclosed applying SB-FRS 17 at 31 March 2019, discounted using the incremental borrowing rate at the date of initial application and the lease liability recognised in the statement of financial position at the date of initial application.

	Group	Office
	$	$
Operating lease commitments at 31 March 2019 (Note 29)	22,763,273	21,792,386
Less: Short-term leases	(2,426,339)	(1,455,452)
Less: Effect of discounting the above amounts	(954,213)	(954,213)
Less: Service charge paid during the year	(352,810)	(352,810)
Less: Advanced rental paid and rent-free periods	(1,016,834)	(1,016,834)
Less: Service charge not recognised as lease liability	(2,520,068)	(2,520,068)
Less: Commitments effective after 1 April 2019	(15,493,009)	(15,493,009)
Lease liability recognised at 1 April 2019	-	-

The Group has assessed that there is no tax impact arising from the application of SB-FRS 116.

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid expenses relating to that lease recognised in the statement of financial position immediately before the date of initial application.

2.3 Standards issued but not yet effective

At the date of authorisation of these financial statements, the following SB-FRS that is relevant to the Group and Office was issued but not effective and is expected to have an impact to the Group and the Office in the period of its initial adoption:

Effective for annual periods beginning on or after 1 April 2020:

- Amendments to SB-FRS 1 *Presentation of Financial Statements* and SB-FRS 8 *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material*
- Amendments to SB-FRS 103 *Business Combinations: Definition of a Business*
- Amendments to References to the Conceptual Framework in SB-FRS Standards

Management anticipates that the adoption of the above SB-FRSs, INT SB-FRSs and amendments to SB-FRSs in future periods will not have a material impact in the financial statements in the period of their initial adoption.

2.4 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Office and entities controlled by the Group (its subsidiary). Control is achieved when the Group:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Office reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Office has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- The size of the Office 's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Office, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Office has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Office obtains control over the subsidiary and ceases when the Office loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Office gains control until the date when the Office ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Group and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Office and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Office.

When the Group loses control of a subsidiary, a gain or loss is recognised in income or expenditure and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to income or expenditure or transferred to another category of equity as specified/permitted by applicable SB-FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SB-FRS 109, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Office's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

2.5 Financial instruments

Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in income or expenses.

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are subsequently measured at their entirety at either amortised cost or fair value, depending on the classification of the financial asset.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other expenses" line item.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments on trade and other receivables and debt instruments that are measured at amortised cost or at FVTPL. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group applied the simplified approach permitted by SB-FRS 109 and recognise lifetime ECL for trade receivables. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event;
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for that financial asset because of financial difficulties

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with SB-FRS 116 Leases.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e the Group's trade and other receivables, finance lease receivables and amounts due from customers are each assessed as a separate group. Loans to related parties are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors;
- Nature of collaterals for finance lease receivables; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continue to control the transferred asset, the Group recognises the retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by the Group are classified either as financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Pursuant to the Finance Circular Minute ("FCM") No. 26/2008 on Capital Management Framework ("CMF"), equity injection from the Government is recorded as share capital.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other gains and losses" line item in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

2.6 Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

2.7 Leases (before 1 April 2019)

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to income or expenditure, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to income or expense on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leases (from 1 April 2019)

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SB-FRS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Depreciation on right-of-use asset is calculated using the straight-line method to allocate its depreciable amount over its estimated useful life as follows:

Office lease	-	5 years

The right-of-use asset is presented as a separate line in the statement of financial position.

The Group applies SB-FRS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other expenses' in the statement of profit or loss.

As a practical expedient, SB-FRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

2.8 Plant and equipment

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of plant and equipment includes its purchase price and any cost that is 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. The projected cost of dismantlement, removal or restoration is also included as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset during that period.

Depreciation on plant and equipment (except for work-in-progress) is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

Office equipment, furniture and fittings	-	3 to 8 years
Computer equipment	-	2 to 5 years

No depreciation is charged on assets under work-in-progress as they are not yet in use as at the end of the financial year.

Low value assets costing less than $5,000 are fully depreciated in the month of purchase.

Assets under work-in-progress ("WIP") represents intangible asset, plant and equipment under development/construction and are stated at cost less impairment and are not depreciated. Cost comprises all direct costs and relevant professional fees. WIP is reclassified to the appropriate category of plant and equipment and intangible asset and depreciation commences when the development is completed and the asset is ready for use.

The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at the end of each financial year. The effects of any revision are recognised in profit or loss when the changes arise.

Subsequent expenditure relating to 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 Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

On disposal of an item of plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

2.9 Intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortisation (where they have finite useful lives) and accumulated impairment losses.

Computer software comprises software purchased and developed by third parties.

Computer software is stated at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 1 to 5 years.

Subsequent expenditure on capitalised intangible assets is added to the carrying value 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 when incurred.

2.10 Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately as an expense.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately as income.

2.11 Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation;
- Its share of the revenue from the sale of the output by the joint operation; and
- Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the SB-FRSs applicable to the particular assets, liabilities, revenues and expenses.

2.12 Government grants and contribution received

Operation grants and contributions received but which are not yet utilised are taken to the grant received in advance account.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to reimburse, on a systematic basis. Government grants that are receivable as reimbursements for expenses already incurred are recognised in profit or loss in the period in which they become receivable.

Grants are recognised only when there is reasonable assurance that the Group would comply with the conditions attaching to those grants, and the grants would be received.

2.13 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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.

The Group reviews the provisions annually. If in their opinion, the provision is inadequate or excessive, due adjustment is made.

Provision for reinstatement cost

The Group recognises the estimated liability for dismantlement, removal or restoration costs if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using an asset. This provision is calculated at the date the obligation is incurred to estimate the liability of such obligation when it falls due.

2.14 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

Contingencies are not recognised on the statements of financial position, except for contingent liabilities assumed in a business combination that are present obligations and for which the fair value can be reliably determined.

2.15 Revenue recognition

Revenue is recognised when a performance obligation is satisfied. Revenue is measured based on consideration of which the Group expects to be entitled in exchange for transferring promised good or services to a customer, excluding amounts collected on behalf of third parties (i.e. sales related taxes). The consideration promised in the contracts with customers relates to fixed amounts. Most of the Group's revenue is derived from fixed price contracts and therefore, the amount of revenue earned for each contract is determined by reference to those fixed prices.

Registration fees

Local and international registration fee are recognised at a point in time when the registration service has been rendered. Patent revenue and geographical indications revenue are also recognised at point in time. Revenue from renewal for trademarks and designs are recognised at a point in time when the service is rendered.

Training course income

Training course income is recognised over time over the period of the course.

Other fees and charges

Other fees and charges comprise of regulatory charges, consultancy income, conference and workshop service charges and membership fees. These are recognised at a point in time when the relevant services have been rendered.

Interest income

Interest income generated from loans and deposits is recognised as it accrues in the statement of comprehensive income, using the effective interest method.

2.16 Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

2.17 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.

2.18 Contribution to Consolidated Fund

The Office is required to make contributions to the Consolidation Fund in accordance with the Statutory Corporation (Contributions to Consolidated Fund) Act (Chap 319A, 2004 Revised Edition) and in accordance with the Finance Circular Minute No. M5/2005 with effect from 2004/2005. The contribution is based on a percentage, as decided by Ministry of Finance, of the net surplus of the Office (before donations) for the financial period. Contribution to consolidated fund is provided for on an accrual basis.

2.19 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax of the subsidiaries of the Group.

The tax currently payable is based on taxable profit of the subsidiaries for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised as an expense or income in the income or expenditure, except when they relate to items credited or debited outside income or expenditure (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside income or expenditure (either in other comprehensive income or directly in equity respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2.20 Cash and cash equivalents

Cash and cash equivalents comprise cash maintained centrally with the Accountant General's Department ("AGD") as a consolidated pool, cash balances and short-term deposits with maturities of three months or less that are subject to an insignificant risk of changes in their fair value. Deposits with AGD refers to cash that is managed by AGD under Cash Liquidity Management ("CLM") as set out in the Accountant-General's Circular No. 4/2009 Centralised Liquidity Management for Statutory Boards and Ministries.

Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

2.21 Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the entity's accounting policies

In the process of applying the Group's accounting policies which are described in Note 2 above, the management is of the opinion that there are no critical judgements involved that have a significant effect on the amounts recognised in the financial statements.

Key sources of estimation uncertainty

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

(i) Loss allowance for trade and other receivables

Management determines the expected loss arising from default for trade receivables (excluding GST receivables), by categorising them based on its historical credit loss pattern and past due status of these receivables and adjusted with forward-looking information.

Notwithstanding the above, the Group evaluates the expected credit loss on customers in financial difficulties separately. The carrying amount of trade and other receivables as at 31 March 2020 is disclosed in Notes 7 and 8 to the financial statements.

(ii) Estimation of lease term

When estimating the lease term of the respective lease arrangement, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows of $[17,312,866] have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

If a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee, the above assessment will be reviewed further.

(iii) Impairment of investment in subsidiaries

In performing the impairment assessment of the carrying amount of Office's investment in subsidiaries, the recoverable amounts of the cash generating units ("CGUs") are determined using value-in-use calculation. Significant judgement is used to estimate future revenues, terminal growth rate and pre-tax discount rates applied in computing the recoverable amounts of the different CGUs.

During the financial year, the Office recognised an impairment loss of $12,430,000 (2019 : $21,300,000) which resulted in a reduction of the carrying amount of the Office's investment in subsidiaries as at 31 March 2020 to $2 (2019 : $4,730,002).

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Office	
	2020	2019	2020	2019
	$	$	$	$
Financial assets at amortised cost	109,513,852	112,058,651	101,547,930	103,229,335
Financial liabilities at amortised cost	20,808,771	18,339,835	19,741,945	16,373,934
Lease liability	13,947,354	-	13,947,354	-

(b) Financial risk management policies and objectives

The Group is exposed to financial risk arising from its operations which include market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

The Group monitors its risk exposure regularly. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk.

(i) Foreign exchange risk management

The foreign exchange risk arises mainly from collections for international trademark and design applications through the World Intellectual Property Office and payments for search and examination by international search authorities.

The following table represents the Group's and Office's major currency exposure as at the end of the reporting period, expressed in Singapore dollars equivalent.

	Liabilities		Assets	
	2020	2019	2020	2019
	$	$	$	$
Group				
Swiss Francs	(1,024,865)	-	982,913	911,384
Company				
Swiss Franc	(1,024,865)	-	982,913	911,384

Foreign Currency sensitivity

The following table details the sensitivity to a 5% increase and decrease in the relevant foreign currencies against the functional currency of each group entity. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

If the relevant foreign currency weakens by 5% against the functional currency of each group entity, profit or loss and other equity will increase/(decrease) by:

	Swiss Franc impact	
	2020	2019
	$	$
Group		
Profit or loss	2,098	(45,569)
Office		
Profit or loss	2,098	(45,569)

(ii) *Interest rate risk management*

The Group have cash balances placed with reputable banks and financial institutions and deposits held with AGD and has limited exposure to interest rate risk as variable interest-bearing assets are mainly of a short-term nature (Note 6).

(iii) *Overview of the Group's exposure to credit risk*

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

The Group's current credit risk grading framework comprises the following categories:

Category	**Description**	**Basis for recognising expected credit losses (ECL)**
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

Further details of credit quality and maximum exposure to credit risk of the Office's trade and other receivables are disclosed in Notes 7 and 8 to the financial statements.

Although the Group's credit exposure is concentrated mainly in Singapore, it has no significant concentration of credit risk with any single customer or group of customers.

Cash and cash equivalents

Cash and fixed deposits are placed with banks and financial institutions which are regulated. The Office entered into a cash pooling arrangement with a government body under a Centralised Liquidity Management scheme (Note 6). The Group is of the view that the credit risk arising is minimal as the counterparty is a government body. The summary of significant accounting policies of cash and cash equivalents are described in Note 2.19.

(iv) *Liquidity risk management*

The Group maintains sufficient cash and cash equivalents, and internally generated cash flows to finance its activities.

Liquidity risk is managed by matching the payment and receipt cycle. The Group has sufficient cash from operations and government grants to fund its capital investments and working capital requirements.

All financial assets and liabilities in 2019 and 2020 are repayable on demand or due within 1 year from the end of the reporting period, except for lease liability as disclosed in Note 20.

(v) *Fair value of financial assets and financial liabilities*

The carrying amounts of financial assets and financial liabilities as reported on the statement of financial position approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes.

The Group classifies fair value measurements using a fair value hierarchy as detailed in Note 2 which reflects the significance of the inputs used in making the measurements.

(c) Capital risk management policies and objectives

The Group and Office manage its capital to ensure that it will be able to continue as a going concern while fulfilling its objective as a statutory board.

The capital structure of the Group and Office consist of accumulated surplus and share capital. The Group and Office are not subject to regulatory capital requirement.

The Group and Office reviews its capital structure periodically. The overall strategy of the Group remains unchanged from the previous financial year.

5 RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the financial year, in addition to the information disclosed elsewhere in these financial statements, the Group and the Office entered into the following transactions with related parties at rates and terms agreed between the parties:

	Group		Office	
	2020	2019	2020	2019
	$	$	$	$
Ministries and Statutory Boards				
Operating grants received from government	2,736,520	3,554,709	350,836	984,345
Contributions to Consolidated Fund	-	4,739,357	-	4,739,357
Professional Infocomm Technology (ICT) services charges paid to	1,956,020	1,386,432	1,956,020	1,386,432
Alliance for Corporate Excellence System subscription fee and its related costs paid to	678,567	820,640	678,567	820,640
Key management personnel's performance and national bonuses received from	-	455,864	-	455,864

	Office	
	2020	2019
	$	$
Subsidiaries		
Corporate charges received from	1,924,753	346,238
Purchases of goods and/or services from		
- Patent search and examination	8,350,470	6,812,240
Consultancy services paid to	751,232	201,117
Operating grant expense paid to	428,673	1,924,475
Government grant from the Ministry of Law receipt on behalf of	2,395,850	1,615,449
Secondment services rendered to holding company	34,823	44,136
Training fees paid to	558,284	799,872
Rental and utilities paid to	276,394	478,000
Payment on behalf of		
- Salaries	551,661	1,133,626
- Professional services	-	20,780
- Database subscription	57,541	144,272

Compensation of key management personnel

The remuneration of key management personnel during the year was as follows:

	Group		Office	
	2020	2019	2020	2019
	$	$	$	$
Short term benefits	1,913,256	2,554,938	1,774,252	1,734,619
Post-employment benefits	89,463	130,029	81,303	82,098
	2,002,719	2,684,967	1,855,555	1,816,717

6 CASH AND CASH EQUIVALENTS

	Group		Office	
	2020	2019	2020	2019
	$	$	$	$
Cash with the AGD	92,463,051	96,277,032	90,212,035	92,999,672
Bank and cash balances	8,188,943	8,099,653	1,246,455	1,279,367
Fixed deposits with financial institutions	10,000	16,713	-	6,713
	100,661,994	104,393,398	91,458,490	94,285,752

Cash with the Accountant-General's Department ("AGD") refers to cash that are managed by AGD under the Centralised Liquidity Management Scheme ("CLM") as set out in the Accountant-General's Circular No.4/2009. AGD pays interest on the Group's cash balances participating in AGD's CLM with an effective rate of 1.93% (2019 : 1.76%).

The fixed deposits with financial institutions bear interest 0.8% (2019 : 0.8%) per annum and for a tenure ranging from 1 to 11 days (2019 : 1 to 11 days).

Fixed deposit of the Group amounting to $10,000 (2019 : $10,000) was pledged to bank for the purpose of corporate credit card facility.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2020	2019
	$	$
Cash and cash equivalents as above	100,661,994	104,393,398
Less: Fixed deposit pledged	(10,000)	(10,000)
Cash and cash equivalents per statement of cash flows	100,651,994	104,383,398

7 TRADE RECEIVABLES

	Group		Office	
	2020	2019	2020	2019
	$	$	$	$
Third parties[(i)]	271,687	251,022	990	-
Loss allowance	(29,199)	(20,000)	-	-
- At beginning of the year	(20,000)	-	-	-
- Charge to profit or loss	(9,199)	(20,000)	-	-
- At the end of the year	(29,199)	(20,000)	-	-
	242,488	231,022	990	-
Amount due from related parties (Note 5)	841,560	242,066	71,500	-
Contract asset[(ii)]	1,183,155	1,517,310	1,031,968	911,384
GST receivables	895,848	707,225	718,162	707,225
	3,163,051	2,697,623	1,822,620	1,618,609

(i) The average credit period on rendering of service is 30 days (2019 : 30 days).

Loss allowance has been measured at an amount equal to lifetime expected credit losses (ECL). The ECL on trade receivables are estimated using a provisional matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors which are specific to the debtor and the general economic conditions of the industry in which the debtor operates.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for trade receivables.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

(ii) Included in the contract asset is accrued revenue of $145,000 (2019 : $127,000) from the Institutional Agreement ("MIPIM Agreement") with the Singapore University of Social Sciences ("SUSS"), a company incorporated in Singapore with its principal place of business at 461 Clementi Road Singapore 599491. The objective of the MIPIM is to jointly establish and implement the Master of IP and Innovation program ("MIPIM"). The profit or loss will be shared equally between the Group and SUSS. The associated income of $292,000 (2019 : $222,000) and expenses of $113,000 (2019 : $59,000) have been included in the profit or loss.

8 OTHER RECEIVABLES

	Group		Office	
	2020	2019	2020	2019
	$	$	$	$
Deposits	1,153,446	1,710,090	1,153,328	1,565,346
Interest receivable	1,218,344	1,145,527	1,188,712	1,140,229
Amount due from subsidiaries	-	-	3,611,316	2,507,877
Amount due from related parties	3,282,199	2,818,747	3,282,199	2,818,747
Loss allowance			(251,731)	-
- At beginning of the year	-	-	-	-
- Charge to profit or loss	-	-	(251,731)	-
- At end of the year	-	-	(251,731)	-
Other receivables – third parties	54,094	491	1,158	-
Prepayments	782,986	1,011,711	799,569	1,065,593
Grant receivable	876,572	-	-	-
	7,367,641	6,686,566	9,784,551	9,097,792

Amount due from subsidiaries and related parties are unsecured, non-interest bearing and repayable on demand.

For purpose of impairment assessment, the other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses. The Group has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate.

For purpose of impairment assessment, other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition.

Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL). There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Based on the company's historical credit loss experience with the relevant counterparties, as well as available forward-looking information, the Group has assessed the expected credit loss rate on other receivables to be insignificant.

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

9 INTANGIBLE ASSETS

	Group	Office
	$	$
Balance at 1 April 2018	16,644,144	15,689,424
Additions	881,049	725,091
Transfer from plant and equipment (Note 10)	973,861	257,763
Balance at 31 March 2019	18,499,054	16,672,278
Additions	741,217	637,190
Written off	(295,877)	(204,019)
	18,944,394	17,105,449
Accumulated amortisation		
Balance at 1 April 2018	10,423,859	10,047,813
Amortisation for the financial year	3,676,503	3,235,745
Written off	-	-
Balance at 31 March 2019	14,100,362	13,283,558
Amortisation for the financial year	2,203,147	1,867,071
Written off	(256,174)	(204,019)
Balance at 31 March 2020	16,047,335	14,946,610
Net carrying amount		
Balance at 31 March 2020	2,897,059	2,158,839
Balance at 31 March 2019	4,398,692	3,388,720

10 PLANT AND EQUIPMENT

Group	Office equipment, furniture and fittings	Computer equipment	Assets under work-in-progress	Total
	$	$	$	$
Cost:				
At 1 April 2018	5,304,131	2,393,316	1,140,698	8,838,145
Additions	16,228	510,443	1,007,230	1,533,901
Transfer to intangible assets (Note 9)	-	-	(973,861)	(973,861)
Reclassification	-	155,141	(155,141)	-
Written off	(1,995)	(46,888)	(11,698)	(60,581)
At 31 March 2019	5,318,364	3,012,012	1,007,228	9,337,604
Additions	-	94,539	4,848,805	4,943,344
Transfer	5,284,821	191,668	(5,476,489)	-
Disposals	(96,022)	(119,621)	-	(215,643)
Written off	(4,763,946)	(653,641)	(35,214)	(5,452,801)
At 31 March 2020	5,743,217	2,524,957	344,330	8,612,504
Accumulated depreciation:				
At 1 April 2018	4,312,145	1,651,249	-	5,963,394
Depreciation for the year	453,905	434,018	-	887,923
Disposals	(1,995)	(46,888)	-	(48,883)
At 31 March 2019	4,764,055	2,038,379	-	6,802,434
Depreciation for the year	902,459	335,039	-	1,237,498
Disposals	(77,892)	(117,866)	-	(195,758)
Written off	(4,408,067)	(496,970)	-	(4,905,037)
At 31 March 2020	1,180,555	1,758,582	-	2,939,137
Carrying amounts:				
At 31 March 2020	4,562,662	766,375	344,330	5,673,367
At 31 March 2019	554,309	973,633	1,007,228	2,535,170

Capital work-in-progress represents installation of equipment, furniture and fittings in progress, which upon completion, will be reclassified to the relevant asset categories. It also includes costs for enhancements on computer software which upon completion, will be reclassified to intangible assets.

Office	Office equipment, furniture and fittings	Computer equipment	Assets under work-in-progress	Total
	$	$	$	$
Cost:				
At 1 April 2018	3,624,560	1,489,094	412,904	5,526,558
Additions	7,410	502,091	972,014	1,481,515
Transfer to intangible assets (Note 9)	-	-	(257,763)	(257,763)
Reclassification	-	155,141	(155,141)	-
At 31 March 2019	3,631,970	2,146,326	972,014	6,750,310
Additions	-	94,539	4,848,805	4,943,344
Transfers	5,284,821	191,668	(5,476,489)	-
Written off	(3,346,405)	(627,695)	-	(3,974,100)
At 31 March 2020	5,570,386	1,804,838	344,330	7,719,554
Accumulated depreciation:				
At 1 April 2018	2,913,876	1,032,185	-	3,946,061
Depreciation for the year	301,887	258,413	-	560,300
At 31 March 2019	3,215,763	1,290,598	-	4,506,361
Depreciation for the year	889,589	260,256	-	1,149,845
Written off	(3,095,525)	(471,026)	-	(3,566,551)
At 31 March 2020	1,009,827	1,079,828	-	2,089,655
Carrying amounts:				
At 31 March 2020	4,560,559	725,010	344,330	5,629,899
At 31 March 2019	416,207	855,728	972,014	2,243,949

11 RIGHT-OF-USE ASSET

The Group leases office space. The lease term is 5 years (2019 : Nil year).

The Group and Office	Total
	$
Cost:	
At 1 April 2019	-
Additions	16,621,620
At 31 March 2020	16,621,620
Accumulated depreciation:	
At 1 April 2019	-
Depreciation	2,493,243
At 31 March 2020	2,493,243
Carrying amount:	
At 31 March 2020	14,128,377

12 SUBSIDIARIES

	Office	
	2020	2019
	$	$
Unquoted equity shares at cost		
At beginning of the year	4,730,002	20,000,002
Additions	7,700,000	6,030,000
Impairment loss	(12,430,000)	(21,300,000)
At end of the year	2	4,730,002

Details of the Office's subsidiaries, whose principal place of business is in Singapore, as at the end of the reporting period are as follows:

Name of subsidiaries	Principal activities	Proportion of ownership interest and voting power held		Cost of investments	
		2020	2019	2020	2019
		%	%	$	$
Held by the Office					
IP Academy[(a), (b)]	To promote education and research in the field of intellectual property ("IP")	100	100	-	-
IPOS International Pte. Ltd. [(b)]	To market and export the Office's products and services to foreign entities and businesses, and to engage in activities and collaborative arrangement with strategic partners to support Singapore and/or the Office	100	100	33,730,000 (Net of impairment: Nil)	26,030,000 (Net of impairment: 4,730,000)
IP Valuelab Pte. Ltd.	To develop IP management, IP valuation standards and services and catalyse IP Financing scheme	100	100	2	2

(a) A public company limited by guarantee. Under Clause 12 of IP Academy's Memorandum of Association, each of the member of the Company undertakes to contribute a sum not exceeding $1 to the asset of the Company in the event of it being wound up.

(b) IP Academy's operations, relating to on-going training courses, was transferred to IPOS International Pte. Ltd. on 1 July 2019.

Movements in the allowance for impairment loss are as follows:

	Office	
	2020	2019
	$	$
Balance at beginning of financial year	21,300,000	-
Impairment loss recognised during the year	12,430,000	21,300,000
Balance at end of financial year	33,730,000	21,300,000

During the financial year ended 31 March 2020, the Office carried out a review of the recoverable amount of the investment in IPOS International Pte. Ltd.. The review led to the recognition of an impairment loss, representing the shortfall between the recoverable amount and carrying amount, of $12,430,000 (2019 : $21,300,000) that has been recognised in profit or loss.

13 TRADE PAYABLES

	Group		Office	
	2020	2019	2020	2019
	$	$	$	$
Trade payables – third parties	554,934	645,098	122,197	18,646
GST payables	220,000	94,038	-	-
	774,934	739,136	122,197	18,646

The average credit period on purchases is 30 to 60 days (2018 : 30 to 60 days). No interest is charged on the outstanding trade payables.

14 OTHER PAYABLES

	Group		Office	
	2020	2019	2020	2019
	$	$	$	$
Accrued expenses	9,418,241	9,005,967	7,257,459	6,794,468
Patent Cooperation Treaty advances	9,187	148,085	9,187	148,085
Other payables – third parties	2,232,100	2,677,716	705,721	1,518,383
Provision for unconsumed leave	1,341,730	1,225,504	783,851	727,112
Advances	1,260	1,260	1,260	1,260
Amount due to subsidiaries	-	-	3,799,269	2,031,383
Amount due to related parties	1,075,017	898,669	1,074,967	898,669
Deferred grant income	746,147	-	-	-
	14,823,682	13,957,201	13,631,714	12,119,360

Amounts due to subsidiaries and related parties are unsecured, non-interest bearing and repayable on demand.

15 PROVISION FOR REINSTATEMENT COSTS

	Group	Office
	$	$
Balance at 1 April 2018	517,100	353,500
Charge to profit or loss	504,854	391,055
Balance at 31 March 2019	1,021,954	744,555
(Credit) Charge to profit or loss	(262,817)	14,582
Balance at 31 March 2020	759,137	759,137

The provision for reinstatement costs are the estimated costs of dismantlement, removal or restoration of office premises arising from the acquisition or use of assets, which are capitalised and included in the cost of right-of-use asset.

16 DEFERRED REVENUE

	Renewal fees	Operating government grant	Course fees	Group Consultancy fees	Others	Total
	$	$	$	$	$	$
Group						
Balance at 1 April 2018	10,200	75,885	115,576	13,500	-	215,161
Collections during the financial year	-	-	1,760,689	27,000	3,212	1,790,901
Revenue recognised/grant amortised during the financial year	(10,200)	(75,885)	(1,428,971)	(40,500)	-	(1,555,556)
Balance at 31 March 2019	-	-	447,294	-	3,212	450,506
Collections during the financial year	-	-	1,474,511	-	93,600	1,568,111
Revenue recognised/grant amortised during the financial year	-	-	(1,636,805)	-	(75,212)	(1,712,017)
Balance at 31 March 2020	-	-	285,000	-	21,600	306,600

	Renewal fees	Others	Total
	$	$	$
Office			
Balance at 1 April 2018	10,200	-	10,200
Additions during the financial year	-	3,212	3,212
Revenue recognised/grant amortised during the financial year	(10,200)	-	(10,200)
Balance at 31 March 2019	-	3,212	3,212
Additions during the financial year	-	93,600	93,600
Revenue recognised/grant amortised during the financial year	-	(75,212)	(75,212)
Balance at 31 March 2020	-	21,600	21,600

17 GRANTS RECEIVED IN ADVANCE

	Group		Office	
	2020	2019	2020	2019
	$	$	$	$
Balance at beginning of year	2,001,411	3,890,759	2,001,411	2,045,988
Net grants received during the year	2,849,800	3,554,709	401,049	984,345
Transferred to statement of comprehensive income	(2,736,520)	(5,444,057)	(340,669)	(1,028,922)
Balance at end of year	2,114,691	2,001,411	2,061,791	2,001,411

18 CONTRIBUTION TO CONSOLIDATED FUND

The Office is required to make contributions to the Consolidation Fund in accordance with the Statutory Corporation (Contributions to Consolidated Fund) Act (Cap 319A, 2004 Revised Edition) and in accordance with the Finance Circular Minute No. M5/2005 with effect from 2004/2005. The contribution is based on a percentage, as decided by Ministry of Finance, of the net surplus of the Office (before donations) for the financial period. Contribution to consolidated fund is provided for on an accrual basis.

The total contribution for the period can be reconciled to the net deficit as follows:

	The Office	
	2020	2019
	$'000	$'000
Deficit of the Office before contribution to consolidated fund	(2,969,245)	(13,777,818)
Contribution at 17%	-	-

At the end of the year, the Office has accumulated deficits carried forward as follows:

	The Office	
	2020	2019
	$'000	$'000
Balance at the beginning of the year	13,777,818	-
Amount arising in current year	2,969,245	13,777,818
Balance at the end of the year	16,747,063	13,777,818

19 PATENT DEPOSITS

Patent deposits are received for patent search and examination requests by applicants. Such requests will be conducted by Intellectual Property (IP) offices and will be paid to the respective IP offices upon completion of work.

20 LEASE LIABILITY

	Group and the Office
	2020
	$
Maturity analysis:	
Year 1	3,462,573
Year 2	3,462,573
Year 3	3,462,573
Year 4	3,462,573
Year 5	865,644
	14,715,936
Less: Unearned interest	(768,582)
	13,947,354
Analysed as:	
Current	3,149,818
Non-current	10,797,536
	13,947,354

The Group does not face a significant liquidity risk with regard to its lease liability. Lease liability is monitored within the Group's accounting function.

The weighted average effective interest rates for the lease liability as at 31 March 2020 is disclosed in Note 2.2.

21 SHARE CAPITAL

	Group and Office			
	2020	2019	2020	2019
	Number of ordinary shares		$	$
Issued and fully paid up:				
At beginning and end of the year	853,153	853,153	853,153	853,153

Injection of capital is part of the Capital Management Framework for Statutory Boards under Finance Circular Minute M26/2008. The shares have been fully paid and are held by the Minster for Finance, a body incorporated by the Minster for Finance (Incorporation) Act (Chapter 183).

The holder of these shares is entitled to receive dividends as and when declared by the Office. All issued shares are fully paid. The shares carry neither voting rights nor par value.

22 REGISTRATION FEES

	Group		Office	
	2020	2019	2020	2019
	$	$	$	$
Point in time				
Trademarks				
- local	13,506,967	12,646,458	13,506,967	12,646,458
- international	11,927,018	12,226,616	11,927,018	12,226,616
Patents	32,790,950	30,904,679	24,440,480	24,092,439
Designs				
- local	667,469	635,028	667,469	635,028
- international	93,887	51,936	93,887	51,936
Geographical Indication	222,281	-	222,281	
Patent agent	91,897	81,871	91,897	81,871
Others	9,840	21,350	9,840	21,350
	59,310,309	56,567,938	50,959,839	49,755,698

23 EMPLOYEE BENEFIT EXPENSES

	Group		Office	
	2020	2019	2020	2019
	$	$	$	$
Wages and salaries	36,334,399	35,501,916	19,209,194	20,111,254
Employers' contribution to defined contribution scheme	4,789,754	5,274,432	2,618,847	3,169,577
	41,124,153	40,776,348	21,828,041	23,280,831
Staff welfare	475,027	466,984	276,660	267,357
Staff training	380,045	67,689	861,228	444,430
Other staff expense	47	25,928	-	-
	41,979,272	41,336,949	22,965,929	23,992,618

Wages and salaries include directors' fee of $161,189 (2019 : $120,960) and $112,500 (2019 : $112,500) paid by the Group and Office during the financial year respectively and honorarium fees of $5,320 (2019 : $22,500) paid by the Group during the financial year.

24 GRANTS DISBURSED

Grants disbursed pertain to grants from the Office to the subsidiaries. The funding will be used to promote the IP education, research and scholarship, IP ecosystem and to support their operations.

25 OTHER EXPENSES

	Group		Office	
	2020	2019	2020	2019
	$	$	$	$
Net foreign exchange loss (gain)	49,504	(19,976)	46,532	(24,000)
Professional services	2,205,712	1,851,244	2,554,803	1,807,438
Event services	603,579	1,059,203	587,180	1,047,415
Advertising	-	30,039	-	-
Storage charges	265,116	227,585	265,042	227,585
Irrecoverable goods and services tax	114,796	131,589		-
Telecommunication expenses	50,719	55,271	37,584	40,262
Conference and workshop expenses	1,863,236	1,076,180	1,557,260	949,358
Sundry supplies expenses	136,625	303,675	110,406	280,408
Utilities	133,121	128,758	128,346	116,392
Bank charges	323,194	309,663	320,511	306,524
Programme expenses	1,464,790	2,184,359	-	-
Plant and equipment written off	547,764	-	407,549	
Data subscription expenses	775,418	538,198	-	-
Other expenses	1,763,931	564,147	1,131,580	413,933
	10,297,505	8,439,935	7,146,793	5,165,315

26 INTEREST INCOME

	Group		Office	
	2020	2019	2020	2019
	$	$	$	$
Interest income	1,993,429	1,773,578	1,906,970	1,723,572

Interest income of the Group from deposits with Accountant General Department ("AGD") amounted to $1,993,349 (2019 : $1,773,525).

27 INCOME TAX EXPENSE

The subsidiary companies of the Office are subject to tax under Singapore income tax legislation and the information as appended below are attributable to the subsidiaries of the Group.

	Group	
	2020	2019
	$	$
Underprovision in prior years	-	30,202

The charge for the year can be reconciled to the accounting surplus as follows:

	Group	
	2020	2019
	$	$
Surplus before contribution to Consolidated Fund and taxation	1,693,261	2,713,594
Less: Deficit of the Office before Contribution to Consolidated Fund and taxation not subjected to tax	2,969,245	13,777,818
	4,662,506	16,491,412
Income tax expense (benefit) at statutory tax rate of 17% (2019 : 17%)	792,626	2,803,540
Expenses not deductible for tax purposes	(2,149,102)	(3,601,056)
Utilisation of deferred tax assets not recognised previously	(50,971)	-
Deferred tax assets not recognised	1,430,313	803,300
Underprovision of current income tax in prior year	-	30,202
Others	(22,866)	(5,784)
	-	30,202

The Office is a tax exempted institution under the provision of the Income Tax Act (Cap.134, 2004 Revised Edition). The subsidiaries of IPOS are subject to tax under Singapore income tax legislation.

As of 31 March 2020, subject to the agreement by the tax authorities, certain subsidiaries of the Group have unutilised tax losses amounting to approximately $29.7 million (2019 : $20.1 million) available for offset against future profits. No deferred tax arising from unutilised tax losses has been recognised due to the unpredictability of future profit streams.

Utilisation of such losses is subject to the retention of majority shareholders and agreement of the Inland Revenue Authority of Singapore. These subsidiaries have not recognised any deferred tax benefits in respect of such tax losses which may be available for offsetting against profits due to the unpredictability of future profit streams.

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. Differences between the actual results and management's estimates would affect the results of the period in which such differences are determined.

28 COMMITMENTS

	Group and Office	
	2020	2019
	$	$
Capital expenditure contracted but not provided for		
- Intangible assets	-	1,214,000
- Plant and equipment	-	4,444,179
	-	5,658,179

29 OPERATING LEASE ARRANGEMENTS

The Group as lessee

Disclosure required by SB-FRS 116

At 31 March 2020, the Group does not have any short-term leases commitment.

Disclosure required by SB-FRS 17

At 31 March 2019, commitments in respect of non-cancellable operating leases in respect of office premises is as follows:

	Group	Office
	$	$
Within one year	5,477,091	4,506,204
In the second to fifth year inclusive	16,269,348	16,269,348
After five years	1,016,834	1,016,834
	22,763,273	21,792,386

Operating lease payments represent rental payable by the Office and the Group for office premises. The lease period ends on 30 June 2024 (2019 : 30 June 2024).

30 CONTINGENCIES

In 2017, the Group had commenced an intellectual property financing scheme ("IPFS") with various participating financial institutions ("PFIs") to help IP-rich companies monetise their IP for business growth and expansion. Companies participating in this scheme can tap on the IPFS to access loan facilities by using their granted patents, trademarks and copyright related rights as collateral to obtain banking facilities from PFIs. The risk of extending the loans under the scheme will be shared between the PFIs and the Office (funded by the Government). IPFS was officially retired on 31 March 2018.

In 2017, one of the participating companies had defaulted in repaying its loan to the PFI. As at 31 March 2020, the arrangement for the sale of the collateral by the broker is still on-going and the PFI may pursue a litigation option. No provision had been recognised in the financial statements as the risk exposure of $1.7 million is fully covered by funding from the Government.