

TECHNICAL NOTES

Singapore's Corporate Sector

Objective

The statistics on Singapore's Corporate Sector provide insights into the financial health and dynamics of companies in Singapore. The data are used by policy makers, researchers, business community and other interested users to analyse the financial structure and performance of the corporate sector, supporting Singapore's economic development.

Administrative Data

Data on the corporate sector were obtained from financial statements and records filed by companies with the Accounting and Corporate Regulatory Authority (ACRA) and other government agencies.

Year of Reference

The period of reference is the calendar year. However, for enterprises whose accounting year differed from the calendar year, the accounting or financial year covering the major part of the calendar year was used.

Type of Business Activity

Type of business activity refers to the principal activity undertaken by the enterprise. The principal activity is defined as the one in which the enterprise devotes most of its resources or from which it derives most of its income. The classification of the principal activity of the enterprise is based on the "Singapore Standard Industrial Classification, 2025".

Currency Valuation

Singapore's corporate sector statistics are expressed in Singapore dollars. Administrative data which are submitted in foreign currencies are converted to Singapore dollars.

Definition of Terms

Total Assets	<p>Total assets refer to items controlled by the companies from which future economic benefits are expected to flow to the companies. It consists of current and non-current assets.</p> <ul style="list-style-type: none">• Current assets (e.g., cash, cash equivalent, inventory) refer to assets intended to be used or sold within one year;• Non-current assets (e.g., property, plant and equipment, investment in subsidiaries/associates) refer to assets intended to be held for more than one year.
Total Liabilities	<p>Liabilities are financial obligations of the companies that are payable to another entity. Examples include loans, trade payables and deposits (applicable for financial institutions only).</p>
Total Equity	<p>Total equity mainly comprises share capital, retained earnings and other reserves. For total equity of Singapore's corporate sector, it also includes the net amount owed by Singapore-based branches of foreign-incorporated companies to the foreign head offices, which are used as proxies for their equity.</p>
Share Capital	<p>Share capital refers to the amount contributed by shareholders through the issue of ordinary or preference shares.</p>
Profit before Tax	<p>Profit before tax is defined as total (operating and non-operating) income less total expenses.</p>
Retained Earnings	<p>Retained earnings refer to the accumulated net profits of an enterprise that have been retained and reinvested in the enterprise rather than distributed to shareholders as dividends.</p>

Equity Ratio The equity ratio is defined as:

$$\frac{\text{Total equity}}{\text{Total assets}}$$

It measures the dependence of companies on external funding (i.e. debt) to finance their assets. The higher the dependence on external funding, the lower the ratio.

Current Ratio The current ratio is defined as:

$$\frac{\text{Current assets}}{\text{Current liabilities}}$$

It measures the liquidity of companies, i.e. their ability to meet current liabilities when due. A ratio of 1 indicates that the company has exactly balanced its current liabilities with current assets. A ratio above 1 indicates liquidity in the company. The lower the ratio is below 1, the higher is the risk of the company running into a liquidity problem.

Return on Total Assets (ROA) The return on total assets is defined as

$$\frac{\text{Profit before interest and tax}}{\text{Average of total assets at the beginning and end of the year}}$$

It measures the efficiency of the companies in using their assets to generate earnings. Interest payments are not deducted from earnings as they are the cost of financing business capital rather than an operating cost. The resulting ratio measures the earning capacity of the company's assets regardless of how the assets are financed.

Return on Total Equity (ROE) The return on total equity is defined as

$$\frac{\text{Profit before tax}}{\text{Average of total equity at the beginning and end of the year}}$$

It measures the companies' efficiency in using their shareholders' equity to generate earnings.

LIST OF ACTIVITIES

SSIC 2025	Industry
10 – 32	MANUFACTURING
41 – 43	CONSTRUCTION
46 – 47	WHOLESALE & RETAIL TRADE
49 – 53	TRANSPORTATION & STORAGE
55 – 56	ACCOMMODATION & FOOD SERVICES
	<u>INFORMATION & COMMUNICATIONS</u>
58 – 60	PUBLISHING, BROADCASTING & CONTENT PRODUCTION
61 – 63	TELECOMMUNICATIONS & INFORMATION TECHNOLOGY SERVICES
64 – 66	FINANCE & INSURANCE
68	REAL ESTATE
	PROFESSIONAL AND ADMINISTRATIVE & SUPPORT SERVICES
69 – 75	Professional, Scientific and Technical Activities
77 – 82	Administrative and Support Service Activities
	OTHERS
01 – 03	Agriculture and Fishing
08 – 09	Mining and Quarrying
35	Electricity, Gas, Steam and Air-Conditioning Supply
36 – 39	Water Supply; Sewerage, Waste Management and Remediation
84	Public Administration and Defence
85	Education
86 – 88	Health and Social Services
90 – 93	Arts, Sports and Recreation
94 – 96	Other Service Activities