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**Mr K. Shanmugam**  
Minister for Home Affairs and  
Minister for Law  
MP for Nee Soon GRC  
Adviser to Nee Soon Town Council



**Assoc. Prof. Muhammad Faishal Ibrahim**  
Parliamentary Secretary, Ministry of Education and  
Ministry of Social and Family Development  
MP for Nee Soon GRC  
Adviser to Nee Soon Town Council

## OUR MEMBERS OF PARLIAMENT



**Mr Louis Ng Kok Kwang**  
MP for Nee Soon GRC  
Chairman of Nee Soon Town Council



**Mr Kwek Hian Chuan Henry**  
MP for Nee Soon GRC  
Vice-Chairperson of Nee Soon Town Council



**Er. Dr. Lee Bee Wah**  
MP for Nee Soon GRC  
Vice-Chairperson of Nee Soon Town Council

# TOWN COUNCILLORS

(FROM 1 OCTOBER 2015 TO 30 SEPTEMBER 2017)



## AUDIT COMMITTEE

Chairperson:

1. Mr Marcus Lam Hock Choon

Members:

2. Dr Phua Tan Tee, BBM
3. Mr Goh Hung Kwang, BBM
4. Mdm Heidi Wong Gue Kuew, BBM
5. Mr Lawrence Koh Hock Siong, BBM
6. Mr Henry Foo Chee K lou, PBM
7. Mr Michael Tan Kok Siong, PBM
8. Mr Narayanan S/O Sankunni Nair

## INVESTMENT & FINANCE COMMITTEE

Chairperson:

1. Mr Tan Ng Kuang

Members:

2. Dr Toh Kian Lam, PBM
3. Mdm Rose Koh Siang Noi, PBM
4. Mr Lim Ah Kum, PBM
5. Prof Liow Kim Hiang
6. Mr Jason Chong Choy Fatt
7. Mr Kenny Pong Teck Koon
8. Mr Victor Ng Fook Ai, PBM



## LEGAL & COMPLIANCE COMMITTEE

Chairperson:

1. Mr Jack Soh Tze Churn, Jp, BBM(L)

Members:

2. Mr Choo Hai Boon, PBM
3. Mr Lee Chong Khee, PBM
4. Mr Christopher Seow Yan Weng
5. Mr Desmond Tang Han Fatt
6. Mr Josephus Tan Joon Liang
7. Mr Thoo Hock Huat
8. Mr Andrew Ng Tok Yong, PBM



## MASS COMMUNICATIONS COMMITTEE

Chairperson:

1. Mr Quak Hiang Whai

Members:

2. Hj Mahmud Bin Hj Ali, PBM
3. Ms Barbara Lee, PBM
4. Mr Jackson Tan Kun Seng, PBM
5. Ms Edna Tan Mon Fui, PBM
6. Ms Evelyn Hung Suet Leng
7. Mr Koh Boon Koon
8. Mr Ramlee Bin Kasiman, PBM

## MAINTENANCE & CUSTOMER SERVICE COMMITTEE

Chairperson:

1. Mr Tan Meng, PBM

Members:

2. Ms Gogiladevi D/O Meande
3. Mr Jackson Lam Weiliang
4. Mr Kay Teck Hui
5. Mr Kevin Toh Kwang Yew
6. Mr Ong Peng Eu
7. Mr Toh Boon Teck
8. Mr Wong Teck Ling



## PROJECTS & DEVELOPMENT COMMITTEE

Chairperson:

1. Mr Wong Nam Sin

Members:

2. Mr Ho Toon Bah
3. Mr Philip Tan Seng Leong, PBM
4. Mr Oliver Osman Junus, PBM
5. Mr Wong Leong Jiam, PBM
6. Mr Andrew Lim Chong Thye
7. Ms Anna Chan, PBM
8. Mr Toh Meng Yak

HOME - building for the future,  
building a home with a heart



## CHAIRMAN'S REVIEW

FY2015/ 2016 was a year of new beginnings for Nee Soon Town.

The Town boundaries were re-drawn after the 2015 General Elections. We thus welcomed the residents of Kebun Baru division into our folds, joining Chong Pang, Nee Soon Central, Nee Soon East and Nee Soon South under Nee Soon Town Council.

We also welcomed a new term of Town Councillors. Many of them – our residents – hailing from professional backgrounds and lending their counsel. They guide the Town Council executive team in many areas such as project development, financial management, audit and governance. They will build on the foundation of previous Councillors, whom we thank deeply for their contributions and involvement.

With the new boundaries, the Town Council now has a reduced number of housing units and increased land area under management. Both income

and expense streams will be impacted and cost management continues to be a key challenge. The executive team will work closely with the Councillors on prudent financial management while progressing with the various estate upgrading programmes and improvement projects in the pipelines.

At our first Council meeting of the year, Council Members also endorsed plans to deepen the engagement between our staff and residents. Many of our staff have been with us for many years and are intrinsically linked to the community. They are part of the Nee Soon family. While the Town Council continues to focus on estate infrastructure development and improvements, we also want to build a conducive and caring home for our residents. We will embark on a series of community projects that will enable staff and residents alike, to uplift and benefit the community at-large.

We are proud to share that we have once again scored 'Green' in all categories of the Town Council Management Report. It is a measure of our operational success and we will strive to maintain the high standards we have set out for ourselves.

The Town Council is committed to make Nee Soon the ideal home for our residents.

Our residents are at the heart of all we do, and we are here to build Nee Soon as a Home with a Heart.





TRUST - maintaining our integrity,  
focusing on trust and honesty

## FINANCIAL MANAGEMENT

Detailed financial planning and prudence are principal guiding factors in our financial management. We acknowledge that the economy in coming years will face headwinds and uncertainty and have thus adopted a balanced, risk-adverse approach in our investments.

For FY15/16, the Town Council reports a modest surplus of \$5.03 million, after GST subvention and mandatory fund transfers.

A portion of the expenditure is attributed to financing improvement projects in the Town. Key operational expenses include electricity, cleaning, lift and estate maintenance. Our arrears management protocol continues to include residents' engagements especially where there is the need to restructure their outstanding payments by monthly repayment and deferment plans.



COMMITMENT - delivering what we promise, effectively, efficiently



## ESTATE MAINTENANCE

Estate maintenance is carried out regularly with the support of a small but dedicated team of estate cleaners. They are at the forefront of estate maintenance services we offer and are critical to our residents enjoying a comfortable living environment. They play an equally important role in maintaining the comfort, well-being and safety of our residents.

The Town Council is also looking to introduce new technologies and processes to improve the productivity and efficiency in this area. We like to thank our partners who have been supportive in our movement.



REVITALISE - refreshing our environment, rejuvenating our estates



## CYCLICAL WORKS

**B**uildings and facilities deteriorate over time. We thus have, a comprehensive cyclical work programme to keep our estate rejuvenated and to ensure that our Town is kept in a good state.

For FY 2015/16, a total of \$17.37 million was spent in cyclical and replacement works to revitalise our mature estate and to ensure that essential services are well maintained. The scope of works include repainting, re-decorating, re-roofing, replacing water pump sets, water pipes and water tanks.



DEVELOP - injecting vibrancy in our town, bringing value to our residents



## TOWN IMPROVEMENT PROJECTS

The grassroots organisations and town councillors work closely with us to identify improvement works to augment the physical environment of our Town. This ensures that the projects meet the real needs of our residents and that the residents have a say in their living environment.

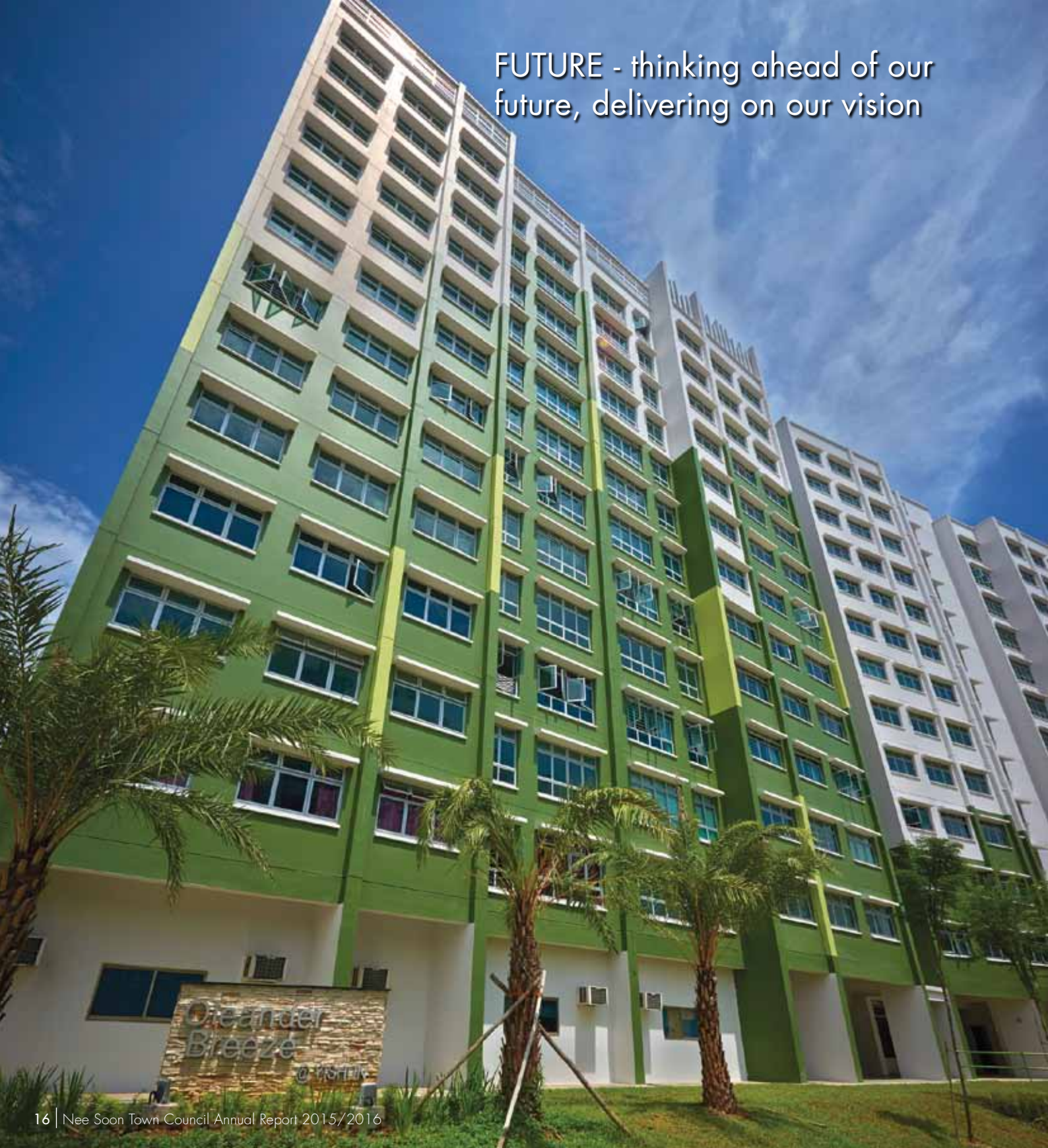
\$7.94 million was spend on various improvement

projects. A sizeable portion was spent on building more ramps to facilitate movement and connectivity between the estates, as requested by our residents.

Leisure facilities such as parks and playgrounds have also been periodically upgraded. Elderly fitness corners have also been installed for our senior residents to stay fit at locations closer to home.



FUTURE - thinking ahead of our  
future, delivering on our vision



## UPGRADING PROGRAMMES

With a rapidly aging population, upgrading programmes have been increasingly focused on facilitating aging-in-place. The upgrading programmes also include installing additional facilities to enhance the entire living environment.

All lifts in eligible blocks have been upgraded to serve our residents. We also work closely with various agencies to implement schemes like the Enhancement for Active Seniors (EASE) programme, among others, that will benefit our elderly residents.

The responses for the Neighbourhood Renewal Programme (NRP) carried out in FY2015/2016 have also been extremely positive.



A man and a young boy are smiling and taking a selfie with a smartphone. The man is holding the phone, and the boy is leaning on his shoulder. They are standing in front of two large, colorful inflatable parrots. The background shows a building with a red roof and some greenery.

CONNECT - reaching out to our residents,  
touching hearts and impacting lives

## PUBLIC RELATIONS

The Town Council continues to explore opportunities to deepen our engagements and relationships between our staff and residents.

We have embarked on a small project to recognise our staff members for their work, through sharing their personal stories on our Facebook page, as well as, the Nee Soon Link, among other things. Many of our staff have been with the Council for many years and know our residents personally. It is heartwarming to see the project running well, gaining appreciation from our residents.

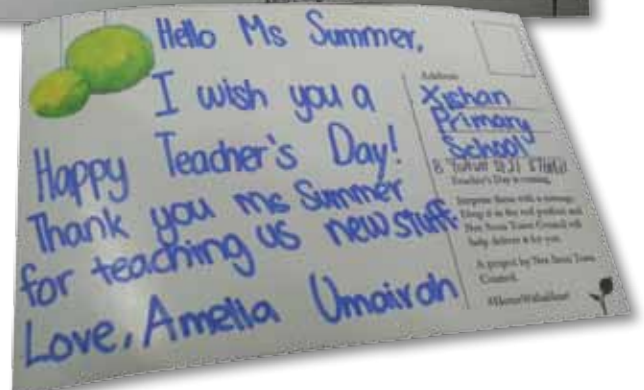
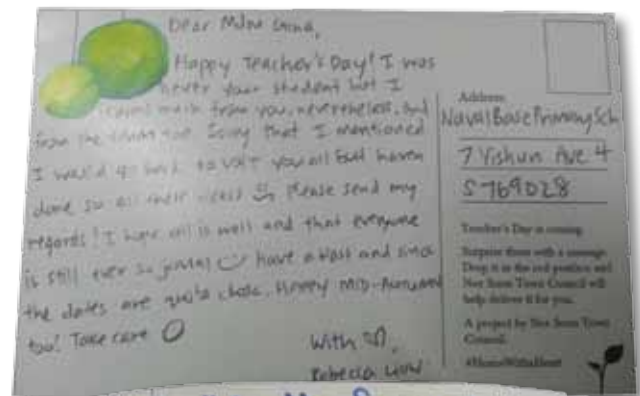
The team has also put together community projects to encourage residents' participation in promoting good habits, and strengthening the community spirit.

The Share-A-Book campaign allows residents to donate and pick-up books for free at the Town Council

office. It aims to promote a reading and sharing culture. We also launched Project Postbox to allow individuals to pen appreciation messages to special heroes in our lives like our parents and teachers. The Town Council will deliver these messages to their homes. We hope to engage families and encourage appreciation for people whom we care for.

The projects continue to drive home our purpose to build a Home with a Heart. They have been warmly welcomed, and even piqued the interest of the national media and was subsequently featured on our local papers.

Other activities include our participation at grassroots events to raise awareness of the Town Council's work, and the important participatory role of residents in building a socially-centric, gracious and caring community.





COMMUNITY - building friendships, building memories.  
Residents at the heart of all that we do

# CONCLUSION



**T**he executive team at the Nee Soon Town Council have been incredibly forward-thinking and progressive. There is a strong commitment to not only improving and upgrading the physical facilities, but also connecting with our residents and building a home for all.

I like to thank all our town councillors, grassroots leaders and staff for their tremendous contributions, time and efforts. Without them, success would not have been possible. There will be more challenges ahead, but I am confident we can tackle them together. I also like to thank our residents for their active feedback that help to improve and shape the Town for everyone.

Our efforts have helped to bring everyone closer to the community and towards one another.

Together, we can make Nee Soon Town a true Home with a Heart.

**Mr Louis Ng Kok Kwang**  
**Chairman**  
**Nee Soon Town Council**







# HOME WITH A HEART





# ANNUAL FINANCIAL STATEMENTS

As at 31 March 2016

Nee Soon Town Council  
(Established under the Town Councils  
Act, Chapter 329A)

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# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEE SOON TOWN COUNCIL

(Established under the Town Councils Act, Cap 329A)

## **Report on the financial statements**

We have audited the accompanying financial statements of Nee Soon Town Council ("the Town Council"), which comprise the statement of financial position as at 31 March 2016, the income and expenditure statement, statement of comprehensive income, statement of changes in Town Council funds and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's responsibility for the financial statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of Town Councils Act, Cap. 329A ("the Act") and Singapore Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's responsibility*

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

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

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

### *Opinion*

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to present fairly, in all material respects, the financial position of the Town Council as at 31 March 2016, and the financial performance, changes in funds and cash flows of the Town Council for the financial year ended on that date.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEE SOON TOWN COUNCIL

(Established under the Town Councils Act, Cap 329A)



## Report on Other Legal and Regulatory Requirements

### *Management's responsibility for compliance with legal and regulatory requirements*

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

### *Auditor's responsibility*

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We conducted our audit in accordance with Singapore Standards on Auditing. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act.

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

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

### *Opinion*

In our opinion,

- (a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Town Council during the year are, in all material respects, in accordance with the provisions of the Act; and
- (b) proper accounting and other records have been kept, including records of all assets of the Town Council, whether purchased, donated or otherwise.

**AT ADLER**

Public Accountants and Chartered Accountants

Singapore, 26 August 2016



# STATEMENT OF FINANCIAL POSITION

31 March 2016

	Note	2016 S\$	Restated 2015 S\$	Restated 2014 S\$
<b>TOWN COUNCIL FUNDS</b>				
<b>Residential Property Funds</b>				
Accumulated Surplus	3	5,404,501	2,915,529	959,776
Sinking Fund	4	55,511,387	86,884,694	92,023,882
Town Improvement and Project Fund	5	(1,745,277)	121,924	(353,601)
		59,170,611	89,922,147	92,630,057
<b>Commercial Property Funds</b>				
Accumulated Surplus	3	552,844	5,184,131	4,623,183
Sinking Fund	4	34,564,987	29,091,289	28,873,613
Town Improvement and Project Fund	5	1,329,080	1,623,076	1,780,601
		36,446,911	35,898,496	35,277,397
<b>Car Park Funds</b>				
Accumulated Surplus	3	554,867	-	692,118
<b>Fair Value Reserve</b>				
	4	575,632	654,946	259,499
		<u>96,748,021</u>	<u>126,475,589</u>	<u>128,859,071</u>
<b>Represented by:</b>				
<b>Non-Current Assets</b>				
Plant and equipment	7	195,563	204,733	126,398
Available-for-sale financial assets	10	5,375,943	5,928,765	5,623,601
Held-to-maturity financial assets	11	8,956,648	12,599,463	1,962,273
		14,528,154	18,732,961	7,712,272
<b>Current Assets</b>				
Financial assets at fair value through profit or loss	9	32,217,726	27,269,569	49,211,297
Held-to-maturity financial assets	11	3,633,819	4,361,533	-
Conservancy and service receivables	12	748,500	1,744,136	1,378,848
Other receivables	13	16,760,761	4,546,045	6,464,593
Interest receivable		350,182	279,794	47,939
Cash and cash equivalents	14	83,496,825	80,979,235	74,427,519
		<u>137,207,813</u>	<u>119,180,312</u>	<u>131,530,196</u>
<b>Total Assets</b>		<u>151,735,967</u>	<u>137,913,273</u>	<u>139,242,468</u>
<b>Less:</b>				
<b>Current Liabilities</b>				
Payables and accrued expenses	15	52,673,620	8,156,292	9,026,996
Conservancy and service fee received in advance		723,958	730,574	700,853
Advance for Neighbourhood Upgrading Programme	6	167,136	1,579,374	207,418
Provision for taxation		1,423,232	971,444	448,130
		54,987,946	11,437,684	10,383,397
<b>Net assets</b>		<u>96,748,021</u>	<u>126,475,589</u>	<u>128,859,071</u>

**Mr Ng Kwok Kwang, Louis**  
Chairman

**Mr Terence Chan**  
Secretary

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

# INCOME AND EXPENDITURE STATEMENT

## For the Financial Year Ended 31 March 2016



	Note	2016 S\$	2015 S\$
<b>Operating Income</b>			
Conservancy and Service Fees	3	45,440,465	45,980,486
Operating transfer to Sinking Fund (minimum required by law)	3,4	<u>(15,471,584)</u>	<u>(15,720,926)</u>
		29,968,881	30,259,560
Agency Fees	16 (a)	3,153,512	3,526,495
Other Income	16 (b)	<u>3,416,460</u>	<u>3,749,033</u>
		36,538,853	37,535,088
<b>Operating Expenditure</b>			
Cleaning Works		(7,631,783)	(8,383,433)
Managing Agent's Fees	17	(5,727,356)	(5,614,479)
Lift Maintenance		(5,911,520)	(5,794,366)
Other Works and Maintenance		(4,487,588)	(3,947,692)
Water and Electricity		(9,084,622)	(11,762,969)
General and Administrative Expenditure	19	<u>(4,046,523)</u>	<u>(2,773,277)</u>
		(36,889,392)	(38,276,216)
Operating Deficit		<u>(350,539)</u>	<u>(741,128)</u>
<b>Non-Operating Income</b>			
Interest Income		96,149	81,587
<b>Deficit before taxation and government grants</b>		<u>(254,390)</u>	<u>(659,541)</u>
Taxation	20	<u>(211,300)</u>	<u>(316,413)</u>
<b>Deficit after taxation but before government grants</b>		(465,690)	(975,954)
Government Grants	3,22	11,821,571	8,870,021
Transfer to sinking fund	3,4,22	(2,099,093)	(2,057,011)
Transfer to town improvement and project fund	3,5,22	<u>(5,320,544)</u>	<u>(2,546,313)</u>
		4,401,934	4,266,697
GST Subvention	3,22	1,662,112	1,692,752
Transfer to sinking fund	3,4,22	<u>(566,246)</u>	<u>(578,011)</u>
		1,095,866	1,114,741
<b>Surplus for the financial year</b>		5,032,110	4,405,484
Accumulated surplus as at 1 April		8,099,660	6,275,077
Transfer to town improvement project fund	5	-	(2,580,901)
Section 34 Accumulated surplus transferred to sinking fund	4	(5,325,105)	-
Transfer of reserves as at 30 November 2015:			
- from Ang Mo Kio Town Council	3	844,324	-
- to Sembawang Town Council	3	<u>(2,138,777)</u>	-
Accumulated surplus as at 31 March	3	<u>6,512,212</u>	<u>8,099,660</u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.



# STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 March 2016

	Note	2016 S\$	Restated 2015 S\$
<b>Surplus/(Deficit) for the financial year</b>			
Accumulated Surplus	3	5,032,110	4,405,484
Sinking Fund	4	192,531	(4,921,512)
Town Improvement and Project Fund	5	(2,593,882)	(2,262,901)
		<u>2,630,759</u>	<u>(2,778,929)</u>
Other comprehensive income			
Items that may be reclassified subsequently to income and expenditure statement			
Available-for-sale financial assets			
- Fair value (loss)/gain recognised in other comprehensive income		(552,822)	351,822
- Fair value loss reclassified to income and expenditure statement on derecognition		-	43,625
- Impairment reclassified to income and expenditure statement		473,508	-
		<u>(79,314)</u>	<u>395,447</u>
<b>Other comprehensive (loss)/income for the year, net of income tax</b>		<u>(79,314)</u>	<u>395,447</u>
<b>Total comprehensive income/(loss) for the year attributable to Town Council Funds</b>		<u>2,551,445</u>	<u>(2,383,482)</u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

# STATEMENT OF CHANGES IN TOWN COUNCIL FUNDS

## For the Financial Year Ended 31 March 2016



	Residential Property Funds S\$	Commercial Property Funds S\$	Car Park Funds S\$	Neighbourhood Renewal Programme Fund S\$	Fair Value Reserve S\$	Total S\$
<b>2016</b>						
Balance as at 1 April 2015, previously stated	89,922,147	35,898,496	-	1,579,374	654,946	128,054,963
Prior year adjustments (Note 30)	-	-	-	(1,579,374)	-	(1,579,374)
Balance as at 1 April 2015, restated	89,922,147	35,898,496	-	-	654,946	126,475,589
(Deficit)/surplus for the financial year	1,096,416	1,008,544	525,799	-	-	2,630,759
<b>Other comprehensive income</b>						
Fair value loss on available-for-sale financial assets	-	-	-	-	(552,822)	(552,822)
Impairment on available-for-sale financial assets reclassified to income and expenditure statement	-	-	-	-	473,508	473,508
<b>Total comprehensive (loss)/income for the year</b>	1,096,416	1,008,544	525,799	-	(79,314)	2,551,445
Transfer of reserves as at 30 November 2015:						
- from Ang Mo Kio Town Council	7,911,794	5,037,458	244,874	-	-	13,194,126
- to Sembawang Town Council	(39,759,746)	(5,497,587)	(215,806)	-	-	(45,473,139)
Balance as at 31 March 2016	59,170,611	36,446,911	554,867	-	575,632	96,748,021
<b>2015</b>						
Balance as at 1 April 2014, previously stated	92,630,057	35,277,397	692,118	207,418	259,499	129,066,489
Prior year adjustments (Note 30)	-	-	-	(207,418)	-	(207,418)
Balance as at 1 April 2014, restated	92,630,057	35,277,397	692,118	-	259,499	128,859,071
(Deficit)/surplus for the financial year	(4,153,162)	621,099	753,134	-	-	(2,778,929)
<b>Other comprehensive income</b>						
Fair value gain recognised in other comprehensive income	-	-	-	-	351,822	351,822
Fair value loss reclassified to income and expenditure statement on derecognition	-	-	-	-	43,625	43,625
<b>Total comprehensive (loss)/income for the year</b>	(4,153,162)	621,099	753,134	-	395,447	(2,383,482)
Transfer of accumulated surplus from Carpark to Residential Activity	1,445,252	-	(1,445,252)	-	-	-
Balance as at 31 March 2015	89,922,147	35,898,496	-	-	654,946	126,475,589

The annexed notes form an integral part of and should be read in conjunction with these financial statements.



# CASH FLOW STATEMENT

For the Financial Year Ended 31 March 2016

	Note	2016 S\$	Restated 2015 S\$
<b>Cash flows from operating activities</b>			
Deficit before taxation and government grants		(254,390)	(659,541)
Adjustments for:			
Conservancy and services fee transferred to sinking fund	3	15,471,584	15,720,926
Depreciation of plant and equipment	7	75,620	65,678
Loss on written off of plant and equipment		-	1,873
Amortisation in held to maturity financial assets		53,029	54,594
Operating surplus before working capital changes		15,345,843	15,183,530
 Increase in conservancy and services fees and other receivables		1,953,202	1,423,167
Decrease in creditors and conservancy and service fees received in advance		(856,610)	(794,341)
Advance for Neighbourhood Upgrading Programme	6	(1,412,238)	1,371,956
Cash generated from operations		15,030,197	17,184,312
Sinking fund income	4	26,483	(2,462)
Sinking fund expenditure	4	(17,373,524)	(25,829,367)
Town improvement and project fund income	5	32,284	231,028
Town improvement and project fund expenditure	5	(7,946,710)	(5,040,242)
Income tax paid		(378,200)	-
Net cash used in operating activities		(10,609,470)	(13,456,731)
<b>Cash flows from investing activities</b>			
Proceeds from held-to-maturity financial assets	11	4,317,500	2,537,500
Proceeds from available-for-sale financial assets		-	157,362
Encashment from Fund Manager on expiry		-	18,027,802
Purchase of plant and equipment	7	(64,794)	(145,886)
Interest received		1,184,787	575,611
Net cash generated from investing activities		5,437,493	21,152,389
<b>Cash flows from financing activities</b>			
GST Subvention grants	22	1,662,112	1,692,752
Government grants	22	11,821,571	8,870,021
Net cash from financing activities		13,483,683	10,562,773
Net increase in cash and cash equivalents		8,311,706	18,258,431
Cash and cash equivalents at the beginning of the financial year		73,695,615	55,437,184
Cash and cash equivalents at end of the financial year	14	82,007,321	73,695,615

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## For the Financial Year Ended 31 March 2016



### 1. GENERAL INFORMATION

Nee Soon Town Council ("Town Council") was formed on 1 April 2013 under the Town Councils Act (Chapter 329A) following the restructuring of Sembawang-Nee Soon Town Council into two separate entities – Sembawang Group Representation Constituency ("GRC"), now known as Sembawang Town Council and Nee Soon GRC, now known as Nee Soon Town Council.

The functions of the Town Council are to control, manage, maintain and improve the common property of residential, other commercial property and market and food centres in the housing estates of the Housing and Development Board ("HDB") within the Town.

As a result of the redrawing of the electoral boundaries after the General Elections held on 11 September 2015, there have been changes to the Nee Soon Town Council boundary. The legal date of handing over of the maintenance of the common properties for handed properties was on 1 December 2015. The Nee Soon Town Council now is made up of Nee Soon GRC which comprises the Chong Pang Division, Kebun Baru Division, Nee Soon Central Division, Nee Soon East Division and Nee Soon South Division.

The financial statements of the Town Council for the financial year ended 31 March 2016 were authorised for issue by the members of Town Council on 26 August 2016.

The head office of the Town Council is situated at Block 290 Yishun Street 22, Singapore 760290.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) BASIS OF PREPARATION

- i) The financial statements, expressed in Singapore Dollars, are prepared in accordance with the provisions of the Town Councils Act and Singapore Financial Reporting Standards ("FRS") including related interpretations. The financial statements are prepared under the historical cost convention except where an FRS requires an alternative treatment (such as fair values) as disclosed, where appropriate, in these financial statements.
- ii) Adoption of new and revised standards

On 1 April 2015, the Town Council has adopted the new or revised FRS that are mandatory for application from that date and are relevant to its operations.

The adoption of new or amended FRS did not result in substantial changes to the Town Council's accounting policies and had no material effects on the amounts reported for the current or prior financial years, except for additional disclosure on balances and transactions with its related parties.

#### (b) SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent assets and liabilities at the end of each reporting period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying value amounts of assets and liabilities within the next financial year are discussed in Note 2(f).



# NOTES TO THE FINANCIAL STATEMENTS

## For the Financial Year Ended 31 March 2016

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (c) TOWN COUNCIL FUND

In accordance with Section 33(1) of the Town Councils Act, separate funds were established to account for the management of the various types of properties. The types of properties under the management of the Town Council are as follows:

- Residential property
- Commercial property

Carparks are managed by the Town Council for the HDB on an agency basis.

These funds, together with the Sinking Fund and Town Improvement and Project Fund form the Town Council Fund.

All monies received by the Town Council are paid into and related expenditures are met out of the appropriate funds set up for each property type managed.

Assets and liabilities of the various funds of the Town Council are pooled in the statement of financial position.

#### *SINKING FUND*

In accordance with the Section 33(4) of the Town Councils Act, separate Sinking Funds are established for the improvement to, management and maintenance of residential property and commercial property. This Sinking Fund is maintained as part of the Town Council Fund.

Under the Town Councils Act, the Minister of National Development ("MND") may, from time to time, prescribe the minimum amounts of conservancy and service fees and grants-in-aid to be paid into the Sinking Fund.

Currently, the amounts to be paid into the Sinking Fund are as follows:

(i) 1-room to 3-room	30% of conservancy and service fees and grants-in-aid
(ii) 4-room to 5-room	35% of conservancy and service fees and grants-in-aid
(iii) Multi-generation	35% of conservancy and service fees
(iv) Executive	35% of conservancy and service fees
(v) Shop with living accommodation	35% of conservancy and service fees
(vi) Commercial property	35% of conservancy and service fees

These contributions are treated as operating transfers and deducted from the gross conservancy and service fees and government grants in the Income and Expenditure Statement.

The Sinking Funds are utilised for major cyclical works such as repair and redecoration, re-roofing, rewiring and replacement of pumps, water tanks and water pipes. In addition, Sinking Funds are also utilised for the overhaul and upgrading of lifts.

#### *TOWN IMPROVEMENT AND PROJECT FUND*

Town Improvement and Project Fund is established and maintained as part of the Town Council Fund. These are utilised for improvement and development works in the Town.

Town Improvement and Project Fund is set up by transfer from the accumulated surplus to fund specific town improvement projects, which are to be carried out. In addition, the Town Council receives funds under Community Improvement Projects Committee scheme and are given through the Citizens' Consultative Committee ("CCC") for the approved projects.

# NOTES TO THE FINANCIAL STATEMENTS

## For the Financial Year Ended 31 March 2016



### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (d) ALLOCATION OF GENERAL OVERHEADS

Expenditure not relating specifically to any property type managed, for example, administrative overheads, tree planting, pruning etc, is allocated to the various property types using equivalent dwelling units as follows:

<u>Property type</u>	<u>Equivalent Dwelling Unit(s)</u>
1 residential property unit	1
1 commercial property unit	2
6 car lots or 36 motor cycle lots or 4 lorry lots	1

No overheads are allocated to the Sinking Fund and Town Improvement and Project Fund.

#### e) GOVERNMENT GRANTS

The Town Council receives three types of grants from Government, namely, service and conservancy charge grant, payments from citizens' consultative committees and GST subvention grant.

Government grants are accounted for on an accruals basis. Service and conservancy charge grants received are transferred to Sinking Fund based on the amount prescribed in Note 2 (c).

The GST subvention is given as a grants-in-aid and is granted to Town Councils to assist them to absorb the GST increases in service and conservancy charge for HDB residential flats.

#### (f) PLANT AND EQUIPMENT

Depreciation is computed on a straight-line basis over their estimated useful lives as follows:

Office equipment	2 to 3 years
Data processing equipment	3 years
Furniture, fixtures and fittings	5 years

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Plant and equipment are carried at cost less accumulated depreciation and impairment losses. The gain or loss arising from the derecognition of an item of plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in the income and expenditure statement. The residual value and the useful life of an asset is reviewed at least at each financial year-end and, if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, any cost 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. Subsequent cost are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income and expenditure statement when they are incurred.

#### (g) FUNDS WITH FUND MANAGERS

Funds with fund managers represent the cost of the portfolio of assets placed with fund managers at the beginning of each management term plus investment income less management fees payable during the management term. These agreements can be terminated by either party giving a notice period of 1 month.



# NOTES TO THE FINANCIAL STATEMENTS

## For the Financial Year Ended 31 March 2016

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (g) FUNDS WITH FUND MANAGERS (Cont'd)

Funds with fund managers comprise of mainly of equities, bonds, cash and fixed deposits. Equities and bonds are stated on an aggregate portfolio basis and are designated as financial assets at fair value through profit or loss at inception in the statement of financial position.

On the expiry of the management term, any surplus over and above the performance benchmark will be shared between the Town Council and the fund managers on an agreed basis.

#### (h) FINANCIAL ASSETS

##### *INITIAL RECOGNITION AND MEASUREMENT*

Financial assets are recognised when, and only when, the Town Council becomes a party to the contractual provisions of the financial instrument. The Town Council determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not a fair value through profit or loss, directly attributable transaction costs.

##### *SUBSEQUENT MEASUREMENT*

The subsequent measurement of financial assets depends on their classification as follows:

##### *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in Income and Expenditure Statement. Net gains or net losses on financial assets at fair value through profit or loss include interest and dividend income.

##### *Loans and receivables*

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in Income and Expenditure Statement when the loans and receivables are derecognised or impaired, and through the amortisation process.

##### *Held-to-maturity financial assets*

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Town Council has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in Income and Expenditure Statement when the held-to-maturity financial assets are derecognised or impaired, and through the amortisation process.

Any sale or reclassification of a more than insignificant amount of held-to-maturity financial assets not close to their maturity would result in the reclassification of all held-to-maturity financial assets as available for sale. It would also prevent the Town Council from classifying investment securities as held-to-maturity for the current and the following two years.

# NOTES TO THE FINANCIAL STATEMENTS

## For the Financial Year Ended 31 March 2016



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (h) FINANCIAL ASSETS (Cont'd)

#### Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses and interest calculated using the effective interest method are recognised in Income and Expenditure Statement. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

#### DE-RECOGNITION

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

#### REGULAR WAY PURCHASE OR SALE OF A FINANCIAL ASSET

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Town Council commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

### (i) IMPAIRMENT OF FINANCIAL ASSETS

The Town Council assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

#### FINANCIAL ASSETS CARRIED AT AMORTISED COST

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

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in Income and Expenditure Statement.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

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



# NOTES TO THE FINANCIAL STATEMENTS

## For the Financial Year Ended 31 March 2016

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (i) IMPAIRMENT OF FINANCIAL ASSETS (Cont'd)

##### *FINANCIAL ASSETS CARRIED AT AMORTISED COST (Cont'd)*

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in Income and Expenditure Statement.

##### *FINANCIAL ASSETS CARRIED AT COST*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

##### *AVAILABLE-FOR-SALE FINANCIAL ASSETS*

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in Income and Expenditure Statement. Reversals of impairment losses in respect of equity instruments are not recognised in Income and Expenditure Statement; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in Income and Expenditure Statement, the impairment loss is reversed in Income and Expenditure Statement.

#### (i) IMPAIRMENT OF NON-FINANCIAL ASSETS

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (k) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and call deposits, fixed deposits, less cash and fixed deposits with fund managers.

### (l) PROVISIONS

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

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

### (m) FINANCIAL LIABILITIES

#### INITIAL RECOGNITION AND MEASUREMENT

Financial liabilities are recognised when, and only when, the Town Council becomes a party to the contractual provisions of the financial instrument. The Town Council determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

#### SUBSEQUENT MEASUREMENT

##### *Other financial liabilities*

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in Income and Expenditure Statement when the liabilities are derecognised, and through the amortisation process.

#### DE-RECOGNITION

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in Income and Expenditure Statement.

### (n) LEASE

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

#### AS LESSEE

Operating lease payments are recognised as an expense in Income and Expenditure Statement on a straight line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.



# NOTES TO THE FINANCIAL STATEMENTS

## For the Financial Year Ended 31 March 2016

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (o) REVENUE RECOGNITION

Conservancy and Service fees and agency fees are recognised on a time-proportion basis for the period when the service is rendered. Interest income from fixed deposits are recognised on a time-proportion basis using the effective interest method.

Investment income from investments in financial assets held at fair value through profit or loss and available-for-sale instruments is recognised in the Income and Expenditure Statement and the Statement of Comprehensive Income while investment income from investments in held-to-maturity financial assets is recognised on a time-proportion basis using the effective interest method.

#### (p) INCOME TAX

Tax is provided on the following income:

- (i) Income derived from investments;
- (ii) Fees, rent and other charges received from non-residents or non-owners of properties in the Town for use of common properties; and
- (iii) Donations from non-residents or non-owners of properties in the Town.

In respect of Government grants received, the Town Council has been granted remission under Section 92(2) of the Income Tax Act (Chapter 134). Conservancy and service charges and agency fees are not subject to tax.

Income tax expense comprises current tax. Current tax is recognised in the Income and Expenditure Statement except to the extent that it relates to items recognised directly in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

#### (q) FAIR VALUE ESTIMATION

The carrying amount of current financial assets and liabilities with a maturity of less than one year, are assumed to approximate their fair values due to their short-term nature.

The fair value of financial assets traded in active markets (such as exchanged-traded and over-the-counter securities) are based on quoted market bid-prices at the end of the reporting period.

The fair value of non-current financial liabilities carried at amortised cost are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Town Council for similar liabilities.

#### (r) FUNCTIONAL CURRENCY

The functional currency of the Town Council is Singapore dollar as it reflects the primary economic environment in which the entity operates.

# NOTES TO THE FINANCIAL STATEMENTS

## For the Financial Year Ended 31 March 2016



### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (s) Advances received for Neighbourhood Renewal Programme

Neighbourhood Renewal Programme (NRP) is established in respect of the NRP works carried out on the qualifying properties to upgrade the quality of HDB estates. It is implemented by the Town Council with full funding from the Government.

The funding for the programme belongs to the government which is received in advance and is for the specific use of projects under the programme. The funding is subject to a budget allocation of \$3,400 per dwelling unit to cover NRP expenditure and \$150 per dwelling unit or \$125,000, whichever is higher to cover miscellaneous NRP expenditure. However, if the cost of project works incurred exceeds the funding provided, the Town Council has to bear the cost of excess expenditure.

#### (t) CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

##### *ALLOWANCE FOR DOUBTFUL ACCOUNTS*

An allowance is made for doubtful accounts for estimated losses resulting from the subsequent inability of the debtors to make required payments. If the financial conditions of the debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. The Town Council specifically analyses accounts receivables and analyses historical bad debt, debtor concentrations, debtor creditworthiness, current economic trends and changes in debtor payment terms when evaluating the adequacy of the allowance for doubtful accounts. Allowance for doubtful conservancy and service debts amounting to S\$827,637 (2015: S\$449,510) have been estimated on the basis of age of debts, results of recovery efforts and historical experience.

##### *IMPAIRMENT OF FINANCIAL ASSETS*

Management reviews its financial assets for objective evidence of impairment regularly. Significant or prolonged declines in the fair value of any security below its cost and the disappearance of an active trading market for the security are considered objective evidence that a financial asset is impaired. In determining this, management evaluates, among other factors, the duration and extent to which the fair value of a financial asset is less than its cost, the financial health of and the near-term business outlook of the issuer of the investment, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. No impairment is assessed to be necessary for held-to-maturity financial assets. Impairment for available-for-sale financial assets as at 31 March 2016 amounted to S\$473,508 (2015: S\$NIL).

##### *DEPRECIATION OF PLANT AND EQUIPMENT*

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of plant and equipment to be 2 to 5 years. The carrying amount of the plant and equipment as at 31 March 2016 was S\$195,563 (2015: S\$204,733). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

##### *INCOME TAX*

Significant judgement is required in determining the deductibility of certain expenses during the estimation of the provision for income tax. There are also claims for which the ultimate tax determination is uncertain during the ordinary course of operation. The Town Council recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax provisions in the period in which such determination is made.



# NOTES TO THE FINANCIAL STATEMENTS

## For the Financial Year Ended 31 March 2016

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

#### **(t) CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES (Cont'd)**

##### *CLASSIFICATION OF HELD-TO-MATURITY FINANCIAL ASSETS*

The Town Council follows the guidance of FRS 39 on classifying non-derivatives financial assets with fixed or determinable payments with fixed maturity as held-to-maturity.

This classification requires judgement. In making this judgement, the Town Council evaluates its intention and ability to hold such investments to maturity. If the Town Council fails to keep investments to maturity other than for specific circumstances, it will be required to reclassify these investments as available-for-sale. The investments would then be measured at fair value, and not amortised cost.

# NOTES TO THE FINANCIAL STATEMENTS

## For the Financial Year Ended 31 March 2016



### 3. Accumulated Surplus

The surplus/(deficit) for the financial year attributable to the various activities is carried forward as accumulated surplus in the respective funds as follows:-

	<b>NOTE</b>	<b>Total</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Carparks</b>		
		<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
		<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
Operating Income							
Conservancy and service fees		45,440,465	45,980,486	42,799,977	43,553,974	2,640,488	2,426,512
Operating transfer to Sinking Funds (minimum required by law)	4	(15,471,584)	(15,720,926)	(14,547,360)	(14,871,716)	(924,224)	(849,210)
Agency Fee	16(a)	3,153,512	3,526,495	-	-	-	-
Other Income	16(b)	3,416,460	3,749,033	2,747,817	3,322,151	614,119	392,043
Operating expenditure		(36,889,392)	(38,276,216)	(32,847,663)	(34,093,345)	(1,368,946)	(1,368,785)
Operating (deficit)/surplus		(350,539)	(741,128)	(1,847,229)	(2,088,936)	961,437	600,560
Non-operating income		96,149	81,587	84,468	71,870	3,166	2,431
(Deficit)/surplus before taxation and Government grants		(254,390)	(659,541)	(1,762,761)	(2,017,066)	964,603	602,991
Taxation	20	(211,300)	(316,413)	(185,582)	(272,970)	(7,749)	(42,043)
(Deficit)/surplus after taxation but before Government grants		(465,690)	(975,954)	(1,948,343)	(2,290,036)	956,854	560,948
Government Grants	22	11,821,571	8,870,021	11,602,903	8,840,698	218,668	29,323
Transfer to sinking fund	4,22	(2,099,093)	(2,057,011)	(2,099,093)	(2,057,011)	-	-
Transfer to town improvement and project funds	5,22	(5,320,544)	(2,546,313)	(5,101,876)	(2,516,990)	(218,668)	(29,323)
		4,401,934	4,266,697	4,401,934	4,266,697	-	-
Add: GST Subvention	22	1,662,112	1,692,752	1,662,112	1,692,752	-	-
Transfer to sinking fund	4,22	(566,246)	(578,011)	(566,246)	(578,011)	-	-
		1,095,866	1,114,741	1,095,866	1,114,741	-	-
Surplus for the year		5,032,110	4,405,484	3,549,457	3,091,402	956,854	560,948
Accumulated surplus at beginning of year		8,099,660	6,275,077	2,915,529	959,776	5,184,131	4,623,183
Transfer to town improvement project fund	5	-	(2,580,901)	-	(2,580,901)	-	-
Transfer of Accumulated Surplus from carpark to residential property		-	-	-	1,445,252	-	-
		-	-	-	-	-	(1,445,252)
Section 34 Accumulated surplus transferred to sinking fund	4	(5,325,105)	-	-	-	(5,325,105)	-
Transfer of reserve as at 30 November 2015:							
- from Ang Mo Kio Town Council		844,324	-	283,292	-	316,158	-
- to Sembawang Town Council		(2,138,777)	-	(1,343,777)	-	(579,194)	-
Accumulated surplus at end of year		6,512,212	8,099,660	5,404,501	2,915,529	552,844	554,867



# NOTES TO THE FINANCIAL STATEMENTS

## For the Financial Year Ended 31 March 2016

### 4. Sinking Fund

	NOTE	Total 2016 S\$	2015 S\$	Residential Property 2016 S\$	2015 S\$	Commercial Property 2016 S\$	2015 S\$
Balance at beginning of year		115,975,983	120,897,495	86,884,694	92,023,882	29,091,289	28,873,613
Investment and interest income	18 (a)	(5,388)	2,761,270	(4,037)	2,101,804	(1,351)	659,466
Other income		26,483	(2,462)	26,301	(2,462)	182	-
Operating transfer from conservancy and service fees (Minimum required by law)	3	15,471,584	15,720,926	14,547,360	14,871,716	924,224	849,210
Government grants	3,22	2,099,093	2,057,011	2,099,093	2,057,011	-	-
GST Subvention	3,22	566,246	578,011	566,246	578,011	-	-
		18,158,018	21,114,756	17,234,963	19,606,080	923,055	1,508,676
Expenditure	18 (b)	(17,373,524)	(25,829,367)	(16,744,817)	(24,587,781)	(628,707)	(1,241,586)
Surplus/ (Deficit) before tax		784,494	(4,714,611)	490,146	(4,981,701)	294,348	267,090
Taxation	20	(591,963)	(206,901)	(443,476)	(157,487)	(148,487)	(49,414)
Surplus/ (Deficit) for the financial year		192,531	(4,921,512)	46,670	(5,139,188)	145,861	217,676
Section 34 transferrable surplus transferred from accumulated surplus	3	5,325,105	-	-	-	5,325,105	-
Transfer of reserve as at 30 November 2015:							
- from Ang Mo Kio Town Council		11,919,521	-	7,221,376	-	4,698,145	-
- to Sembawang Town Council		(43,336,766)	-	(38,641,353)	-	(4,695,413)	-
		90,076,374	115,975,983	55,511,387	86,884,694	34,564,987	29,091,289
Add: Fair value reserve		575,632	654,946				
		90,652,006	116,630,929				
Represented by:							
Non-Current Assets							
Available-for-sale financial assets		5,375,943	5,928,765				
Held-to-maturity financial assets		8,956,648	12,599,463				
		14,332,591	18,528,228				
Current Assets							
Financial assets at fair value through profit or loss		32,217,726	27,269,569				
Held-to-maturity financial assets		3,633,819	4,361,533				
Conservancy and services receivables		224,550	486,220				
Other receivables		12,160,251	829,849				
Interest receivable		331,511	256,435				
Amount due from accumulated surplus		1,797,903	3,810,583				
Cash and cash equivalents		72,162,618	65,068,275				
		122,528,378	102,082,464				
Total assets		136,860,969	120,610,692				
Less: Current Liabilities							
Conservancy and service fee received in advance		217,187	248,874				
Payables and accrued expenses		45,025,571	3,369,811				
Provision for taxation		966,205	361,078				
		46,208,963	3,979,763				
Net Assets		90,652,006	116,630,929				

# NOTES TO THE FINANCIAL STATEMENTS

## For the Financial Year Ended 31 March 2016



### 5. Town Improvement and Project Fund

	<b>NOTE</b>	<b>Total</b>	<b>Residential Property</b>	<b>Commercial Property</b>			
		<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>		
		<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>		
Balance as at 1 April		1,745,000	1,427,000	121,924	(353,601)	1,623,076	1,780,601
Government grants	3,22	5,320,544	2,546,313	5,101,876	2,516,990	218,668	29,323
Other income		32,284	231,028	31,031	223,862	1,253	7,166
Expenditure		(7,946,710)	(5,040,242)	(7,632,618)	(4,846,228)	(314,092)	(194,014)
Deficit for the financial year		(2,593,882)	(2,262,901)	(2,499,711)	(2,105,376)	(94,171)	(157,525)
Transfer from Accumulated Surplus	3	-	2,580,901	-	2,580,901	-	-
Transfer of reserve as at 30 November 2015 from/(to):							
- Ang Mo Kio Town Council		430,281	-	407,126	-	23,155	-
- Sembawang Town Council		2,404	-	225,384	-	(222,980)	-
Balance as at 31 March		(416,197)	1,745,000	(1,745,277)	121,924	1,329,080	1,623,076
Represented by:							
<b>Current Assets</b>							
Other receivables		1,902,556	2,016,860				
Payables and accrued expenses		(1,524,065)	(1,005,821)				
Amount due (to)/from accumulated surplus		(794,688)	733,961				
<b>Net Assets</b>		(416,197)	1,745,000				



# NOTES TO THE FINANCIAL STATEMENTS

## For the Financial Year Ended 31 March 2016

### 6. Advance for Neighbourhood Upgrading Programme

	<b>2016</b> <b>S\$</b>	<b>Restated</b> <b>2015</b> <b>S\$</b>	<b>Restated</b> <b>2014</b> <b>S\$</b>
Balance on 1 April	1,579,374	207,418	(517,717)
Funding from Government	7,252,371	9,974,998	7,535,926
Reimbursement from HDB for Electrical Loading Upgrading	2,315,149	2,376,597	3,854,872
Misc Income	4,000	5,500	3,300
Payment to contractors	(10,983,758)	(10,985,139)	(10,668,963)
Movement during the year	(1,412,238)	1,371,956	725,135
Balance as at 31 March	<u>167,136</u>	<u>1,579,374</u>	<u>207,418</u>

### 7. Plant and Equipment

	<b>Office</b> <b>Equipment</b> <b>S\$</b>	<b>Data</b> <b>Processing</b> <b>Equipment</b> <b>S\$</b>	<b>Furniture</b> <b>Fixtures and</b> <b>Fittings</b> <b>S\$</b>	<b>Total</b> <b>S\$</b>
<b>2016</b>				
<b>Cost:</b>				
Balance as at 1 April 2015	249,782	104,862	787,038	1,141,682
Balance transfer from Ang Mo Kio Town Council	1,656	-	-	1,656
Additions	2,258	31,138	31,398	64,794
Disposals	(9,696)	(7,371)	(3,966)	(21,033)
Balance as at 31 March 2016	<u>244,000</u>	<u>128,629</u>	<u>814,470</u>	<u>1,187,099</u>
<b>Accumulated depreciation:</b>				
Balance as at 1 April 2015	234,823	56,597	645,529	936,949
Charge for the financial year	13,549	27,442	34,629	75,620
Disposals	(9,696)	(7,371)	(3,966)	(21,033)
Balance as at 31 March 2016	<u>238,676</u>	<u>76,668</u>	<u>676,192</u>	<u>991,536</u>
<b>Net book value:</b>				
Balance as at 31 March 2016	<u>5,324</u>	<u>51,961</u>	<u>138,278</u>	<u>195,563</u>

# NOTES TO THE FINANCIAL STATEMENTS

## For the Financial Year Ended 31 March 2016



### 7. Plant and Equipment, (cont'd)

	<b>Office Equipment S\$</b>	<b>Data Processing Equipment S\$</b>	<b>Furniture Fixtures and Fittings S\$</b>	<b>Total S\$</b>
<b>2015</b>				
<b>Cost:</b>				
Balance as at 1 April 2014	258,804	189,491	658,464	1,106,759
Additions	4,555	9,305	132,026	145,886
Disposals	(13,577)	(93,934)	(3,452)	(110,963)
Balance as at 31 March 2015	<u>249,782</u>	<u>104,862</u>	<u>787,038</u>	<u>1,141,682</u>
<b>Accumulated depreciation:</b>				
Balance as at 1 April 2014	229,404	124,014	626,943	980,361
Charge for the financial year	18,108	25,687	21,883	65,678
Disposals	(12,689)	(93,104)	(3,297)	(109,090)
Balance as at 31 March 2015	<u>234,823</u>	<u>56,597</u>	<u>645,529</u>	<u>936,949</u>
<b>Net book value:</b>				
Balance as at 31 March 2015	<u>14,959</u>	<u>48,265</u>	<u>141,509</u>	<u>204,733</u>



# NOTES TO THE FINANCIAL STATEMENTS

## For the Financial Year Ended 31 March 2016

### 8. Funds With Fund Managers

Funds with fund managers comprised the following:

	Note	2016 S\$	2015 S\$
Financial assets at fair value through profit or loss	9	32,217,726	27,269,569
Accrued interest	13	153,100	94,461
Cash and fixed deposits	14	1,489,504	7,283,620
Management fees payables to fund managers	15	(15,376)	(15,641)
		<u>33,844,954</u>	<u>34,632,009</u>

### 9. Financial assets at fair value through profit or loss

	2016 S\$	2015 S\$
Taken up in sinking funds:		
- Equities - quoted	7,036,354	9,660,813
- Bonds - quoted	25,181,372	17,608,756
	<u>32,217,726</u>	<u>27,269,569</u>

### 10. Available-For-Sale Financial Assets

	2016 S\$	2015 S\$
Movements during the year - at fair value:		
Financial assets at beginning of year	5,928,765	5,623,601
Disposal	-	(46,658)
Fair value (loss)/gain	(552,822)	351,822
Fair value at end of year	<u>5,375,943</u>	<u>5,928,765</u>
Taken up in sinking funds:		
- Quoted unit trusts/reits as available-for-sale financial assets	1,548,671	1,747,402
- Quoted equities as available-for-sale financial assets	3,827,272	4,181,363
	<u>5,375,943</u>	<u>5,928,765</u>

# NOTES TO THE FINANCIAL STATEMENTS

## For the Financial Year Ended 31 March 2016



### 11. Held-To-Maturity Financial Assets

	2016 S\$	2015 S\$
Taken up in sinking fund:		
<b>Current</b>		
Amortised costs of quoted bonds with fixed interest of 1.01% - 4.17% (2015: 2.02% to 3.73 %) p.a. and maturity date ranging from 10 May 2016 to 16 Feb 2017 (2015: 21 April 2015 to 7 March 2016)	3,633,819	4,361,533
<b>Non-current</b>		
Amortised costs of quoted bonds with fixed interest of 1.10% - 4.00% (2015: 1.01% to 4.17%) p.a. and maturity date ranging from 8 Jun 2017 to 1 June 2019 (2015: 10 May 2016 to 1 June 2019)	8,956,648 <u>12,590,467</u>	12,599,463 <u>16,960,996</u>
	2016 S\$	2015 S\$
Movements during the year - at amortised cost:		
Financial assets at beginning of year	16,960,996	1,968,607
Transfer from Fund manager on expiry	-	17,590,817
Redemption	(4,317,500)	(2,537,500)
Amortisation	(53,029)	(60,928)
Balance as at 31 March	<u>12,590,467</u>	<u>16,960,996</u>
The fair values for the held-to-maturity financial assets were as follows:		
Quoted bonds with fixed interest	<u>12,712,814</u>	<u>16,910,769</u>

### 12. Conservancy and Service Receivables

	2016 S\$	2015 S\$
Conservancy and service receivables	1,347,143	1,871,911
Interest receivable on late payment	228,994	321,735
Impairment loss	(827,637)	(449,510)
	<u>748,500</u>	<u>1,744,136</u>
Movement in impairment loss during the year		
Balance at beginning of year	449,510	316,037
Transfer to Sembawang Town Council for handover properties	(281,055)	-
Transfer from Ang Mo Kio Town Council for takeover properties	93,673	-
Additional provision for the financial year	565,509	133,473
Balance as at 31 March	<u>827,637</u>	<u>449,510</u>



# NOTES TO THE FINANCIAL STATEMENTS

## For the Financial Year Ended 31 March 2016

### 13. Other Receivables

	<b>2016 S\$</b>	<b>2015 S\$</b>
Recoverable from HDB	583,696	254,486
Citizens' Consultative Committee grant receivables	1,472,275	1,939,535
Prepayments	151,794	214,302
Others	206,897	252,880
Accrued interest (Note 8)	153,100	94,461
Services & conservancy charge grant receivable	41,630	218,498
GST subvention grant receivable	333,608	430,550
Deposits Paid	244,804	301,518
Goods & Services Tax	-	839,815
Amount due from Ang Mo Kio Town Council	13,572,957	-
	<u>16,760,761</u>	<u>4,546,045</u>

Current receivables with a short duration are not discounted and the carrying amounts are assumed to be reasonable approximation of fair values.

Balances due from Ang Mo Kio Town Council relates to balances receivable arising from boundary changes.

### 14. Cash and cash equivalents

	<b>2016 S\$</b>	<b>2015 S\$</b>
Cash in hand and bank balances	5,186,928	8,502,711
Cash and fixed deposits with fund managers (Note 8)	1,489,504	7,283,620
Fixed deposits	<u>76,820,393</u>	<u>65,192,904</u>
	<u>83,496,825</u>	<u>80,979,235</u>

At the year end, the carrying amounts of cash and cash equivalents approximate their fair values.

The fixed deposits with financial institutions mature between one month to twelve months (2015: one month to ten months) after the financial year end. The interest rate as at 31 March 2016 was between 0.43% and 1.90% (2015: 0.43% and 1.35%) p.a.

For the purposes of cash flow statement, the cash and cash equivalents comprised the following:

	<b>2016 S\$</b>	<b>2015 S\$</b>
Cash and cash equivalents	83,496,825	80,979,235
Cash and fixed deposits with fund managers (Note 8)	<u>(1,489,504)</u>	<u>(7,283,620)</u>
Cash and cash equivalents per statement of cash flows	<u>82,007,321</u>	<u>73,695,615</u>

# NOTES TO THE FINANCIAL STATEMENTS

## For the Financial Year Ended 31 March 2016



### 15. Payables and Accrued Expenses

	<b>2016</b> <b>S\$</b>	<b>2015</b> <b>S\$</b>
Work order accruals	324,783	16,724
Trade payables	5,170,150	6,754,774
Water and electricity payables	445,977	736,260
Accrued operating expenses	302,810	394,111
Sundry deposits	193,559	208,223
Accrued management fee (Note 8)	15,376	15,641
Other payables	118,754	30,559
Amount due to Sembawang Town Council	46,053,157	-
Goods & Services Tax	49,054	-
	<u>52,673,620</u>	<u>8,156,292</u>

The contractual undiscounted cash outflows on payables and accrued expenses are expected to approximate their carrying amounts and settled within one year except for sundry deposits that are repayable on demand.

Balances due to Sembawang Town Council mainly relates to balances payable arising from boundary changes.

### 16. (a) Agency Fees

Agency fees received for routine maintenance of HDB's car parks and common property within the town.

### 16. (b) Other income

	<b>2016</b> <b>S\$</b>	<b>2015</b> <b>S\$</b>
Late payment penalty	223,445	282,364
Liquidated damages	107,910	100,823
Temporary occupational licence income	2,321,116	2,496,193
Use of common property	25,620	24,630
Use of void decks	52,470	52,390
Use of water and electricity at void decks	568,345	713,298
Others	117,554	79,335
	<u>3,416,460</u>	<u>3,749,033</u>

### 17. Managing Agent's Fees

The Town Council daily operations have been outsourced to a managing agent for a fee of S\$5,727,356 (2015 : S\$5,614,479) for the financial year ended 31 March 2016.



# NOTES TO THE FINANCIAL STATEMENTS

## For the Financial Year Ended 31 March 2016

### 18. (a) Investment and Interest Income On Sinking Funds

	<b>2016</b> <b>S\$</b>	<b>2015</b> <b>S\$</b>
Income - Bonds and other investments	405,566	342,223
Interest Income - fixed bank deposits	683,744	354,404
Dividend income from equities	165,865	177,918
Fair value (loss)/gain from financial assets carried at fair value through profit or loss	(787,055)	1,886,725
Impairment of available-for-sale financial assets reclassified to income and expenditure statement	(473,508)	-
	<u>(5,388)</u>	<u>2,761,270</u>

### 18. (b) Sinking Funds Expenditure

	<b>Note</b>	<b>2016</b> <b>S\$</b>	<b>2015</b> <b>S\$</b>
Re-Roofing Works		3,637,428	3,861,838
Electrical Rewiring		141,444	1,771,893
Lift Works		1,381,608	1,532,165
Replacement of Water & Booster Pump		611,649	442,523
Repairs & Redecoration		7,109,618	6,966,308
Replacement Water Pipes		2,984,887	3,639,440
Consultancy fee and other charges		683,664	717,866
Goods and services tax	21	564,136	669,206
Lift Overhaul		12,584	6,228,128
Replacement of Refuse Chute		246,506	-
		<u>17,373,524</u>	<u>25,829,367</u>

### 19. General and Administrative Expenditure

The general and administrative expenditure comprise the following:

	<b>Note</b>	<b>2016</b> <b>S\$</b>	<b>2015</b> <b>S\$</b>
Advertising and public relations		1,072,529	547,070
Auditor's remuneration		36,100	27,920
Allowance for bad debts		565,509	133,473
Bad debts recovered		-	(17,756)
Computing services		335,407	252,558
Depreciation of plant and equipment	7	75,620	65,678
Office rental and upkeep expenditure		494,429	462,630
Office supplies and stationery		67,984	72,019
Postage / Telephone		160,585	177,821
Town Councillors' allowance		191,100	186,567
Insurance premium		11,962	36,373
Goods and services tax	21	185,719	248,251
Legal fee		19,082	158,565
Property tax		257,322	243,258
Others		573,175	178,850
		<u>4,046,523</u>	<u>2,773,277</u>

# NOTES TO THE FINANCIAL STATEMENTS

## For the Financial Year Ended 31 March 2016



### 20. Income Tax

	2016 S\$	2015 S\$
Current income tax provision	711,965	593,246
Under/(Over)provision in prior year	91,298	(69,932)
	<u>803,263</u>	<u>523,314</u>
Taken up in:		
Income and Expenditure Statement	211,300	316,413
Sinking Fund Statement	591,963	206,901
	<u>803,263</u>	<u>523,314</u>

The tax expense on surplus differs from the amount that would arise using the Singapore standard rate of income tax as explained below:

	2016 S\$	2015 S\$
Interest income received	2,209,666	1,567,190
Dividend income	122,347	632,369
Other income	10,124,951	10,156,229
Allowable expenses	(227,899)	(392,287)
	<u>12,229,065</u>	<u>11,963,501</u>
Tax calculated at a tax rate of 17%	2,078,941	2,033,795
Tax exempt income	(25,925)	(25,500)
Tax effect of certain income taxed at concessionary tax rate	(67,257)	(70,919)
Tax remission of government grants under Section 92(2) of Singapore Income Tax	(1,368,953)	(1,344,130)
Under/(Over)provision in prior year	91,298	(69,932)
Others	95,159	-
	<u>803,263</u>	<u>523,314</u>

### 21. Goods and Services Tax

Government grants received by the Town Council are considered non-taxable supplies. Therefore, input tax claimable is based on a formula determined by the Inland Revenue Authority of Singapore. The unclaimed portion is charged to the Income and Expenditure Statement/Sinking Fund Statement during the financial year.



# NOTES TO THE FINANCIAL STATEMENTS

## For the Financial Year Ended 31 March 2016

### 22. Government grants

(i) Government grants taken to the Income and Expenditure Statement during the year are as follows :-

	<b>Total</b>		<b>Conservancy and Service Grant</b>		<b>Payment from Citizens' Consultative Committee</b>		<b>GST Subvention</b>	
	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
Government Grants received/receivable during the year	13,483,683	10,562,773	6,501,027	6,323,708	5,320,544	2,546,313	1,662,112	1,692,752
Transfer to -								
Sinking Funds	(2,665,339)	(2,635,022)	(2,099,093)	(2,057,011)	-	-	(566,246)	(578,011)
Town Improvement and Project Fund	(5,320,544)	(2,546,313)	-	-	(5,320,544)	(2,546,313)	-	-
	<u>5,497,800</u>	<u>5,381,438</u>	<u>4,401,934</u>	<u>4,266,697</u>	<u>-</u>	<u>-</u>	<u>1,095,866</u>	<u>1,114,741</u>

(ii) The total amount of grants received (including grants received in advance), since the formation of the Town Council, is as follows :-

	<b><u>2016</u></b>	<b><u>2015</u></b>
	<b>S\$</b>	<b>S\$</b>
Balance at 1 April	21,019,850	10,457,077
Add : Grants received for the financial year	13,483,683	10,562,773
Balance at 31 March	<u>34,503,533</u>	<u>21,019,850</u>

# NOTES TO THE FINANCIAL STATEMENTS

## For the Financial Year Ended 31 March 2016



### 23. Operating Lease Payment Commitments

At the reporting date, the Town Council was committed to make the following payments in respect of operating lease of office premises, rental of equipment and computer support and maintenance services with lease terms of more than one year:

	<b>2016</b> <b>S\$</b>	<b>2015</b> <b>S\$</b>
Not later than one year	487,575	482,218
Later than one year but not later than five years	897,126	948,115
More than five years	<u>-</u>	<u>411,268</u>

### 24. Capital Commitments

	<b>2016</b> <b>S\$</b>	<b>2015</b> <b>S\$</b>
Capital expenditure approved by the Town Council but not provided for in the financial statements are as follows:		
Amount approved and contracted for	32,486,014	35,320,991
Amount approved but not contracted for	<u>57,043,159</u>	<u>101,934,000</u>
	<u>89,529,173</u>	<u>137,254,991</u>

Included in the amount approved and contracted for are commitments for Neighbourhood Upgrading Programme projects of S\$7,742,416 (2015: S\$13,555,805).

### 25. Related party transactions

The following significant transactions took place between the Town Council and its managing agent at terms agreed between the parties:

	<b>2016</b> <b>S\$</b>	<b>2015</b> <b>S\$</b>
Managing Agent's Fees	5,727,356	5,614,479
Contract for services and works	104,559	174,650
Energy saving costs *	926,862	307,286
Project management fee	995,068	1,211,542
Repairs and maintenance	873,951	620,426
Essential Maintenance Service Unit Services	<u>797,736</u>	<u>867,600</u>

Contract for services and works include mainly construction of playgrounds and electrical licensing fees.

\*The Town Council and the related party have entered into an agreement for the related party to supply and install Light Emitting Diode ("LED") luminaries at the HDB blocks at no costs to the Town Council. Under the terms of the agreement, certain percentage of the energy costs saved from the usage of the LED will be shared by the related party.

Payables and accrued expenses included amount due to the managing agent of S\$891,935 (2015: S\$255,089).

Related party relates to the managing agent of the Town Council which manages the operations of the Town Council.



# NOTES TO THE FINANCIAL STATEMENTS

## For the Financial Year Ended 31 March 2016

### 26. Financial risk management objectives and policies

#### General Risk Management Principles

The Town Council's financial instruments comprise cash and liquid resources, including investments in financial assets, conservancy and services debtors and other receivables, trade payables and other payables. The main risks arising from the Town Council's financial instruments are credit risk, market risk and liquidity risk. The Town Council reviews and monitors policies for managing each of these risks and they are summarised below:

#### Credit Risk

Credit risk is the risk that counterparty to a financial asset fail to discharge an obligation or commitment entered into with the Town Council.

Credit risk on cash and cash equivalents is limited because the counterparties are with Singapore regulated financial institutions. Ongoing credit evaluation is performed on the conservancy and service fees receivables financial condition and loss from impairment is recognised in the income and expenditure and sinking fund statements. There is no significant concentration risk for conservancy and service receivables as the exposure is spread over a large number of residents.

The credit risk for conservancy and service receivables based on the information provided to key management is as follows:

- (i) Conservancy and service fees receivables that are neither past due nor impaired are substantially counterparties with good payment records with the Town Council.
- (ii) The ageing analysis of conservancy and service fees receivable past due and information on the impairment allowance are as follows:

	<b>Gross 2016 S\$</b>	<b>Gross 2015 S\$</b>	<b>Impairment 2016 S\$</b>	<b>Impairment 2015 S\$</b>
Past due <3 months	115,833	371,252	-	-
Past due 3 to 6 months	228,045	310,853	-	-
Past due over 6 months	1,060,258	1,100,621	827,637	449,510
	<u>1,404,136</u>	<u>1,782,726</u>	<u>827,637</u>	<u>449,510</u>

# NOTES TO THE FINANCIAL STATEMENTS

## For the Financial Year Ended 31 March 2016



### 26. Financial risk management objectives and policies (Cont'd)

#### Credit risk (cont'd)

Based on historical default rates, the Town Council believes that no impairment allowance is necessary in respect of conservancy and service fee receivables not past due or past due but not impaired. These receivables are substantially debtors with good collection track record with the Town Council. The carrying amount of conservancy and service receivables determined to be impaired was S\$827,637 (2015: S\$449,510).

Other receivables as at 31 March 2016 are not past due or impaired as at 31 March 2016. These comprised mainly recoverable from statutory board, government agencies and balances due from Ang Mo Kio Town Council.

Exposure to credit risk in financial assets at fair value through profit or loss, available-for-sale financial assets and held-to-maturity financial assets comprises mainly debt securities. Investments in debt securities are subject to adverse changes in the financial condition of the issuer, or the general economic conditions, or both, which may impair the ability of the issuer to make payment of interest and principal. Exposure to such credit risk is monitored by the Town Council's management and the professional investment advisors (in the case of funds with fund managers) with oversight from the Finance and Investment Committee and the Town Council.

The Town Council's maximum exposure to credit risk arising from cash and cash equivalents, conservancy and service fees receivables, other receivables and other financial assets as at 31 March 2016 is equal to the carrying amount of these financial assets in the statement of financial position.

#### Market risk

Market risk is the risk of potential adverse changes to the value of the financial instruments because of changes in market conditions such as interest and volatility in security prices.

##### (i) Price risk

The Town Council is exposed to securities price risk from financial assets which are classified on the statement of financial position at fair value through profit or loss and/or at fair value recognised directly in fair value reserves. Fluctuations in the market price of a security may result from perceived changes in the underlying economic characteristics of the financial assets and the market conditions. Our investment portfolio with fund managers (classified as financial assets at fair value through profit or loss) are monitored by the fund managers, on a regular basis, so as to assess changes in fundamentals and valuation. Guidelines have been set by the Finance and Investment Committee to manage the exposure of our investment portfolio so as to reduce our exposures to market volatility by diversifying the investment portfolio into equities, bonds and other financial assets.



# NOTES TO THE FINANCIAL STATEMENTS

## For the Financial Year Ended 31 March 2016

### 26. Financial risk management objectives and policies (Cont'd)

#### Market risk (cont'd)

##### (i) Price risk (cont'd)

##### Sensitivity analysis

The table below summarises the impact to the Town Council's financial assets at fair value through profit or loss and available for sale financial assets as a result of a 10% increase /decrease in the fair value of funds with all other variable held constant:

	Net Assets		Increase / (Decrease)	
	10% increase S\$	10% decrease S\$	Sinking Fund Statement	
			10% increase S\$	10% decrease S\$
<b>31 March 2016</b>				
Financial assets at fair value through profit or loss	3,221,773	(3,221,773)	3,221,773	(3,221,773)
Available-for-sale financial assets	537,594	(537,594)	537,594	(537,594)
<b>31 March 2015</b>				
Financial assets at fair value through profit or loss	2,726,957	(2,726,957)	2,726,957	(2,726,957)
Available-for-sale financial assets	592,877	(592,877)	592,877	(592,877)

##### (ii) Interest rate risk

Cash flow interest risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Town Council has interest-bearing fixed deposits with financial institutions and held to maturity financial assets. The interest rates are disclosed in Notes 11 and 14 to the financial statements. The interest-bearing fixed deposits and held to maturity financial assets are at fixed rates at the reporting date.

If interest rates had been 25 basis points lower/higher with all other variables held constant, the Town Council's deficit before government grants for the year would have been S\$57,226 (2015: S\$58,221) higher/lower.

##### (iii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Town Council's operational activities are carried out in Singapore dollar. Hence, the Town Council is not exposed to foreign currency risk.

# NOTES TO THE FINANCIAL STATEMENTS

## For the Financial Year Ended 31 March 2016



### 26. Financial risk management objectives and policies (Cont'd)

#### Liquidity risk

The Town Council manages its liquidity risk by maintaining sufficient cash and cash equivalents to meet its routine and sinking fund expenditure. This is managed via the regular monitoring of the Town Council's operating cash flow requirements and the budget set for capital expenditure.

The table below analyses the maturity profile of Town Council's financial assets/liabilities based on contractual undiscounted cash flows:

	Total \$	Less than 1 year \$	Between 2 and 5 years \$
<b>At 31 March 2016</b>			
Held-to-maturity financial assets	13,003,524	3,662,131	9,341,393
Available-for-sale financial assets	5,375,943	-	5,375,943
Financial assets at fair value through profit or loss	32,217,726	32,217,726	-
Conservancy and service receivables	748,500	748,500	-
Other receivables (excluding prepayments)	16,608,967	16,608,967	-
Interest receivable	350,182	350,182	-
Cash and cash equivalents	83,496,825	83,496,825	-
	<u>151,801,667</u>	<u>137,084,331</u>	<u>14,717,336</u>
Other financial liabilities	<u>54,987,946</u>	<u>54,987,946</u>	<u>-</u>
<b>At 31 March 2015</b>			
Held-to-maturity financial assets	17,624,106	4,383,967	13,240,139
Available-for-sale financial assets	5,928,765	-	5,928,765
Financial assets at fair value through profit or loss	27,269,569	27,269,569	-
Conservancy and service receivables	1,744,136	1,744,136	-
Other receivables (excluding prepayments)	4,331,743	4,331,743	-
Interest receivable	279,794	279,794	-
Cash and cash equivalents	80,979,235	80,979,235	-
	<u>138,157,348</u>	<u>118,988,444</u>	<u>19,168,904</u>
Other financial liabilities	<u>11,437,684</u>	<u>11,437,684</u>	<u>-</u>



# NOTES TO THE FINANCIAL STATEMENTS

## For the Financial Year Ended 31 March 2016

### 27. Management of Town Council's funds

The Town Council's objectives when managing the funds are:

- (a) To safeguard the Town Council's ability to continue as a going concern;
- (b) To support the Town Council's stability and growth; and
- (c) To provide funds for the purpose of strengthening the Town Council's risk management capability.

The Town Council actively and regularly reviews and manages its fund structure to ensure optimal structure, taking into consideration the future funds requirements of the Town Council and fund efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

The Town Council is not subject to externally imposed requirements.

### 28. Fair Value of financial Instruments

#### Fair values

The carrying amount of financial assets and liabilities with a maturity of less than one year is assumed to approximate their fair values.

The Town Council does not anticipate that the carrying amounts recorded at the end of the reporting period would be significantly different from the values that would eventually be received or settled.

#### Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

# NOTES TO THE FINANCIAL STATEMENTS

## For the Financial Year Ended 31 March 2016



### 28. Fair Value of financial Instruments (Cont'd)

#### Fair value hierarchy (cont'd)

##### (a) Assets measured at fair value

The following table shows an analysis of each class of measured at fair value at 31 March 2016.

Recurring fair value measurements	<u>Level 1</u> S\$	<u>Level 2</u> S\$	<u>Level 3</u> S\$	<u>Total</u> S\$
<b>31 March 2016</b>				
Financial assets at fair value through profit or loss (Note 9)	32,217,726	-	-	32,217,726
Available-for-sale financial assets (Note 10)	5,375,943	-	-	5,375,943
<b>31 March 2015</b>				
Financial assets at fair value through profit or loss (Note 9)	27,269,569	-	-	27,269,569
Available-for-sale financial assets (Note 10)	5,928,765	-	-	5,928,765

##### (b) Assets not carried at fair value but for which fair value is disclosed

The following table shows an analysis of the Town Council's assets not measured at fair value at 31 March 2016 but for which fair value is disclosed:

	<u>Level 1</u> S\$	<u>Level 2</u> S\$	<u>Level 3</u> S\$	<u>Total</u> S\$
<b>31 March 2016</b>				
Held-to-maturity financial assets (Note 11)	12,712,814	-	-	12,712,814
<b>31 March 2015</b>				
Held-to-maturity financial assets (Note 11)	16,910,769	-	-	16,910,769

The carrying value of held-to-maturity financial assets as at 31 March 2016 was S\$12,590,467 (2015: S\$16,960,996).



# NOTES TO THE FINANCIAL STATEMENTS

## For the Financial Year Ended 31 March 2016

### 29. New or revised accounting standards and interpretations not yet adopted

At the date of authorization of these financial statements, the following are the FRS and INT FRS that are relevant to the Town Council which were issued but not yet effective and which the Town Council has not early adopted:

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to FRS 1	Disclosure/Initiatives	1 January 2016
Improvements to FRSs (November 2014) - FRS 107	Financial Instruments: Disclosures	1 January 2016
FRS 16	Property, Plant and Equipment	1 January 2016
FRS 109	Financial Instruments	1 January 2018
FRS 115	Revenue from Contracts with Customers	1 January 2018
FRS 116	Leases	1 January 2019

The Town Council does not anticipate that the adoption of the above in future periods will have a material impact on the financial statements of the Town Council in the period of their initial application, except for the following:

#### FRS 115 Revenue from Contracts with Customers

FRS 115 is effective for financial periods beginning on or after 1 January 2018. FRS 115 establishes a five-step model that apply to revenue earned from a contract with a customer (with limited exceptions), regardless the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment).

Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgements and estimates.

# NOTES TO THE FINANCIAL STATEMENTS

## For the Financial Year Ended 31 March 2016



### 29. New or revised accounting standards and interpretations not yet adopted (Cont'd)

#### FRS 109 Financial Instruments

FRS 109 is effective for financial periods beginning on or after 1 January 2018. FRS 109 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in FRS 39. The approach is FRS 109 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets, and enables entities to reflect their risk management activities better in their financial statements, and, in turn, help to understand the effect of those activities on future cash flows. FRS 109 is principle-based, and will more closely align hedge accounting with risk management activities undertaken by entities when hedging their financial and non-financial risk exposures. The impairment requirement in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

#### FRS 116: Leases

FRS 116 will fundamentally alter the impact of leases on lessees' profit or loss and balance sheet – the current divide between finance and operating leases is removed, along with the off-balance sheet treatment for lessees in the latter. FRS 116 introduces a single on-balance sheet lease accounting model for lessees that is similar to current finance lease accounting. FRS 116 largely preserved the accounting for lessors other than enhanced disclosures about their risk exposures, in particular residual value risk. Lessors continue to assess whether an arrangement is an operating or a finance lease by using criteria similar to the current lease classification test.

The management is currently evaluating the impact of the changes and assessing whether the adoption of FRS 115, FRS 109 and FRS 116 will have an impact on the Town Council.

### 30. Prior year adjustments

In prior years, the Town Council had classified Neighbourhood Renewal Programme Fund ("NRP Fund") as part of the Town Council Funds when the NRP Fund represents advances received from the government for carrying out certain projects to enhance HDB flats within their precinct. The HDB has clarified that these advances would be used for future expenditure to carry out approved NRP projects and therefore should have been classified as liabilities.



# NOTES TO THE FINANCIAL STATEMENTS

## For the Financial Year Ended 31 March 2016

### 30. Prior year adjustments (cont'd)

The effects of such restatement are as follows:

	Previously reported 2015 S\$	Restated S\$	Previously reported 2014 S\$	Restated S\$
<u>STATEMENT OF FINANCIAL POSITION</u>				
TOWN COUNCIL FUND				
Neighbourhood Renewal Programme Fund	1,579,374	-	207,418	-
<u>CURRENT LIABILITIES</u>				
Advances for Neighbourhood Renewal Programme	-	1,579,374	-	207,418
<u>STATEMENT OF COMPREHENSIVE INCOME</u>				
Total deficit for the year	(1,406,973)	(2,778,929)		
Total comprehensive loss for the year attributable to Town Council Fund	(1,011,526)	(2,383,482)		
<u>STATEMENT OF CASH FLOWS</u>				
Cash flows from operating activities	(25,813,826)	(13,456,731)		
Cash flows from financing activities	22,919,868	10,562,773		



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