

# Tanjong Pagar Town Council Annual Report 2014/2015



**Tanjong Pagar Town Council's**

**Audited Financial Statements, Auditor's Reports**

**And**

**Annual Report**

**For**

**FY 2014/2015**

**S.46 of 2015**

**30 September 2015**

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# Chairman's message

**T**anjong Pagar Town Council now looks after some 78,200 residential units, 2,600 commercial units and 2,186 stalls in 19 market and food centres. Many parts of our town are changing. New families are constantly moving in, bringing with them new expectations. They also engage the Town Council in different ways. The challenge to the Town Council is to move forward together with them and to meet their expectations.

While phone calls and visits to the office are still popular, as a matter of convenience, many residents now send feedback to the Town Council by email. With smartphone usage rising each year, it is a simple matter to take a photo on your phone and send it by email or post it to Facebook. The Town Council takes care to address all electronic enquiries promptly and residents can also speak with us through dedicated smartphone apps like the iTown@SG app.

In April this year, we launched a new Service Ambassador programme, which is all about outreach and communication. After training at the internationally acclaimed SQ Centre, property executives on their regular walks around the estates actively engage people to find out what they would like to see improved or fixed around their estates. Any feedback received will be acted on and the resident kept informed of any progress.



Through this proactive approach, the officers can nip small problems in the bud and note room for improvements which might not have occurred to them. More importantly, it lets residents of an estate get to know the Town Council, and vice versa. A simple “Hello auntie!” can make all the difference - to both auntie and auntie-greeter!

This personal aspect of the Service Ambassador programme keeps a human face on the Town Council. It shows that the Council has a smile, says good morning, and wants to help. When it's in the midst of solving a problem, the Town Council keeps the affected residents informed so they know what progress has been made and residents do not have to worry. When the property officers go the extra mile to follow-up with the residents after the problem has been solved, it's because they want to know the residents are happy with what has been accomplished. And when the officers get a smile back from the residents - they know it was a job well done. That is service from the heart.

A handwritten signature in black ink, which appears to be 'Lily Neo'.

Dr Lily Neo  
Chairman



# 主席的话

**丹**戎巴葛市镇理事会目前负责管理大约7万8200个居住单位、2600个商业单位和19个共用2186个摊位的巴刹及熟食中心。市镇里有许多地方的面貌已经改变。随着新家庭不断迁入居住，随之而来的居民新期望，以及居民们通过不同管道联络市政会。市镇理事会所面临的挑战将是如何与他们并进和满足他们的期望。

虽然以打电话和亲临办公室提供反馈还是极为普遍，但是许多居民现在都以更快捷的电邮方式向市镇理事会传达他们的意见。随着使用智能手机的人数逐年增加，以手机拍照，然后以电邮方式把照片传达或直接上载到面簿不再是困难的事。市镇理事会在处理所有电子询问时会格外小心，居民也可以透过专门的智能应用程序如iTown@SG与我们交谈。

今年4月，我们推出了一个新的“服务大使计划”，以加强我们对居民的服务。我们的产业执行员在完成了国际知名的SQ中心的培训之后，在进行例行巡视住宅区时就会更积极的与居民沟通，也更此了解居民对区里有什

么改进要求或增添些什么新设施。我们收到任何反馈后，会立刻对反馈进行分折并让居民知道事情的进展。透过这个积极方法，我们的负责人就可以很快的解决小问题，也把自己未曾想到而需要改进的反馈记录下来。重要的是，我们以这途径认识了更多居民。而居民也对市镇理事会有深一层的了解。一声简单的问候“Auntie, 你好!”无论对auntie或是问候者就可以尽刻改变现场的气氛。

“服务大使计划”是以更礼善待人为出发点这意味着市镇理事会将以微笑，向好和诚心为居民服务。在解决问题的当儿，市镇理事会会让受影响的居民知道事情的最新发展，使他们不必担心。我们的产业执行人员会尽可能让居民了解像问题的所在以及最佳的解决方法。当居民感到满意而给与微笑时，他们的产业执行人员就会知道这是居民对他们的工作表现所给的最好回报——来自内心的真诚服务。



主席  
梁莉莉医生





# Amanat Pengerusi

**M**ajlis Bandaran Tanjong Pagar sekarang mengendali 78,200 unit kediaman, 2,600 unit komersil dan 2,186 gerai di 19 pasar dan pusat makanan. Banyak bahagian bandar kita telah berubah. Keluarga-keluarga baru sentiasa berpindah ke sini, dan membawa harapan baru bersama mereka. Mereka juga melibatkan Majlis Bandaran dalam cara yang berbeza. Cabaran kepada Majlis Bandaran ialah untuk bergerak ke depan bersama mereka dan memenuhi jangkaan-jangkaan mereka.

Manakala panggilan telefon dan lawatan ke pejabat masih popular, untuk lebih senang lagi, banyak penduduk sekarang menghantar maklum balas ke Majlis Bandaran dengan emel. Dengan penggunaan telefon bijak meningkat setiap tahun, penduduk hanya perlu mengambil gambar dengan telefon bimbit dan mengirimnya dengan emel atau poskannya di Facebook. Majlis Bandaran memastikan yang ia cepat menjawab semua pertanyaan elektronik dan penduduk boleh juga bercakap dengan kami menerusi apps telefon bijak yang dikhususkan untuk tujuan ini seperti iTown@SG app.

Pada April tahun ini, kami melancarkan sebuah program baru bernama Duta Perkhidmatan, iaitu usaha untuk mendekati penduduk dan berkomunikasi dengan mereka. Selepas menjalani latihan di Pusat SQ yang terkenal dari segi antarabangsa, para eksekutif hartanah dalam lawatan tetap mereka di sekeliling estet-estet akan mendekati penduduk secara aktif untuk mengetahui apakah pembaikan yang mereka ingin lihat atau kerosakan yang perlu dibaiki sekitar estet-estet mereka. Sebarang maklum balas yang diterima akan disusuli

dengan tindakan dan penduduk diberitahu dari masa ke masa tentang sebarang kemajuan. Melalui pendekatan proaktif ini, para pegawai ini dapat mengatasi masalah-masalah kecil sebelum ia menjadi besar dan mencatat ruang bagi pembaikan yang mereka mungkin tidak terfikirkan. Lebih penting lagi, ia memberi peluang kepada penduduk sebuah estet untuk mengetahui Majlis Bandaran, dan sebaliknya. Dengan hanya memberi sapaan mudah “Apa khabar, makcik!”, mereka boleh membawa banyak perbezaan – baik kepada penduduk dan pegawai yang membuat sapaan!

Aspek peribadi program Duta Perkhidmatan menampilkan wajah manusiawi pada Majlis Bandaran. Ia menampilkan bahawa Majlis Bandaran sentiasa tersenyum, mengucapkan selamat pagi, dan sedia membantu. Apabila sedang menyelesaikan sesuatu masalah, Majlis Bandaran akan memberitahu penduduk yang terjejas dari masa ke masa agar mereka tahu apakah kemajuan yang telah dibuat dan penduduk tidak perlu risau. Apabila pegawai-pegawai hartanah melakukan lebih daripada tuntutan tugas mereka untuk menyusuli sesuatu kes yang telah diselesaikan dengan penduduk, ia adalah kerana mereka mahu mengetahui bahawa penduduk gembira dengan apa yang telah dicapai. Dan apabila pegawai-pegawai ini mendapat senyuman kembali daripada penduduk – mereka tahu bahawa mereka telah menjalankan tugas yang baik. Itu adalah perkhidmatan dari hati.



Dr Lily Neo  
Pengerusi



# தலைவரின் செய்தி

தஞ்சாவூர் நகர மன்றம், இப்போது 78,200 குடியிருப்பு வீடுகளையும், 2,600 வர்த்தக மனைகளையும், 19 சந்தை மற்றும் உணவு நிலையங்களில் உள்ள 2,186 சிறு கடைகளையும் கவனித்து வருகிறது. நமது நகரத்தின் பல பகுதிகள் மாறிவருகின்றன. புதிய குடும்பங்கள் தொடர்ந்து இங்கு குடியேறுகின்றன. அவை தங்களுடன் புதிய எதிர்பார்ப்புகளையும் கொண்டு வருகின்றன. அக்குடும்பத்தினர் நகர மன்றத்தை வெவ்வேறு வகைகளில் ஈடுபடுத்துகின்றனர். நகர மன்றத்திற்கு உள்ள சவால், அவர்களுடன் ஒன்றாக முன்னேறிச் சென்று அவர்களின் எதிர்பார்ப்புகளை நிறைவேற்றுவது ஆகும்.

தொலைபேசி அழைப்புகளும் அலுவலகத்திற்குச் செல்லுதலும் இன்னும் பிரபலமாக இருந்தாலும், வசதி கருதி, பல குடியிருப்பாளர்கள் இப்போது தங்களின் கருத்துக்களை மின்னஞ்சல் வழியாக நகர மன்றத்திற்கு அனுப்பி வைக்கின்றனர். திறன்பேசிகளின் பயன்பாடு ஒவ்வொரு ஆண்டும் அதிகரித்து வருவதால், உங்கள் கைத்தொலைபேசி வழி நிழல்படம் எடுப்பதும் அதனை மின்னஞ்சல் வழியாக அனுப்புவதும் அல்லது அதனை ஃபேஸ்புக்கில் வெளியிடுவதும் மிகவும் எளிதான விஷயமாகிவிட்டது. நகர மன்றம் மின்னியல் விசாரிப்புகள் அனைத்தையும் உடனடியாகக் கையாள்கிறது. iTown@SG எனும் திறன்பேசி செயலி வழியும் குடியிருப்பாளர்கள் எங்களுடன் தொடர்பு கொண்டு பேசலாம்.

இந்த ஆண்டு ஏப்ரல் மாதம், மக்களைச் சென்றடைய, தொடர்புகொள்ளும் சேவைத் தூதர் திட்டத்தை நாங்கள் தொடக்கிவைத்தோம். அனைத்துலகப் புகழ்பெற்ற SQ நிலையத்தில் பயிற்சிபெற்ற பிறகு, பேட்டைகளைச் சுற்றி வரும் சொத்து நிர்வாகிகள், பேட்டைகளில் எவை மேம்படுத்தப்பட வேண்டும் அல்லது பொருத்தப்பட வேண்டும் என்று கண்டறிய குடியிருப்பாளர்களை ஆக்கிரமமாக ஈடுபடுத்துகின்றனர். ஏதேனும் யோசனைகள் பெறப்பட்டால் அது பற்றிய நடவடிக்கை எடுக்கப்படுவதுடன் அதனைப் பற்றிய முன்னேற்றம்

பற்றியும் குடியிருப்பாளருக்குத் தெரிவிக்கப்படும். இந்த ஆக்கப்பூர்வமான அணுகுமுறையின் வழி, அதிகாரிகள் சிறு பிரச்சனைகளை முளையிலேயே கிள்ளிவிட முடியும் என்பதுடன் அவர்களுக்கு முன் உத்திராத மேம்பாடுகளையும் குறித்துக்கொள்ள முடியும். மிக முக்கியமாக, ஒரு பேட்டையில் உள்ள குடியிருப்பாளர்களும் நகர மன்றமும் ஒருவரையொருவர் அறிந்துகொள்ள இத்திட்டம் வகை செய்கிறது. ஓர் எளிமையான “வணக்கம் அன்டி” என்பது - அன்டிக்கும், அன்டிக்கு வணக்கம் தெரிவித்தவருக்கும் மாற்றத்தைக் கொண்டுவரும்!

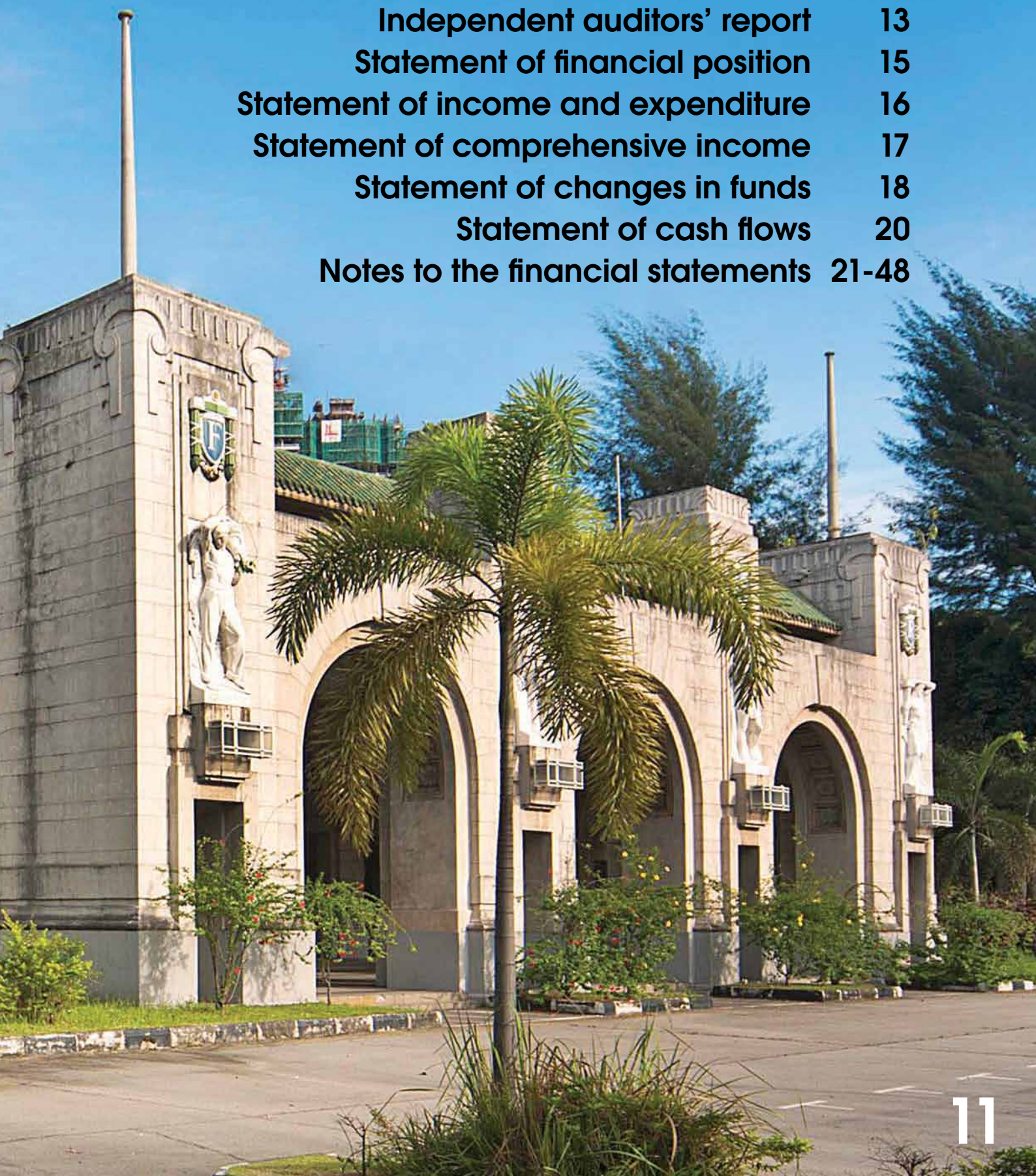
சேவைத் தூதர் திட்டம் நகர மன்றத்திற்கு மனித முகத்தைக் கொடுக்கிறது. மன்றத்திடம் புன்னகை இருப்பதைக் காட்டுகிறது. காலை வணக்கம் தெரிவிக்கிறது, அத்துடன் உதவி செய்ய விரும்புகிறது. ஒரு பிரச்சனையைத் தீர்க்கும் வேளையில், பாதிக்கப்பட்ட குடியிருப்பாளர்களுக்கு அதன் முன்னேற்றம் குறித்துத் தெரிவிக்கிறது. அதன் மூலம் அவர்கள் கவலைப்படத் தேவையில்லை. பிரச்சினை தீர்க்கப்பட்டதும், குடியிருப்பாளர்களைக் காண சொத்து அதிகாரிகள் செல்கின்றனர். மேற்கொள்ளப்பட்ட நடவடிக்கைகள் குறித்து குடியிருப்பாளர்கள் மகிழ்ச்சிக்கொள்கின்றனரா என அவர்கள் அறிந்துகொள்ள விரும்புகின்றனர். குடியிருப்பாளர்களிடமிருந்து ஒரு புன்னகை கிடைத்தால் அப்பணி நன்றாகவே செய்யப்பட்டுள்ளது என்று அதிகாரிகளுக்குத் தெரியும். இதயத்திலிருந்து வரும் சேவை அது.

டாக்டர் லில்லி நியோ  
தலைவர்



# Financial statements

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# Auditors' report

## **Independent Auditors' Report To The Members of Tanjong Pagar Town Council**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Tanjong Pagar Town Council (the "Town Council"), which comprise the statement of financial position of the Town Council as at 31 March 2015, the income and expenditure statement, statement of comprehensive income, the statement of changes in Town Council funds and cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 15 to 48.

#### ***Management's Responsibility for the Financial Statements***

The Town Council's management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the 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.

#### ***Auditors' 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 about 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 the 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 entity's preparation of the financial statements that give a true and fair view 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 entity'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 of the Town Council 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 2015 and the financial performance, changes in Town Council funds and cash flows of the Town Council for the financial year ended on that date.

### **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

# Auditors' report

## **Independent Auditors' Report To The Members Of Tanjong Pagar Town Council (Cont'd)**

*(Established under Town Councils Act, Cap. 329A)*

### **Report on Other Legal And Regulatory Requirements (Cont'd)**

#### ***Auditors' responsibility***

Our responsibility is to express an opinion on the Town Council 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 entity's internal control. Because of the inherent limitations in any accounting and internal control system, non-compliances may nevertheless occur and not be detected.

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

#### ***Opinion***

In our opinion:

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

#### ***Other Matters***

The financial statements for the financial year ended 31 March 2014 were audited by another firm of auditors whose audit report dated 20 August 2014 expressed an unqualified opinion.

*Ecovis Assurance LLP*


Ecovis Assurance LLP  
Public Accountants and  
Chartered Accountants  
Singapore


12 August 2015



# Statement of financial position

	Note	<u>2015</u> S\$	<u>2014</u> S\$
<b>TOWN COUNCIL FUNDS</b>			
<b>Residential Property Funds</b>			
Accumulated Surplus	3	655,749	-
Sinking Fund	4	118,959,676	117,231,337
Town Improvement and Project Fund	5	(1,240,210)	(311,232)
		<b>118,375,215</b>	116,920,105
<b>Commercial Property Funds</b>			
Accumulated Surplus	3	6,486,709	5,870,369
Sinking Fund	4	69,557,098	67,190,610
Town Improvement and Project Fund	5	2,401,341	1,367,470
		<b>78,445,148</b>	74,428,449
<b>Car Park Funds</b>			
Accumulated Surplus	3	1,980,487	257,482
<b>Neighbourhood Renewal Programme Fund</b>			
	6	115,663	236,340
<b>Fair Value Reserve</b>			
	4	597,164	388,672
		<b>199,513,677</b>	192,231,048
<b>Represented by:</b>			
<b>Non-Current Assets</b>			
Plant and equipment	7	185,168	152,012
Available-for-sale investments	8	9,580,540	9,372,048
Held-to-maturity investments	9	82,073,264	64,644,502
		<b>91,838,972</b>	74,168,562
<b>Current Assets</b>			
Conservancy and service receivables	10	1,451,054	1,473,589
Other receivables	11	3,775,208	5,077,488
Interest receivable		956,271	1,204,195
Cash and cash equivalents	12	113,157,681	126,463,702
		<b>119,340,214</b>	134,218,974
<b>Total Assets</b>		<b>211,179,186</b>	208,387,536
Less:			
<b>Current Liabilities</b>			
Conservancy and service fees received in advance		886,629	889,431
Payables and accrued expenses	13	9,244,362	13,243,162
Provision for taxation		1,534,518	2,023,895
		<b>11,665,509</b>	16,156,488
<b>Net assets</b>		<b>199,513,677</b>	192,231,048

  
 Dr Lily Tirtasana Neo  
 Chairman

  
 Simon Koh Tee Chuan  
 Secretary

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

# Statement of income & expenditure

	Note	2015 S\$	2014 S\$
<b>Operating Income</b>			
Conservancy and Service Fees	3	49,143,890	47,692,204
Operating transfer to Sinking Fund (minimum required by law)	3,4	(16,293,659)	(15,794,984)
		<b>32,850,231</b>	<b>31,897,220</b>
Agency Fees	14(a)	3,435,421	3,441,024
Other Income	14(b)	4,101,689	3,632,516
		<b>40,387,341</b>	<b>38,970,760</b>
<b>Operating Expenditure</b>			
Cleaning Works		(8,979,834)	(8,961,437)
Managing Agent's Fees	15	(6,250,538)	(6,067,848)
Lift Maintenance		(6,222,194)	(5,799,575)
Other Works and Maintenance		(7,662,820)	(6,805,232)
Water and Electricity		(14,136,087)	(14,843,974)
General and Administrative Expenditure	17	(2,499,053)	(2,494,325)
		<b>(45,750,526)</b>	<b>(44,972,391)</b>
Operating Deficit		<b>(5,363,185)</b>	<b>(6,001,631)</b>
<b>Non-Operating Income</b>			
Interest Income		76,090	27,070
<b>Deficit before taxation and government grants</b>		<b>(5,287,095)</b>	<b>(5,974,561)</b>
Taxation	18	(381,446)	(359,672)
<b>Deficit after taxation but before government grants</b>		<b>(5,668,541)</b>	<b>(6,334,233)</b>
Government Grants	3,20	14,092,448	14,901,333
Transfer to sinking fund	3,4,20	(3,826,404)	(3,835,815)
Transfer to town improvement and project fund	3,5,20	(1,661,275)	(2,430,932)
		<b>8,604,769</b>	<b>8,634,586</b>
GST Subvention	3,20	1,574,996	1,539,409
Transfer to sinking fund	3,4,20	(516,130)	(504,040)
		<b>1,058,866</b>	<b>1,035,369</b>
<b>Surplus for the financial year</b>		<b>3,995,094</b>	<b>3,335,722</b>
Accumulated surplus as at 1 April		6,127,851	3,392,129
Transfer to town improvement project fund	5	(1,000,000)	(600,000)
Accumulated surplus as at 31 March	3	<b>9,122,945</b>	<b>6,127,851</b>

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

# Statement of comprehensive income

	Note	<u>2015</u> S\$	<u>2014</u> S\$
<b>Surplus (Deficit) for the financial year</b>			
Accumulated Surplus	3	3,995,094	3,335,722
Sinking Fund	4	4,094,827	(9,325,562)
Town Improvement and Project Fund	5	(895,107)	(283,039)
Neighbourhood Renewal Programme Fund	6	<u>(120,677)</u>	<u>(282,958)</u>
Total surplus (deficit) for the year		<u><b>7,074,137</b></u>	<u><b>(6,555,837)</b></u>
<b>Other comprehensive income</b>			
Available-for-sale financial assets			
- Fair value gain (loss)	8	<u>208,492</u>	<u>(544,002)</u>
<b>Other comprehensive income (loss) for the year, net of income tax</b>		<u><b>208,492</b></u>	<u><b>(544,002)</b></u>
<b>Total comprehensive income (loss) for the year attributable to town council funds</b>		<u><u><b>7,282,629</b></u></u>	<u><u><b>(7,099,839)</b></u></u>

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

# Statement of changes in funds

	Total		Residential Property Fund		Commercial
	<u>2015</u> S\$	<u>2014</u> S\$	<u>2015</u> S\$	<u>2014</u> S\$	<u>2015</u> S\$
Balance at 1 April	<b>192,231,048</b>	199,330,887	<b>116,920,105</b>	125,746,318	<b>74,428,449</b>
Surplus (Deficit) for the year	<b>7,074,137</b>	(6,555,837)	<b>772,940</b>	(10,485,186)	<b>5,419,317</b>
Other comprehensive income					
Fair value gain (loss) on available-for-sale investments	<b>208,492</b>	(544,002)	-	-	-
Total comprehensive Income (loss) for the year	<b>7,282,629</b>	(7,099,839)	<b>772,940</b>	(10,485,186)	<b>5,419,317</b>
Inter-fund transfer - relating to prior year	-	-	<b>(1,519,970)</b>	-	<b>799,522</b>
Inter-fund transfer - current year	-	-	<b>1,546,391</b>	1,658,973	-
Balance at 31 March	<b>199,513,677</b>	192,231,048	<b>117,719,466</b>	116,920,105	<b>80,647,288</b>

The surplus (deficit) for the year comprise the following:

	Note	<u>2015</u> S\$	<u>2014</u> S\$
Accumulated surplus	3	3,995,094	3,335,722
Sinking Fund	4	4,094,827	(9,325,562)
Town Improvement and Project Fund	5	(895,107)	(283,039)
Neighbourhood Renewal Programme Fund	6	(120,677)	(282,958)
Total		<b>7,074,137</b>	<b>(6,555,837)</b>

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

Property Fund	Carpark Fund		Neighbourhood Renewal Programme Fund		Fair Value Reserve	
<u>2014</u> S\$	<u>2015</u> S\$	<u>2014</u> S\$	<u>2015</u> S\$	<u>2014</u> S\$	<u>2015</u> S\$	<u>2014</u> S\$
70,409,262	<b>257,482</b>	1,723,335	<b>236,340</b>	519,298	<b>388,672</b>	932,674
4,019,187	<b>1,002,557</b>	193,120	<b>(120,677)</b>	(282,958)	-	-
-	-	-	-	-	<b>208,492</b>	(544,002)
4,019,187	<b>1,002,557</b>	193,120	<b>(120,677)</b>	(282,958)	<b>208,492</b>	(544,002)
-	<b>720,448</b>	-	-	-	-	-
-	<b>(1,546,391)</b>	(1,658,973)	-	-	-	-
<b>74,428,449</b>	<b>434,096</b>	257,482	<b>115,663</b>	236,340	<b>597,164</b>	388,672

# Statement of cash flow

	<u>2015</u>	<u>2014</u>
	S\$	S\$
<b>Cash flows from operating activities</b>		
Deficit before taxation and government grants	(5,287,095)	(5,974,561)
Adjustments for:		
Interest income	(76,090)	(27,070)
Depreciation of plant and equipment	63,709	30,635
Operating transfer to Sinking Funds	16,293,659	15,794,984
Operating surplus before working capital changes	<u>10,994,183</u>	<u>9,823,988</u>
Conservancy and service fee receivables	25,337	259,304
Other receivables	770,975	249,805
Trade and other payables	(4,004,404)	526,169
Cash used in operations	<u>7,786,091</u>	<u>10,859,266</u>
Sinking Funds Expenditure	(19,536,460)	(32,403,288)
Sinking Funds other income received	5,145	123,786
Town Improvement and Project Expenditure	(2,556,382)	(2,713,971)
Neighbourhood Renewal Programme Fund Expenditure	(228,797)	(1,910,816)
Income tax paid	(1,285,060)	(455,573)
Net cash used in operating activities	<u>(15,815,463)</u>	<u>(26,500,596)</u>
<b>Cash flows from investing activities</b>		
Proceeds from held-to-maturity investments	-	7,500,000
Proceeds from termination of funds with fund managers	-	154,074
Cash restricted in use	18,000,000	31,000,000
Purchase of investments	(17,428,762)	(15,966,500)
Purchase of plant and equipment	(96,865)	(137,113)
Interest received	3,728,200	3,202,042
Net cash generated from investing activities	<u>4,202,573</u>	<u>25,752,503</u>
<b>Cash flows from financing activities</b>		
Government grants received	14,626,867	13,324,898
GST Subvention	1,571,882	1,516,571
Funding received for Neighbourhood Renewal Programme	108,120	1,627,858
Net cash from financing activities	<u>16,306,869</u>	<u>16,469,327</u>
Net increase in cash and cash equivalents	<u>4,693,979</u>	<u>15,721,234</u>
Cash and cash equivalents at beginning of year	<u>84,463,702</u>	<u>68,742,468</u>
Cash and cash equivalents at end of year (Note 12)	<u><u>89,157,681</u></u>	<u><u>84,463,702</u></u>

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

# Notes to the financial statements

## 1 General information

Tanjong Pagar Town Council was formed on 13 November 2001 under the Town Councils Act, Cap. 329A. 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.

The financial statements of the Town Council for the financial year ended 31 March 2015 were authorised for issue by the members of Town Council on 12 August 2015.

The main office of the Town Council is situated at:  
Blk 166 Bukit Merah Central  
#03-3527  
Singapore 150166

## 2(a) Basis of preparation

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") as issued by the Singapore Accounting Standards Council as well as all related interpretations to FRS ("INT FRS") and the Town Councils Act, Cap.329A. The financial statements are prepared on a going concern basis 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.

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Town Council takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of FRS 17, and measurements that have some similarities to fair value but are not fair value, such as value in use in FRS 36.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are presented in Singapore dollars which is the Town Council's functional currency. All financial information is presented in Singapore dollars, unless otherwise stated.

### Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a high degree of judgements or complexity, are described below.

# Notes to the financial statements

## 2(a) Basis of preparation (Cont'd)

### Critical accounting judgements and key sources of estimation uncertainty

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

#### (a) Critical accounting and assumptions

The Town Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### *(i) Impairment for bad and doubtful debts*

Impairment for doubtful conservancy and service debts and legal fees amounting to \$663,086 (2013/2014 - \$607,367) have been estimated on the basis of age of debts, results of recovery efforts and historical experience.

##### *(ii) Income tax*

Significant judgement is required in determining the provision for income taxes. There are also claims for which the ultimate tax determination is uncertain during the ordinary course of business. 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.

##### *(iii) 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.

#### (b) Key sources of estimation uncertainty

Management is of the opinion that there are no 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 amount of assets and liabilities within the next financial year, except for those as disclosed above under critical accounting estimates and assumptions.

### Interpretations and amendments to published standards

The Town Council has adopted the new or revised FRSs and INT FRS that are mandatory for application on 1 April 2014.

The adoption of these new or revised FRSs and INT FRS did not result in substantial changes to the Town Council's accounting policies and had no material effects on the financial statements.



## **2(b) New or revised accounting standards and interpretations not yet effective**

At the date of authorisation of these financial statements, there are FRS and INT FRS and amendments to FRS that are relevant to the Town Council that were issued but not yet effective. The management anticipates that the adoption of these FRSS, INT FRSS and amendments to FRS in future periods will not have a material impact on the financial statements of the Town Council in the period of their initial adoption except for the following:

### FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model that apply to revenue earned from a contract with a customer (with limited exceptions), regardless of 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.

### 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 in 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 requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

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

## **2(c) Summary of significant accounting policies**

### *(a) Funds*

#### Town Council Funds

In accordance with Section 33(1) of the Town Councils Act, separate funds are established to account for the management of the various types of properties.

The types of properties currently under the management of the Town Council are as follows:

- Residential Property
- Commercial Property
- Carparks are managed by the Town Council for the Housing and Development Board (HDB) on an agency basis.

These funds together with Sinking Funds, Town Improvement and Project Funds and Neighbourhood Renewal Programme Funds form the Town Council Funds.

All monies received by the Town Council are paid into and related expenditure 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.

# Notes to the financial statements

## 2(c) Summary of significant accounting policies (Cont'd)

### (a) Funds (Cont'd)

#### Sinking Funds

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

Under the Town Councils Act, the Ministry for National Development may, from time to time, prescribe the minimum amounts of conservancy and service fees and grants-in-aid to be paid into the Sinking Funds.

For the current financial year, the minimum amounts to be paid into the Sinking Funds are as follows:

<i>Property Type</i>	<i>Percentage of Conservancy and Service Fees and Grants-in-Aid</i>
(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 minimum contributions are treated as operating transfers and netted off against the conservancy and service fees and government grants in the Income and Expenditure Statement.

The Sinking Funds are utilised for cyclical major repainting, renewal or replacement of roofing system, water tanks, pumps and water supply system, lightning protection system and lifts, major repairs and maintenance of the common area and contributions to the HDB in respect of general upgrading works carried out on the common property under the Housing and Development Act.

#### Town Improvement and Project Funds

The Town Council maintained separate Town Improvement and Project Funds as part of the Town Council Funds. These Funds are utilised for improvement and development works in the Town.

The funds are set up by transfer from Accumulated Surplus based on specific projects to be carried out. In addition, the Town Council receives payments from Citizens' Consultative Committee (CCC) for approved projects.

Expenditure on Town Improvement Projects is taken directly to the Town Improvement and Project Funds. Payments from CCC are shown as part of Government Grants in the Income and Expenditure Statement and then transferred to the Town Improvement and Project Funds.

## 2(c) Summary of significant accounting policies (Cont'd)

### (a) Funds (Cont'd)

#### Neighbourhood Renewal Programme Fund

Neighbourhood Renewal Programme Fund is maintained as part of the Neighbourhood Renewal Programme (NRP) and is established in respect of the NRP works carried out on the qualifying properties to upgrade the quality of HDB estates. This upgrading scheme was entered into between the Town Council, HDB and the Ministry of National Development.

The funding for the programme came from the government and is for the specific use of projects under the programme. The Town Council is entitled a fund of \$3,400 per dwelling unit to cover the approved NRP expenditure. In addition, the Town Council shall be entitled to a sum catering for its manpower & miscellaneous costs relating to the NRP projects of \$150 per dwelling unit or \$125,000 per project, whichever is higher. However, if the cost of improvement works incurred exceeds the NRP funds, the Town Council has to bear the cost of excess expenditure.

### (b) 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:

Property Type	Equivalent Dwelling Unit(s)
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 Funds and Town Improvement and Project Funds.

### (c) Government Grants

The Town Council receives three types of grants from Government, namely, Conservancy and Service Grant, GST Subvention Grant and Payment from Citizens' Consultative Committee.

The GST Subvention is given as grants-in-aid to Town Councils for absorbing the GST increase in conservancy and service charges for residential properties.

Government grants are accounted for on an accrual basis where there is reasonable assurance that the grants will be received and all required conditions will be complied with. Grants to meet the current year's operating expenditure are taken to the Income and Expenditure Statement.

# Notes to the financial statements

## 2(c) Summary of significant accounting policies (Cont'd)

### (d) Plant and equipment and depreciation

Plant and equipment are stated at cost less accumulated depreciation and any impairment loss. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Depreciation is calculated on the straight line basis to write off the cost of the assets over their estimated useful lives as follows:

Office equipment	3 to 5 years
Data processing equipment	3 years
Furniture, fixtures and fittings	5 years
Leasehold improvements	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 any accumulated depreciation and any accumulated 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.

### (e) Impairment of Non-financial Assets

The carrying amount of other non-financial assets is reviewed at each reporting date for indications of impairment and where impairment is found, the asset is written down through the income and expenditure statement to its estimated recoverable amount.

The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in the income and expenditure statement. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

At each reporting date, non-financial assets, other than goodwill, with impairment loss recognised in prior periods, are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## 2(c) Summary of significant accounting policies (Cont'd)

### (f) Financial assets

#### (a) Classification

The Town Council classifies its investments in financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the nature and purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date, with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

#### (i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months after the end of the reporting period.

#### (ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Town Council provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except those maturing more than 12 months after the end of the reporting period, in which case, these are classified as non-current assets. Loans and receivables include conservancy and service fee receivables, other receivables, interest/investment income receivable, fixed deposits and cash and bank balances on the statement of financial position.

#### (iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Town Council's management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the income and expenditure statement when the held-to-maturity investments are derecognised or impaired, and through the amortisation process. The Town Council's held-to-maturity investments include investments in fixed and variable rate corporate and government bonds.

#### (iv) Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of reporting period.

All financial assets within this category are subsequently measured at fair value with changes in value recognised in equity, net of any effects arising from income taxes, until the financial assets is disposed of or is determined to be impaired, at which time the cumulative gains or losses previously recognised in equity is included in the profit or loss for the period.

# Notes to the financial statements

## 2(c) Summary of significant accounting policies (Cont'd)

### (f) Financial assets (cont'd)

#### (b) Recognition and derecognition

Purchase and sale of financial assets are recognised on trade-date - the date on which the Town Council commits to purchase or sell the assets. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Town Council has transferred substantially all risks and rewards of ownership.

#### (c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through income statement, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

#### (d) Subsequent measurement

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" investment category are included in the Income and Expenditure Statement in the period in which they arise.

#### (e) Determination of fair value

The fair value of financial assets traded in active markets (such as exchange-traded and over-the-counter securities) are based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Town Council is the quoted closing price at the measurement date.

The carrying amount of current financial assets, carried at amortised costs, are assumed to approximate their fair values.

#### (f) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

## 2(c) Summary of significant accounting policies (Cont'd)

### (f) Financial assets (Cont'd)

#### (f) Impairment of financial assets (Cont'd)

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account.

For receivables, an allowance for impairment is established when there is objective evidence that Town Council is not able to collect all amounts due according to the original terms of the receivables.

Such objective evidence is determined on the following basis:

- (i) Rental/Sold property (live) - full provision for accounts which have balances in excess of 12 months
- (ii) Rental/Sold property (Ex-accounts) - full amount in arrears

Debts not recovered are written off as bad debts in accordance with the Town Council's Financial Rules.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, 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 through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserves. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

## **2(c) Summary of significant accounting policies (Cont'd)**

### **(f) Financial assets (Cont'd)**

#### **(g) Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period.

#### **(g) Cash and cash equivalents**

Cash and cash equivalents are defined as cash on hand, demand deposits and short term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Cash on hand and in banks and short-term deposits which are held to maturity are carried at amortised cost, using the effective interest method.

#### **(h) Payables**

Payables are initially measured at fair value (net of transaction costs), and subsequently measured at amortised cost, using the effective interest method.

#### **(i) Provisions**

Provisions are recognised when the Town Council has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision are made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in the Statement of Income and Expenditure in the period they occur.

#### **(j) 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 is 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 is recognised in the Income and Expenditure Statement when the rights to receive payment have been established.

Investment income from investments in held-to-maturity financial assets is recognised on a time-proportion basis using the effective interest method.



## **2(c) Summary of significant accounting policies (Cont'd)**

### **(k) Income tax**

Income tax is provided on the following income:

- (i) Income derived from investments and bank deposits;
- (ii) Agency fee derived from acting as agents for HDB;
- (iii) Fees, rents and other charges received from non-residents of properties in the Town; and
- (iv) Donations from non-residents or non-owners of properties in the Town.

The income taxes are accounted using the liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated.

Income tax expense represents the sum of the tax currently payable and deferred tax. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each reporting date and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences.

In respect of government grant received, the Town Council has been granted remission under Section 92(2) of the Income Tax Act, Cap. 134.

Tax shall be payable at the rate of 10% on the income derived from the operation of its approved Finance and Treasury Centre in respect of the provision of qualifying services and activities which have been approved under Section 43G(2) of the Income Tax Act, Cap. 134.

### **(l) Leases as Lessee**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in the income and expenditure statement on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in the income and expenditure statement as an integral part of the total lease expense.

### **(m) Inter-fund transfer**

Under Section 33(9) of the Town Councils Act, Cap. 329A, the Town Council may transfer an amount not exceeding the surplus from any of its other funds established by the Town Council, to a fund which is in deficit to make good the deficit in that fund.

### **(n) Functional currency**

Items included in the financial statements of the Town Council are measured using the currency of the primary economic environment in which the Town Council operates (the "functional currency"). The financial statements of the Town Council are presented in Singapore dollar which is also the functional currency of the Town Council.

# Notes to the financial statements

## 3 Accumulated Surplus (Deficit)

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

		Total	
	<u>NOTE</u>	<u>2015</u> S\$	<u>2014</u> S\$
Operating Income			
Conservancy and service fees		49,143,890	47,692,204
Operating transfer to Sinking Funds (minimum required by law)	4	<u>(16,293,659)</u>	<u>(15,794,984)</u>
		32,850,231	31,897,220
Other Income	14(a) 14(b)	<u>7,537,110</u>	<u>7,073,540</u>
		40,387,341	38,970,760
Operating expenditure		<u>(45,750,526)</u>	<u>(44,972,391)</u>
Operating (deficit) surplus		<u>(5,363,185)</u>	<u>(6,001,631)</u>
Non-operating income		<u>76,090</u>	<u>27,070</u>
(Deficit) Surplus before taxation and Government grants		<u>(5,287,095)</u>	<u>(5,974,561)</u>
Taxation	18	<u>(381,446)</u>	<u>(359,672)</u>
(Deficit) Surplus after taxation but before Government grants		<u>(5,668,541)</u>	<u>(6,334,233)</u>
Government Grants	20	<u>14,092,448</u>	<u>14,901,333</u>
Transfer to sinking fund	4,20	<u>(3,826,404)</u>	<u>(3,835,815)</u>
Transfer to town improvement and project funds	5,20	<u>(1,661,275)</u>	<u>(2,430,932)</u>
		8,604,769	8,634,586
Add: GST Subvention	20	<u>1,574,996</u>	<u>1,539,409</u>
Transfer to sinking fund	4,20	<u>(516,130)</u>	<u>(504,040)</u>
		1,058,866	1,035,369
Surplus (Deficit) for the year		<u>3,995,094</u>	<u>3,335,722</u>
Accumulated surplus (deficit) at the beginning of year		6,127,851	3,392,129
Transfers relating to prior years		-	-
Transfer to town improvement project fund	5	<u>(1,000,000)</u>	<u>(600,000)</u>
Transfer of Accumulated Surplus from carpark to residential property		-	-
Accumulated surplus (deficit) at end of year		<u><u>9,122,945</u></u>	<u><u>6,127,851</u></u>

Residential Property		Commercial Property		Carparks	
<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
S\$	S\$	S\$	S\$	S\$	S\$
40,603,304	39,685,926	8,540,586	8,006,278	-	-
(13,304,451)	(12,992,785)	(2,989,208)	(2,802,199)	-	-
27,298,853	26,693,141	5,551,378	5,204,079	-	-
3,233,082	747,495	827,451	2,839,201	3,476,577	3,486,844
30,531,935	27,440,636	6,378,829	8,043,280	3,476,577	3,486,844
(37,764,757)	(35,652,319)	(5,530,957)	(6,048,931)	(2,454,812)	(3,271,141)
(7,232,822)	(8,211,683)	847,872	1,994,349	1,021,765	215,703
63,566	22,471	7,739	2,761	4,785	1,838
(7,169,256)	(8,189,212)	855,611	1,997,110	1,026,550	217,541
(318,660)	(298,564)	(38,793)	(36,687)	(23,993)	(24,421)
(7,487,916)	(8,487,776)	816,818	1,960,423	1,002,557	193,120
13,912,200	14,727,603	180,248	173,730	-	-
(3,826,404)	(3,835,815)	-	-	-	-
(1,481,027)	(2,275,918)	(180,248)	(155,014)	-	-
8,604,769	8,615,870	-	18,716	-	-
1,574,996	1,539,409	-	-	-	-
(516,130)	(504,040)	-	-	-	-
1,058,866	1,035,369	-	-	-	-
2,175,719	1,163,463	816,818	1,979,139	1,002,557	193,120
-	(2,822,436)	5,870,369	4,491,230	257,482	1,723,335
(1,519,970)	-	799,522	-	720,448	-
-	-	(1,000,000)	(600,000)	-	-
-	1,658,973	-	-	-	(1,658,973)
655,749	-	6,486,709	5,870,369	1,980,487	257,482

# Notes to the financial statements

## 4 Sinking Fund

	NOTE	Total	
		2015 S\$	2014 S\$
Balance at beginning of year		184,421,947	193,747,509
Investment and interest income	16	3,404,186	3,004,591
Other income		5,145	123,786
Operating transfer from conservancy and service			
Fees (Minimum required by law)	3	16,293,659	15,794,984
Government grants	3,20	3,826,404	3,835,815
GST Subvention	3,20	516,130	504,040
		<b>24,045,524</b>	<b>23,263,216</b>
Expenditure		<b>(19,536,460)</b>	<b>(32,110,028)</b>
Surplus (Deficit) before tax		<b>4,509,064</b>	<b>(8,846,812)</b>
Taxation	18	<b>(414,237)</b>	<b>(478,750)</b>
Surplus (Deficit) for the financial year		<b>4,094,827</b>	<b>(9,325,562)</b>
Balance at end of year		<b>188,516,774</b>	<b>184,421,947</b>
Add: Fair value reserve		<b>597,164</b>	<b>388,672</b>
		<b>189,113,938</b>	<b>184,810,619</b>
Represented by:			
Non-Current Assets			
Available-for-sale investments	8	9,580,540	9,372,048
Held-to-maturity investments	9	82,073,264	64,644,502
		<b>91,653,804</b>	<b>74,016,550</b>
Current Assets			
Conservancy and services and other receivables		607,592	831,735
Interest receivable		956,271	1,204,196
Cash and cash equivalents		99,808,473	116,413,108
		<b>101,372,336</b>	<b>118,449,039</b>
Total assets		<b>193,026,140</b>	<b>192,465,589</b>
Less: Current Liabilities			
Payables and accrued expenses		3,114,135	6,536,390
Provision for taxation		798,067	1,118,580
		<b>3,912,202</b>	<b>7,654,970</b>
Net Assets		<b>189,113,938</b>	<b>184,810,619</b>
Expenditure comprising the following:		<b>2015</b>	<b>2014</b>
		<b>S\$</b>	<b>S\$</b>
Lift works		6,158,318	6,534,713
Reroofing works		2,899,239	2,714,713
Redecoration and repainting		8,134,556	19,958,601
Electrical rewiring		561,924	241,141
Project management fee		581,319	961,847
Replacement of water tank, pipes and booster pump		536,284	1,488,466
Others		664,820	210,547
		<b>19,536,460</b>	<b>32,110,028</b>

Residential Property		Commercial Property	
<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
S\$	S\$	S\$	S\$
<b>117,231,337</b>	128,986,295	<b>67,190,610</b>	64,761,214
<b>3,081,935</b>	2,678,340	<b>322,251</b>	326,251
<b>5,145</b>	123,786	-	-
<b>13,304,451</b>	12,992,785	<b>2,989,208</b>	2,802,199
<b>3,826,404</b>	3,835,815	-	-
<b>516,130</b>	504,040	-	-
<b>20,734,065</b>	20,134,766	<b>3,311,459</b>	3,128,450
<b>(18,636,434)</b>	(31,463,397)	<b>(900,026)</b>	(646,631)
<b>2,097,631</b>	(11,328,631)	<b>2,411,433</b>	2,481,819
<b>(369,292)</b>	(426,327)	<b>(44,945)</b>	(52,423)
<b>1,728,339</b>	(11,754,958)	<b>2,366,488</b>	2,429,396
<b>118,959,676</b>	117,231,337	<b>69,557,098</b>	67,190,610

# Notes to the financial statements

## 5 Town Improvement and Project Fund

		Total	
	NOTE	<u>2015</u> S\$	<u>2014</u> S\$
Balance as at 1 April		1,056,238	739,277
Government grants	3,20	1,661,275	2,430,932
Expenditure		(2,556,382)	(2,713,971)
		(895,107)	(283,039)
Transfer from Accumulated Surplus	3	1,000,000	600,000
Balance as at 31 March		1,161,131	1,056,238
Represented by:			
<b>Current Assets</b>			
Other receivables		1,923,487	2,461,245
Less:			
<b>Current Liabilities</b>			
Payables and accrued expenses		123,628	1,021,407
Amount due to accumulated surplus		638,728	383,600
		762,356	1,405,007
<b>Net Assets</b>		1,161,131	1,056,238

## 6 Neighbourhood Renewal Programme Fund

	<u>2015</u> S\$	<u>2014</u> S\$
Balance at beginning of year	236,340	519,298
Funding from Government	108,120	1,627,858
Payment to contractors	(228,797)	(1,910,816)
	(120,677)	(282,958)
Balance at end of year	115,663	236,340

Residential Property		Commercial Property	
<u>2015</u> S\$	<u>2014</u> S\$	<u>2015</u> S\$	<u>2014</u> S\$
(311,232)	(417,541)	<b>1,367,470</b>	1,156,818
<b>1,481,027</b>	2,275,918	<b>180,248</b>	155,014
<b>(2,410,005)</b>	(2,169,609)	<b>(146,377)</b>	(544,362)
<b>(928,978)</b>	106,309	<b>33,871</b>	(389,348)
-	-	<b>1,000,000</b>	600,000
<b>(1,240,210)</b>	<b>(311,232)</b>	<b>2,401,341</b>	<b>1,367,470</b>

# Notes to the financial statements

## 7 Plant and Equipment

	Office Equipment S\$	Data Processing Equipment S\$	Furniture Fixtures and Fittings S\$	Leasehold Improvement S\$	Total S\$
<b>Cost:</b>					
Balance as at 1 April 2013	121,359	213,883	168,035	282,948	786,225
Additions	-	3,455	31,990	101,668	137,113
Disposals	-	(15,000)	-	(17,752)	(32,752)
Balance as at 31 March 2014	<u>121,359</u>	<u>202,338</u>	<u>200,025</u>	<u>366,864</u>	<u>890,586</u>
<b>Accumulated depreciation:</b>					
Balance as at 1 April 2013	101,231	209,417	159,411	270,632	740,691
Charge for the financial year	7,675	4,804	6,511	11,645	30,635
Disposals	-	(15,000)	-	(17,752)	(32,752)
Balance as at 31 March 2014	<u>108,906</u>	<u>199,221</u>	<u>165,922</u>	<u>264,525</u>	<u>738,574</u>
<b>Net book value:</b>					
Balance as at 31 March 2014	<u>12,453</u>	<u>3,117</u>	<u>34,103</u>	<u>102,339</u>	<u>152,012</u>
<b>Cost:</b>					
Balance as at 1 April 2014	121,359	202,338	200,025	366,864	890,586
Additions	1,320	94,245	-	1,300	96,865
Disposals	-	(113,432)	-	-	(113,432)
Balance as at 31 March 2015	<u>122,679</u>	<u>183,151</u>	<u>200,025</u>	<u>368,164</u>	<u>874,019</u>
<b>Accumulated depreciation:</b>					
Balance as at 1 April 2014	108,906	199,221	165,922	264,525	738,574
Charge for the financial year	6,685	31,670	8,644	16,710	63,709
Disposals	-	(113,432)	-	-	(113,432)
Balance as at 31 March 2015	<u>115,591</u>	<u>117,459</u>	<u>174,566</u>	<u>281,235</u>	<u>688,851</u>
<b>Net book value:</b>					
Balance as at 31 March 2015	<u>7,088</u>	<u>65,692</u>	<u>25,459</u>	<u>86,929</u>	<u>185,168</u>



## 8 Available-For-Sale Investments

	<u>2015</u>	<u>2014</u>
	S\$	S\$
Balance is made up of:		
Quoted unit trusts as available-for-sale at fair value	1,317,500	1,148,000
Quoted equities as available-for-sale at fair value	<u>8,263,040</u>	<u>8,224,048</u>
	<u><b>9,580,540</b></u>	<u><b>9,372,048</b></u>

The fair value of quoted unit trust and equities are based on quoted market prices at the end of reporting period.

## 9 Held-To-Maturity Investments

	<u>2015</u>	<u>2014</u>
	S\$	S\$
Movements during the year - at amortised cost:		
Amortised cost at beginning of year	64,644,502	56,187,858
Additions for the year	17,428,762	15,966,500
Disposal on maturity	-	(7,500,000)
Effect of accretion	-	(9,856)
Amortised cost at end of year	<u><b>82,073,264</b></u>	<u><b>64,644,502</b></u>
Balance is made up of:		
<u>Non-Current</u>		
Quoted bonds with maturity within 2 to 5 years - 1.01% to 4.45% (2014 : 1.01% to 4.45%) p.a.	52,123,676	21,085,816
Quoted bonds with maturity over 5 years - 2.505% to 4.70% (2014 : 2.49% to 4.70%) p.a.	<u>29,949,588</u>	<u>43,558,686</u>
	<u><b>82,073,264</b></u>	<u><b>64,644,502</b></u>
Fair value at end of year:		
<u>Non-current</u>		
Quoted bonds with maturity within 2 to 5 years - 1.01% to 4.45% (2014 : 1.01% to 4.45%) p.a.	52,396,390	21,277,130
Quoted bonds with maturity over 5 years - 2.49% to 4.70% (2014 : 2.49% to 4.45%) p.a.	<u>29,567,395</u>	<u>42,727,198</u>
	<u><b>81,963,785</b></u>	<u><b>64,004,328</b></u>

# Notes to the financial statements

## 10 Conservancy and Service Receivables

	<u>2015</u> S\$	<u>2014</u> S\$
Conservancy and service receivables	1,243,654	1,174,297
Interest receivable on late payments	870,486	906,659
Provision for impairment	<u>(663,086)</u>	<u>(607,367)</u>
	<u><u>1,451,054</u></u>	<u><u>1,473,589</u></u>

Movement in above provision:

	<u>2015</u> S\$	<u>2014</u> S\$
Balance at beginning of year	607,367	667,153
Write back to income and expenditure statement and sinking fund statement for the financial year	-	(59,786)
Additional provision for the financial year	<u>55,719</u>	-
Balance as at 31 March	<u><u>663,086</u></u>	<u><u>607,367</u></u>

The average credit period generally granted to conservancy and service receivables is about 10 days (2014:10 days).

## 11 Other Receivables

	<u>2015</u> S\$	<u>2014</u> S\$
Citizens' consultative committee grant receivables	1,907,507	2,453,546
Deposits	333,038	624,917
Prepayments	33,038	2,963
Other sundry debtors	856,461	1,341,904
Recoverable from contractors	248,276	260,384
GST subvention grant	<u>396,888</u>	<u>393,774</u>
	<u><u>3,775,208</u></u>	<u><u>5,077,488</u></u>

Other receivables with a short duration was not discounted and the carrying amounts are assumed to be a reasonable approximation of fair values. The other receivables are denominated in Singapore dollar.

## 12 Cash and Bank Balances

	<u>2015</u> S\$	<u>2014</u> S\$
Cash and fixed deposits maturing in less than 3 months	89,157,681	84,463,702
Fixed deposits maturing in more than 3 months	<u>24,000,000</u>	<u>42,000,000</u>
	<u><b>113,157,681</b></u>	<u><b>126,463,702</b></u>

The exposure of the fixed deposits to interest rate changes and the maturity dates at the balance sheet dates are as follows:

	<u>2015</u> S\$	<u>2014</u> S\$
Below 3 months	15,000,000	41,000,000
Within 3 to 12 months	<u>24,000,000</u>	<u>42,000,000</u>
Total fixed deposits	<u><b>39,000,000</b></u>	<u><b>83,000,000</b></u>

The rate of interest for cash on interest earning balances of \$39,000,000 (2014: \$83,000,000) is between 1.15% to 1.42% (2014 : 0.65% to 1.33%) per annum receivable within 12 months depending on the terms of the fixed deposits. The effective interest rate is **1.30%** (2014 : 0.97%) per annum.

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

	<u>2015</u> S\$	<u>2014</u> S\$
Cash and bank balances	113,157,681	126,463,702
Less: Cash restricted in use over 3 months	<u>24,000,000</u>	<u>42,000,000</u>
	<u><b>89,157,681</b></u>	<u><b>84,463,702</b></u>

## 13 Payables and Accrued Expenses

	<u>2015</u> S\$	<u>2014</u> S\$
Accruals for completed works	3,308,609	7,543,624
Accruals for audit fees	31,000	37,000
Accrued operating expenses	4,570,569	5,460,404
Refundable deposits	62,091	133,102
Performance bond	430,583	-
Other creditors	<u>841,510</u>	<u>69,032</u>
	<u><b>9,244,362</b></u>	<u><b>13,243,162</b></u>

The average credit period taken to settle trade payable is about 30 days (2014 : 30 days). The other payables are with short-term durations. The carrying amounts are assumed to be a reasonable approximation of fair values.

## 14(a) Agency Fees

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

# Notes to the financial statements

## 14(b) Other Income

	<u>2015</u> S\$	<u>2014</u> S\$
Temporary Occupational Licence income	2,752,675	2,673,487
Use of water and electricity	123,666	123,151
Usage of Void Deck and Common Property	93,480	86,740
Liquidated damages	271,394	275,254
Late payment penalty	212,346	223,961
Sundry fines and income	374,425	101,485
Others	273,703	148,438
	<u>4,101,689</u>	<u>3,632,516</u>

## 15 Managing Agent's Fees

The Town Council does not have any employees on its payroll as all its daily operations have been outsourced to a managing agent for a fee of \$6,250,538 (2014 : \$6,067,848) for the current financial year.

## 16 Investment and Interest Income on Sinking Funds

	<u>2015</u> S\$	<u>2014</u> S\$
Income - Bonds and other investments	2,476,629	2,000,361
Interest Income - fixed bank deposit	<u>927,557</u>	<u>1,014,086</u>
	3,404,186	3,014,447
Bond amortised expense	-	(9,856)
	<u>3,404,186</u>	<u>3,004,591</u>

## 17 General and Administrative Expenditure

The general and administrative expenditure comprise the following:

	Note	<u>2015</u> S\$	<u>2014</u> S\$
Advertising and public relations		200,637	235,580
Audit fee		31,000	37,215
Bad debts written off		211,716	112,641
Computer services		315,637	170,915
Depreciation of plant and equipment	7	63,709	30,635
Office rental and upkeep expenditure		161,483	184,135
Office supplies and stationery		125,410	107,846
Plant and equipment expense off		10,911	22,398
Property tax		278,817	293,402
Telephone		98,090	93,272
Town Councillors' allowance		234,300	245,300
Water and electricity		44,880	82,093
Insurance premium		36,805	118,872
Goods and services tax	19	358,355	439,049
Legal fee		118,529	106,625
Others		208,774	214,347
		<u>2,499,053</u>	<u>2,494,325</u>

## 18 Income Tax

	<u>2015</u> S\$	<u>2014</u> S\$
Current income tax provision	795,683	741,882
Under provision in respect of prior years	-	96,540
	<u>795,683</u>	<u>838,422</u>
Taken up in:		
Income and Expenditure Statement	381,446	359,672
Sinking Fund Statement	414,237	478,750
	<u>795,683</u>	<u>838,422</u>

A reconciliation between the tax expense and the product of accounting surplus multiplied by the applicable tax rate for the year ended 31 March is as follows:

	<u>2015</u> S\$	<u>2014</u> S\$
Interest and dividend income	1,349,358	1,410,037
Bonds and dividend income	2,029,740	1,526,220
Other income	2,195,868	2,091,693
	<u>5,574,966</u>	<u>5,027,950</u>
Tax at the statutory rate 17% (2014 : 17%)	947,744	854,752
Concessionary tax relief	(152,061)	(112,870)
Under provision in respect of prior years	-	96,540
	<u>795,683</u>	<u>838,422</u>

## 19 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

## 20 Government Grants

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

		Total		Conservancy and
	NOTE	2015 S\$	2014 S\$	2015 S\$
Government grants received/receivable during the financial year	3	14,092,448	14,901,333	12,431,173
GST subvention received/receivable during the financial year	3	1,574,996	1,539,409	-
Less : Transfers to Sinking Funds	3,4	(4,342,534)	(4,339,855)	(3,826,404)
Transfers to Town Improvement and Project Funds	3,5	(1,661,275)	(2,430,932)	-
		<b>9,663,635</b>	<b>9,669,955</b>	<b>8,604,769</b>

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

	2015 S\$	2014 S\$
Balance at beginning of year	157,385,444	142,543,975
Add: Grants received for the financial year	16,198,749	14,841,469
Balance at end of year	<b>173,584,193</b>	<b>157,385,444</b>

Services Grant	Payments from Citizens Consultative Committee		GST Subvention	
	<u>2014</u> S\$	<u>2015</u> S\$	<u>2014</u> S\$	<u>2015</u> S\$
12,470,401	<b>1,661,275</b>	2,430,932	-	-
-	-	-	<b>1,574,996</b>	1,539,409
(3,835,815)	-	-	<b>(516,130)</b>	(504,040)
-	<b>(1,661,275)</b>	(2,430,932)	-	-
<u>8,634,586</u>	<u>-</u>	<u>-</u>	<u><b>1,058,866</b></u>	<u>1,035,369</u>

# Notes to the financial statements

## 21 Operating Lease Payment Commitments

At the end of the reporting period, the Town Council was committed to making the following payments in respect of rental of computer hardware and software with lease terms of more than one year:

	<u>2015</u> S\$	<u>2014</u> S\$
Due within 1 year	478,512	472,613
Due after 1 year but within 5 years	<u>1,247,028</u>	<u>1,581,542</u>
	<u><u>1,725,540</u></u>	<u><u>2,054,155</u></u>

The leases on the Town Council's office premises and computer services on which rentals are payable will expire earliest 31 May 2014 (2013/2014 - 31 May 2014) and not later than 31 March 2019 (2013/2014 - 31 March 2019). The current rent payable on the leases range from \$651 to \$12,500 (2013/2014 - \$651 to \$12,500) per month, respectively, which are subject to revision and renewal.

## 22 Commitments for Capital Expenditure

	<u>2015</u> S\$	<u>2014</u> S\$
Capital expenditure approved by the Town Council but not provided for in the financial statements are as follows:		
Amount approved and contracted for	27,086,343	18,928,939
Amount approved but not contracted for	30,678,908	37,738,934
	<u><u>57,765,251</u></u>	<u><u>56,667,873</u></u>

## 23 Financial Risk Management Objectives and Policies

The Town Council's activities expose it to a variety of financial risks: market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk. Risk management is integral to the whole operation of the Town Council. The Town Council has a system of controls in place to create an acceptable balance between the costs of risks occurring and the cost of managing the risks. The management continually monitors the Town Council's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Town Council's activities.

### 23.1 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, its exposure to foreign currency risk is minimal.

### 23.2 Interest Rate Risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Town Council's main interest bearing assets are fixed deposits with financial institutions and held-to-maturity investments. The Town Council's surplus or deficit and equity are not affected by the changes in interest rates as these interest-bearing instruments carry fixed interest and are measured at amortised cost.



## 23 Financial Risk Management Objectives and Policies (Cont'd)

### 23.3 Liquidity Risk

Liquidity risk arises in the general funding of the Town Council's operating activities. It includes the risks of not being able to fund operating activities at settlement dates and liquidate investments in a timely manner at a reasonable price. The Town Council adopts prudent liquidity risk management by maintaining sufficient cash to meet its routine and sinking fund expenditure requirements. Surplus funds, that are not required in the near future, are invested into short-term deposits and held-to-maturity investments.

### 23.4 Price Risk

The Town Council is exposed to price risks arising from investments classified as available-for-sale and held-to-maturity. Available-for-sale equity investments are held for strategic rather than for trading purposes. The Town Council does not actively trade available-for-sale investments. Further details of these investments can be found in Notes 8 and 9 to the financial statements.

#### *Price sensitivity analysis*

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period. The Town Council's equity instruments are listed. A 10% increase in the available-for-sale equity prices at the reporting date would increase the fair value reserve by \$958,054 (2014: \$937,205). This analysis assumes that all other variables remain constant.

### 23.5 Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting from financial loss to the Town Council. For conservancy and service receivables, at the end of the reporting period, there were no significant concentrations of credit risk. For investment in financial assets, the Town Council adopts a policy of only dealing with counterparties that have high credit ratings.

The Town Council manages credit risk through the setting of guidelines for its investments. The guidelines are reviewed and approved by the Investment Committee. Ongoing monitoring is undertaken by management to ensure that all investment activities are in compliance with the guidelines.

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

(i) Financial assets that are neither past due nor impaired

Conservancy and service fees receivables that are neither past due nor impaired are substantially counterparties with good payment records with the Town Council.

(ii) Financial assets that are past due but not impaired

The ageing analysis of conservancy and service fee receivables is categorised based on the oldest invoice outstanding and not aged based on the date of the individual invoice that made up the outstanding receivables.

Management considers this as a more appropriate method to categorise the ageing of receivables for credit control purposes. The ageing analysis of conservancy and service fee receivables with number of months of fees past due but not impaired are as follows:

	<u>2015</u>	<u>2014</u>
	\$	\$
With less than 3 months of fees past due	633,463	591,254
With more than 3 months of fees past due	212,945	330,111
With more than 6 months of fees past due	190,843	296,650

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.

# Notes to the financial statements

## 23 Financial Risk Management Objectives and Policies (Cont'd)

(iii) Financial assets that are past due and impaired

The carrying amount of conservancy and service fee receivables individually determined to be impaired and the movements in the related allowance for impairment are as follows:

	<u>2015</u>	<u>2014</u>
	\$	\$
Gross amount	663,086	607,367
Less: Allowance for impairment	<u>(663,086)</u>	<u>(607,367)</u>
	<u>-</u>	<u>-</u>

The impaired conservancy and service fee receivables arise mainly from residents who are facing significant financial hardships and have difficulties paying their conservancy and service fees despite letters of demand sent.

## 24 Financial Instruments Carried at Fair Value

The table below analyses financial instruments carried at fair value, by valuation method. Level 1: quoted prices (unadjusted) in active markets for identical assets are as follows:

	<u>2015</u>	<u>2014</u>
	S\$	S\$
Available-for-sale financial assets	<u>9,580,540</u>	<u>9,372,048</u>

The fair value of available-for-sale financial assets is determined by reference to their quoted bid prices at the end of the reporting period.

### Financial instruments not carried at fair value

The aggregate net fair values of financial assets and liabilities which are not carried at fair value in the statement of financial position as at 31 March are as follows:

	<u>2015</u>		<u>2014</u>	
	<u>Carrying amount</u>	<u>Fair value</u>	<u>Carrying amount</u>	<u>Fair value</u>
	S\$	S\$	S\$	S\$
Held-to-maturity investments	<u>82,073,264</u>	<u>81,963,785</u>	64,644,502	64,004,328
Unrecognised loss		<u>(109,479)</u>		<u>(640,174)</u>

The fair value of held-to maturity financial assets is determined by reference to their quoted bid prices at the end of the reporting period. The held-to-maturity investments are categorised into Level 1 of the fair value hierarchy.

There were no significant transfers between Level 1 and Level 2 of the fair value hierarchy in the financial year.

## 25 Management of Town Council's funds

The Town Council's objectives when managing funds are:

- (a) To safeguard the Town Council's ability to continue as going concern; and
- (b) To provide capacity to support the Town Council's investment in public sector human capital, intellectual capital and technical capability development.

The Town Council actively and regularly reviews and manages its funds structure to ensure optimal capital structure, taking into consideration the future requirements, prevailing and projected operating cash flows, projected capital expenditures and projected investments in public sector capability development.



