

Charting The Future

Annual Report 2015-2016



Bishan-Toa Payoh
Town Council

CORPORATE INFORMATION

Our Mission

Our mission is to provide a clean, green, well-maintained and healthy environment for the residents, through close co-operation with the residents, grassroots organisations and related government agencies.



Properties

Division	No of Blocks	No of Units
Bishan East-Thomson	137	9,936
Bishan North	121	10,202
Toa Payoh West- Balestier	68	9,227
Toa Payoh Central	106	12,988
Toa Payoh East-Novena	73	9,530
Total	505	51,882

*As at July 2016

Contact

Toa Payoh Office
Block 125A Lorong 2 Toa Payoh, #01-134, Singapore 311125

Bishan Office
Block 197 Bishan St 13, #01-585, Singapore 570197

24-hour Town Council Essential Service Unit (EMSU)
1800-241 7711

Website
www.btptc.org.sg
www.facebook.com/Bishan-ToaPayoh

Email
Prm@btptc.org.sg

Operating Hours
8.00am - 5.30pm (Monday to Friday)
8.00am – 12.00noon (Saturday)

CHAIRMAN'S REVIEW



Greetings Residents of Bishan-Toa Payoh.

Since taking on the role of Chairman of Bishan-Toa payoh Town Council (BTPTC), I have been encouraged by the smooth transition. The Town Council has managed to cope well with the expanded GRC boundary since the General Election in

September 2015, For this, I have to thank my predecessor Mr Hri Kumar Nair.

On behalf of the Town Council, I would like to welcome the residents staying in the HDB estates at Ah Hood / Jalan Dusun and Moulmein. Now we have an additional 10 blocks, comprising 490 residential and 175 commercial units, under our care.

TC's Report Card

Every year, all town councils are assessed by inspectors from the Ministry of National Development (MND) in five areas – Cleanliness, Maintenance, Lift Performance, S&CC Arrears and Corporate Governance.

I am pleased to report that for FY2015/16, BTPTC has received the top score, the Green score, in all four areas (one factor was not considered for FY 2015/16 due to shortened assessment period resulted from the boundary changes). And this is our third consecutive year attaining the perfect scoreboard. This has been no easy feat. Besides

the efforts of the town councillors, staff and partners, our residents have also played a big part in this achievement year after year.

Residents' valuable feedback is necessary for us to serve you better. Most of the feedback comes through our Call Centre. Therefore, your telephone calls are very important to us. Last year, we received 80,335 calls through the hotline. Despite the high numbers, the drop call rate was 1.88 percent or 125 calls per month, well within industry standards of 5% abandoned call rate.

Cleanliness

Keeping the estate clean is key to ensuring a pleasant living environment for all residents. I would like to express my gratitude to those who work hard daily to clean our estate.

As part of the efforts to maintain the cleanliness of common areas in between scheduled refuse clearance, bigger waste collection bins have been installed. However, residents should continue to be mindful of appropriate refuse disposal methods to be applied, especially for bulky items.

In the past year, the Town Council has also stepped up the provision of ECO-burners. An additional 200 ECO-burners used for religious practices were deployed around the estates. These eco-friendly burners are designed to reduce the smoke and ash from the burning of incense papers.

I urge all residents to continue to play their part in keeping our estates clean and green, including feedback on how we can increase the recycling efforts in our estates.

Maintenance

The objectives of good estate maintenance are manifold. The most fundamental aim is functionality. We strive to ensure that amenities and facilities are in good working order so that residents are not inconvenienced in their daily activities. Over and above that, we also increase the number of amenities and continuously improve upon the aesthetics of the environment so that the estate remains a comfortable and attractive place to live in over the long term.

To keep your buildings in optimum operating condition, periodic cyclical maintenance is carried out. This means some parts of the block like the roof-top, water pumps and electrical cables will either be repaired or replaced periodically. Many of you would have noticed in the last few years that your blocks received a new coat of paint and other repair works. This is the Repairs & Redecoration (R&R) cyclical maintenance programme to refresh your estate. Last year, 50 blocks underwent the R&R at a cost of about \$7 million. 15 blocks also went through the Neighbourhood Renewal Program.

The Covered Plaza at Lor 1 and 6 Toa Payoh was opened to residents in September 2015. Surrounded by a garden and playground, many activities have been organised there since. This new feature has become a hit with the people. Other facilities launched last year by the Town Council to increase community interactions include an amphitheatre, community hall, pavilions and residents' corner.

There were 91 facilities provided throughout the estate under our Town Improvement Project during the financial year. New or upgraded facilities include 12 covered linkways, 33 elderly fitness stations, 9 adult fitness stations, 20 children's playgrounds, 8 barrier-free access ramps, 7 drop-off points and 2 multi-purpose courts built at a cost of approximately \$6.3 million.

With the increase in facilities and amenities, the maintenance work of the Town Council also increases. Responsible usage by residents go a long way in increasing the useful life of these facilities and amenities and also reduces the costs of maintenance.

Lift Performance

BTPTC took over 74 new lifts last year, making a total of 1,309 lifts under our management. Looking ahead, the Town Council is anticipating significantly higher lift maintenance expenditure. The expected increase is due to more lifts in operation, and also increased utilisation rates as most lifts now serve every floor of a block. In addition, following the lift incidents in other estates over the past year, the Town Council will be stepping up lift servicing for the safety of our residents. We can also expect more audit checks and imposition of more stringent lift operating regulations to add to our operating expenses. More importantly, many lifts in Bishan -Toa Payoh GRC are nearing the end of their life cycle, and they have to be changed.

Our current high sinking fund balance is a result of the prudence of our management over the years but it will be drawn down during the approaching R&R cycles as many HDB blocks in our estates are more than 25 years old.

S&CC Arrears

A Town Council's expenditure cannot exceed its income. The main source of our income is from the collection of residents' monthly Service & Conservancy Charges (S&CC). The timely payment of S&CC by residents is very important in sustaining the Town Council's service delivery to residents and on-time payment to our contractors. I am glad to report that our S&CC arrears rate is relatively low at 5 per cent of the total collectible amount. I am aware that we have some residents with financial difficulties and the Town Council has approached the relevant organisations to assist them.

Financials

With a prudent approach and assessing every project on the basis of bringing the most benefits to most residents and getting the most out of every dollar spent, I am happy to report that the BTPTC continues to operate with a healthy financial position as it has over the years. FY 2015/16, we ended the year with an Operating Surplus (after government grant) of \$3.49 million; and our Sinking Fund stands at \$114.15 million. Whilst our prudence has enabled us to be in a good financial position, we are also faced with the realities of increasing maintenance costs due to the higher number of facilities and amenities provided and the higher expenditures due to the R&R cycles. Therefore, the Town Council will be conducting a review of the S&CC with a view to maintain our strong financial position for sustainable operations and further rebuilding up our Sinking Fund for future needs.

Conclusion

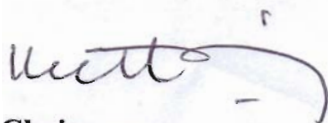
Running a Town Council has so many challenges, and I can appreciate what my predecessors went through. I have learnt much in my first 10 months at the helm. I appreciate and am grateful for the support from my Parliamentary colleagues, the Town Councillors, and the residents.

One group of people, the Town Council staff, deserves a special mention because they are the ones who work tirelessly behind the scenes to give our residents a clean and pleasant home and environment. Their dedication and contributions are much appreciated.

Finally, to all the community leaders who have supported the Town Council in one way or another, I am grateful for your assistance.

As we plan and move forward in an evolving society that demands faster and higher standards of service delivery, let us focus on working together by leveraging on our core strengths and tap on innovation to improve our processes and raise our service standards for the benefit of all residents.

Chong Kee Hiong



**Chairman
Bishan-Toa Payoh Town Council
MP for Bishan-Toa Payoh GRC**

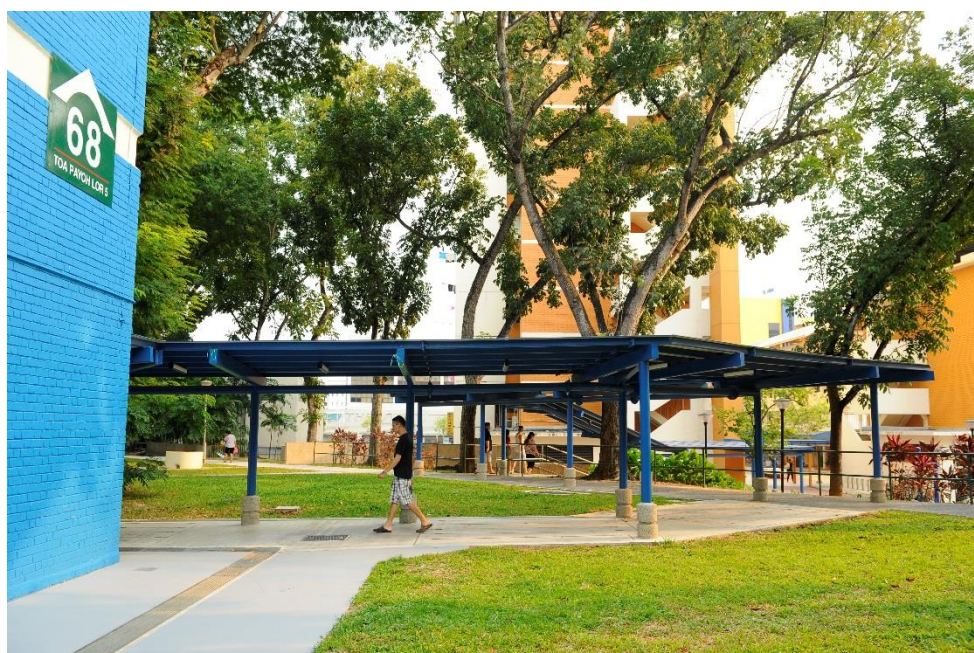
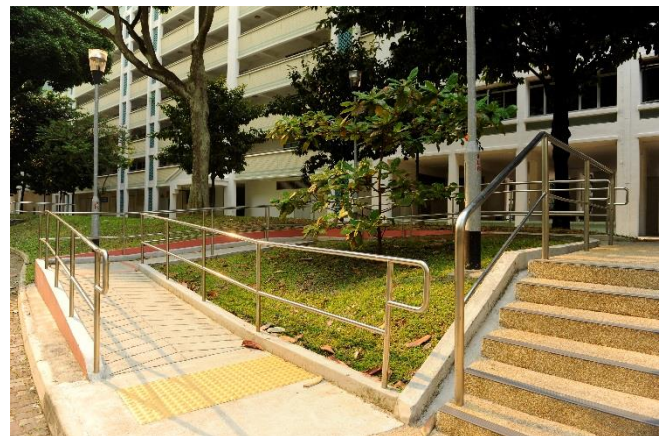


50 Blocks underwent Repairs
and Redecorations works



Covered Plaza at Lor 1 and Lor 6 Toa Payoh.
Opened in September 2015.

91 Facilities were provided throughout the estate



Financial statements

BISHAN-TOA PAYOH TOWN COUNCIL

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

For the year ended 31 March 2016

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Independent auditor's report to the members of BISHAN-TOA PAYOH TOWN COUNCIL

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

Report on the financial statements

We have audited the accompanying financial statements of Bishan-Toa Payoh Town Council ("the Town Council"), which comprise the statement of financial position as at 31 March 2016, the statement of income and expenditure and other comprehensive income, the statement of changes in funds and statement of cash flows for the 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 of financial statements that give a true and fair view 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.

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 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 judgement, 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 controls relevant to the Town Council's preparation of 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 Town Council's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Town Council's 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 BISHAN-TOA PAYOH TOWN COUNCIL (Cont'd)

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

Report on other legal and regulatory requirements

Management's responsibility for compliance with other legal and regulatory requirements

Management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the 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 controls 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 controls. 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 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 financial 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, in accordance with the provisions of the Act.



Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 27 July 2016

Statement of financial position

as at 31 March 2016

	Note	2016 \$	2015 \$ (Restated)	2014 \$ (Restated)
TOWN COUNCIL FUND				
Residential Property Funds				
Accumulated surplus	3	1,887,417	4,171,340	2,734,423
Sinking Funds	4	77,697,853	81,035,180	111,113,050
Town Improvement and Project Funds	5	-	-	305,611
		79,585,270	85,206,520	114,153,084
Commercial Property Funds				
Accumulated surplus	3	2,086,414	5,858,071	4,648,487
Sinking Funds	4	36,448,515	29,249,121	30,519,294
Town Improvement and Project Funds	5	329,982	7,607	111,516
		38,864,911	35,114,799	35,279,297
Carpark Funds				
Accumulated surplus	3	190,804	1,439,344	888,313
		118,640,985	121,760,663	150,320,694
REPRESENTED BY:				
Non-current assets				
Plant and equipment	6	33,511	53,408	88,274
Current assets				
Receivable for Neighbourhood Renewal Programme	7	1,720,193	-	-
Financial assets at fair value through profit or loss	8	58,725,165	55,021,182	51,325,670
Conservancy and service fees receivables	9	713,910	717,235	631,868
Other receivables	10	4,354,687	1,545,898	1,047,364
Interest receivable		678,438	787,067	778,840
Grants receivable	11	951,072	1,252,962	870,633
Fixed deposits with financial institutions	12	52,708,965	61,455,132	88,282,828
Cash and bank balances	13	8,521,175	10,727,369	13,521,831
		128,373,605	131,506,845	156,459,034
Total assets		128,407,116	131,560,253	156,547,308
Less:				
Current liabilities				
Conservancy and service fees received in advance		614,439	545,901	523,069
Advances received for Neighbourhood renewal Programme	7	-	796,003	794,883
Payables and accrued expenses	14	8,103,492	7,465,686	4,050,662
Income tax payable		1,048,200	992,000	858,000
Total liabilities		9,766,131	9,799,590	6,226,614
NET ASSETS		118,640,985	121,760,663	150,320,694

CHONG KEE HIONG
Chairman

LING MING CHUAN
Secretary


Date: 27 July 2016

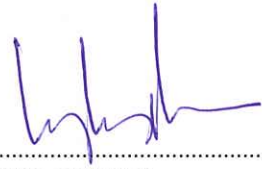
The accompanying notes form an integral part of and should be read in conjunction with the financial statements.

Statement of income and expenditure and other comprehensive income

for the financial year ended 31 March 2016

	Note	2016 \$	2015 \$
Operating income			
Conservancy and service fees	3	35,248,199	34,824,939
Less: Operating income transfer to Sinking Funds (minimum required by law)	3, 4	(11,857,299)	(11,714,326)
		23,390,900	23,110,613
Agency fees	15	2,538,912	2,517,749
Other income	16	1,911,692	2,096,666
		27,841,504	27,725,028
Less:			
Operating expenditure			
Cleaning works		(5,802,759)	(5,781,789)
Lift maintenance		(4,260,620)	(4,110,752)
Other works and maintenance		(4,953,275)	(4,075,153)
Water and electricity		(7,370,702)	(7,639,055)
General and administrative expenditure	17	(6,989,373)	(5,791,443)
		(29,376,729)	(27,398,192)
Operating (deficit)/surplus		(1,535,225)	326,836
Add: Interest income	3	161,535	135,036
(Deficit)/surplus before taxation and government grants		(1,373,690)	461,872
Less:			
Income tax	18	(129,184)	(100,682)
(Deficit)/surplus before government grants		(1,502,874)	361,190
Add:			
Government grants		7,737,169	7,242,095
GST subvention		1,212,591	1,201,767
Less: Transfer to			
- Sinking Funds	4	(2,312,267)	(2,302,896)
- Town Improvement and Project Funds	5	(1,644,489)	(1,167,053)
		4,993,004	4,973,913
SURPLUS FOR THE YEAR FROM ROUTINE FUND		3,490,130	5,335,103
Add:			
Deficit for the year from:			
- Sinking Funds	4	(4,516,723)	(31,348,043)
- Town Improvement and Project Funds	5	(5,435,363)	(2,547,091)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(6,461,956)	(28,560,031)


CHONG KEE HIONG
Chairman


LING MING CHUAN
Secretary

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

Statement of changes in funds

for the financial year ended 31 March 2016

	Residential property \$	Commercial property \$	Carparks \$	Total \$
Balance at 1 April 2014	114,153,084	35,279,297	888,313	150,320,694
(Deficit)/surplus for the year	(28,946,564)	(164,498)	551,031	(28,560,031)
Balance at 31 March 2015	85,206,520	35,114,799	1,439,344	121,760,663
Net transfer of funds during boundary change	990,842	2,348,742	2,694	3,342,278
(Deficit)/surplus for the year	(6,612,092)	1,401,370	(1,251,234)	(6,461,956)
Balance at 31 March 2016	79,585,270	38,864,911	190,804	118,640,985

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

Statement of cash flows

for the financial year ended 31 March 2016

	Note	2016 \$	2015 \$
Cash Flows from Operating Activities			
(Deficit)/surplus before taxation and government grants	3	(1,373,690)	461,872
Adjustments for:			
Operating income transfer to Sinking Funds	3,4	11,857,299	11,714,326
Depreciation of plant and equipment	6	34,580	35,986
Interest income	3	(161,535)	(135,036)
Operating surplus before working capital changes		10,356,654	12,077,148
Decrease/(increase) in other receivables		605,351	(583,901)
Increase in other payables		637,679	3,437,828
Cash generated from operations before income tax		11,599,684	14,931,075
Sinking Funds expenditure paid	4	(20,049,357)	(47,123,721)
Town Improvement and Project Funds expenditure	5	(7,160,186)	(3,721,224)
Neighbourhood Renewal Programme expenditure	7	(3,646,707)	(194,432)
Income tax paid	18	(432,259)	(420,988)
Net cash used in operations before government grants		(19,688,825)	(36,529,290)
Government grants received		8,043,460	6,859,809
GST subvention received		1,208,190	1,201,724
Government funds received for Neighbourhood Renewal Programme projects	7	1,130,511	195,552
Net cash used in operating activities		(9,306,664)	(28,272,205)
Cash Flows from Investing Activities			
Purchase of plant and equipment	6	(14,683)	(1,120)
Interest and investment income received		1,786,919	1,710,595
Proceeds from maturity of investments	8	-	26,963,587
Placement of funds with fund manager	8	-	(25,000,000)
Net cash generated from investing activities		1,772,236	3,673,062
Net decrease in cash and cash equivalents		(7,534,428)	(24,599,143)
Cash and cash equivalents at beginning of year		66,959,888	91,559,031
Cash and cash equivalents at end of year	13	59,425,460	66,959,888

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

Notes to the financial statements

for the financial year ended 31 March 2016

1 General

Bishan-Toa Payoh Town Council (the “Town Council”) was formed on 13 January 1997 under the Town Councils Act (Cap. 329A). The principal functions of the Town Council are to control, manage, maintain and improve the common areas of residential and commercial property in the housing estates of the Housing and Development Board (“HDB”) within the Town. The Town consists of the Bishan-Toa Payoh Group Representation Constituency which comprises the Bishan East-Thomson, Bishan North, Toa Payoh West-Balestier, Toa Payoh Central and Toa Payoh East-Novena divisions.

The principal office of operations is situated at Blk 125A #01-134, Lorong 2 Toa Payoh, Singapore 311125.

These financial statements for the financial year ended 31 March 2016 were authorised for issue in accordance with a resolution of the Town Council on 27 July 2016.

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 have been prepared under the historical cost convention except as disclosed in the accounting policies below.

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.

Areas involving a high degree of judgements or complexity are described below.

2(a) Basis of preparation (Cont'd)**(a) Significant judgement required in applying accounting policies****(i) 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.

(ii) Allowance for bad and doubtful debts

Allowance for doubtful conservancy and service debts amounting to \$817,198 (2015 - \$726,343) have been estimated on the basis of age of debts, results of recovery efforts and historical experience. The carrying amount of the Town Council's conservancy and service fees receivables as at 31 March 2016 is \$713,910 (2015 - \$717,235)

2(b) Adoption of new and revised standards

On 1 April 2015, the Town Council adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date.

The adoption of the new/revised FRS and INT FRS did not result in substantial changes to the Town Council's accounting policies nor any significant impact on these financial statements.

2(c) New or revised accounting standards not yet effective

At the date of authorisation of these financial statements, the following FRS and INT FRS 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)
FRS 1	Amendments to FRS 1: Disclosure Initiative	1 January 2016
FRS 7	Amendments to FRS 7: Disclosure Initiative	1 January 2017
FRS 12	Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017

2(c) New or revised accounting standards not yet effective (Cont'd)

Reference	Description	Effective date (Annual periods beginning on or after)
FRS 16, FRS 38	Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2018
FRS 109	Financial Instruments	1 January 2018
FRS 115	Revenue from Contracts with Customers	1 January 2018

FRS 115 Revenue Contracts from Customers

FRS 115 was issued in November 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS 18. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Town Council is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

2(d) 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 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.

The routine funds related to properties under management, together with Sinking Funds and Town Improvement and Project Funds form the Town Council funds.

All moneys 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.

2(d) 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 commercial property. The Sinking Funds are maintained as part of the Town Council funds.

Under the Town Councils Act, the Minister 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.

The minimum amounts that are paid by each property type into the Sinking Funds are as follows:

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

These contributions are treated as operating income transfers and are deducted from the conservancy and service fees and government grants in income or expenditure.

The Sinking Funds are utilised for cyclical works, including major repainting, renewal or replacement of roofing systems, water tanks, pumps and water supply systems, lightning protection systems 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

Town Improvement and Project Funds ("TIPF") are established and maintained 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 the Accumulated Surplus to fund specific projects to be carried out. In addition, the Town Council receives funding for approved projects under the Community Improvement Projects Committee ("CIPC") scheme. These Funds are paid through the Citizens' Consultative Committees.

2(d) Summary of significant accounting policies (Cont'd)**(b) Allocation of General Overheads**

Expenditure not relating specifically to any property type managed, for example, administrative overheads, tree planting and pruning, is allocated to the various property types using equivalent dwelling units ("EDU") 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

Such allocation by EDU is not applied to the Sinking Funds and Town Improvement and Project Funds.

(c) Government grants

The Town Council receives three types of grants from the government: Service and Conservancy Charge operating grant, payments from Citizens' Consultative Committees, and Goods and Services Tax ("GST") subvention grant.

- (i) Service and Conservancy Charge operating grants to meet the current year's operating expenditure are taken to income or expenditure.
- (ii) Payments from Citizens' Consultative Committees are granted to provide funding support for community improvement projects under the CIPC scheme.
- (iii) The GST subvention is given as grants-in-aid and is granted to assist the town councils for absorbing the GST increases in service and conservancy charges for HDB residential flats.

Government grants are recognised at fair value when there are reasonable assurance that the attached conditions will be complied with and that the grants will be received. Grants in recognition of specific expenditures are recognised as income over the periods necessary to match them with the related expenditure that they are intended to compensate, on a systematic basis unless the accounting treatment is specified.

(d) Plant and equipment and depreciation

Plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. Depreciation is computed utilising the straight-line method to allocate their depreciable amount over their estimated useful lives as follows:

Furniture, fixtures and fittings	5 years
Office equipment	3 years
Data processing equipment/software	3 years

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items. 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.

2(d) Summary of significant accounting policies (Cont'd)**(d) Plant and equipment and depreciation (Cont'd)**

Subsequent expenditure relating to plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Town Council and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated plant and equipment are retained in the books of accounts until they are no longer in use.

Plant and equipment costing below \$1,000 each are charged to income or expenditure in the year of purchase. Fully depreciated plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

(e) Impairment of non-financial assets

The carrying amount of 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, if no impairment loss had been recognised.

(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 and loans and receivables. The classification depends on the 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.

2(d) Summary of significant accounting policies (Cont'd)**(f) Financial assets (Cont'd)****(a) Classification (Cont'd)****(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. These are classified as non-current assets. Loans and receivables include receivable for Neighbourhood Renewal Programme, conservancy and service fee receivables, other receivables, interest receivable, grants receivable, fixed deposits and cash and bank balances on the statement of financial position.

(iii) Held-to-maturity investments

There are no financial assets classified under this category.

(iv) Available-for-sale financial assets

There are no financial assets classified under this category.

(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 profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

2(d) Summary of significant accounting policies (Cont'd)**(f) Financial assets (Cont'd)****(d) Subsequent measurement**

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables 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 income or expenditure 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

The Town Council assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. All impairment losses are recognised in income or expenditure. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(g) Reversal of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the amortised cost had no impairment loss been recognised in prior periods.

(g) Funds with fund manager

Funds with fund manager represents the cost of the portfolio of assets placed with fund manager at the beginning of each management term plus investment income less management fees payable during the management term.

Funds with fund manager comprise mainly of equities, bonds, cash and bank deposits. Equities and bonds are stated on an aggregate portfolio basis.

On expiry of the management term, the fund manager will receive a fee based on any surplus over and above the performance benchmark.

2(d) Summary of significant accounting policies (Cont'd)**(h) Receivables**

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less allowance for doubtful debts. An allowance for doubtful receivables is established when there is objective evidence that the Town Council will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance 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 amount of the allowance is recognised in income or expenditure. When a receivable becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in income or expenditure.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and fixed deposits.

(j) Payables

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

(k) 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 income or expenditure in the period they occur.

(l) Employee benefitsDefined contribution plan

The Town Council contributes to the Central Provident Fund ("CPF"), a defined contribution plan regulated and managed by the Government of Singapore, which applies to the majority of the employees. The contributions to CPF are charged to income or expenditure in the period to which the contributions relate.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the end of reporting period.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Key management personnel consist of Town Councillors and certain managers.

2(d) Summary of significant accounting policies (Cont'd)**(m) Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable from the gross inflow of economic benefits during the year arising from the course of the ordinary activities of the Town Council.

(i) Conservancy and service fees

Conservancy and service fees are recognised when due.

(ii) Agency fees

Agency fees for routine maintenance of HDB's carpark are recognised when due.

(iii) Interest and investment income

Interest income from fixed deposits is recognised on a time-proportion basis using the effective interest method.

Income from funds placed with fund managers is recognised based on fair value through profit or loss.

(iv) Other income

Other income comprises mainly temporary occupation licences, liquidated damages claims and other miscellaneous income, and are recognised when due.

(n) 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 or non-owners 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.

2(d) Summary of significant accounting policies (Cont'd)**(n) Income tax (Cont'd)**

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.

(o) Operating lease

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.

(p) 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.

(q) 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").

3 Accumulated surplus

	Note	Residential property 2016 \$	Residential property 2015 \$	Commercial property 2016 \$	Commercial property 2015 \$	Carparks 2016 \$	Carparks 2015 \$	Total 2016 \$	Total 2015 \$
OPERATING INCOME									
Conservancy and service fees		31,224,940	30,945,814	4,023,259	3,879,125	-	-	35,248,199	34,824,939
Less: Operating income transfer to Sinking Funds	4	(10,449,156)	(10,356,631)	(1,408,143)	(1,357,695)	-	-	(11,857,299)	(11,714,326)
		20,775,784	20,589,183	2,615,116	2,521,430	-	-	23,390,900	23,110,613
Agency fees and other income		1,266,723	1,311,164	649,970	718,075	2,593,911	2,585,176	4,450,604	4,614,415
		21,982,507	21,900,347	3,265,086	3,239,505	2,593,911	2,585,176	27,841,504	27,725,028
Less:									
OPERATING EXPENDITURE		(24,680,556)	(23,329,214)	(2,282,690)	(2,031,893)	(2,413,483)	(2,037,085)	(29,376,729)	(27,398,192)
Operating (deficit)/surplus		(2,698,049)	(1,428,867)	982,396	1,207,612	180,428	548,091	(1,535,225)	326,836
Add:		137,963	115,728	9,731	7,750	13,841	11,558	161,535	135,036
NON-OPERATING INCOME - interest income									
(DEFICIT)/SURPLUS BEFORE TAXATION		(2,560,086)	(1,313,139)	992,127	1,215,362	194,269	559,649	(1,373,690)	461,872
AND GOVERNMENT GRANTS									
Less:	18	(110,258)	(86,286)	(7,808)	(5,778)	(11,118)	(8,618)	(129,184)	(100,682)
INCOME TAX									
(DEFICIT)/SURPLUS AFTER TAXATION		(2,670,344)	(1,399,425)	984,319	1,209,584	183,151	551,031	(1,502,874)	361,190
BUT BEFORE GOVERNMENT GRANTS									
Add:	19	8,862,179	8,377,497	87,581	66,365	-	-	8,949,760	8,443,862
Government grants									
Less: Transfer to									
Sinking Funds	4,19	(2,312,267)	(2,302,896)	-	-	-	-	(2,312,267)	(2,302,896)
Town Improvement and Project Funds	5,19	(1,556,908)	(1,100,688)	(87,581)	(66,365)	-	-	(1,644,489)	(1,167,053)
		4,993,004	4,973,913	-	-	-	-	4,993,004	4,973,913
SURPLUS FOR THE YEAR		2,322,660	3,574,488	984,319	1,209,584	183,151	551,031	3,490,130	5,335,103
Add:									
Accumulated surplus at beginning of year		4,171,340	2,734,423	5,858,071	4,648,487	1,439,344	888,313	11,468,755	8,271,223
SURPLUS FOR THE YEAR		6,494,000	6,308,911	6,842,390	5,858,071	1,622,495	1,439,344	14,958,885	13,606,326
Add:									
Transfer from Carpark to Residential Activity at 24 August 2015		1,434,385	-	-	-	(1,434,385)	-	-	-
Net transfer of funds during Boundary change		26,801	-	61,961	-	2,694	-	91,456	-
Transfer to Sinking Fund at 24 August 2015	4	(980,763)	-	(4,147,205)	-	-	-	(5,127,968)	-
Transfer to Town Improvement and Project Funds at 24 August 2015	5	(4,329,970)	-	(670,732)	-	-	-	(5,000,702)	-
Appropriation to Town Improvement and Project Funds	5	(757,036)	(2,137,571)	-	-	-	-	(757,036)	(2,137,571)
Accumulated surplus at end of year		1,887,417	4,171,340	2,086,414	5,858,071	190,804	1,439,344	4,164,635	11,468,755

BISHAN-TOA PAYOH TOWN COUNCIL

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

Notes to the financial statements for the financial year ended 31 March 2016

4 Sinking Funds

	Note	Residential property		Commercial property		Total	
		2016	2015	2016	2015	2016	2015
		\$	\$	\$	\$	\$	\$
Balance at beginning of year		81,035,180	111,113,050	29,249,121	30,519,294	110,284,301	141,632,344
Transfer from accumulated surplus at 24 August 2015	3	980,763	-	4,147,205	-	5,127,968	-
Net transfer of funds during Boundary change		964,041	-	2,286,781	-	3,250,822	-
Add :							
Operating income transfer from conservancy and service fees (minimum required by law)	3	10,449,156	10,356,631	1,408,143	1,357,695	11,857,299	11,714,326
Transfer from government grants and GST subvention	3, 19	2,312,267	2,302,896	-	-	2,312,267	2,302,896
Other income	20(i)	2,017,849	2,307,602	143,868	154,524	2,161,717	2,462,126
Fair value changes on investments with fund managers	8	(409,774)	(233,706)	(30,066)	(15,658)	(439,840)	(249,364)
Less : Expenditure		14,369,498	14,733,423	1,521,945	1,496,561	15,891,443	16,229,984
Less : Income tax	20(ii)	(19,316,233)	(44,385,504)	(733,124)	(2,738,217)	(20,049,357)	(47,123,721)
(Deficit)/Surplus for the financial year	18	(5,282,131)	(30,077,870)	(23,413)	(28,517)	(358,809)	(454,306)
Balance at end of year		77,697,853	81,035,180	36,448,515	29,249,121	114,146,368	110,284,301

Represented by:

Current assets

Financial assets at fair value through profit or loss	58,725,165	55,021,182
Conservancy and service fees receivables	238,446	239,556
Other receivables	3,786,549	1,426,960
Interest receivable	668,568	773,683
Amount due from accumulated surplus	682,028	-
Fixed deposits with financial institutions	47,620,757	53,332,956
Cash and bank balances	5,932,478	6,889,235
Total assets	117,653,991	117,683,572

Current liabilities

Payables and accrued expenses	2,690,623	5,209,283
Amount due to accumulated surplus	-	1,379,488
Income tax payable	817,000	810,500
Total liabilities	3,507,623	7,399,271
Net assets	114,146,368	110,284,301

BISHAN-TOA PAYOH TOWN COUNCIL

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

Notes to the financial statements for the financial year ended 31 March 2016

5 Town Improvement and Project Funds

	Note	Residential property 2016 \$	Residential property 2015 \$	Commercial property 2016 \$	Commercial property 2015 \$	2016 \$	2015 \$	Total
Balance at beginning of year		-	305,611	7,607	111,516	7,607	417,127	
Transfer from Accumulated Surplus at 24 August 2015	3	4,329,970	-	670,732	-	5,000,702	-	
Add :								
Payments from Citizens' Consultative Committees	3,19	1,556,908	1,100,688	87,581	66,365	1,644,489	1,167,053	
Other income		75,277	6,634	5,523	446	80,800	7,080	
Less : Expenditure		1,632,185	1,107,322	93,104	66,811	1,725,289	1,174,133	
Less : Income tax	18	(6,718,755)	(3,550,504)	(441,431)	(170,720)	(7,160,186)	(3,721,224)	
		(436)	-	(30)	-	(466)	-	
Deficit for the financial year		(5,087,006)	(2,443,182)	(348,357)	(103,909)	(5,435,363)	(2,547,091)	
Add: Appropriation from accumulated surplus	3	757,036	2,137,571	-	-	757,036	2,137,571	
Balance at end of year		-	-	329,982	7,607	329,982	7,607	

Represented by:

Current assets

Grants receivable	646,205	952,496
Other receivables	289,458	122,829
Amount due from accumulated surplus	1,979,911	-
Cash and bank balances	661,569	775,933
Total assets	3,577,143	1,851,258

Current liabilities

Payables and accrued expenses	3,247,161	575,852
Amount due to accumulated surplus	-	1,267,799
Total liabilities	3,247,161	1,843,651
Net assets	329,982	7,607

6 Plant and equipment

	Furniture, fixtures and fittings \$	Office Equipment \$	Data processing equipment/ software \$	Total \$
Cost				
At 1 April 2014	937,233	48,578	566,610	1,552,421
Additions	-	1,120	-	1,120
At 31 March 2015	937,233	49,698	566,610	1,553,541
Additions	-	-	14,683	14,683
Write-off	(237)	(11,437)	(8,595)	(20,269)
At 31 March 2016	936,996	38,261	572,698	1,547,955
Accumulated depreciation				
At 1 April 2014	935,668	42,634	485,845	1,464,147
Depreciation for the year (Note 17)	436	4,027	31,523	35,986
At 31 March 2015	936,104	46,661	517,368	1,500,133
Depreciation for the year (Note 17)	436	1,473	32,671	34,580
Write-off	(237)	(11,437)	(8,595)	(20,269)
At 31 March 2016	936,303	36,697	541,444	1,514,444
Net book value				
At 31 March 2016	693	1,564	31,254	33,511
At 31 March 2015	1,129	3,037	49,242	53,408

7 (Receivable)/Advances received for Neighbourhood Renewal Programme

	2016 \$	2015 \$	2014 \$
Balance at beginning of year	796,003	794,883	11,306
Government funds received	1,130,511	195,552	558,006
Overprovision of expenditure in respect to previous year	-	-	235,986
Expenditure paid	(3,646,707)	(194,432)	(10,415)
	(2,516,196)	1,120	783,577
Balance at end of year	(1,720,193)	796,003	794,883

8 Financial assets at fair value through profit or loss

These financial assets represent funds and related investment income placed with professional fund managers.

The Town Council appoints fund managers to manage its investment funds, based on terms and conditions stipulated in the respective investment agreements entered into with these fund managers for a fixed period of time. The fund managers are entitled to charge base administration fees. Applicable performance fees are charged for the excess, before income tax, of the market value of the fund over the specified performance benchmark at the end of the management term or termination date, if earlier.

Cash and bank deposits included in investment with fund managers cannot be freely withdrawn for use by the Town Council until the expiry or termination of fund management agreement.

8 Financial assets at fair value through profit or loss (Cont'd)

These funds are invested in accordance with the Town Councils Act (Cap. 329A).

	2016 \$	2015 \$
Fair value at beginning of year	60,582,581	61,882,000
Proceeds from maturity of investments	-	(26,963,587)
Addition during the year	-	25,000,000
Accrued investment income	1,477,155	1,613,532
Annual payout to the Town Council	(700,000)	(700,000)
Decrease in fair value (Note 4)	(439,840)	(249,364)
Fair value at end of year	60,919,896	60,582,581
<i>Represented by:</i>		
Equities and unit trusts	1,971,003	5,050,060
Bonds in corporations	21,759,828	15,296,609
Government and statutory board securities	34,994,334	34,674,513
Financial assets at fair value through profit or loss	58,725,165	55,021,182
Cash and bank deposits (Note 13)	1,804,680	5,222,613
Interest receivable	397,546	346,154
Other creditors	(7,495)	(7,368)
	60,919,896	60,582,581

The quoted bonds managed by fund managers bear interest rates per annum ranging from 1.52% to 4.63% (2015 - 1.52% to 4.88%) to be received semi-annually in arrears. The maturity period of the bonds ranges from August 2017 to October 2022 (2015 - July 2015 to October 2022).

9 Conservancy and service fees receivables

	2016 \$	2015 \$
Conservancy and service fees receivables (Note 24.1)	1,531,108	1,443,578
Less: Allowance for doubtful debts	(817,198)	(726,343)
	713,910	717,235

Movements in allowance for doubtful debts during the year are as follows:

	2016 \$	2015 \$
Balance at beginning of year	(726,343)	(708,084)
Allowance for the year	(90,855)	(18,259)
Balance at end of year	(817,198)	(726,343)

10 Other receivables

	2016 \$	2015 \$
Deposits	218,905	270,170
GST receivable from Inland Revenue	530,512	1,025,054
Recoverables from HDB/NEA	64,295	54,783
Receivable from Jalan Besar Town Council	3,369,257	-
Other receivables	171,718	195,891
	4,354,687	1,545,898

11 Grants receivable

	2016 \$	2015 \$
Receivable from Citizens' Consultative Committees	646,205	952,496
GST subvention receivable	304,867	300,466
	951,072	1,252,962

12 Fixed deposits with financial institutions

	2016 \$	2015 \$
Fixed deposits with financial institutions (Note 13)	52,708,965	61,455,132

Fixed deposits with financial institutions mature on varying dates within 9 months (2015 - 9 months) from the end of the financial year. The effective interest rates at the reporting date were between 1.16% and 1.90% (2015 - between 1.15% and 1.30%) per annum.

13 Cash and bank balances

	2016 \$	2015 \$
Cash and bank balances	6,716,495	5,504,756
Cash and bank deposits held by fund managers (Note 8)	1,804,680	5,222,613
	8,521,175	10,727,369

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

	2016 \$	2015 \$
Cash and bank balances	6,716,495	5,504,756
Fixed deposits with financial institutions (Note 12)	52,708,965	61,455,132
	59,425,460	66,959,888

14 Payables and accrued expenses

	2016 \$	2015 \$
Refundable deposits	380,352	211,738
Payables to contractors	7,427,487	6,883,193
Accrued operating expenses	245,488	254,035
Other creditors	50,165	116,720
	8,103,492	7,465,686

15 Agency fees

These are fees received for routine maintenance of HDB carparks in the Town.

16 Other income

	2016 \$	2015 \$
Agency fees	7,110	85,644
Late payment fees	77,430	98,900
Liquidated damages	200,037	211,372
Sale of tender documents	25,715	17,297
Sundry fines	17,899	47,727
Sundry income	78,026	81,608
Temporary occupation licences	1,355,650	1,401,403
Use of void decks and common property	32,926	34,098
Use of water and electricity	116,899	118,617
	1,911,692	2,096,666

17 General and administrative expenditure

	2016 \$	2015 \$
Advertising, publicity and public relations	371,815	177,224
Audit fees	41,300	34,500
Computers services	209,667	183,086
Depreciation of plant and equipment (Note 7)	34,580	35,986
Employee remuneration (Note 21)	5,781,560	5,472,640
Office expenses	270,202	261,724
Office rental	299,241	297,357
Others	489,624	542,137
Plant and equipment not capitalised	4,382	880
Property tax	159,286	143,500
Unclaimable GST	259,056	253,155
Allocation of general and administrative expenditure to:		
- Sinking Funds	(747,245)	(1,539,879)
- Town Improvement and Project Funds	(184,095)	(70,867)
	6,989,373	5,791,443

18 Income tax

	2016 \$	2015 \$
Current tax expense		
- Current year	475,795	559,000
- Under/(over) provision in respect of previous years	12,664	(4,012)
	<u>488,459</u>	<u>554,988</u>
Taken up in:		
Accumulated surplus (Note 3)	129,184	100,682
Sinking Funds (Note 4)	358,809	454,306
Town Improvement and Project Funds (Note 5)	466	-
	<u>488,459</u>	<u>554,988</u>

The tax expense on income differs from the amount determined by applying the Singapore standard rate of income tax due to the following:

	2016 \$	2015 \$
Investment and interest income	2,844,470	3,422,143
Other income	525,502	461,331
	<u>3,369,972</u>	<u>3,883,474</u>
Tax calculated at Singapore tax rate of 17% (2015 - 17%)	572,895	660,191
Singapore statutory stepped income exemption	(25,925)	(25,925)
Tax effect of certain income taxed at concessionary tax rate	(126,607)	(97,467)
Under/(over) provision in respect of previous years	12,664	(4,012)
Others	55,432	22,201
	<u>488,459</u>	<u>554,988</u>

Movements in provision for income taxes are as follows:

	2016 \$	2015 \$
Balance at beginning of year	992,000	858,000
Payments during the year	(432,259)	(420,988)
Under/(over) provision in respect of previous years	12,664	(4,012)
Tax expense on income for current year	475,795	559,000
Balance at end of year	<u>1,048,200</u>	<u>992,000</u>

BISHAN-TOA PAYOH TOWN COUNCIL**(Established under the Town Councils Act, Cap. 329A)****Notes to the financial statements for the financial year ended 31 March 2016****19 Government grants**

	Note	<u>Service and Conservancy charge operating grant</u>		<u>GST Subvention grant</u>		<u>Payment from Citizens' Consultative Committee</u>		<u>Total</u>	
		2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$		
Government grants received/receivable during the year	3	6,092,680	6,075,042	1,212,591	1,201,767	1,644,489	1,167,053	8,949,760	8,443,862
Less:									
Transfer to Sinking Funds	3, 4	(1,906,483)	(1,900,699)	(405,784)	(402,197)	-	-	(2,312,267)	(2,302,896)
Transfer to Town Improvement and Project Funds	3, 5	-	-	-	-	(1,644,489)	(1,167,053)	(1,644,489)	(1,167,053)
		4,186,197	4,174,343	806,807	799,570	-	-	4,993,004	4,973,913

The total amount of grants received (including grants received in advance) since the formation of the Town Council are as follows:

	2016 \$	2015 \$
Total grants received as at beginning of year		
Grants receivable at beginning of year and received during the year	237,223,387	229,161,854
Grants received during the year	952,496	570,210
Government grants received in advance at beginning of year	7,090,964	6,289,599
GST subvention receivable at beginning of year and received during the year	-	-
GST subvention received during the year	300,466	300,423
	907,724	901,301
Total grants received as at end of year	246,475,037	237,223,387

20 Sinking Funds income and expenditure**(i) Income**

	2016 \$	2015 \$
Income from investment funds placed with fund managers	1,477,155	1,613,532
Interest income from bank deposits	675,171	847,870
Others	9,391	724
	2,161,717	2,462,126

(ii) Expenditure

	2016 \$	2015 \$
Electrical rewiring works	929,910	1,413,290
Lift works	5,633,385	2,593,131
Other works	4,590,018	5,278,987
Re-decoration and repainting works	8,053,293	33,675,159
Re-roofing works	629,511	3,674,905
Unclaimable GST	213,240	488,249
	20,049,357	47,123,721

21 Employee remuneration

	2016 \$	2015 \$
Councillors' allowance	157,639	147,600
Salaries and related costs	4,978,159	4,740,455
Contribution to CPF	645,762	584,585
	5,781,560	5,472,640

Employee remuneration includes the following:

	2016 \$	2015 \$
Key management personnel remuneration		
- Councillors' allowance	157,639	147,600
- Salaries and related costs	717,936	634,290
- Contribution to CPF	28,321	29,033
	903,896	810,923

The Town Councillors consist of elected members and other members appointed by the Chairman. The Town Councillors receive a monthly allowance.

22 Operating lease payment commitments

At the end of the reporting period, future minimum lease payment commitments of the office premises and computers services contract are as follows:

	2016 \$	2015 \$
Not later than one year	438,854	367,254
Later than one year and not later than five years	927,933	799,616
	1,366,787	1,166,870

22 Operating lease payment commitments (Cont'd)

Operating leases for the office premises are non-cancellable and the agreements are entered into for a term of 3 years (2015 - 3 years), which is subject to revision on renewal.

The Town Council entered into an agreement for a contract sum of \$986,052 with NEC Asia Pacific Pte Ltd for the supply, delivery, design, development, installation, configuration, testing, commissioning, warranty of a fully operational integrated Town Council Management System with operation support and maintenance for the period 1 May 2013 to 30 April 2020.

23 Expenditure commitments

Expenditure commitments approved by the Town Council but not provided for in the financial statements are as follows:

	2016 \$	2015 \$
Amount approved and contracted for	17,638,709	17,341,556
Amount approved but not contracted for	46,109,000	69,557,000

24 Financial instruments and financial risks

The main risks arising from the Town Council's financial instruments are credit risk and market risk. The Town Council is not exposed to foreign exchange risk. There is no significant liquidity risk as sufficient cash is maintained. Risks management policies and systems are reviewed regularly to reflect changes in the operational environment and market conditions.

24.1 Credit risk

Credit risk is the potential financial loss resulting from the failure of a counterparty to settle its contractual obligations to the Town Council when they fall due. Financial assets that are potentially subject to concentrations of credit risk consist principally of fixed deposits and bank balances, conservancy and service fees receivables, other receivables and investment funds with fund managers. The maximum exposure to credit risk is the fair value of the financial instruments as at the end of the reporting period.

Fixed and bank deposits are placed with Singapore-regulated financial institutions.

Investment in bonds (through fund managers) comprise bonds issued by statutory boards and government-related agencies, as well as corporate bonds that are considered to be of good credit standing.

For receivables, an ongoing credit evaluation is performed on the financial conditions of the receivables and losses on impairment are recognised in income or expenditure. The allowance for doubtful conservancy and service fees receivables totalling \$817,198 (2015 - \$726,343) has been determined at the reporting date. There are no concentrations of credit risk with respect to conservancy and service fees receivables, as the exposure is spread over a large number of residents.

24 Financial instruments and financial risks (Cont'd)**24.1 Credit risk (Cont'd)**

There are no other material classes of financial assets that are past due except for the conservancy and service fees receivables. The age analysis of conservancy and service fees receivables is as follows:

	2016 \$	2015 \$
Not past due	194,658	208,878
Past due 1 - 3 months	178,284	201,271
Past due 4 - 5 months	94,439	90,717
More than 6 months	1,063,727	942,712
Total receivables (Note 9)	1,531,108	1,443,578
Less: Allowance for doubtful debts	(817,198)	(726,343)
	713,910	717,235

Conservancy and service fees receivables amounting to \$194,658 (2015 - \$208,878) are creditworthy debtors with no adverse payment records with the Town Council.

Conservancy and service fees receivables amounting to \$519,252 (2015 - \$508,357) are past due at the reporting date but not impaired, as management believes that they will be collectible in the foreseeable future as a result of recovery efforts and historical experience.

24.2 Market risk*Interest rate risk*

The exposure in interest rate risk mainly arises from changes in interest rates as disclosed in Note 8 and 12 respectively.

Equity price risk

Equity price risk is applicable to investments in equity shares or similar instruments. As at the reporting date, the securities were held in corporations listed on the Singapore Stock Exchange (Note 8). As a result, such investments are exposed to risk arising from changes in fair value.

As equities are invested through fund managers under capital preservation principal schemes, the exposure to market risk is minimal.

24.3 Liquidity risk

Liquidity risk is the risk that the Town Council will not be able to meet its financial obligations from shortage of funds. The Town Council manages the liquidity risk by maintaining sufficient cash and internally generated cash flows. Besides, the Town Council's operations are partially supported by various grants from the government and the Town Council is satisfied that funds for operations are available when required.

The average credit period for settlement of payables and accrued expenses is 30 days (2015 - 30 days). It is expected that all the liabilities will be paid when due with cash inflows from operating activities and government grants.

The contractual undiscounted cash flows of financial assets and financial liabilities due within 12 months approximate their carrying amounts as the impact of discounting is not significant.

24 Financial instruments and financial risks (Cont'd)**24.3 Liquidity risk (Cont'd)****Accounting classifications of financial assets and financial liabilities**

The carrying amounts of financial instruments by category other than those disclosed on the face of the statement of financial position and in notes to the financial statements are as follows:

	2016 \$	2015 \$
Financial assets at fair value through profit or loss	58,725,165	55,021,182
Loan and receivables at amortised cost	69,648,440	76,485,663
Less: Financial liabilities at amortised cost	(8,717,931)	(8,807,590)
	<u>119,655,674</u>	<u>122,699,255</u>

25 Funds management

The Town Council's objectives for investing its funds are:

- (i) To maintain the value of the funds;
- (ii) To safeguard against the impact of inflation; and
- (iii) To reduce the future financial burden on residents.

The Town Council actively and regularly reviews and manages its funding structure through professional fund managers to ensure optimal funding structure, taking into consideration future funding requirements, projected operating cash flows and projected capital expenditures.

There were no changes in the Town Council's policies and procedures in the management of its surplus funds during the financial year. The Town Council is not subject to externally imposed capital requirements. As at the end of the reporting period, the Town Council's total funds amounted to \$118,640,985 (2015 - \$121,760,663).

26 Fair value measurements

The carrying amounts of current financial assets and liabilities approximate their respective fair values due to the short-term maturity of these financial instruments. The fair values of the various classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

The Town Council classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. There are three fair value hierarchy levels, as follows:

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

The financial assets at fair value through profit or loss are categorised as Level 1.

27 Comparative figures

In prior years, the Town Council had classified Neighbourhood Renewal Programme (“NRP”) as part of the Town Council Funds. The Town Council has re-evaluated the nature of the NRP and concluded that the NRP represents advances received from the Housing Development Board (“HDB”) for carrying out certain projects to enhance HDB flats within their precinct. These advances would be used for future expenditure to carry out approved NRP projects and therefore should have been classified as liabilities. The effect of such restatement was a reduction in the Town Council fund by \$796,003 for 2015 and \$794,883 for 2014 and a corresponding increase in liabilities of the same amount.