



Bishan-Toa Payoh
Town Council

Our Estate Our Home

Annual Report 2017-2018

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	134	8,580
Bishan North	124	10,272
Toa Payoh West- Balestier	70	10,567
Toa Payoh Central	103	13,837
Toa Payoh East-Novena	74	9,990
Total	505	53,246

*As at October 2018

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



The pursuit of a good quality of life for residents of Bishan-Toa Payoh is the Town Council's key focus. To keep up with the times and meet the community's changing demands, we have to constantly think of ways to renew the estate, and deliver projects that residents value whilst operating within our budget. As Bishan-Toa Payoh is a mature estate where there are already many existing amenities and facilities around, it is sometimes a challenge to constantly bring something new to residents. Nevertheless, by paying close attention through our regular inspections, and working alongside residents and listening to feedback, we are always able to find areas for improvement.

Incidences of lift malfunction in HDB estates was a topic that has been of concern nationwide. To reduce the probability of lifts malfunctioning, aside from a more rigorous lift maintenance regime, we are conducting lift replacements in phases. Phase 1 involves 124 lifts to be replaced at a cost of \$17 million. In this fiscal year, work has already started on 56 lifts. We are confident that all residents can be assured of safer and more efficient lift rides very soon.

In the past year, we embarked on and completed a total of 32 projects costing \$1.8 million. These projects comprised renewal of existing facilities and construction of new facilities. We noticed more residents are relying on bicycles to get around, hence we have built more bicycle racks and designated boundaries in yellow for residents to park their bicycles safely without obstructing others.

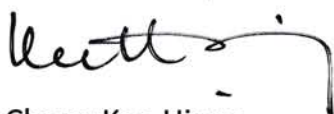
With more Barrier Free Access ramps in place, our elderly and less mobile residents will find it easier to get around the estate. We have also expanded the network of covered linkways to enable seamless and more comfortable commutes regardless of weather conditions. Fitness corners and children's playgrounds were improved or built with the aim of promoting a healthy and active lifestyle among adults and children.

Last year, residents from 23 blocks of flats in Bishan-Toa Payoh had benefitted from Repair and Redecoration (R&R) works that cost \$4.6 million. These works not only enhanced the visual and aesthetic appeal of the estate but are also part of our good practice of up-keeping and maintenance of the buildings. In addition, Blocks 236 to 240 at Lorong 1 Toa Payoh had undergone the Neighbourhood Renewal Programme (NRP) and electrical upgrading, worth \$2.2 million. Ongoing R&R works for 49 blocks of flats in Bishan costing \$9.8 million would benefit more residents upon completion next year.

With the noticeboards being our main and a vital communication tool, especially with the elderly residents, we had completed the revamp of the 570 noticeboards in Bishan-Toa Payoh, making contents more prominent and organised for the residents. Keeping abreast with the digital age, we had piloted the digital noticeboard project with a six-month trial, aiming to move towards complete digitalisation within the next five years.

My fellow MPs and I are grateful to residents for their continuous empathy and support, and for providing constructive feedback. Receiving compliments and gratitude from residents about our projects spurs us on in our endeavours to keep serving the residents.

Together with the dedicated Town Council team, we strive to stay true to our mission to provide a clean, green, well-maintained and healthy environment for the community, and at the same time ensure that projects are in-line with national policies.



Chong Kee Hiong

Chairman

Bishan-Toa Payoh Town Council



New / Upgraded Children Playground



Double Tier Bicycle Rack



Covered Walkway



Fitness Station

Noticeboards Revamp



Revised financial statements
BISHAN-TOA PAYOH TOWN COUNCIL
(Established under the Town Councils Act, Cap. 329A)
For the year ended 31 March 2018

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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 revised financial statements

Opinion

We have audited the accompanying revised financial statements of Bishan-Toa Payoh Town Council ("the Town Council"), which comprise the statement of financial position as at 31 March 2018, and 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 notes to the revised financial statements, including a summary of significant accounting policies. The revised financial statements replace the original financial statements approved by the Town Council on 29 August 2018.

In our opinion, the accompanying revised financial statements are properly drawn up in accordance with the provisions of the Town Councils Act, Cap 329A (the "Act") and Singapore Financial Reporting Standards so as to present fairly, in all material respects, seen as at the date of the original financial statements, the financial position of the Town Council as at 31 March 2018 and the financial performance, changes in funds and cash flows of the Town Council for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Revised Financial Statements section of our report. We are independent of the Town Council in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the revised financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter

We draw attention to Note 1 and Note 31 to these revised financial statements which describe the reissuance and restatement of the financial statements as advised by the Ministry of National Development arising from the non-compliance of Section 33(6)(a)(ii) of the Act. The original financial statements were approved by the Town Council on 29 August 2018 and we dated our original auditor's report on the original financial statements on that date.

The revised financial statements do not deal with events which have taken place after the date on which the original financial statements were approved. Consequently, our procedures on subsequent events are restricted solely to the revisions as disclosed in Note 31 to these revised financial statements and we have not performed procedures in relation to events occurring between date of our original auditor's report and the date of this report.

Independent auditor's report to the members BISHAN-TOA PAYOH TOWN COUNCIL (Cont'd)

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

Other Information

Management is responsible for the other information. The other information refers to the Chairman's Review included in the Annual Report, but does not include the revised financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the revised financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the revised financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the other information of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the revised financial statements

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

A Town Council is constituted based on its Act and its dissolution requires Parliament's approval. In preparing the revised financial statements, management is responsible for assessing the Town Council's ability to continue as a going concern as made up to the date of the original financial statements, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is intention to wind up the Town Council or for the Town Council to cease operations.

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

Auditor's responsibilities for the Audit of the revised financial statements

Our objectives are to obtain reasonable assurance about whether the revised financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these revised financial statements.

Independent auditor's report to the members BISHAN-TOA PAYOH TOWN COUNCIL (Cont'd)

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

Auditor's responsibilities for the Audit of the revised financial statements (Cont'd)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the revised financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the revised financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our original auditor's report. However, future events or conditions may cause the Town Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the revised financial statements, including the disclosures, and whether the revised financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Opinion

In our opinion,

- (a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the 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.

Independent auditor's report to the members BISHAN-TOA PAYOH TOWN COUNCIL (Cont'd)

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

Basis for Opinion

We conducted our audit in accordance with SSAs. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Compliance Audit section of our report. We are independent of the Town Council in accordance with the ACRA Code together with the ethical requirements that are relevant to our audit of the revised financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on management's compliance.

Responsibilities of Management for Compliance with Legal and Regulatory Requirements

Management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the 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 Responsibilities for the Compliance Audit

Our responsibility is to express an opinion on management's compliance based on our audit of the revised financial statements. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the 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 revised financial statements from non-compliance, if any, but not for the purpose of expressing an opinion on the effectiveness of the Town Council's internal control. Because of the inherent limitations in any accounting and internal control system, non-compliances may nevertheless occur and not be detected.



Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 27 February 2019

Statement of financial position as at 31 March 2018

	Note	31 March 2018 Restated \$	31 March 2017 Restated \$	1 April 2016 Restated \$
TOWN COUNCIL FUND				
Residential Property				
Accumulated surplus	3,31	372,308	129,973	-
Sinking Funds	4,31	74,498,583	77,551,467	80,314,093
Town Improvement and Project Funds	5	-	-	(728,823)
Lift Replacement Funds	6,31	17,282,419	-	-
		92,153,310	77,681,440	79,585,270
Commercial Property				
Accumulated surplus	3,31	3,990,405	3,019,815	2,039,906
Sinking Funds	4,31	32,939,832	37,160,950	36,495,023
Town Improvement and Project Funds	5	99,069	48,940	329,982
Lift Replacement Funds	6,31	6,077,198	-	-
		43,106,504	40,229,705	38,864,911
Carpark				
Accumulated surplus	3	489,601	341,581	190,804
		135,749,415	118,252,726	118,640,985
REPRESENTED BY:				
Non-current assets				
Plant and equipment	7	20,412	10,247	33,511
Held-to-maturity investments	8	20,026,610	-	-
		20,047,022	10,247	33,511
Current assets				
Receivable for Neighbourhood Renewal Programme		-	-	1,720,193
Financial assets at fair value through profit or loss		-	-	58,725,165
Conservancy and service fees receivables	9	727,476	729,234	713,910
Other receivables	10	1,413,665	924,068	4,354,687
Interest receivable		512,479	281,216	678,438
Grants receivable	11	1,129,948	386,288	951,072
Fixed deposits with financial institutions	12	109,038,669	110,086,612	52,708,965
Cash and bank balances	13	10,899,174	14,681,712	8,521,175
		123,721,411	127,089,130	128,373,605
Total assets		143,768,433	127,099,377	128,407,116
Less:				
Current liabilities				
Conservancy and service fees received in advance		654,049	554,711	614,439
Advances received/billed in advance for Electrical Load Upgrading Programme	14	698,439	-	-
Advances received in advance for Neighbourhood Renewal Programme	15	971,920	1,710,337	-
Payables and accrued expenses	16	4,812,610	5,536,603	8,103,492
Income tax payable	20	882,000	1,045,000	1,048,200
Total liabilities		8,019,018	8,846,651	9,766,131
NET ASSETS		135,749,415	118,252,726	118,640,985


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CHONG KEE HIONG
Chairman


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TAN PUAY CHER
Secretary


Date: 27 February 2019

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 2018

	Note	2018 Restated \$	2017 Restated \$
Operating income			
Conservancy and service fees	3	38,266,366	35,705,797
Less: Operating income transfer to Sinking Funds (minimum required by law)	3, 4	(9,949,260)	(12,013,115)
Operating income transfer to Lift Replacement Funds	3, 6	(5,357,292)	-
		22,959,814	23,692,682
Agency fees	17	2,737,658	2,696,237
Other income	18	2,001,251	1,909,629
		27,698,723	28,298,548
Less:			
Operating expenditure			
Cleaning works		(5,843,603)	(5,936,674)
Lift maintenance		(5,582,188)	(5,160,682)
Other works and maintenance		(5,419,646)	(5,184,423)
Water and electricity		(7,119,455)	(6,635,145)
General and administrative expenditure	19	(6,853,369)	(7,426,465)
		(30,818,261)	(30,343,389)
Operating deficit		(3,119,538)	(2,044,841)
Add: Interest income	3,31	83,915	52,347
Deficit before taxation and government grants		(3,035,623)	(1,992,494)
Less:			
Income tax	20	(101,076)	(113,921)
Deficit before government grants		(3,136,699)	(2,106,415)
Add:			
Government grants		11,323,336	8,097,944
GST subvention		1,313,159	1,223,408
Less: Transfer to			
- Sinking Funds	3, 4	(2,126,817)	(2,333,653)
- Town Improvement and Project Funds	3, 5	(1,228,195)	(1,947,714)
- Lift Replacement Funds	3, 6	(4,373,457)	-
		4,908,026	5,039,985
SURPLUS FOR THE YEAR FROM ROUTINE FUND		1,771,327	2,933,570
Add:			
Surplus/(Deficit) for the year from:			
- Sinking Funds	4	8,785,737	(2,096,699)
- Town Improvement and Project Funds	5	(360,253)	(1,225,130)
- Lift Replacement Funds	6	7,299,878	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		17,496,689	(388,259)


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CHONG KEE HIONG
Chairman


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TAN PUAY CHER
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 2018

	Residential property \$	Commercial property \$	Carparks \$	Total \$
Balance at 1 April 2016	79,585,270	38,864,911	190,804	118,640,985
Total comprehensive (loss)/income for the year	(1,903,830)	1,364,794	150,777	(388,259)
Balance at 31 March 2017	77,681,440	40,229,705	341,581	118,252,726
Total comprehensive income for the year	14,471,870	2,876,799	148,020	17,496,689
Balance at 31 March 2018	92,153,310	43,106,504	489,601	135,749,415

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 2018

	Note	2018 Restated \$	2017 Restated \$
Cash Flows from Operating Activities			
Deficit before taxation and government grants	3	(3,035,623)	(1,992,494)
Adjustments for:			
Operating income transfer to Sinking Funds	3,4	9,949,260	12,013,115
Operating income transfer to Lift Replacement Funds	3,6	5,357,292	-
Depreciation of plant and equipment	19	11,764	28,061
Plant and equipment written off		5	-
Interest income	3,31	(83,915)	(52,347)
Operating surplus before working capital changes		12,198,783	9,996,335
Decrease in operating receivables		393,334	3,355,567
Decrease in operating payables		(723,993)	(2,559,394)
Cash generated from operations before income tax		11,868,124	10,792,508
Sinking Funds expenditure	4	(4,354,913)	(17,829,389)
Town Improvement and Project Funds expenditure	5	(1,588,448)	(3,173,395)
Lift Replacement Fund expenditure	6	(2,561,170)	-
Electrical Load Upgrading expenditure	14	(328,207)	-
Neighbourhood Renewal Programme expenditure	15	(884,465)	(1,796,591)
Income tax paid	20	(415,740)	(544,443)
Net cash generated from/(used in) operations before government grants		1,735,181	(12,551,310)
Lift Replacement Fund Matching Grant received		2,527,683	-
Government grants received		8,075,924	8,666,071
GST subvention received		1,289,228	1,220,065
Government funds received for Electrical Load Upgrading Programme projects	14	244,811	-
Government funds received for Neighbourhood Renewal Programme projects	15	146,048	5,227,121
Net cash generated from operating activities		14,018,875	2,561,947
Cash Flows from Investing Activities			
Purchase of plant and equipment	7	(21,934)	(4,797)
Interest and investment income received		1,200,578	1,670,217
Acquisition of held-to-maturity investments		(20,028,000)	-
Proceeds from disposal of investments		-	61,115,497
Net cash (used in)/generated from investing activities		(18,849,356)	62,780,917
Net (decrease)/increase in cash and cash equivalents		(4,830,481)	65,342,864
Cash and cash equivalents at beginning of year		124,768,324	59,425,460
Cash and cash equivalents at end of year	13	119,937,843	124,768,324

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 2018

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.

The original financial statements for the financial year ended 31 March 2018 were authorised for issue in accordance with a resolution of the Town Council on 29 August 2018. The Ministry of National Development had on 4 January 2019 instructed the Town Council to revise the original financial statements to rectify the non-compliance as disclosed in Note 31 to these revised financial statements. The revised financial statements for the financial year ended 31 March 2018 were authorised for issue by the Town Council on 27 February 2019.

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.

(a) Significant judgement required in applying accounting policies

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.

2(a) Basis of preparation (Cont'd)**(b) Critical accounting estimates and assumptions used in applying accounting policies**Allowance for bad and doubtful debts

Allowance for doubtful conservancy and service debts amounting to \$1,090,583 (2017 - \$1,017,274) 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 2018 is \$727,476 (2017 - \$729,234). If the present value of estimated future cash flows decrease by 10% from management's estimates, the allowance for impairment will increase by \$85,450 (2017 - \$89,450).

2(b) Adoption of new and revised standards

On 1 April 2017, 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 109	Financial Instruments	1 January 2018
FRS 115	Revenue from Contracts with Customers	1 January 2018
FRS 116	Leases	1 January 2019

The nature and the impending changes in accounting policy on adoption of FRS 109, FRS 115 and FRS 116 are described below:

FRS 109 Financial Instruments

FRS 109 Financial Instruments replaces the FRS 39 and it is a package of improvements introduced by FRS 109 which include a logical model for:

- Classification and measurement;
- A single, forward-looking "expected loss" impairment model; and
- A substantially reformed approach to hedge accounting.

FRS 109 is effective for annual periods beginning on or after 1 January 2018. The Town Council is currently assessing the impact to the financial statements.

2(c) New or revised accounting standards not yet effective (Cont'd)FRS 115 Revenue Contracts from Customers

FRS 115 establishes a five-step model to account for 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.

FRS 116 Leases

FRS 116 Leases replaces accounting requirements introduced more than 30 years ago in accordance with FRS 17 Leases that are no longer considered fit for purpose, and is a major revision of the way in which companies where it is required lessees to recognise most leases on their balance sheets. Lessor accounting is substantially unchanged from current accounting in accordance with FRS 17. FRS 116 Leases will be effective for accounting periods beginning on or after 1 January 2019. Early adoption will be permitted, provided the Town Council has adopted FRS 115. The Town Council is currently assessing the impact to the financial statements.

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 Housing and Development Board ("HDB") on an agency basis.

The routine funds related to properties under management, and together with Sinking Funds, Town Improvement and Project Funds and Lift Replacement 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.

Pursuant to amendments made to the Town Council Act, the minimum amounts to be transferred to Sinking Funds are revised with effective from 1 April 2017 as follows:-

(i)	1-room to 3-room	26% (2017 - 30%) of conservancy and service fees and grants-in-aid
(ii)	4-room	26% (2017 - 35%) of conservancy and service fees and grants-in-aid
(iii)	5-room, Executive and Multi-generation	26% (2017 - 35%) of conservancy and service fees and grants-in-aid
(iv)	Shop with living accommodation	26% (2017 - 35%) of conservancy and service fees and grants-in-aid
(v)	Commercial property	26% (2017 - 35%) of conservancy and service fees and grants-in-aid

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 Lift Replacement Funds Matching Grant is not subject to the minimum contribution rate, even though it is a grants-in-aid.

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, 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 ("CCC").

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

2(d) Summary of significant accounting policies (Cont'd)**(a) Funds (Cont'd)****Lift Replacement funds**

Lift Replacement Funds ("LRF") are established and maintained as part of the Town Council Funds to meet the cost of any capital expenditure related to the replacement of lifts in the town or lift upgrading works, which were previously incurred under the Sinking Fund.

The Town Council had contributed 14% of the Sinking Fund closing balance shown in the Town Council's audited accounts for financial year ended 31 March 2017 to Lift Replacement Fund.

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 Lift Replacement Funds.

The minimum amounts to be transferred to Lift Replacement Funds are at least 14% of the conservancy and service fees and grants-in-aid for all residential flat types and commercial property. 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 Lift Replacement Funds Matching Grant is not subject to the minimum contribution rate, even though it is a grants-in-aid.

(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 applied to all Town Council Funds.

(c) Government grants

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

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

- (iv) Lift Maintenance Grant is disbursed at \$600 annually for each lift maintained by the Town Council. This is to cope with higher lift-related servicing and maintenance costs.
- (v) Lift Replacement Fund Matching Grant is given at 50% of the Town Council's quarterly contribution to its LRF for the replacement of their existing lifts and lift parts.

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.

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.

2(d) Summary of significant accounting policies (Cont'd)**(e) Impairment of non-financial assets (Cont'd)**

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 financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designation at every reporting date.

(i) Held-to-maturity investments

Held-to-maturity financial assets 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 financial assets are initially recognized at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method, less impairment losses. Gains and losses are recognized in the income and expenditure statement when the held-to-maturity investments are derecognized or impaired, and through the amortization process. The Town Council's held-to-maturity investments comprise investments in government bonds with fixed interest rate.

(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 conservancy and service fees receivables, other receivables, interest receivable, grants receivable, fixed deposits and cash and bank balances on the statement of financial position.

(iii) 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

2(d) Summary of significant accounting policies (Cont'd)**(f) Financial assets (Cont'd)****(iii) Financial assets at fair value through profit or loss (cont'd)**

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.

(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.

(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 financial assets 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 and recognises an allowance for impairment when such evidence exists. 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.

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

(h) Cash and cash equivalents

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

(i) Payables

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

(j) 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.

(k) Employee benefits**Defined 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.

2(d) Summary of significant accounting policies (Cont'd)**(k) Employee benefits (Cont'd)**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

(l) 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 carparks 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.

(m) 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

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

- (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.

(n) 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.

(o) Inter-fund transfer

Under Section 33(9) and 43(1)(i) of the Town Councils Act, Cap. 329A, and Rule 11A of Town Councils Financial Rules ("TCFR"), the Town Council may transfer an amount not exceeding the surplus from operating fund to sinking fund or lift replacement fund, and from sinking fund to lift replacement fund to make good for any deficit in that fund. The Town Council may also transfer an amount not exceeding the surplus from any of its funds established for residential property to the commercial property under the same fund, only to make good any deficit and vice versa.

(p) 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		Commercial property		Carparks		Total	
		2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$
OPERATING INCOME									
Conservancy and service fees		33,814,171	31,503,175	4,452,195	4,202,622	-	-	38,266,366	35,705,797
Less:									
Operating income transfer to Sinking Funds	4	(8,791,688)	(10,542,196)	(1,157,572)	(1,470,919)	-	-	(9,949,260)	(12,013,115)
Operating income transfer to Lift Replacement Funds	6	(4,733,984)	-	(623,308)	-	-	-	(5,357,292)	-
		20,288,499	20,960,979	2,671,315	2,731,703	-	-	22,959,814	23,692,682
Agency fees and other income		1,276,786	1,195,503	653,730	656,225	2,808,393	2,754,138	4,738,909	4,605,866
		21,565,285	22,156,482	3,325,045	3,387,928	2,808,393	2,754,138	27,698,723	28,298,548
Less:									
OPERATING EXPENDITURE		(25,873,133)	(25,470,799)	(2,283,474)	(2,271,128)	(2,661,654)	(2,601,462)	(30,818,261)	(30,343,389)
OPERATING (DEFICIT)/SURPLUS		(4,307,848)	(3,314,317)	1,041,571	1,116,800	146,739	152,676	(3,119,538)	(2,044,841)
Add:									
NON-OPERATING INCOME - interest income	6,31	67,472	39,730	6,345	4,615	10,098	8,002	83,915	52,347
(DEFICIT)/SURPLUS BEFORE TAXATION AND GOVERNMENT GRANTS		(4,240,376)	(3,274,587)	1,047,916	1,121,415	156,837	160,678	(3,035,623)	(1,992,494)
Less:									
INCOME TAX	20	(86,097)	(96,936)	(6,162)	(7,084)	(8,817)	(9,901)	(101,076)	(113,921)
(DEFICIT)/SURPLUS AFTER TAXATION BUT BEFORE GOVERNMENT GRANTS		(4,326,473)	(3,371,523)	1,041,754	1,114,331	148,020	150,777	(3,136,699)	(2,106,415)
Add:									
Government grants	21	12,263,429	9,070,023	373,066	251,329	-	-	12,636,495	9,321,352
Less: Transfer to									
Sinking Funds	4,21	(2,114,242)	(2,333,653)	(12,575)	-	-	-	(2,126,817)	(2,333,653)
Town Improvement and Project Funds	5,21	(1,218,534)	(1,696,385)	(9,661)	(251,329)	-	-	(1,228,195)	(1,947,714)
Lift Replacement Funds	6,21	(4,051,644)	-	(321,813)	-	-	-	(4,373,457)	-
		4,879,009	5,039,985	29,017	-	-	-	4,908,026	5,039,985
SURPLUS FOR THE YEAR		552,536	1,668,462	1,070,771	1,114,331	148,020	150,777	1,771,327	2,933,570
Add:									
Accumulated surplus at beginning of year as previously stated		1,728,772	1,887,417	3,067,409	2,086,414	341,581	190,804	5,137,762	4,164,635
Prior year adjustments	31	(1,598,799)	(1,887,417)	(47,594)	(46,508)	-	-	(1,646,393)	(1,933,925)
Accumulated surplus at beginning of year as restated		129,973	-	3,019,815	2,039,906	341,581	190,804	3,491,369	2,230,710
SURPLUS FOR THE YEAR		682,509	1,668,462	4,090,586	3,154,237	489,601	341,581	5,262,696	5,164,280
Add:									
Appropriation to Town Improvement and Project Funds	5	(310,201)	(1,538,489)	(100,181)	(134,422)	-	-	(410,382)	(1,672,911)
Accumulated surplus at end of year		372,308	129,973	3,990,405	3,019,815	489,601	341,581	4,852,314	3,491,369

BISHAN-TOA PAYOH TOWN COUNCIL
21
(Established under the Town Councils Act, Cap. 329A)
Notes to the financial statements for the financial year ended 31 March 2018
4 Sinking Funds

Note	Residential property		Commercial property		Total	
	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$
Balance at beginning of year as previously stated	74,896,756	77,697,853	37,113,356	36,448,515	112,010,112	114,146,368
Prior year adjustments	31 2,654,711	2,616,240	47,594	46,508	2,702,305	2,662,748
Balance restated at beginning of year	77,551,467	80,314,093	37,160,950	36,495,023	114,712,417	116,809,116
Transfer of Reserves to Lift Replacement Funds at 1 April 2017 as previously reported	6 (10,485,546)	-	(5,195,870)	-	(15,681,416)	-
Adjustment to mandatory transfer to Lift Replacement Funds at 1 April 2017	6,31 (371,660)	-	(6,663)	-	(378,323)	-
Add:						
Operating income transfer from conservancy and service fees (minimum required by law)	3 8,791,688	10,542,196	1,157,572	1,470,919	9,949,260	12,013,115
Transfer from government grants and GST subvention	3,21 2,114,242	2,333,653	12,575	-	2,126,817	2,333,653
Other income	22(i),31 1,112,030	1,508,735	78,207	108,560	1,190,237	1,617,295
Fair value changes on investments with fund managers	-	182,454	-	13,147	-	195,601
	12,017,960	14,567,038	1,248,354	1,592,626	13,266,314	16,159,664
Less: Expenditure	22(ii) (4,096,390)	(16,931,763)	(258,523)	(897,626)	(4,354,913)	(17,829,389)
Less: Income tax	20 (117,248)	(397,901)	(8,416)	(29,073)	(125,664)	(426,974)
Surplus/(deficit) for the financial year	7,804,322	(2,762,626)	981,415	665,927	8,785,737	(2,096,699)
Balance at end of year	74,498,583	77,551,467	32,939,832	37,160,950	107,438,415	114,712,417

Represented by:
Non-Current assets

Held-to-maturity investments

20,026,610

Current assets

Conservancy and service fees receivables

Other receivables

Interest receivable

Amount due from accumulated surplus

Fixed deposits with financial institutions

Cash and bank balances

188,858	243,564
252,631	879,196
465,552	270,941
2,873,955	3,513,878
79,743,324	103,058,618
6,105,251	9,744,969
89,629,571	117,711,166
109,656,181	117,711,166

Total assets

Less:

Current liabilities

Payables and accrued expenses

Amount due to Lift Replacement Funds

Income tax payable

Total liabilities
Net assets

831,313	2,182,749
745,453	-
641,000	816,000
2,217,766	2,998,749
107,438,415	114,712,417

5 Town Improvement and Project Funds

	Note	Residential property		Commercial property		Total	
		2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$
Balance at beginning of year		1,055,912	-	48,940	329,982	1,104,852	329,982
Prior year adjustments		(1,055,912)	(728,823)	-	-	(1,055,912)	(728,823)
Balance restated at beginning of year		-	(728,823)	48,940	329,982	48,940	(398,841)
Add :							
Transfer from Government Grants	3,21	1,218,534	1,696,385	9,661	251,329	1,228,195	1,947,714
Other income		-	837	-	62	-	899
		1,218,534	1,697,222	9,661	251,391	1,228,195	1,948,613
Less : Expenditure	23	(1,528,735)	(2,506,564)	(59,713)	(666,831)	(1,588,448)	(3,173,395)
Less : Income tax	20	-	(324)	-	(24)	-	(348)
Deficit for the financial year		(310,201)	(809,666)	(50,052)	(415,464)	(360,253)	(1,225,130)
Add: Appropriation from accumulated surplus	3	310,201	1,538,489	100,181	134,422	410,382	1,672,911
Balance at end of year		-	-	99,069	48,940	99,069	48,940

Represented by:

Current assets

Grants receivable

Other receivables

Amount due from accumulated surplus

Cash and bank balances

Total assets

	97,245	78,078
	8,310	65,811
	158,285	-
	516,962	1,116,366
	780,802	1,260,255

Less:

Current liabilities

Payables and accrued expenses

Amount due to accumulated surplus

Total liabilities

Net assets

	681,733	1,073,895
	-	137,420
	681,733	1,211,315
	99,069	48,940

6 Lift Replacement Funds

Note	Residential property		Commercial property		Total	
	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$
Balance at beginning of year	-	-	-	-	-	-
Transfer of Reserves from Sinking Funds at 1 April 2017	4	10,485,546	-	5,195,870	15,681,416	-
Adjustment to mandatory transfer from Sinking Funds at 1 April 2017	4,31	371,660	-	6,663	378,323	-
Transfer of Reserves from Sinking Funds restated at 1 April 2017		10,857,206	-	5,202,533	16,059,739	-
Add :						
Operating income transfer from conservancy and service fees (minimum required by law)	3	4,733,984	-	623,308	5,357,292	-
Transfer from Government Grants	3, 21	1,138,440	-	6,772	1,145,212	-
Lift Replacement Fund Matching Grant	21	2,913,204	-	315,041	3,228,245	-
Other income – Interest income	31	146,042	-	10,257	156,299	-
		8,931,670	-	955,378	9,887,048	-
Less : Expenditure	24	(2,482,193)	-	(78,977)	(2,561,170)	-
Less : Income tax	20	(24,264)	-	(1,736)	(26,000)	-
Surplus for the financial year		6,425,213	-	874,665	7,299,878	-
Balance at end of year		17,282,419	-	6,077,198	23,359,617	-

Represented by:

Current assets

Conservancy and service fees receivables	101,693	-
Other receivables	38,079	-
Interest receivable	32,239	-
Lift Replacement Fund Matching Grant receivable	700,562	-
Amount due from accumulated surplus	237,469	-
Amount due from Sinking Funds	745,453	-
Fixed deposits with financial institutions	19,194,792	-
Cash and bank balances	2,750,929	-
Total assets	23,801,216	-

Less:

Current liabilities

Payables and accrued expenses	415,599	-
Income tax payable	26,000	-
Total liabilities	441,599	-
Net assets	23,359,617	-

7 Plant and equipment

	Furniture, fixtures and fittings \$	Office Equipment \$	Data processing equipment/ software \$	Total \$
Cost				
At 1 April 2016	936,996	38,261	572,698	1,547,955
Additions	-	-	4,797	4,797
Write-off	-	(3,896)	(437,599)	(441,495)
At 31 March 2017	936,996	34,365	139,896	1,111,257
Additions	-	8,540	13,394	21,934
Write-off	-	(13,765)	(7,126)	(20,891)
At 31 March 2018	936,996	29,140	146,164	1,112,300
Accumulated depreciation				
At 1 April 2016	936,303	36,697	541,444	1,514,444
Depreciation for the year (Note 19)	436	1,281	26,344	28,061
Write-off	-	(3,896)	(437,599)	(441,495)
At 31 March 2017	936,739	34,082	130,189	1,101,010
Depreciation for the year (Note 19)	217	1,482	10,065	11,764
Write-off	-	(13,765)	(7,121)	(20,886)
At 31 March 2018	936,956	21,799	133,133	1,091,888
Net book value				
At 31 March 2018	40	7,341	13,031	20,412
At 31 March 2017	257	283	9,707	10,247

8 Held-to-maturity investments

	2018 \$	2017 \$
Quoted bonds, at amortised cost	20,026,610	-
	2018 \$	2017 \$
Maturing:		
Within one year	-	-
After one year but within five years	8,015,232	-
After five years	12,011,378	-
	20,026,610	-

Held-to-maturity investments comprise investment in quoted bonds issued by statutory boards, with fixed interest rates of 1.825% to 2.75% per annum and maturity date ranging from August 2022 to October 2029 as at reporting date.

The fair value of held-to-maturity investments based on the closing bid price at the end of the financial year is as follows:

	2018 \$	2017 \$
Quoted bonds	19,621,710	-

9 Conservancy and service fees receivables

	2018 \$	2017 \$
Conservancy and service fees receivables (Note 28.1)	1,818,059	1,746,508
Less: Allowance for impairment	(1,090,583)	(1,017,274)
	<u>727,476</u>	<u>729,234</u>

Movements in allowance for impairment during the year are as follows:

	2018 \$	2017 \$
Balance at beginning of year	(1,017,274)	(817,198)
Allowance for the year (Note 19)	(73,309)	(200,076)
Balance at end of year	<u>(1,090,583)</u>	<u>(1,017,274)</u>

10 Other receivables

	2018 \$	2017 \$
Deposits	244,375	194,265
GST receivable from Inland Revenue	-	447,421
Recoverables from HDB/NEA	937,421	53,329
Prepaid expenses	61,358	2,394
Other receivables	170,511	226,659
	<u>1,413,665</u>	<u>924,068</u>

11 Grants receivable

	2018 \$	2017 \$
Receivable from Citizens' Consultative Committees	97,245	78,078
GST subvention receivable	332,141	308,210
Lift Replacement Fund Matching Grant	700,562	-
	<u>1,129,948</u>	<u>386,288</u>

12 Fixed deposits with financial institutions

	2018 \$	2017 \$
Fixed deposits with financial institutions (Note 13)	<u>109,038,669</u>	<u>110,086,612</u>

Fixed deposits with financial institutions mature on varying dates within 12 months (2017 - 12 months) from the end of the financial year. The effective interest rates at the reporting date were between 0.70% and 1.59% (2017 - between 0.58% and 1.70%) per annum. Fixed deposits are also callable on demand by the Town Council without incurring any significant penalties and interest costs.

13 Cash and bank balances

	2018 \$	2017 \$
Cash and bank balances	10,899,174	14,681,712

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

	2018 \$	2017 \$
Cash and bank balances	10,899,174	14,681,712
Fixed deposits with financial institutions (Note 12)	109,038,669	110,086,612
	<u>119,937,843</u>	<u>124,768,324</u>

14 Advances received/billed in advance for Electrical Load Upgrading Programme

	2018 \$	2017 \$
Balance at beginning of year	-	-
Government funds received	244,811	-
Government fund billed in advance	781,835	-
Payments to contractors	(328,207)	-
	698,439	-
Balance at end of year	<u>698,439</u>	<u>-</u>

15 Advances received in advance for Neighbourhood Renewal Programme

	2018 \$	2017 \$
Balance at beginning of year	1,710,337	(1,720,193)
Government funds received	146,048	5,227,121
Payments to contractors	(884,465)	(1,796,591)
	(738,417)	3,430,530
Balance at end of year	<u>971,920</u>	<u>1,710,337</u>

16 Payables and accrued expenses

	2018 \$	2017 \$
Refundable deposits	264,457	227,472
Payables to contractors	3,461,269	4,416,292
Accrued operating expenses	858,452	819,071
GST payable to Inland Revenue	136,395	-
Other creditors	92,037	73,768
	<u>4,812,610</u>	<u>5,536,603</u>

17 Agency fees

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

18 Other income

	2018	2017
	\$	\$
Agency fees	5,081	5,387
Late payment fees	109,255	111,827
Liquidated damages	244,213	190,125
Sale of tender documents	24,000	30,795
Sundry fines	59,770	18,300
Sundry income	78,249	36,908
Temporary occupation licences	1,330,511	1,354,723
Use of void decks and common property	25,840	30,120
Use of water and electricity	124,332	131,444
	2,001,251	1,909,629

19 General and administrative expenditure

	2018	2017
	\$	\$
Advertising, publicity and public relations	206,632	188,961
Audit fees	37,200	38,400
Computers services	163,112	168,337
Conservancy and service fees receivables		
- allowance for impairment loss (Note 9)	73,309	200,076
- bad debts	-	5,151
- bad debts recovered	(12,548)	-
Depreciation of plant and equipment (Note 7)	11,764	28,061
Employee remuneration (Note 25)	5,824,222	6,159,390
Office expenses	248,383	239,738
Office rental	302,106	300,996
Others	167,389	210,966
Plant and equipment not capitalised	10,533	7,986
Property tax	130,366	153,705
Unclaimable GST	268,964	259,519
Allocation of general and administrative expenditure to:		
- Sinking Funds [Note 22(ii)]	(306,429)	(453,312)
- Town Improvement and Project Funds (Note 23)	(112,677)	(81,509)
- Lift Replacement Funds (Note 24)	(158,957)	-
	6,853,369	7,426,465

20 Income tax

	2018	2017
	\$	\$
Current tax expense		
- Current year	312,000	570,000
- Over provision in respect of previous years	(59,260)	(28,757)
	252,740	541,243
Taken up in:		
Accumulated surplus (Note 3)	101,076	113,921
Sinking Funds (Note 4)	125,664	426,974
Town Improvement and Project Funds (Note 5)	-	348
Lift Replacement Funds (Note 6)	26,000	-
	252,740	541,243

20 Income tax (Cont'd)

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

	2018 \$	2017 \$
Government grants	12,636,495	9,321,352
Investment and interest income	1,429,722	2,362,231
Other income	481,463	341,603
	<u>14,547,680</u>	<u>12,025,186</u>
Tax calculated at Singapore tax rate of 17% (2017 - 17%)	2,473,105	2,044,282
Singapore statutory stepped income exemption	(25,925)	(25,925)
Tax effect of certain income taxed at concessionary tax rate	-	(92,749)
Tax remission of government grants under Section 92(2) of Singapore Income Tax Act	(2,125,685)	(1,562,250)
Over provision in respect of previous years	(59,260)	(28,757)
Others	(9,495)	206,642
	<u>252,740</u>	<u>541,243</u>

Movements in provision for income taxes are as follows:

	2018 \$	2017 \$
Balance at beginning of year	1,045,000	1,048,200
Payments during the year	(415,740)	(544,443)
Over provision in respect of previous years	(59,260)	(28,757)
Tax expense on income for current year	312,000	570,000
Balance at end of year	<u>882,000</u>	<u>1,045,000</u>

BISHAN-TOA PAYOH TOWN COUNCIL

29

(Established under the Town Councils Act, Cap. 329A)**Notes to the financial statements for the financial year ended 31 March 2018****21 Government grants**

	Note	Service and Conservancy charge operating grant		GST Subvention grant		Payment from Citizens' Consultative Committee		Lift Maintenance Grant		Lift Replacement Fund Matching Grant		Total	
		2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Government grants received/receivable during the year		6,097,696	6,150,230	1,313,159	1,223,408	1,228,195	1,947,714	769,200	-	3,228,245	-	12,636,495	9,321,352
Less:													
Transfer to Sinking Funds	3, 4	(1,585,403)	(1,924,252)	(341,422)	(409,401)	-	-	(199,992)	-	-	-	(2,126,817)	(2,333,653)
Transfer to Town Improvement and Project Funds	3, 5	-	-	-	-	(1,228,195)	(1,947,714)	-	-	-	-	(1,228,195)	(1,947,714)
Transfer to Lift Replacement Funds	3, 6	(853,679)	-	(183,845)	-	-	-	(107,688)	-	(3,228,245)	-	(4,373,457)	-
		3,658,614	4,225,978	787,892	814,007	-	-	461,520	-	-	-	4,908,026	5,039,985

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

	2018	2017
	\$	\$
Total grants received as at beginning of year	256,361,173	246,475,037
Grants receivable at beginning of year and received during the year	36,828	646,205
Grants received during the year	8,039,096	8,019,866
GST subvention receivable at beginning of year and received during the year	308,210	304,867
GST subvention received during the year	981,018	915,198
Lift Replacement Fund Matching Grant received during the year	2,527,683	-
Total grants received as at end of year	268,254,008	256,361,173

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

	2018 Restated \$	2017 Restated \$
Income from investment funds placed with fund managers	-	700,000
Interest income from bank deposits	1,045,055	908,800
Interest income from bond investment	144,453	-
Others	729	8,495
	(Note 31) 1,190,237	1,617,295

(ii) Expenditure

	2018 \$	2017 \$
Electrical rewiring works	19	31,978
Lift works	-	7,234,480
Other works	2,794,310	5,551,794
Re-decoration and repainting works	347,934	1,033,555
Re-roofing works	860,384	3,338,463
Unclaimable GST	45,837	185,807
General and administrative expenditure (Note 19)	306,429	453,312
	4,354,913	17,829,389

23 Town improvement and project fund expenditure

	2018 \$	2017 \$
Covered Linkways	1,041,186	1,562,095
Construction/upgrading of playground and fitness corner	380,287	484,735
Construction of facilities and other amenities	54,298	1,045,056
General and administrative expenditure (Note 19)	112,677	81,509
	1,588,448	3,173,395

24 Lift replacement fund expenditure

	2018 \$	2017 \$
Replacement of main sheaves/ropes	1,530,330	-
Replacement of ARD/EBOPO battery	387,223	-
Other lift related works	484,660	-
General and administrative expenditure (Note 19)	158,957	-
	2,561,170	-

25 Employee remuneration

	2018 \$	2017 \$
Councillors' allowance	164,100	164,400
Salaries and related costs	4,997,489	5,296,136
Contribution to CPF	662,633	698,854
	5,824,222	6,159,390

25 Employee remuneration (Contd)

Employee remuneration includes the following:

	2018 \$	2017 \$
Key management personnel remuneration		
- Councillors' allowance	164,100	164,400
- Salaries and related costs	687,818	720,846
- Contribution to CPF	36,275	28,639
	888,193	913,885

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

26 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:

	2018 \$	2017 \$
Not later than one year	371,154	438,854
Later than one year and not later than five years	328,525	489,079
	699,679	927,933

Operating leases for the office premises are non-cancellable and the agreements are entered into for a term of 3 years (2017 - 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.

27 Expenditure commitments

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

	2018 \$	2017 \$
Amount approved and contracted for	26,322,499	10,090,266
Amount approved but not contracted for	44,904,000	38,807,000

28 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.

28 Financial instruments and financial risks (Cont'd)**28.1 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 held-to-maturity investments. The maximum exposure to credit risk is the fair value of the financial instruments as at the end of the reporting period.

Cash and fixed deposits are placed with Singapore-regulated financial institutions.

Held-to-maturity investments comprise bonds issued by statutory boards 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 \$1,090,583 (2017 - \$1,017,274) 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.

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:

	2018 \$	2017 \$
Not past due	170,628	220,276
Past due 1 - 3 months	215,679	195,516
Past due 4 - 5 months	124,406	87,309
More than 6 months	1,307,346	1,243,407
Total receivables (Note 9)	1,818,059	1,746,508
Less: Allowance for impairment	(1,090,583)	(1,017,274)
	727,476	729,234

Conservancy and service fees receivables amounting to \$170,628 (2017 - \$220,276) are creditworthy debtors with no adverse payment records with the Town Council.

Conservancy and service fees receivables amounting to \$556,848 (2017 - \$508,958) 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.

The impaired conservancy and service fees receivables arise mainly from residents who are facing significant financial hardships and have difficulties in paying their conservancy and service fees despite reminders and notices sent.

28.2 Market risk*Interest rate risk*

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

28 Financial instruments and financial risks (Cont'd)**28.2 Market risk (cont'd)***Equity price risk*

Equity price risk is applicable to investments in equity shares or similar instruments.

There is no exposure to equity price risk as the Town Council has no investment in equity shares or similar instruments.

28.3 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 (2017 - 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.

28.4 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:

	2018 \$	2017 \$
Held-to-maturity investments at amortised cost	20,026,610	-
Loan and receivables at amortised cost (i)	123,660,053	126,639,315
Less: Financial liabilities at amortised cost (ii)	(7,000,623)	(7,801,651)
	<u>136,686,040</u>	<u>118,837,664</u>

(i) Excludes prepaid expenses and GST receivable from Inland Revenue.

(ii) Excludes GST payable to Inland Revenue.

29 Funds management

The Town Council's objectives when managing 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 \$135,749,415 (2017 - \$118,252,726).

30 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 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 level 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 fair value of held-to-maturity investments as disclosed in Note 8 is categorized as Level 1.

31 Prior year adjustments

Over the periods from FY2012/13 to FY2015/16, the Town Council had disbursed from Sinking Funds to pay for the replacement of existing lighting with LED Luminaries ("LED Works").

The Ministry of National Development ("MND") had advised the Town Council that the scope of works covered under Section 33(6)(a)(ii) of the Town Council Act, Cap 329 ("TCA") does not include replacement of lighting fittings and luminaires.

To rectify this non-compliance, the Town Council had quantified the amount wrongly disbursed from Sinking Funds, including all interest earned, the net amount to be transferred from the Accumulated Surplus to the Sinking Funds and from the Sinking Funds to Lift Replacement Funds retrospectively.

The effects of the rectification of the above affecting the line items in the respective statements and related notes to the financial statements are disclosed below. The prior year adjustments relating to the financial year ended 31 March 2018 refer to adjustments made to the financial statements for the year ended 31 March 2018 previously issued on 29 August 2018.

(i) Statement of financial position

	31 March 2018	31 March 2017	1 April 2016
	\$	\$	\$
Town Council Funds			
Residential Property			
Accumulated surplus as previously stated	912,781	1,728,772	1,887,417
Effect of the rectification			
- LED Works disbursed from Sinking Funds	(3,498,975)	(3,498,975)	(3,498,975)
- Interest income earned for Sinking Funds	(190,289)	(149,035)	(100,392)
- Over transfer of Accumulated Surplus to Sinking Fund as at 24 August 2015	980,763	980,763	980,763
- Interest income earned for Accumulated Surplus	22,498	12,536	2,364
- Over transfer of Accumulated Surplus to Town Improvement and Project Fund at 31 March 2016	2,097,505	2,097,505	2,097,505
- Adjustment to Appropriation of accumulated surplus to Town Improvement and Project Fund at yearend	48,025	(1,041,593)	(1,368,682)
Prior year adjustments	(540,473)	(1,598,799)	(1,887,417)
Restated Accumulated surplus	372,308	129,973	-

31 Prior year adjustment (Cont'd)(i) Statement of financial position (Cont'd)

	31 March 2018	31 March 2017	1 April 2016
	\$	\$	\$
Town Council Funds (con't)			
Residential Property (con't d)			
Sinking Funds as previously stated	72,187,902	74,896,756	77,697,853
Effect of the rectification			
- LED Works disbursed from Sinking Funds	3,498,975	3,498,975	3,498,975
- Interest income earned for Sinking Funds	190,289	149,035	100,392
- Over transfer of Accumulated Surplus to Sinking Fund as at 24 August 2015	(980,763)	(980,763)	(980,763)
- Interest income earned for Accumulated Surplus	(22,498)	(12,536)	(2,364)
- Adjustment to mandatory transfer to Lift Replacement Funds at 1 April 2017	(371,660)	-	-
- Interest income earned for Lift Replacement Funds	(3,662)	-	-
Prior year adjustments	2,310,681	2,654,711	2,616,240
Restated Sinking Funds	74,498,583	77,551,467	80,314,093
Town Improvement and Project Funds as previously stated	2,145,530	1,055,912	-
Effect of the rectification			
- Over transfer of Accumulated Surplus to Town Improvement and Project Fund at 31 March 2016	(2,097,505)	(2,097,505)	(2,097,505)
- Adjustment to Appropriation of accumulated surplus to Town Improvement and Project Fund at yearend	(48,025)	1,041,593	1,368,682
Prior year adjustments	(2,145,530)	(1,055,912)	(728,823)
Restated Town Improvement and Project Funds	-	-	(728,823)
Lift Replacement Funds as previously stated	16,907,097	-	-
Effect of the rectification			
- Adjustment to mandatory transfer from Sinking Funds at 1 April 2017	371,660	-	-
- Interest income earned for Lift Replacement Funds	3,662	-	-
Restated Lift Replacement Funds	17,282,419	-	-
Commercial property			
Accumulated surplus as previously stated	4,038,724	3,067,409	2,086,414
Effect of the rectification			
- LED Works disbursed from Sinking Funds	(186,293)	(186,293)	(186,293)
- Interest income earned for Sinking Funds	(9,590)	(7,400)	(4,818)
- Over transfer of Accumulated Surplus to Sinking Fund as at 24 August 2015	144,255	144,255	144,255
- Interest income earned for Accumulated Surplus	3,309	1,844	348
Prior year adjustments	(48,319)	(47,594)	(46,508)
Restated Accumulated surplus	3,990,405	3,019,815	2,039,906

31 Prior year adjustment (Cont'd)**(i) Statement of financial position (Cont'd)**

	31 March 2018	31 March 2017	1 April 2016
	\$	\$	\$
Town Council Funds (con't)			
Commercial Property (cont'd)			
Sinking Funds as previously stated	32,898,242	37,113,356	36,448,515
Effect of the rectification			
- LED Works disbursed from Sinking Funds	186,293	186,293	186,293
- Interest income earned for Sinking Funds	9,590	7,400	4,818
- Over transfer of Accumulated Surplus to Sinking Fund as at 24 August 2015	(144,255)	(144,255)	(144,255)
- Interest income earned for Accumulated Surplus	(3,309)	(1,844)	(348)
- Adjustment to mandatory transfer to Lift Replacement Funds at 1 April 2017	(6,663)	-	-
- Interest income earned for Lift Replacement Funds	(66)	-	-
Prior Year Adjustments	41,590	47,594	46,508
Restated Sinking Funds	<u>32,939,832</u>	<u>37,160,950</u>	<u>36,495,023</u>
Lift Replacement Funds as previously stated	6,070,469	-	-
Effect of the rectification			
- Adjustment to mandatory transfer from Sinking Funds at 1 April 2017	6,663	-	-
- Interest income earned for Lift Replacement Funds	66	-	-
Restated Lift Replacement Funds	<u>6,077,198</u>	<u>-</u>	<u>-</u>

(ii) Interest income as reflected in the Statement of income and expenditure and other comprehensive income, Statement of cash flows and Note 3 Accumulated surplus

	2018	2017
	\$	\$
Residential property		
Interest income as previously stated	98,764	78,201
Effect of the rectification		
- Interest income earned for Sinking Funds	(41,254)	(48,643)
- Interest income earned for Accumulated Surplus	9,962	10,172
Restated Interest income	<u>67,472</u>	<u>39,730</u>
Commercial property		
Interest income as previously stated	7,070	5,701
Effect of the rectification		
- Interest income earned for Sinking Funds	(2,190)	(2,583)
- Interest income earned for Accumulated Surplus	1,465	1,497
Restated Interest income	<u>6,345</u>	<u>4,615</u>

31 Prior year adjustment (Cont'd)

(ii) Interest income as reflected in the Statement of income and expenditure and other comprehensive income, Statement of cash flows and Note 3 Accumulated surplus (Cont'd)

	2018	2017
	\$	\$
Total interest income as previously stated	115,932	91,904
Effect of the rectification		
- Interest income earned for Sinking Funds	(43,444)	(51,226)
- Interest income earned for Accumulated Surplus	11,427	11,669
Restated total Interest income	<u>83,915</u>	<u>52,347</u>

(iii) Other income as reflected in Note 4 Sinking Funds and Note 22 Sinking funds income and expenditure

	2018	2017
	\$	\$
Sinking Funds		
Residential property		
Other income as previously stated	1,084,400	1,470,264
Effect of the rectification		
- Interest income earned for Sinking Funds	41,254	48,643
- Interest income earned for Accumulated Surplus	(9,962)	(10,172)
- Interest income earned for Lift Replacement Funds	(3,662)	-
Restated Other income	<u>1,112,030</u>	<u>1,508,735</u>
Commercial property		
Other income as previously stated	77,548	107,474
Effect of the rectification		
- Interest income earned for Sinking Funds	2,190	2,583
- Interest income earned for Accumulated Surplus	(1,465)	(1,497)
- Interest income earned for Lift Replacement Funds	(66)	-
Restated Other income	<u>78,207</u>	<u>108,560</u>
Total other income as previously stated	1,161,948	1,577,738
Effect of the rectification		
- Interest income earned for Sinking Funds	43,444	51,226
- Interest income earned for Accumulated Surplus	(11,427)	(11,669)
- Interest income earned for Lift Replacement Funds	(3,728)	-
Restated Other income	<u>1,190,237</u>	<u>1,617,295</u>

(iv) Other income – interest income as reflected in Note 6 Lift Replacement Funds

	2018	2017
	\$	\$
Lift Replacement Funds		
Residential property		
Other income – interest income as previously reported	142,380	-
Effect of the rectification		
- Interest income earned for Lift Replacement Funds	3,662	-
Restated Other income – interest income	<u>146,042</u>	<u>-</u>

31 Prior year adjustment (Cont'd)**(iv) Other income – interest income as reflected in Note 6 Lift Replacement Funds (Cont'd)**

	2018	2017
	\$	\$
Lift Replacement Funds (Con't)		
Commercial property		
Other income – interest income as previously reported	10,191	-
Effect of the rectification		
- Interest income earned for Lift Replacement Funds	66	-
Restated Other income – interest income	<u>10,257</u>	<u>-</u>
Total other income – interest income as previously reported	152,571	-
Effect of the rectification		
- Interest income earned for Lift Replacement Funds	3,728	-
Restated Other income – interest income	<u>156,299</u>	<u>-</u>

(iv) Inter-funds transfer

Under Town Council Financial Rules Rule 11A, the Town Council may transfer an amount not exceeding the surplus from any of its funds established for residential property to commercial property under the same fund, only to make good any deficit and vice versa:

As such, there are transfers of accumulated surplus from commercial property to residential property in year 2018 of \$847,513 and in year 2017 of \$197,350 to make good of the deficit in the operating fund established for residential property (as reflected in Statement of changes in funds and Note 3).