

Refreshing Our Home

Annual Report 2014-2015



Bishan-Toa Payoh
Town Council

CORPORATE INFORMATION

Town Council Logo

Bishan-Toa Payoh Town Council Logo.

Our Logo depicts both the distinctive architecture of Bishan's Housing Development (HDB) flats and the viewing Tower of Toa Payoh Garden. The blue and green colours represent a fresh, clean and healthy environment within the community.



Properties Managed by Bishan-Toa Payoh Town Council

Division	No of Blocks	No of Units
Bishan East	119	8,589
Bishan North	128	10,270
Thomson-Toa Payoh	63	9,135
Toa Payoh Central	103	13,837
Toa Payoh East	80	11,151
Total	493	52,982

*As at July 2015

Contact Bishan-Toa Payoh Town Council

Toa Payoh Office

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

Bishan Office

Block 197 Bishan Street 13, #01-585, Singapore 570197

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 past year has been a hectic, but rewarding period for the Town Council. We stepped up our efforts to rejuvenate our estate to create a better, more beautiful home for our residents. This has enhanced not only their living environment, but the values of their homes as well.

I would like to thank our residents for their wonderful support in these efforts. Their contributions have helped our Town Council to continue securing "Green" or "Good" scores in the annual MND Town Council Management Report.

TCMR Results over the Last 3 FYs

Period	Cleanliness	Maintenance	Lift	Arrears – Acct	Arrears - Amt
FY2012/13	Green (1.88)	Green (3.96)	Green (10)	Green (3.10%)	Green (26.47%)
FY2013/14	Green (1.52)	Green (3.90)	Green (10)	Green (3.33%)	Green (25.33%)
FY2014/15*	Green (1.34)	Green (3.75)	Green (10)	Green (3.17%)	Green (24.94%)

*unofficial numbers to be ratified by MND

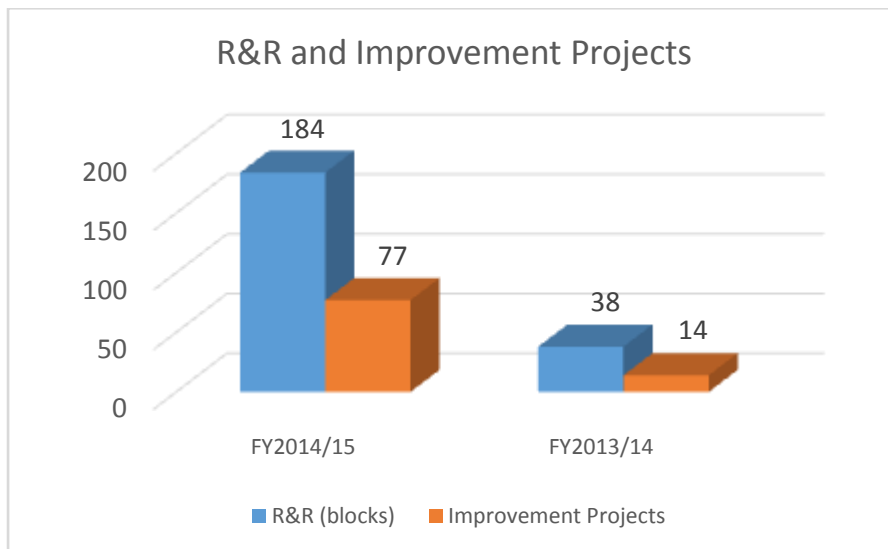
Our frequent interaction with residents has translated into more improvement projects and more facilities being built nearer their homes. For the financial year, the Town Council has added improvement projects to the tune of \$3.7m.

We continue to reward residents who actively keep their environment clean with our quarterly “Cleanest Blocks” competition. Each household of the winning blocks receive a 50 per cent S&CC rebate for one month. This financial year, 2567 households received rebates amounting to \$82,000.

R&R and Improvement Projects

Over and above our regular maintenance and repair regimes, we spent \$3.7 million on 77 projects this financial year to benefit our residents:

Children's Playground	9
Adult/ Elderly Fitness Station	61
Games Court	1
Upgrading of Amphitheatre	1
Construction of 3G Park	1
Covered Linkway/ Drop Off Porch	4



As our town ages, we have to work harder to improve the living environment for our residents. We have therefore increased the intensity of our Repairs & Redecoration (R&R) works for all residential blocks. This includes giving all blocks a fresh coat of paint, replacing the wiring and repairing defects. This resulted in a drawdown of \$33.6m from the sinking fund.

BiTPAL

Our estate has one of the highest proportion of elderly residents. We therefore need to ensure that we have adequate facilities for their particular needs. The Town Council has set aside funds to build new Elderly Fitness Stations this year (EFS) to participate in a specially designed exercise programme called "BiTPAL" (Bishan-Toa Payoh Active Living). There are now 32 EFS in the GRC, with 40 more to be built.

It not just about building fitness stations, but having careful and detailed plans to ensure the right outcomes. Working with a team of specialists led by Dr Ng Yee Sien, the head of the Department of Rehabilitation Medicine from the Singapore General Hospital, as well as the Peoples' Association, we introduced equipment and programs which enable our seniors to improve on the four essential aspects of physical well-being: strength, flexibility, balance and stamina. This community exercise programme is the first of its kind in Singapore.

EFS & BiTPAL Participation

Another **72** Elderly Fitness Stations to be built by end 2015.

200 residents participated in the “pilot programme”.

Heritage

In August 2014, the Town Council teamed up with National Heritage Board to launch the **Toa Payoh Heritage Trail**. The trail gives our residents some perspective of what life was like in Toa Payoh in the early years. The trail brings visitors to 10 sites, including well known ones like the famous dragon playground, Toa Payoh Garden and the 1973 SEA Games Village.



Source of the image: National Heritage Board

Financials

The Town Council is able to deliver on these important projects and programs as we have been prudent in managing your monthly S&CC contributions. All budget surpluses are used to enhance the values of our residents' homes. Our Town Council continues to look out for areas where we can improve productivity and save costs. This includes replacing all our lights with new LED lighting, which has reduced our electricity costs substantially, and which will reduce our maintenance costs in the longer term.

I am pleased to report that our internal financial controls have served us well and we will maintain our corporate governance to meet all the prevailing accounting standards. We are pleased to present our Bishan-Toa Payoh Town Council audited financial statements.

Financial Scorecard

- | | |
|--|------------------|
| 1. Operating surplus (after govt grant): | \$11.47 million |
| 2. Sinking fund: | \$110.28 million |

Communicating with Residents

The Town Council will continue to deliver on our promises. We will work with you to improve your living environment. We will also keep all residents informed and updated through our various communication channels. In October 2014, we initiated a project to install posters in about 1,400 lift-in-cars to communicate real time information and make announcements to residents. We continue to welcome your suggestions and feedback on how we can serve you better.

Bishan-Toa Payoh will remain one of the most sought-after estates to live in. With your support, we will continue to build on our successes and deliver to you the homes you deserve.

I would like to thank my fellow Members of Parliament, the Town Councillors and all the staff for their unwavering efforts to serve our residents.



HRI KUMAR NAIR

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

Financial statements

BISHAN-TOA PAYOH TOWN COUNCIL

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

For the year ended 31 March 2015

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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 2015, 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 state of affairs of the Town Council as at 31 March 2015 and the results, 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.

Other matters

The financial statements, and other legal and regulatory requirements, for the financial year ended 31 March 2014 were audited by another auditor who expressed an unmodified opinion on those statements on 25 June 2014.



Foo Kon Tan LLP
Public Accountants and
Chartered Accountants


Singapore, 29 July 2015

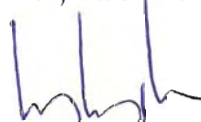
Statement of financial position

as at 31 March 2015

	Note	2015 \$	2014 \$
TOWN COUNCIL FUND			
Residential Property Funds			
Accumulated surplus	3	4,171,340	2,734,423
Sinking Funds	4	81,035,180	111,113,050
Town Improvement and Project Funds	5	-	305,611
		85,206,520	114,153,084
Commercial Property Funds			
Accumulated surplus	3	5,858,071	4,648,487
Sinking Funds	4	29,249,121	30,519,294
Town Improvement and Project Funds	5	7,607	111,516
		35,114,799	35,279,297
Carpark Funds			
Accumulated surplus	3	1,439,344	888,313
Neighbourhood Renewal Programme Fund	6	796,003	794,883
		122,556,666	151,115,577
REPRESENTED BY:			
Non-current assets			
Plant and equipment	7	53,408	88,274
Current assets			
Financial assets at fair value through profit or loss	8	55,021,182	51,325,670
Conservancy and service fees receivables	9	717,235	631,868
Other receivables	10	1,545,898	1,047,364
Interest receivable		787,067	778,840
Grants receivable	11	1,252,962	870,633
Fixed deposits with financial institutions	12	61,455,132	88,282,828
Cash and bank balances	13	10,727,369	13,521,831
		131,506,845	156,459,034
Total assets		131,560,253	156,547,308
Less:			
Current liabilities			
Conservancy and service fees received in advance		545,901	523,069
Payables and accrued expenses	14	7,465,686	4,050,662
Income tax payable		992,000	858,000
Total liabilities		9,003,587	5,431,731
NET ASSETS		122,556,666	151,115,577

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


HRI KUMAR NAIR
Chairman



LING MING CHUAN
Secretary

Date: 29 July 2015

Statement of income and expenditure and other comprehensive income

for the financial year ended 31 March 2015

	Note	2015 \$	2014 \$
Operating income			
Conservancy and service fees	3	34,824,939	34,244,205
Less: Operating income transfer to Sinking Funds (minimum required by law)	3, 4	(11,714,326)	(11,517,386)
		23,110,613	22,726,819
Agency fees	15	2,517,749	2,563,694
Other income	16	2,096,666	2,080,530
		27,725,028	27,371,043
Less:			
Operating expenditure			
Cleaning works		(5,781,789)	(5,823,706)
Lift maintenance		(4,110,752)	(3,882,832)
Other works and maintenance		(4,075,153)	(4,284,649)
Water and electricity		(7,639,055)	(8,624,188)
General and administrative expenditure	17	(5,791,443)	(6,033,388)
		(27,398,192)	(28,648,763)
Operating surplus/(deficit)		326,836	(1,277,720)
Add: Interest income	3	135,036	81,205
Surplus/(deficit) before taxation and government grants		461,872	(1,196,515)
Less:			
Income tax	18	(100,682)	(80,888)
Surplus/(deficit) before government grants		361,190	(1,277,403)
Add:			
Government grants		7,242,095	7,371,651
GST subvention		1,201,767	1,184,925
Less: Transfer to			
- Sinking Funds	4	(2,302,896)	(2,315,594)
- Town Improvement and Project Funds	5	(1,167,053)	(1,241,508)
		4,973,913	4,999,474
SURPLUS FOR THE YEAR FROM ROUTINE FUND		5,335,103	3,722,071
Add:			
(Deficit)/surplus for the year from:			
- Sinking Funds	4	(31,348,043)	132,665
- Town Improvement and Project Funds	5	(2,547,091)	331,353
- Neighbourhood Renewal Programme Fund	6	1,120	783,577
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		(28,558,911)	4,969,666


HRI KUMAR NAIR
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 2015

	Residential property \$	Commercial property \$	Carparks \$	Neighbourhood Renewal Programme \$	Total \$
Balance at 1 April 2013	112,043,427	33,535,947	555,231	11,306	146,145,911
Surplus for the year	2,109,657	1,743,350	333,082	783,577	4,969,666
Balance at 31 March 2014	114,153,084	35,279,297	888,313	794,883	151,115,577
(Deficit)/surplus for the year	(28,946,564)	(164,498)	551,031	1,120	(28,558,911)
Balance at 31 March 2015	85,206,520	35,114,799	1,439,344	796,003	122,556,666

Statement of cash flows

for the financial year ended 31 March 2015

	Note	2015 \$	2014 \$
Cash Flows from Operating Activities			
Surplus/(deficit) before taxation and government grants	3	461,872	(1,196,515)
Adjustments for:			
Operating income transfer to Sinking Funds	4	11,714,326	11,517,386
Depreciation of plant and equipment	7	35,986	85,979
Interest income	3	(135,036)	(81,205)
Operating surplus before working capital changes		12,077,148	10,325,645
(Increase)/decrease in other receivables		(583,901)	326,135
Increase/(decrease) in other payables		3,437,828	(2,840,459)
Cash generated from operations before income tax		14,931,075	7,811,321
Sinking Funds expenditure paid	4	(47,123,721)	(13,445,450)
Town Improvement and Project Funds expenditure	5	(3,721,224)	(911,964)
Neighbourhood Renewal Programme Fund expenditure	6	(194,432)	(10,415)
Income tax paid	18	(420,988)	(379,191)
Net cash used in operations before government grants		(36,529,290)	(6,935,699)
Government grants received		6,859,809	7,578,941
GST subvention received		1,201,724	1,180,449
Government funds received for Neighbourhood Renewal Programme projects	6	195,552	558,006
Net cash (used in)/generated from operating activities		(28,272,205)	2,381,697
Cash Flows from Investing Activities			
Purchase of plant and equipment	7	(1,120)	(82,961)
Interest and investment income received		1,710,595	1,608,043
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		3,673,062	1,525,082
Net (decrease)/increase in cash and cash equivalents		(24,599,143)	3,906,779
Cash and cash equivalents at beginning of year		91,559,031	87,652,252
Cash and cash equivalents at end of year	13	66,959,888	91,559,031

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 2015

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, Bishan North, Thomson, Toa Payoh Central and Toa Payoh East 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 2015 were authorised for issue in accordance with a resolution of the Town Council on 29 July 2015.

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 \$726,343 (2014 - \$708,084) 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 2015 is \$717,235 (2014 - \$631,868)

2(b) Adoption of new and revised standards

On 1 April 2014, the Town Council adopted FRSs that are mandatory for application from that date. Changes to the Town Council's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS. This includes the following FRSs which are relevant to the Town Council.

Reference	Description
Amendments to FRS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 36	Recoverable Amount Disclosures to Non-Financial Assets

The adoption of these FRS, where relevant to the Town Council, 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 and interpretations not yet effective

At the date of authorization 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)
Improvements to FRSs (January 2014)		
FRS 24	Related Party Disclosures	1 July 2014
FRS 109	Financial Instruments	1 January 2018

2(c) New or revised accounting standards and interpretations not yet effective (Cont'd)Improvements to FRSs (January 2014) Related Party Disclosures

Improvements to FRSs (January 2014) Related Party Disclosures clarify that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The improvements to FRSs (January 2014) FRS 24 Related Party Disclosures are effective from annual periods beginning on or after 1 July 2014. As this is a disclosure standard, it will not have any impact on the financial performance or the financial position of the Town Council when implemented.

FRS 109 - Financial Instruments

FRS 109 Financial Instruments replaces FRS 39 and it is a package of improvements introduced by FRS 109 includes 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(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, Town Improvement and Project Funds and Neighbourhood Renewal Programme Fund 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, HUDC 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)**(a) Funds (Cont'd)****Neighbourhood Renewal Programme Fund**

Neighbourhood Renewal Programme Fund is maintained as part of the Neighbourhood Renewal Programme ("NRP") and is established in respect of the Neighbourhood Renewal Programme works carried out for a group of two or more precincts approved by the HDB. This upgrading scheme was entered into between the Town Council, HDB and the Ministry of National Development.

NRP is implemented by the Town Council with full funding from the government for the specified use of projects under the programme. The funding is subject to a budget allocation of \$3,400 per dwelling unit for NRP works, as well as \$150 per dwelling unit or \$125,000, whichever is higher for miscellaneous expenditure. However, if the cost of project works incurred exceeds the funds provided by the government, the Town Council will have to bear the cost of the excess expenditure.

(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, Town Improvement and Project Funds and Neighbourhood Renewal Programme Fund.

(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.

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

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

The Town Council classifies its investments in financial assets in the following categories: financial assets at fair value through profit or loss 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.

(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 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.

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

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

(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.

2(d) Summary of significant accounting policies (Cont'd)**(l) 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.

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.

(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 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.

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

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").

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 2015

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3 Accumulated surplus

	Note	Residential property		Commercial property		Carparks		Total	
		2015	2014	2015	2014	2015	2014	2015	2014
		\$	\$	\$	\$	\$	\$	\$	\$
OPERATING INCOME									
Conservancy and service fees		30,945,814	30,510,362	3,879,125	3,733,843	-	-	34,824,939	34,244,205
Less: Operating income transfer to Sinking Funds	4	(10,356,631)	(10,210,539)	(1,357,695)	(1,306,847)	-	-	(11,714,326)	(11,517,386)
		20,589,183	20,299,823	2,521,430	2,426,996	-	-	23,110,613	22,726,819
Agency fees and other income		1,311,164	1,212,945	718,075	790,836	2,585,176	2,640,443	4,614,415	4,644,224
		21,900,347	21,512,768	3,239,505	3,217,832	2,585,176	2,640,443	27,725,028	27,371,043
Less:									
OPERATING EXPENDITURE		(23,329,214)	(24,234,338)	(2,031,893)	(2,107,038)	(2,037,085)	(2,307,387)	(27,398,192)	(28,648,763)
Operating (deficit)/surplus		(1,428,867)	(2,721,570)	1,207,612	1,110,794	548,091	333,056	326,836	(1,277,720)
Add:									
NON-OPERATING INCOME - interest income		115,728	69,522	7,750	4,656	11,558	7,027	135,036	81,205
(DEFICIT)/SURPLUS BEFORE TAXATION AND GOVERNMENT GRANTS		(1,313,139)	(2,652,048)	1,215,362	1,115,450	559,649	340,083	461,872	(1,196,515)
Less:									
INCOME TAX	18	(86,286)	(69,250)	(5,778)	(4,637)	(8,618)	(7,001)	(100,682)	(80,888)
(DEFICIT)/SURPLUS AFTER TAXATION BUT BEFORE GOVERNMENT GRANTS		(1,399,425)	(2,721,298)	1,209,584	1,110,813	551,031	333,082	361,190	(1,277,403)
Add:									
Government grants	19	8,377,497	8,533,498	66,365	23,078	-	-	8,443,862	8,556,576
Less: Transfer to									
Sinking Funds	4, 19	(2,302,896)	(2,315,594)	-	-	-	-	(2,302,896)	(2,315,594)
Town Improvement and Project Funds	5, 19	(1,100,688)	(1,218,430)	(66,365)	(23,078)	-	-	(1,167,053)	(1,241,508)
		4,973,913	4,999,474	-	-	-	-	4,973,913	4,999,474
SURPLUS FOR THE YEAR		3,574,488	2,278,176	1,209,584	1,110,813	551,031	333,082	5,335,103	3,722,071
Add:									
Accumulated surplus at beginning of year		2,734,423	456,247	4,648,487	3,537,674	888,313	555,231	8,271,223	4,549,152
SURPLUS FOR THE YEAR		6,308,911	2,734,423	5,858,071	4,648,487	1,439,344	888,313	13,606,326	8,271,223
Less:									
Transfer to Town Improvement and Project Funds	5	(2,137,571)	-	-	-	-	-	(2,137,571)	-
Accumulated surplus at end 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

BISHAN-TOA PAYOH TOWN COUNCIL
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Notes to the financial statements for the financial year ended 31 March 2015
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4 Sinking Funds

Note	Residential property		Commercial property		Total	
	2015 \$	2014 \$	2015 \$	2014 \$	2015 \$	2014 \$
Balance at beginning of year	111,113,050	111,501,406	30,519,294	29,998,273	141,632,344	141,499,679
Add :						
Operating income transfer from conservancy and service fees (minimum required by law)	3	10,356,631	10,210,539	1,357,695	11,714,326	11,517,386
Transfer from government grants and GST subvention	3, 19	2,302,896	2,315,594	-	2,302,896	2,315,594
Other income	20(i)	2,307,602	2,295,249	154,524	2,462,126	2,446,466
Fair value changes on investments with fund managers	8	(233,706)	(2,179,948)	(15,658)	(249,364)	(2,326,000)
		14,733,423	12,641,434	1,496,561	16,229,984	13,953,446
Less : Expenditure	20(ii)	(44,385,504)	(12,677,999)	(2,738,217)	(47,123,721)	(13,445,450)
Less : Income tax	18	(425,789)	(351,791)	(28,517)	(454,306)	(375,331)
(Deficit)/Surplus for the financial year		(30,077,870)	(388,356)	(1,270,173)	(31,348,043)	132,665
Balance at end of year		81,035,180	111,113,050	29,249,121	110,284,301	141,632,344

Represented by:
Current assets

Financial assets at fair value through profit or loss

Conservancy and service fees receivables

Other receivables

Interest receivable

Amount due from accumulated surplus

Fixed deposits with financial institutions

Cash and bank balances

Total assets

55,021,182	51,325,670
239,556	211,044
1,426,960	726,446
773,683	771,205
-	178,312
53,332,956	80,193,591
6,889,235	11,170,725
117,683,572	144,576,993

Current liabilities

Payables and accrued expenses

Amount due to accumulated surplus

Income tax payable

Total liabilities
Net assets

5,209,283	2,249,149
1,379,488	-
810,500	695,500
7,399,271	2,944,649
110,284,301	141,632,344

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 2015****20****5 Town Improvement and Project Funds**

	Note	Residential property		Commercial property		Total	
		2015 \$	2014 \$	2015 \$	2014 \$	2015 \$	2014 \$
Balance at beginning of year		305,611	85,774	111,516	-	417,127	85,774
Add :							
Payments from Citizens' Consultative Committees	3,19	1,100,688	1,218,430	66,365	23,078	1,167,053	1,241,508
Other income		6,634	2,607	446	174	7,080	2,781
		1,107,322	1,221,037	66,811	23,252	1,174,133	1,244,289
Less : Expenditure		(3,550,504)	(1,000,289)	(170,720)	88,325	(3,721,224)	(911,964)
Less : Income tax	18	-	(911)	-	(61)	-	(972)
Surplus/(Deficit) for the financial year		(2,443,182)	219,837	(103,909)	111,516	(2,547,091)	331,353
Add: Appropriation from accumulated surplus	3	2,137,571	-	-	-	2,137,571	-
Balance at end of year		-	305,611	7,607	111,516	7,607	417,127

*Represented by:***Current assets**

Grants receivable

Other receivables

Cash and bank balances

Total assets

952,496	570,210
122,829	423,189
775,933	325,311
1,851,258	1,318,710

Current liabilities

Payables and accrued expenses

Amount due to accumulated surplus

Total liabilities**Net assets**

575,852	220,505
1,267,799	681,078
1,843,651	901,583
7,607	417,127

6 Neighbourhood Renewal Programme Fund

	2015 \$	2014 \$
Balance at beginning of year	794,883	11,306
Government funds received	195,552	558,006
Overprovision of expenditure in respect to previous year	-	235,986
Expenditure paid	(194,432)	(10,415)
Surplus for the year	1,120	783,577
Balance at end of year	796,003	794,883

7 Plant and equipment

	Furniture, fixtures and fittings \$	Office equipment \$	Data processing equipment/ software \$	Total \$
<u>Cost</u>				
At 1 April 2013	937,348	50,388	616,611	1,604,347
Additions	-	3,300	79,661	82,961
Disposals	(115)	(5,110)	(129,662)	(134,887)
At 31 March 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
<u>Accumulated depreciation</u>				
At 1 April 2013	865,727	44,150	603,178	1,513,055
Depreciation for the year (Note 17)	70,056	3,594	12,329	85,979
Disposals	(115)	(5,110)	(129,662)	(134,887)
At 31 March 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
<u>Net book value</u>				
At 31 March 2015	1,129	3,037	49,242	53,408
At 31 March 2014	1,565	5,944	80,765	88,274

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).

	2015 \$	2014 \$
Fair value at beginning of year	61,882,000	63,367,493
Proceeds from maturity of investments	(26,963,587)	-
Addition during the year	25,000,000	-
Accrued investment income	1,613,532	1,540,507
Annual payout to the Town Council	(700,000)	(700,000)
Decrease in fair value (Note 4)	(249,364)	(2,326,000)
Fair value at end of year	60,582,581	61,882,000
<i>Represented by:</i>		
Equities and unit trusts	5,050,060	3,522,325
Bonds in corporations	15,296,609	13,351,148
Government and statutory board securities	34,674,513	34,452,197
Financial assets at fair value through profit or loss	55,021,182	51,325,670
Cash and bank deposits (Note 13)	5,222,613	10,245,628
Interest receivable	346,154	318,042
Other creditors	(7,368)	(7,340)
	60,582,581	61,882,000

The quoted bonds managed by fund managers bear interest rates per annum ranging from 1.52% to 4.88% (2013/2014 - 0.80% to 5.00%) to be received semi-annually in arrears. The maturity period of the bonds ranges from July 2015 to October 2022 (2013/2014 - April 2014 to September 2021).

9 Conservancy and service fees receivables

	2015 \$	2014 \$
Conservancy and service fees receivables (Note 24.1)	1,443,578	1,339,952
Less: Allowance for doubtful debts	(726,343)	(708,084)
	717,235	631,868

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

	2015 \$	2014 \$
Balance at beginning of year	(708,084)	(679,971)
Allowance for the year	(18,259)	(28,113)
Balance at end of year	(726,343)	(708,084)

10 Other receivables

	2015 \$	2014 \$
Deposits	270,170	372,470
GST receivable from Inland Revenue	1,025,054	-
Recoverables from HDB/NEA	54,783	511,586
Other receivables	195,891	163,308
	1,545,898	1,047,364

11 Grants receivable

	2015 \$	2014 \$
Receivable from Citizens' Consultative Committees	952,496	570,210
GST subvention receivable	300,466	300,423
	1,252,962	870,633

12 Fixed deposits with financial institutions

	2015 \$	2014 \$
Fixed deposits with financial institutions (Note 13)	61,455,132	88,282,828

Fixed deposits with financial institutions mature on varying dates within 9 months (2014 - 12 months) from the end of the financial year. The effective interest rates at the reporting date were between 1.15% and 1.30% (2014 - between 1.00% and 1.20%) per annum.

13 Cash and bank balances

	2015 \$	2014 \$
Cash and bank balances	5,504,756	3,276,203
Cash and bank deposits held by fund managers (Note 8)	5,222,613	10,245,628
	10,727,369	13,521,831

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

	2015 \$	2014 \$
Cash and bank balances	5,504,756	3,276,203
Fixed deposits with financial institutions (Note 12)	61,455,132	88,282,828
	66,959,888	91,559,031

14 Payables and accrued expenses

	2015 \$	2014 \$
Refundable deposits	211,738	187,304
Payables to contractors	6,883,193	2,770,364
Accrued operating expenses	254,035	251,476
GST payable to Inland Revenue	-	24,442
Other creditors	116,720	817,076
	7,465,686	4,050,662

15 Agency fees

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

16 Other income

	2015 \$	2014 \$
Agency fees	85,644	106,901
Late payment fees	98,900	101,287
Liquidated damages	211,372	189,476
Sale of tender documents	17,297	13,850
Sundry fines	47,727	38,238
Sundry income	81,608	88,636
Temporary occupation licences	1,401,403	1,385,802
Use of void decks and common property	34,098	33,004
Use of water and electricity	118,617	123,336
	2,096,666	2,080,530

17 General and administrative expenditure

	2015 \$	2014 \$
Advertising, publicity and public relations	177,224	161,088
Audit fees	34,500	28,000
Computers services	183,086	46,348
Depreciation of plant and equipment (Note 7)	35,986	85,979
Employee remuneration (Note 21)	5,472,640	4,906,684
Office expenses	261,724	263,264
Office rental	297,357	292,932
Others	542,137	211,112
Plant and equipment not capitalised	880	1,397
Property tax	143,500	137,018
Unclaimable GST	253,155	263,863
Allocation of general and administrative expenditure to:		
- Sinking Funds	(1,539,879)	(340,943)
- Town Improvement and Project Funds	(70,867)	(23,354)
	5,791,443	6,033,388

18 Income tax

	2015 \$	2014 \$
Current tax expense		
- Current year	559,000	433,000
- (Over)/underprovision in respect of previous years	(4,012)	24,191
	554,988	457,191
Taken up in:		
Accumulated surplus (Note 3)	100,682	80,888
Sinking Funds (Note 4)	454,306	375,331
Town Improvement and Project Funds (Note 5)	-	972
	554,988	457,191

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

	2015 \$	2014 \$
Investment and interest income	3,422,143	2,904,725
Other income	461,331	392,980
	3,883,474	3,297,705
Tax calculated at Singapore tax rate of 17% (2014 - 17%)	660,191	560,610
Singapore statutory stepped income exemption	(25,925)	(25,925)
Tax effect of certain income taxed at concessionary tax rate	(97,467)	(124,658)
(Over)/underprovision in respect of previous years	(4,012)	24,191
Others	22,201	22,973
	554,988	457,191

Movements in provision for income taxes are as follows:

	2015 \$	2014 \$
Balance at beginning of year	858,000	780,000
Payments during the year	(420,988)	(379,191)
(Over)/underprovision in respect of previous years	(4,012)	24,191
Tax expense on income for current year	559,000	433,000
Balance at end of year	992,000	858,000

19 Government grants

		<u>Service and Conservancy charge operating grant</u>		<u>GST Subvention grant</u>		<u>Payment from Citizens' Consultative Committee</u>		<u>Total</u>	
	Note	2015 \$	2014 \$	2015 \$	2014 \$	2015 \$	2014 \$	2015 \$	2014 \$
Government grants received/receivable during the year	3	6,075,042	6,130,143	1,201,767	1,184,925	1,167,053	1,241,508	8,443,862	8,556,576
Less:									
Transfer to Sinking Funds	3, 4	(1,900,699)	(1,919,047)	(402,197)	(396,547)	-	-	(2,302,896)	(2,315,594)
Transfer to Town Improvement and Project Funds	3, 5	-	-	-	-	(1,167,053)	(1,241,508)	(1,167,053)	(1,241,508)
		4,174,343	4,211,096	799,570	788,378	-	-	4,973,913	4,999,474

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

	2015 \$	2014 \$
Total grants received as at beginning of year	229,161,854	220,402,464
Grants receivable at beginning of year and received during the year	570,210	781,724
Grants received during the year	6,289,599	6,801,441
Government grants received in advance at beginning of year	-	(4,224)
GST subvention receivable at beginning of year and received during the year	300,423	295,947
GST subvention received during the year	901,301	884,502
Total grants received as at end of year	237,223,387	229,161,854

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

	2015 \$	2014 \$
Income from investment funds placed with fund managers	1,613,532	1,540,507
Interest income from bank deposits	847,870	882,722
Others	724	23,237
	2,462,126	2,446,466

(ii) Expenditure

	2015 \$	2014 \$
Electrical rewiring works	1,413,290	930,415
Lift works	2,593,131	3,050,063
Other works	5,278,987	1,649,863
Re-decoration and repainting works	33,675,159	6,653,701
Re-roofing works	3,674,905	1,015,902
Unclaimable GST	488,249	145,506
	47,123,721	13,445,450

21 Employee remuneration

	2015 \$	2014 \$
Councillor's allowance	147,600	146,400
Salaries and related costs	4,740,455	4,264,731
Contribution to CPF	584,585	495,553
	5,472,640	4,906,684

Employee remuneration includes the following:

	2015 \$	2014 \$
Key management personnel remuneration		
- Councillors' allowance	147,600	146,400
- Salaries and related costs	634,290	594,595
- Contribution to CPF	29,033	25,411
	810,923	766,406

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:

	2015 \$	2014 \$
Not later than one year	367,254	435,254
Later than one year and not later than five years	799,616	798,816
Later than five years	-	162,854
	1,166,870	1,396,924

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 (2014 - 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:

	2015 \$	2014 \$
Amount approved and contracted for	17,341,556	35,694,120
Amount approved but not contracted for	69,557,000	59,041,000

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 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 \$726,343 (2014 - \$708,084) 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:

	2015 \$	2014 \$
Not past due	208,878	194,058
Past due 1 - 3 months	201,271	189,163
Past due 4 - 5 months	90,717	66,176
More than 6 months	942,712	890,555
Total receivables (Note 9)	1,443,578	1,339,952
Less: Allowance for doubtful debts	(726,343)	(708,084)
	717,235	631,868

Conservancy and service fees receivables amounting to \$208,878 (2014 - \$194,058) are creditworthy debtors with no adverse payment records with the Town Council.

Conservancy and service fees receivables amounting to \$508,357 (2014 - \$437,810) 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 (2014 - 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:

	2015 \$	2014 \$
Financial assets at fair value through profit or loss	55,021,182	51,325,670
Loan and receivables at amortised cost	76,485,663	105,133,364
Less: Financial liabilities at amortised cost	(8,011,587)	(4,573,731)
	123,495,258	151,885,003

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 \$ 122,556,666 (2014 - \$151,115,577).

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

Certain comparative figures have been reclassified to conform with current year's presentation.

	As restated 2014 \$	As reported 2014 \$
<u>Statement of financial position</u>		
Financial assets at fair value through profit or loss	51,325,670	61,882,000
Interest receivable	778,840	460,798
Cash and bank balances	13,521,831	3,276,203
Payables and accrued expenses	(4,050,662)	(4,043,322)
	<u>61,575,679</u>	<u>61,575,679</u>