

Better Living For Our Residents

Annual Report 2016-2017

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 2017

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)

BISHAN-TOA PAYOH TOWN COUNCIL ANNUAL REPORT FY 2016/17

Chairman's Review



I am pleased to report another year where the Town Council has performed well. Whilst it has fulfilled its delivery of services and new facilities, and carried out upgrading works throughout the estate, the reality of competing needs and limited resources constrains the ability of the Town Council to grant all residents' wishes. We will, however, endeavor to continue to enhance our capacity to do more.

Town Council Management Report (TCMR)

The Town Council's core business is keeping the estate clean and maintaining the buildings and common areas in good working condition. This means ensuring that everything is functioning as well as it should. We are assessed annually by Ministry for National Development (MND) in five areas, and I am proud to inform you that once again, we have achieved a perfect score (all Green ratings) in our TCMR for Cleanliness, Maintenance, Lift Performance, S&CC Arrears and Corporate Governance. The TCMR was first introduced in 2009 to give residents objective information about the key areas of estate management, and how the Town Council is performing.

The Town Council was able to achieve this result because of the collective efforts of the property officers, contract cleaners and our residents. I would like to thank all residents for your kind support and co-operation in helping us to do well in the audit. I look forward to our continued partnership to ensure a clean, and well-maintained estate.

Lift services

We manage 1340 lifts, which range from less than a year in service to those that are reaching 28 years of operation. I understand residents are inconvenienced every month when one of the lifts in the block is shut down for several hours to be serviced. However, a thorough check-up is necessary to ensure the lifts operate smoothly and are safe to use by our residents. Lifts tend to break down from frequent usage and our monthly servicing helps to minimise the breakdowns. As the cost of replacing each lift is high, all Town Councils have been ordered by MND to set aside more contributions into a Lift Replacement Fund.

In addition to the monthly servicing, we also engage Authorised Examiners to oversee our maintenance contractors when the lifts have more serious and repeated breakdowns. We also have a planned lift replacement schedule to replace the aged lifts and those that could not be economically repaired. Starting from FY2017/2018, we will be replacing 124 lifts.

Improving your quality of life

During the past year, the Town Council has added many new facilities and upgraded existing ones.

Seventeen blocks underwent the Neighbourhood Renewal Programme, costing \$3.5 million. Residents will benefit from the additional facilities and get to enjoy the improvements around their homes. Four new covered walkways were constructed, costing about \$1.5 million. These have brought much convenience, enabling residents to carry on with their daily activities without worrying about the weather.

To facilitate social cohesion among residents, several major projects were undertaken. Two 3G Parks at Blk 17 Lorong 7 Toa Payoh and Blk 157 Lorong 1 Toa Payoh were constructed at a cost of \$1.5 million. Two children's playgrounds were upgraded/constructed, costing \$170,000. Finally, we also upgraded two BBQ pits and park shelters, which cost \$76,000. These are worthy investments as they serve the residents well.

These new generation facilities are better designed and strategically located, making them conveniently accessible for residents. With pleasant appearances and located close to placid green lungs within the blocks of flats, the playgrounds and parks are just the place to be to relax and re-energise. They certainly offer great opportunities for bonding with family members and neighbours.

Cyclical maintenance works are carried out to keep our buildings in optimum operating and conducive conditions for residents. Re-roofing was done for 67 blocks, booster pumps were replaced in 102 blocks and 122 blocks had their Refuse Chute Flushing System replaced. These maintenance works cost the Town Council \$2.6 million.

Creating a beautiful town

Bishan-Toa Payoh Town Council will be launching its town-wide plan to beautify Bishan and Toa Payoh towns with lush colourful landscaping over the next few years. This would also integrate into and enhance HDB's remaking of Toa Payoh, to rejuvenate and transform the estate. While HDB plans to add more greenery and open spaces with park benches, the Town Council's colourful streetscape would juxtapose beautifully with the overall development of the town. A good mix of flora to soften the hard buildings would greatly improve the aesthetics of the estate.

I envisage our town continuing to attract more and younger families to sink their roots here because of the excellent infrastructure. Good schools, good public transport links and great town planning make Bishan-Toa Payoh a very liveable place.

Finances and Governance

The Town Council ended the financial year with an operating surplus of \$2.9 million (after government grant). Our sinking fund stands at \$112 million. However, this amount will be utilised progressively with the cyclical repairs and when the lift replacement exercise starts later this year. Despite our healthy financial position, we are mindful of the external cost pressures that would hit our budget.

Water tariff increases this year and the next will have a sizeable impact on our expenditure, and this was not factored into the S&CC increase as it was announced after. Other increases we are monitoring include electricity tariff and term contracts for many estate services.

2016 was a challenging year for us. Achieving a balance between our income from S&CC and the funds required for our operating needs is key when determining our priorities. The Town Council (Amendment) Bill was passed by Parliament earlier this year to address governance and other issues. To protect the residents' interests, the Ministry of National Development has stressed that residents have a right to expect Town Councils to be held to the same standards of governance as charities and public-listed companies.

Conclusion

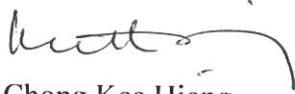
Shaping the Town in tandem with the national direction is also something that we have to constantly be mindful of. Needs and expectations will always evolve with the times. As the TC Chairman, I will do my best to anticipate the changes by working closely with the ground and lead my team to serve the residents.

When I first became the Chairman, the challenge to meet residents' expectations with what we had seemed like a daunting task. However, with the experience and the dedication of our staff,

I am pleased that we were able to deliver. We will do our best every day as we continue to explore new ways to meet your growing expectations.

I would like to thank my Parliamentary colleagues and all Town Councillors and staff for their support, without which we would not have achieved so much.

Thank you.

A handwritten signature in black ink, appearing to read 'Chong Kee Hiong', with a stylized flourish extending from the end.

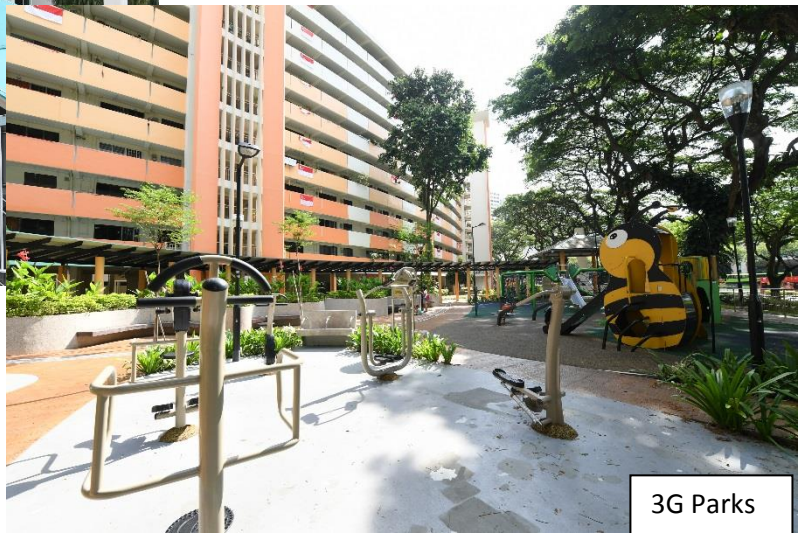
Chong Kee Hiong

Chairman

Bishan-Toa Payoh Town Council



New Covered Linkways



3G Parks



New/Upgraded Children Playground



Replacement of Booster Pumps



Lift Servicing



Re-roofing works

Financial statements

BISHAN-TOA PAYOH TOWN COUNCIL

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

For the year ended 31 March 2017

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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

Opinion

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 2017, 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 financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying 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, the financial position of the Town Council as at 31 March 2017 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 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 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 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 financial statements and our auditor's report thereon, which are expected to be made available to us after the date of this auditor's report.

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 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 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.

Independent auditor's report to the members

BISHAN-TOA PAYOH TOWN COUNCIL (Cont'd)

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

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

Management is responsible for the preparation and fair presentation of the 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 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 financial statements, management is responsible for assessing the Town Council's ability to continue as a going concern, 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements.

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 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 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 auditor's report. However, future events or conditions may cause the Town Council to cease to continue as a going concern.

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 Financial Statements (Cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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,

- 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
- proper accounting and other records have been kept, including records of all assets of the Town Council whether purchased, donated or otherwise.

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 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 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.


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 Compliance Audit (Cont'd)

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




Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 26 July 2017

Statement of financial position

as at 31 March 2017

	Note	2017 \$	2016 \$
TOWN COUNCIL FUND			
Residential Property Funds			
Accumulated surplus	3	1,728,772	1,887,417
Sinking Funds	4	74,896,756	77,697,853
Town Improvement and Project Funds	5	1,055,912	-
		77,681,440	79,585,270
Commercial Property Funds			
Accumulated surplus	3	3,067,409	2,086,414
Sinking Funds	4	37,113,356	36,448,515
Town Improvement and Project Funds	5	48,940	329,982
		40,229,705	38,864,911
Carpark Funds			
Accumulated surplus	3	341,581	190,804
		118,252,726	118,640,985
REPRESENTED BY:			
Non-current assets			
Plant and equipment	6	10,247	33,511
Current assets			
Receivable for Neighbourhood Renewal Programme	7	-	1,720,193
Financial assets at fair value through profit or loss	8	-	58,725,165
Conservancy and service fees receivables	9	729,234	713,910
Other receivables	10	924,068	4,354,687
Interest receivable		281,216	678,438
Grants receivable	11	386,288	951,072
Fixed deposits with financial institutions	12	110,086,612	52,708,965
Cash and bank balances	13	14,681,712	8,521,175
		127,089,130	128,373,605
Total assets		127,099,377	128,407,116
Less:			
Current liabilities			
Conservancy and service fees received in advance		554,711	614,439
Advances received for Neighbourhood renewal Programme	7	1,710,337	-
Payables and accrued expenses	14	5,536,603	8,103,492
Income tax payable		1,045,000	1,048,200
Total liabilities		8,846,651	9,766,131
NET ASSETS		118,252,726	118,640,985


CHONG KEE HIONG
Chairman


LING MING CHUAN
Secretary

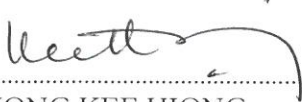
Date: 26 July 2017

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 2017

	Note	2017 \$	2016 \$
Operating income			
Conservancy and service fees	3	35,705,797	35,248,199
Less: Operating income transfer to Sinking Funds (minimum required by law)	3, 4	(12,013,115)	(11,857,299)
		23,692,682	23,390,900
Agency fees	15	2,696,237	2,538,912
Other income	16	1,909,629	1,911,692
		28,298,548	27,841,504
Less:			
Operating expenditure			
Cleaning works		(5,936,674)	(5,802,759)
Lift maintenance		(5,160,682)	(4,260,620)
Other works and maintenance		(5,184,423)	(4,953,275)
Water and electricity		(6,635,145)	(7,370,702)
General and administrative expenditure	17	(7,426,465)	(6,989,373)
		(30,343,389)	(29,376,729)
Operating deficit		(2,044,841)	(1,535,225)
Add: Interest income	3	91,904	161,535
Deficit before taxation and government grants		(1,952,937)	(1,373,690)
Less:			
Income tax	18	(113,921)	(129,184)
Deficit before government grants		(2,066,858)	(1,502,874)
Add:			
Government grants		8,097,944	7,737,169
GST subvention		1,223,408	1,212,591
Less: Transfer to			
- Sinking Funds	4	(2,333,653)	(2,312,267)
- Town Improvement and Project Funds	5	(1,947,714)	(1,644,489)
		5,039,985	4,993,004
SURPLUS FOR THE YEAR FROM ROUTINE FUND		2,973,127	3,490,130
Add:			
Deficit for the year from:			
- Sinking Funds	4	(2,136,256)	(4,516,723)
- Town Improvement and Project Funds	5	(1,225,130)	(5,435,363)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(388,259)	(6,461,956)


CHONG KEE HIONG
Chairman


LING MING CHUAN
Secretary

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

Statement of changes in funds for the financial year ended 31 March 2017

	Residential property \$	Commercial property \$	Carparks \$	Total \$
Balance at 1 April 2015	85,206,520	35,114,799	1,439,344	121,760,663
Net transfer of funds during boundary change	990,842	2,348,742	2,694	3,342,278
Total comprehensive (loss)/income	(6,612,092)	1,401,370	(1,251,234)	(6,461,956)
Balance at 31 March 2016	79,585,270	38,864,911	190,804	118,640,985
Total comprehensive (loss)/income	(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

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 2017

	Note	2017 \$	2016 \$
Cash Flows from Operating Activities			
Deficit before taxation and government grants	3	(1,952,937)	(1,373,690)
Adjustments for:			
Operating income transfer to Sinking Funds	3,4	12,013,115	11,857,299
Depreciation of plant and equipment	6,17	28,061	34,580
Interest income	3	(91,904)	(161,535)
Operating surplus before working capital changes		9,996,335	10,356,654
Decrease in operating receivables		3,355,567	605,351
(Decrease)/Increase in operating payables		(2,559,394)	637,679
Cash generated from operations before income tax		10,792,508	11,599,684
Sinking Funds expenditure paid	4	(17,829,389)	(20,049,357)
Town Improvement and Project Funds expenditure	5	(3,173,395)	(7,160,186)
Neighbourhood Renewal Programme expenditure	7	(1,796,591)	(3,646,707)
Income tax paid	18	(544,443)	(432,259)
Net cash used in operations before government grants		(12,551,310)	(19,688,825)
Government grants received		8,666,071	8,043,460
GST subvention received		1,220,065	1,208,190
Government funds received for Neighbourhood Renewal Programme projects	7	5,227,121	1,130,511
Net cash generated from/(used in) operating activities		2,561,947	(9,306,664)
Cash Flows from Investing Activities			
Purchase of plant and equipment	6	(4,797)	(14,683)
Interest and investment income received		1,670,217	1,786,919
Proceeds from disposal of investments	8	61,115,497	-
Net cash generated from investing activities		62,780,917	1,772,236
Net increase/(decrease) in cash and cash equivalents		65,342,864	(7,534,428)
Cash and cash equivalents at beginning of year		59,425,460	66,959,888
Cash and cash equivalents at end of year	13	124,768,324	59,425,460

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 2017

1 General

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

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

These financial statements for the financial year ended 31 March 2017 were authorised for issue in accordance with a resolution of the Town Council on 26 July 2017.

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 policiesIncome 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.

(b) Critical accounting estimates and assumptions used in applying accounting policiesAllowance for bad and doubtful debts

Allowance for doubtful conservancy and service debts amounting to \$1,017,274 (2016 - \$817,198) 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 2017 is \$729,234 (2016 - \$713,910). If the present value of estimated future cash flows decrease by 10% from management's estimates, the allowance for impairment will increase by \$89,450 (2016 - \$87,570).

2(b) Adoption of new and revised standards

On 1 April 2016, 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 7	Amendments to FRS 7: Disclosure Initiative	1 January 2017
FRS 12	Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
FRS 109	Financial Instruments	1 January 2018
FRS 115	Revenue from Contracts with Customers	1 January 2018
FRS 116	Leases	1 January 2019

Except for FRS 109, FRS 115 and FRS 116, management expects that the adoption of other standards above will have no material impact on the financial statements in the period of initial application. The nature and the impending changes in accounting policy on adoption of FRS 109, FRS 115 and FRS 116 are described below:

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

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.

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

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

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

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

Sinking Funds

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

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

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

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

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

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

Town Improvement and Project Funds

Town Improvement and Project Funds ("TIPF") are established and maintained as part of the Town Council Funds. These funds are utilised for improvement and development works in the town.

2(d) Summary of significant accounting policies (Cont'd)**(a) Funds (Cont'd)****Town Improvement and Project Funds (Cont'd)**

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.

(b) Allocation of General Overheads

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

<u>Property Type</u>	<u>Equivalent Dwelling Unit(s)</u>
1 Residential Property Unit	1
1 Commercial Property Unit	2
6 Car Lots or 36 Motor Cycle Lots or 4 Lorry Lots	1

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

(c) Government grants

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

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

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

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 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 receivable for Neighbourhood Renewal Programme, conservancy and service fee receivables, other receivables, interest receivable, grants receivable, fixed deposits and cash and bank balances on the statement of financial position.

(iii) Held-to-maturity investments

There are no financial assets classified under this category.

(iv) Available-for-sale financial assets

There are no financial assets classified under this category.

(b) Recognition and derecognition

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

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 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.

(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.

(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.

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

(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.

(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.

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

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
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(Established under the Town Councils Act, Cap. 329A)
Notes to the financial statements for the financial year ended 31 March 2017
3 Accumulated surplus

	Note	Residential property 2017 \$	2016 \$	Commercial property 2017 \$	2016 \$	Carparks 2017 \$	2016 \$	Total 2017 \$	2016 \$
OPERATING INCOME									
Conservancy and service fees		31,503,175	31,224,940	4,202,622	4,023,259	-	-	35,705,797	35,248,199
Less: Operating income transfer to Sinking Funds	4	(10,542,196)	(10,449,156)	(1,470,919)	(1,408,143)	-	-	(12,013,115)	(11,857,299)
		20,960,979	20,775,784	2,731,703	2,615,116	-	-	23,692,682	23,390,900
Agency fees and other income		1,195,503	1,206,723	656,225	649,970	2,754,138	2,593,911	4,605,866	4,450,604
		22,156,482	21,982,507	3,387,928	3,265,086	2,754,138	2,593,911	28,298,548	27,841,504
Less:									
OPERATING EXPENDITURE		(25,470,799)	(24,680,556)	(2,271,128)	(2,282,690)	(2,601,462)	(2,413,483)	(30,343,389)	(29,376,729)
Operating (deficit)/surplus		(3,314,317)	(2,698,049)	1,116,800	982,396	152,676	180,428	(2,044,841)	(1,535,225)
Add:									
NON-OPERATING INCOME - interest income		78,201	137,963	5,701	9,731	8,002	13,841	91,904	161,535
(DEFICIT)/SURPLUS BEFORE TAXATION AND GOVERNMENT GRANTS		(3,236,116)	(2,560,086)	1,122,501	992,127	160,678	194,269	(1,952,937)	(1,373,690)
Less:									
INCOME TAX	18	(96,936)	(110,258)	(7,084)	(7,808)	(9,901)	(11,118)	(113,921)	(129,184)
(DEFICIT)/SURPLUS AFTER TAXATION BUT BEFORE GOVERNMENT GRANTS		(3,333,052)	(2,670,344)	1,115,417	984,319	150,777	183,151	(2,066,858)	(1,502,874)
Add:									
Government grants	19	9,070,023	8,862,179	251,329	87,581	-	-	9,321,352	8,949,760
Less: Transfer to									
Sinking Funds	4, 19	(2,333,653)	(2,312,267)	-	-	-	-	(2,333,653)	(2,312,267)
Town Improvement and Project Funds	5, 19	(1,696,385)	(1,556,908)	(251,329)	(87,581)	-	-	(1,947,714)	(1,644,489)
		5,039,985	4,993,004	-	-	-	-	5,039,985	4,993,004
SURPLUS FOR THE YEAR		1,706,933	2,322,660	1,115,417	984,319	150,777	183,151	2,973,127	3,490,130
Add:									
Accumulated surplus at beginning of year		1,887,417	4,171,340	2,086,414	5,858,071	190,804	1,439,344	4,164,635	11,468,755
SURPLUS FOR THE YEAR		3,594,350	6,494,000	3,201,831	6,842,390	341,581	1,622,495	7,137,762	14,958,885
Add:									
Transfer from Carpark to Residential Activity at 24 August 2015		-	1,434,385	-	-	-	(1,434,385)	-	-
Net transfer of funds during Boundary change		-	26,801	-	61,961	-	2,694	-	91,456
Transfer to Sinking Fund at 24 August 2015	4	-	(980,763)	-	(4,147,205)	-	-	-	(5,127,968)
Transfer to Town Improvement and Project Funds at 24 August 2015	5	-	(4,329,970)	-	(670,732)	-	-	-	(5,000,702)
Appropriation to Town Improvement and Project Funds	5	(1,865,578)	(757,036)	(134,422)	-	-	-	(2,000,000)	(757,036)
Accumulated surplus at end of year		1,728,772	1,887,417	3,067,409	2,086,414	341,581	190,804	5,137,762	4,164,635

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 2017****21****4 Sinking Funds**

	Note	Residential property		Commercial property		Total	
		2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$
Balance at beginning of year		77,697,853	81,035,180	36,448,515	29,249,121	114,146,368	110,284,301
Transfer from accumulated surplus at 24 August 2015	3	-	980,763	-	4,147,205	-	5,127,968
Net transfer of funds during Boundary change		-	964,041	-	2,286,781	-	3,250,822
Add :							
Operating income transfer from conservancy and service fees (minimum required by law)	3	10,542,196	10,449,156	1,470,919	1,408,143	12,013,115	11,857,299
Transfer from government grants and GST subvention	3, 19	2,333,653	2,312,267	-	-	2,333,653	2,312,267
Other income	20(i)	1,470,264	2,017,849	107,474	143,868	1,577,738	2,161,717
Fair value changes on investments with fund managers	8	182,454	(409,774)	13,147	(30,066)	195,601	(439,840)
		14,528,567	14,369,498	1,591,540	1,521,945	16,120,107	15,891,443
Less : Expenditure	20(ii)	(16,931,763)	(19,316,233)	(897,626)	(733,124)	(17,829,389)	(20,049,357)
Less : Income tax	18	(397,901)	(335,396)	(29,073)	(23,413)	(426,974)	(358,809)
(Deficit)/Surplus for the financial year		(2,801,097)	(5,282,131)	664,841	765,408	(2,136,256)	(4,516,723)
Balance at end of year		74,896,756	77,697,853	37,113,356	36,448,515	112,010,112	114,146,368

*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

-	58,725,165
243,564	238,446
879,196	3,786,549
270,941	668,568
811,573	682,028
103,058,618	47,620,757
9,744,969	5,932,478
115,008,861	117,653,991

Less:

Current liabilities

Payables and accrued expenses

Income tax payable

Total liabilities**Net assets**

2,182,749	2,690,623
816,000	817,000
2,998,749	3,507,623
112,010,112	114,146,368

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 2017
22
5 Town Improvement and Project Funds

		Residential property		Commercial property		Total	
	Note	2017	2016	2017	2016	2017	2016
		\$	\$	\$	\$	\$	\$
Balance at beginning of year		-	-	329,982	7,607	329,982	7,607
Transfer from Accumulated Surplus at 24 August 2015	3	-	4,329,970	-	670,732	-	5,000,702
Add :							
Transfer from Government Grants	3,19	1,696,385	1,556,908	251,329	87,581	1,947,714	1,644,489
Other income		837	75,277	62	5,523	899	80,800
		1,697,222	1,632,185	251,391	93,104	1,948,613	1,725,289
Less : Expenditure		(2,506,564)	(6,718,755)	(666,831)	(441,431)	(3,173,395)	(7,160,186)
Less : Income tax	18	(324)	(436)	(24)	(30)	(348)	(466)
Deficit for the financial year		(809,666)	(5,087,006)	(415,464)	(348,357)	(1,225,130)	(5,435,363)
Add: Appropriation from accumulated surplus	3	1,865,578	757,036	134,422	-	2,000,000	757,036
Balance at end of year		1,055,912	-	48,940	329,982	1,104,852	329,982

Represented by:
Current assets

Grants receivable

Other receivables

Amount due from accumulated surplus

Cash and bank balances

Total assets

78,078	646,205
65,811	289,458
918,492	1,979,911
1,116,366	661,569
2,178,747	3,577,143

Less:

Current liabilities

Payables and accrued expenses

Total liabilities
Net assets

1,073,895	3,247,161
1,073,895	3,247,161
1,104,852	329,982

6 Plant and equipment

	Furniture, fixtures and fittings \$	Office Equipment \$	Data processing equipment/ software \$	Total \$
<u>Cost</u>				
At 1 April 2015	937,233	49,698	566,610	1,553,541
Additions	-	-	14,683	14,683
Write-off	(237)	(11,437)	(8,595)	(20,269)
At 31 March 2016	936,996	38,261	572,698	1,547,955
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
<u>Accumulated depreciation</u>				
At 1 April 2015	936,104	46,661	517,368	1,500,133
Depreciation for the year (Note 17)	436	1,473	32,671	34,580
Write-off	(237)	(11,437)	(8,595)	(20,269)
At 31 March 2016	936,303	36,697	541,444	1,514,444
Depreciation for the year (Note 17)	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
<u>Net book value</u>				
At 31 March 2017	257	283	9,707	10,247
At 31 March 2016	693	1,564	31,254	33,511

7 (Receivable)/Advances received for Neighbourhood Renewal Programme

	2017 \$	2016 \$
Balance at beginning of year	(1,720,193)	796,003
Government funds received	5,227,121	1,130,511
Payments to contractors	(1,796,591)	(3,646,707)
	3,430,530	(2,516,196)
Balance at end of year	1,710,337	(1,720,193)

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).

	2017 \$	2016 \$
Fair value at beginning of year	60,919,896	60,582,581
Proceeds from maturity of investments	(61,115,497)	-
Accrued investment income	700,000	1,477,155
Annual payout to the Town Council	(700,000)	(700,000)
Increase/(decrease) in fair value (Note 4)	195,601	(439,840)
Fair value at end of year	-	60,919,896
<i>Represented by:</i>		
Equities and unit trusts	-	1,971,003
Bonds in corporations	-	21,759,828
Government and statutory board securities	-	34,994,334
Financial assets at fair value through profit or loss	-	58,725,165
Cash and bank deposits (Note 13)	-	1,804,680
Interest receivable	-	397,546
Other creditors	-	(7,495)
	-	60,919,896

During the financial year, Bishan-Toa Payoh Town Council disposed of the investments with UOB Asset Management Ltd and Lion Global Investors Ltd.

9 Conservancy and service fees receivables

	2017 \$	2016 \$
Conservancy and service fees receivables (Note 24.1)	1,746,508	1,531,108
Less: Allowance for impairment	(1,017,274)	(817,198)
	729,234	713,910

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

	2017 \$	2016 \$
Balance at beginning of year	(817,198)	(726,343)
Allowance for the year (Note 17)	(200,076)	(90,855)
Balance at end of year	(1,017,274)	(817,198)

10 Other receivables

	2017 \$	2016 \$
Deposits	194,265	243,515
GST receivable from Inland Revenue	447,421	530,512
Recoverables from HDB/NEA	53,329	39,696
Receivable from Jalan Besar Town Council	-	3,369,257
Prepaid expenses	2,394	24,983
Other receivables	226,659	146,724
	924,068	4,354,687

11 Grants receivable

	2017 \$	2016 \$
Receivable from Citizens' Consultative Committees	78,078	646,205
GST subvention receivable	308,210	304,867
	386,288	951,072

12 Fixed deposits with financial institutions

	2017 \$	2016 \$
Fixed deposits with financial institutions (Note 13)	110,086,612	52,708,965

Fixed deposits with financial institutions mature on varying dates within 12 months (2016 - 9 months) from the end of the financial year. The effective interest rates at the reporting date were between 0.58% and 1.70% (2016 - between 1.16% and 1.90%) per annum. Fixed deposits are also recallable on demand by the Town Council without incurring any significant penalties and interest costs.

13 Cash and bank balances

	2017 \$	2016 \$
Cash and bank balances	14,681,712	6,716,495
Cash and bank deposits held by fund managers (Note 8)	-	1,804,680
	14,681,712	8,521,175

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

	2017 \$	2016 \$
Cash and bank balances	14,681,712	6,716,495
Fixed deposits with financial institutions (Note 12)	110,086,612	52,708,965
	124,768,324	59,425,460

14 Payables and accrued expenses

	2017 \$	2016 \$
Refundable deposits	227,472	380,352
Payables to contractors	4,416,292	7,427,487
Accrued operating expenses	819,071	245,488
Other creditors	73,768	50,165
	5,536,603	8,103,492

15 Agency fees

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

16 Other income

	2017 \$	2016 \$
Agency fees	5,387	7,110
Late payment fees	111,827	77,430
Liquidated damages	190,125	200,037
Sale of tender documents	30,795	25,715
Sundry fines	18,300	17,899
Sundry income	36,908	78,026
Temporary occupation licences	1,354,723	1,355,650
Use of void decks and common property	30,120	32,926
Use of water and electricity	131,444	116,899
	1,909,629	1,911,692

17 General and administrative expenditure

	2017 \$	2016 \$
Advertising, publicity and public relations	188,961	371,815
Audit fees	38,400	41,300
Computers services	168,337	209,667
Conservancy and service fees receivables		
- allowance for impairment loss (Note 9)	200,076	90,855
- bad debts	5,151	110
Depreciation of plant and equipment (Note 6)	28,061	34,580
Employee remuneration (Note 21)	6,159,390	5,769,697
Office expenses	239,738	270,202
Office rental	300,996	299,241
Others	210,966	410,522
Plant and equipment not capitalised	7,986	4,382
Property tax	153,705	159,286
Unclaimable GST	259,519	259,056
Allocation of general and administrative expenditure to:		
- Sinking Funds	(453,312)	(747,245)
- Town Improvement and Project Funds	(81,509)	(184,095)
	7,426,465	6,989,373

18 Income tax

	2017 \$	2016 \$
Current tax expense		
- Current year	570,000	475,795
- (Over)/Under provision in respect of previous years	(28,757)	12,664
	541,243	488,459
Taken up in:		
Accumulated surplus (Note 3)	113,921	129,184
Sinking Funds (Note 4)	426,974	358,809
Town Improvement and Project Funds (Note 5)	348	466
	541,243	488,459

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

	2017 \$	2016 \$
Investment and interest income	2,362,231	2,844,470
Other income	341,603	525,502
	2,703,834	3,369,972
Tax calculated at Singapore tax rate of 17% (2016 - 17%)	459,652	572,895
Singapore statutory stepped income exemption	(25,925)	(25,925)
Tax effect of certain income taxed at concessionary tax rate	(92,749)	(126,607)
(Over)/Under provision in respect of previous years	(28,757)	12,664
Others	229,022	55,432
	541,243	488,459

Movements in provision for income taxes are as follows:

	2017 \$	2016 \$
Balance at beginning of year	1,048,200	992,000
Payments during the year	(544,443)	(432,259)
(Over)/Under provision in respect of previous years	(28,757)	12,664
Tax expense on income for current year	570,000	475,795
Balance at end of year	1,045,000	1,048,200

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	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$
Government grants received/receivable during the year	3	6,150,230	6,092,680	1,223,408	1,212,591	1,947,714	1,644,489	9,321,352	8,949,760
Less:									
Transfer to Sinking Funds	3, 4	(1,924,252)	(1,906,483)	(409,401)	(405,784)	-	-	(2,333,653)	(2,312,267)
Transfer to Town Improvement and Project Funds	3, 5	-	-	-	-	(1,947,714)	(1,644,489)	(1,947,714)	(1,644,489)
		4,225,978	4,186,197	814,007	806,807	-	-	5,039,985	4,993,004

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

	2017 \$	2016 \$
Total grants received as at beginning of year	246,475,037	237,223,387
Grants receivable at beginning of year and received during the year	646,205	952,496
Grants received during the year	8,019,866	7,090,964
GST subvention receivable at beginning of year and received during the year	304,867	300,466
GST subvention received during the year	915,198	907,724
Total grants received as at end of year	256,361,173	246,475,037

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

	2017 \$	2016 \$
Income from investment funds placed with fund managers	700,000	1,477,155
Interest income from bank deposits	869,243	675,171
Others	8,495	9,391
	1,577,738	2,161,717

(ii) Expenditure

	2017 \$	2016 \$
Electrical rewiring works	31,978	929,910
Lift works	7,234,480	5,633,385
Other works	6,005,106	4,590,018
Re-decoration and repainting works	1,033,555	8,053,293
Re-roofing works	3,338,463	629,511
Unclaimable GST	185,807	213,240
	17,829,389	20,049,357

21 Employee remuneration

	2017 \$	2016 \$
Councillors' allowance	164,400	157,639
Salaries and related costs	5,296,136	4,966,296
Contribution to CPF	698,854	645,762
	6,159,390	5,769,697

Employee remuneration includes the following:

	2017 \$	2016 \$
Key management personnel remuneration		
- Councillors' allowance	164,400	157,639
- Salaries and related costs	720,846	717,936
- Contribution to CPF	28,639	28,321
	913,885	903,896

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:

	2017 \$	2016 \$
Not later than one year	438,854	438,854
Later than one year and not later than five years	489,079	927,933
	927,933	1,366,787

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 (2016 - 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:

	2017 \$	2016 \$
Amount approved and contracted for	10,090,266	17,638,709
Amount approved but not contracted for	38,807,000	46,109,000

24 Financial instruments and financial risks

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

24.1 Credit risk

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

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

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

For receivables, an ongoing credit evaluation is performed on the financial conditions of the receivables and losses on impairment are recognised in income or expenditure. The allowance for doubtful conservancy and service fees receivables totalling \$1,017,274 (2016 - \$817,198) 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:

	2017 \$	2016 \$
Not past due	220,276	194,658
Past due 1 - 3 months	195,516	178,284
Past due 4 - 5 months	87,309	94,439
More than 6 months	1,243,407	1,063,727
Total receivables (Note 9)	1,746,508	1,531,108
Less: Allowance for impairment	(1,017,274)	(817,198)
	729,234	713,910

Conservancy and service fees receivables amounting to \$220,276 (2016 - \$194,658) are creditworthy debtors with no adverse payment records with the Town Council.

Conservancy and service fees receivables amounting to \$508,958 (2016 - \$519,252) 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.

24.2 Market risk*Interest rate risk*

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

Equity price risk

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

The exposure to market risk is minimal as the investments were disposed of during the year (Note 8).

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 (2016 - 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:

	2017 \$	2016 \$
Financial assets at fair value through profit or loss	-	58,725,165
Loan and receivables at amortised cost (i)	126,639,315	69,092,945
Less: Financial liabilities at amortised cost	(7,801,651)	(8,717,931)
	118,837,664	119,100,179

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

25 Funds management

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

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

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

There were no changes in the Town Council's policies and procedures in the management of its surplus funds during the financial year. The Town Council is not subject to externally imposed capital requirements. As at the end of the reporting period, the Town Council's total funds amounted to \$118,252,726 (2016 - \$118,640,985).

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 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 Events after end of reporting period

Pursuant to guidelines provided by Ministry of National Development and as stated in Town Council Financial Rules Revised Edition 1998, Town Council has to establish and maintain Lift Replacement Fund ("LRF").

A proportion of 14% of surpluses in Sinking Funds has to be transferred to LRF to ensure sufficient funds are set aside for the replacement of existing lifts with effect from 1 April 2017. The amount to be transferred is 14% of Sinking Funds balance as at 31 March 2017 which amounted to \$15,681,416.

Ministry of National Development will also provide additional support to help Town Council cope with higher lift-related servicing and maintenance costs by introducing Lift Maintenance Grant ("LMG"). The LMG will be disbursed to Town Councils annually, together with the Service and Conservancy Charge operating grant. The amount to be disbursed to each Town Council is \$600 for every lift (pertaining to both residential and commercial property) maintained by the Town Council as at 1st March of each financial year.

As with the Service and Conservancy Charge operating grant, the LMG will be subjected to minimum contribution rates of 26% to Sinking Funds and 14% to LRF.