



ANNUAL REPORT 2016/2017





Jalan Besar Town Council's Annual Financial Statements
Auditors' Reports and Annual Reports for FY2016/2017
S. 297 of 2017

Ordered by Parliament to lie upon the Table
17 November 2017



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CHAIRMAN'S MESSAGE

Introduction

As a public housing estate in the heart of the city, Jalan Besar Town is hugely attractive to those looking for a new home. When new HDB Build-To-Order flats in our Town were offered for sale in the last few years, not surprisingly, the response was always overwhelming.

In 2016, we welcomed new residents moving into Bendemeer Light, Green Tops in Sims Place and Tenteram Peak in Whampoa. At the same time, in December, we bade a fond farewell to the iconic Rochor Centre. Most of the former Rochor residents are now happily settled in Kallang Trivista, a new precinct situated next to Kallang MRT Station that has also been added to our portfolio.

As at 31 March 2017, we managed more than 56,000 residential units and close to 5,000 commercial units and stalls in market and food centres, an increase of 3.5 per cent from a year before.



Giving a Lift to Elevator Safety

Whether for convenience or necessity, lifts have become an indispensable part of our lives. In the past two years, the issue of lift safety has become a hot topic following several incidents in HDB estates across Singapore.

At Jalan Besar Town Council, residents' safety is our top priority. There is no compromise. We have in place a stringent maintenance programme for the close to 1,200 lifts under our management. Each lift undergoes servicing once every month. Thorough checks are also conducted every year by an independent authorised examiner. In addition, our Town Council has a dedicated team of lift engineers and technicians who help oversee the lift maintenance, while working with lift companies.

In September 2016, the Housing and Development Board announced the establishment of the Lift Enhancement Programme (LEP), under which it will fund up to 90 per cent of the cost to modernise the older lifts in public housing estates over 10 years. The Town Council will comply with all statutory regulations and requirements to ensure the safety of our lifts. This is our duty of care to residents.



A Clean and Beautiful Living Environment

Lift maintenance is only one aspect of the Town Council's scope of work. Overseeing the cleanliness of the estates is the role most residents associate the Town Council with. It is an area where the Town Council strives to deliver the highest standards. In the last financial year, we spent \$8.7 million on cleaning and landscaping works. This represents 26.8 per cent of our routine operating costs, underscoring our commitment to provide residents with a clean and green living environment.

We also try to instil good social habits through educational posters and write-ups in our newsletter. Despite our best efforts, sadly, littering and high-rise littering continue to be perennial problems our officers and workers encounter every day.

In a further push to reduce the incidence of persistent high-rise littering in Jalan Kukoh, the Town Council launched an initiative in October 2016 aimed at getting residents to bag their trash before throwing it into the bin chutes. Called Bag It, Tie It, Bin It - Let's Make It A Habit!, the project involved distributing trash bags to every household in Blocks 2 and 3 Jalan Kukoh from October to December 2016. The trash bags were printed with a message reminding residents to bag their rubbish and tie the bags before throwing them into the central refuse chutes, which are located at the two ends of the corridor.

The project is believed to be the first such initiative by a Town Council. Over the three-month period, we noticed a slight, but not significant, improvement in the littering situation.

We also beautify our community spaces by upgrading existing facilities and constructing new ones. We upgraded and built \$ 3.1 million worth of facilities in the financial year, including community plazas, fitness corners, and an anti-bird barrier system to the roof tops of 10 blocks in Potong Pasir.

At the same time, we carried out \$ 14.3 million of cyclical maintenance. These include replacement of water pumps and pipes, rewiring and repainting of the common areas.

Financial Report

At the close of the financial year on 31 March 2017, the Town Council had an operating surplus of \$ 5.2 million, while our accumulated surplus was \$ 8.3 million.





Forging Our Best Home Together

It takes two hands to clap, but many more hands to make our Town a wonderful home for all. As you will note, good money is spent on the provision of facilities and services and maintenance of our estate. I entreat all residents to help keep our public spaces clean and use our shared facilities with care. Residents determine the kind of environment they live in. At the end of the day, would you not rather live in an estate that is clean, beautiful and safe?

We also appreciate the assistance of the government agencies and grassroots organisations who work with us in many areas – be it estate cleanliness, pest management or keeping our neighbourhoods safe.

Together, let us make Jalan Besar Town a great place to live, work and play.

Dr Lily Neo
Chairman
MP for Jalan Besar GRC (Kreta Ayer-Kim Seng)



OUR MEMBERS OF PARLIAMENT



POTONG PASIR

Mr Sitoh Yih Pin

MP for Potong Pasir SMC

Vice Chairman of Jalan Besar Town Council



WHAMPOA

Mr Heng Chee How

Senior Minister of State, Prime Minister's Office

MP for Jalan Besar GRC (Whampoa)



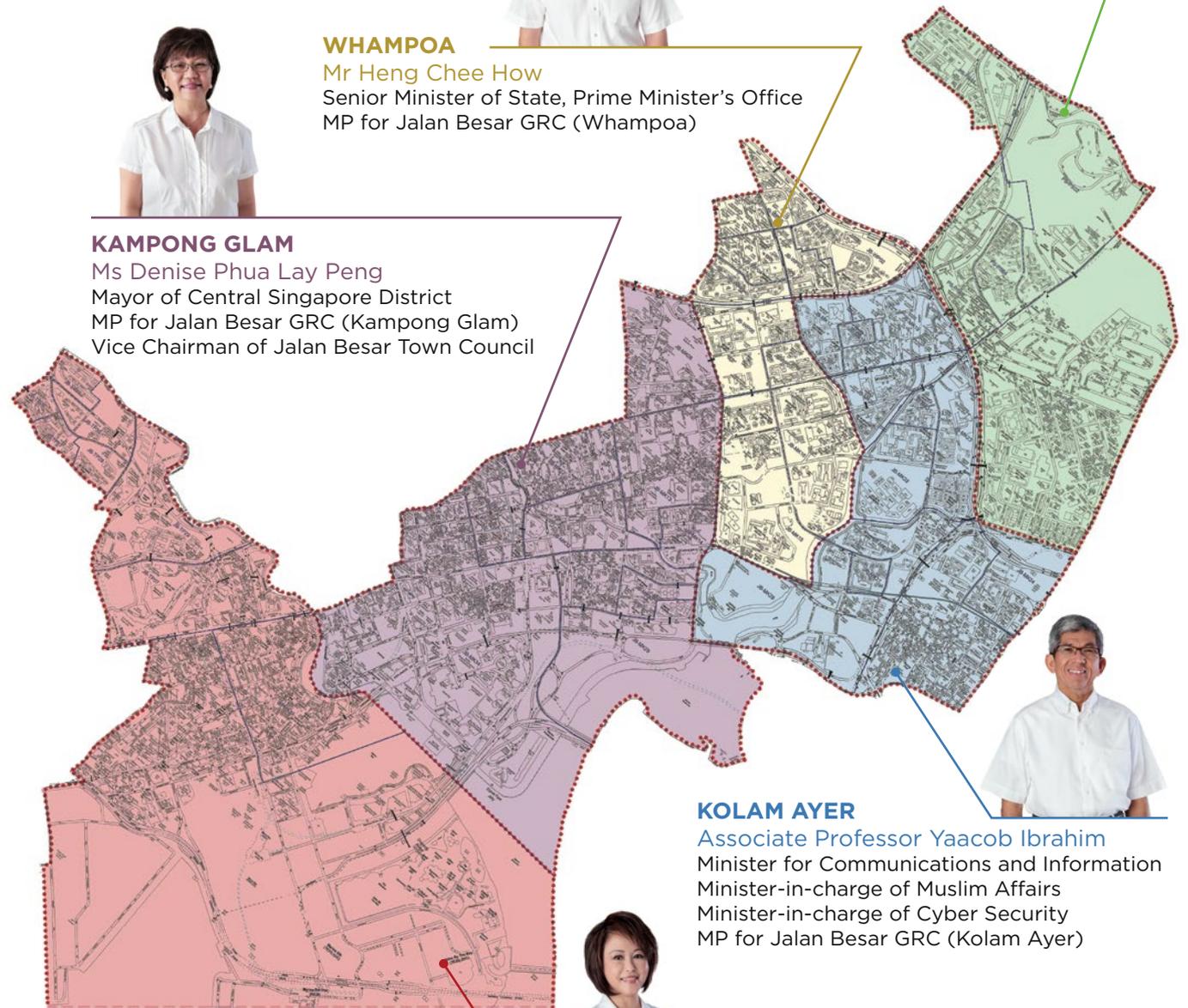
KAMPONG GLAM

Ms Denise Phua Lay Peng

Mayor of Central Singapore District

MP for Jalan Besar GRC (Kampong Glam)

Vice Chairman of Jalan Besar Town Council



KOLAM AYER

Associate Professor Yaacob Ibrahim

Minister for Communications and Information

Minister-in-charge of Muslim Affairs

Minister-in-charge of Cyber Security

MP for Jalan Besar GRC (Kolam Ayer)



KRETA AYER-KIM SENG

Dr Lily Neo

MP for Jalan Besar GRC (Kreta Ayer-Kim Seng)

Chairman of Jalan Besar Town Council

TOWN COUNCILLORS AND COMMITTEE MEMBERS

(1 November 2015 to 31 October 2017)

Commercial Premises Committee

Chairmen

Mr Tan Wah Seng
Mr Khoo Swee How

Members

Mr Chin Chip Chon
Ms Goh Siew Mui
Madam Han Swee Lim, Lily
Mr Tan Koon Gek
Mr Lim Teow Kim, Andrew

Finance and Legal Committee

Chairmen

Mr Lee Choy Peng, Eddie
Mr Lee Kau Fu

Members

Mr Tan Yong Teck, Michael
Mr Ng Kim Leong
Ms Foo Jee Buay
Mr Ng Ngiap Khiang, Francis
Mr Ong See Hock

Publicity and Community Relations Committee

Chairmen

Mr Choy Fook Seng
Madam Phng Ham Lui, Eunice

Members

Mr Rajesh Kantila Rashiwala
Mr Ho Cheng Pheng
Mr Lau Chun Wai
Mr Ong Keng Thiam
Ms Ong Ai Siang, Irene

Special Projects and Development Committee

Chairmen

Mr Chua Kian Meng
Mr Chua Chong Meng, Vincent

Members

Mr Tang Ang Cheong
Madam Choo Yoke Chun, Linda
Mr Lim Boon Keat, Bernard
Mr Tan Hwee Hor, Alastair
Mr Foo Kai Kiew

Estate Management Committee

Chairmen

Mr Wee Pang Kiat
Mr Chiang Heng Liang

Members

Mr Chin Chip Chon
Mr Ma Soon Peng, Ronnie
Mr Mohamad Idrees
Madam Phng Ham Lui, Eunice
Mr Rajesh Kantila Rashiwala
Mr Tan Yong Teck, Michael
Mr Tang Ang Cheong
Mr Teo Kim Chua, Richard
Mr Cheong Haw Guan, Ignatius
Madam Choo Yoke Chun, Linda
Mr Choy Fook Seng
Mr Goh Seng Ngee
Ms Goh Hwee Choo
Ms Goh Siew Mui
Mr Ho Cheng Pheng
Mr Ng Kim Leong
Mr Tan Boon Leng, Ryan
Mr Chua Chong Meng, Vincent
Ms Foo Jee Buay
Madam Han Swee Lim, Lily
Mr Lau Chun Wai
Mr Ma'il Bin Kanchil
Mr Tan Seng Hua, Shawn
Madam Cheah Mee Poh, Alice
Mr Chow Phon Kiat
Mr Khoo Swee How
Mr Ong Keng Thiam
Mr Ng Hoi Pin, Edmund
Mr Ng Ngiap Khiang, Francis
Mr Tan Hwee Hor, Alastair
Mr Ong See Hock
Mr Tong Wai Mun
Madam Yeow Swee Thin
Madam Yong Moh Lan, Jenny

Resource Members

Mr James Cao Juping
Mr Lee Tor Joon
Mr Ravinder Singh
Mr Yap Ee Hong
Mr Chia Cheng Ghee



FINANCIAL STATEMENTS



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JALAN BESAR TOWN COUNCIL

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Jalan Besar Town Council (the "Town Council"), which comprise the statement of financial position of the Town Council as at 31 March 2017, and the statements of income and expenditure, comprehensive income, changes in funds and cash flows of the Town Council for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Town Council are properly drawn up in accordance with the provisions of the Town Councils Act, Cap 329A (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Town Council as at 31 March 2017 and of the financial performance, changes in funds and cash flows of the Town Council for the financial year ended on that date.

Basis of Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditors' 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* (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 of our opinion.

Other Information

Management is responsible for the other information. The other information relates to the Chairman's Message included in the annual report, which we obtained prior to the date of this report.

Our opinion on the financial statements does not cover the other information and we do not and will 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 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management 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 Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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 going concern basis of accounting.

The Town Councillors' responsibilities include overseeing the Town Council's financial reporting process.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JALAN BESAR TOWN COUNCIL

Report on the Audit of Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

- 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 auditors' 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 auditors' report. However, future events or conditions may cause the Town Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the 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 the management 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

Management's Responsibilities 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.

Auditors' 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 conducted our audit in accordance with SSAs. 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.



MAZARS LLP

Public Accountants and
Chartered Accountants

Singapore
28 August 2017



STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2017

	Note	31/03/2017 S\$	31/03/2016 S\$
TOWN COUNCIL FUNDS			
Residential Property funds			
Accumulated surplus	4	2,698,067	800,114
Sinking fund	5	95,350,586	93,554,877
Town improvement and project fund	6	603,000	400,000
		98,651,653	94,754,991
Commercial Property funds			
Accumulated surplus	4	4,708,616	3,166,647
Sinking fund	5	76,443,061	74,538,811
Town improvement and project fund	6	111,000	100,000
		81,262,677	77,805,458
Carpark fund			
Accumulated surplus	4	878,288	332,551
Total Town Council funds		<u>180,792,618</u>	<u>172,893,000</u>
REPRESENTED BY:			
Non-current assets			
Plant and equipment	7	15,924	81,187
Held-to-maturity financial assets	8	22,243,128	23,239,770
		22,259,052	23,320,957
Current assets			
Held-to-maturity financial assets	8	3,000,000	3,000,000
Conservancy and service fees receivables	9	1,374,984	1,344,472
Neighbourhood Renewal Programme funding receivables	10	764,208	-
Other receivables	11	5,188,103	3,837,413
Receivables from Potong Pasir Town Council		-	8,352,837
Receivables from Tanjong Pagar Town Council		-	26,670,316
Cash and bank balances	12	153,217,458	115,287,516
		163,544,753	158,492,554
Total assets		<u>185,803,805</u>	<u>181,813,511</u>
Less:			
Current liabilities			
Conservancy and service fees received in advance		690,621	814,486
Neighbourhood Renewal Programme funding payables	10	-	784,676
Payables and accrued expenses	13	3,522,497	3,080,264
Payables to Bishan-Toa Payoh Town Council		-	3,369,258
Income tax payable	14	798,069	871,827
Total liabilities		<u>5,011,187</u>	<u>8,920,511</u>
Net assets		<u>180,792,618</u>	<u>172,893,000</u>



Dr Lily Neo
Chairman

Date: 28 August 2017



Justin Lim
Secretary

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

STATEMENT OF INCOME AND EXPENDITURE FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	01/04/2016 to 31/03/2017 S\$	01/10/2015 to 31/03/2016 S\$
Operating income			
Conservancy and service fees	4	37,948,946	17,265,907
Less: Operating income transfer to Sinking fund (minimum required by law)	4, 5	<u>(12,579,174)</u>	<u>(5,726,872)</u>
		25,369,772	11,539,035
Agency fees	4, 15	2,286,275	894,120
Other income	4, 16	<u>2,749,601</u>	<u>1,360,147</u>
		30,405,648	13,793,302
Less: Operating expenditure			
Cleaning works		(7,825,109)	(3,361,145)
Managing agent's fees	17	(4,593,740)	(1,960,413)
Lift maintenance		(4,689,652)	(1,966,132)
Other works and maintenance		(6,592,811)	(3,537,032)
Water and electricity		(6,817,887)	(3,495,540)
General and administrative expenditure	18	<u>(1,894,222)</u>	<u>(862,816)</u>
		(32,413,421)	(15,183,078)
Operating deficit		(2,007,773)	(1,389,776)
Add: Investment and interest income		<u>123,094</u>	<u>26,490</u>
Deficit before income tax and government grants		(1,884,679)	(1,363,286)
Less: Income tax	14	<u>(234,180)</u>	<u>(97,257)</u>
Deficit before government grants		(2,118,859)	(1,460,543)
Government grants	19	12,646,219	6,441,600
Less: Transfer to			
– Sinking fund	5	(2,911,543)	(1,312,974)
– Sinking fund (GST Subvention)	5	(364,831)	(166,343)
– Town improvement and project fund	6	<u>(2,053,117)</u>	<u>(1,661,530)</u>
		(5,329,491)	(3,140,847)
SURPLUS FOR THE FINANCIAL YEAR/PERIOD		5,197,869	1,840,210
Add: Accumulated surplus at 1 April / 1 October		4,299,312	-
Less: Appropriation to Town Improvement and Project fund		(1,212,210)	(1,136,688)
Net transfer due to boundary change on 1 October 2015		-	<u>3,595,790</u>
ACCUMULATED SURPLUS AT 31 MARCH		<u>8,284,971</u>	<u>4,299,312</u>

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	01/04/2016 to 31/03/2017 S\$	01/10/2015 to 31/03/2016 S\$
Surplus/(Deficit) for the financial year/period			
– Accumulated surplus	4	5,197,869	1,840,210
– Sinking fund	5	3,699,959	2,696,244
– Town improvement and project fund	6	<u>(998,210)</u>	<u>(636,688)</u>
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR/PERIOD ATTRIBUTABLE TO TOWN COUNCIL FUNDS		<u><u>7,899,618</u></u>	<u><u>3,899,766</u></u>

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

STATEMENT OF CHANGES IN FUNDS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Residential Property funds S\$	Commercial Property funds S\$	Carpark fund S\$	Total S\$
Balance at 1 October 2015	-	-	-	-
Transfer from Moulmein-Kallang Town Council at 1 October 2015	70,966,688	43,077,609	199,294	114,243,591
Transfer from Potong Pasir Town Council at 1 October 2015	5,719,489	6,895,542	37,150	12,652,181
Transfer from Tanjong Pagar Town Council at 1 December 2015	15,898,051	26,104,089	95,322	42,097,462
	92,584,228	76,077,240	331,766	168,993,234
Surplus for the financial period, representing total comprehensive income for the financial period	2,170,763	1,728,218	785	3,899,766
Balance at 31 March 2016	94,754,991	77,805,458	332,551	172,893,000
Surplus for the financial year, representing total comprehensive income for the financial year	3,896,662	3,457,219	545,737	7,899,618
Balance at 31 March 2017	<u>98,651,653</u>	<u>81,262,677</u>	<u>878,288</u>	<u>180,792,618</u>

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	01/04/2016 to 31/03/2017 S\$	01/10/2015 to 31/03/2016 S\$
Operating activities			
Deficit before government grants and income tax	4	(1,884,679)	(1,363,286)
Adjustments for:			
Allowance made for doubtful receivables	9	88,937	-
Conservancy and service fees transferred to Sinking fund	4, 5	12,579,174	5,726,872
Depreciation of plant and equipment	7	75,455	42,352
Investment and interest income		(123,094)	(26,490)
Plant and equipment written off	18	963	-
Written back of allowance for doubtful receivables	9	-	(60,600)
Operating cash flows before movements in working capital		10,736,756	4,318,848
Receivables		(929,815)	(1,732,535)
Payables		318,369	2,779,344
Cash generated from operations		10,125,310	5,365,657
Income taxes paid	14	(621,662)	(389,811)
Sinking fund expenditure paid	5	(14,317,391)	(5,286,477)
Town improvement and project funds expenditure paid, net	6	(3,051,327)	(2,298,218)
Neighbourhood Renewal Programme fund expenditure paid	10	(4,220,885)	(4,032,100)
Transfer of fund to Bishan-Toa Payoh Town Council		(3,369,258)	-
Transfer of fund from Potong Pasir Town Council		8,352,837	-
Transfer of fund from Tanjong Pagar Town Council		26,670,315	-
Net cash generated from/(used in) operating activities		<u>19,567,939</u>	<u>(6,640,949)</u>
Investing activities			
Interest income and investment income received		2,054,938	1,371,056
Investment in bonds		(2,000,000)	-
Redemption of bonds		3,000,000	-
Purchase of plant and equipment	7	(11,155)	(2,264)
Net cash generated from investing activities		<u>3,043,783</u>	<u>1,368,792</u>
Financing activities			
Government grants received	19	12,646,219	6,441,600
Funding received for Neighbourhood Renewal Programme		2,672,001	3,538,910
Net cash generated from financing activities		<u>15,318,220</u>	<u>9,980,510</u>
Net increase/(decrease) in cash and cash equivalents		37,929,942	4,708,353
Cash and cash equivalents at beginning of the financial year/period		114,287,516	-
Cash transfer from Moulmein-Kallang Town Council at 1 October 2015		-	109,579,163
Cash and cash equivalents at end of the financial year/period	12	<u><u>152,217,458</u></u>	<u><u>114,287,516</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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

1. General information

Jalan Besar Town Council (the "Town Council") was formed on 1 October 2015 under the Town Councils Act, Chapter 329A (the "Act"). The registered office and principal place of operations is at Block 70 Geylang Bahru #01-2719, Singapore 330070.

The principal functions of the Town Council are to control, manage, maintain and improve the common property of residential and other commercial property in the housing estates of the Housing and Development Board ("HDB") within the Town.

By virtue of the writ of the election issued on 25 August 2015, a general election was called for on 11 September 2015. Ministry of National Development ordered, by virtue of the Town Councils (Dissolution of Various Town Councils) Order 2015, Moulmein-Kallang Town Council to be dissolved as at 1 October 2015 and by the Town Councils (Declaration of Towns) Order 2015, Jalan Besar Town Council to be established from 1 October 2015, which manages the new estates comprising Kampong Glam, Kolam Ayer, Kreta Ayer-Kim Seng, Whampoa, and Potong Pasir divisions. These divisions are formerly part of Moulmein-Kallang Town Council, Potong Pasir Town Council and Tanjong Pagar Town Council.

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 28 August 2017.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") including all related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the provisions of the Act and are prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements of the Town Council are measured and presented in the currency of the primary economic environment in which the Town Council operates (its functional currency). The financial statements of the Town Council are presented in Singapore dollars ("S\$ or SGD"), which is also the functional currency of the Town Council.

In the current financial year, the Town Council has adopted all the new and revised FRS and INT FRS that are relevant to its operations and effective for annual periods beginning on or after 1 April 2016. The adoption of these new or revised FRS and INT FRS did not result in changes to the Town Council's accounting policies and has no material effect on the amounts reported for the current or prior financial years.

FRS and INT FRS issued but not yet effective

At the date of authorisation of these financial statements, the following new FRSs and amendments to FRS were issued but not yet effective:

	Description	Effective date (annual periods beginning on or after)
FRS 7	Amendments to FRS 7: <i>Disclosure Initiative</i>	1 January 2017
FRS 12	Amendments to FRS 12: <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
FRS 40	Amendments to FRS 40: <i>Transfers of Investment Property</i>	1 January 2018
FRS 102	Amendments to FRS 102: <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
FRS 104	Amendments to FRS 104: <i>Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts</i>	1 January 2018
FRS 109	<i>Financial Instruments</i>	1 January 2018
FRS 110, 28	Amendments to FRS 110 and FRS 28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined
FRS 115	<i>Revenue from Contracts with Customers</i>	1 January 2018
FRS 115	Amendments to FRS 115: <i>Effective Date of FRS 115</i>	1 January 2018
FRS 115	Amendments to FRS 115: <i>Clarifications to FRS 115 Revenue from Contracts with Customers</i>	1 January 2018
FRS 116	<i>Leases</i>	1 January 2019
Various	Improvements to FRSs (December 2016)	Various
INT FRS 122	<i>Foreign Currency Transactions and Advance Considerations</i>	1 January 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation(Continued)

Consequential amendments were also made to various standards as a result of these new or revised standards.

The Town Council has not early adopted any of the above new or revised standards, interpretations and amendments to the existing standards in the financial year ended 31 March 2017. Other than the following standards, management anticipates that the adoption of the aforementioned new or revised standards will not have a material impact on the financial statements of the Town Council in the period of their initial adoption.

FRS 109 Financial Instruments

FRS 109 supersedes FRS 39 *Financial Instruments: Recognition and Measurement* with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Financial assets are classified into financial assets measured at (i) fair value through profit or loss; (ii) amortised cost; or (iii) fair value through other comprehensive income, depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, or as otherwise designated as such upon initial recognition, if allowed.

Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the entity will have a choice to recognise the gains and losses in other comprehensive income if the financial assets are measured at fair value through other comprehensive income.

There have been no changes in the de-recognition requirements of financial assets and liabilities, nor the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch.

A new forward-looking impairment model based on expected credit losses, which replaces the incurred loss model in FRS 39, determines the recognition of impairment provisions as well as interest revenue. An entity will recognise (at a minimum of) 12 months of expected credit losses in profit or loss for financial assets measured at amortised cost or fair value through other comprehensive income, unless in the circumstance when there is a significant increase in credit risk after initial recognition which requires the entity to recognised lifetime expected credit losses on the affected assets.

The Town Council does not intend to early adopt FRS 109. The Town Council is still assessing the potential impact of FRS 109 on its financial statements in the initial year of adoption.

FRS 115 Revenue from Contracts with Customers

FRS 115 supersedes FRS 11 *Construction Contracts*, FRS 18 *Revenue*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue - Barter Transactions Involving Advertising Services* to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

Entities are required to adopt a five-step model which requires (i) their identification of the contract; (ii) their identification of the performance obligations in the contract; (iii) the determination of transaction price; (iv) allocation of the transaction price; and (v) recognition of revenue when (i.e. at a point in time) or as (i.e. over time) each performance obligation is satisfied.

The core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration which the entity expects to be entitled in exchange for those goods or services.

The Town Council does not intend to early adopt FRS 115. The Town Council is still assessing the potential impact of FRS 115 on its financial statements in the initial year of adoption.

FRS 116 Leases

FRS 116 supersedes FRS 17 *Leases*, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases - Incentives*, and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease* to set out the principles for the recognition, measurement, presentation and disclosure of leases. The changes introduced by FRS 116 will primarily affect the financial statements of the lessees.

FRS 116 requires, with limited exceptions, the lessee to recognise, at initial recognition, lease liabilities, measured at the present value of lease payments that are not paid as of that date to reflect the present value of the future lease payments, and right-of-use assets at cost, comprising elements including the amount of the initial measurement of the lease liabilities, initial direct costs incurred by the lessee and estimates of other contracted costs to be incurred by the lessee, for its lease contracts. Leases of "low-value" assets and qualifying short term leases entered into by lessees can be exempted from the new recognition criteria.

The Town Council does not intend to early adopt FRS 116. The Town Council is still assessing the potential impact of FRS 116 on its financial statements in the initial year of adoption.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. Summary of significant accounting policies (Continued)

2.2 Town Council Funds

In accordance with Section 33(1) of the Act, separate funds are established to account for the management of the different types of properties. The types of properties currently under the management of the Town Council are as follows:

Residential Property
Commercial Property

Car parks are managed by the Town Council for the HDB on an agency basis.

These routine funds related to properties under management, together with Sinking fund and Town improvement and project funds form the Town Council funds.

All moneys received by the Town Council are paid into and related expenditure is 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 fund

In accordance with Section 33(4) of the Act, separate sinking funds are established for improvement to, management and maintenance of residential and commercial properties. These sinking funds are maintained as part of the Town Council funds.

Under the Act, the Minister of 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 fund.

The minimum amounts to be paid, by property type, into the sinking funds are as follows:

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

These minimum contributions are treated as operating income transfers and are deducted from conservancy and service fees and government grants in the statement of income and expenditure and other comprehensive income.

The Sinking fund is utilised for cyclical major repainting, renewal or replacement of roofing system, water tanks, pumps and water supply system, lighting protection system, lifts, installation of any sensor and starter controller to the time-controlled booster pumping system, installation or replacement of any video monitoring devices in 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 as defined under the Housing and Development Act.

Town improvement and project fund

Town improvement and project fund ("TIPF") are established and maintained as part of the Town Council Fund. This fund is utilised for improvement and development works in the Town.

TIPF comprise the amounts set aside for projects to be carried out in the next financial year. All expenditures on town improvement and projects are appropriated from these reserves.

The fund is set up by transfer of funds 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").

2.3 Inter-funds transfer

Under Section 33(9) of the Act, the Town Council may transfer an amount not exceeding the surplus from any of its funds constituting the Town Council funds, to a fund which is in deficit.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. Summary of significant accounting policies (Continued)

2.4 Allocation of general overheads

Expenditure not specifically related to any property type managed, for example, administrative overheads, tree planting and pruning are allocated to the various property types using equivalent dwelling units 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

2.5 Plant and equipment

Plant and equipment are recognised at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. 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 plant and equipment.

Subsequent costs recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the asset will flow to the Town Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when incurred.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

- Office equipment 5 years
- Furniture and fittings 5 years
- Data processing equipment 3 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of plant and equipment is recognised in profit or loss.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

2.6 Impairment of tangible assets

The Town Council reviews the carrying amounts of its tangible assets as at each reporting date to assess for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Town Council estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset or 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.

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior financial years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. Summary of significant accounting policies (Continued)

2.7 Financial instruments

Financial assets and financial liabilities are recognised when the Town Council becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Financial assets

All financial assets are recognised on a trade date - the date on which the Town Council commits to purchase or sell the asset. They are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: loans and receivables, available-for-sale financial assets and held-to-maturity financial assets. The classification depends on the nature and purpose for which these financial assets were acquired and is determined at the time of initial recognition.

Held-to-maturity investments

Bonds with fixed or determinable payments and fixed maturity dates where the Town Council has a positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

Loans and receivables

The Town Council's loans and receivables comprise conservancy and service fees receivables, other receivables, and cash and cash equivalents.

Such loans and receivables are non-derivatives with fixed or determinable payments that are not quoted in an active market. They are measured at amortised cost, using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amounts of all financial assets are reduced by the impairment loss directly with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. Summary of significant accounting policies (Continued)

2.7 Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Town Council derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Town Council neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Town Council recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Town Council retains substantially all the risks and rewards of ownership of a transferred financial asset, the Town Council continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition.

Payables and accrued expenses

Payables and accrued expenses are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Town Council derecognises financial liabilities when, and only when, the Town Council's obligations are discharged, cancelled or they expire.

2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits with financial institutions that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents exclude deposits pledged with the financial institutions as collateral and which form an integral part of the Town Council's cash management.

2.9 Operating leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2.10 Provisions

Provisions are recognised when the Town Council has a present legal or constructive obligation as a result of a past event, it is probable that the Town Council will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, which is discounted using a pre-tax discount rate.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss as they arise.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

2. Summary of significant accounting policies (Continued)

2.11 Government grants

The Town Council receives four types of grants from the government: Service and Conservancy Charges ("S&CC") operating grant payments from CCC and GST Subvention Grant.

- (i) Service and Conservancy Charge operating grants to meet the current financial year's operating expenditure are taken to the statement of income and expenditure and other comprehensive income.
- (ii) Payments from CCCs are granted to provide funding support for community improvement projects under the CIPC scheme.
- (iii) The GST Subvention is given as grants-in-aid to the Town Council to assist the Town Council in absorbing the GST increases in service and conservancy charges for HDB residential flats.

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment.

2.12 Revenue recognition

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

Conservancy and service fees

Conservancy and service fees are recognised when due.

Agency fees

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

Interest income

Interest income from fixed deposits is recognised on a time proportion basis using the effective interest rates. Income from funds placed with fund managers is recognised based on fair value through profit or loss.

Other income

Other income comprises mainly temporary occupation licenses ("TOL"), liquidated damages claims and other miscellaneous income and are recognised when due.

2.13 Income tax

Tax is provided on the following income:

- (i) Income derived from investments and bank deposits;
- (ii) Fees, rent and other charges received from non-residents or non-owners of properties in the Town for the use of common property and maintenance of carparks where the Town Council opts to manage and maintain them; and
- (iii) Agency fees derived from acting as agent for the HDB.

Income tax is accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current financial 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, and 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.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

3. Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRSs requires Town Council to make judgments, estimates and assumptions of the carrying amounts of assets and liabilities that are not readily apparent from other sources in the application of the Town Council's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results could differ from those estimates.

3.1 Critical judgements made in applying the Town Council's accounting policies

In the process of applying the Town Council's accounting policies, the management is of the opinion that there are no critical judgements involved that had any significant effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Depreciation of plant and equipment

The Town Council depreciates the plant and equipment over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Town Council intends to derive future economic benefits from the use of the Town Council's plant and equipment. The residual value reflects management's estimated amount that the Town Council would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amount of the Town Council's plant and equipment as at 31 March 2017 is S\$15,924 (2016: S\$81,187) (Note 7).

Held-to-maturity financial assets

The Town Council follows the guidance of FRS 39 *Financial Instruments: Recognition and Measurement* ("FRS 39") on classifying non-derivatives financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Town Council evaluates its intention and ability to hold such investments to maturity.

If the Town Council is unable to keep these investments to maturity other than for specific circumstances explained in FRS 39, it will be required to reclassify the whole class as available-for-sale financial assets. The investments would therefore be measured at fair value and not amortised cost. The carrying amount of the Town Council's held-to-maturity financial assets as at 31 March 2017 is S\$25,243,128 (2016: S\$26,239,770) (Note 8).

Allowance for doubtful conservancy and service fees receivables

Allowance for doubtful conservancy and service fees receivable amounting to S\$417,730 (2016: S\$328,793) has been estimated on the basis of age of debts, result of recovery efforts and historical experience (Note 9). Other receivables mainly consist of grants receivables from the Citizens' Consultative Committees (CCC) for approved projects and no allowance has been provided for. Allowance is applied to other receivables if events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful of other receivables requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying amount of other receivables and the allowance for impairment in the financial year in which such estimate has been changed. The carrying amount of the Town Council's conservancy and service fees receivables as at 31 March 2017 was S\$1,374,984 (2016: S\$1,344,472) (Note 9). The carrying amount of the Town Council's other receivables as at 31 March 2017 was S\$5,188,103 (2016: S\$3,837,413) (Note 11).

Provision for income tax

The Town Council is subject to income taxes in Singapore. Judgement is required in determining the deductibility of certain expenses during the estimation of the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of operations. The Town Council recognises liabilities for expected tax issues based on estimate of whether additional taxes will be due. Where the final tax outcome of these matters differs from the amounts that were initially recognised, such differences will impact the income tax provisions in the period in which such determination is made. The carrying amount of the Town Council's current tax payable as at 31 March 2017 is S\$798,069 (2016: S\$871,827) (Note 14).

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

Accumulated surplus

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

	Total		Residential Property funds		Commercial Property funds		Carpark fund	
	01/04/2016	01/10/2015	01/04/2016	01/10/2015	01/04/2016	01/10/2015	01/04/2016	01/10/2015
	to	to	to	to	to	to	to	to
Note	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
OPERATING INCOME								
Conservancy and service fees	37,948,946	17,265,907	28,882,321	13,148,885	9,066,625	4,117,022	-	-
Less: Operating income transfer to Sinking fund (minimum required by law)	(12,579,174)	(5,726,872)	(9,405,853)	(4,285,914)	(3,173,321)	(1,440,958)	-	-
Agency fees	25,369,772	11,539,035	19,476,468	8,862,971	5,893,304	2,676,064	-	-
Other income	2,286,275	894,120	-	-	-	-	2,286,275	894,120
	2,749,601	1,360,147	1,528,036	310,000	1,175,473	1,039,030	46,092	11,117
	30,405,648	13,793,302	21,004,504	9,172,971	7,068,777	3,715,094	2,332,367	905,237
Less: Operating expenditure	(32,413,421)	(15,183,078)	(25,462,115)	(11,657,093)	(5,171,746)	(2,625,638)	(1,779,560)	(900,347)
	(2,007,773)	(1,389,776)	(4,457,611)	(2,484,122)	1,897,031	1,089,456	552,807	4,890
Add: Investment and interest income	123,094	26,490	97,888	21,097	17,359	3,901	7,847	1,492
Operating (deficit)/surplus before income tax and government grants	(1,884,679)	(1,363,286)	(4,359,723)	(2,463,025)	1,914,390	1,093,357	560,654	6,382
Less: Income tax	(234,180)	(97,257)	(186,454)	(76,984)	(32,809)	(14,676)	(14,917)	(5,597)
(Deficit)/Surplus before government grants	(2,118,859)	(1,460,543)	(4,546,177)	(2,540,009)	1,881,581	1,078,681	545,737	785
Add: Government grants / GST subvention	12,646,219	6,441,600	12,646,219	6,194,066	-	247,534	-	-
Less: Transfers to								
- Sinking fund	(2,911,543)	(1,312,974)	(2,911,543)	(1,312,974)	-	-	-	-
- Sinking fund (GST Subvention)	(364,831)	(166,343)	(364,831)	(166,343)	-	-	-	-
- Town improvement and project fund	(2,053,117)	(1,661,530)	(2,053,117)	(1,413,996)	-	(247,534)	-	-
SURPLUS FOR THE FINANCIAL YEAR/ PERIOD	5,197,869	1,840,210	2,770,551	760,744	1,881,581	1,078,681	545,737	785
Add: Accumulated Surplus at 1 April / 1 October	4,299,312	-	800,114	-	3,166,647	-	332,551	-
Net transfer due to boundary change in 2015	-	3,595,790	-	1,009,662	-	2,254,362	-	331,766
Appropriation to Town improvement and project fund	(1,212,210)	(1,136,688)	(872,598)	(970,292)	(339,612)	(166,396)	-	-
ACCUMULATED SURPLUS AT 31 MARCH	8,284,971	4,299,312	2,698,067	800,114	4,708,616	3,166,647	878,288	332,551

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

5. Sinking fund

	Total		Residential Property funds		Commercial Property funds	
	01/04/2016 to 31/03/2017	01/10/2015 to 31/03/2016	01/04/2016 to 31/03/2017	01/10/2015 to 31/03/2016	01/04/2016 to 31/03/2017	01/10/2015 to 31/03/2016
Balance at 1 April / 1 October	S\$ 168,093,688	S\$ 165,397,444	S\$ 93,554,877	S\$ 91,574,566	S\$ 74,538,811	S\$ 73,822,878
Add:						
Operating income transfers from conservancy and service fees	4	12,579,174	9,405,853	4,285,914	3,173,321	1,440,958
Investment and interest income	5(i)	2,475,526	2,106,409	771,859	369,117	152,603
Transfer from government grants						
– Minimum required by law	4,19	2,911,543	2,911,543	1,312,974	-	-
– GST subvention	4,19	364,831	364,831	166,343	-	-
Less: Expenditure	5(ii)	18,331,074	14,788,636	6,537,090	3,542,438	1,593,561
Less: Income tax	14	(14,317,391)	(12,725,738)	(4,432,137)	(1,591,653)	(854,340)
Surplus for the financial year/period		(313,724)	(267,189)	(124,642)	(46,535)	(23,288)
		3,699,959	1,795,709	1,980,311	1,904,250	715,933
Balance at 31 March	171,793,647	168,093,688	95,350,586	93,554,877	76,443,061	74,538,811

Represented by:

Non-current assets

Held-to-maturity financial assets

22,243,128

Current assets

Held-to-maturity financial assets

3,000,000

Conservancy and service fees receivables

456,783

Other receivables

268,346

Interest receivable

1,428,528

Cash and cash equivalents

141,513,636

Due from accumulated surplus

4,316,171

3,890,504

Total assets

150,983,464

173,226,592

Current liabilities

Payables and accrued expenses

966,697

Income tax payable

466,248

Total liabilities

1,432,945

3,852,890

NET ASSETS

171,793,647

168,093,688

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

5. Sinking fund (Continued)

(i) Investment and interest income

	01/04/2016 to 31/03/2017	01/10/2015 to 31/03/2016
	S\$	S\$
Interest from bonds	544,867	269,056
Interest from fixed deposits	1,890,359	654,406
Liquidated damages	40,300	1,000
	<u>2,475,526</u>	<u>924,462</u>

(ii) Expenditure

	01/04/2016 to 31/03/2017	01/10/2015 to 31/03/2016
	S\$	S\$
Consultancy fee	434,151	234,041
Electrical rewiring	315,090	-
Firefighting equipment	47,390	-
General and administrative charges	9,731	-
General and administrative charges transferred from operating expenses (Note 18)	71,980	40,470
Irrecoverable GST	184,690	65,835
Lift works	2,431,097	1,033,236
Other major works	3,154,583	1,858,851
Redecoration and repainting	3,986,856	660,670
Refuse chute flushing system / equipment	245,970	270,019
Refuse handling equipment	177,770	-
Replacement of water pump set	19,300	-
Replacement of booster pumps	51,840	368,715
Replacement of water pipes	1,184,075	255,240
Reroofing works	2,002,868	499,400
	<u>14,317,391</u>	<u>5,286,477</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

6. Town improvement and project fund

	<u>Total</u>		<u>Residential Property funds</u>		<u>Commercial Property funds</u>	
	01/04/2016 to 31/03/2017	01/10/2015 to 31/03/2016	01/04/2016 to 31/03/2017	01/10/2015 to 31/03/2016	01/04/2016 to 31/03/2017	01/10/2015 to 31/03/2016
	S\$	S\$	S\$	S\$	S\$	S\$
Balance at 1 April / 1 October	500,000	-	400,000	-	100,000	-
Add/(Less):						
Transfer from government grants	2,053,117	1,661,530	2,053,117	1,413,997	-	247,533
Expenditure	(3,051,327)	(2,298,218)	(2,722,715)	(1,984,289)	(328,612)	(313,929)
Deficit for the financial year/period	(998,210)	(636,688)	(669,598)	(570,292)	(328,612)	(66,396)
Appropriation from accumulated surplus *	1,212,210	1,136,688	872,598	970,292	339,612	166,396
Balance at 31 March	714,000	500,000	603,000	400,000	111,000	100,000
Represented by:						
Current assets						
Other receivables	1,903,664	758,760				
Total assets	1,903,664	758,760				
Current liabilities						
Payables and accrued expenses	45,978	102,523				
Due to accumulated surplus	1,143,686	156,237				
Total liabilities	1,189,664	258,760				
NET ASSETS	714,000	500,000				

* The amount required by the Town improvement and project funds for the following financial year would then be appropriated from the accumulated surplus.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

6. Town improvement and project fund (Continued)

(i) Expenditure

	2017	2016
	S\$	S\$
Construction of covered linkway	299,463	484,848
Consultancy and maintenance fee	579,300	354,473
Construction/Upgrading playground or fitness centre	934,218	751,957
Construction of facilities and other amenities	1,238,346	706,940
	<u>3,051,327</u>	<u>2,298,218</u>

7. Plant and equipment

	Office equipment	Furniture and fittings	Data processing equipment	Total
	S\$	S\$	S\$	S\$
Cost				
Transfer from Moulmein-Kallang Town Council at 1 October 2015	180,718	346,825	68,564	596,107
Transfer from Potong Pasir Town Council at 1 October 2015	25,761	33,546	426,972	486,279
Additions	-	-	2,264	2,264
At 31 March 2016	<u>206,479</u>	<u>380,371</u>	<u>497,800</u>	<u>1,084,650</u>
Additions	3,150	-	8,005	11,155
Written-off	(8,298)	(620)	(9,412)	(18,330)
At 31 March 2017	<u>201,331</u>	<u>379,751</u>	<u>496,393</u>	<u>1,077,475</u>
Accumulated depreciation				
Transfer from Moulmein-Kallang Town Council at 1 October 2015	160,039	279,285	40,551	479,875
Transfer from Potong Pasir Town Council at 1 October 2015	25,491	33,546	422,199	481,236
Depreciation	6,668	24,870	10,814	42,352
At 31 March 2016	<u>192,198</u>	<u>337,701</u>	<u>473,564</u>	<u>1,003,463</u>
Depreciation	11,331	41,757	22,367	75,455
Written-off	(7,335)	(620)	(9,412)	(17,367)
At 31 March 2017	<u>196,194</u>	<u>378,838</u>	<u>486,519</u>	<u>1,061,551</u>
Carrying amount				
At 31 March 2016	<u>14,281</u>	<u>42,670</u>	<u>24,236</u>	<u>81,187</u>
At 31 March 2017	<u>5,137</u>	<u>913</u>	<u>9,874</u>	<u>15,924</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

8. Held-to-maturity financial assets

	<u>2017</u>	<u>2016</u>
	S\$	S\$
At amortised cost		
Quoted bonds	25,230,000	26,230,000
Less: Amortisation of bonds	13,128	9,770
	<u>25,243,128</u>	<u>26,239,770</u>
Maturing:		
Within 1 year	3,000,000	3,000,000
After one year but within five years	22,243,128	23,239,770
	<u>25,243,128</u>	<u>26,239,770</u>

Held-to-maturity financial assets represents investments in quoted bonds issued by statutory boards and government-linked companies, with a fixed interest rate of 1.1650% to 3.140% (2016: 1.1050% to 4.170%) per annum and maturity date of 24 April 2017 to 27 June 2024 (2016: 10 May 2016 to 27 June 2024), and are denominated in Singapore dollar as at reporting date.

The change in amortisation is as follows:

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Balance at 1 April	9,770	-
Transfer from Moulmein-Kallang Town Council	-	8,116
Amortisation credited to profit or loss	3,358	1,654
Balance at 31 March	<u>13,128</u>	<u>9,770</u>

The effective interest rates per annum for the bonds were as follows:

	<u>2017</u>	<u>2016</u>
	%	%
Quoted bonds	<u>2.12</u>	<u>2.14</u>

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

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Quoted bonds	<u>25,474,608</u>	<u>26,267,000</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

9. Conservancy and service fees receivables

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Conservancy and service fees receivables	1,631,930	1,506,354
Add: Interest receivable on late payments	160,784	166,911
	<u>1,792,714</u>	<u>1,673,265</u>
Less: Allowance for doubtful receivables	(417,730)	(328,793)
	<u><u>1,374,984</u></u>	<u><u>1,344,472</u></u>

Conservancy and service fees receivables are generally on 30 (2016: 30) days' credit terms. Penalty fee is charged on the outstanding balances.

Allowances are made in respect of estimated irrecoverable amounts are determined by reference to past default experience. If repeated reminders and letters of demand to settle overdue payments fail to yield results, the Town Council will write off the debts on a case-by-case basis.

The carrying amount of conservancy and service fees receivables individually determined to be impaired is as follows:

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Past due for 0 to 12 months	106,114	71,640
Past due for 13 to 24 months	41,446	35,553
Past due for more than 24 months	270,170	221,600
	<u>417,730</u>	<u>328,793</u>

Movements in the allowance for doubtful receivables are as follows:

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Balance at 1 April / 1 October	328,793	-
Transfer from Moulmein-Kallang Town Council	-	204,368
Transfer from Potong Pasir Town Council	-	109,782
Transfer from Tanjong Pagar Town Council	-	85,651
Allowance charged to profit or loss (Note 18)	88,937	-
Allowance written back to profit or loss (Note 18)	-	(60,600)
Allowance written off	-	(10,408)
Balance at 31 March	<u><u>417,730</u></u>	<u><u>328,793</u></u>

Conservancy and service fees receivables are denominated in Singapore dollar as at reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

10. Neighbourhood Renewal Programme ("NRP") funding receivables/(payables)

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Balance at 1 April / 1 October	(784,676)	-
Transfer from Moulmein-Kallang Town Council	-	(108,000)
Transfer from Potong Pasir Town Council	-	(1,169,866)
Funding from government	(2,671,001)	(3,538,910)
Other income	(1,000)	-
Payment to contractors	4,220,885	4,032,100
Movement during the financial year/period	<u>1,548,884</u>	<u>493,190</u>
Balance at 31 March	<u><u>764,208</u></u>	<u><u>(784,676)</u></u>

NRP funding receivables/(payables) are denominated in Singapore dollar as at reporting date.

11. Other receivables

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Grant receivables		
– Community Improvement Projects Committee	1,903,664	1,440,439
– GST subvention	282,595	269,791
	<u>2,186,259</u>	<u>1,710,230</u>
Deposits	726,906	356,125
Interest receivables	1,531,484	991,160
Prepayments	142,598	164,201
Recoverable from HDB	184,543	241,512
Other receivables	416,313	374,185
	<u><u>5,188,103</u></u>	<u><u>3,837,413</u></u>

Other receivables are denominated in Singapore dollar as at reporting date.

12. Cash and bank balances

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Cash and bank balances	11,185,872	10,287,516
Fixed deposits with financial institutions	142,031,586	105,000,000
	<u><u>153,217,458</u></u>	<u><u>115,287,516</u></u>
Fixed deposits maturing:		
– Within 3 months	57,000,000	41,000,000
– Between 3 to 12 months	85,031,586	64,000,000
	<u><u>142,031,586</u></u>	<u><u>105,000,000</u></u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

12. Cash and bank balances (Continued)

Fixed deposits are placed for varying periods from one to ten (2016: one to ten) months, bear interest rates ranging from 1.25% to 1.75% (2016: 0.80% to 1.90%) per annum. The weighted average effective interest rates per annum relating to fixed deposits is 1.61% (2016: 1.30%).

Pledged fixed deposits were in favour of a lessor in respect of certain leased premises as stipulated in the lease agreement.

Cash and bank balances are denominated in Singapore dollar as at reporting date.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at the end of the financial year:

	<u>2017</u> S\$	<u>2016</u> S\$
Cash and fixed deposits	153,217,458	115,287,516
Fixed deposit pledged	(1,000,000)	(1,000,000)
Cash and cash equivalents	<u>152,217,458</u>	<u>114,287,516</u>

13. Payables and accrued expenses

	<u>2017</u> S\$	<u>2016</u> S\$
Accrued operating expenses	608,826	444,534
Accruals for completed works/payables to contractors	2,233,808	2,010,355
Refundable deposits	433,055	460,054
Amount payable to managing agent	246,808	165,321
	<u>3,522,497</u>	<u>3,080,264</u>

Payables are generally on 30 to 90 (2016: 30 to 90) days' credit terms.

Payables and accruals expenses are denominated in Singapore dollar as at reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

14. Income tax

	01/04/2016 to 31/03/2017 S\$	01/10/2015 to 31/03/2016 S\$
Current income tax		
– Current year	562,900	245,187
– Over-provision in prior financial period	(14,996)	-
Tax expense	<u>547,904</u>	<u>245,187</u>
Taken up in:		
Accumulated surplus (Note 4)	234,180	97,257
Sinking fund (Note 5)	313,724	147,930
	<u>547,904</u>	<u>245,187</u>

The Town Council is incorporated in Singapore and accordingly is subject to income tax rate of 17% (2016: 17%). There were no changes in the enterprise income tax of the difference applicable jurisdictions in the current financial year from the last financial year.

The Town Council enjoys a concessionary tax rate of 10% (2016:10%) for the income earned on investment in bonds.

Reconciliation of effective tax rate is as follows:

	01/04/2016 to 31/03/2017 S\$	01/10/2015 to 31/03/2016 S\$
Investment and interest income	2,554,962	998,218
Other income	1,008,829	545,442
Government Grant	12,646,219	6,441,600
Taxable income	<u>16,210,010</u>	<u>7,985,260</u>
Income tax at statutory rate	2,755,702	1,357,494
Singapore statutory stepped income exemption	(25,925)	(25,925)
Tax effect on concessionary income	(37,906)	(18,834)
Tax remission of government grant under Section 92(2) of Singapore Income Tax Act	(2,128,933)	(1,073,458)
Over-provision in prior financial period	(14,996)	-
Others	(38)	5,910
Tax expense	<u>547,904</u>	<u>245,187</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

14. Income tax (Continued)

Movements in the income tax payable are as follows:

	<u>2017</u> S\$	<u>2016</u> S\$
Balance at 1 April / 1 October	871,827	-
Income tax transfer from Moulmein-Kallang Town Council on 1 October 2015	-	926,251
Income tax transfer from Potong Pasir Town Council on 1 October 2015	-	90,200
Payments made during the financial year	(621,662)	(389,811)
Current financial year's income tax expense	562,900	245,187
Over-provision in prior financial period	(14,996)	-
Balance at 31 March	<u>798,069</u>	<u>871,827</u>

15. Agency fees

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

16. Other income

	<u>01/04/2016</u> to <u>31/03/2017</u> S\$	<u>01/10/2015</u> to <u>31/03/2016</u> S\$
Interest on late payment of conservancy and service fees	154,208	48,266
Liquidated damages	217,893	108,731
Maintenance fee	12,147	3,686
Sundry income	223,966	66,564
Temporary occupational license	1,882,530	1,019,640
Use of water and electricity	157,783	85,316
Others	101,074	27,944
	<u>2,749,601</u>	<u>1,360,147</u>

17. Managing agent's fees

The Town Council's management of its daily operations has been outsourced to a managing agent.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

18. General and administrative expenditure

	01/04/2016 to 31/03/2017 S\$	01/10/2015 to 31/03/2016 S\$
Advertising, publicity and public relations	145,143	47,879
Allowance made for doubtful receivables (Note 9)	88,937	-
Bad debts written off	61,119	-
Computing services	267,704	251,045
Depreciation of fixed assets	75,455	42,352
Irrecoverable goods and services tax *	242,766	85,061
Office rental and upkeep expenses	507,330	245,219
Plant and equipment written off	963	-
Property tax	200,180	98,852
Staff costs		
– Salaries and related costs	17,949	17,454
– Employers' contribution to defined contribution plan	670	388
Town Councillors' allowance	204,600	86,091
Write back of doubtful receivables (Note 9)	-	(60,600)
Others	153,386	89,545
	<u>1,966,202</u>	<u>903,286</u>

* Government grant received by the Town Council are considered non-taxable supplies. Therefore, input tax claimable is based on a formula determined by the Inland Revenue Authority of Singapore. The unclaimable portion is charged to profit or loss during the financial year/period.

This is allocated to the following expenditure:

	01/04/2016 to 31/03/2017 S\$	01/10/2015 to 31/03/2016 S\$
Operating expenditure	1,894,222	862,816
Sinking fund expenditure (Note 5(ii))	71,980	40,470
	<u>1,966,202</u>	<u>903,286</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

Government grants

(i) Government grants taken to profit or loss during the financial year/period are as follows:

		Total		Payment from Citizen's Consultative Committee		Service and Conservancy Charges Grant		GST Subvention	
		01/04/2016 to 31/03/2017	01/10/2015 to 31/03/2016	01/04/2016 to 31/03/2017	01/10/2015 to 31/03/2016	01/04/2016 to 31/03/2017	01/10/2015 to 31/03/2016	01/04/2016 to 31/03/2017	01/10/2015 to 31/03/2016
		S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Government grants received/ receivable	4	12,646,219	6,441,600	2,053,117	1,661,530	9,472,947	4,269,769	1,120,155	510,301
Less: Transfers to									
– Sinking fund (minimum required by law)	4, 5	(2,911,543)	(1,312,974)	-	-	(2,911,543)	(1,312,974)	-	-
– Sinking fund (GST Subvention)	4, 5	(364,831)	(166,343)	-	-	-	-	(364,831)	(166,343)
– Town improvement and project fund	4, 6	(2,053,117)	(1,661,530)	(2,053,117)	(1,661,530)	-	-	-	-
		<u>7,316,728</u>	<u>3,300,753</u>	-	-	<u>6,561,404</u>	<u>2,956,795</u>	<u>755,324</u>	<u>343,958</u>

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

	2017	2016
	S\$	S\$
Total grants received/receivable at 1 April / 1 October	226,628,901	-
Government grant transfer from Moulmein-Kallang Town Council at 1 October 2015	-	220,187,301
Grants received during the financial year/period	12,646,219	6,441,600
Total grants received/receivable at 31 March	<u>239,275,120</u>	<u>226,628,901</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

20. Capital commitments

Capital expenditures approved by the Town Council but not provided for in the financial statements as at reporting date are as follows:

	<u>2017</u> S\$	<u>2016</u> S\$
Amount approved and contracted for	21,167,341	16,843,000
Amount approved but not contracted for	12,199,300	18,283,713
	<u>33,366,641</u>	<u>35,126,713</u>

21. Operating lease commitments

At the end of the reporting date, the Town Council has commitments for future minimum lease payments under non-cancellable operating leases in respect of the office premises with an original term of more than one year as follows:

	<u>2017</u> S\$	<u>2016</u> S\$
Future minimum lease payments payable:		
Within one year	456,571	457,580
After one year but within five years	894,644	720,496
	<u>1,351,215</u>	<u>1,178,076</u>

The lease has its tenure of 3 to 7 years, with an option to renew the lease for another 3 years subject to certain conditions being met. There are no restrictions placed upon the Town Council by entering into these leases. The lease expenditure charged to profit or loss during the financial year/period is disclosed in Note 18 to the financial statements.

22. Significant related party transactions

Jalan Besar Town Council is managed by the managing agent, EM Services Pte Ltd. Related party relates to the managing agent who manages the operations of the Town Council and provides key management personnel services to the Town Council.

During the financial year, in addition to those disclosed elsewhere in these financial statements, the Town Council entered into the following transactions with the managing agent:

	<u>2017</u> S\$	<u>2016</u> S\$
Expenditure paid to managing agent in relation to:		
Managing agent's fee	4,593,740	1,960,413
Project management fee	686,483	626,024
Electrical works	-	563,052
Lift works	438,935	190,173
Licence fee and other works	1,383,139	27,515
Water pump works	220,217	103,257
	<u>220,217</u>	<u>103,257</u>

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Town Council, directly or indirectly, including any Town Councillors (whether executive or otherwise) of that Town Council.

The Town Council pays the monthly fee to EM Services Pte Ltd and does not incur any manpower and related costs except for Town Councillors' allowances and one administrative staff as disclosed in Note 18.

	<u>2017</u> S\$	<u>2016</u> S\$
Town Councillors' allowance (Note 18)	<u>204,600</u>	<u>86,091</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

23. Financial instruments and financial risks

The Town Council's financial instruments comprise certain cash and cash equivalents, and various items including investment in financial assets, conservancy and service fees receivables, other receivables, other payables and accrued expenses that arise from its operations.

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.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Town Council. Town Council performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

Town Council's major classes of financial assets are bank deposits, conservancy and service fee receivables and other receivables.

Bank deposits are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies.

Conservancy and service fee receivables consist of a large number of household owners, thus Town Council do not have any significant credit exposure to any single counterparty or any groups of counterparties having similar characteristics.

The maximum expose to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The age analysis of conservancy and service fee receivables past due but not impaired is as follows:

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Not past due	124,300	90,138
Past due for 0 to 12 months	850,772	801,243
Past due for 13 to 24 months	254,425	252,130
Past due for more than 24 months	145,487	200,961
	<u>1,374,984</u>	<u>1,344,472</u>

The movements in the allowance for impairment in respect of conservancy and service fee receivables during the financial year/period are disclosed in Note 9 to the financial statements.

Based on past experience, except for certain conservancy and service fee receivables balances that impaired, the management believes that it will be collectible in the foreseeable future as a result of recovery efforts and based on historical experience.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Town Council's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Foreign currency risk

The Town Council is not exposed to foreign currency risk as the transactions are denominated in Singapore dollar, which is the functional currency of the Town Council.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Town Council's exposure interest rate risk relates primarily to interest-earning fixed deposits with financial institutions and investments in government and corporate bonds. The Town Council's surplus funds are placed with reputable financial institutions or invested in Singapore government bonds. The exposure to interest rate risk is minimal since the deposits are with fixed rate of interest throughout the term.

Equity price risk

Equity price risk is applicable to investments in equity shares or similar instruments. As equities are invested through fund managers under guaranteed principal schemes, the exposure to equity price risk is minimal.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

23. Financial instruments and financial risks (Continued)

Liquidity risk

Liquidity risks refer to the risks in which the Town Council encounters difficulties in meeting its short-term obligations. The Town Council manages the liquidity risk by maintaining sufficient cash, internally generated cash flows, as well as on basis of expected payment dates of the financial liabilities.

The Town Council's operations are partially supported by various government grants from government and the Town Council is satisfied that funds for operations are available as and when required.

It is expected that all the liabilities will be paid when due. The Town Council expects to meet its cash commitments with cash inflows from operating activities and government grants.

The contractual undiscounted cash flows of the non-derivative financial instruments due within 12 months equal their carrying amounts as the impact of discounting is not significant, except for held-to-maturity financial assets disclosed in Note 8.

Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statement of financial position and as follows:

	<u>2017</u> S\$	<u>2016</u> S\$
Held-to-maturity financial assets	<u>25,243,128</u>	<u>26,239,770</u>
Loans and receivables		
Conservancy and service fees receivables	1,374,984	1,344,472
Neighbourhood Renewal Programme funding receivables	764,208	-
Other receivables	5,188,103	3,837,413
Less: Prepayments	(142,598)	(164,201)
Receivables from Potong Pasir Town Council	-	8,352,837
Receivables from Tanjong Pagar Town Council	-	26,670,316
Cash and bank balances	153,217,458	115,287,516
Total	<u>160,402,155</u>	<u>155,328,353</u>
Financial liabilities at amortised cost		
Neighbourhood Renewal Programme funding payables	-	784,676
Payables and accrued expenses	3,522,497	3,080,264
Payables to Bishan-Toa Payoh Town Council	-	3,369,258
Total	<u>3,522,497</u>	<u>7,234,198</u>

24. Fair value of assets and liabilities

The carrying amounts of cash and cash equivalents, conservancy and service fees receivables and other current receivables and payables approximate their respective fair values due to the relative short term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

The fair values of applicable assets and liabilities are determined and categorised using a fair value hierarchy as follows:

- Level 1 - the fair values of assets and liabilities with standard terms and conditions and which trade in active markets that the Town Council can access at the measurement date are determined with reference to quoted market prices (unadjusted).
- Level 2 - in the absence of quoted market prices, the fair values of the assets and liabilities are determined using the other observable, either directly or indirectly, inputs such as quoted prices for similar assets or liabilities in active markets or included within Level 1, quoted prices for identical or similar assets or liabilities in non-active markets.
- Level 3 - in the absence of quoted market prices included within Level 1 and observable inputs included within Level 2, the fair values of the remaining assets and liabilities are determined in accordance with generally accepted pricing models.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

24. Fair value of assets and liabilities (Continued)

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Town Council holds its financial assets and financial liabilities carried at fair value or at valuation (Level 1) as follows:

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Financial assets		
Held-to-maturity financial assets (Note 8)	<u>25,243,128</u>	<u>26,239,770</u>

Valuation policies and techniques

At least on an annual basis, the Town Council evaluates all significant changes in fair value measurements for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources, if necessary and appropriate.

During the financial year, there is no change in the applicable valuation technique.

25. Funds management

The Town Council's objectives when managing funds are:

- (i) to safeguard the Town Council's ability to continue as going concern;
- (ii) to provide resources to sustain future development; and
- (iii) to provide funds for the purpose of strengthening the Town Council's risk management capability.

The Town Council actively and regularly reviews and manages its funding structure to ensure optimal funding structure, taking into consideration the future funding requirements, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

There were no changes in the Town Council's approach to funds management from 31 March 2016.

The Town Council is not subjected to any externally imposed capital requirements during the financial year ended 31 March 2017 and period ended 31 March 2016.

26. Comparative figures

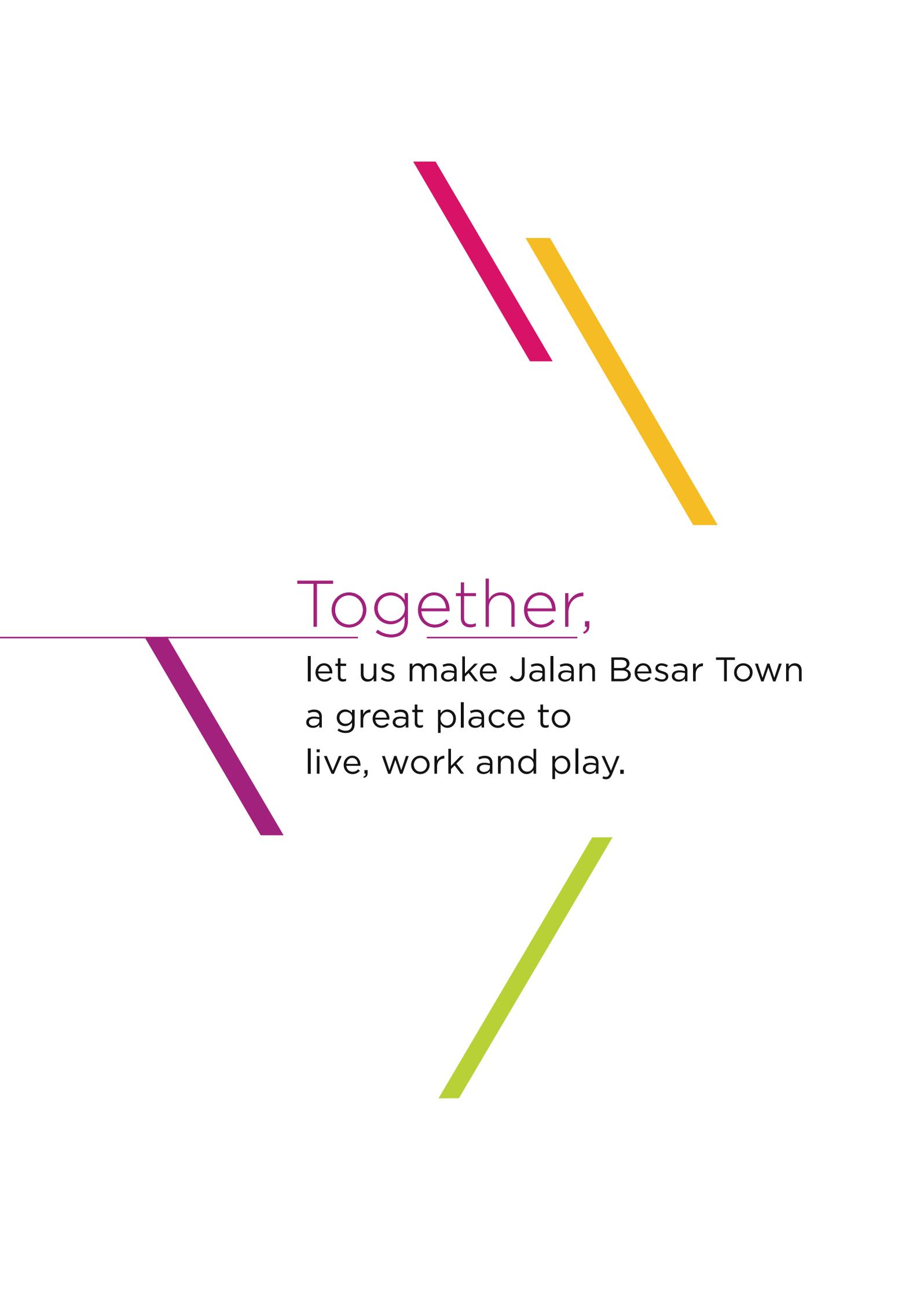
The audited comparative figures presented in the financial statements are not comparable as they cover a period from 1 October 2015 to 31 March 2016.

27. Event subsequent to the reporting date

Ministry of National Development ("MND"), on 23 January 2017, announced that all Town Councils will have to set up dedicated Lift Replacement Funds ("LRF"). 14% of the Sinking fund amount as at 31 March 2017, will be carved out as initial fund amount for LRF. The LRF will be designated for future lift replacements and other lift-related replacement works. The effective date for the LRF will be set on 1 April 2017.

Subsequent to the initial set up of the LRF, the minimum quarterly transfer to Sinking fund and LRF will be 26% and 14%, respectively, from the Service and Conservancy Income.

Based on initial estimate, the initial transfer amount from Sinking fund to LRF would be approximately S\$13.4 million for the Residential Property Funds and S\$10.7 million for the Commercial Property Funds for Jalan Besar Town Council.



Together,

let us make Jalan Besar Town
a great place to
live, work and play.



Jalan Besar
TOWN COUNCIL

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