



Jalan Besar

TOWN COUNCIL



Jalan Besar Town Council

Annual Report 2015/2016



Jalan Besar Town Council's Audited Financial Statements,
Auditors' Reports and Annual Report for FY2015/2016
S. 178 of 2016

Ordered by Parliament to lie upon the Table
21 October 2016



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Chairman's Message



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

“ Our Five-Year Concept Master Plan depicts the urbanised Jalan Besar with a kampung spirit right in the heartland of Singapore. By reviving this warm characteristic from the past, residents can enjoy a quality of life that is safe, caring and progressive.

”

INTRODUCTION

You could call it a homecoming. Jalan Besar Town Council was formed on 1 October 2015, taking over from the former Moulmein-Kallang Town Council, which itself was established in 2011 from the previous Jalan Besar Town Council. So in a sense, we have come full circle.

The new Jalan Besar Town Council manages the HDB housing estates in Jalan Besar GRC and Potong Pasir SMC, collectively known as Jalan Besar Town. As at 31 March 2016, there were 54,400 residential units, 2,700 commercial units and 2,500 stalls in market and food centres under our management.

I am honoured to be the Chairman of this newly-formed Town Council. Together with my Parliamentary colleagues, we will do our very best to serve all residents.

A CARING COMMUNITY

In August 2015, we launched our Five-Year Concept Master Plan for Year 2016 to 2020, entitled “My Kampung in the City”. It is sort of like a kampung where the community spirit is strong and everyone looks out for one another. That is the essence of our master plan. It depicts the urbanised Jalan Besar with a kampung spirit right in the heartland of Singapore. By reviving this warm characteristic from the past, residents can enjoy a quality of life that is safe, caring and progressive.

Certainly, this kampung spirit of togetherness and one community will stand us in good stead as our Town continues to grow, with families moving into the new and upcoming Build-To-Order (BTO) flats. Only with unity in a caring community can Jalan Besar be a true melting pot of different groups of people and a vibrant place to live in for all residents.

RENEWING OUR TOWN

Even as new flats are built in our Town, we continue to rejuvenate our older estates through various programmes, such as the Home Improvement Programme (HIP), Lift Upgrading Programme (LUP) and Neighbourhood Renewal Programme (NRP). These upgrading programmes by the Government and the Town Council bring new facilities, improved amenities and a refreshed look to our estates, taking them closer to the standards of the newer flats.

Through the years, many households in our Town have benefitted from the upgrading programmes. In the financial year 2015/2016, the LUP was completed for 39 blocks in Potong Pasir SMC, where residents are now enjoying the convenience of lift access on every floor. These are Blocks 113 to 122, 126, 131, 133 to 146 and 148 Potong Pasir Avenue 1/2/3 and Blocks 213 to 224 Lorong 8 Toa Payoh.

More residents will experience the upgrading benefits as many of our flats in every constituency – Kampong Glam, Kreta Ayer-Kim Seng, Kolam Ayer, Whampoa and Potong Pasir – are currently being upgraded or have been selected for upgrading.

Additionally, the Town Council implements improvement projects such as covered linkways, playgrounds, fitness corners and community gardens for the benefit of residents. In the financial year ended 31 March 2016, some \$2.3 million worth of improvement works was carried out to enhance our estates.

Cyclical maintenance in the form of re-roofing, rewiring and changing of water pipes and pumps, among other works, also helps keep our estates in good repair. We implemented \$5.29 million worth of cyclical works in the financial year under review.

I hope that residents will take care of these new and renewed facilities when using them. This way, we need not spend money to repair or replace the spoilt facilities and the funds could be better used in other ways to improve our Town.



Chairman's Message





FINANCIAL REPORT

In terms of financial management, the Town Council had an operating surplus of \$1.84 million in the financial year ending 31 March 2016. Our accumulated surplus was \$4.3 million. We will continue to exercise prudence in our expenditure, as part of our responsible corporate governance.

MOVING FORWARD TOGETHER

By itself, the Town Council can only do so much. We need the dedication and cooperation of the government agencies, grassroots organisations and not least, residents, to make our Town a truly beautiful place. One that we can be happy and proud to call home.

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)



KRETA AYER-KIM SENG

Dr Lily Neo

MP for Jalan Besar GRC
(Kreta Ayer-Kim Seng)
Chairman of Jalan Besar Town Council



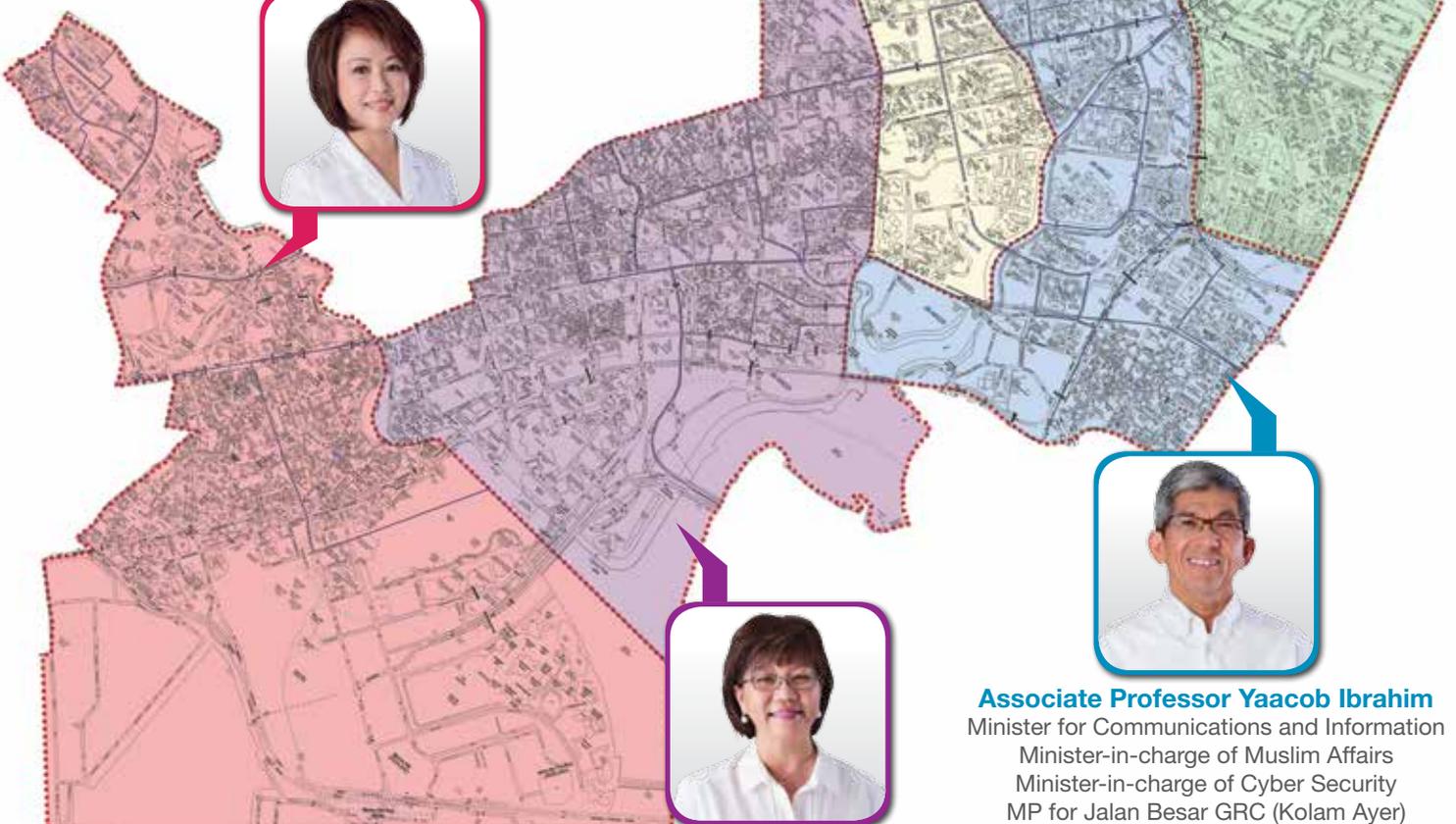
Associate Professor Yaacob Ibrahim
Minister for Communications and Information
Minister-in-charge of Muslim Affairs
Minister-in-charge of Cyber Security
MP for Jalan Besar GRC (Kolam Ayer)

KOLAM AYER



Ms Denise Phua Lay Peng
Mayor of Central Singapore District
MP for Jalan Besar GRC (Kampong Glam)
Vice Chairman of Jalan Besar Town Council

KAMPONG GLAM



Our 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 Financial Statements

We have audited the accompanying financial statements of JALAN BESAR TOWN COUNCIL (the "Town Council"), which comprise the statement of financial position as at 31 March 2016, the statement of income and expenditure and other comprehensive income, statement of changes in funds and the statement of cash flows for the financial period from 1 October 2015 to 31 March 2016, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Town Council's management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Town Councils Act, Chapter 329A (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Town Council's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Town Council's management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Town Council as at 31 March 2016 and the results, changes in funds and cash flows of the Town Council for the financial period ended on that date.

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

Report on Other Regulatory Requirements

Management's Responsibility 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' Responsibility

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We conducted our audit in accordance with Singapore Standards on Auditing. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act.

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

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 period 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

Date: 30 August 2016

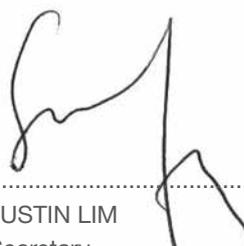
STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2016

	<u>Note</u>	<u>31/03/2016</u> S\$
TOWN COUNCIL FUNDS		
RESIDENTIAL PROPERTY FUNDS		
Accumulated surplus	4	800,114
Sinking fund	5	93,554,877
Town improvement and project fund	6	400,000
		94,754,991
COMMERCIAL PROPERTY FUNDS		
Accumulated surplus	4	3,166,647
Sinking fund	5	74,538,811
Town improvement and project fund	6	100,000
		77,805,458
CARPARK FUND		
Accumulated surplus	4	332,551
		<u>172,893,000</u>
REPRESENTED BY:		
NON-CURRENT ASSETS		
Plant and equipment	7	81,187
Held-to-maturity financial assets	8	23,239,770
		23,320,957
CURRENT ASSETS		
Conservancy and service fees receivables	9	1,344,472
Held-to-maturity financial assets	8	3,000,000
Interest receivable		991,160
Other receivables	10	37,869,406
Cash and cash equivalents	11	115,287,516
		158,492,554
TOTAL ASSETS		<u>181,813,511</u>
Less:		
CURRENT LIABILITIES		
Conservancy and service fees received in advance		814,486
Advances received for Neighbourhood Renewal Programme	12	784,676
Payables and accrued expenses	13	6,449,522
Income tax payable	14(b)	871,827
		8,920,511
NET ASSETS		<u>172,893,000</u>



DR LILY NEO
Chairman



JUSTIN LIM
Secretary

Date: 30 August 2016

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

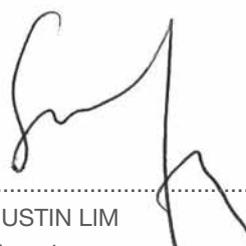
STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME

FOR THE PERIOD FROM 1 OCTOBER 2015 TO 31 MARCH 2016

	<u>Note</u>	<u>1/10/2015 to 31/03/2016 S\$</u>
OPERATING INCOME		
Conservancy and service fees	4	17,265,907
Less: Operating income transfer to Sinking funds (minimum required by law)	4, 5	<u>(5,726,872)</u>
		11,539,035
Agency fees	4,15	894,120
Other income	4,16	<u>1,360,147</u>
		13,793,302
LESS: OPERATING EXPENDITURE		
Cleaning works		(3,361,145)
Managing agent's fees		(1,960,413)
Lift maintenance		(1,966,132)
Other works and maintenance		(3,537,032)
Water and electricity		(3,495,540)
General and administrative expenditure	17	<u>(862,816)</u>
		<u>(15,183,078)</u>
OPERATING DEFICIT		
		<u>(1,389,776)</u>
ADD: NON-OPERATING INCOME		
Investment and interest income		<u>26,490</u>
DEFICIT BEFORE INCOME TAX AND GOVERNMENT GRANTS		
Less: Income tax	4,14(a)	<u>(97,257)</u>
DEFICIT BEFORE GOVERNMENT GRANTS		
		<u>(1,460,543)</u>
Add: Government Grants	4,18	6,441,600
Less: Transfer to		
- Sinking funds	5	(1,312,974)
- Sinking funds (GST Subvention)	5	(166,343)
- Town Improvement and Project funds	6	<u>(1,661,530)</u>
		<u>3,140,847</u>
SURPLUS FOR THE PERIOD		
		1,840,210
Add: Transfer from Moulmein-Kallang Town Council at 1 October 2015		2,382,403
Add: Transfer from Potong Pasir Town Council at 1 October 2015		573,249
Add: Transfer from Tanjong Pagar Town Council at 1 December 2015		640,138
Less: Appropriation to Town Improvement and Project funds	4, 6	<u>(1,136,688)</u>
ACCUMULATED SURPLUS FOR THE PERIOD		
		<u>4,299,312</u>



DR LILY NEO
Chairman



JUSTIN LIM
Secretary

Date: 30 August 2016

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 PERIOD FROM 1 OCTOBER 2015 TO 31 MARCH 2016

	<u>Total</u> S\$	<u>Residential</u> <u>Property Funds</u> S\$	<u>Commercial</u> <u>Property Funds</u> S\$	<u>Carpark Fund</u> S\$
Transfer from Moulmein-Kallang Town Council at 1 October 2015	114,243,591	70,966,688	43,077,609	199,294
Transfer from Potong Pasir Town Council at 1 October 2015	12,652,181	5,719,489	6,895,542	37,150
Transfer from Tanjong Pagar Town Council at 1 December 2015	42,097,462	15,898,051	26,104,089	95,322
Surplus for the period	<u>3,899,766</u>	<u>2,170,763</u>	<u>1,728,218</u>	<u>785</u>
Balance at the end of the period	<u>172,893,000</u>	<u>94,754,991</u>	<u>77,805,458</u>	<u>332,551</u>

The surplus/(deficit) for the period comprise the following:

	<u>Note</u>	<u>01/10/2015</u> <u>to</u> <u>31/03/2016</u> S\$
Accumulated surplus	4	1,840,210
Sinking funds	5	2,696,244
Town Improvement and Project funds	6	<u>(636,688)</u>
		<u>3,899,766</u>

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

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2015 TO 31 MARCH 2016

	Note	01/10/2015 to 31/03/2016 S\$
Cash flows from operating activities		
Deficit before government grants and income tax	4	(1,363,286)
Adjustments for:		
Conservancy and service fees transferred to Sinking funds	4	5,726,872
Depreciation of plant and equipment	8	42,352
Amortisation of bonds	9	(1,654)
Interest income		(16,020)
Investment income		(10,470)
Operating surplus before working capital changes		<u>4,377,794</u>
Operating receivables		(34,580,607)
Operating payables		2,486,859
Cash used in operations		<u>(27,715,954)</u>
Income tax paid	14(b)	(389,811)
Sinking funds expenditures	5	(5,286,477)
Town Improvement and Project funds expenditure	6	(2,298,219)
Cash used in operating before government grants		<u>(35,690,461)</u>
Government grant received	18	6,441,600
Net cash used in operating activities		<u>(29,248,861)</u>
Cash flows from investing activities		
Interest income and investment income received		1,372,710
Purchases of plant and equipment	7	(2,264)
Net cash generated from investing activities		<u>1,370,446</u>
Net decrease in cash and cash equivalents		(27,878,415)
Cash transfer from Moulmein-Kallang Town Council at 1 October 2015		109,579,163
Net transfer due to boundary change		32,586,768
Cash and cash equivalents at the end of period	11	<u>114,287,516</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 PERIOD FROM 1 OCTOBER 2015 TO 31 MARCH 2016

1. General information

JALAN BESAR TOWN COUNCIL (the “Town Council”) was formed on 1 October 2015 under the Town Councils Act (Cap. 329A). The principal place of operation 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 period ended 31 March 2016 were authorised for issue in accordance with a resolution of the Town Council on 30 August 2016.

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 Town Councils Act, Chapter 329A and are prepared on a historical cost basis except as disclosed where appropriate in these financial statements.

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 period, the Town Council has adopted all the new and revised FRS and INT FRS that are relevant to its operations and effective for the current financial period. The adoption of these new/revised FRS and INT FRS does not result in changes to the Town Council’s accounting policies and has no material effect on the amounts reported for the current period or prior financial years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2015 TO 31 MARCH 2016

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (continued)

FRSs issued but not yet effective

At the date of authorisation of these financial statements, the following FRSs and amendments to FRS that are relevant to the Town Council were issued but not yet effective:

		Effective date (annual periods beginning on or after)
FRS 16, FRS 38	Amendments to FRS 16 and FRS 38: Clarification of Acceptance Methods of Depreciation and Amortisation	1 January 2016
FRS 109	Financial Instruments	1 January 2018
FRS 115	Revenue from Contracts with Customers	1 January 2018
FRS 115	Amendments to FRS 115: Effective Date of FRS 115	1 January 2018
Various	Improvements to FRSs (November 2014)	Various

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

The management anticipates that the adoption of the above FRSs in future periods will not have a material impact on the financial statements, and in particular, to the financial position and financial performance, of the Town Council in the period of their initial adoption.

2.2 Town Council Funds

In accordance with Section 33(1) of the Town Councils Act, separate funds are established to account for the management of the 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 funds and Town Improvement and Project funds form the Town Council funds.

All monies 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2015 TO 31 MARCH 2016

2. Summary of significant accounting policies (Continued)

2.2 Town Council Funds (continued)

Sinking funds

In accordance with Section 33(4) of the Town Councils 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's Fund.

Under the Town Councils 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 funds.

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	35% of the conservancy and service fees and grants-in-aid
(iii)	5-room	35% of the conservancy and service fees
(iv)	Executive	35% of the conservancy and service fees
(v)	Shop with living accommodation	35% of the conservancy and service fees
(vi)	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 funds are 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 funds

Town Improvement and Project funds are established and maintained as part of the Town Council Fund. These funds are utilised for improvement and development works in the Town.

The Town Improvement and Project funds 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 funds are 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").

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2015 TO 31 MARCH 2016

2. Summary of significant accounting policies (Continued)

2.3 Inter-funds transfer

Under Section 33(9) of the Town Councils 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.

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

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

2.5 Government grants

The Town Council receives four types of grants from the Government, namely, Service and Conservancy Charges ("S&CC") Grant, Payment from CCC, GST Subvention Grant and Town Council Lift Upgrading Programme ("TC-LUP") Assistance Grant.

Service and Conservancy Charge operating grants to meet the current period's operating expenditure are taken to the statement of income and expenditure and other comprehensive income.

Payments from CCC are given as reimbursement claims under the Community Improvement Projects Committee Scheme.

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 statement of income and expenditure and other comprehensive income over the expected useful life of the relevant asset by equal annual instalment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2015 TO 31 MARCH 2016

2. Summary of significant accounting policies (Continued)

2.6 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable from the gross inflow of economic benefits during the period arising from the course of the ordinary activities of the Town Council and it is shown net of related tax, estimated returns and rebates.

(i) Conservancy and service fees

Conservancy and service fees are recognised when due.

(ii) Agency fees

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

(iii) Interest 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.

(iv) Other income

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

2.7 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;

(iii) Donations from non-residents or non-owners of properties in the Town; and

(iv) 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 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. The carrying amount of deferred tax assets is reviewed at each reporting date and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. Deferred taxes are recognised for all temporary differences.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2015 TO 31 MARCH 2016

2. Summary of significant accounting policies (Continued)

2.8 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.

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 statement of income and expenditure and other comprehensive income.

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

2.9 Financial assets

Initial recognition, measurement and derecognition of financial assets

The Town Council classifies its investments in financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date, with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed off immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the “substance over form” based derecognition test prescribed by FRS 39 Financial Instruments: Recognition and Measurement relating to the transfer of risks and rewards of ownership and the transfer of control.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2015 TO 31 MARCH 2016

2. Summary of significant accounting policies (Continued)

2.9 Financial assets (continued)

Subsequent measurement

Subsequent measurement based on the classification of financial assets of the respective categories under FRS 39 is as follows:

(i) Financial assets at fair value through profit or loss

As at the reporting date, there were no financial assets classified under this category.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in the statement of income and expenditure and other comprehensive income.

(iii) Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Town Council's management has the positive intention and ability to hold to maturity. Held-to-maturity investments are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method, less impairment losses. Gains and losses are recognised in the statement of income and expenditure and other comprehensive income when the held-to-maturity investments are derecognised or impaired, and through the amortisation process. The Town Council's held-to-maturity investments include investments in fixed and variable rate corporate bonds.

(iv) Available-for-sale financial assets

As at the reporting date, there were no financial assets classified under this category.

Impairment of financial assets

The Town Council assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment losses recognised in the statement of income and expenditure and other comprehensive income on equity investments are not reversed through the statement of income and expenditure and other comprehensive income, until the equity investments are disposed of.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Impairment loss for an asset other than goodwill shall be recognized immediately in the statement of income and expenditure and other comprehensive income.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would determine, net of depreciation or amortisation, if no impairment loss had been recognised for the asset in prior years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2015 TO 31 MARCH 2016

2. Summary of significant accounting policies (Continued)

2.10 Impairment of non-financial assets

At each reporting date, the Town Council reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an 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.

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. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

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 only to the extent 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 years. A reversal of an impairment loss is recognised in the statement of income and expenditure and other comprehensive income, unless the asset is carried at revalued amount.

2.11 Conservancy and service fees receivables

After initial recognition at fair value, conservancy and service fees receivables are measured at amortised cost using the effective interest method but short-duration receivables with no stated interest rate are measured at original amount unless the effect of imputing interest would be significant. Conservancy and service fees receivables are stated after allowance for impairment.

Allowance for impairment is made if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition and that the loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. The carrying amounts of conservancy and service fees receivables approximate their fair value. The amount of the impairment allowance is recognised in the statement of income and expenditure and other comprehensive income. No interest is charged on conservancy and service fees receivables in normal circumstances.

2.12 Other receivables

Other receivables recognised initially at fair value and subsequently at amortised cost using the effective interest method, less any impairment losses.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents exclude those pledged as collateral.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2015 TO 31 MARCH 2016

2. Summary of significant accounting policies (Continued)

2.14 Financial liabilities

Initial recognition, measurement and derecognition of financial liabilities

A financial liability is recognised at each reporting date when, and only when, the Town Council becomes a party to the contractual provisions of the instrument. The initial recognition of financial liability at fair value is normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed off immediately. The transactions are recorded at the date of transaction.

The Town Council derecognises financial liability when, and only when, its obligations specified in the contract are discharged, cancelled or expired.

Subsequent measurement

Subsequent measurement based on the classification of financial liabilities of the respective categories under FRS 39 is as follows:

Liabilities at fair value through profit or loss

As at the reporting date, there were no financial liabilities classified under this category.

Other financial liabilities

All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Payables and accrued expenses are classified under this category. Items classified within current payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

2.15 Fair value of financial instruments

The carrying values of current financial assets and financial liabilities approximate their fair values due to the short-term maturity of these instruments. Disclosures of fair values are not made when the carrying amount of current financial instruments is a reasonable approximation of fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant items at the end of the period and in the event the fair values are disclosed in the relevant notes of these financial statements. The maximum exposure to credit risk is the fair value of the financial instruments at the end of the reporting period. The fair value of a financial instrument is derived from an active market. The appropriate quoted market price for an asset held or liability to be issued is usually the current bid price without any deduction for transaction costs that may be incurred on sale or other disposal and, for an asset to be acquired or liability held, the asking price.

2.16 Trade and other payables

Trade and other payables, which are generally settled on 30-90 days terms, are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to Town Council.

2.17 Lease as a lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in the statement of income and expenditure and other comprehensive income on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the lessee's benefit, even if the payments are not on that basis. Lease incentives received are recognised in the statement of income and expenditure and other comprehensive income as an integral part of the total lease expense.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2015 TO 31 MARCH 2016

2. Summary of significant accounting policies (Continued)

2.18 Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in the statement of income and expenditure and other comprehensive income in the period they occur.

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

(i) Impairment of financial and non-financial assets

The Town Council adopts the guidance of FRS 36 Impairment of Assets and FRS 39 Financial Instruments: Recognition and Measurement in determining when an asset is impaired. This assessment requires certain level of judgement. The Town Council evaluates, among other factors, the duration and extent to which the fair value of the asset is less than its cost, and the financial health of and near-term economic benefit for the asset, changes in technology and operational and financing cash flows.

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.

(i) Allowance for doubtful conservancy and service fees receivable

Allowance for doubtful conservancy and service fees receivable amounting to 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 consists 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2015 TO 31 MARCH 2016

3. Critical accounting judgments and key sources of estimation uncertainty (continued)

3.2 Key sources of estimation uncertainty (continued)

(ii) Depreciation of plant and equipment

The cost of plant and equipment for the Town Council is depreciated on the straight-line basis over the plant and equipment's estimated economic useful lives. Changes in the expected useful lives and the technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Town Council's plant and equipment as at 31 March 2016 is S\$81,187(Note 7).

(iii) 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 2016 is S\$871,827(Note 14(b)).

(iv) Held-to-maturity financial assets

The Town Council follows the guidance of FRS 39 Financial Instruments: Recognition and Measurement ("FRS39") 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. The investments would therefore be measured at fair value not amortised cost. The carrying amount of the Town Council's held-to-maturity financial assets as at 31 March 2016 is S\$26,239,770 (Note 8).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2015 TO 31 MARCH 2016

4. Accumulated surplus

The surplus for the period attributable to the various activities is carried forward as Accumulated Surplus in the respective funds as follows:

	Note	Total 1/10/2015 to 31/03/2016 S\$	Residential Property Funds 1/10/2015 to 31/03/2016 S\$	Commercial Property Funds 1/10/2015 to 31/03/2016 S\$	Carpark Fund 1/10/2015 to 31/03/2016 S\$
OPERATING INCOME					
Conservancy and service fees		17,265,907	13,148,885	4,117,022	-
Less: Operating income transfer to Sinking Funds (minimum required by law)	5	(5,726,872)	(4,285,914)	(1,440,958)	-
Agency fee	15	11,539,035	8,862,971	2,676,064	-
Other income	16	894,120	-	-	894,120
		1,360,147	310,000	1,039,030	11,117
		13,793,302	9,172,971	3,715,094	905,237
Less: Operating expenditure		(15,183,078)	(11,657,093)	(2,625,638)	(900,347)
OPERATING (DEFICIT)/SURPLUS		(1,389,776)	(2,484,122)	1,089,456	4,890
Add: Investment and interest income		26,490	21,097	3,901	1,492
(DEFICIT)/SURPLUS BEFORE INCOME TAX AND GOVERNMENT GRANTS		(1,363,286)	(2,463,025)	1,093,357	6,382
Less: Income tax	14(a)	(97,257)	(76,984)	(14,676)	(5,597)
(DEFICIT)/SURPLUS BEFORE GOVERNMENT GRANTS		(1,460,543)	(2,540,009)	1,078,681	785
Add: Government grants / GST subvention	20	6,441,600	6,194,066	247,534	-
Less: Transfers to					
- Sinking funds	5,18	(1,312,974)	(1,312,974)	-	-
- Sinking funds (GST Subvention)	5,18	(166,343)	(166,343)	-	-
- Town Improvement and Project funds	6,18	(1,661,530)	(1,413,996)	(247,534)	-
SURPLUS FOR THE PERIOD		1,840,210	760,744	1,078,681	785
Add: Transfer from Moulmein-Kallang Town Council at 1 October 2015		2,382,403	413,004	1,770,105	199,294
Add: Transfer from Potong Pasir Town Council at 1 October 2015		573,249	317,877	218,222	37,150
Add: Transfer from Tanjong Pagar Town Council at 1 December 2015		640,138	278,781	266,035	95,322
Less: Appropriation to Town Improvement and Project funds	6	(1,136,688)	(970,292)	(166,396)	-
ACCUMULATED SURPLUS FOR THE PERIOD		4,299,312	800,114	3,166,647	332,551

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2015 TO 31 MARCH 2016

5. Sinking funds

	Total 1/10/2015 to 31/03/2016 S\$	Residential Property Funds 1/10/2015 to 31/03/2016 S\$	Commercial Property Funds 1/10/2015 to 31/03/2016 S\$
Transfer from Moulmein-Kallang Town Council at 1 October 2015	111,861,188	70,553,684	41,307,504
Transfer from Potong Pasir Town Council at 1 October 2015	12,078,932	5,401,612	6,677,320
Transfer from Tanjong Pagar Town Council at 1 December 2015	41,457,324	15,619,270	25,838,054
	165,397,444	91,574,566	73,822,878
Add:			
Other income	924,462	771,859	152,603
Operating income transfers from conservancy and service fees	5,726,872	4,285,914	1,440,958
Transfer from government grants	1,312,974	1,312,974	-
- Minimum required by law	166,343	166,343	-
- GST subvention	8,130,651	6,537,090	1,593,561
Less :			
Expenditure	(5,286,477)	(4,432,137)	(854,340)
Income tax	(147,930)	(124,642)	(23,288)
Surplus for the period	2,696,244	1,980,311	715,933
Balance at 31 March	168,093,688	93,554,877	74,538,811
<i>Represented by:</i>			
Non-Current Assets	25,239,770		
Held-to-maturity financial assets			
Current Assets			
Conservancy and service fees receivables	402,515		
Other receivables	208,022		
Interest receivable	948,289		
Held-to-maturity financial assets	1,000,000		
Cash and cash equivalents	136,965,561		
Due from accumulated surplus	3,890,504		
	143,414,891		
Total assets	168,093,688		
Less:			
Current Liabilities			
Payables and accrued expenses	(115,583)		
Income tax payable	(445,390)		
	(560,973)		
NET ASSETS	168,093,688		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2015 TO 31 MARCH 2016

6. Town Improvement and Project funds

	Note	Total 1/10/2015 to 31/03/2016 S\$	Residential Property Funds 1/10/2015 to 31/03/2016 S\$	Commercial Property Funds 1/10/2015 to 31/03/2016 S\$
Transfer from government grants	4,18	1,661,530	1,413,998	247,533
Expenditure	20	(2,298,218)	(1,984,290)	(313,929)
Deficit for the period		(636,688)	(570,292)	(66,396)
Appropriation from accumulated surplus*	4	1,136,688	970,292	166,396
Balance at 31 March		500,000	400,000	100,000
Represented by:				
Current Assets				
Other receivables		758,760		
Less:				
Current Liabilities				
Payables and accrued expenses		(102,523)		
Due to accumulated surplus		(156,237)		
		(258,760)		
NET ASSETS		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.

7. Plant and equipment

	Office equipment S\$	Furniture and fittings S\$	Data processing equipment S\$	Total S\$
As at 31/03/16				
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	206,479	380,371	497,800	1,084,650
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	192,198	337,701	473,564	1,003,463
Net book value:				
At 31 March 2016	14,281	42,670	24,236	81,187

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2015 TO 31 MARCH 2016

8. Held-to-maturity financial assets

	31/03/2016 S\$
Amortised cost transferred from Moulmein-Kallang Town Council	26,238,116
Amortisation	1,654
Amortised cost at the end of the period	<u>26,239,770</u>
Balance is made up of:	
Government bonds	<u>26,239,770</u>
Maturing within 12 months	3,000,000
Maturing more than 12 months	<u>23,239,770</u>
	<u>26,239,770</u>
Fair value for held-to-maturity financial assets were as follows:	
Government bonds	<u>26,267,000</u>

The fair values of government bonds are based on quoted market prices at the end of the reporting date. The effective interest rates for government bonds are from 1.1050% to 4.170% and mature between 10 May 2016 and 27 June 2024.

Held-to-maturity financial assets are denominated in Singapore dollars.

9. Conservancy and service fees receivables

	31/03/2016 S\$
Conservancy and service receivables	1,673,265
Less: Allowance for impairment	(328,793)
	<u>1,344,472</u>

Conservancy and service fees receivables are denominated in Singapore dollars.

The movements in allowance for impairment in respect of conservancy and service fees receivables for the period are as follows:

	31/03/2016 S\$
Transfer from Moulmein-Kallang Town Council	204,369
Transfer from Potong Pasir Town Council	109,782
Transfer from Tanjong Pagar Town Council	85,651
Add: Allowance made during the period	60,600
Less: Allowance utilised	(131,609)
Balance at the end of the period	<u>328,793</u>

The average credit period generally granted to conservancy and service receivables is about 30-90 days. Conservancy and service receivables with short duration are not discounted and the carrying amounts are assumed to be a reasonable approximation of fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2015 TO 31 MARCH 2016

10. Other receivables

	31/03/2016
	S\$
Grant receivables	
- Community Improvement Projects Committee	1,440,439
- GST subvention	269,791
	<u>1,710,230</u>
Current account with Potong Pasir Town Council	8,352,837
Current account with Tanjong Pagar Town Council	26,670,316
Recoverable from HDB	241,512
Prepayments	164,201
Deposits	356,125
Others receivables	374,185
	<u>37,869,406</u>

Other receivables are denominated in Singapore dollar.

11. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances and fixed deposits which are denominated in Singapore dollars. Cash and cash equivalents comprise the following:

	31/03/2016
	S\$
Cash on hand	3,836
Cash at bank	10,283,680
	10,287,516
Fixed deposits with financial institutions	105,000,000
	<u>115,287,516</u>
Fixed deposits	
- Maturing within 3 months	41,000,000
- Maturing in more than 3 months	64,000,000
	<u>105,000,000</u>

The fixed deposit of S\$1,000,000 is pledged with a bank as security for guarantee granted.

The weighted average effective interest rates per annum relating to cash and cash equivalents, at the end of the period is 1.30%.

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

	31/03/2016
	S\$
Cash and cash equivalents as above	115,287,516
Less: Fixed deposit pledged	(1,000,000)
	<u>114,287,516</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2015 TO 31 MARCH 2016

12. Advances received for Neighbourhood Renewal Programme

	<u>31/03/2016</u> S\$
Transfer from Moulmein-Kallang Town Council	108,000
Transfer from Potong Pasir Town Council	1,169,866
Add : Advances received from HDB	3,538,910
Less : Payment to contractors	<u>(4,032,100)</u>
Balance at the end of period	<u>784,676</u>

Neighbourhood Renewal Programme ("NRP") was introduced in August 2007 in response to feedback received from residents during the Forum on HDB Heartware for more active consultation on the improvements to be provided in their precincts. Blocks built up to 1989 and have not undergone the Main Upgrading Programme (MUP) or Interim Upgrading Programme (IUP) are eligible for NRP.

13. Payables and accrued expenses

	<u>31/03/2016</u> S\$
Current account with Bishan-Toa Payoh Town Council	3,369,258
Trade payables and accrued operating expenses	2,620,210
Refundable deposits	<u>460,054</u>
	<u>6,449,522</u>

The average credit period taken to settle trade payables is about 30 days. The other payables are with short-term duration. The carrying amounts are assumed to be a reasonable approximation of fair values.

The amount payable to managing agent as at 31 March 2016 of \$165,321 was included in trade payables and accrued operating expenses with credit term of 30 days.

14. Income tax

Tax expense

Income tax expense attributable to profit is made up of:

	<u>Note</u>	<u>1/10/2015</u> <u>to</u> <u>31/03/2016</u> S\$
Current income tax expense		<u>245,187</u>
Taken up in:		
Accumulated surplus	4	97,257
Sinking funds	5	<u>147,930</u>
		<u>245,187</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2015 TO 31 MARCH 2016

14. Income tax (Continued)

(a) Tax expense (Continued)

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

	1/10/2015 to 31/03/2016 S\$
Investment and interest income	998,218
Other income	545,442
Government Grant	6,441,600
Taxable income	<u>7,985,260</u>
Tax calculated using Singapore Tax rate at 17%	1,357,494
Add/(Less):	
Tax effect of certain income taxed at concessionary tax rate	(18,834)
Tax exempt income	(25,925)
Tax remission of government grant under Section 92(2) of Singapore Income Tax Act	(1,073,458)
Others	5,910
	<u>245,187</u>

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

(b) Income tax payable

The movements in income tax payable are as follows:

	1/10/2015 to 31/03/2016 S\$
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
Income tax paid	(389,811)
Current income tax expense	245,187
Income tax at end of the period	<u>871,827</u>

15. Agency fees

These are fees received for routine maintenance of HDB's carparks and common property within the premises in the Town.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2015 TO 31 MARCH 2016

16. Other income

	1/10/2015 to 31/03/2016 S\$
Interest on late payment	48,266
Liquidated damages	108,731
Maintenance fee	3,686
Sundry income	66,564
Temporary occupational license	1,019,640
Use of water and electricity	85,316
Others	27,944
	<u>1,360,147</u>

17. General and administrative expenditure

The general and administrative expenditure comprises the following:

	Note	1/10/2015 to 31/03/2016 S\$
Advertising, publicity and public relations		47,879
Town Councillors' allowance	28	86,091
Depreciation of fixed assets		42,352
Office rental and upkeep expenses		245,219
Property tax		98,852
Computing services		251,045
Irrecoverable GST		85,061
Staff cost		17,842
Others		28,945
		<u>903,286</u>

This is allocated to the following expenditure:

Operating expenditure		862,816
Sinking fund expenditure	19 (ii)	40,470
		<u>903,286</u>

During the financial period, 5% of the general and administrative expenditure was transferred to Sinking fund expenditure.

Included in general and administrative expenditure is staff cost as follows:

	1/10/2015 to 31/03/2016 S\$
Salaries and allowances	17,123
Employer's contribution to CPF	388
Skills and development levy	36
Staff benefits	295
	<u>17,842</u>

At the end of period ended 31 March 2016, the Town Council had 1 employee.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2015 TO 31 MARCH 2016

18. Government grants

- (i) Government grants taken to the statement of income and expenditure and other comprehensive income during the period are as follows:

	<u>Total</u> 1/10/2015 to 31/03/2016 S\$	<u>Conservancy & Service Grant</u> 1/10/2015 to 31/03/2016 S\$	<u>GST Subvention</u> 1/10/2015 to 31/03/2016 S\$	<u>Payment from Citizen's Consultative Committee</u> 1/10/2015 to 31/03/2016 S\$
Government grants:				
- Received during the period	5,303,091	4,269,769	240,510	792,812
- Receivable for the current period	1,710,230	-	269,791	1,440,439
- Receivable in the prior period	(571,721)	-	-	(571,721)
4	6,441,600	4,269,769	510,301	1,661,530
Less: Transfers to				
- Sinking funds (minimum required by law)	4, 5 (1,312,974)	(1,312,974)	-	-
- Sinking funds (GST Subvention)	4, 5 (166,343)	-	(166,343)	-
- Town Improvement and Project funds	4, 6 (1,661,530)	-	-	(1,661,530)
	<u>3,300,753</u>	<u>2,956,795</u>	<u>343,958</u>	<u>-</u>

- (ii) The total amount of grants received, since the formation of the Town Council is as follows:

	<u>1/10/2015 to 31/03/2016 S\$</u>
Government grant transfer from Moulmein-Kallang Town Council at 1 October 2015	220,187,301
Grants received during the period	6,441,600
Total grants received at the end of period	<u>226,628,901</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2015 TO 31 MARCH 2016

19. Sinking funds income and expenditure

(i) Income

	1/10/2015 to 31/03/2016 S\$
Investment income - bonds	269,056
Investment income - cash and cash equivalents	654,406
Liquidated damages	1,000
	<u>924,462</u>

(ii) Expenditure

	1/10/2015 to 31/03/2016 S\$	
Reroofing works	499,400	
Lift works	1,033,236	
Replacement of booster pumps	368,715	
Redecoration and repainting	660,670	
Replacement of water pipes	255,240	
Other major works	1,858,850	
General and administrative charges	40,471	17
Consultancy fee	234,041	
Irrecoverable GST	65,835	
Refuse chute flushing system / equipment	270,019	
	<u>5,286,477</u>	

20. Town Improvement Projects

These projects are partially funded by Government grant under the Community Improvement Projects Committee (CIPC) scheme and are given through the Citizens' Consultative Committee (CCC).

Out of the total S\$2,298,218 spent on Town Improvement Projects, S\$1,661,530 was funded by CCC grants (Note 6).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2015 TO 31 MARCH 2016

21. Expenditure commitments

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

	<u>31/03/2016</u> S\$
Amount approved and contracted for	16,843,000
Amount approved but not contracted for	<u>18,283,713</u>

22. Operating lease commitments

At the end of the reporting period, the Town Council was committed to making the following rental payments in respect of non-cancellable operating leases of office premises with an original term of more than one year:

	<u>31/03/2016</u> S\$
Within 1 year	457,580
After 1 year but within 5 years	720,496
	<u>1,178,076</u>

The leases on the Town Council's office premises and computer services on which rentals are payable will expire earliest on 31 May 2017. The current rent payable on the leases are S\$17,500 per month.

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 and other receivables, accrued expenses and other payables that arise from its operations.

The main risks arising from the 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. The Town Council's reviews on the policies for managing these risks are disclosed below.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2015 TO 31 MARCH 2016

25. Financial instruments and financial risks (continued)

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. Financial assets that potentially subject to concentrations of credit risk consist principally of cash balances with banks, cash equivalents and receivables. The maximum exposure to credit risk is the fair value of the financial instruments at the end of the financial period. Credit risk on cash balances with banks is limited because these banks are of acceptable credit ratings.

As disclosed in Note 11, cash and cash equivalents balances represent amounts with a less than 12-month maturity.

For receivables, an ongoing credit evaluation is performed on the financial conditions of the receivables and losses on impairment are recognised in the statement of income and expenditure and other comprehensive income. The allowance for impairment of conservancy and service fees receivables totalling S\$328,793 is determined at the reporting date (Note 9).

There is no concentration of credit risk with respect to conservancy and service fees receivables, as the Town Council has a large number of household owners.

There are no other material class of financial assets that are past due except for the conservancy and service fees receivables as disclosed below:

	1/10/2015 to 31/03/2016 S\$
Not past due	90,138
Past due < 6 months	644,225
Past due 6 to 12 months	228,657
Past due 12 to 24 months	287,683
Past due over 24 months	422,562
	<hr/> 1,673,265
Allowance for impairment	(328,793)
	<hr/> <hr/> 1,344,472

Conservancy and service fees receivables amounting to S\$1,254,334 are past due at the reporting date but not impaired, as the management believes that it will be collectible in the foreseeable future as a result of recovery efforts and historical experience.

Market risk

Interest rate risk

The Town Council's exposure interest rate risk is insignificant as it relates primarily to fixed interest-earning deposits with financial institutions and investments in government bonds. The Town Council's surplus funds are placed with reputable financial institutions or invested in Singapore government bonds.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2015 TO 31 MARCH 2016

25. Financial instruments and financial risks (continued)

Liquidity risk

Liquidity risk is the risk that the Town Council will encounter difficulty in meeting financial obligations due to shortage of funds. 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. Besides, the Town Council's operations are partially supported by various grants from the government and the Town Council is satisfied that funds for operations are available as and when required.

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

The average credit period taken to settle these payables is about 30 - 90 days.

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.

Financial instruments by category

The carrying amounts of the different categories of financial instruments are as follows:

	1/10/2015 to 31/03/2016 S\$
Held-to-maturity financial assets	26,239,770
Loan and receivables	155,328,353
Less: financial liabilities	<u>(7,264,008)</u>
	<u>174,304,115</u>

26. Fair value of financial assets and liabilities

The carrying amounts of short-term financial assets and liabilities approximate their respective fair values due to the relatively short term maturity of these financial instruments. The fair values of held-to-maturity financial assets (Note 8) are determined with reference to quoted market price.

The town council does not hold financial assets or liabilities carried at fair value. Accordingly, the disclosure requirements of the fair value hierarchy (Level 1, 2 and 3) under FRS 107 Financial Instruments: Disclosures does not apply.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2015 TO 31 MARCH 2016

27. Key management remuneration

The Town Council is managed by the managing agent, EM Services Pte Ltd. The Town Council pays the monthly fee to EM Services Pte Ltd. The Town Council incur manpower and related costs as disclosed in Note 17 and Town Councillors' allowances as follows:

	<u>Note</u>	<u>1/10/2015 to 31/03/2016 S\$</u>
Town Councillors' allowances	19	86,091

28. Significant related party transactions

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
- (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Apart from the disclosures made elsewhere in these financial statements, the following transactions took place between the Town Council and its related parties on terms agreed between the parties during the financial year:

	<u>1/10/2015 to 31/03/2016 S\$</u>
Expenditure paid to Managing Agent in relation to:	
- Managing Agent fees	1,960,413
- Project Management fees	626,024
- Electrical works	563,052
- Lift works	190,173
- Water pump works	103,257
- Licence fee and other works	27,515

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD FROM 1 OCTOBER 2015 TO 31 MARCH 2016

29. Funds management

The Town Council's objectives when managing funds are:

- (a) to safeguard the Town Council's ability to continue as going concern;
- (b) to provide resources to sustain future development; and
- (c) 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 during the period.

The Town Council is not subject to externally imposed capital requirements.

The Town Council total funds at the reporting date is amounted to S\$172,893,000.

30. Comparative figures

The current financial period comprises 6 months from 1 October 2015 to 31 March 2016. No comparative figures were presented as this is first set of financial statements of the Town Council.





Jalan Besar
TOWN COUNCIL

Main Office

Block 70 Geylang Bahru #01-2719 Singapore 330070

Tel 6298 9222 | Fax 6293 2117 | Email feedback@jbtc.org.sg

Potong Pasir Office

Block 121 Potong Pasir Avenue 1 #01-271 Singapore 350121

Tel 6284 5000 | Fax 6284 5161 | Email potpastc@singnet.com.sg

Website www.jbtc.org.sg