



with a Heart *Home*





with a
Home Heart





Contents

Members of Parliament	3	Estate Maintenance	11	Upgrading Programmes	17
Town Councillors	4	Cyclical Works	13	Engaging our Residents	19
Overview	7	Town Improvement Works	15	Conclusion	21
Financial Management	9				



Members of Parliament

As at 31 March 2014

Minister K Shanmugam

Minister for Foreign Affairs and Law
MP for Nee Soon GRC
Adviser to Nee Soon Town Council



Assoc Prof Muhammad Faishal Ibrahim

Parliamentary Secretary for Health and Transport
MP for Nee Soon GRC
Chairman of Nee Soon Town Council



Er Dr Lee Bee Wah

MP for Nee Soon GRC
Vice-Chairman of Nee Soon Town Council



Dr Lim Wee Kiak, PBM

MP for Nee Soon GRC
Elected Member



Mr Patrick Tay Teck Guan, BBM

MP for Nee Soon GRC
Elected Member



Town Councillors

As at 31 March 2014



Business Liaison

1. Mr Goh Hung Kwang, BBM (Chairman)
2. Ms Barbara Lee
3. Mr Jeffery Low Kia Liang
4. Mr Lee Chong Khee, PBM
5. Mr Marcus Koo Pheng Kim
6. Mr Ronald Wong Keng Kiang
7. Rev Song Msang Seng, PBM



Investment and Finance

1. Mr Chew Teck Soon (Chairman)
2. Mr Anthony Ng Kie Cheow, PBM
3. Mr Chew Kng Poo
4. Mr Christopher Lim Ah Lek, BBM
5. Mr Narayanan s/o Sankunni Nair
6. Mr Tan Khai Seng



Legal and Compliance

1. Mr Alex Lee Ke Hoo (Chairman)
2. Mr Andrew Ng Tok Yong, PBM
3. Mr Ang Chee Yam, JP, BBM
4. Mr Jason Chong Choy Fatt
5. Mr John Poon Chue On, PBM
6. Mr Liow Kian Huat, PBM
7. Dr Phua Tan Tee, BBM





Maintenance and Customer Service

1. Mr Tan Meng, BBM (Chairman)
2. Mr Norman Aw Kai Aik, BBM (Co-Chairman)
3. Mr Derek Lua Soon Joo
4. Mr Henry Kwek Hian Chuan
5. Mr Michael Tan Kok Siong, PBM
6. Mr Peter Kwee Boon Chwee
7. Mr Toh Meng Yak

Projects and Development

1. Dr Toh Kian Lam, PBM (Chairman)
2. Mr Alfred Tan Chin Huat, PBM
3. Mr Jeffrey Tong Chwee Chong, PBM
4. Mr Loh Wee Seng, PBM
5. Mr Tan Joo Teck
6. Mr Toh Boon Teck
7. Mr Ramlee Bin Kasiman, PBM
8. Ms Rose Koh Siang Noi, PBM



Publicity and Public Relations

1. Mr Jack Soh Tze Churn, JP, BBM (Chairman)
2. Mr Foo Chee Kiou Henry, PBM
3. Mr Gopala Krishnan, JP, BBM
4. Mdm Kalyani d/o Sinnakkalai Ramasamy, PBM
5. Hj Mahmud Bin Hj Ali, PBM
6. Mr Robert Ong Boon Hock
7. Mr Yee Chia Hsing



Home – building for the
future, building a home with a heart

Overview

FY2013/2014 marks a year of change for the newly formed Nee Soon Town Council.

I am pleased to report the current results that reflect the focus and dedication of a young team delivering high standards. We will continue to work together with the Town Councillors and staff to build a Nee Soon community focused on the heart-ware, and the hardware. Overall, it is an excellent and encouraging start for our Town Council.

The Nee Soon estate comprises five divisions – Canberra, Chong Pang, Nee Soon Central, Nee Soon East and Nee Soon South. It is home to over 250,000 residents who will now benefit from a dedicated team. Our families will enjoy various upgrading programmes and improvement projects aimed at rejuvenating and injecting vibrancy into our Nee Soon home.

Costs continue to remain a challenge but the Town Council operates with a clear objective in mind – our residents are at the heart of all our work. They are the core beneficiaries of its programmes and activities. Prudent, transparent financial management remains a core guiding principle of its decision-making process. Our residents, appointed as Town Councillors in various committees participate in the decision-making process, directly influencing the standard and quality of our living environment.



Trust – maintaining our integrity,
focusing on trust and honesty



Financial Management

The Town Council ended FY2013/2014 with an operating deficit of \$2.95 million before government grants. With government grants including GST subvention totalling \$4.93 million after regulatory transfers, we are able to report a surplus of \$1.98 million.

Cost pressures remain as the Town Council's Service and Conservancy (S&C) Charges had stayed unchanged for the past 10 years until recently adjusted. Electricity, cleaning costs, lift servicing and estate amenities maintenance continue to impact operating expenses significantly. The Town Council will explore new-technologies and cost-saving opportunities to manage costs, while delivering the necessary services and amenities.

Our residents play an important role in our good performance in arrears management. Prompt contributions of the S&C Charges ensure that sufficient funds are available to upkeep and carry out improvement works to the estate. The Town Council will continue to engage residents who are facing financial difficulties and offer assistance through monthly repayment schemes and deferment plans.



Commitment – delivering
what we promise, effectively, efficiently



Estate Maintenance

The Town Council upkeeps and maintains common property, electrical installations and landscaping throughout the town. It is also responsible for the issue of permits for use of the common areas for social and religious activities. Estate maintenance priorities are the safety, comfort and well-being of our residents. A clean and well-maintained estate will also provide an aesthetically pleasing living environment.

We thank our residents and partners for their combined efforts in making this possible. We will regularly review our maintenance methods, fine-tune our operations and explore alternatives to improve our service levels.



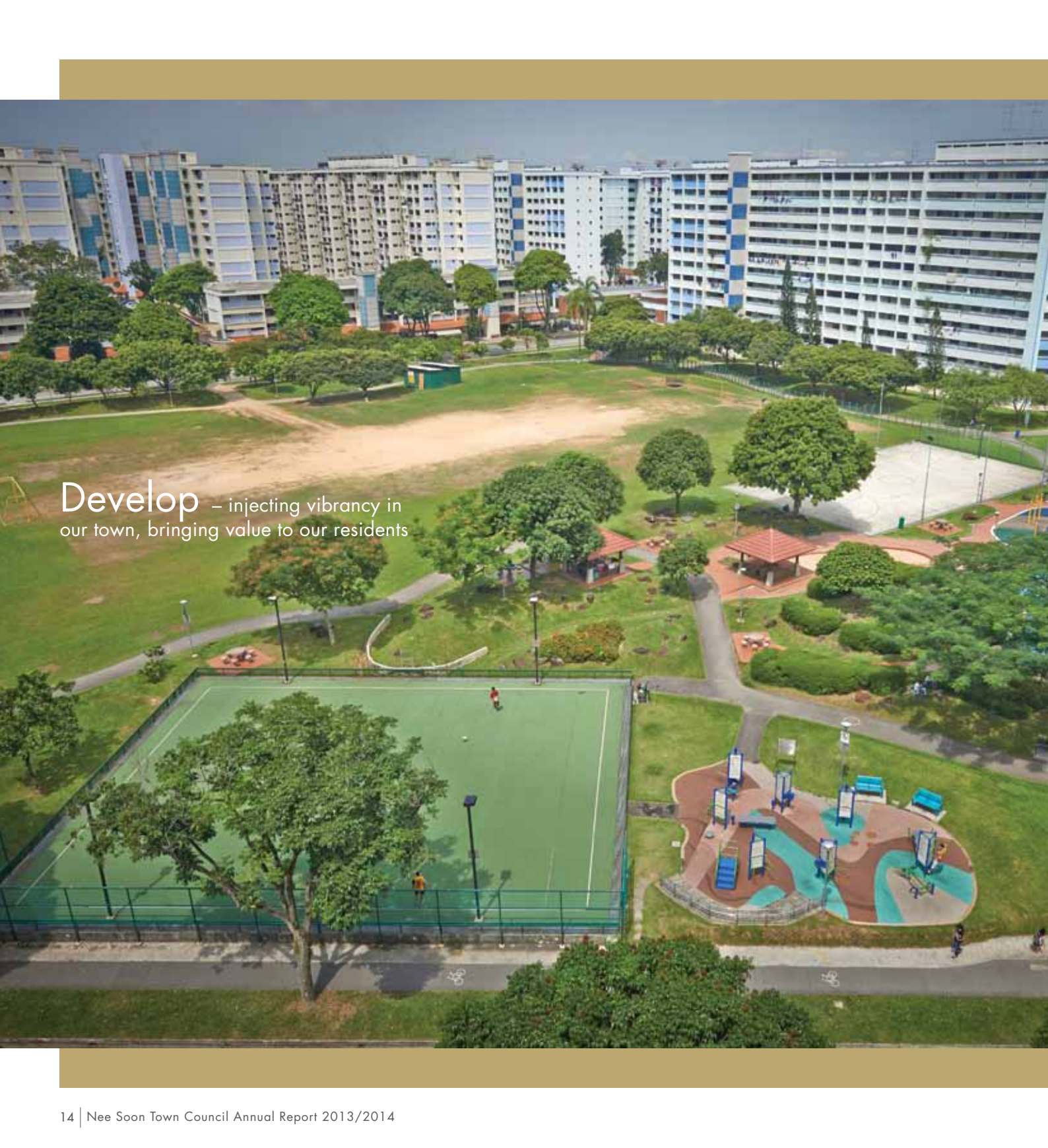
Revitalise – refreshing our
environment, rejuvenating our estates



Cyclical Works

Buildings, infrastructure and facilities deteriorate over time. Nee Soon is a matured estate undergoing a phase of renewal. Comprehensive cyclical work programmes include block repainting, re-roofing and repairs, replacement of lifts, pumps and pipes keep our estate rejuvenated and ensures that our home and facilities remain in good condition.



An aerial photograph of a park area. In the foreground, there is a green basketball court with a few people playing. To the right of the court is a colorful playground with blue and red equipment. The park is surrounded by lush green trees and grass. In the background, there are several tall, multi-story apartment buildings with blue and white facades. The sky is clear and blue.

Develop – injecting vibrancy in
our town, bringing value to our residents

Town Improvement Projects

The Town Council works closely with the grassroots organisations to identify improvement projects that reflect the needs and feedback from residents. In FY2013/2014, a total of \$4.19 million was invested in various town improvement projects. The bulk of the expense was the construction of covered walkways. 90% of Nee Soon Town today is connected via covered walkways. Ramps were also built in various locations to facilitate the movement and mobility of our residents. Parks, playgrounds, youth and elderly fitness corners were also constructed to cater to requests for general leisure facilities. Our residents can now access these amenities within walking distance from home. We also hope to encourage a healthy lifestyle.



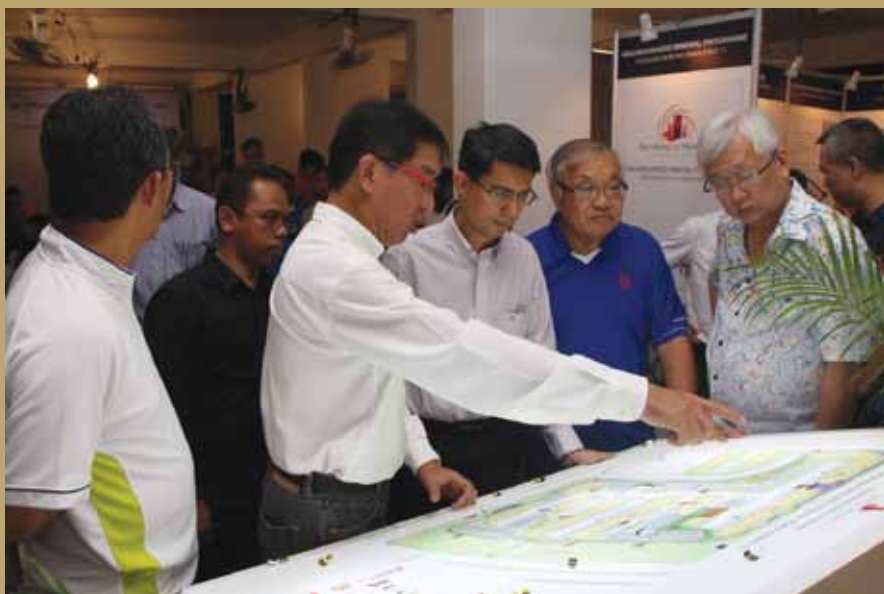
Future – thinking ahead of
our future, delivering on our vision



Upgrading Programmes

With a rapidly aging population, elderly-friendly amenities are important to provide our senior citizens with accessibility and comfortable aging-in-place. We have actively implemented the Lift Upgrading Programme (LUP) and Town Council LUP throughout our town. A total of 278 new lifts and 826 upgraded lifts now serve our residents.

8 precincts underwent the Neighbourhood Renewal Programme (NRP) in the financial year with 1 precinct completed. Resident responses have been positive and encouraging, as we continue to work to create a better environment for our residents.



Connect – reaching out to our
residents, touching hearts and impacting lives



Engaging Our Residents

In August 2013, we unveiled a new brand campaign including a new logo designed by our resident through a logo competition. We also launched a new website with a more contemporary look. Recognising the changing ways residents connect with us, we created our own Facebook page to encourage greater resident participation and engagement in shaping our home and community.



We continue to reach out to our residents through other social channels. We launched an easy-to-use social app – iTown@SG that allows residents to provide photographic feedback on maintenance matters and observations.

The Council also participated in numerous events organised by the grassroots to highlight the collective role residents and Town Council staff play, in encouraging positive social behaviour and harmony amongst residents. 2014/2015 will see a two-year Gracious Living Campaign engaging residents in various activities and events to build a more cohesive and gracious community.

The Nee Soon community spirit is strong, evident from several occasions of neighbours helping one another in times of trouble - including an incident of children being rescued by their neighbours from a fire that broke out, to simple gestures of returning found wallets through our online social network.

Nee Soon is also home to many individuals who tirelessly dedicate themselves to their community. We hope to share their stories in our new town newsletter – The Nee Soon Link. I encourage you to send your recommendations of such role models to the Town Council.



Community – building friendships,
building memories. Residents at the heart of all that we do



Conclusion

Nee Soon Town Council is not merely committed to the maintenance and upgrading of physical facilities and services of our Town. It is an equal stakeholder like you and I, building a community that cares for one another.

With residents at its heart, the Council will continue to work hard to bring benefits to the town and care for the well-being of our residents.

I would like to thank our residents for their continued support, patience and feedback towards improving our home, our town. I also thank our Town Councillors, grassroots leaders and the Town Council staff for jointly embarking on this journey to build our Nee Soon community.

Together, we can make Nee Soon a home with a heart.



Assoc. Prof Muhammad Faishal Ibrahim
Chairman
Nee Soon Town Council



with a
Home Heart



Annual Financial Statements

As at 31 March 2014

Nee Soon Town Council
(Established under the Town Councils Act, Chapter 329A)

Contents

Independent Auditor's Report to the Members of Nee Soon Town Council	24
Balance Sheet	26
Income And Expenditure Statement	27
Statement of Comprehensive Income	28
Statement of Changes in Town Council Funds	29
Cash Flow Statement	30
Notes to the Financial Statements	31





Independent Auditor's Report to the Members of Nee Soon Town Council

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

Report on the financial statements

We have audited the accompanying financial statements of Nee Soon Town Council ("the Town Council"), which comprise the statement of financial position as at 31 March 2014, the income and expenditure statement, statement of comprehensive income, statement of changes in Town Council funds and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Town Councils Act, Cap. 329A ("the Act") and Singapore Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town Council's preparation and fair presentation of the financial statements 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 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 basis for our audit opinion.

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Town Council as at 31 March 2014, and of the results, changes in funds and cash flows of the Town Council for the financial year ended on that date.

Independent Auditor's Report to the Members of (Established under the Town Councils Act, Cap 329A) Nee Soon Town Council



Report on Other Legal and Regulatory Requirements

Management's responsibility for compliance with legal and regulatory requirements

The Town Council's management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provision of the Act. This responsibility includes implementing accounting and internal controls as management determines are necessary to enable compliance with provision of the Act.

Auditor's responsibility

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

Our compliance audit includes obtaining an understanding of the internal 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 of 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 basis for our audit 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 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.

AT ADLER

Public Accountants and Chartered Accountants

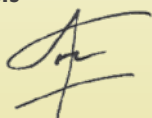
Singapore, 22 August 2014



Balance Sheet

As at 31 March 2014

	Note	2014 S\$
TOWN COUNCIL FUNDS		
Residential Property Funds		
Accumulated Surplus	3	-
Sinking Fund	4	92,023,882
Town Improvement and Project Fund	5	(353,601)
		91,670,281
Commercial Property Funds		
Accumulated Surplus	3	5,940,079
Sinking Fund	4	28,873,613
Town Improvement and Project Fund	5	1,780,601
		36,594,293
Car Park Fund		
Accumulated Surplus	3	334,998
Neighbourhood Renewal Programme Fund	6	207,418
Fair Value Reserve	4	259,499
Represented by:		<u>129,066,489</u>
Non-Current Assets		
Plant and equipment	7	126,398
Available-for-sale financial assets	10	5,623,601
Held-to-maturity financial assets	11	1,962,273
		7,712,272
Current Assets		
Financial assets at fair value through profit or loss	9	49,211,297
Conservancy and service receivables	12	1,378,848
Other receivables	13	6,464,593
Interest receivable		47,939
Cash and cash equivalents	14	74,427,519
		131,530,196
Total Assets		<u>139,242,468</u>
Less:		
Current Liabilities		
Payables and accrued expenses	15	9,026,996
Conservancy and service fee received in advance		700,853
Provision for taxation		448,130
		10,175,979
Net assets		<u>129,066,489</u>



A/P Muhammad Faishal Ibrahim
Chairman



Mr Terence Chan
Secretary

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

Income And Expenditure Statement

For the Financial Year Ended 31 March 2014



	Note	2014 S\$
Operating Income		
Conservancy and Service Fees	3	40,160,796
Operating transfer to Sinking Fund (minimum required by law)	3,4	(13,721,351)
		<u>26,439,445</u>
Agency Fees	16 (a)	3,263,301
Other Income	16 (b)	3,512,423
		<u>33,215,169</u>
Operating Expenditure		
Cleaning Works		(7,197,430)
Managing Agent's Fees	17	(5,126,119)
Lift Maintenance		(5,215,908)
Other Works and Maintenance		(4,790,286)
Water and Electricity		(11,226,355)
General and Administrative Expenditure	19	(2,302,657)
		<u>(35,858,755)</u>
Deficit before taxation and government grants		<u>(2,643,586)</u>
Taxation	20	(308,664)
Deficit after taxation but before government grants		<u>(2,952,250)</u>
Government Grants	3,22	8,982,250
Transfer to sinking fund	3,4,22	(1,912,004)
Transfer to town improvement and project fund	3,5,22	(3,105,771)
		<u>3,964,475</u>
GST Subvention	3,22	1,474,827
Transfer to sinking fund	3,4,22	(503,903)
		<u>970,924</u>
Surplus for the financial year		<u>1,983,149</u>
Accumulated surplus transferred from Sembawang Town Council on 1 April		6,159,236
Transfer to Town Improvement Project Fund	5	(1,867,308)
Accumulated surplus as at 31 March	3	<u><u>6,275,077</u></u>

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



Statement of Comprehensive Income

For the Financial Year Ended 31 March 2014

	Note	2014 S\$
Surplus/(Deficit) for the financial year		
Accumulated Surplus	3	1,983,149
Sinking Fund	4	(12,134,663)
Town Improvement and Project Fund	5	(1,048,634)
Neighbourhood Renewal Programme Fund	6	<u>725,135</u>
		(10,475,013)
Other comprehensive loss		
Items that may be reclassified subsequently to profit or loss		
Available-for-sale financial assets		
- Fair value loss on available-for-sale financial assets	10	<u>(336,784)</u>
Other comprehensive loss for the year, net of income tax		<u>(336,784)</u>
Total comprehensive loss for the year attributable to Town Council Funds		<u><u>(10,811,797)</u></u>

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

Statement of Changes in Town Council Funds

For the Financial Year Ended 31 March 2014



	Residential Property Funds S\$	Commercial Property Funds S\$	Car Park Fund S\$	Neighbourhood Renewal Programme Fund S\$	Fair Value Reserve S\$	Total S\$
2014						
Balance as at 1 April 2013 transferred from Sembawang Town Council	104,586,346	34,695,871	517,503	(517,717)	596,283	139,878,286
(Deficit)/surplus for the financial year	(13,504,672)	1,898,422	406,102	725,135	-	(10,475,013)
Other comprehensive income						
Fair value loss on available-for-sale financial assets (Note 10)	-	-	-	-	(336,784)	(336,784)
Transfer of accumulated surplus from Carpark to Residential Activity	588,607	-	(588,607)	-	-	-
Total comprehensive (loss)/income for the year	(12,916,065)	1,898,422	(182,505)	725,135	(336,784)	(10,811,797)
Balance as at 31 March 2014	<u>91,670,281</u>	<u>36,594,293</u>	<u>334,998</u>	<u>207,418</u>	<u>259,499</u>	<u>129,066,489</u>

The (deficit)/surplus for the financial year comprise the following:

	Note	<u>2014</u> S\$
Accumulated Surplus	3	1,983,149
Sinking Fund	4	(12,134,663)
Town Improvement and Project Fund	5	(1,048,634)
Neighbourhood Renewal Programme Fund	6	725,135
		<u>(10,475,013)</u>

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



Cash Flow Statement

For the Financial Year Ended 31 March 2014

	Note	2014 S\$
Cash flows from operating activities		
Deficit before taxation and government grants		(2,643,586)
Adjustments for:		
Conservancy and services fee transferred to sinking fund	3	13,721,351
Depreciation of plant and equipment	7	69,580
Discretion in amortised costs		(1,420)
Impairment losses of bonds		5,219
Operating surplus before working capital changes		11,151,144
Increase in conservancy and services fees and other receivables		(870,334)
Increase in creditors and conservancy and service fees received in advance		1,182,094
Cash generated from operations		11,462,904
Sinking fund income	4	15,785
Sinking fund expenditure	4	(28,008,008)
Town improvement and project fund income	5	36,184
Town improvement and project fund expenditure	5	(4,190,589)
Neighbourhood renewal programme fund expenditure	6	(10,668,963)
Payment from Sembawang Town Council		60,197,173
Net cash generated from operating activities		28,844,486
Cash flows from investing activities		
Proceeds from held-to-maturity financial assets	11	1,612,500
Proceeds from available for sale financial assets	10	2,650,606
Purchase of plant and equipment	7	(113,767)
Interest received		592,184
Net cash generated from investing activities		4,741,523
Cash flows from financing activities		
GST Subvention grants	22	1,474,827
Government grants	22	8,982,250
Neighbourhood renewal programme fund received	6	11,394,098
Net cash from financing activities		21,851,175
Net increase in cash and cash equivalents		55,437,184
Cash and cash equivalents transferred from Sembawang Town Council at 1 April 2013		-
Cash and cash equivalents at end of year (Note 14)		55,437,184

The annexed 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 2014



1. GENERAL INFORMATION

Nee Soon Town Council ("Town Council") was formed on 1 April 2013 under the Town Councils Act (Chapter 329A) following the restructuring of Sembawang-Nee Soon Town Council into two separate entities – Sembawang Group Representation Constituency ("GRC"), now known as Sembawang Town Council and Nee Soon GRC, now known as Nee Soon Town Council.

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

The Town Council is made up of Nee Soon GRC which comprises the Canberra Division, Chong Pang Division, Nee Soon Central Division, Nee Soon East Division and Nee Soon South Division.

The financial statements of the Town Council for the financial year ended 31 March 2014 were authorised for issue by the members of Town Council on 22 August 2014.

The head office of the Town Council is situated at Block 290 Yishun Street 22, Singapore 760290.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements expressed in Singapore Dollars are prepared in accordance with the provisions of the Town Councils Act and Singapore Financial Reporting Standards ("FRS") including related Interpretations. The financial statements are prepared under the historical cost convention except where an FRS requires an alternative treatment (such as fair values) as disclosed, where appropriate, in these financial statements.

The financial position of Nee Soon Town Council as at 1 April 2013, audited by Ernst & Young, was extracted from the accounting records of Sembawang-Nee Soon Town Council as at 31 March 2013.

(b) SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying value amounts of assets and liabilities within the next financial year are discussed in Note 2(s).



Notes to the Financial Statements

For the Financial Year Ended 31 March 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) FUNDS

TOWN COUNCIL FUND

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

- Residential Property
- Commercial Property

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

These funds, together with the Sinking Fund, Town Improvement and Project Fund and Neighbourhood Renewal Programme Fund form the Town Council Funds.

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

Assets and liabilities of the various funds of the Town Council are pooled in the Balance Sheet.

SINKING FUNDS

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

Under the Town Councils Act, the Ministry for National Development ("MND") 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.

Currently, the amounts to be paid into the Sinking Funds are as follows:

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

These contributions are treated as operating transfers and deducted from the gross conservancy and service fees and government grants in the Income and Expenditure Statement.

The Sinking Funds are utilised for major cyclical works such as repair and redecoration, re-roofing, rewiring and replacement of pumps, water tanks and water pipes. In addition, the Sinking Funds are also utilised for the overhaul and upgrading of lifts.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) FUNDS (CONT'D)

TOWN IMPROVEMENT AND PROJECT FUNDS

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

The funds are set up by transfer from the accumulated surplus to fund specific town improvement projects, which are to be carried out. In addition, the Town Council receives funds under Community Improvement Projects Committee scheme and are given through the Citizens' Consultative Committees ("CCC") for the approved projects.

NEIGHBOURHOOD RENEWAL PROGRAMME FUND

Neighbourhood Renewal is funded by the Government and the amount is computed with reference to the number of residential units in the precinct.

(d) ALLOCATION OF GENERAL OVERHEADS

Expenditure not relating specifically to any property type managed, for example, administrative overheads, tree planting, pruning etc is 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

No overheads are allocated to the Sinking Fund, Town Improvement and Project Fund and Neighbourhood Renewal Programme Fund.

(e) GOVERNMENT GRANTS

The Town Council receives three types of grants from Government, namely, service and conservancy charge grant, payments from citizens' consultative committees and GST subvention grant.

Government grants are accounted for on an accruals basis. Service and Conservancy Charges grants to meet the current year's operating expenditure are taken to the Income and Expenditure Statement.

The GST subvention is given as a grants-in-aid and is granted to Town Councils to assist them to absorb the GST increases in Service and Conservancy Charge for HDB residential flats.

(f) PLANT AND EQUIPMENT

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts less their residual values over their estimated useful lives of each part of an item of plant and equipment. The annual rates of depreciation are as follows:

Office equipment	2 to 3 years
Data processing equipment	3 years
Furniture, fixtures and fittings	5 years



Notes to the Financial Statements

For the Financial Year Ended 31 March 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(f) PLANT AND EQUIPMENT (CONT'D)

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the derecognition of an item of plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in the income and expenditure statement. The residual value and the useful life of an asset is reviewed at least at each financial year-end and, if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, any cost 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. Subsequent cost are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income and Expenditure Statement when they are incurred.

(g) FUNDS WITH FUND MANAGERS

Funds with fund managers represent the cost of the portfolio of assets placed with fund managers at the beginning of each management term plus investment income less management fees payable during the management term.

Funds with fund managers comprise mainly of equities, bonds, cash and fixed deposits. Equities and bonds are stated on an aggregate portfolio basis and are classified as financial assets at fair value through profit or loss in the balance sheet.

On expiry of the management term, any surplus over and above the performance benchmark will be shared between the Town Council and the fund managers on an agreed basis.

(h) FINANCIAL ASSETS

INITIAL RECOGNITION AND MEASUREMENT

Financial assets are recognised when, and only when, the Town Council becomes a party to the contractual provisions of the financial instrument. The Town Council determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) FINANCIAL ASSETS (CONT'D)

SUBSEQUENT MEASUREMENT

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in Income and Expenditure Statement. Net gains or net losses on financial assets at fair value through profit or loss include interest and dividend income.

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in Income and Expenditure Statement when the loans and receivables are derecognised or impaired, and through the amortisation process.

Held-to-maturity financial assets

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Town Council has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in Income and Expenditure Statement when the held-to-maturity financial assets are derecognised or impaired, and through the amortisation process.

Any sale or reclassification of a more than insignificant amount of held-to-maturity financial assets not close to their maturity would result in the reclassification of all held-to-maturity financial assets as available for sale. It would also prevent the Town Council from classifying investment securities as held-to-maturity for the current and the following two years.

Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.



Notes to the Financial Statements

For the Financial Year Ended 31 March 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(h) FINANCIAL ASSETS (CONT'D)

Available-for-sale financial assets (cont'd)

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses and interest calculated using the effective interest method are recognised in Income and Expenditure Statement. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

DE-RECOGNITION

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in Income and Expenditure Statement.

REGULAR WAY PURCHASE OR SALE OF A FINANCIAL ASSET

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Town Council commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(i) IMPAIRMENT OF FINANCIAL ASSETS

The Town Council assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

FINANCIAL ASSETS CARRIED AT AMORTISED COST

For financial assets carried at amortised cost, the Town Council first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Town Council determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in Income and Expenditure Statement.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) IMPAIRMENT OF FINANCIAL ASSETS (CONT'D)

FINANCIAL ASSETS CARRIED AT AMORTISED COST (CONT'D)

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Town Council considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

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 was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in Income and Expenditure Statement.

FINANCIAL ASSETS CARRIED AT COST

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in Income and Expenditure Statement. Reversals of impairment losses in respect of equity instruments are not recognised in Income and Expenditure Statement; increase in their fair value after impairment are recognised directly in other comprehensive income.



Notes to the Financial Statements

For the Financial Year Ended 31 March 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(i) IMPAIRMENT OF FINANCIAL ASSETS (CONT'D)

AVAILABLE-FOR-SALE FINANCIAL ASSETS (CONT'D)

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in Income and Expenditure Statement, the impairment loss is reversed in Income and Expenditure Statement.

(ii) IMPAIRMENT OF NON-FINANCIAL ASSETS

The Town Council assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Town Council makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

(k) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and call deposits, fixed deposits, less cash and fixed deposits with fund managers.

(l) PROVISIONS

Provisions are recognised when the Town Council has 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 the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(m) FINANCIAL LIABILITIES

INITIAL RECOGNITION AND MEASUREMENT

Financial liabilities are recognised when, and only when, the Town Council becomes a party to the contractual provisions of the financial instrument. The Town Council determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

SUBSEQUENT MEASUREMENT

Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in Income and Expenditure Statement when the liabilities are derecognised, and through the amortisation process.

DE-RECOGNITION

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in Income and Expenditure Statement.

(n) LEASE

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

AS LESSEE

Operating lease payments are recognised as an expense in Income and Expenditure Statement on a straight line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(o) REVENUE RECOGNITION

Conservancy and Service fees and agency fees are recognised on a time-proportion basis for the period when the service is rendered. Interest income from fixed deposits are recognised on a time-proportion basis using the effective interest method.

Investment income from investments in financial assets held at fair value through profit or loss and available-for-sale instruments is recognised in the Income and Expenditure Statement and the Statement of Comprehensive Income while investment income from investments in held-to-maturity financial assets is recognised on a time-proportion basis using the effective interest method.



Notes to the Financial Statements

For the Financial Year Ended 31 March 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(p) INCOME TAX

Tax is provided on the following income:

- (i) Income derived from investments;
- (ii) Fees, rent and other charges received from non-residents or non-owners of properties in the Town for use of common properties; and
- (iii) Donations from non-residents or non-owners of properties in the Town.

In respect of Government grants received, the Town Council has been granted remission under Section 92(2) of the Income Tax Act (Chapter 134). Conservancy and service charges and agency fees are not subject to tax.

Income tax expense comprises current tax. Current tax is recognised in the Income and Expenditure Statement except to the extent that it relates to items recognised directly in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

(q) FAIR VALUE ESTIMATION

The carrying amount of current financial assets and liabilities with a maturity of less than one year, are assumed to approximate their fair values due to their short-term nature.

The fair value of financial assets traded in active markets (such as exchanged-traded and over-the-counter securities) are based on quoted market bid-prices at the balance sheet date. The fair value of forward exchange contracts are determined using actively quoted forward exchange rates at the balance sheet date.

The fair value of non-current financial liabilities carried at amortised cost are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Town Council for similar liabilities.

(r) FUNCTIONAL CURRENCY

The functional currency of the Town Council is Singapore dollar as it reflects the primary economic environment in which the entity operates.

(s) CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(s) CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES (CONT'D)

ALLOWANCE FOR DOUBTFUL ACCOUNTS

An allowance is made for doubtful accounts for estimated losses resulting from the subsequent inability of the customers to make required payments. If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. The Town Council specifically analyses accounts receivables and analyses historical bad debt, customer concentrations, customer creditworthiness, current economic trends and changes in customer payment terms when evaluating the adequacy of the allowance for doubtful accounts. Allowance for doubtful conservancy and service debts amounting to \$316,037 have been estimated on the basis of age of debts, results of recovery efforts and historical experience.

IMPAIRMENT OF FINANCIAL ASSETS

Management reviews its financial assets for objective evidence of impairment regularly. Significant or prolonged declines in the fair value of any security below its cost and the disappearance of an active trading market for the security are considered objective evidence that a financial asset is impaired. In determining this, management evaluates, among other factors, the duration and extent to which the fair value of a financial asset is less than its cost, the financial health of and the near-term business outlook of the issuer of the investment, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

DEPRECIATION OF PLANT AND EQUIPMENT

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of plant and equipment to be 2 to 5 years. The carrying amount of the plant and equipment as at 31 March 2014 was \$126,398. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

INCOME TAX

Significant judgement is required in determining the deductibility of certain expenses during the estimation of the provision for income tax. There are also claims for which the ultimate tax determination is uncertain during the ordinary course of operation. The Town Council recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax provisions in the period in which such determination is made.

CLASSIFICATION OF HELD-TO-MATURITY FINANCIAL ASSETS

The Town Council follows the guidance of FRS 39 on classifying non-derivatives financial assets with fixed or determinable payments with fixed maturity as held-to-maturity.

This classification requires judgement. In making this judgement, the Town Council evaluates its intention and ability to hold such investments to maturity. If the Town Council fails to keep investments to maturity other than for specific circumstances, it will be required to reclassify these investments as available-for-sale. The investments would then be measured at fair value, and not amortised cost.



Notes to the Financial Statements

For the Financial Year Ended 31 March 2014

3. Accumulated Surplus

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

		Total	Residential Property	Commercial Property	Carpark
	NOTE	2014 S\$	2014 S\$	2014 S\$	2014 S\$
Operating Income					
Conservancy and service fees		40,160,796	37,999,622	2,161,174	-
Operating transfer to Sinking Funds (minimum required by law)	4	(13,721,351)	(12,965,053)	(756,298)	-
		26,439,445	25,034,569	1,404,876	-
Agency fee	16(a)	3,263,301	-	-	3,263,301
Other Income	16(b)	3,512,423	1,006,738	2,430,297	75,388
		33,215,169	26,041,307	3,835,173	3,338,689
		(35,858,755)	(31,430,079)	(1,498,657)	(2,930,019)
Operating expenditure (Deficit)/surplus before taxation and Government grants		(2,643,586)	(5,388,772)	2,336,516	408,670
Taxation	20	(308,664)	(26,323)	(279,773)	(2,568)
(Deficit)/surplus after taxation but before Government grants		(2,952,250)	(5,415,095)	2,056,743	406,102
Government Grants	22	8,982,250	8,982,250	-	-
Transfer to sinking fund	4,22	(1,912,004)	(1,912,004)	-	-
Transfer to town improvement and project funds	5,22	(3,105,771)	(3,104,873)	(898)	-
		3,964,475	3,965,373	(898)	-
Add: GST Subvention	22	1,474,827	1,474,827	-	-
Transfer to sinking fund	4,22	(503,903)	(503,903)	-	-
		970,924	970,924	-	-
Surplus/(Deficit) for the year		1,983,149	(478,798)	2,055,845	406,102
Accumulated surplus transferred from Sembawang Town Council on 1 April		6,159,236	(109,809)	5,751,542	517,503
Transfer to town improvement project fund	5	(1,867,308)	-	(1,867,308)	-
Transfer of Accumulated Surplus from carpark to residential property		-	588,607	-	(588,607)
Accumulated surplus at 31 March		6,275,077	-	5,940,079	334,998

Notes to the Financial Statements

For the Financial Year Ended 31 March 2014



4. Sinking Fund

		Total	Residential Property	Commercial Property
	<u>NOTE</u>	<u>2014</u> S\$	<u>2014</u> S\$	<u>2014</u> S\$
Balance transferred from Sembawang Town Council on 1 April		133,032,158	104,116,239	28,915,919
Investment and interest income	18(a)	(103,250)	(110,238)	6,988
Other income		15,785	15,785	-
Operating transfer from conservancy and service Fees (Minimum required by law)	3	13,721,351	12,965,053	756,298
Government grants	3,22	1,912,004	1,912,004	-
GST Subvention	3,22	503,903	503,903	-
		16,049,793	15,286,507	763,286
Expenditure	18(b)	(28,008,008)	(27,203,288)	(804,720)
Deficit before tax		(11,958,215)	(11,916,781)	(41,434)
Taxation	20	(176,448)	(175,576)	(872)
Deficit for the financial year		(12,134,663)	(12,092,357)	(42,306)
Balance at end of year		120,897,495	92,023,882	28,873,613
Add: Fair value reserve		259,499		
		<u>121,156,994</u>		
Represented by:				
Non-Current Assets				
Available-for-sale financial assets		5,623,601		
Held-to-maturity financial assets		1,962,273		
		7,585,874		
Current Assets				
Conservancy and services and other receivables		413,654		
Other Receivables		1,307,022		
Financial assets at fair value through profit or loss		49,211,297		
Interest receivable		47,939		
Amount due from accumulated surplus		2,627,800		
Cash and cash equivalents		66,051,647		
		119,659,359		
Total assets		127,245,233		
Less: Current Liabilities				
Conservancy and service fee received in advance		210,256		
Payables and accrued expenses		5,723,806		
Provision for taxation		154,177		
		6,088,239		
Net Assets		<u>121,156,994</u>		



Notes to the Financial Statements

For the Financial Year Ended 31 March 2014

5. Town Improvement and Project Fund

		Total	Residential Property	Commercial Property
	<u>NOTE</u>	<u>2014</u> S\$	<u>2014</u> S\$	<u>2014</u> S\$
Balance transferred from Sembawang Town Council on 1 April		608,326	579,916	28,410
Government grants	3,22	3,105,771	3,104,873	898
Other income		36,184	35,107	1,077
Expenditure		(4,190,589)	(4,073,497)	(117,092)
Deficit for the financial year		(1,048,634)	(933,517)	(115,117)
Transfer from Accumulated Surplus	3	1,867,308	-	1,867,308
Balance as at 31 March		<u>1,427,000</u>	<u>(353,601)</u>	<u>1,780,601</u>
Represented by:				
Current Assets				
Other receivables		3,375,472		
Payables and accrued expenses		(426,258)		
Amount due to accumulated surplus		(1,522,214)		
Net Assets		<u>1,427,000</u>		

Notes to the Financial Statements

For the Financial Year Ended 31 March 2014



6. Neighbourhood Renewal Programme Fund

	<u>2014</u> S\$
Balance transferred from Sembawang Town Council on 1 April	(517,717)
Funding from Government	11,394,098
Payment to contractors	(10,668,963)
Surplus during the year	725,135
Balance as at 31 March	<u>207,418</u>

7. Plant and Equipment

	<u>Office Equipment</u> S\$	<u>Data Processing Equipment</u> S\$	<u>Furniture Fixtures and Fittings</u> S\$	<u>Total</u> S\$
Cost:				
Balance transferred from Sembawang Town Council on 1 April 2013	235,047	119,903	638,042	992,992
Additions	<u>23,757</u>	<u>69,588</u>	<u>20,422</u>	<u>113,767</u>
Balance as at 31 March 2014	<u>258,804</u>	<u>189,491</u>	<u>658,464</u>	<u>1,106,759</u>
Accumulated depreciation:				
Balance transferred from Sembawang Town Council on 1 April 2013	212,251	117,282	581,248	910,781
Charge for the financial year	<u>17,153</u>	<u>6,732</u>	<u>45,695</u>	<u>69,580</u>
Balance as at 31 March 2014	<u>229,404</u>	<u>124,014</u>	<u>626,943</u>	<u>980,361</u>
Net book value:				
Balance as at 31 March 2014	<u>29,400</u>	<u>65,477</u>	<u>31,521</u>	<u>126,398</u>



Notes to the Financial Statements

For the Financial Year Ended 31 March 2014

8. Funds With Fund Managers

At the balance sheet date, the funds with fund managers comprised the following:

	Note	<u>2014</u> S\$
Financial assets at fair value through profit or loss	9	49,211,297
Accrued interest	13	224,554
Cash and fixed deposits	14	18,990,335
Management fees payables to fund managers	15	(62,283)
		<u>68,363,903</u>

9. Financial assets at fair value through profit or loss

	Note	<u>2014</u> S\$
Taken up in sinking funds:		
-Equities - quoted		11,223,369
-Bonds - quoted		37,987,928
	8	<u>49,211,297</u>

10. Available-For-Sale Financial Assets

	<u>2014</u> S\$
Movements during the year - at fair value:	
Financial assets transferred from Sembawang Town Council	8,610,991
Fair value loss	(336,784)
Redemption	(2,650,606)
Fair value at end of year	<u>5,623,601</u>
Taken up in sinking funds:	
-Quoted unit trusts as available-for-sale	1,533,750
-Quoted equities as available-for-sale	4,089,851
	<u>5,623,601</u>

Notes to the Financial Statements

For the Financial Year Ended 31 March 2014



11. Held-To-Maturity Financial Assets

	<u>2014</u> S\$
Taken up in sinking fund:	
Quoted bonds with fixed interest of 2.42% to 4.1% p.a. and maturity date ranging from 8 October 2014 to 3 September 2019	1,968,607
Impairment loss	<u>(6,334)</u>
	<u>1,962,273</u>
	<u>2014</u> S\$
Movements during the year - at amortised cost:	
Financial assets transferred from Sembawang Town Council on 1 April	3,579,687
Redemption	(1,612,500)
Discretion	<u>1,420</u>
Amortised cost at end of year	1,968,607
Impairment loss	<u>(6,334)</u>
Balance as at 31 March	<u>1,962,273</u>
The fair values for the held-to-maturity financial assets were as follows:	
Quoted bonds with fixed interest	<u>1,992,620</u>

12. Conservancy and Service Receivables

	<u>2014</u> S\$
Conservancy and service receivables	1,445,827
Interest receivable on late payment	249,058
Impairment loss	<u>(316,037)</u>
	<u>1,378,848</u>
Movement in impairment loss during the year	
Balance transferred from Sembawang Town Council on 1 April	628,625
Write back to income and expenditure statement and sinking fund statement for the financial year	(331,299)
Additional provision for the financial year	<u>18,711</u>
Balance as at 31 March	<u>316,037</u>



Notes to the Financial Statements

For the Financial Year Ended 31 March 2014

13. Other Receivables

	<u>2014</u> S\$
Due from HDB for carpark management	291,697
Recoverable from HDB	480,873
Citizens' Consultative Committee grant receivables	3,327,336
Prepayments	172,461
Others	531,217
Accrued interest	224,554
GST subvention grant receivable	380,568
Deposits Paid	168,911
Goods & Services Tax	886,976
	<u>6,464,593</u>

Current receivables with a short duration are not discounted and the carrying amounts are assumed to be reasonable approximation of fair values.

14. Cash and cash equivalents

	<u>2014</u> S\$
Bank balances	1,432,488
Cash and fixed deposits held in trust by fund managers (Note 8)	18,990,335
Fixed deposits	54,004,696
	<u>74,427,519</u>

At the balance sheet date, the carrying amounts of cash and cash equivalents approximate their fair values.

The fixed deposits with financial institutions mature between one month to ten months after the financial year end. The interest rate as at 31 March 2014 was between 0.22% and 1.18% p.a.

For the purposes of cash flow statement, the cash and cash equivalents comprises the following:

	<u>2014</u> S\$
Cash and cash equivalents	74,427,519
Cash and fixed deposits held in trust by fund managers (Note 8)	(18,990,335)
Cash and cash equivalents per statement of cash flows	<u>55,437,184</u>

Notes to the Financial Statements

For the Financial Year Ended 31 March 2014



15. Payables and Accrued Expenses

	<u>2014</u> S\$
Work order accruals	18,070
Accrued operating expenses	8,654,257
Sundry deposits	204,429
Accrued management fee	62,283
Other creditors	87,957
	<u>9,026,996</u>

The contractual undiscounted cash outflows on creditors and accrued expenses are expected to approximate their carrying amounts and settled within one year except for sundry deposits that are repayable on demand.

16. (a) Agency Fees

Agency fees received for routine maintenance of HDB's car parks and common property within the town.

16. (b) Other income

	<u>2014</u> S\$
Late payment penalty	142,683
Liquidated damages	186,900
Temporary Occupational Licence income	2,393,443
Use of common property	23,320
Use of void decks	48,330
Use of water and electricity at void decks	647,188
Others	70,559
	<u>3,512,423</u>

17. Managing Agent's Fees

The Town Council does not have any employees on its payroll as all its daily operations have been outsourced to a managing agent for a fee of \$5,126,119 for the financial year ended 31 March 2014.



Notes to the Financial Statements

For the Financial Year Ended 31 March 2014

18. (a) Investment and Interest Income On Sinking Funds

	<u>2014</u> S\$
Income - Bonds and other investments	279,673
Interest Income - fixed bank deposit	146,295
Dividend income from equities	132,254
Fair value loss from financial assets carried at fair value through profit or loss	(661,472)
	<u>(103,250)</u>

18. (b) Sinking Funds Expenditure

	Note	<u>2014</u> S\$
Re-Roofing Works		7,859,431
Electrical Rewiring		1,011,519
Lift Works		3,864,203
Replacement of Booster Pump		19,951
Repairs & Redecoration		4,210,979
Replacement Water Pipes		2,004,159
Consultancy fee and other charges		758,849
Non-claimable goods and services tax	21	52,262
Lift Overhaul		8,226,655
		<u>28,008,008</u>

19. General and Administrative Expenditure

The general and administrative expenditure comprise the following:

	Note	<u>2014</u> S\$
Advertising and public relations		384,889
Auditors' remuneration		58,314
Bad debts written off		80,091
Bad debts recovered		(331,299)
Computing services		139,422
Depreciation of plant and equipment	7	69,580
Office rental and upkeep expenditure		409,815
Office supplies and stationery		64,702
Postage / Telephone		139,655
Town Councillors' allowance		188,015
Insurance premium		168,414
Goods and services tax	21	175,547
Legal fee		222,797
Property tax		144,225
Others		388,490
		<u>2,302,657</u>

Notes to the Financial Statements

For the Financial Year Ended 31 March 2014



20. Income Tax

2014
S\$

Current income tax provision	<u>485,112</u>
------------------------------	----------------

Taken up in:

Income and Expenditure Statement

Sinking Fund Statement

308,664

176,448

485,112

The tax expense on surplus differs from the amount that would arise using the Singapore standard rate of income tax as explained below:

2014
S\$

Interest income received

880,888

Dividend income

380,772

Other income

8,070,383

Allowable expenses

(243,978)

9,088,065

Tax calculated at a tax rate of 17%

1,544,971

Tax exempt income

(25,925)

Tax effect of certain income taxed at concessionary tax rate

(56,745)

Tax remission of government grants under Section 92(2) of Singapore Income Tax

(1,014,171)

Others

36,982

485,112



Notes to the Financial Statements

For the Financial Year Ended 31 March 2014

21. Goods and Services Tax

Government grants 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 unclaimed portion is charged to the Income and Expenditure Statement/Sinking Fund Statement during the financial year.

22. Government Grants

(i) Government grants taken to the Income and Expenditure Statement during the financial year are as follows:-

		Total	Conservancy and Services Grant	Payments from Citizens Consultative Committee	GST Subvention
	<u>NOTE</u> S\$	<u>2014</u> S\$	<u>2014</u> S\$	<u>2014</u> S\$	<u>2014</u>
Government grants received/receivable during the financial year	3	10,457,077	5,876,479	3,105,771	1,474,827
Less : Transfers to Sinking Funds	3,4	(2,415,907)	(1,912,004)	-	(503,903)
Transfers to Town Improvement and Project Funds	3,5	(3,105,771)	-	(3,105,771)	-
		<u>4,935,399</u>	<u>3,964,475</u>	<u>-</u>	<u>970,924</u>

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

	<u>2014</u> S\$
Balance at 1 April	-
Add: Grants received for the financial year	<u>10,457,077</u>
Balance at 31 March	<u>10,457,077</u>

Notes to the Financial Statements

For the Financial Year Ended 31 March 2014



23. Operating Lease Payment Commitments

At the balance sheet date, the Town Council was committed to making the following payments in respect of operating lease of office premises, rental of equipment and computer services with lease terms of more than one year:

	<u>2014</u> S\$
Not later than one year	468,962
Later than one year but not later than five years	1,003,668
More than five years	<u>222,770</u>

24. Capital Commitments

2014
S\$

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

Amount approved and contracted for	24,656,933
Amount approved but not contracted for	<u>108,305,000</u>
	<u>132,961,933</u>

25. Financial risk management objectives and policies

General Risk Management Principles

The Town Council's financial instruments comprise cash and liquid resources, and various other items, including investment in financial assets, conservancy and services debtors and other receivables, trade payables and other payables. The main risks arising from the Town Council's financial instruments are credit risk, market risk and liquidity risk. The Town Council reviews and monitors policies for managing each of these risks and they are summarised below:

Credit Risk

Credit risk is the risk that counterparty to a financial asset fail to discharge an obligation or commitment entered into with the Town Council. The financial assets of the Town Council comprises mainly cash and cash equivalents, conservancy and service fees receivables, other receivables, held-to-maturity financial assets and financial assets at fair value through profit or loss.



Notes to the Financial Statements

For the Financial Year Ended 31 March 2014

25. Financial risk management objectives and policies (Cont'd)

Credit Risk

Credit risk on cash and cash equivalents is limited because the counter-parties are with Singapore regulated financial institutions. Ongoing credit evaluation is performed on the conservancy and service fees receivables financial condition and loss from impairment is recognised in the income and expenditure and sinking fund statements. There is no significant concentration risk for conservancy and service receivables as the exposure is spread over a large number of residents.

The credit risk for conservancy and service receivables based on the information provided to key management is as follows:

- (i) Conservancy and service fees receivables that are neither past due nor impaired are substantially counterparties with good payment records with the Town Council.
- (ii) The ageing analysis of conservancy and service fees receivable past due but not impaired and information on the impairment allowance are as follows:

	Gross 2014 S\$	Impairment 2014 S\$
Past due < 3 months	380,203	-
Past due 3 to 6 months	248,954	-
Past due over 6 months	841,281	316,037
	<u>1,470,438</u>	<u>316,037</u>

Based on historical default rates, the Town Council believes that no impairment allowance is necessary in respect of conservancy and service fee receivables not past due or past due but not impaired. These receivables are substantially debtors with good collection track record with the Town Council. The carrying amount of conservancy and service receivables determined to be impaired was \$316,037.

Other receivables as at 31 March 2014 are not past due or impaired as at 31 March 2014.

Exposure to credit risk in financial assets at fair value through profit or loss, available-for-sale financial assets and held-to-maturity financial assets comprises mainly debt securities. Investments in debt securities are subject to adverse changes in the financial condition of the issuer, or the general economic conditions, or both, which may impair the ability of the issuer to make payment of interest and principal. Exposure to such credit risk is monitored by the Town Council's management and the professional investment advisors (in the case of funds with fund managers) with oversight from the Investment Committee and the Town Council.

The Town Council's maximum exposure to credit risk arising from cash and cash equivalents, conservancy and service fees receivables, other receivables and other financial assets as at 31 March 2014 is equal to the carrying amount of these financial assets in the balance sheet.

Market risk

Market risk is the risk of potential adverse changes to the value of the financial instruments because of changes in market conditions such as interest and volatility in security prices.



25. Financial risk management objectives and policies (Cont'd)

Market risk (cont'd)

(i) Price risk

The Town Council is exposed to securities price risk from financial assets which are classified on the balance sheet at fair value through profit or loss and/or at fair value recognised directly in fair value reserves. Fluctuations in the market price of a security may result from perceived changes in the underlying economic characteristics of the financial assets and the market conditions. Our investment portfolio with fund managers (classified as financial assets at fair value through profit or loss) are monitored by the fund managers, on a regular basis, so as to assess changes in fundamentals and valuation. Guidelines have been set by the Investment Committee to manage the exposure of our investment portfolio so as to reduce our exposures to market volatility by diversifying the investment portfolio into equities, bonds and other financial assets.

Sensitivity analysis

The table below summarises the impact to the Town Council's financial assets at fair value through profit or loss as a result of a 10% increase/decrease in the fair value of Funds with fund managers and available-for-sale financial assets with all other variable held constant:

	Increase/(Decrease)			
	Net Assets		Sinking Fund Statement	
	10% increase S\$	10% decrease S\$	10% increase S\$	10% decrease S\$
31 March 2014				
Financial assets at fair value through profit or loss	4,921,130	(4,921,130)	4,921,130	(4,921,130)
Available-for-sale financial assets	562,360	(562,360)	562,360	(562,360)

(ii) Interest rate risk

Cash flow interest risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Town Council has interest-bearing fixed deposits with financial institutions and debt securities. The interest rates are disclosed in Notes 11 and 14 to the financial statements. The interest-bearing fixed deposits and debt securities are at fixed rates at the balance sheet date.

If interest rates had been 25 basis points lower/higher with all other variables held constant, the Town Council's deficit before government grants for the year would have been \$45,242 lower/higher.



Notes to the Financial Statements

For the Financial Year Ended 31 March 2014

25. Financial risk management objectives and policies (Cont'd)

Liquidity risk

The Town Council manages its liquidity risk by maintaining sufficient cash and cash equivalents to meet its routine and sinking fund expenditure. This is managed via the regular monitoring of the Town Council's operating cash flow requirements and the budget set for capital expenditure.

The table below analyses the maturity profile of Town Council's financial assets/liabilities based on contractual undiscounted cash flows:

	Total \$	Less than 1 year \$	Between 2 and 5 years \$
At 31 March 2014			
Held-to-maturity financial assets	1,962,273	215,890	1,746,383
Available-for-sale financial assets	5,623,601	-	5,623,601
Funds with fund managers	49,211,297	49,211,297	-
Conservancy and service receivables	1,378,848	1,378,848	-
Other receivables (excluding prepayments)	6,292,132	6,292,132	-
Interest receivable	47,939	47,939	-
Cash and cash equivalents	74,427,519	74,427,519	-
	<u>138,943,609</u>	<u>131,573,625</u>	<u>7,369,984</u>
Other financial liabilities	<u>10,175,979</u>	<u>10,175,979</u>	<u>-</u>

26. Management of Town Council's funds

The Town Council's objectives when managing the funds are:

- (a) To safeguard the Town Council's ability to continue as a going concern;
- (b) To support the Town Council's stability and growth; and
- (c) To provide capital for the purpose of strengthening the Town Council's risk management capability.

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

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

Notes to the Financial Statements

For the Financial Year Ended 31 March 2014



27. Financial Instruments

Fair values

The carrying amount of financial assets and liabilities with a maturity of less than one year is assumed to approximate their fair values.

The Town Council does not anticipate that the carrying amounts recorded at the end of the reporting period would be significantly different from the values that would eventually be received or settled.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

(a) Assets measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at 31 March 2014.

	<u>Level 1</u> S\$	<u>Level 2</u> S\$	<u>Level 3</u> S\$	<u>Total</u> S\$
<u>Recurring fair value measurements</u>				
31 March 2014				
Financial assets at fair value through profit or loss (Note 9)	49,211,296	-	-	49,211,296
Available-for-sale financial assets (Note 10)	5,623,601	-	-	5,623,601

(b) Assets not carried at fair value but for which fair value is disclosed

The following table shows an analysis of the Town Council's assets not measured at fair value at 31 March 2014 but for which fair value is disclosed:

	<u>Level 1</u> S\$	<u>Level 2</u> S\$	<u>Level 3</u> S\$	<u>Total</u> S\$
31 March 2014				
Held-to-maturity financial assets (Note 11)	1,992,620	-	-	1,992,620

The carrying value of held-to-maturity financial assets as at 31 March 2014 was \$1,962,273.



Notes to the Financial Statements

For the Financial Year Ended 31 March 2014

28. Changes and Adoption of Financial Reporting Standards

Interpretations and amendments to published standards effective in 2013

On 1 April 2013, the Town Council has adopted the new or revised FRS that are mandatory for application from that date and are relevant to its operations. This includes the following FRS :

Reference	Description
Amendment to FRS 1 FRS 113	Presentation of Items of Other Comprehensive Income Fair Value Measurement

New or revised accounting standards and interpretations not yet adopted

At the date of authorization of these financial statements, the following FRS and INT FRS that are relevant to the Town Council were issued but not yet effective and which the Town Council has not early adopted:

Reference	Description	Effective (Annual periods beginning on or after)
Amendments to FRS 32	Offsetting of Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 36	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014

The Town Council does not anticipate that the adoption of the above amendments to FRS in future periods will have a material impact on the financial statements of the Town Council in the period of their initial adoption.

29. Comparative figures

There are no comparative figures as this is the first set of financial statements since its formation of the Town Council on 1 April 2013.

This page is intentionally left blank.

This page is intentionally left blank.





NEE SOON TOWN COUNCIL

Main Office

Block 290, Yishun Street 22
Singapore 760290
Tel: 6758 0129
Fax: 6752 4626

Nee Soon Central Branch

Block 751, Yishun Street 72, #01-186
Singapore 760751
Tel: 6257 2722

Nee Soon South Branch

Block 845, Yishun Street 81, #02-00
Singapore 760845
Tel: 6758 4922

Email: feedback@nstc.org.sg

Website: <http://www.nstc.org.sg/>