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Our Members of Parliament



Mr K. Shanmugam

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



**Assoc. Prof. Muhammad
Faishal Ibrahim**

Senior Parliamentary Secretary
Ministry of Social and Family Development
and Ministry of Education
MP for Nee Soon GRC
Adviser to Nee Soon Town Council



Mr Louis Ng Kok Kwang

MP for Nee Soon GRC
Chairman of Nee Soon Town Council



Mr Kwek Hian Chuan Henry

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



Er. Dr. Lee Bee Wah

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

Town Councillors

Audit Committee



Chairperson:

1. Mr Marcus Lam Hock Choon, BBM

Members:

2. Dr Phua Tan Tee, BBM

3. Mr Goh Hung Kwang, BBM

4. Mdm Heidi Wong Gue Kuew, BBM

5. Mr Lawrence Koh Hock Siong, BBM

6. Mr Henry Foo Chee Kiou, BBM

7. Mr Michael Tan Kok Siong, PBM

8. Mr Narayanan S/O Sankunni Nair, PBM

Investment & Finance Committee



Chairperson:

1. Mr Tan Ng Kuang

Members:

2. Dr Toh Kian Lam, PBM

3. Mdm Rose Koh Siang Noi, PBM

4. Mr Lim Ah Kum, PBM

5. Prof Liow Kim Hiang

6. Mr Jason Chong Choy Fatt

7. Mr Kenny Pong Teck Koon

8. Mr Victor Ng Fook Ai, PBM

Legal & Compliance Committee

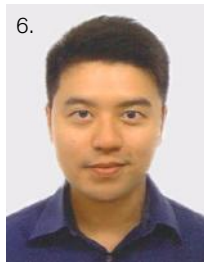


Chairperson:

1. Mr Jack Soh Tze Churn, JP, BBM(L)

Members:

2. Mr Choo Hai Boon, PBM
3. Mr Lee Chong Khee, PBM
4. Mr Christopher Seow Yan Weng
5. Mr Desmond Tang Han Fatt
6. Mr Ng Shi Yang
7. Mr Thoo Hock Huat
8. Mr Andrew Ng Tok Yong, BBM



Mass Communications Committee



Chairperson:

1. Mr Quak Hiang Whai

Members:

2. Hj Mahmud bin Hj Ali, BBM
3. Ms Barbara Lee, PBM
4. Mr Jackson Tan Kun Seng, PBM
5. Ms Edna Tan Mon Fui, PBM
6. Ms Evelyn Hung Suet Leng
7. Mr Koh Boon Koon
8. Mr Ramlee Bin Kasiman, PBM



Maintenance & Customer Service Committee

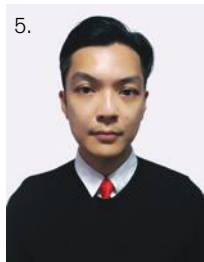


Chairperson:

1. Mr Tan Meng, BBM

Members:

2. Ms Gogiladevi D/O Meande
3. Mr Jackson Lam Weiliang
4. Mr Kay Teck Hui
5. Mr Kevin Toh Kwang Yew
6. Mr Ong Peng Eu, PBM
7. Mr Toh Boon Teck, PBM
8. Mr Wong Teck Ling, PBM



Projects & Development Committee



Chairperson:

1. Mr Wong Nam Sin

Members:

2. Mr Ho Toon Bah
3. Mr Philip Tan Seng Leong, BBM
4. Mr Oliver Osman Junus, PBM
5. Mr Wilson Wong Leong Jiam, PBM
6. Mr Andrew Lim Chong Thye
7. Ms Anna Chan, PBM
8. Mr Toh Meng Yak



Building a home





with a heart...

Chairman's Review



one heart, one home

FY 2016/2017 was a busy year as Nee Soon Town Council navigated through the changing regulatory environment. Several government agencies and authorities updated their operating guidelines and frameworks, such as lift safety requirements and made changes in the Town Council Act among others. The Town Council has been busy setting the processes and structures right to implement the new changes.

Our focus remains on delivering the best to our residents. We continue to oversee and develop many projects that reflect the needs and growing aspirations of our residents. The team's effort is evident, whether through the TCMR or through residents feedback. I wish to thank them for their contributions in the past year.

Our town councillors have also been deeply engaged in developing some of the new processes and structures to cope with the new regulatory requirements. They continue to guide the executive team with their expertise ranging from project development to financial management, audit and governance.

Over the years, Nee Soon's physical landscape has evolved significantly, including the introduction of lush greenery of Rockridge Park in Nee Soon South and the new facilities at Vine Grove.

We continue our vision to build a Home With A Heart. At the community outreach front, we have been successful with our projects and campaigns to engage and benefit our residents. The positive reception encourage us to continue exploring innovative ways to deepen our community relationships.

The team is committed to ensuring Nee Soon Town Council constantly evolves to keep up with the changing times. We do so with an eye on prudent financial management and close partnerships. Together, we want to grow, with our residents, and build a Home With A Heart.





Financial Management

As the Town ages in some areas, and continues to grow in others, costs of development and maintenance are projected to rise. Coupled with new regulations to set aside funds for lift safety and lift replacement, the Town Council's Service & Conservancy Charges (S&CC) were revised. This will help the Town cope with projected rising costs in utilities, cleaning, lift servicing and estate maintenance. The Town Council will remain prudent in its financial management and explore new technologies and cost-saving opportunities to manage costs for the future.

Our residents have been prompt in their S&CC contributions. This ensures that the Town Council has sufficient funds available to upkeep and carry out improvement works to the estate.

The Town Council had a smaller operating surplus of \$4.51 million in FY 2016/2017.





Estate Maintenance

Estate maintenance is the Town Council's core responsibility. We rely on a small but dedicated group of cleaners to support residents' needs.

Other routine maintenance works include horticultural maintenance and grass-cutting. Faced with rising costs, the Town Council is constantly looking for new technology to improve productivity and cost-savings.

Cyclical Works

Through cyclical works, we are able to keep our estate in good condition. Our comprehensive cyclical campaign prolongs the lifespan of buildings and facilities subjected to wear and tear.

For FY2016/2017, a total of \$19.24 million was spent to reinvigorate and upkeep our maturing estate. The scope of works include re-roofing, repainting, Repair and Redecoration (R&R), replacement of water pump sets, water pipes and water tanks.



Town Improvement Projects

We constantly seek to improve the town's physical environment for the comfort of our residents. As such, the grassroots organisation works closely with town councillors to identify the changes that residents want.

A total of \$6.33 million was dedicated to various improvement projects. As at 31st March, a total of 26 projects were completed. These include walkways and ramps to facilitate movement and connectivity, as requested by our residents.

Aside from connectivity, the town's ageing population calls for greater emphasis on well-being. On a periodic basis, new fitness corners and leisure facilities are added while existing ones are upgraded.



Upgrading Programmes

Our maturing estate calls for upgrading programmes that are increasingly focused on aging-in-place. These include installing facilities that enhance the living conditions where our residents can live safely, comfortably and independently, regardless of age.

All eligible blocks now have lifts that serve every single floor.

As of March 2017, a total of 2 Neighbourhood Renewal Programmes have been completed and were met with positive responses.



Public Relations

Deepening community engagement is important as part of our service delivery. We care for our residents and want them to be able to grow with, share and benefit from the community.

Our projects are resident-centric. Apart from continuing the successful Share-A-Book campaign and Project PostBox, we have taken to social media to engage our residents. Throughout the year, we have been featuring residents who have made a difference in someone else's life; from children expressing gratitude to their parents, to local social heroes through videos and print. These are all available on our Facebook page.

Our town newsletter – The Nee Soon Link also featured inspirational stories of our residents who dedicated themselves tirelessly to their community. We have also included sections on events in Nee Soon and useful information for our residents. We welcome new ideas on how we can do better and more.

Our residents matter to us, and we are grateful for and proud of the good work by our residents who came forward to volunteer for their community.



Conclusion

The team at Nee Soon Town Council has been dedicated and forward-thinking in their commitment to serving our residents. Equal importance is placed on both the hardware and the heartware – making Nee Soon truly a Home with a Heart.

On this note, I would like to thank our town councillors, grassroots leaders and staff for their dedication and time – of which success would not have been possible.

While we face future challenges ahead, I am confident that our team will continue to be steadfast in serving our residents well and continue to build a Nee Soon where residents are proud to live in.



Mr Louis Ng Kok Kwang
Chairman
Nee Soon Town Council



A better Nee Soon



for One and for All...





Annual Financial Statements

Nee Soon Town Council

(Established under the Town Councils act, Chapter 329a)

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NEE SOON TOWN COUNCIL

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

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 2017, income and expenditure statement, statement of comprehensive income, statement of changes in Town Council funds and statement of cash flows of the Town Council for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Town Council in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Chairman's Review in the Annual Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management's and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with the provisions of the Act and FRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

A Town Council is constituted based on its Act and its dissolution requires Minister's approval. In preparing the financial statements, management is responsible for assessing the Town Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is intention to wind up the Town Council or for the Town Council to cease operations.

Those charged with governance are responsible for overseeing the Town Council's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosure made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town Council to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management and with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion

In our opinion:

- (a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Town Council during the financial year ended 31 March 2017 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.

Basis for Opinion

We conducted our audit in accordance with SSAs. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Compliance Audit section* of our report. We are independent of the Town Council in accordance with the ACRA Code together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on management's compliance.

Responsibilities of Management for Compliance with Legal and Regulatory Requirements

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

Auditor's Responsibilities for the Compliance Audit

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipts, expenditure, investment of moneys and 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 entity's internal control. Because of the inherent limitations in any accounting and internal control system, non-compliances may nevertheless occur and not be detected.

A handwritten signature in black ink that reads "AT ADLER" with a long horizontal stroke extending to the right.

AT ADLER

Public Accountants and Chartered Accountants

Singapore, 22 September 2017

STATEMENT OF FINANCIAL POSITION

For the Financial Year Ended 31 March 2017

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

		2017	2016
	Note	S\$	S\$
TOWN COUNCIL FUNDS			
Residential Property Funds			
Accumulated Surplus	3	6,891,538	5,404,501
Sinking Fund	4	54,278,841	55,511,387
Town Improvement and Project Fund	5	(183,206)	(1,745,277)
		60,987,173	59,170,611
Commercial Property Funds			
Accumulated Surplus	3	1,143,406	552,844
Sinking Fund	4	34,502,908	34,564,987
Town Improvement and Project Fund	5	1,165,248	1,329,080
		36,811,562	36,446,911
Car Park Funds			
Accumulated Surplus	3	799,163	554,867
Fair Value Reserve			
	4	522,832	575,632
		<u>99,120,730</u>	<u>96,748,021</u>
Represented by:			
Non-Current Assets			
Plant and equipment	7	341,894	195,563
Available-for-sale financial assets	10	3,561,902	5,375,943
Held-to-maturity financial assets	11	3,540,895	8,956,648
		7,444,691	14,528,154
Current Assets			
Financial assets at fair value through profit or loss	9	20,412,210	32,217,726
Held-to-maturity financial assets	11	2,275,690	3,633,819
Conservancy and service fee receivables	12	1,526,770	748,500
Other receivables	13	6,054,603	16,760,761
Interest receivable		242,661	350,182
Receivable from Neighbourhood Upgrading Programme	6	1,734,331	-
Cash and cash equivalents	14	74,518,313	83,496,825
		<u>106,764,578</u>	<u>137,207,813</u>
Total Assets		<u>114,209,269</u>	<u>151,735,967</u>
Less:			
Current Liabilities			
Payables and accrued expenses	15	13,234,695	52,673,620
Conservancy and service fee received in advance		669,682	723,958
Advance from Neighbourhood Upgrading Programme	6	-	167,136
Provision for taxation		1,184,162	1,423,232
		15,088,539	54,987,946
Net assets		<u>99,120,730</u>	<u>96,748,021</u>



Mr Ng Kok Kwang, Louis
Chairman
22 September 2017



Mr Terence Chan
Secretary

INCOME AND EXPENDITURE STATEMENT

For the Financial Year Ended 31 March 2017

		2017	2016
	Note	S\$	S\$
Operating Income			
Conservancy and Service Fees	3	38,635,671	45,440,465
Operating transfer to Sinking Fund (minimum required by law)	3,4	(13,018,674)	(15,471,584)
		<u>25,616,997</u>	<u>29,968,881</u>
Agency Fees	16 (a)	2,423,810	3,153,512
Other Income	16 (b)	<u>3,193,167</u>	<u>3,416,460</u>
		<u>31,233,974</u>	<u>36,538,853</u>
Operating Expenditure			
Cleaning Works		(6,529,510)	(7,631,783)
Managing Agent's Fees	17	(5,458,315)	(5,727,356)
Lift Maintenance		(5,494,246)	(5,911,520)
Other Works and Maintenance		(4,147,780)	(4,487,588)
Water and Electricity		(7,354,524)	(9,084,622)
General and Administrative Expenditure	19(a)	<u>(2,593,975)</u>	<u>(4,046,523)</u>
		<u>(31,578,350)</u>	<u>(36,889,392)</u>
Operating Deficit		<u>(344,376)</u>	<u>(350,539)</u>
Non-Operating Income			
Interest Income		92,375	96,149
Deficit before taxation and government grants		<u>(252,001)</u>	<u>(254,390)</u>
Taxation	20	<u>(478,171)</u>	<u>(211,300)</u>
Deficit after taxation but before government grants		<u>(730,172)</u>	<u>(465,690)</u>
Government Grants	3,22	11,646,889	11,821,571
Transfer to sinking fund	3,4,22	(2,019,429)	(2,099,093)
Transfer to town improvement and project fund	3,5,22	<u>(5,310,633)</u>	<u>(5,320,544)</u>
		<u>4,316,827</u>	<u>4,401,934</u>
GST Subvention	3,22	1,391,815	1,662,112
Transfer to sinking fund	3,4,22	<u>(467,575)</u>	<u>(566,246)</u>
		<u>924,240</u>	<u>1,095,866</u>
Surplus for the financial year		<u>4,510,895</u>	<u>5,032,110</u>
Accumulated surplus as at 1 April		6,512,212	8,099,660
Transfer to town improvement project fund	5	<u>(2,189,000)</u>	<u>-</u>
Section 34 Accumulated surplus transferred to sinking fund	4	-	(5,325,105)
Transfer of reserves as at 30 November 2015:-			
- from Ang Mo Kio Town Council	3	-	844,324
- to Sembawang Town Council	3	-	(2,138,777)
	3	<u>8,834,107</u>	<u>6,512,212</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 2017

		2017	2016
	Note	S\$	S\$
Surplus/(deficit) for the financial year			
Accumulated Surplus	3	4,510,895	5,032,110
Sinking Fund	4	(1,294,625)	192,531
Town Improvement and Project Fund	5	(790,761)	(2,593,882)
		<u>2,425,509</u>	<u>2,630,759</u>
Other comprehensive income			
<i>Items that may be reclassified subsequently to sinking fund statement</i>			
Available-for-sale financial assets			
- Fair value gain/(loss) recognised in other comprehensive income		109,925	(552,822)
- Reclassified to sinking fund statement		(184,305)	-
- Impairment loss reclassified to sinking fund statement		21,580	473,508
Other comprehensive income/(loss) for the year, net of income tax		<u>(52,800)</u>	<u>(79,314)</u>
Total comprehensive income for the year attributable to Town Council Funds		<u>2,372,709</u>	<u>2,551,445</u>

STATEMENT OF CHANGES IN TOWN COUNCIL FUNDS

For the Financial Year Ended 31 March 2017

	Residential Property Fund	Commercial Property Fund	Car Park Fund	Fair Value Reserve	Total
	S\$	S\$	S\$	S\$	S\$
2017					
Balance as at 1 April 2016	59,170,611	36,446,911	554,867	575,632	96,748,021
Surplus for the financial year	1,816,562	364,651	244,296	-	2,425,509
Other comprehensive income					
Available-for-sale financial assets					
- Fair value gain	-	-	-	109,925	109,925
- Reclassified to sinking fund statement	-	-	-	(184,305)	(184,305)
- Impairment loss reclassified to sinking fund statement	-	-	-	21,580	21,580
Total comprehensive income/(loss) for the year	1,816,562	364,651	244,296	(52,800)	2,372,709
Balance as at 31 March 2017	60,987,173	36,811,562	799,163	522,832	99,120,730
2016					
Balance as at 1 April 2015	89,922,147	35,898,496	-	654,946	126,475,589
Surplus for the financial year	1,096,416	1,008,544	525,799	-	2,630,759
Other comprehensive income					
Available-for-sale financial assets					
- Fair value loss	-	-	-	(552,822)	(552,822)
- Impairment loss reclassified to sinking fund statement	-	-	-	473,508	473,508
Total comprehensive income/(loss) for the year	1,096,416	1,008,544	525,799	(79,314)	2,551,445
Transfer of reserves as at 30 November 2015:					
- from Ang Mo Kio Town Council	7,911,794	5,037,458	244,874	-	13,194,126
- to Sembawang Town Council	(39,759,746)	(5,497,587)	(215,806)	-	(45,473,139)
Balance as at 31 March 2016	59,170,611	36,446,911	554,867	575,632	96,748,021

STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 March 2017

		2017	2016
	Note	S\$	S\$
Cash flows from operating activities			
Deficit before taxation and government grants		(252,001)	(254,390)
Adjustments for:			
Conservancy and service fee transferred to sinking fund	3	13,018,674	15,471,584
Depreciation of plant and equipment	7	93,756	75,620
Plant and equipment written off		71	-
Amortisation in held to maturity financial assets		10,422	53,029
Operating surplus before working capital changes		12,870,922	15,345,843
 (Increase)/decrease in conservancy and service fee and other receivables		(3,700,561)	1,952,423
Increase/(decrease) in creditors and conservancy and service fee received in advance		6,343,055	(1,168,145)
Receivable/advance from Neighbourhood Upgrading Programme	6	(1,901,467)	(1,412,238)
Cash generated from operations		13,611,949	14,717,883
Fund transferred from Ang Mo Kio Town Council		13,572,957	779
Fund transferred to Sembawang Town Council		(27,805,803)	311,535
Sinking fund income	4	161,291	26,483
Sinking fund expenditure	4	(19,242,118)	(17,373,524)
Town improvement and project fund income	5	226,014	32,284
Town improvement and project fund expenditure	5	(6,327,408)	(7,946,710)
Income tax paid		(704,568)	(378,200)
Net cash used in operating activities		(26,507,686)	(10,609,470)
 Cash flows from investing activities			
Proceeds from held-to-maturity financial assets	11	2,517,000	4,317,500
Proceeds from available for sale financial assets		103,479	-
Purchase of plant and equipment	7	(240,158)	(64,794)
Interest received		1,132,710	1,184,787
Net cash generated from investing activities		3,513,031	5,437,493
 Cash flows from financing activities			
GST Subvention grants		1,391,815	1,662,112
Government grants		11,646,889	11,821,571
Net cash from financing activities		13,038,704	13,483,683
Net (decrease)/increase in cash and cash equivalents		(9,955,951)	8,311,706
Cash and cash equivalents at the beginning of the financial year		82,007,321	73,695,615
Cash and cash equivalents at end of the financial year	14	72,051,370	82,007,321

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 2017

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

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.

After the Boundary Change in September 2015, the Town Council is made up of Nee Soon GRC which comprises the Chong Pang Division, Kebun Baru 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 2017 were authorised for issue by the members of Town Council on 22 September 2017.

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

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.

(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 revenues, expenses, assets and liabilities and disclosure of contingent assets and liabilities at the end of each reporting period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the Town Council's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Apart from those involving estimations, the management has made judgements in the process of applying the Town Council's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements are disclosed in Note 2(u).

(c) 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 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 and Town Improvement and Project Fund form the Town Council Fund.

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

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

SINKING FUND

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

Under the Town Councils Act, the Minister of 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 Fund.

Currently, the amounts to be paid into the Sinking Fund 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, Sinking Funds are also utilised for the overhaul and upgrading of lifts.

TOWN IMPROVEMENT AND PROJECT FUND

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

Town Improvement and Project Fund is 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 Committee ("CCC") for the approved projects.

(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:

Property type	Equivalent Dwelling Unit(s)
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 charge grants received are transferred to Sinking Fund based on the amount prescribed in Note 2(c).

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 computed on a straight-line basis over their estimated useful lives as follows:

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

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 accumulated depreciation and 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 bring 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. These agreements can be terminated by either party giving a notice period of 1 month.

Funds with fund managers comprise of 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 statement of financial position.

On the 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 a fair value through profit or loss, directly attributable transaction costs.

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. Short term investments in equity shares and bonds are classified in this category.

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. Loans and receivables comprise conservancy and service fee receivables, other receivables, interest receivables and cash and bank balances.

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. Long-term investments in bonds are classified in this category.

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.

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.

Available-for-sale financial assets comprise equity securities and debt securities.

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.

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.

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.

(j) 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) RECEIVABLE/ADVANCES FROM NEIGHBOURHOOD RENEWAL PROGRAMME

Neighbourhood Renewal Programme (NRP) is established in respect of the NRP works carried out on the qualifying properties to upgrade the quality of HDB estates. It is implemented by the Town Council with full funding from the Government.

The funding for the programme belongs to the government which is received in advance and is for the specific use of projects under the programme. The funding is subject to a budget allocation of \$3,400 per dwelling unit to cover NRP expenditure and \$150 per dwelling unit or \$125,000, whichever is higher to cover the miscellaneous NRP expenditure. However, if the cost of the project works incurred exceeds the funding provided, the Town Council has to bear the cost of excess expenditure.

(m) 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.

(n) 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.

(o) 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.

(p) 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.

(q) 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.

(r) EMPLOYEE BENEFITS

Defined contribution plan

The Town Council operates a defined contribution plan in the form of Central Provident Fund for its employees. The Town Council's obligation, in regard to the defined contribution plan is limited to the amount it contributes to the fund. The expenses are disclosed under manpower cost and general administrative expenditure accordingly.

(s) 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 end of the reporting period. The fair value of forward exchange contracts are determined using actively quoted forward exchange rates at the end of the reporting period.

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.

(t) FUNCTIONAL CURRENCY

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

(u) CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

Estimates and judgements are currently evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Apart from information disclosed elsewhere in these financial statements, the following summarises 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 and significant judgements made in the process of applying the Town Council's accounting policies.

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

ALLOWANCE FOR DOUBTFUL ACCOUNTS

An allowance is made for doubtful accounts for estimated losses resulting from the subsequent inability of the debtors to make required payments. If the financial conditions of the debtors 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, debtor concentrations, debtor creditworthiness, current economic trends and changes in debtor payment terms when evaluating the adequacy of the allowance for doubtful accounts. Allowance for doubtful conservancy and service fee debts amounting to S\$679,129 (2016: S\$827,637) 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. No impairment is assessed to be necessary for held-to-maturity financial assets. Impairment for available-for-sale financial assets as at 31 March 2017 amounted to S\$21,580 (2016: S\$473,508).

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 2017 was S\$341,894 (2016: S\$195,563). 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.

TOWN IMPROVEMENT PROJECT GRANTS

The Town Council receives grants under Community Improvement Projects Committee ("CIPC") scheme for approved improvement and development works in the Town. Such grants are pre-approved in principle and claims are submitted to CIPC based on the conditions of these grants. Judgement is required in the accrual of the CIPC grant, which are made based on the Town Council's assessment of each approved projects, discussion with its project coordinator and the CIPC claims submitted. The actual CIPC grants received by the Town Council are subject to the final review and approval by the Housing & Development Board, which may be different from the amounts accrued.

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:

	Note	Total		Residential Property		Commercial Property		Carparks	
		2017 S\$	2016 S\$	2017 S\$	2016 S\$	2017 S\$	2016 S\$	2017 S\$	2016 S\$
Operating Income									
Conservancy and service fee		38,635,671	45,440,465	35,911,452	42,799,977	2,724,219	2,640,488	-	-
Operating transfer to Sinking Funds (minimum required by law)	4	(13,018,674)	(15,471,584)	(12,065,197)	(14,547,360)	(953,477)	(924,224)	-	-
		25,616,997	29,968,881	23,846,255	28,252,617	1,770,742	1,716,264	-	-
Agency Fee	16 (a)	2,423,810	3,153,512	-	-	-	-	2,423,810	3,153,512
Other Income	16 (b)	3,193,167	3,416,460	2,631,215	2,747,817	519,028	614,119	42,924	54,524
		31,233,974	36,538,853	26,477,470	31,000,434	2,289,770	2,330,383	2,466,734	3,208,036
Operating expenditure		(31,578,350)	(36,889,392)	(27,813,127)	(32,847,663)	(1,573,893)	(1,368,946)	(2,191,330)	(2,672,783)
Operating (deficit)/surplus		(344,376)	(350,539)	(1,335,657)	(1,847,229)	715,877	961,437	275,404	535,253
Non-operating income		92,375	96,149	81,246	84,468	3,755	3,166	7,374	8,515
(Deficit)/surplus before taxation and Government grants		(252,001)	(254,390)	(1,254,411)	(1,762,761)	719,632	964,603	282,778	543,768
Taxation	20	(478,171)	(211,300)	(420,069)	(185,582)	(19,620)	(7,749)	(38,482)	(17,969)
(Deficit)/surplus after taxation but before Government grants		(730,172)	(465,690)	(1,674,480)	(1,948,343)	700,012	956,854	244,296	525,799
Government grants	22	11,646,889	11,821,571	11,644,764	11,602,903	2,125	218,668	-	-
Transfer to sinking fund	4,22	(2,019,429)	(2,099,093)	(2,019,429)	(2,099,093)	-	-	-	-
Transfer to town improvement and project funds	5,22	(5,310,633)	(5,320,544)	(5,308,508)	(5,101,876)	(2,125)	(218,668)	-	-
		4,316,827	4,401,934	4,316,827	4,401,934	-	-	-	-
Add: GST Subvention	22	1,391,815	1,662,112	1,391,815	1,662,112	-	-	-	-
Transfer to sinking fund	4,22	(467,575)	(566,246)	(467,575)	(566,246)	-	-	-	-
		924,240	1,095,866	924,240	1,095,866	-	-	-	-
Surplus for the year		4,510,895	5,032,110	3,566,587	3,549,457	700,012	956,854	244,296	525,799
Accumulated surplus at the beginning of year		6,512,212	8,099,660	5,404,501	2,915,529	552,844	5,184,131	554,867	-
Transfer to town improvement project fund	5	(2,189,000)	-	(2,079,550)	-	(109,450)	-	-	-
Section 34 Accumulated surplus transferred to sinking fund	4	-	(5,325,105)	-	-	-	(5,325,105)	-	-
Transfer of reserve as at 30 November 2015:									
- from Ang Mo Kio Town Council		-	844,324	-	283,292	-	316,158	-	244,874
- to Sembawang Town Council		-	(2,138,777)	-	(1,343,777)	-	(579,194)	-	(215,806)
Accumulated surplus at end of year		8,834,107	6,512,212	6,891,538	5,404,501	1,143,406	552,844	799,163	554,867

4. SINKING FUND

		Total		Residential Property		Commercial Property	
	Note	2017 S\$	2016 S\$	2017 S\$	2016 S\$	2017 S\$	2016 S\$
Balance at beginning of year		90,076,374	115,975,983	55,511,387	86,884,694	34,564,987	29,091,289
Investment and interest income	18 (a)	2,267,851	(5,388)	2,177,686	(4,037)	90,165	(1,351)
Other income		161,291	26,483	156,117	26,301	5,174	182
Operating transfer from conservancy and service fees (Minimum required by law)	3	13,018,674	15,471,584	12,065,197	14,547,360	953,477	924,224
Government grants	3,22	2,019,429	2,099,093	2,019,429	2,099,093	-	-
GST Subvention	3,22	467,575	566,246	467,575	566,246	-	-
		17,934,820	18,158,018	16,886,004	17,234,963	1,048,816	923,055
Expenditure	18 (b)	(19,242,118)	(17,373,524)	(18,130,923)	(16,744,817)	(1,111,195)	(628,707)
(Deficit)/Surplus before tax		(1,307,298)	784,494	(1,244,919)	490,146	(62,379)	294,348
Taxation	20	12,673	(591,963)	12,373	(443,476)	300	(148,487)
(Deficit)/Surplus for the financial year		(1,294,625)	192,531	(1,232,546)	46,670	(62,079)	145,861
Section 34 transferrable surplus transferred from accumulated surplus	3	-	5,325,105	-	-	-	5,325,105
Transfer of reserve as at 30 November 2015:							
- from Ang Mo Kio Town Council		-	11,919,521	-	7,221,376	-	4,698,145
- to Sembawang Town Council		-	(43,336,766)	-	(38,641,353)	-	(4,695,413)
		88,781,749	90,076,374	54,278,841	55,511,387	34,502,908	34,564,987
Add: Fair value reserve		522,832	575,632				
		89,304,581	90,652,006				
Represented by:							
Non-Current Assets							
Available-for-sale financial assets		3,561,902	5,375,943				
Held-to-maturity financial assets		3,540,895	8,956,648				
		7,102,797	14,332,591				
Current Assets							
Financial assets at fair value through profit or loss		20,412,210	32,217,726				
Held-to-maturity financial assets		2,275,690	3,633,819				
Conservancy and service fee receivables		510,740	224,550				
Other receivables		818,622	12,160,251				
Interest receivable		214,272	331,511				
Amount due from accumulated surplus		3,766,902	1,797,903				
Cash and cash equivalents		58,376,209	72,162,618				
		86,374,645	122,528,378				
Total Assets		93,477,442	136,860,969				
Less: Current Liabilities							
Conservancy and service fee received in advance		211,681	217,187				
Payables and accrued expenses		3,443,005	45,025,571				
Provision for taxation		518,175	966,205				
		4,172,861	46,208,963				
Net Assets		89,304,581	90,652,006				

5. TOWN IMPROVEMENT AND PROJECT FUND

	Note	Total		Residential Property		Commercial Property	
		2017 S\$	2016 S\$	2017 S\$	2016 S\$	2017 S\$	2016 S\$
Balance as at 1 April		(416,197)	1,745,000	(1,745,277)	121,924	1,329,080	1,623,076
Government grants	3,22	5,310,633	5,320,544	5,308,508	5,101,876	2,125	218,668
Other income		226,014	32,284	211,157	31,031	14,857	1,253
Expenditure		(6,327,408)	(7,946,710)	(6,037,144)	(7,632,618)	(290,264)	(314,092)
Deficit for the financial year		(790,761)	(2,593,882)	(517,479)	(2,499,711)	(273,282)	(94,171)
Transfer from Accumulated Surplus	3	2,189,000	-	2,079,550	-	109,450	-
Transfer of reserve as at 30 November 2015:-							
- Ang Mo Kio Town Council		-	430,281	-	407,126	-	23,155
- Sembawang Town Council		-	2,404	-	225,384	-	(222,980)
Balance as at 31 March		982,042	(416,197)	(183,206)	(1,745,277)	1,165,248	1,329,080
Represented by:							
Current Assets							
Other receivables		3,301,946	1,902,556				
Payables and accrued expenses		(1,762,734)	(1,524,065)				
Amount due (to)/from accumulated surplus		(557,170)	(794,688)				
Net Assets		982,042	(416,197)				

6. (RECEIVABLE)/ADVANCE FROM NEIGHBOURHOOD UPGRADING PROGRAMME

	2017 S\$	2016 S\$
Balance on 1 April	167,136	1,579,374
Funding from Government	2,955,997	7,252,371
Reimbursement from HDB for Electrical Loading Upgrading	3,488,138	2,315,149
Others	(225,154)	4,000
Payment to contractors	(8,120,448)	(10,983,758)
Movement during the year	(1,901,467)	(1,412,238)
Balance as at 31 March	(1,734,331)	167,136

The above also includes Electrical Load Upgrading ("ELU") carry out on behalf of HDB.

7. PLANT AND EQUIPMENT

	Office Equipment	Data Processing Equipment	Furniture Fixtures and Fittings	Total
	S\$	S\$	S\$	S\$
2017				
Cost:				
Balance as at 1 April 2016	244,000	128,629	814,470	1,187,099
Additions	40,630	9,456	190,072	240,158
Disposals	(1,043)	-	(12,357)	(13,400)
Balance as at 31 March 2017	283,587	138,085	992,185	1,413,857
Accumulated depreciation:				
Balance as at 1 April 2016	238,676	76,668	676,192	991,536
Charge for the financial year	6,941	32,266	54,549	93,756
Disposals	(1,043)	-	(12,286)	(13,329)
Balance as at 31 March 2017	244,574	108,934	718,455	1,071,963
Net book value:				
Balance as at 31 March 2017	39,013	29,151	273,730	341,894
2016				
Cost:				
Balance as at 1 April 2015	249,782	104,862	787,038	1,141,682
Transferred from Ang Mo Kio Town Council	1,656	-	-	1,656
Additions	2,258	31,138	31,398	64,794
Disposals/written off	(9,696)	(7,371)	(3,966)	(21,033)
Balance as at 31 March 2016	244,000	128,629	814,470	1,187,099
Accumulated depreciation:				
Balance as at 1 April 2015	234,823	56,597	645,529	936,949
Charge for the financial year	13,549	27,442	34,629	75,620
Disposals/written off	(9,696)	(7,371)	(3,966)	(21,033)
Balance as at 31 March 2016	238,676	76,668	676,192	991,536
Net book value:				
Balance as at 31 March 2016	5,324	51,961	138,278	195,563

8. FUNDS WITH FUND MANAGERS

Fund with fund managers comprised the following:

	Note	2017	2016
		S\$	S\$
Financial assets at fair value through profit or loss	9	20,412,210	32,217,726
Accrued interest	13	97,608	153,100
Cash and fixed deposits	14	2,466,943	1,489,504
Management fees payable to fund managers	15	(10,844)	(15,376)
		<u>22,965,917</u>	<u>33,844,954</u>

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2017	2016
	S\$	S\$
Taken up in sinking funds:		
- Equities - quoted	1,877,424	7,036,354
- Bonds - quoted	18,534,786	25,181,372
	<u>20,412,210</u>	<u>32,217,726</u>

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2017	2016
	S\$	S\$
Movements during the year - at fair value:		
Financial assets at beginning of year	5,375,943	5,928,765
Disposal	(103,479)	-
Transferred to Sembawang Town Council ("SBTC")	(1,820,487)	-
Fair value gain/(loss)	109,925	(552,822)
Fair value at end of year	<u>3,561,902</u>	<u>5,375,943</u>
Taken up in sinking funds:		
- Quoted unit trusts/reits as available-for-sale financial assets	1,064,957	1,548,671
- Quoted equities as available-for-sale financial assets	2,496,945	3,827,272
	<u>3,561,902</u>	<u>5,375,943</u>

11. HELD-TO-MATURITY FINANCIAL ASSETS

	2017	2016
	S\$	S\$
Taken up in sinking fund:		
Current		
Amortised costs of quoted bonds with fixed interest of 1.11% to 2% (2016: 1.01% to 4.17%) p.a. and maturity date ranging from 8 June to 3 Nov 2017 (2016: 10 May 2016 to 16 Feb 2017)	2,275,690	3,633,819
Non-current		
Amortised costs of quoted bonds with fixed interest of 1.36% to 4.00% (2016: 1.10% to 4.00%) p.a. and maturity date ranging from 29 May 2018 to 18 June 2019 (2016: 8 Jun 2017 to 18 June 2019)	3,540,895	8,956,648
	5,816,585	12,590,467
	2017	2016
	S\$	S\$
Movements during the year - at amortised cost:		
Financial assets at beginning of year	12,590,467	16,960,996
Transferred to SBTC	(4,246,460)	-
Redemption	(2,517,000)	(4,317,500)
Amortisation	(10,422)	(53,029)
Balance as at 31 March	5,816,585	12,590,467
The fair values for the held-to-maturity financial assets were as follows:		
Quoted bonds with fixed interest	5,857,323	12,712,814

12. CONSERVANCY AND SERVICE FEE RECEIVABLES

	2017	2016
	S\$	S\$
Conservancy and service fee receivables	1,917,533	1,347,143
Interest receivable on late payment	288,366	228,994
Impairment loss	(679,129)	(827,637)
	1,526,770	748,500
Movement in impairment loss during the year		
Balance at beginning of year	827,637	449,510
Transferred to Sembwang Town Council for handover properties	-	(281,055)
Transferred from Ang Mo Kio Town Council for takeover properties	-	93,673
Movement for the financial year	(148,508)	565,509
Balance as at 31 March	679,129	827,637

13. OTHER RECEIVABLES

	2017	2016
	S\$	S\$
Recoverable from HDB	1,013,044	583,696
Citizens' Consultative Committee grant receivable	3,117,790	1,472,275
Prepayments	150,568	151,794
Others	177,572	206,897
Accrued interest (Note 8)	97,608	153,100
Conservancy and service grant receivable	127,376	41,630
GST subvention grant receivable	355,435	333,608
Deposits Paid	231,147	244,804
Goods & Services Tax	784,063	-
Amount due from Ang Mo Kio Town Council	-	13,572,957
	<u>6,054,603</u>	<u>16,760,761</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

	2017	2016
	S\$	S\$
Cash in hand and bank balances	6,801,841	5,186,928
Cash and fixed deposits held in trust by fund managers (Note 8)	2,466,943	1,489,504
Fixed deposits	65,249,529	76,820,393
	<u>74,518,313</u>	<u>83,496,825</u>

At the year end, the carrying amounts of cash and cash equivalents approximate their fair values.

The fixed deposits with financial institutions mature between one week to five months (2016: one month to twelve months) after the financial year end. The interest rate as at 31 March 2017 was between 0.1% and 1.8% (2016: 0.43% and 1.90%) p.a.

For the purposes of statement of cash flows, the cash and cash equivalents comprised the following:

	2017	2016
	S\$	S\$
Cash and cash equivalents	74,518,313	83,496,825
Cash and fixed deposits held in trust by fund managers (Note 8)	(2,466,943)	(1,489,504)
Cash and cash equivalents per statement of cash flows	<u>72,051,370</u>	<u>82,007,321</u>

15. PAYABLES AND ACCRUED EXPENSES

	2017	2016
	S\$	S\$
Work order accruals	436,972	324,783
Trade payables	7,431,633	5,170,150
Water and electricity payables	596,735	445,977
Accrued operating expenses	4,103,012	302,810
Sundry deposits	199,721	193,559
Accrued management fee (Note 8)	10,844	15,376
Other payables	221,615	118,754
Amount due to Sembawang Town Council	221,434	46,053,157
Goods & Services Tax	12,729	49,054
	<u>13,234,695</u>	<u>52,673,620</u>

The contractual undiscounted cash outflows on payables and accrued expenses are expected to approximate their carrying amounts and settled within one year.

16(a). AGENCY FEES

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

16(b). OTHER INCOME

	2017	2016
	S\$	S\$
Late payment penalty	186,006	223,445
Liquidated damages	128,383	107,910
Temporary occupational licence income	1,920,395	2,321,116
Use of common property	33,030	25,620
Use of void decks	40,470	52,470
Use of water and electricity at void decks	200,635	568,345
Others	684,248	117,554
	<u>3,193,167</u>	<u>3,416,460</u>

17. MANAGING AGENT'S FEES

The Town Council daily operations have been outsourced to a managing agent for a fee of S\$5,458,315 (2016: S\$5,727,356) for the financial year ended 31 March 2017.

18(a). INVESTMENT AND INTEREST INCOME ON SINKING FUNDS

	2017	2016
	S\$	S\$
Income - Bonds and other investments	102,051	405,566
Interest Income - fixed bank deposits	757,464	683,744
Dividend income from equities	165,674	165,865
Fair value gain/(loss) from financial assets carried at fair value through profit or loss	1,255,088	(787,055)
Gain from disposal of available-for-sale financial assets	9,154	-
Impairment of available-for-sale financial assets reclassified to sinking fund statement	(21,580)	(473,508)
	<u>2,267,851</u>	<u>(5,388)</u>

18(b). SINKING FUNDS EXPENDITURE

		2017	2016
	Note	S\$	S\$
Re-Roofing Works		1,144,326	3,637,428
Electrical Rewiring		2,946,659	141,444
Lift Works		2,621,183	1,381,608
Replacement of Water & Booster Pump		362,160	611,649
Repairs & Redecoration		5,455,080	7,109,618
Replacement of Water Pipes		-	2,984,887
Consultancy fee and other charges		571,875	683,664
Goods and services tax	21	115,603	564,136
Lift Overhaul		5,110,488	12,584
Replacement of Refuse Chute		848,610	246,506
Fire Protection System		66,134	-
		<u>19,242,118</u>	<u>17,373,524</u>

19(a). GENERAL AND ADMINISTRATIVE EXPENDITURE

The general and administrative expenditure comprise the following:

		2017	2016
	Note	S\$	S\$
Advertising and public relations		755,771	1,072,529
(Reversal)/Provision for doubtful debts		(148,508)	565,509
Bad debts written back		(229,524)	-
Computing services		139,919	335,407
Depreciation of plant and equipment	7	93,756	75,620
Office rental and upkeep expenditure		454,308	494,429
Office supplies and stationery		60,271	67,984
Postage/Telephone		165,591	160,585
Town Councillors' allowance		198,000	191,100
Insurance premium		18,054	11,962
Goods and services tax	21	205,130	185,719
Legal fee		65,545	19,082
Property tax		200,054	257,322
Others *		615,608	609,275
		<u>2,593,975</u>	<u>4,046,523</u>

* Includes manpower costs of S\$69,488 (2016: S\$45,834) (Note 19(b)).

19(b). MANPOWER COST

Included in general administrative expenditure are cost of manpower provided by the Town Council.

	2017	2016
	S\$	S\$
Staff salaries and related costs	62,088	41,965
CPF contribution	7,400	3,869
	<u>69,488</u>	<u>45,834</u>

20. INCOME TAX

	2017	2016
	S\$	S\$
Current income tax provision	567,915	711,965
(Over)/underprovision in prior year	(102,417)	91,298
	<u>465,498</u>	<u>803,263</u>

Taken up in:

	2017		2016	
	Income and Expenditure Statement	Sinking Fund Statement	Income and Expenditure Statement	Sinking Fund Statement
	S\$	S\$	S\$	S\$
Current income tax provision	325,355	242,560	205,241	506,724
(Over)/underprovision in prior year	152,816	(255,233)	6,059	85,239
	<u>478,171</u>	<u>(12,673)</u>	<u>211,300</u>	<u>591,963</u>

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

	2017	2016
	S\$	S\$
Interest income received	1,655,062	2,209,666
Dividend income	159,052	122,347
Other income	15,202,566	15,445,495
Allowable expenses	(202,950)	(227,899)
	<u>16,813,730</u>	<u>17,549,609</u>
Tax calculated at a tax rate of 17%	2,858,334	2,983,434
Tax exempt income	(25,925)	(25,925)
Tax effect of certain income taxed at concessionary tax rate	(51,377)	(67,257)
Tax remission of government grants under Section 92(2) of Singapore Income Tax	(2,213,117)	(2,273,446)
(Over)/underprovision in prior year	(102,417)	91,298
Others	-	95,159
	<u>465,498</u>	<u>803,263</u>

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 year are as follows :-

	Total		Conservancy and Service Grant		Payment from Citizens' Consultative Committee		GST Subvention	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Government Grants received/receivable during the year	13,038,704	13,483,683	6,336,256	6,501,027	5,310,633	5,320,544	1,391,815	1,662,112
Transfer to -								
Sinking Funds	(2,487,004)	(2,665,339)	(2,019,429)	(2,099,093)	-	-	(467,575)	(566,246)
Town Improvement and Project Fund	(5,310,633)	(5,320,544)	-	-	(5,310,633)	(5,320,544)	-	-
	<u>5,241,067</u>	<u>5,497,800</u>	<u>4,316,827</u>	<u>4,401,934</u>	<u>-</u>	<u>-</u>	<u>924,240</u>	<u>1,095,866</u>

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

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Balance at 1 April	34,503,533	21,019,850
Add : Grants received/receivable during the year	13,038,704	13,483,683
Balance at 31 March	<u>47,542,237</u>	<u>34,503,533</u>

23. OPERATING LEASE PAYMENT COMMITMENTS

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

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Not later than one year	510,371	487,575
Later than one year but not later than five years	<u>604,915</u>	<u>897,126</u>

24. CAPITAL COMMITMENTS

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

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Amount approved and contracted for	13,199,820	24,743,598
Amount approved but not contracted for	<u>28,549,893</u>	<u>57,043,159</u>
	<u>41,749,713</u>	<u>81,786,757</u>

25. RELATED PARTY TRANSACTIONS AND BALANCES

Related party relates to the managing agent of the Town Council which manages the operations of the Town Council.

The following significant transactions took place between the Town Council and its managing agent at terms agreed between the parties:

	2017	2016
	S\$	S\$
Managing Agent's Fees	5,458,315	5,727,356
Contract for services and works	135,379	104,559
Energy saving costs *	1,309,645	926,862
Project management fee	832,927	995,068
Repairs and maintenance	1,158,767	873,951
Essential Maintenance Service Unit Services	846,206	797,736

Contract for services and works include mainly construction of playgrounds and electrical licensing fees.

*The Town Council has entered into an agreement with the related party to supply and install Light Emitting Diode ("LED") luminaries at the HDB blocks at no costs to the Town Council. Under the terms of the agreement, certain percentage of the energy cost saved from the usage of the LED will be shared with the related party.

Payables and accrued expenses included amount due to the managing agent of S\$678,326 (2016: S\$891,935).

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

General Risk Management Principles

The Town Council's financial instruments comprise cash and liquid resources, including investments in financial assets, conservancy and service fee 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

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations consist principally of cash, cash equivalents, investments, conservancy and service and other accounts receivables.

The carrying amount of investments in bonds and funds with fund managers, conservancy and service fee receivables, other receivables, interest receivable, cash and bank balances represent the Town Council's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

Credit risk on cash and cash equivalents is limited because the counterparties are with Singapore regulated financial institutions. An ongoing credit evaluation is performed of the debtors' financial condition and a loss from impairment is recognised in the income and expenditure statement. There is no significant concentration of credit risk, as the exposure is spread over a large number of counter-parties and customers unless otherwise disclosed in the notes to the financial statements.

The ageing analysis of conservancy and service fee receivable past due and information on the impairment allowance are as follows:

	Gross 2017 S\$	Gross 2016 S\$	Impairment 2017 S\$	Impairment 2016 S\$
Past due <3 months	570,931	115,833	-	-
Past due 3 to 6 months	324,546	228,045	-	-
Past due over 6 months	1,022,077	1,060,258	679,129	827,637
	<u>1,917,554</u>	<u>1,404,136</u>	<u>679,129</u>	<u>827,637</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 fee receivables determined to be impaired was S\$679,129 (2016: S\$827,637).

Other receivables as at 31 March 2017 are not past due or impaired as at 31 March 2017. These comprised mainly recoverable from statutory board and government agencies.

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 Finance and Investment Committee and the Town Council.

The Town Council's maximum exposure to credit risk arising from cash and cash equivalents, conservancy and service fee receivables, other receivables and other financial assets as at 31 March 2017 is equal to the carrying amount of these financial assets in the statement of financial position.

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.

(i) Price risk

The Town Council is exposed to securities price risk from financial assets which are classified on the statement of financial position 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 Finance and 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 and available for sale financial assets as a result of a 10% increase/decrease in the fair value of funds 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 2017				
Financial assets at fair value through profit or loss	2,041,221	(2,041,221)	2,041,221	(2,041,221)
Available-for-sale financial assets	356,190	(356,190)	356,190	(356,190)
31 March 2016				
Financial assets at fair value through profit or loss	3,221,773	(3,221,773)	3,221,773	(3,221,773)
Available-for-sale financial assets	537,594	(537,594)	537,594	(537,594)

(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 held to maturity financial assets. The interest rates are disclosed in Notes 11 and 14 to the financial statements. The interest-bearing fixed deposits and held to maturity financial assets are at fixed rates at the reporting date.

If the 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 S\$47,812 (2016: S\$57,226).

(iii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Town Council's operational activities are carried out in Singapore dollar. Hence, the Town Council is not exposed to foreign currency risk.

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 S\$	Less than 1 year S\$	Between 2 and 5 years S\$
At 31 March 2017			
Held-to-maturity financial assets	5,840,736	2,371,746	3,468,990
Available-for-sale financial assets	3,561,902	-	3,561,902
Financial assets at fair value through profit or loss	20,412,210	20,412,210	-
Conservancy and service fee receivables	1,526,770	1,526,770	-
Other receivables (excluding prepayments)	5,904,035	5,904,035	-
Interest receivable	242,661	242,661	-
Receivable from Neighbourhood Upgrading Programme	1,734,331	1,734,331	-
Cash and cash equivalents	74,518,313	74,518,313	-
	113,740,958	106,710,066	7,030,892
Other financial liabilities	13,904,377	13,904,377	-

	Total S\$	Less than 1 year S\$	Between 2 and 5 years S\$
At 31 March 2016			
Held-to-maturity financial assets	13,003,524	3,662,131	9,341,393
Available-for-sale financial assets	5,375,943	-	5,375,943
Financial assets at fair value through profit or loss	32,217,726	32,217,726	-
Conservancy and service fee receivables	748,500	748,500	-
Other receivables (excluding prepayments)	16,608,967	16,608,967	-
Interest receivable	350,182	350,182	-
Cash and cash equivalents	83,496,825	83,496,825	-
	<u>151,801,667</u>	<u>137,084,331</u>	<u>14,717,336</u>
Other financial liabilities	53,564,714	53,564,714	-

27 MANAGEMENT OF TOWN COUNCIL'S FUNDS

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

- To safeguard the Town Council's ability to continue as a going concern;
- To support the Town Council's stability and growth; and
- 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 fund 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 requirements.

28 FAIR VALUE OF 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 measured at fair value at 31 March 2017.

	Level 1 S\$	Level 2 S\$	Level 3 S\$	Level 4 S\$
Recurring fair value measurements				
31 March 2017				
Financial assets at fair value through profit or loss (Note 9)	20,412,210	-	-	20,412,210
Available-for-sale financial assets (Note 10)	3,561,902	-	-	3,561,902
31 March 2016				
Financial assets at fair value through profit or loss (Note 9)	32,217,726	-	-	32,217,726
Available-for-sale financial assets (Note 10)	5,375,943	-	-	5,375,943

(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 2017 but for which fair value is disclosed:

	Level 1 S\$	Level 2 S\$	Level 3 S\$	Level 4 S\$
31 March 2017				
Held-to-maturity financial assets (Note 11)	5,857,323	-	-	5,857,323
31 March 2016				
Held-to-maturity financial assets (Note 11)	12,712,814	-	-	12,712,814

The carrying value of held-to-maturity financial assets as at 31 March 2017 was S\$5,816,585 (2016: S\$12,590,467).

29 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

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

Reference	Description	Effective date (Annual periods beginning on or after)
FRS 109	Financial Instruments	1 January 2018
FRS 115	Revenue from Contracts with Customers	1 January 2018
FRS 116	Leases	1 January 2019

The Town Council does not anticipate that the adoption of the above in future periods will have a material impact on the financial statements of the Town Council in the period of their initial application, except for the following:

FRS 115 Revenue from Contracts with Customers

FRS 115 is effective for financial periods beginning on or after 1 January 2018. FRS 115 establishes a five-step model that apply to revenue earned from a contract with a customer (with limited exceptions), regardless the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g.sales of property, plant and equipment).

Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgements and estimates.

FRS 109 Financial Instruments

FRS 109 is effective for financial periods beginning on or after 1 January 2018. FRS 109 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in FRS 39. The approach is FRS 109 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets, and enables entities to reflect their risk management activities better in their financial statements, and, in turn, help to understand the effect of those activities on future cash flows. FRS 109 is principle-based, and will more closely align hedge accounting with risk management activities undertaken by entities when hedging their financial and non-financial risk exposures. The impairment requirement in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

FRS 116 Leases

FRS 116 will fundamentally alter the impact of leases on lessees' profit or loss and balance sheet – the current divide between finance and operating leases is removed, along with the off-balance sheet treatment for lessees in the latter. FRS 116 introduces a single on-balance sheet lease accounting model for lessees that is similar to current finance lease accounting. FRS 116 largely preserved the accounting for lessors other than enhanced disclosures about their risk exposures, in particular residual value risk. Lessors continue to assess whether an arrangement is an operating or a finance lease by using criteria similar to the current lease classification test.

The management is currently evaluating the impact of the changes and assessing whether the adoption of FRS 115, FRS 109 and FRS 116 will have an impact on the Town Council.

30. SIGNIFICANT EVENTS AFTER YEAR END

With effect from 1 April 2017, Town Councils ("TCs") are required to set up a dedicated Lift Replacement Fund ("LRF") so as to ensure that sufficient funds are set aside for the replacement of the TC's lifts when due. The initial transfer of 14% (\$12,429,445) from Sinking Fund as at 31 March 2017 to the Lift Replacement Fund is as follows:

- (i) Residential property - \$7,599,038 and
- (ii) Commercial property - \$4,830,407

In February 2017, Ministry of National Development had announced that additional support will be given to help TCs with their operating needs and long-term capital expenditure requirements. The additional support is provided via two new grants as follows:

a) Lift Maintenance Grant ("LMG")

The LMG helps TCs cope with the higher lift-related servicing and maintenance costs. LMG will be disbursed to TCs annually around end-April, together with the Service and Conservancy Charges ("S&CC") Operating Grant. The amount to be disbursed to each TC is \$600/- for every lift (both residential and commercial) maintained by the TC as at 1 March of each year.

As with the S&CC Operating Grant, LMG will be subject to the minimum contribution rates of 26% to the Sinking Fund and 14% to the Lift Replacement Fund.

b) Lift Replacement Fund ("LRF") Matching Grant

To assist TCs in building up the LRF, MND will provide a 50% matching grant to the following contributions TCs make to the LRF:

- (i) Quarterly contributions to the LRF from S&CC collections and other grants-in-aids, including voluntary contributions beyond the minimum LRF contribution rate; and
- (ii) Voluntary contributions of Operating Fund surpluses to the LRF at the end of a financial year, as allowed under Section 33(9) of the amended Town Councils Act.

The LRF Matching Grant will be disbursed to the TCs every quarter through a claim process. TCs are required to plan ahead and take appropriate and timely steps to ensure that their long-term finances are sustainable.



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