

*We Promised,
We Delivered*

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OUR MEMBERS OF PARLIAMENT

TERM OF OFFICE: 1 OCTOBER 2017 TO 30 SEPTEMBER 2019



Mr K. Shanmugam

Minister for Home Affairs

Minister for Law

MP for Nee Soon GRC

Adviser to Nee Soon Town Council



**Assoc. Prof. Muhammad
Faishal Ibrahim**

Senior Parliamentary Secretary

Ministry of Education

Ministry of Social and Family Development

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



Er. Dr. Lee Bee Wah

MP for Nee Soon GRC

Vice-Chairperson of Nee Soon Town Council



Mr Kwek Hian Chuan Henry

MP for Nee Soon GRC

Vice-Chairman of Nee Soon Town Council

TOWN COUNCILLORS

TERM OF OFFICE: 1 OCTOBER 2017 TO 30 SEPTEMBER 2019

Audit Committee



1



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Chairperson:

1. Mr Marcus LAM Hock Choon

Members:

2. Mr GOH Hung Kwang, BBM
3. Dr PHUA Tan Tee, BBM
4. Mdm Heidi WONG Gue Kuew, BBM
5. Mr Henry FOO Chee Kiou, BBM
6. Mr Lawrence KOH Hock Siong, BBM
7. Mr Elton LIM Seow Long
8. Mr Michael TAN Kok Siong, PBM
9. Ms Dilys BOEY

Investment & Finance Committee



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Chairperson:

1. Mr Nicky TAN Ng Kuang

Members:

2. Mr LIM Ah Kum, PBM
3. Mdm Rose KOH Siang Noi, PBM
4. Mr Kenny PONG Teck Koon
5. Mr KOH Aik Kuan
6. Prof LIOU Kim Hiang
7. Ms T Porchelvi, PBM
8. Mr Victor NG Fook Ai, PBM
9. Mr YEK Boon Seng

TOWN COUNCILLORS

TERM OF OFFICE: 1 OCTOBER 2017 TO 30 SEPTEMBER 2019

Legal & Contracts Committee



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Chairperson:

1. Mr Alex LEE Ke Hoo, JP, PBM

Members:

2. Ms Chris GOH Poh Hwee, PBM

3. Mr CHOO Hai Boon, PBM

4. Mr FANG Chee Chuan

5. Mr NG Shi Yang

6. Ms Shailaja d/o KAMALASANAN

7. Mr Stanley THOO Hock Huat, PBM

8. Mr Andrew NG Tok Yong, BBM

Mass Communications Committee



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Chairperson:

1. Mr QUAK Hiang Whai

Members:

2. Hj Mahmud Bin Hj ALI, BBM

3. Mr Jackson TAN Kun Seng, PBM

4. Mr Ramlee Bin KASIMAN, PBM

5. Ms Evelyn HUNG Suet Leng

6. Mr KOH Boon Koon

7. Mr NG Yeong Poh

8. Mr WONG Choon Weng

TOWN COUNCILLORS

TERM OF OFFICE: 1 OCTOBER 2017 TO 30 SEPTEMBER 2019

Maintenance & Customer Service Committee



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Chairperson:

1. Mr TAN Meng, JP, BBM

Members:

2. Mr WONG Teck Ling, PBM
3. Mr Eric TAN Kim Huat
4. Ms Gogiladevi d/o MEANDE
5. Mr Jackson LAM Weiliang
6. Mr Jordon LEE Cheng Kok
7. Mr KAY Teck Hui
8. Mr LIM Sun Kiat
9. Mr YEE Kum Hong



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Projects & Development Committee



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Chairperson:

1. Mr WONG Nam Sin

Members:

2. Mr Philip TAN Seng Leong, BBM
3. Ms Anna CHAN, PBM
4. Mr Oliver OSMAN JUNUS, PBM
5. Mr Wilson WONG Leong Jiam, PBM
6. Mr Michael LAM Koy Soon
7. Mr TOH Meng Yak
8. Mr HO Toon Bah



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*We Promised,
We Delivered*





We promised to rejuvenate Nee Soon. That promise has been delivered. Across the estate, most of the eligible flats and amenities have been upgraded. More than 151 new buses and 14 bus routes have been added. With a hypermall, two hospitals and new polyclinics, Nee Soon is now the healthcare and recreation hub of the North.



CHAIRMAN'S REVIEW

FY 2017/2018 was a year of achievement and progress for Nee Soon Town Council. I am proud to say that Nee Soon Town Council has achieved an all-green rating in the Town Council Management Report (TCMR) for 4 consecutive years since its formation. Last year, Nee Soon Town Council continued to be one of the few Town Councils to score the Green band in the FY 2016 TCMR released in November 2017. We did well in areas such as estate cleanliness, estate maintenance, lift performance, service and conservancy charges (S&CC) arrears management and corporate governance. The team's hard work and dedication has been instrumental and I wish to thank them for their good work.

We promised to rejuvenate Nee Soon. That promise has been delivered. Across the estate, most of the eligible flats and amenities have been upgraded. More than 151 new buses and 14 bus routes have been added. With a hypermall, two hospitals and new polyclinics, Nee Soon is now the healthcare and recreation hub of the North.

This would not have been possible without the efforts of our town councillors and members of staff. They have continually put residents' interests first and pushed for more improvements. Our town councillors also continue to provide guidance and support to the members of the staff, ensuring proper checks and balances in areas of expertise ranging from project management to financial management.

We envisioned to build Nee Soon as a Home with a Heart, and this year, we continued to deepen our resident engagement efforts. We launched our inaugural Environment Day 2018, which gathered residents from all walks of life. We are heartened by their support and we will continue to explore new ways to build a closely-knitted community.





FINANCIAL MANAGEMENT

In FY 2017/2018 Nee Soon Town Council had an operating surplus of \$2.73 million.

While costs of utilities, cleaning, lift servicing and estate maintenance are projected to rise, the Town Council has continued to be prudent in its financial management. As such, the Town Council can continue improvement works for the benefit of our residents.







ESTATE MAINTENANCE

Routine estate maintenance is essential to ensure proper upkeep of the estate's property and living environment. This encompasses mechanical and electrical services, horticultural maintenance and grass cutting works.

Our dedicated cleaners start before sunrise to clean common areas three times a day. To show our appreciation and improve productivity, we invested in labour-saving machinery and appreciation events for them.





CYCLICAL WORKS

In FY2017/18, a total of \$9.09 million was spent to rejuvenate and upkeep our flats. The scope of works include re-roofing, repainting, repairs and redecoration (R&R), replacement of water pump sets, water pipes and water tanks. This year, a total of \$1.83 million was disbursed from the Lift Replacement Fund (LRF). Our comprehensive cyclical campaign is essential to help manage wear and tear over time.







TOWN IMPROVEMENT PROJECTS

We constantly look for ways to inject a sense of vibrancy and improve the town's living environment for our residents' benefit. We rely on the close collaboration between the grassroots organisations and town councillors to identify the changes residents want.

In 2017/2018, a total of \$2.52 million was dedicated to various improvement projects. As at 31st March 2018, a total of 6 projects were completed. We want all residents to be active socially, physically and mentally. Barrier-free access, community gardens, fitness corners, covered linkways and other such facilities are constantly being improved upon.







UPGRADING PROGRAMMES

As of 31st March 2018, there are a total of 3 Neighbourhood Renewal Programmes currently in progress.

They include facilities such as fitness corners, playgrounds, game courts, community spaces and so on.





Environment Day 2018

2 June 2018



Environment

2 June



Environment Day 2018

2 June 2018



Environment

2 June



PUBLIC RELATIONS

To be of better service to our residents, we constantly look for ways to reach out and learn more about them. We continue to feature residents' stories and bring useful municipal news to residents in our town newsletter the Nee Soon Link and on social media. Our Facebook page has attracted nearly 10,000 residents. Our new Instagram page is also popular with residents for its artistic perspectives on our estate.

On 2 June 2018, we launched Nee Soon Town Council's inaugural Environment Day with the theme 'Beat Plastic Pollution'. Residents gathered in support of our cause to reduce plastic waste. Through the event, we successfully launched our first reusable-bag sharing rack- the Bounce Bags Initiative.

Together with our residents, we want to learn and grow towards building a better community for all of us.







CONCLUSION

With a dedicated and committed team, Nee Soon Town Council will continue to grow and excel. I would like to convey my sincere gratitude to our town councillors, grassroots leaders and staff for their labour and hard work. Together, we have and will continue to build Nee Soon into a Home with a Heart.

Mr Louis Ng Kok Kwang

Chairman

Nee Soon Town Council

► 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 2018, the 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 of the Town Council are properly drawn up in accordance with the provisions of the Town Council's 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 2018, 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 Message 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 of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Responsibilities of Management's and Those Charged with Governance for the Financial Statements (cont'd)

A Town Council is constituted based on its Act and its dissolution requires Minister for National Development'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, or has no realistic alternative but to do so.

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 disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town Council to cease to continue as a going concern.
- 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 2018 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 the acquisition and disposal of assets, are in accordance with the provisions of the Act.

Our compliance audit includes obtaining an understanding of the internal control relevant to the receipts, expenditure, investment of moneys and the acquisition and disposal of assets; and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for the purpose of expressing an opinion on the effectiveness of the 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.



AT ADLER

Public Accountants and Chartered Accountants
Singapore, 26 September 2018

STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Note	2018 S\$	2017 S\$
TOWN COUNCIL FUNDS			
Residential Property			
Accumulated Surplus	3	8,248,269	6,891,538
Sinking Fund	4	51,325,128	54,278,841
Lift Replacement Fund	5	15,900,798	-
Town Improvement and Project Fund	6	1,904,041	(183,206)
		77,378,236	60,987,173
Commercial Property			
Accumulated Surplus	3	1,965,330	1,143,406
Sinking Fund	4	30,319,451	34,502,908
Lift Replacement Fund	5	5,414,127	-
Town Improvement and Project Fund	6	500,476	1,165,248
		38,199,384	36,811,562
Car Park			
Accumulated Surplus	3	-	799,163
Fair Value Reserve			
	4	590,827	522,832
		<u>116,168,447</u>	<u>99,120,730</u>
Represented by:			
Non-Current Assets			
Plant and equipment	8	404,126	341,894
Available-for-sale financial assets	11	-	3,561,902
Held-to-maturity financial assets	12	1,791,682	3,540,895
		2,195,808	7,444,691
Current Assets			
Financial assets at fair value through profit or loss	10	24,628,021	20,412,210
Available-for-sale financial assets	11	2,159,205	-
Held-to-maturity financial assets	12	1,744,594	2,275,690
Conservancy and service fee receivables	13	1,493,019	1,526,770
Other receivables	14	5,758,701	6,054,603
Interest receivable		197,190	242,661
Receivables for Neighbourhood Renewal Programme and Electrical Load Upgrading Programme	7	424,031	1,734,331
Cash and cash equivalents	15	87,800,608	74,518,313
		<u>124,205,369</u>	<u>106,764,578</u>
Total Assets		<u>126,401,177</u>	<u>114,209,269</u>
Less:			
Current Liabilities			
Payables and accrued expenses	16	8,299,090	13,234,695
Conservancy and service fee received in advance		802,795	669,682
Provision for taxation		1,130,845	1,184,162
		10,232,730	15,088,539
		<u>116,168,447</u>	<u>99,120,730</u>
Net assets			

Mr Ng Kok Kwang, Louis
Chairman



Mr Terence Chan
Secretary



Date: 26 September 2018

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

INCOME AND EXPENDITURE STATEMENT

For the Financial Year Ended 31 March 2018

	Note	2018 S\$	2017 S\$
Operating Income			
Conservancy and Service Fees	3	42,008,881	38,635,671
Operating transfer to Sinking Fund (minimum required by law)	3,4	(10,922,306)	(13,018,674)
Operating transfer to Lift Replacement Fund (minimum required by law)	3,5	(5,881,241)	-
		<u>25,205,334</u>	<u>25,616,997</u>
Agency Fees	17 (a)	2,575,680	2,423,810
Other Income	17 (b)	3,268,562	3,193,167
		<u>31,049,576</u>	<u>31,233,974</u>
Operating Expenditure			
Cleaning Works		(6,960,174)	(6,529,510)
Managing Agent's Fees	18	(5,538,356)	(5,458,315)
Lift Maintenance		(5,592,234)	(5,494,246)
Other Works and Maintenance		(3,988,267)	(4,147,780)
Water and Electricity		(8,172,016)	(7,354,524)
General and Administrative Expenditure	21 (a)	(3,297,483)	(2,593,975)
		<u>(33,548,530)</u>	<u>(31,578,350)</u>
Operating Deficit		<u>(2,498,954)</u>	<u>(344,376)</u>
Non-Operating Income			
Interest Income		82,406	92,375
Deficit before taxation and government grants		<u>(2,416,548)</u>	<u>(252,001)</u>
Taxation	22	(336,805)	(478,171)
Deficit after taxation but before government grants		<u>(2,753,353)</u>	<u>(730,172)</u>
Government Grants	3,24	15,172,761	13,038,704
Transfer to Sinking Fund	3,4,24	(2,374,169)	(2,487,004)
Transfer to Lift Replacement Fund	3,5,24	(4,719,875)	-
Transfer to Town Improvement and Project Fund	3,6,24	(2,599,872)	(5,310,633)
		<u>5,478,845</u>	<u>5,241,067</u>
Surplus for the financial year		<u>2,725,492</u>	<u>4,510,895</u>
Accumulated surplus as at 1 April		8,834,107	6,512,212
Transfer to Town Improvement and Project Fund	6	(1,346,000)	(2,189,000)
	3	<u>10,213,599</u>	<u>8,834,107</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 2018

	Note	<u>2018</u> S\$	<u>2017</u> S\$
Surplus/(deficit) for the financial year			
Accumulated Surplus	3	2,725,492	4,510,895
Sinking Fund	4	5,292,275	(1,294,625)
Lift Replacement Fund	5	8,885,480	-
Town Improvement and Project Fund	6	76,475	(790,761)
		<u>16,979,722</u>	<u>2,425,509</u>
Other comprehensive income			
<i>Items that may be reclassified subsequently to sinking fund statement</i>			
Available-for-sale financial assets			
- Fair value gain recognised in other comprehensive income		98,376	109,925
- Reclassified to sinking fund statement		(30,381)	(184,305)
- Impairment loss reclassified to sinking fund statement		-	21,580
		67,995	(52,800)
Other comprehensive income/(loss) for the year, net of income tax		<u>67,995</u>	<u>(52,800)</u>
Total comprehensive income for the year attributable to Town Council Funds		<u>17,047,717</u>	<u>2,372,709</u>

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

STATEMENT OF CHANGES IN TOWN COUNCIL FUNDS

For the Financial Year Ended 31 March 2018

	Residential Property S\$	Commercial Property S\$	Car Park S\$	Fair Value Reserve S\$	Total S\$
2018					
Balance as at 1 April 2017	60,987,173	36,811,562	799,163	522,832	99,120,730
Surplus for the financial year	15,481,190	1,387,822	110,710	-	16,979,722
Other comprehensive income					
Available-for-sale financial assets					
- Fair value gain (Note 11)	-	-	-	98,376	98,376
- Reclassified to sinking fund statement	-	-	-	(30,381)	(30,381)
Total comprehensive income for the year	15,481,190	1,387,822	110,710	67,995	17,047,717
Transfer to Accumulated Surplus from carpark to residential property	909,873	-	(909,873)	-	-
Balance as at 31 March 2018	<u>77,378,236</u>	<u>38,199,384</u>	<u>-</u>	<u>590,827</u>	<u>116,168,447</u>

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 (Note 11)	-	-	-	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	<u>60,987,173</u>	<u>36,811,562</u>	<u>799,163</u>	<u>522,832</u>	<u>99,120,730</u>

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

STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 March 2018

	Note	2018 S\$	2017 S\$
Cash flows from operating activities			
Deficit before taxation and government grants		(2,416,548)	(252,001)
Adjustments for:			
Conservancy and service fee transferred to Sinking fund	3	10,922,306	13,018,674
Conservancy and service fee transferred to Lift replacement fund	3	5,881,241	-
Depreciation of plant and equipment	8	116,852	93,756
Plant and equipment written off		-	71
Amortisation of held-to-maturity financial assets	12	5,309	10,422
Operating surplus before working capital changes		14,509,160	12,870,922
Decrease/(increase) in conservancy and service fee and other receivables		608,966	(1,947,473)
(Decrease)/increase in creditors and conservancy and service fee received in advance		(4,806,695)	6,343,055
Net movement in receivables for Neighbourhood Renewal Programme and Electrical Load Upgrading Programme	7	1,310,300	(1,901,467)
Cash generated from operations		11,621,731	15,365,037
Fund transferred from Ang Mo Kio Town Council		-	13,572,957
Fund transferred to Sembawang Town Council		-	(27,805,803)
Sinking fund income	4	2,714	161,291
Sinking fund expenditure	4	(9,088,319)	(19,242,118)
Lift replacement fund expenditure	5	(1,828,476)	-
Town improvement and project fund income	6	-	226,014
Town improvement and project fund expenditure	6	(2,523,397)	(6,327,408)
Income tax paid		(586,515)	(704,568)
Net cash used in operating activities		(2,402,262)	(24,754,598)
Cash flows from investing activities			
Proceeds from redemption of held-to-maturity financial assets	12	2,275,000	2,517,000
Proceeds from disposal of available for sale financial assets		1,501,073	103,479
Injection of cash into funds with fund manager		(4,238,161)	-
Purchase of plant and equipment	8	(179,084)	(240,158)
Interest received		919,623	1,132,710
Net cash generated from investing activities		278,451	3,513,031
Cash flows from financing activities			
Government grants		14,848,207	11,285,616
Net cash generated from financing activities		14,848,207	11,285,616
Net increase/(decrease) in cash and cash equivalents		12,724,396	(9,955,951)
Cash and cash equivalents at the beginning of the financial year		72,051,370	82,007,321
Cash and cash equivalents at end of the financial year	15	84,775,766	72,051,370

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 2018

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 2018 were authorised for issue by the members of Town Council on 26 September 2018.

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 involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements are disclosed in Note 2(w).

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

(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, Lift Replacement 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.

With effect from 1 April 2017, the minimum amounts to be paid into the Sinking Fund are revised to 26% of service and conservancy charges and grants-in-aid, excluding the LRF matching grant-in-aid for Residential Property and Commercial Property.

For the financial year ended 31 March 2017, 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.

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

(c) TOWN COUNCIL FUND (CONT'D)

The Sinking Funds are utilised for major cyclical works such as repairs and redecoration, re-roofing, rewiring and replacement of pumps, water tanks and water pipes.

LIFT REPLACEMENT FUND ("LRF")

In accordance with Section 33(4A) of the Town Councils Act, a separate Lift Replacement Fund is established to meet the cost of any capital expenditure related to the replacement of lifts or lift upgrading works on Residential Property and Commercial Property.

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

- (i) Quarterly contributions to the LRF from service and conservancy charges 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.

Under the Town Councils Act, the Minister for National Development may, from time to time, prescribe the minimum amount of service and conservancy charges and grants-in-aid to be paid into the Lift Replacement Fund. These lift replacement fund are maintained as part of the Town Council fund.

With effect from 1 April 2017, the minimum amounts to be paid into the Lift Replacement Fund is 14% of service and conservancy charges and grants-in-aid, excluding the LRF matching grant-in-aid for Residential Property and Commercial Property.

This minimum contribution is treated as operating transfers and netted off against the service and conservancy charges and government grants in the income and expenditure statement.

TOWN IMPROVEMENT AND PROJECT FUND

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

These funds are set up by transfer from the Accumulated Surplus based on specific projects to be carried out. In addition, the Town Council receives payments from Citizens' Consultative Committees for approved projects.

Expenditure on Town Improvement Projects is taken directly to the Town Improvement and Project Fund. Payments from Citizens' Consultative Committee ("CCC") are shown as part of Government Grants in the income and expenditure statement and then transferred to the Town Improvement and Project Fund.

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

(d) ALLOCATION OF GENERAL OVERHEADS

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

<u>Property type</u>	<u>Equivalent Dwelling Unit(s)</u>
1 residential property unit	1
1 commercial property unit	2
6 car lots or 36 motor cycle lots or 4 lorry lots	1

No overheads are allocated to the Sinking Fund, Lift Replacement Fund and Town Improvement and Project Fund.

(e) GOVERNMENT GRANTS

The Town Council receives five types of grants from the Government, namely, Service and Conservancy Charge Grant, payments from Citizens' Consultative Committees, GST Subvention Grant, Lift Maintenance Grant and LRF Matching Grant.

Service and Conservancy Charge Grants are given to meet the current year's operating expenditure and are taken to the income and expenditure statement.

Payments from Citizen's Consultative Committees are given as reimbursement claims under the Community Improvement Projects Committee ("CIPC") scheme.

The GST subvention grant is given as a grants-in-aid and is granted to Town Councils for absorbing the GST increases in service and conservancy charge for HDB residential flats.

The Lift Maintenance Grant helps Town Councils cope with the higher lift-related servicing and maintenance costs.

The LRF Matching Grant is to assist Town Councils in building up the LRF.

Government grants are recognised at their fair values where there is reasonable assurance that the grants will be received and all required conditions will be complied with. Grants to meet the current year's operating expenditure are taken to the income and expenditure statement.

(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

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

(f) PLANT AND EQUIPMENT (CONT'D)

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

Plant and equipment are carried at cost less 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 bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent cost are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income and expenditure statement when they are incurred.

(g) FUNDS WITH FUND MANAGERS

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

(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.

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

(h) FINANCIAL ASSETS (CONT'D)

SUBSEQUENT MEASUREMENT

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

Financial assets at fair value through profit or loss

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

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

Funds with fund managers are designated at fair value through profit or loss.

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.

Conservancy and services receivables, other receivables, interest receivable, receivables for Neighbourhood Renewal Programme and Electrical Load Upgrading Programme, cash and cash equivalents are classified in this category.

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.

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

(h) FINANCIAL ASSETS (CONT'D)

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 Sinking Fund Statement. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

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

DE-RECOGNITION

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

REGULAR WAY PURCHASE OR SALE OF A FINANCIAL ASSET

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

(i) IMPAIRMENT OF FINANCIAL ASSETS

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

FINANCIAL ASSETS CARRIED AT AMORTISED COST

For financial assets carried at amortised cost, the Town Council first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Town Council determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit

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

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

FINANCIAL ASSETS CARRIED AT AMORTISED COST (CONT'D)

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.

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

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

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

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 Sinking Fund Statement. Reversals of impairment losses in respect of equity instruments are not recognised in Sinking Fund 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 Sinking Fund Statement, the impairment loss is reversed in Sinking Fund 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, call deposits and fixed deposits, less cash and fixed deposits with fund managers, that are readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value.

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

(l) (RECEIVABLES)/ADVANCES RECEIVED FOR 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 for the specific use of projects under the programme. The Town Council receives a funding of \$3,400 per dwelling unit to cover NRP construction costs, professional and consultancy fees. In addition, the Town Council shall be entitled to a sum of \$150 per dwelling unit or \$125,000, whichever is higher, to cover miscellaneous costs relating to the NRP project. However, if the cost of project works incurred exceeds the funding provided, the Town Council has to bear the cost of excess expenditure.

(m) (RECEIVABLES)/ADVANCES RECEIVED FOR ELECTRICAL LOAD UPGRADING PROGRAMME

The Electrical Load Upgrading Programme (ELU) was introduced to upgrade the incoming electrical supply for HDB apartment blocks with a 40amps main switch instead of 30amps.

This programme is fully funded by HDB and implemented by the Town Council.

(n) 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.

(o) 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.

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

(o) FINANCIAL LIABILITIES (CONT'D)

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.

Other financial liabilities comprise payables and accrued expenses.

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.

(p) 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.

(q) 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 Sinking Fund 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.

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

(r) 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.

(s) EMPLOYEE BENEFITS

Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Town Council pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Town Council has no further payment obligations once the contributions have been paid. The expenses are disclosed under manpower cost and general administrative expenditure accordingly.

(t) 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.

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

(u) FUNCTIONAL CURRENCY

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

(v) INTER-FUND TRANSFER

The Town Council may make inter-fund transfers in accordance to Sections 33(9) and 43(1)(i) of the Town Councils Act (Cap. 329A), and Rule 11A of the Town Councils Financial Rules.

(w) CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

Estimates and judgements are continually 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 creditworthiness, current economic trends and changes in debtor payment patterns when evaluating the adequacy of the allowance for doubtful accounts. Allowance for doubtful conservancy and service debts amounting to S\$763,464 (2017: S\$679,129) have been made based on the 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.

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

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

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 2018 was S\$404,126 (2017: S\$341,894). 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. Accruals are made at year end based on the lower of the value of work completed that is eligible for CIPC funding or the approved CIPC funding for each specific project. Judgement is required for such accrual, which are made based on the Town Council's assessment of the value of work completed and the claims made for each town improvement project and is subject to the final review and approval by the Ministry of National Development.

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	
		2018	2017	2018	2017	2018	2017	2018	2017
		S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Operating Income									
Conservancy and service fees		42,008,881	38,635,671	39,026,819	35,911,452	2,982,062	2,724,219	-	-
Operating transfer to Sinking Fund (minimum required by law)	4	(10,922,306)	(13,018,674)	(10,146,971)	(12,065,197)	(775,335)	(953,477)	-	-
Operating transfer to Lift Replacement Fund (minimum required by law)	5	(5,881,241)	-	(5,463,751)	-	(417,490)	-	-	-
		25,205,334	25,616,997	23,416,097	23,846,255	1,789,237	1,770,742	-	-
Agency Fees	17(a)	2,575,680	2,423,810	-	-	-	-	2,575,680	2,423,810
Other Income	17(b)	3,268,562	3,193,167	2,668,085	2,631,215	552,780	519,028	47,697	42,924
		31,049,576	31,233,974	26,084,182	26,477,470	2,342,017	2,289,770	2,623,377	2,466,734
Operating expenditure		(33,548,530)	(31,578,350)	(29,572,064)	(27,813,127)	(1,484,328)	(1,573,893)	(2,492,138)	(2,191,330)
Operating (deficit)/surplus		(2,498,954)	(344,376)	(3,487,882)	(1,335,657)	857,689	715,877	131,239	275,404
Non-operating income		82,406	92,375	72,429	81,246	3,314	3,755	6,663	7,374
(Deficit)/surplus before taxation and government grants		(2,416,548)	(252,001)	(3,415,453)	(1,254,411)	861,003	719,632	137,902	282,778
Taxation	22	(336,805)	(478,171)	(295,989)	(420,069)	(13,624)	(19,620)	(27,192)	(38,482)
(Deficit)/surplus after taxation but before government grants		(2,753,353)	(730,172)	(3,711,442)	(1,674,480)	847,379	700,012	110,710	244,296
Government Grants	24	15,172,761	13,038,704	14,935,383	13,036,579	237,378	2,125	-	-
Transfer to Sinking Fund	4,24	(2,374,169)	(2,487,004)	(2,365,461)	(2,487,004)	(8,708)	-	-	-
Transfer to Lift Replacement Fund	5,24	(4,719,875)	-	(4,512,241)	-	(207,634)	-	-	-
Transfer to Town Improvement and Project Fund	6,24	(2,599,872)	(5,310,633)	(2,598,931)	(5,308,508)	(941)	(2,125)	-	-
		5,478,845	5,241,067	5,458,750	5,241,067	20,095	-	-	-
Surplus for the year		2,725,492	4,510,895	1,747,308	3,566,587	867,474	700,012	110,710	244,296
Accumulated surplus at the beginning of year		8,834,107	6,512,212	6,891,538	5,404,501	1,143,406	552,844	799,163	554,867
Transfer to Town Improvement and Project Fund	6	(1,346,000)	(2,189,000)	(1,300,450)	(2,079,550)	(45,550)	(109,450)	-	-
Transfer to Accumulated Surplus from carpark to residential property		-	-	909,873	-	-	-	(909,873)	-
Accumulated surplus at end of year		10,213,599	8,834,107	8,248,269	6,891,538	1,965,330	1,143,406	-	799,163

4. SINKING FUND

NOTE	Total		Residential Property		Commercial Property	
	2018	2017	2018	2017	2018	2017
	S\$	S\$	S\$	S\$	S\$	S\$
Balance at beginning of year	88,781,749	90,076,374	54,278,841	55,511,387	34,502,908	34,564,987
Less:						
Transferred to Lift Replacement Fund as at 1 April 2017	5 (12,429,445)	-	(7,599,038)	-	(4,830,407)	-
	76,352,304	90,076,374	46,679,803	55,511,387	29,672,501	34,564,987
Add:						
Investment and interest income	19 (a) 1,254,663	2,267,851	1,200,900	2,177,686	53,763	90,165
Other income	2,714	161,291	2,695	156,117	19	5,174
Operating transfer from conservancy and service fees (Minimum required by law)	3 10,922,306	13,018,674	10,146,971	12,065,197	775,335	953,477
Government grants	3,24 2,374,169	2,487,004	2,365,461	2,487,004	8,708	-
	14,553,852	17,934,820	13,716,027	16,886,004	837,825	1,048,816
Expenditure	19 (b) (9,088,319)	(19,242,118)	(8,905,068)	(18,130,923)	(183,251)	(1,111,195)
Surplus/(Deficit) before tax	5,465,533	(1,307,298)	4,810,959	(1,244,919)	654,574	(62,379)
Taxation	22 (173,258)	12,673	(165,634)	12,373	(7,624)	300
Surplus/(Deficit) for the financial year	5,292,275	(1,294,625)	4,645,325	(1,232,546)	646,950	(62,079)
	81,644,579	88,781,749	51,325,128	54,278,841	30,319,451	34,502,908
Add: Fair value reserve	590,827	522,832				
	82,235,406	89,304,581				
Represented by:						
Non-Current Assets						
Available-for-sale financial assets	-	3,561,902				
Held-to-maturity financial assets	1,791,682	3,540,895				
	1,791,682	7,102,797				
Current Assets						
Financial assets at fair value through profit or loss	24,628,021	20,412,210				
Available-for-sale financial assets	2,159,205	-				
Held-to-maturity financial assets	1,744,594	2,275,690				
Conservancy and service fee receivables	385,994	510,740				
Other receivables	441,670	818,622				
Interest receivable	138,841	214,272				
Amount due from accumulated surplus	1,882,471	3,766,902				
Cash and cash equivalents	51,468,914	58,376,209				
	82,849,710	86,374,645				
Total assets	84,641,392	93,477,442				
Less: Current Liabilities						
Conservancy and service fee received in advance	-	211,681				
Payables and accrued expenses	1,973,999	3,443,005				
Provision for taxation	431,987	518,175				
	2,405,986	4,172,861				
Net Assets	82,235,406	89,304,581				

5. LIFT REPLACEMENT FUND

NOTE	Total		Residential Property		Commercial Property	
	2018 S\$	2017 S\$	2018 S\$	2017 S\$	2018 S\$	2017 S\$
Balance at beginning of year	-	-	-	-	-	-
Add:						
Transferred from Sinking Fund as at 1 April 2017	4 12,429,445	-	7,599,038	-	4,830,407	-
	12,429,445	-	7,599,038	-	4,830,407	-
Add:						
Interest income	135,975	-	130,020	-	5,955	-
Operating transfer from conservancy and service fees (Minimum required by law)	3 5,881,241	-	5,463,751	-	417,490	-
Transfer from Government Grants						
- LRF Matching Grant	3,441,473	-	3,238,527	-	202,946	-
- Other government grants	1,278,402	-	1,273,714	-	4,688	-
3,24	4,719,875	-	4,512,241	-	207,634	-
Less:						
Expenditure	20 (1,828,476)	-	(1,782,135)	-	(46,341)	-
Surplus before tax	8,908,615	-	8,323,877	-	584,738	-
Taxation	22 (23,135)	-	(22,117)	-	(1,018)	-
Surplus for the financial year	8,885,480	-	8,301,760	-	583,720	-
Balance at 31 March	21,314,925	-	15,900,798	-	5,414,127	-
Represented by:						
Current Assets						
Conservancy and service fee receivables	207,843	-				
Other receivables	840,723	-				
Interest receivable	43,459	-				
Amount due from accumulated surplus	1,217,831	-				
Cash and cash equivalents	19,390,536	-				
	21,700,392	-				
Less: Current Liabilities						
Payables and accrued expenses	362,332	-				
Provision for taxation	23,135	-				
	385,467	-				
Net Assets	21,314,925	-				

6. TOWN IMPROVEMENT AND PROJECT FUND

	NOTE	Total		Residential Property		Commercial Property	
		2018	2017	2018	2017	2018	2017
		S\$	S\$	S\$	S\$	S\$	S\$
Balance as at 1 April		982,042	(416,197)	(183,206)	(1,745,277)	1,165,248	1,329,080
Government grants	3,24	2,599,872	5,310,633	2,598,931	5,308,508	941	2,125
Other income		-	226,014	-	211,157	-	14,857
Expenditure		(2,523,397)	(6,327,408)	(1,812,134)	(6,037,144)	(711,263)	(290,264)
Surplus/(Deficit) for the financial year		76,475	(790,761)	786,797	(517,479)	(710,322)	(273,282)
Transfer from Accumulated Surplus	3	1,346,000	2,189,000	1,300,450	2,079,550	45,550	109,450
Balance as at 31 March		<u>2,404,517</u>	<u>982,042</u>	<u>1,904,041</u>	<u>(183,206)</u>	<u>500,476</u>	<u>1,165,248</u>
Represented by:							
Current Assets							
Other receivables		2,657,825	3,301,946				
Amount due from accumulated surplus		163,262	-				
		2,821,087	3,301,946				
Less:							
Current Liabilities							
Payables and accrued expenses		416,570	1,762,734				
Amount due to accumulated surplus		-	557,170				
		416,570	2,319,904				
Net Assets		<u>2,404,517</u>	<u>982,042</u>				

7. RECEIVABLES FOR NEIGHBOURHOOD RENEWAL PROGRAMME AND ELECTRICAL LOAD UPGRADING PROGRAMME

	<u>2018</u> S\$	<u>2017</u> S\$
Balance on 1 April	(1,734,331)	167,136
Funding from Government	2,203,427	2,955,997
Reimbursement from HDB for Electrical Loading Upgrading Programme	3,650,475	3,488,138
Others	9,012	(225,154)
Payment to contractors	(4,552,614)	(8,120,448)
Movements during the year	1,310,300	(1,901,467)
Balance as at 31 March	<u>(424,031)</u>	<u>(1,734,331)</u>

8. PLANT AND EQUIPMENT

	<u>Office Equipment</u> S\$	<u>Data Processing Equipment</u> S\$	<u>Furniture Fixtures and Fittings</u> S\$	<u>Total</u> S\$
2018				
Cost:				
Balance as at 1 April 2017	283,587	138,085	992,185	1,413,857
Additions	91,894	15,732	71,458	179,084
Disposals	(27,558)	(4,561)	(1,600)	(33,719)
Balance as at 31 March 2018	<u>347,923</u>	<u>149,256</u>	<u>1,062,043</u>	<u>1,559,222</u>
Accumulated depreciation:				
Balance as at 1 April 2017	244,574	108,934	718,455	1,071,963
Charge for the financial year	18,263	19,189	79,400	116,852
Disposals	(27,558)	(4,561)	(1,600)	(33,719)
Balance as at 31 March 2018	<u>235,279</u>	<u>123,562</u>	<u>796,255</u>	<u>1,155,096</u>
Net book value:				
Balance as at 31 March 2018	<u>112,644</u>	<u>25,694</u>	<u>265,788</u>	<u>404,126</u>
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	<u>283,587</u>	<u>138,085</u>	<u>992,185</u>	<u>1,413,857</u>
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	<u>244,574</u>	<u>108,934</u>	<u>718,455</u>	<u>1,071,963</u>
Net book value:				
Balance as at 31 March 2017	<u>39,013</u>	<u>29,151</u>	<u>273,730</u>	<u>341,894</u>

9. FUNDS WITH FUND MANAGERS

Funds with fund managers comprised the following:

	Note	<u>2018</u> S\$	<u>2017</u> S\$
Financial assets at fair value through profit or loss	10	24,628,021	20,412,210
Accrued interest	14	52,367	97,608
Cash and fixed deposits	15	3,024,842	2,466,943
Management fees payable to fund managers	16	(15,047)	(10,844)
		<u>27,690,183</u>	<u>22,965,917</u>

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2018</u> S\$	<u>2017</u> S\$
Taken up in sinking funds:		
- Equities - quoted	5,463,854	1,877,424
- Bonds - quoted	19,164,167	18,534,786
	<u>24,628,021</u>	<u>20,412,210</u>

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<u>2018</u> S\$	<u>2017</u> S\$
Movements during the year - at fair value:		
Financial assets at beginning of year	3,561,902	5,375,943
Disposal	(1,501,073)	(103,479)
Transferred to Sembawang Town Council ("SBTC")	-	(1,820,487)
Fair value gain	98,376	109,925
Fair value at end of year	<u>2,159,205</u>	<u>3,561,902</u>
Taken up in sinking fund:		
- Quoted unit trusts/reits	1,050,817	1,064,957
- Quoted equities	1,108,388	2,496,945
	<u>2,159,205</u>	<u>3,561,902</u>

With effect from March 2018, available-for-sale financial assets are managed by a professional fund manager and accordingly, the Town Council has classified them as current assets.

12. HELD-TO-MATURITY FINANCIAL ASSETS

	<u>2018</u> S\$	<u>2017</u> S\$
Taken up in sinking fund:		
Current		
Amortised costs of quoted bonds with fixed interest of 1.368% to 4% (2017: 1.11% to 2%) p.a. and maturity date ranging from 29 May to 21 Nov 2018 (2017: 8 June to 3 Nov 2017)	1,744,594	2,275,690
Non-current		
Amortised costs of quoted bonds with fixed interest of 2.50% and 1.52% (2017: 1.36% to 4.00%) p.a. and maturity date on 1 June 2019 and 18 June 2019 (2017: 29 May 2018 to 18 June 2019)	1,791,682	3,540,895
	<u>3,536,276</u>	<u>5,816,585</u>
	<u>2018</u> S\$	<u>2017</u> S\$
Movements during the year - at amortised cost:		
Financial assets at beginning of year	5,816,585	12,590,467
Transferred to SBTC	-	(4,246,460)
Redemption	(2,275,000)	(2,517,000)
Amortisation	(5,309)	(10,422)
Balance as at 31 March	<u>3,536,276</u>	<u>5,816,585</u>
The fair values for the held-to-maturity financial assets were as follows:		
Quoted bonds with fixed interest	<u>3,534,661</u>	<u>5,857,323</u>

13. CONSERVANCY AND SERVICE FEE RECEIVABLES

	<u>2018</u> S\$	<u>2017</u> S\$
Conservancy and service fee receivables	1,953,618	1,917,533
Interest receivable on late payment	302,865	288,366
Impairment loss	(763,464)	(679,129)
	<u>1,493,019</u>	<u>1,526,770</u>
Movement in impairment loss during the year		
Balance at beginning of year	679,129	827,637
Provision/(reversal) for doubtful debts	102,125	(148,508)
Bad debts written off	(17,790)	-
Balance as at 31 March	<u>763,464</u>	<u>679,129</u>

14. OTHER RECEIVABLES

	<u>2018</u>	<u>2017</u>
	S\$	S\$
Recoverable from HDB	1,179,946	1,013,044
Citizens' Consultative Committee grant receivable	2,657,825	3,117,790
Prepayments	162,613	150,568
Others	120,443	177,572
Accrued interest (Note 9)	52,367	97,608
Conservancy and service grant receivable	110,254	127,376
GST subvention grant receivable	385,798	355,435
LRF Matching Grant Receivable	771,278	-
Deposits Paid	318,177	231,147
Goods & Services Tax	-	784,063
	<u>5,758,701</u>	<u>6,054,603</u>

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

15. CASH AND CASH EQUIVALENTS

	<u>2018</u>	<u>2017</u>
	S\$	S\$
Cash in hand and bank balances	6,015,739	6,801,841
Cash and fixed deposits held in trust by fund managers (Note 9)	3,024,842	2,466,943
Fixed deposits	<u>78,760,027</u>	<u>65,249,529</u>
	<u>87,800,608</u>	<u>74,518,313</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 twelve months (2017: one week to five months) after the financial year end. The interest rate as at 31 March 2018 was between 0.2% and 1.46% (2017: 0.1% and 1.8%) p.a.

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

	<u>2018</u>	<u>2017</u>
	S\$	S\$
Cash and cash equivalents	87,800,608	74,518,313
Cash and fixed deposits held in trust by fund managers (Note 9)	<u>(3,024,842)</u>	<u>(2,466,943)</u>
Cash and cash equivalents per statement of cash flows	<u>84,775,766</u>	<u>72,051,370</u>

16. PAYABLES AND ACCRUED EXPENSES

	<u>2018</u>	<u>2017</u>
	S\$	S\$
Work order accruals	420,440	436,972
Trade payables	5,157,047	7,431,633
Water and electricity payables	662,833	596,735
Accrued operating expenses	1,496,097	4,103,012
Sundry deposits	168,738	199,721
Management fee payable to fund managers (Note 9)	15,047	10,844
Other payables	147,755	221,615
Amount due to Sembawang Town Council	43,924	221,434
Goods & Services Tax	187,209	12,729
	<u>8,299,090</u>	<u>13,234,695</u>

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

17(a) AGENCY FEES

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

17(b) OTHER INCOME

	<u>2018</u>	<u>2017</u>
	S\$	S\$
Late payment penalty	194,164	186,006
Liquidated damages	138,107	128,383
Temporary occupational licence income	1,913,068	1,920,395
Use of common property	28,120	33,030
Use of void decks	37,050	40,470
Use of water and electricity at void decks	579,249	200,635
Others	378,804	684,248
	<u>3,268,562</u>	<u>3,193,167</u>

18. MANAGING AGENT'S FEES

The Town Council daily operations have been outsourced to a managing agent for a fee of S\$5,538,356 (2017 : S\$5,458,315) for the financial year ended 31 March 2018.

19(a) INVESTMENT AND INTEREST INCOME ON SINKING FUND

	<u>2018</u>	<u>2017</u>
	S\$	S\$
Income - Bonds and other investments	96,285	102,051
Interest Income - fixed bank deposits	473,384	757,464
Dividend income from equities	168,508	165,674
Fair value gain from financial assets carried at fair value through profit or loss	486,105	1,255,088
Gain from disposal of available-for-sale financial assets reclassified to sinking fund statement	30,381	9,154
Impairment of available-for-sale financial assets reclassified to sinking fund statement	-	(21,580)
	<u>1,254,663</u>	<u>2,267,851</u>

19(b) SINKING FUND EXPENDITURE

	Note	<u>2018</u>	<u>2017</u>
		S\$	S\$
Re-Roofing Works		-	1,144,326
Electrical Rewiring		449,091	2,946,659
Lift Works		-	2,621,183
Replacement of Water & Booster Pump		996,010	362,160
Repairs & Redecoration		6,358,728	5,455,080
Replacement Water Pipes		277,402	-
Consultancy fee and other charges		356,798	571,875
Goods and services tax	23	96,675	115,603
Lift Overhaul		-	5,110,488
Replacement of Refuse Chute		451,990	848,610
Fire Protection System		101,625	66,134
		<u>9,088,319</u>	<u>19,242,118</u>

20. LIFT REPLACEMENT FUND EXPENDITURE

	Note	<u>2018</u>	<u>2017</u>
		S\$	S\$
Replacement of Main Sheaves and Ropes		517,084	-
Replacement of ARD Battery		156,060	-
Replacement of EBOPS Battery		88,480	-
Lift overhauls and replacement works		8,344	-
Replacement of Lift Position Display Panel		235,104	-
Replacement of Inverter Units		602,579	-
Consultancy fee and other charges		44,784	-
Goods and services tax	23	176,041	-
		<u>1,828,476</u>	<u>-</u>

21(a) GENERAL AND ADMINISTRATIVE EXPENDITURE

The general and administrative expenditure comprised the following:

	Note	<u>2018</u> S\$	<u>2017</u> S\$
Advertising and public relations		696,308	755,771
Provision/(reversal) for doubtful debts		102,125	(148,508)
Bad debts written back		-	(229,524)
Computing services		184,399	139,919
Depreciation of plant and equipment	8	116,852	93,756
Office rental and upkeep expenditure		529,294	454,308
Office supplies and stationery		95,573	60,271
Postage / Telephone		197,213	165,591
Town Councillors' allowance		204,878	198,000
Insurance premium		19,536	18,054
Goods and services tax	23	180,476	205,130
Legal fee		35,607	65,545
Property tax		177,048	200,054
Others *		758,174	615,608
		<u>3,297,483</u>	<u>2,593,975</u>

* Includes manpower costs of S\$86,094 (2017: S\$69,488) (Note 21(b)).

21(b) MANPOWER COST

General administrative expenditure included cost of manpower as follows:-

	<u>2018</u> S\$	<u>2017</u> S\$
Staff salaries and related costs	77,695	62,088
CPF contribution	8,399	7,400
	<u>86,094</u>	<u>69,488</u>

22. INCOME TAX

Taken up in:

	2018			
	Income and Expenditure Statement S\$	Sinking Fund Statement S\$	Lift Replacement Fund Statement S\$	Total S\$
Current income tax provision	313,358	173,836	23,135	510,329
Under/(over)provision in prior year	23,447	(578)	-	22,869
	<u>336,805</u>	<u>173,258</u>	<u>23,135</u>	<u>533,198</u>
	2017			
	Income and Expenditure Statement S\$	Sinking Fund Statement S\$	Lift Replacement Fund Statement S\$	Total S\$
Current income tax provision	325,355	242,560	-	567,915
Under/(over)provision in prior year	152,816	(255,233)	-	(102,417)
	<u>478,171</u>	<u>(12,673)</u>	<u>-</u>	<u>465,498</u>

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

	2018 S\$	2017 S\$
Interest income received	1,273,863	1,655,062
Dividend income	183,567	159,052
Other income	17,170,925	15,202,566
Allowable expenses	(221,691)	(202,950)
	<u>18,406,664</u>	<u>16,813,730</u>
Tax calculated at a tax rate of 17%	3,129,133	2,858,334
Tax exempt income	(25,925)	(25,925)
Tax effect of certain income taxed at concessionary tax rate	(34,967)	(51,377)
Tax remission of government grants under Section 92(2) of Singapore Income Tax	(2,557,912)	(2,213,117)
Under/(over)provision in prior year	22,869	(102,417)
	<u>533,198</u>	<u>465,498</u>

23. 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 sinking fund expenditure (Note 19(b)), lift replacement fund expenditure (Note 20) and general and administrative expenditure (Note 21(a)).

24. 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 Grant		Lift Maintenance Grant		LRF Matching Grant	
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Government Grants received/receivable during the year	15,172,761	13,038,704	6,763,220	6,336,256	2,599,872	5,310,633	1,515,596	1,391,815	852,600	-	3,441,473	-
Transfer to -												
Sinking Funds	(2,374,169)	(2,487,004)	(1,758,437)	(2,019,429)	-	-	(394,056)	(467,575)	(221,676)	-	-	-
Lift Replacement Funds	(4,719,875)	-	(946,852)	-	-	-	(212,186)	-	(119,364)	-	(3,441,473)	-
Town Improvement and Project Fund	(2,599,872)	(5,310,633)	-	-	(2,599,872)	(5,310,633)	-	-	-	-	-	-
	<u>5,478,845</u>	<u>5,241,067</u>	<u>4,057,931</u>	<u>4,316,827</u>	<u>-</u>	<u>-</u>	<u>909,354</u>	<u>924,240</u>	<u>511,560</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

	2018 S\$	2017 S\$
Balance at 1 April	47,542,237	34,503,533
Add : Grants received/receivable during the year	15,172,761	13,038,704
Balance at 31 March	<u>62,714,998</u>	<u>47,542,237</u>

25. OPERATING LEASE PAYMENT COMMITMENTS

The future minimum lease payments payable under non-cancellable operating leases contracted for at the reporting date but not recognised as payables, are as follows:

	2018 S\$	2017 S\$
Not later than one year	502,471	510,371
Later than one year but not later than five years	<u>494,586</u>	<u>604,915</u>

The leases of the Town Council's premises, equipment and computer system on which rentals are payable will expire between December 2018 to February 2021 (2017 - February 2018 to October 2019), between April 2019 to March 2022 (2017: April 2019 to March 2022) and 31 March 2020 (2017 - 31 March 2020) respectively, and the current rent payable on the leases range from S\$4,800 to S\$11,600 (2017 - S\$4,800 to S\$11,600) per month, from S\$118 to S\$185 (2017: S\$118 to S\$185) and S\$13,740 (2017 - S\$13,740) per month, respectively, which are subject to revision and renewal.

26. CAPITAL COMMITMENTS

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

	2018 S\$	2017 S\$
Amount approved and contracted for	5,883,998	13,199,820
Amount approved but not contracted for	<u>56,943,695</u>	<u>28,549,893</u>
	<u>62,827,693</u>	<u>41,749,713</u>

27. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

	<u>2018</u>	<u>2017</u>
	S\$	S\$
Managing Agent's Fees	5,538,356	5,458,315
Contract for services and works*	281,025	135,379
Energy saving costs **	1,178,410	1,309,645
Project management fee	694,561	832,927
Repairs and maintenance	1,064,758	1,158,767
Essential Maintenance Service Unit Services	<u>637,072</u>	<u>846,206</u>

* 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.

The balances due to managing agent as at 31 March 2018 was S\$511,057 (2017: S\$1,869,432).

(b) During the financial year, town councilors allowances amounted to S\$204,878 (2017: S\$198,000).

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

General Risk Management Principles

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

Credit Risk

Credit risk is the risk that counterparty to a financial asset fail to discharge an obligation or commitment entered into with the Town Council.

The carrying amount of investments in bonds, available-for-sale financial assets, 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. Ongoing credit evaluation is performed on the financial condition of conservancy and service fee receivables and loss on impairment is recognised in the income and expenditure statement. There is no significant concentration of credit risk, as conservancy and service fee receivables is spread over a large number of counter-parties and customers.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Credit risk (cont'd)

(i) Financial assets that are neither past due nor impaired

Conservancy and service fee receivables that are neither past due nor impaired are substantially counterparties with good payment records with the Town Council.

(ii) Financial assets that are past due and/or impaired

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

	Gross 2018	Gross 2017	Impairment 2018	Impairment 2017
	S\$	S\$	S\$	S\$
Past due <3 months	490,591	570,931	-	-
Past due 3 to 6 months	295,339	324,546	-	-
Past due over 6 months	1,374,933	1,022,077	763,464	679,129
	<u>2,160,863</u>	<u>1,917,554</u>	<u>763,464</u>	<u>679,129</u>

The carrying amount of conservancy and service receivables individually determined to be impaired and the movement in the related allowance for impairment is as follows:

	<u>2018</u>	<u>2017</u>
	S\$	S\$
Gross amount	763,464	679,129
Less: Allowance for impairment (Note 13)	(763,464)	(679,129)
	<u>-</u>	<u>-</u>

Other receivables as at 31 March 2018 are not past due or impaired as at 31 March 2018. These comprised mainly recoverable from statutory boards 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 and equity 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 2018 is equal to the carrying amount of these financial assets in the statement of financial position.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

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 and available-for-sale financial assets 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 2018				
Financial assets at fair value through profit or loss	2,462,802	(2,462,802)	2,462,802	(2,462,802)
Available-for-sale financial assets	215,920	(215,920)	215,920	(215,920)
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)

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Fair value interest rate risk is the risk that the value of financial instrument will fluctuate because of 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 12 and 15 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\$192,246 (2017: S\$237,621) higher/lower, arising mainly as a result of lower/higher interest income from the Town Council's fixed deposits with banks and held to maturity financial assets.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Market risk (cont'd)

(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 significant foreign currency risk.

Liquidity risk

The Town Council manages its liquidity risk by maintaining sufficient cash and cash equivalents to meet its routine, sinking fund expenditure and lift replacement 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 2018			
Held-to-maturity financial assets	3,590,010	1,758,972	1,831,038
Available-for-sale financial assets	2,159,205	2,159,205	-
Financial assets at fair value through profit or loss	24,628,021	24,628,021	-
Conservancy and service receivables	1,493,019	1,493,019	-
Other receivables (excluding prepayments)	5,596,088	5,596,088	-
Interest receivable	197,190	197,190	-
Receivables for Neighbourhood Renewal Programme and Electrical Load Upgrading Programme	424,031	424,031	-
Cash and cash equivalents	87,800,608	87,800,608	-
	<u>125,888,172</u>	<u>124,057,134</u>	<u>1,831,038</u>
Other financial liabilities	<u>8,299,090</u>	<u>8,299,090</u>	<u>-</u>
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 receivables	1,526,770	1,526,770	-
Other receivables (excluding prepayments)	5,904,035	5,904,035	-
Interest receivable	242,661	242,661	-
Receivables for Neighbourhood Renewal Programme and Electrical Load Upgrading Programme	1,734,331	1,734,331	-
Cash and cash equivalents	74,518,313	74,518,313	-
	<u>113,740,958</u>	<u>106,710,066</u>	<u>7,030,892</u>
Other financial liabilities	<u>13,234,695</u>	<u>13,234,695</u>	<u>-</u>

29. MANAGEMENT OF TOWN COUNCIL'S FUNDS

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

- (a) To safeguard the Town Council's ability to continue as a going concern;
- (b) To support the Town Council's stability and growth; and
- (c) To provide 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. As at end of the reporting date, the Town Council's total funds amounted to S\$116,168,447 (2017: S\$99,120,730).

30. 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 observable 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 2018.

	Level 1	Level 2	Level 3	Total
	S\$	S\$	S\$	S\$
Recurring fair value measurements				
31 March 2018				
Financial assets at fair value through profit or loss (Note 10)	24,628,021	-	-	24,628,021
Available-for-sale financial assets (Note 11)	2,159,205	-	-	2,159,205
31 March 2017				
Financial assets at fair value through profit or loss (Note 10)	20,412,210	-	-	20,412,210
Available-for-sale financial assets (Note 11)	3,561,902	-	-	3,561,902

30. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

Fair values (cont'd)

(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 2018 but for which fair value is disclosed:

	<u>Level 1</u> S\$	<u>Level 2</u> S\$	<u>Level 3</u> S\$	<u>Total</u> S\$
31 March 2018				
Held-to-maturity financial assets (Note 12)	3,534,661	-	-	3,534,661
31 March 2017				
Held-to-maturity financial assets (Note 12)	5,857,323	-	-	5,857,323

The carrying value of held-to-maturity financial assets as at 31 March 2018 was S\$3,536,276 (2017: S\$5,816,585).

31. 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

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.

This new standard is not expected to have a significant impact on the financial statements of the Town Council.

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 in 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.

31. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (CONT'D)

FRS 109 Financial Instruments (cont'd)

The Town Council currently classifies certain of its investments as available-for-sale financial assets and is measured at fair value through other comprehensive income. Under FRS 109, a financial asset that has contractual cash flows not representing solely payments of interest and principal will be classified as measured at fair value through profit or loss. Accordingly, the available-for-sale financial assets held by Town Council will be required to be measured at fair value through profit or loss.

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 assessing the potential impact of adopting this new standard on the financial statements of the Town Council.

32. COMPARATIVE INFORMATION

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. As a result, certain line items have been amended in statement of cash flows. Comparative figures have been adjusted to conform to the current year's presentation.

	Previously Stated 2017 S\$	Currently Stated 2017 S\$
Statement of cash flows		
Cash Flows from Operating Activities		
Increase in conservancy and service fee and other receivables	(3,700,561)	(1,947,473)
Cash Flows from Financing Activities		
GST Subvention grants	1,391,815	-
Government grants	<u>11,646,889</u>	<u>11,285,616</u>

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