

FY2017/2018 ANNUAL REPORT & FINANCIAL STATEMENTS



Image by Calvin Chan Wai Meng
2nd runner up of 'Tampines Our Home' Photography Contest 2017

FY2017/2018 ANNUAL REPORT & FINANCIAL STATEMENTS



Chairman's Review

2017 has been an eventful year for Tampines Town Council as we strive towards greater efficiency and cost-effectiveness in estate management.

To better serve our residents, we appointed both E M Services Pte Ltd and DREP Pte Ltd to manage the Town Council. With this new partnership, the Town Council can possess the right expertise required in facility management and maintenance, and community engagement and communications.

We also welcome Town Councillors for the new term who will help us make Tampines a town that reflects the aspirations of our residents. I would also like to thank our Councillors from the previous term for bringing us to where we are today.

Over the past year, the Town Council has worked to improve our living environment through the construction of fitness corners, playgrounds, link ways and drop-off porches. On top of new amenities, the team has also carried out \$7.9m worth cyclical maintenance such as Repairs and Redecoration (R&R), re-roofing and rewiring works. We have also invested \$1.6m in town improvement projects to enhance facilities, safety and barrier-free access via the Neighbourhood Renewal Programme (NRP). Public lighting at HDB blocks, open spaces and carparks have also been replaced with new, environmentally-friendly Light Emitting Diode (LED) lights, which are energy-and-cost efficient.

With rising costs, the Service & Conservancy Charges (S&CC) have been adjusted to pay for cleaners' wages, pest control, maintenance and replacement of lifts, among other things. However, the government has announced S&CC rebates, with each eligible Singaporean household receiving 1.5 to 3.5 months of S&CC rebate in 2018, depending on flat type.

We have had to make provision for 14% of our income into the Lift Replacement Fund as mandated by the Ministry of National Development. This allows us to plan ahead to ensure lift operational safety for our residents. For 2017, we have carried out \$8.9m worth of Lift Replacement works.

On top of estate management, the team has been introducing initiatives to enhance the sense of identity and unity in Tampines. We know that a vibrant Tampines spirit is what makes living here special.

One such project is 'Borrow-Use-Return'. Launched in January 2018, this umbrella-sharing initiative aims to promote sharing and caring amongst our residents. The team received a generous donation of 200 umbrellas from a kind Tampines resident, which further accentuates the meaning of sharing in our town.

This is the fourth year that No Cleaners Day has been running on the first Sunday of every month. I thank residents for appreciating the hard work of our cleaners and doing your part in keeping our neighbourhood clean.

Let us continue to work together to make Tampines a better town for all.

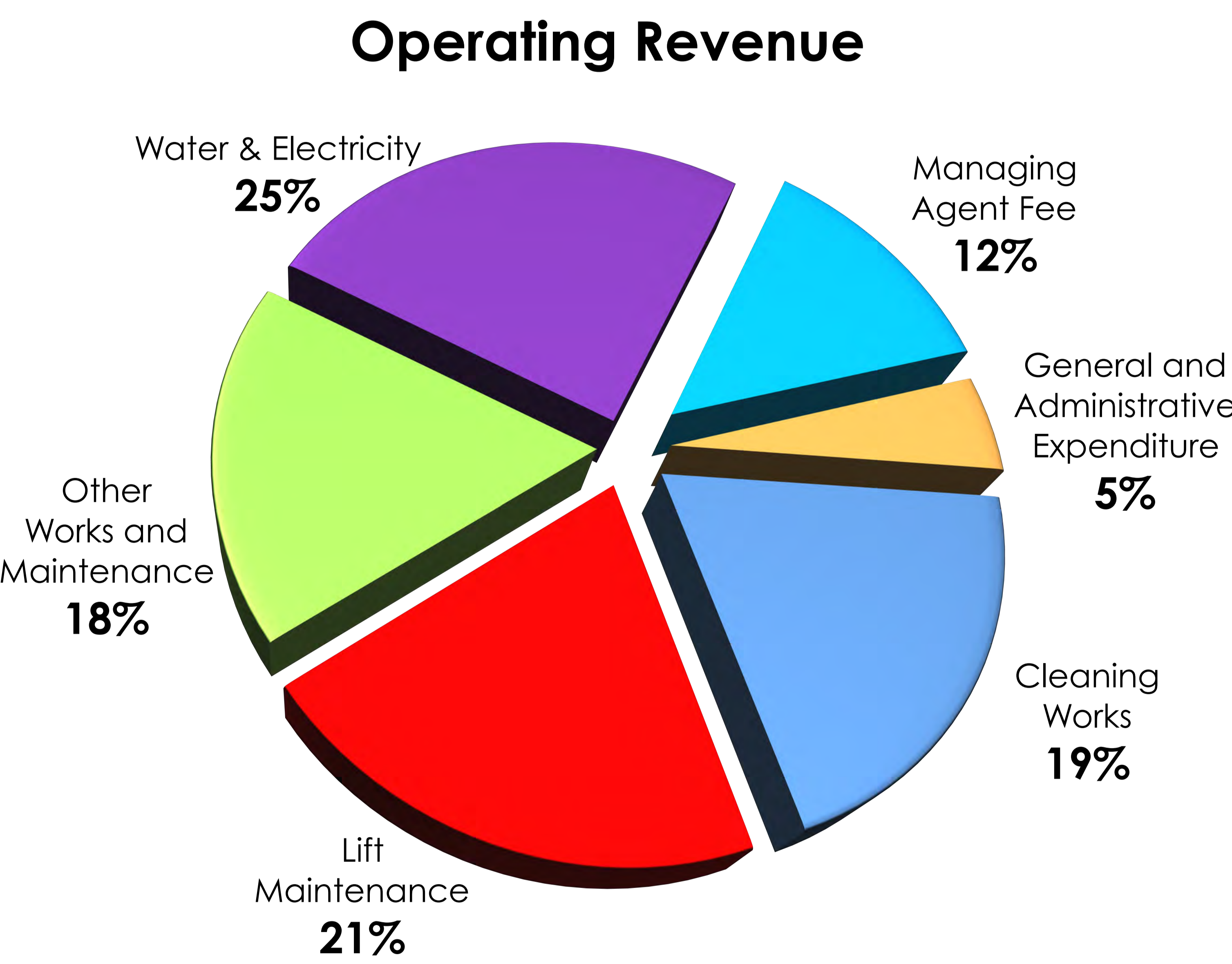
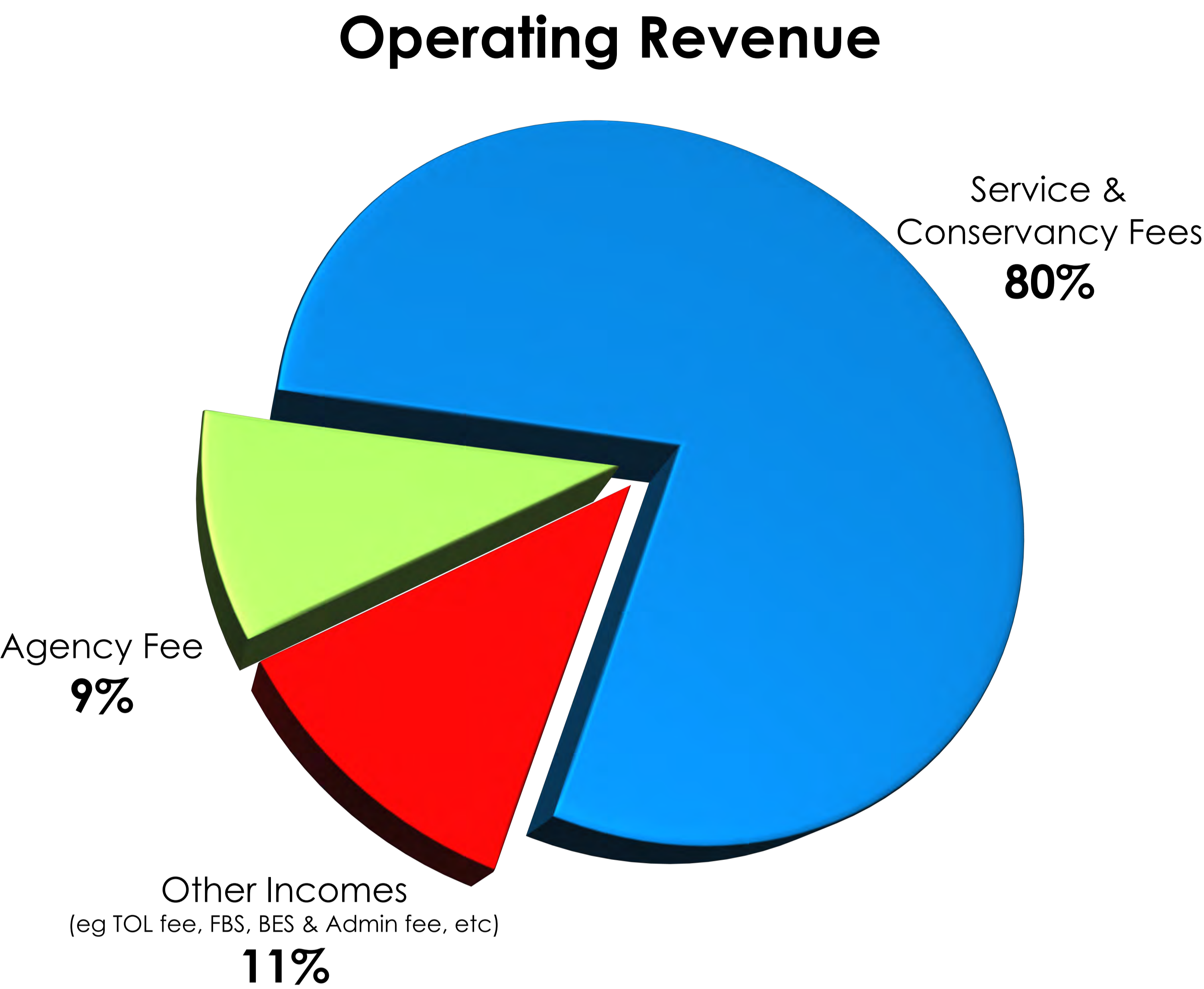
Baey Yam Keng
Chairman
Tampines Town Council

FINANCIAL REVIEW

In 2017/18, through prudent financial management, Tampines Town Council had an operating surplus of \$4.5 million after taking into account government grants. Our sinking fund remains healthy at \$48.13 million and our Lift Replacement Funds has a balance of \$11.50 million and our total funds closed at \$69.73 million.

The Town Council constantly seeks to deliver a consistently high standard of estate management through its rigorous and stringent procurement process, to ensure successful contract delivery and best value for money to fund improvement projects in the pipeline. We will continue to exercise prudence in spending, explore cost-saving ways and make possible adjustments to stretch S&CC.

In accordance with the standards on lift maintenance set by the Building Construction Authority, we have also set aside a proportion of S&CC collections into the sinking funds for lift replacement. This is to ensure long-term financial feasibility for the programme.



Cyclical and Improvement works

Over the past 12 months, we carried out \$7.9 million worth of cyclical works including Redecoration and Repainting Works, re-roofing and re-wiring. The Town Council has invested \$1.6 million in Town Improvement works.



Multi- Generation (3G) Fitness Corner

Blk 267, Blk 842

Fitness Corner

Blk 408, Blk 424, Blk 498B

Playgrounds

Blk 424, Blk 498J, Blk 707, Blk 878

Senior Citizens Corner

Blk 864A, Blk 257

Resident's Corner

Blk 145

Hard Court

Blk 730

Linkway

Blk 424, Blk 922, Blk 233

Drop Of Porch

Blk 350



New Managing Agents

As of 1st August 2017, Tampines Town Council is managed by E M Services Pte Ltd and DREP Pte Ltd. The new arrangement in managing agent is a strategy for TTC to better serve our residents. Each company possess the right expertise required in facility management and maintenance, and community engagement and communications.

A Facebook poll was created to garner the feedback from residents on their view of the change, and the response was positive. About (include percentage) agreed and complimented the Town Council.



Appreciation & Appointment Dinner

Last October, Tampines Town Council had organised a ceremony in appreciation of 20 outgoing councillors, and in welcoming 20 newly appointed ones.

Chairman, Mr Baey Yam Keng, in his speech, expressed his heartfelt gratitude for Town Councillors who have worked hard for the interest of residents, contributing to the well-being of everyone who lives in Tampines.

Held at Dallas Restaurant & Bar, the atmosphere of the event was thick with enthusiasm and anticipation towards a better Tampines.



Lift Operations and Replacement

To ensure that our lifts function optimally, Tampines Town Council has carried out \$8.9 million dollars worth of Lift Replacement works.

We will also continue to work with the Housing & Development Board (HDB) to review the procurement process and technical specifications for new lifts to achieve an efficient overall lift operating life cycle and stringent maintenance regime to reduce breakdowns

Real-time status of lifts are tracked by staff and eight lift maintenance companies through a tele-monitoring system. In the event there is a breakdown or mantrap, the team will be notified automatically, and repair and rescue works will be carried out.



Community Relations

Launch of Borrow Use Return



The monsoon season earlier this year brought about the umbrella-sharing initiative, BorrowUseReturn, to Tampines. Organised by Tampines Town Council (TTC), the pilot run that was held on 10th January 2018 was attended by Mr Baey Yam Keng, Chairman of TTC. 40 umbrellas were planted at one of the two selected routes – between Block 401 and 502.

The other route is from N2 Shopping Street to Block 298. Both locations were specifically chosen by residents of Tampines as their preferred venues, through a polling on TTC's official Facebook page.

Aimed to provide convenience to residents when combatting the unpredictable weather, the project also embraces the community spirit of sharing. Residents were encouraged to donate spare umbrellas atop returning the umbrellas after use for the next person.



Community Relations

'Love Me Don't Feed Me' campaign



In March 2018, Tampines Town Council (TTC) launched the 'Love Me Don't Feed Me' campaign to create an awareness on pigeon-feeding. The rapid rise of pigeons in the neighbourhood is due to the frequent feeding by residents.

While some do it out of compassion, the act is frowned upon due to its potential hygiene issues. Food remnants left by pigeons attract other pests, and in return, contribute to a dirty environment.

The number of complaints received by TTC was displayed on banners that were hung within the residential area, starting with Block 343, Tampines Street 33.

Together with several message boards that conveyed the frustrations of other residents, the installation also served as a reminder that it is against the law to feed pigeons. Anyone caught can be fined up to \$500.

The installation was followed by a string of public education posts over at TTC's FaceBook page to further enhance the message. One of the posts curated was the various ways one could show their love for the neighbourhood bird, instead of feeding it.

Feeding pigeons not only increases the rate of its reproduction, hence rapidly multiplying its population. It also changes their palettes to prefer food consumed by humans. Known as independent birds, pigeons are capable to source out food for survival.



Community Relations

Keeping It Clean



Keep Clean, Singapore 2018 saw an impressive turnout with over 500 participants throughout the five divisions in Tampines.

Dedicated residents, students from Springfield Secondary School and volunteers from Tampines Central CC Youth Executive Committee and Temasek Polytechnic were among those who joined in the mission to care for our environment. Donning plastic gloves and armed with metal tongs and rubbish bags, our volunteers scoured the estates and made sure every single bit of trash was cleared.

The total amount of trash collected came up to a startling approximate weight of 170kg, with majority of the items being half-emptied bottled drinks and cigarette butts. Just imagine, how much cleaner our beautiful Tampines would be, if everyone played his or her part in disposing of litter responsibly!



“After last year, I wanted to come again. I don’t like dirty places. We should always remind people to pick their litter so that the area will be clean.”

— Nine-year-old Koh Kexin (left)



Community Relations

Clean and Green Tree Planting Day



This year's Tree Planting event was met with gloomy weathers, but that did not dampen the spirit of Tampines' residents.

Some 800 participants arrived at the respective division in Tampines on 11, 12 and 26 November 2017, geared in ponchos and umbrellas - all prepared to contribute their part to a greener environment by planting trees amidst the sprinkle. Both adults and children alike had the opportunity to experience mixing the soil atop watering the plants after. They also got to name the tree.

The event that spread across the five division saw residents, together with the Members of Parliament for Tampines GRC, plant 10 Neem trees at Tampines North, 10 Manila Palm trees at Tampines Changkat, 10 Bottlebrush trees at Tampines West, 10 Foxtail Palm trees at Tampines East and 15 Syzygium Glaucum at Tampines Central.



Community Relations

Mangolicious!

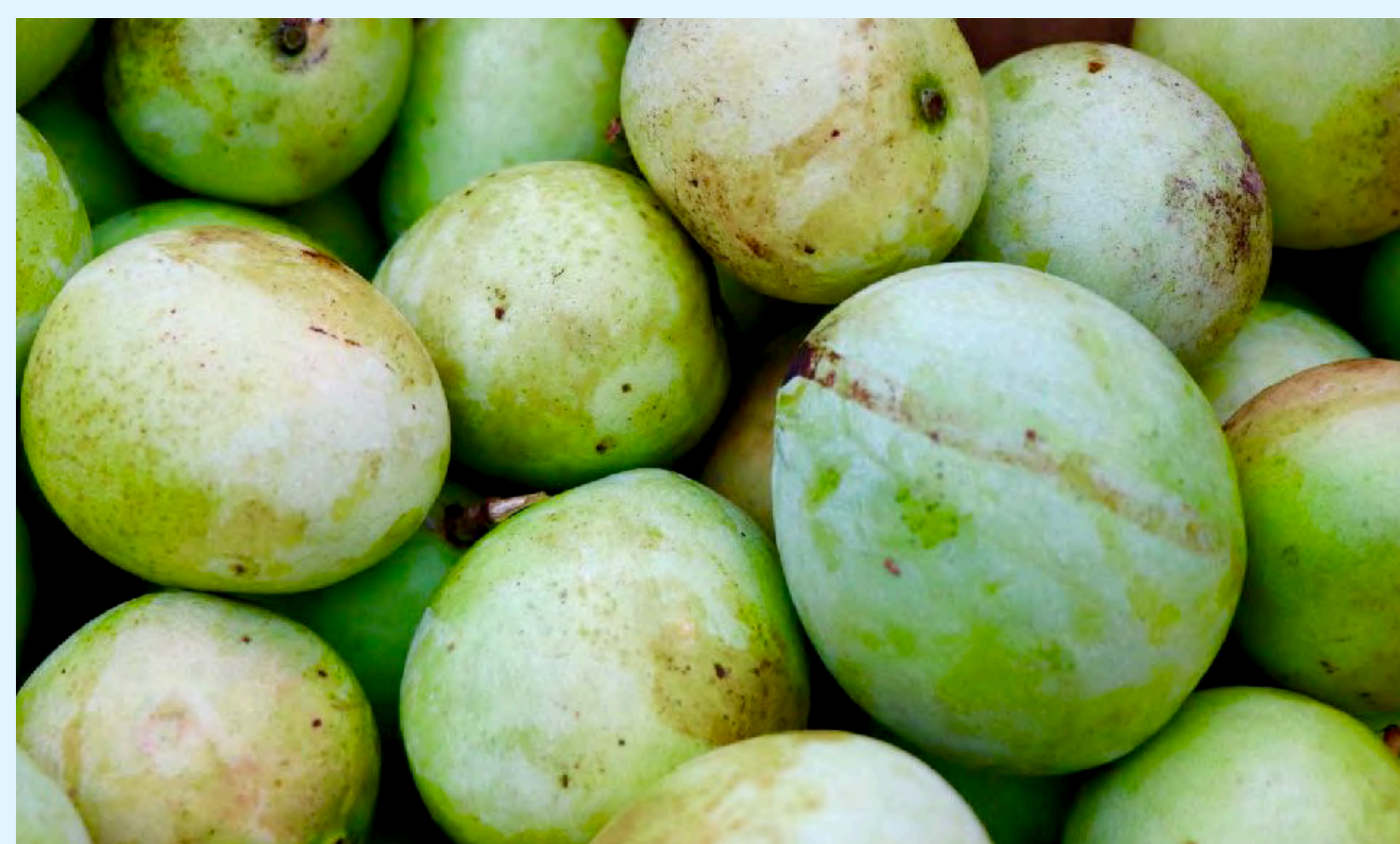
Some 80 bags of mangoes were distributed on the evening of 10 July 2018 at N4 Market Courtyard, in the presence of MP Baey Yam Keng.

The distribution served as a pleasant surprise to residents who happened to be around the area. Both young and old made a beeline for the mangoes upon seeing the large “Mango Giveaway” standee being set up.

Each resident not only received a couple of freshly harvested mangoes, but the ‘goodie bag’ also included a Tampidy plush toy as well as a list of creative ideas of things one could do with mangoes!

Both pesticide-free and grown in Tampines, the mangoes go through an intensive and rigorous quality check prior to the distribution – to ensure only the best picks reach the hands of anticipating residents.

Residents are advised not to retrieve the mangoes directly from the trees themselves, in fear they might injure themselves, or damage the trees.



Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Tampines 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 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 Matter

The financial statements of the Town Council for the financial year ended 31 March 2017 were audited by another firm of auditors who expressed an unmodified opinion on those statements on 26 July 2017.

Other Information

Management is responsible for the other information. The other information comprises the Chairman's Message set out on page 1 to 12 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.



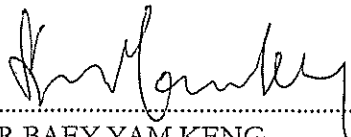
AT ADLER
Public Accountants and Chartered Accountants

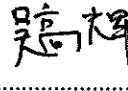
Singapore, 31 August 2018

Statement of financial position as at 31 March 2018

	Note	2017/2018 S\$	2016/2017 S\$
TOWN COUNCIL FUND			
RESIDENTIAL PROPERTY			
Accumulated surplus	3	4,641,441	2,325,139
Sinking fund	4	32,774,622	31,166,596
Lift replacement fund	5	9,901,815	-
Town improvement and project fund	6	488,457	199,287
		47,806,335	33,691,022
COMMERCIAL PROPERTY			
Accumulated surplus	3	1,615,298	1,092,265
Sinking fund	4	15,353,151	17,481,371
Lift replacement fund	5	2,986,651	-
Town improvement and project fund	6	1,132,530	1,121,701
		21,087,630	19,695,337
CARPARK			
Accumulated surplus	3	2,013,795	1,261,496
		70,907,760	54,647,855
Represented by:			
NON-CURRENT ASSETS			
Plant and equipment	8	103,695	128,301
Current Assets			
Conservancy and service fee receivables	9	1,133,527	944,064
Other receivables	10	9,645,892	8,196,566
Cash and cash equivalents	11	77,884,681	54,771,244
		88,664,100	63,911,874
TOTAL ASSETS		88,767,795	64,040,175
Less:			
CURRENT LIABILITIES			
Conservancy and service fee received in advance		810,146	631,539
Advances received/Receivable for Neighbourhood Renewal Programme and Electrical Load Upgrading Programme	7	699,984	367,505
Selective Lift Replacement Programme ("SLRP") received- in-advance		-	2,678,496
Payables and accrued expenses	12	15,423,366	4,796,144
Current tax payable		926,539	918,636
TOTAL LIABILITIES		17,860,035	9,392,320
NET ASSETS		70,907,760	54,647,855

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


MR BAEY YAM KENG
Chairman


MR FRANK NGOH
Secretary

Date: 31 August 2018

Income and expenditure statement for the financial year ended 31 March 2018

	Note	2017/2018 S\$	2016/2017 S\$
OPERATING INCOME			
Conservancy and service fees	3	45,306,767	42,643,236
Less: Operating transfer to sinking fund (minimum required by law)	3,4	(11,779,772)	(16,192,307)
Operating transfer to lift replacement fund (minimum required by law)	3,5	(6,342,966)	-
		27,184,029	26,450,929
Agency fees	13	3,202,217	3,061,566
Other income	14	3,599,696	3,699,978
		33,985,942	33,212,473
Less:			
OPERATING EXPENDITURE			
Cleaning works		6,890,659	6,836,289
Managing agents' fees	15	4,312,120	4,119,051
Lift maintenance		6,773,420	7,284,607
Other works and maintenance		5,800,584	6,384,154
Water and electricity		8,634,360	8,814,998
General and administrative expenditure	18	1,957,815	2,037,092
		(34,368,958)	(35,476,191)
OPERATING DEFICIT		(383,016)	(2,263,718)
Add:			
NON-OPERATING INCOME			
Interest income		33,562	96,481
DEFICIT BEFORE TAXATION AND GOVERNMENT GRANTS			
GRANTS		(349,454)	(2,167,237)
Less:			
Income tax	20	(419,387)	(325,711)
DEFICIT AFTER TAXATION BUT BEFORE GOVERNMENT GRANTS			
		(768,841)	(2,492,948)
Add:			
Government Grants	3,22	13,246,077	8,630,576
Less: Transfer to sinking fund	3,4,22	(2,214,126)	(2,549,312)
Less: Transfer to lift replacement fund	3,5,22	(4,789,514)	-
Less: Transfer to town improvement and project fund	3,6,22	(1,132,929)	(1,376,810)
		5,109,508	4,704,454
SURPLUS FOR THE YEAR		4,340,667	2,211,506
Add:			
Accumulated surplus at 1 April		4,678,900	3,052,394
Appropriation to town improvement and project fund	6	(749,033)	(585,000)
ACCUMULATED SURPLUS AT 31 MARCH		8,270,534	4,678,900

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

Statement of comprehensive income for the financial year ended 31 March 2018

Note	TOTAL		RESIDENTIAL PROPERTY		COMMERCIAL PROPERTY		CARPARK		
	2017/2018 S\$	2016/2017 S\$	2017/2018 S\$	2016/2017 S\$	2017/2018 S\$	2016/2017 S\$	2017/2018 S\$	2016/2017 S\$	
Surplus/(deficit) for the year:									
- Accumulated surplus	3	4,340,667	2,211,506	3,001,964	872,363	586,404	779,137	752,299	560,006
- Sinking fund	4	6,290,522	5,987,826	5,971,350	5,730,824	319,172	257,002	-	-
- Lift replacement fund	5	6,077,750	-	5,538,491	-	539,259	-	-	-
- Town improvement and project fund	6	(449,034)	(662,405)	(396,492)	(599,201)	(52,542)	(63,204)	-	-
Total surplus for the year		16,259,905	7,536,927	14,115,313	6,003,986	1,392,293	972,935	752,299	560,006
Other comprehensive income, net of tax		-	-	-	-	-	-	-	-
Total comprehensive income for the year attributable to Town Council Fund		16,259,905	7,536,927	14,115,313	6,003,986	1,392,293	972,935	752,299	560,006

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

Statement of changes in funds for the financial year ended 31 March 2018

	TOTAL S\$	RESIDENTIAL PROPERTY S\$	COMMERCIAL PROPERTY S\$	CARPARK S\$
Balance at 1 April 2016	47,110,928	27,687,036	18,722,402	701,490
Total comprehensive income for the year	7,536,927	6,003,986	972,935	560,006
Balance at 31 March 2017	54,647,855	33,691,022	19,695,337	1,261,496
Balance at 1 April 2017	54,647,855	33,691,022	19,695,337	1,261,496
Total comprehensive income for the year	16,259,905	14,115,313	1,392,293	752,299
Balance at 31 March 2018	70,907,760	47,806,335	21,087,630	2,013,795

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

Statement of cash flows

for the financial year ended 31 March 2018

	Note	2017/2018 S\$	2016/2017 S\$
Cash Flows from Operating Activities			
Deficit in income and expenditure statement before taxation and government grants		(349,454)	(2,167,237)
Adjustments for:			
Conservancy and service fees transferred to sinking fund	3,4	11,779,772	16,192,307
Conservancy and service fees transferred to lift replacement fund	3,5	6,342,966	-
Depreciation of plant and equipment	8,18	61,726	76,067
Provision for impairment in conservancy and service fee	9,18	110,615	244,093
Interest income	3	(33,562)	(96,481)
Operating surplus before working capital changes		17,912,063	14,248,749
Increase in conservancy and service fee and other receivables		(2,576,667)	(1,570,475)
Increase/(decrease) in payables and accrued expenses and conservancy and service fee received in advance		10,805,829	(1,599,349)
(Decrease)/increase in Selective Lift Replacement Programme received-in-advance		(2,678,496)	2,678,496
Net movement in advances received or receivable for Neighbourhood Renewal Programme and Electrical Load Upgrading Programme		332,479	(1,070,481)
Cash generated from operations		23,795,208	12,686,940
Sinking fund expenditure	4	(8,016,340)	(13,358,977)
Lift replacement fund expenditure	5	(5,074,647)	-
Town improvement and project fund expenditure	6	(1,581,963)	(2,039,215)
Income Tax Paid		(479,100)	(440,856)
Net cash generated from/(used in) operating activities		8,643,158	(3,152,108)
Cash Flows from Investing Activities			
Purchase of plant and equipment	8	(37,120)	(12,050)
Interest received		659,073	753,524
Net cash generated from investing activities		621,953	741,474
Cash Flows from Financing Activities			
Government grants received	22	13,848,326	8,092,403
Net cash generated from financing activities		13,848,326	8,092,403
Net increase in cash and cash equivalents		23,113,437	5,681,769
Cash and cash equivalents at beginning of year		54,771,244	49,089,475
Cash and cash equivalents at end of year	11	77,884,681	54,771,244

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

Notes to the financial statements

for the financial year ended 31 March 2018

1 GENERAL INFORMATION

The Town Council was established on 5 August 1990 under the Town Councils Act (Chapter 329A). The functions of the Town Council are to control, manage, maintain and improve the common property of residential and commercial properties in the housing estates of the Housing and the Development Board (HDB) within the Town. The town consists of the Tampines Group Representation Constituency.

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 31 August 2018.

The head office of the Town Council is situated at:

Blk 136 Tampines Street 11
Singapore 521136

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) ACCOUNTING CONVENTION

The financial statements have been prepared in accordance with the Financial Reporting Standards in Singapore ("FRSs") as issued by the Singapore Accounting Standards Council as well as all related interpretations to FRSs ("INT FRSs") and the Town Councils Act, Cap. 329A. The financial statements are prepared on a going concern basis 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) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

(i) The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the Town Council's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2(t).

(ii) Adoption of new and revised standards

On 1 April 2017, the Town Council has adopted the new or revised FRSs that are mandatory for application from that date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(b) BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)****(ii) Adoption of new and revised standards (cont'd)**

The adoption of new or revised FRS which are relevant to the Town Council's operations did not result in substantial changes to the Town Council's accounting policies and had no material effects on the amounts reported for the current or prior financial years.

(c) FUNDS**TOWN COUNCIL FUND**

In accordance with section 33(1) of the Town Councils Act, separate funds are 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

Car parks are maintained by the Town Council for Housing and Development Board ("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 moneys received by the Town Council are paid into and related expenses 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 Section 33(4) of the Town Councils Act, a separate Sinking Fund is established for the improvement to, management and maintenance of Residential Property and Commercial Property.

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 Sinking Fund. These sinking fund are maintained as part of the Town Council 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(c) FUNDS (CONT'D)****SINKING FUND (CONT'D)**

For FY 2016/2017, the amounts to be paid into the Sinking Fund are as follows:

Property Type		Percentage of Conservancy and Service Fees and Grant-in-Aid
(i)	1-room to 3-room	30%
(ii)	4-room to 5-room	40%
(iii)	Multi-generation	40%
(iv)	Executive	40%
(v)	Shop with living accommodation	35%
(vi)	Commercial property	35%

The Town Council contributed more than the minimum prescribed rate of 35% for the property type (ii) to (iv) above.

These minimum contributions are treated as operating transfers and netted off against the service and conservancy charges and government grants in the income and expenditure statement.

The Sinking Fund are utilised for cyclical major repainting, renewal or replacement of roofing system, water tanks, pumps and water supply system, rewiring, lightning protection system, installation of any sensor and starter controller to the time-controlled booster pumping system, major repairs and maintenance of the common area and contributions to the HDB in respect of general upgrading works carried out on the common property under the Housing and Development Act.

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, the Ministry of National Development ("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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(c) FUNDS (CONT'D)****LIFT REPLACEMENT FUND (CONT'D)**

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.

(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

Five percent of overheads are allocated to the sinking fund for FY 2016/2017. With effect from 1 April 2017, the Town Council has decided not to allocate overheads to sinking 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 are taken to the income and expenditure statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(e) GOVERNMENT GRANTS (CONT'D)**

Payments from Citizen's Consultative Committees are given as reimbursement claims under the Community Improvement Projects Committee 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 value 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

Plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the derecognition of an item of plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in the income and expenditure statement. The residual value and the useful life of an asset is reviewed at least at each financial year-end and, if expectations differ from previous estimates, the charges are accounted for as a change in an accounting estimates, 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 Town Council. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Subsequent costs are recognized as an asset only when it is probable that future economic benefits associated with the item will flow to the Town Council 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.

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

Furniture, Fixtures and Fittings	5 years
Data Processing Equipment	3 years
Office Equipment	3 years
Renovation	5 years

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(f) PLANT AND EQUIPMENT (CONT'D)**

Depreciation is charged from the month of asset acquisition. For disposal of assets, depreciation is charged up to the previous month of disposal. Plant and equipment costing below S\$1,000 each and purchase of computer software are charged to the income and expenditure statement in the year of purchase.

(g) IMPAIRMENT OF NON-FINANCIAL ASSETS

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on the non-financial assets. The carrying amount of non-financial assets is reviewed at each reporting date for indications of impairment and where impairment is found, the asset is written down through the income and expenditure statement to its estimated recoverable amount.

The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in the income and expenditure statement. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

At each reporting date, non-financial assets other than goodwill with impairment loss recognised in prior periods, are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(h) FINANCIAL ASSETS**(i) Initial recognition and measurement**

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value, normally represented by the transaction price.

Except for loan and receivables, there are no financial assets classified at fair value through profit or loss or held to maturity during the financial year.

Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

Conservancy and services receivables, other receivables, cash and cash equivalents are classified in this category.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(h) FINANCIAL ASSETS (CONT'D)****(ii) Impairment**

Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in the income and expenditure statement.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the amortised cost had no impairment loss been recognized in prior periods.

(iii) Derecognition of financial assets:

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

(i) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include bank and cash balances and on demand deposits that are readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value.

(j) FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of current financial assets and financial liabilities including cash, accounts receivable, accounts payable approximate their fair values due to the short-term maturity of these instruments. Disclosures of fair value are not made when the carrying amount is a reasonable approximation of fair value. The fair values of non-current financial instruments may not be disclosed unless there are significant items at the end of the year and in that event, the fair values are disclosed in the relevant notes. The maximum exposure to credit risk is the fair value of the financial instruments at the end of the reporting period. The fair value of a financial instrument is derived from an active market. The appropriate quoted market price for an asset held or liability to be issued is usually the current bid price without any deduction for transaction costs that may be incurred on sale or other disposal and, for an asset to be acquired or liability held, the asking price. If there is no market, or the markets available are not active, the fair value is established by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of similar instruments and incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. As far as unquoted equity instruments are concerned, in cases where it is not possible to reliably measure the fair value, such instruments are carried at cost less accumulated allowance for impairment.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(k) FINANCIAL LIABILITIES**

Initial recognition and measurement:

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

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

- #1. Liabilities at fair value through profit or loss: As at year end date, there were no financial liabilities classified in this category.
- #2. Other financial liabilities: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Creditors and accrued expenses are classified in this category. Items classified within current payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

(l) PROVISIONS

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

(m) LEASES AS A LESSEE

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(n) INCOME TAX**

Income tax is provided on the following income:

- i) Income derived from investments and bank deposits;
- ii) Fees, rent and other charges received from non-residents or non-owners of properties in the Town for maintenance and use of common property, and car park where the Town Council opts to maintain and/or manage them;
- iii) Donations from non-residents or non-owners of properties in the Town; and
- iv) Agency fee derived from acting as agents for HDB and other Town Councils.

The income taxes are accounted using the liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Income tax expense represents the sum of the tax currently payable and deferred tax. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences.

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

(o) RECOGNITION OF INCOME

The income amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the year arising from the course of the ordinary activities of the Town Council and it is shown net of related tax, estimated returns, discounts and volume rebates.

- (i) Conservancy and service fees are recognised when due.
- (ii) Agency fees are fees received for routine maintenance of HDB's carparks and are recognised when due.
- (iii) Interest income from fixed deposits is recognised on a time proportion basis that takes into account the effective yield on the asset.

(p) 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(q) FUNCTIONAL CURRENCY**

Items included in the financial statements of the Town Council are measured using the currency of the primary economic environment in which the Town Council operates ("the functional currency"). The financial statements of the Town Council are presented in Singapore dollars which is also the functional currency of the Town Council.

(r) 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.

(s) 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 on behalf. HDB reimburses the Town Council for the expenses incurred on behalf.

(t) 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 and judgements 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:

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(t) CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES (CONT'D)****(i) Allowance for bad and doubtful debts**

Allowance for doubtful conservancy and service debts amounting to \$2,057,254 (2016/2017 - \$1,946,639) have been estimated on the basis of age of debts, results recovery efforts and historical experience. Where the expected outcome is different from the original estimate, such difference will impact the carrying value of conservancy and service fee receivables, and the doubtful debt expenses in the period in which such estimate has been changed.

(ii) 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 between 3 to 5 years. The carrying amount of the plant and equipment as at 31 March 2018 was \$103,695 (2016/2017 - \$128,301). 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.

(iii) 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.

TAMPINES TOWN COUNCIL

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

Notes to the financial statements for the financial year ended 31 March 2018

3 ACCUMULATED SURPLUS

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

	Note	TOTAL 2017/2018 S\$	2016/2017 S\$	RESIDENTIAL PROPERTY 2017/2018 S\$	2016/2017 S\$	COMMERCIAL PROPERTY 2017/2018 S\$	2016/2017 S\$	CARPARK 2017/2018 S\$	2016/2017 S\$
OPERATING INCOME									
Conservancy and service fees		45,306,767	42,643,236	42,589,392	40,151,962	2,717,375	2,491,274	-	-
Less: Operating transfer to sinking fund (minimum required by law)	4	(11,779,772)	(16,192,307)	(11,073,253)	(15,320,358)	(706,519)	(871,949)	-	-
Operating transfer to lift replacement fund (minimum required by law)	5	(6,342,966)	-	(5,962,531)	-	(380,435)	-	-	-
		27,184,029	26,450,929	25,553,608	24,831,604	1,630,421	1,619,325	-	-
Agency fees	13	3,202,217	3,061,566	-	-	-	-	3,202,217	3,061,566
Other Income	14	3,599,696	3,699,978	3,043,650	3,004,592	516,005	652,729	40,041	42,657
		33,985,942	33,212,473	28,597,258	27,836,196	2,146,426	2,272,054	3,242,258	3,104,223
Less:									
OPERATING EXPENDITURE		(34,368,958)	(35,476,191)	(30,366,500)	(31,433,299)	(1,547,741)	(1,490,463)	(2,454,717)	(2,552,429)
Operating (deficit)/ surplus		(383,016)	(2,263,718)	(1,769,242)	(3,597,103)	598,685	781,591	787,541	551,794
Add:									
NON-OPERATING INCOME – interest income		33,562	96,481	29,396	84,550	1,102	3,142	3,064	8,789
(DEFICIT)/SURPLUS BEFORE TAXATION AND GOVERNMENT GRANTS		(349,454)	(2,167,237)	(1,739,846)	(3,512,553)	599,787	784,733	790,605	560,583
Less:									
INCOME TAX	20	(419,387)	(325,711)	(367,338)	(319,538)	(13,743)	(5,596)	(38,306)	(577)
(DEFICIT)/SURPLUS AFTER TAXATION BUT BEFORE GOVERNMENT GRANTS		(768,841)	(2,492,948)	(2,107,184)	(3,832,091)	586,044	779,137	752,299	560,006
Add:									
Government grants	22	13,246,077	8,630,576	13,028,526	8,580,843	217,551	49,733	-	-
Less: Transfer to Sinking fund	4,22	(2,214,126)	(2,549,312)	(2,213,970)	(2,549,312)	(156)	-	-	-
Transfer to Lift replacement fund	5,22	(4,789,514)	-	(4,613,039)	-	(176,475)	-	-	-
Town improvement and project fund	6,22	(1,132,929)	(1,376,810)	(1,092,369)	(1,327,077)	(40,560)	(49,733)	-	-
		5,109,508	4,704,454	5,109,148	4,704,454	360	-	-	-
SURPLUS FOR THE YEAR		4,340,667	2,211,506	3,001,964	872,363	586,404	779,137	752,299	560,006
Add:									
Accumulated surplus at 1 April		4,678,900	3,052,394	2,325,139	2,017,776	1,092,265	333,128	1,261,496	701,490
Less:									
Appropriation to town improvement and project fund	6	(749,033)	(585,000)	(685,662)	(565,000)	(63,371)	(20,000)	-	-
Accumulated surplus at 31 March		8,270,534	4,678,900	4,641,441	2,325,139	1,615,298	1,092,265	2,013,795	1,261,496

TAMPINES TOWN COUNCIL

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

Notes to the financial statements for the financial year ended 31 March 2018

4 SINKING FUND

	Note	2017/2018 S\$	TOTAL 2016/2017 S\$	RESIDENTIAL PROPERTY 2017/2018 S\$	RESIDENTIAL PROPERTY 2016/2017 S\$	COMMERCIAL PROPERTY 2017/2018 S\$	COMMERCIAL PROPERTY 2016/2017 S\$
Balance at 1 April							
Less:							
Transfer to lift replacement fund	5	(6,810,716)	-	(4,363,324)	-	(2,447,392)	-
		41,837,251	42,660,141	26,803,272	25,435,772	15,033,979	17,224,369
Add :							
INCOME	16(a)	378,196	719,976	364,561	694,161	13,635	25,815
OPERATING TRANSFERS FROM :							
- Conservancy and service fees (minimum required by law)	3	11,779,772	16,192,307	11,073,253	15,320,358	706,519	871,949
- Government Grants	3,22	2,214,126	2,549,312	2,213,970	2,549,312	156	-
		14,372,094	19,461,595	13,651,784	18,563,831	720,310	897,764
Less :							
EXPENDITURE	16(b)	(8,016,340)	(13,358,977)	(7,617,554)	(12,722,358)	(398,786)	(636,619)
Less :							
INCOME TAX	20	(65,232)	(114,792)	(62,880)	(110,649)	(2,352)	(4,143)
SURPLUS FOR THE YEAR		6,290,522	5,987,826	5,971,350	5,730,824	319,172	257,002
Balance at 31 March		48,127,773	48,647,967	32,774,622	31,166,596	15,353,151	17,481,371

Represented by :

CURRENT ASSETS

Conservancy and service fee receivables	664,445
Amount due from Operating Fund	4,946,449
Other receivables	722,805
Cash and cash equivalents	45,433,291
Total assets	51,766,990

Less :

CURRENT LIABILITIES

Current tax payable	211,417
Conservancy and Service Fees received-in-Advance	229,110
Selective Lift Replacement Programme fund received-in-Advance	2,678,496
Payables and accrued expenses	-
Total liabilities	3,119,023

NET ASSETS	48,127,773	48,647,967
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TAMPINES TOWN COUNCIL

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

Notes to the financial statements for the financial year ended 31 March 2018

5 LIFT REPLACEMENT FUND

	Note	2017/2018 S\$	TOTAL 2016/2017 S\$	RESIDENTIAL PROPERTY 2017/2018 S\$	2016/2017 S\$	COMMERCIAL PROPERTY 2017/2018 S\$	2016/2017 S\$
Balance at 1 April		-	-	-	-	-	-
Add :							
Transfer from sinking fund	4	6,810,716	-	4,363,324	-	2,447,392	-
		6,810,716	-	4,363,324	-	2,447,392	-
Add :							
INCOME	17(a)	22,301	-	21,500	-	801	-
Operating transfer from Conservancy and service fees (minimum required by law)	3	6,342,966	-	5,962,531	-	380,435	-
		6,365,267	-	5,984,031	-	381,236	-
Add :							
Transfer from Government Grants							
– LRF Matching Grant		3,597,292	-	3,420,901	-	176,391	-
– Other government grants	3,22	1,192,222	-	1,192,138	-	84	-
		4,789,514	-	4,613,039	-	176,475	-
Less :							
EXPENDITURE	17(b)	(5,074,647)	-	(5,056,281)	-	(18,366)	-
Less :							
INCOME TAX	20	(2,384)	-	(2,298)	-	(86)	-
SURPLUS FOR THE YEAR		6,077,750	-	5,538,491	-	539,259	-
Balance at 31 March		12,888,466	-	9,901,815	-	2,986,651	-

Represented by :

CURRENT ASSETS

Conservancy and service fee receivables	-
Amount due from Operating Fund	-
Other receivables	-
Cash and cash equivalents	-
Total assets	-

Less :

CURRENT LIABILITIES

Current tax payable	-
Payables and accrued expenses	-
Total liabilities	-

NET ASSETS

12,888,466	-
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TAMPINES TOWN COUNCIL

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

Notes to the financial statements for the financial year ended 31 March 2018

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6 TOWN IMPROVEMENT AND PROJECT FUND

	Note	TOTAL		RESIDENTIAL PROPERTY		COMMERCIAL PROPERTY	
		2017/2018	2016/2017	2017/2018	2016/2017	2017/2018	2016/2017
		S\$	S\$	S\$	S\$	S\$	S\$
Balance at 1 April		1,320,988	1,398,393	199,287	233,488	1,121,701	1,164,905
Add :							
Transfer from Government Grants	3,22	1,132,929	1,376,810	1,092,369	1,327,077	40,560	49,733
Less :							
Expenditure		(1,581,963)	(2,039,215)	(1,488,861)	(1,926,278)	(93,102)	(112,937)
Deficit for the year		(449,034)	(662,405)	(396,492)	(599,201)	(52,542)	(63,204)
Appropriation from accumulated surplus	3	749,033	585,000	685,662	565,000	63,371	20,000
Balance at 31 March		1,620,987	1,320,988	488,457	199,287	1,132,530	1,121,701

These projects are funded by Town Council using the Town Council Fund and by the Citizens' Consultative Committee ("CCC").

Out of the total of S\$1,581,963 (2016/2017 - S\$2,039,215) spent on town improvement projects, S\$1,132,929 (2016/2017 - S\$1,376,810) was met by payment from CCC.

7 ADVANCES RECEIVED FOR NEIGHBOURHOOD RENEWAL PROGRAMME AND ELECTRICAL LOAD UPGRADING PROGRAMME

	2017/2018 S\$	2016/2017 S\$
Balance at 1 April	367,505	1,437,986
Funding from government	6,169,072	2,513,038
Payment to contractors	(5,836,593)	(3,583,519)
Balance at 31 March	699,984	367,505
Represented by:		
Advances received for Neighborhood Renewal Programme	961,319	149,714
(Receivables)/advances received for Electrical Load Upgrading Programme	(261,335)	217,791
	699,984	367,505

8 PLANT AND EQUIPMENT

	Total S\$	Furniture, fixtures and fittings S\$	Data processing equipment S\$	Office equipment S\$	Renovation S\$
Cost					
Balance at 1 April 2017	1,206,642	534,477	140,195	184,198	347,772
Additions during the year	37,120	26,550	-	10,570	-
Written off	(42,049)	(31,309)	-	(10,740)	-
Balance at 31 March 2018	1,201,713	529,718	140,195	184,028	347,772

Accumulated depreciation

Balance at 1 April 2017	1,078,341	473,105	136,355	167,683	301,198
Depreciation for the year (Note 18)	61,726	22,509	2,312	11,759	25,146
Written off	(42,049)	(31,309)	-	(10,740)	-
Balance at 31 March 2018	1,098,018	464,305	138,667	168,702	326,344

Net book value

Balance at 31 March 2018	103,695	65,413	1,528	15,326	21,428
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Cost

Balance at 1 April 2016	1,200,998	524,602	141,261	187,363	347,772
Additions during the year	12,050	12,050	-	-	-
Disposal during the year	(6,406)	(2,175)	(1,066)	(3,165)	-
Balance at 31 March 2017	1,206,642	534,477	140,195	184,198	347,772

Accumulated depreciation

Balance at 1 April 2016	1,008,680	442,605	129,027	160,996	276,052
Depreciation for the year (Note 18)	76,067	32,675	8,394	9,852	25,146
Disposal	(6,406)	(2,175)	(1,066)	(3,165)	-
Balance at 31 March 2017	1,078,341	473,105	136,355	167,683	301,198

Net book value

Balance at 31 March 2017	128,301	61,372	3,840	16,515	46,574
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9 CONSERVANCY AND SERVICE FEE RECEIVABLES

	2017/2018 S\$	2016/2017 S\$
Conservancy and service fee receivables	2,007,791	1,890,279
Interest receivable on late payments	1,054,951	876,920
Legal fees receivable	127,723	123,132
Disbursement fees receivable	316	372
Less : Allowance for impairment	(2,057,254)	(1,946,639)
	1,133,527	944,064
Movements in above allowance :		
Balance at 1 April	1,946,639	1,702,546
Provision made for the financial year (Note 18)	110,615	244,093
Balance at 31 March	2,057,254	1,946,639

Conservancy and service fee receivables that are individually determined to be impaired at the end of the reporting period relate to lessees/tenants that are in financial difficulties and/or those lessees/ tenants who had shifted out of the estate. These receivables are not secured by any collateral or credit enhancements.

10 OTHER RECEIVABLES

	2017/2018 S\$	2016/2017 S\$
Deposits and prepayments	487,589	434,271
Claims for Citizens' Consultative Committee funding receivable	2,549,645	3,989,679
Receivables from Housing & Development Board ("HDB")	2,858,031	1,489,489
Interest receivable	104,458	329,472
Goods and services tax receivable	116,637	346,861
GST subvention grant receivable	420,259	390,951
Conservancy and service grant receivable	28,178	54,215
Revitalisation of Shops ("ROS") costs recoverable	758,885	517,925
Sundry receivables	97,210	643,703
LRF matching grant receivables	834,514	-
Recoverable from HDB for SLRP	1,390,486	-
	9,645,892	8,196,566

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

11 CASH AND CASH EQUIVALENTS

	2017/2018 S\$	2016/2017 S\$
Fixed deposits	60,027,373	46,500,139
Cash and bank balances	17,857,308	8,271,105
	77,884,681	54,771,244

The fixed deposits mature within 12 months (2016/2017 - 11 months) from the end of the financial year. The weighted average effective interest rate of fixed deposit was 1.46% (2016/2017 - 2%) per annum.

12 PAYABLES AND ACCRUED EXPENSES

	2017/2018 S\$	2016/2017 S\$
Accrued operating expenses	4,671,080	674,215
Refundable deposits	164,318	242,588
Payables to contractors	9,924,573	3,190,142
Other creditors	663,395	689,199
	15,423,366	4,796,144

13 AGENCY FEES

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

14 OTHER INCOME

	2017/2018 S\$	2016/2017 S\$
Liquidated damages	55,860	85,383
Sundry fines	81,487	133,384
Others	134,095	123,802
Rental of community hall	15,265	17,667
Late payment penalty	316,510	243,187
Sale of tender documents	63,168	124,607
Temporary Occupation Licence income	2,742,741	2,682,288
Use of common property and void decks	121,100	140,540
Use of water and electricity in void decks	69,470	149,120
	3,599,696	3,699,978

15 MANAGING AGENTS' FEES

The Town Council does not have any employees on its payroll and all its daily operations have been outsourced to managing agents during the financial year. The managing agents' fee for the year ended 31 March 2018 are as follows:

	2017/2018 S\$	2016/2017 S\$
Facility management and maintenance	3,872,112	4,119,051
Community engagement and communications	440,008	-
	4,312,120	4,119,051

16 SINKING FUND INCOME AND EXPENDITURE**(a) Income**

	2017/2018 S\$	2016/2017 S\$
Interest Income - Bank fixed deposits	378,159	683,637
Others	37	36,339
	378,196	719,976

16 SINKING FUND INCOME AND EXPENDITURE (CONT'D)

(b) Expenditure

	2017/2018 S\$	2016/2017 S\$
Reroofing works	550,770	2,062,857
Electrical Rewiring	133,245	147,203
Lift works	-	3,428,643
Redecoration and repainting	3,308,783	6,157,569
Replacement of water pipes	2,207,923	-
Replacement of water tank lining	1,026,350	523,550
Centralised Refuse Chute System	463,880	-
Project management fees	226,882	363,999
Irrecoverable Goods and services tax (Note 19)	98,267	98,218
Other major works	-	415,193
General and administrative expenses	240	140
General and administrative expenses allocated from Operating Fund (Note 18)	-	161,605
	8,016,340	13,358,977

17 LIFT REPLACEMENT FUND INCOME AND EXPENDITURE

(a) Income

	2017/2018 S\$	2016/2017 S\$
Interest income from fixed deposits/current account	22,301	-
	22,301	-

(b) Expenditure

	2017/2018 S\$	2016/2017 S\$
Replacement of Main Sheaves / Ropes	254,193	-
Replacement of ARD Battery	238,837	-
Replacement of EBOPS Battery	155,597	-
Lift Overhauls / total Replacement works*	3,763,970	-
Lift Upgrading programme ("LUP") claims	45,194	-
Replacement of Lift Position Display Panel (CPI/HPI)	50,324	-
Replacement of Inverter Units	254,081	-
Project management fees	242,329	-
Irrecoverable Goods and services tax (Note 19)	70,052	-
General and administrative fee	70	-
	5,074,647	-

* Net of funding for SLRP of S\$3,893,754. SLRP was introduced to replace selected old lifts with new ones that come with better safety and security features on a cost-sharing basis with the Town Council. The SLRP is a one-off programme and would be spent when cyclical lift replacement is carried out. The Government co-funds 50% of the lift replacement costs (capped at S\$125,000 per lift).

18 GENERAL AND ADMINISTRATIVE EXPENDITURE

The general and administrative expenditure comprises the following:

	2017/2018 S\$	2016/2017 S\$
Advertising, publicity and public relations	250,616	389,320
Audit fee	34,000	27,800
Computer services fee	194,400	182,060
Depreciation of plant and equipment (Note 8)	61,726	76,067
Doubtful debts (Note 9)	110,615	244,093
Fees & Charges	175,577	184,222
Plant and equipment not capitalised	204	7,256
Office rental and upkeep expenses	313,189	302,334
Office supplies & stationery	174,443	164,987
Property tax	272,995	272,816
Town Councillors' allowances	132,596	131,880
Irrecoverable Goods and services tax (Note 19)	214,413	187,051
Others	23,041	28,811
	1,957,815	2,198,697

This is allocated to the following expenditure :

Operating expenditure	1,957,815	2,037,092
Sinking fund expenditure	-	161,605
	1,957,815	2,198,697

19 IRRECOVERABLE GOODS AND SERVICES TAX

Government grants received by the Town Council are considered non-taxable supplies. Therefore, input tax claimable is based on a formula determined by the Inland Revenue Authority of Singapore. The unclaimed portion is charged to the Income and Expenditure Statement/Sinking Fund Statement/Lift Replacement Fund Statement during the financial year.

20 INCOME TAX

	Income & Expenditure Statement S\$	Sinking Fund Statement S\$	Lift Replacement Fund Statement S\$	Total S\$
Taken up in:				
2017/2018				
Current income tax provision	363,051	63,499	2,384	428,934
Under provision in prior year	56,336	1,733	-	58,069
	419,387	65,232	2,384	487,003
Taken up in:				
2016/2017				
Current income tax provision	325,710	114,777	-	440,487
Under provision in prior year	1	15	-	16
	325,711	114,792	-	440,503

20 INCOME TAX (CONT'D)

The income tax expense on the surplus for the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax to taxable income due to the following factors:

	2017/2018 S\$	2016/2017 S\$
Interest income received	434,023	780,118
Grant & other income	14,764,611	11,984,718
Allowable expenses	(237,948)	(468,021)
	<u>14,960,686</u>	<u>12,296,815</u>
Tax at statutory rate of 17%	2,543,317	2,090,458
Tax exempt income	(25,925)	(25,925)
Tax remission of government grants under section 92(2) of Singapore Income Tax	(2,088,458)	(1,624,046)
Under provision in respect of prior years	58,069	16
	<u>487,003</u>	<u>440,503</u>

21 SIGNIFICANT RELATED PARTY TRANSACTIONS

Related party relates to the managing agent of the Town Council which manages the operations of the Town Council and town councilors. The following significant transactions with related parties on terms mutually agreed during the financial year are as follows:

- a) CPG Facilities Management Pte Ltd, as managing agent up to 31 July 2017

	2017/2018 S\$	2016/2017 S\$
Management agent fee	1,398,845	4,119,051
Project management fee	253,461	582,316
Consultancy fees	<u>-</u>	<u>22,582</u>

The balance due to CPG Facilities Management Pte Ltd was S\$215,037 (FY2016/2017: S\$456,044) as at 31 March 2018.

- b) E M Services Pte Ltd, as managing agent with effect from 1 August 2017

	2017/2018 S\$	2016/2017 S\$
Management agent fee	2,473,267	-
Project management fee	7,623	-
Energy saving costs *	1,132,603	-
Repairs and maintenance service fee	497,716	-
Essential Maintenance Service Unit Services	<u>562,779</u>	<u>-</u>

* 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 E M Services Pte Ltd was S\$285,352 (FY2016/2017: S\$158,837) as at 31 March 2018.

- c) Town Councilors

During the financial year, the town councilor allowances that payable to town councilors was S\$132,596 (2016/2017: S\$131,880).

22 GOVERNMENT GRANTS

i) Government grants taken to the income and expenditure statement during the year are as follows:

	TOTAL		CONSERVANCY AND SERVICE GRANT		PAYMENT FROM CITIZENS' CONSULTATIVE COMMITTEE		GST SUBVENTION GRANT		LIFT MAINTENANCE GRANT		LRF MATCHING GRANT	
	2017/2018 S\$	2016/2017 S\$	2017/2018 S\$	2016/2017 S\$	2017/2018 S\$	2016/2017 S\$	2017/2018 S\$	2016/2017 S\$	2017/2018 S\$	2016/2017 S\$	2017/2018 S\$	2016/2017 S\$
Government Grants received/receivable during the year	13,246,077	8,630,576	5,825,715	5,694,481	1,132,929	1,376,810	1,653,941	1,559,285	1,036,200	-	3,597,292	-
Less: Transfer to - Sinking fund	(2,214,126)	(2,549,312)	(1,514,686)	(1,954,352)	-	-	(430,028)	(594,960)	(269,412)	-	-	-
- Lift replacement fund	(4,789,514)	-	(815,600)	-	-	-	(231,554)	-	(145,068)	-	(3,597,292)	-
- Town improvement and project fund	(1,132,929)	(1,376,810)	-	-	(1,132,929)	(1,376,810)	-	-	-	-	-	-
	5,109,508	4,704,454	3,495,429	3,740,129	-	-	992,359	964,325	621,720	-	-	-

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

	2017/2018 S\$	2016/2017 S\$
Total grants received at 1 April	199,042,584	190,950,181
Grants received during the year	13,848,326	8,092,403
Total grants received as at 31 March	212,890,910	199,042,584

23 OPERATING LEASE COMMITMENTS

The future minimum lease payments payable under non-cancellable operating leases for office premises, rental of equipment and computer support and maintenance services contracted for at the reporting date but not recognised as payables, are as follows:

	2017/2018 S\$	2016/2017 S\$
Due within 1 year	381,809	348,809
Due after 1 year but within 5 years	540,809	354,385
	922,618	703,194

The leases of the Town Council's premises and computer system on which rentals are payable will expire on 1 February 2021 (2016/2017 – 31 January 2018) and 31 March 2019 (2016/2017 - 31 March 2019) respectively. The current rent payable on the leases range from S\$550 to S\$16,500 (2016/2017 - S\$550 to S\$16,500) per month, which are subject to revision and renewal.

24 COMMITMENTS FOR CAPITAL EXPENDITURE

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

	2017/2018 S\$	2016/2017 S\$
Amounts approved and contracted for	23,981,584	44,602,286
Amount approved but not contracted for	31,069,452	28,028,298
	55,051,036	72,630,584

Included in the amount approved and contracted for are commitments for Neighbourhood Renewal Programme of S\$8,323,886 (2016/2017 - S\$15,715,601).

25 RISK MANAGEMENT POLICIES FOR FINANCIAL INSTRUMENTS**GENERAL RISK MANAGEMENT PRINCIPLES**

The Town Council has a system of controls in place to create an acceptable balance between the costs of risks occurring and the cost of managing the risks. The main risks arising from the Town Council's financial instruments are credit risk and market price risk comprising interest rate risk. The Town Council is not exposed to any foreign exchange risk and there is no significant liquidity risk as it maintains sufficient cash to meet its operating cash flow requirements. The Town Council reviews and monitors policies for managing each of these risks and they are summarised below.

CREDIT RISK ON FINANCIAL ASSETS

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

The carrying amount of conservancy and service fee receivables, other receivables, cash and cash equivalents represent the Town Council's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

Credit risk on bank balances is limited because the counter-parties are banks with high credit ratings.

25 RISK MANAGEMENT POLICIES FOR FINANCIAL INSTRUMENTS (CONT'D)**CREDIT RISK ON FINANCIAL ASSETS (CONT'D)**

Ongoing credit evaluation is performed on the debtors' financial condition and any loss on impairment is recognised in the income and expenditure statement. There is no significant concentration of credit risk, as the exposure is spread over a large number of counter-parties and customers, unless otherwise disclosed in the notes to the financial statements.

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

- (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 aging analysis of conservancy and service fee receivable with number of months of fees past due and/or impaired is as follows:

	2017/2018 S\$	2016/2017 S\$
With less than three months of fees outstanding	563,460	539,040
With more than three months but less than six months of fees outstanding	246,204	185,783
With more than six months of fees outstanding	2,381,117	2,165,880
	3,190,781	2,890,703

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:

	2017/2018 S\$	2016/2017 S\$
Gross amount	2,057,254	1,946,639
Less: Allowance for impairment (Note 9)	(2,057,254)	(1,946,639)
	-	-

Other receivables as at 31 March 2018 are not past due or impaired as at 31 March 2018. These comprised mainly recoverables from statutory board and government agencies.

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's exposure to movements in market interest rates relate primarily to its fixed deposits placed with financial institutions.

The Town Council's policy is to obtain the most favourable interest rates available for placement of its fixed deposits.

Surplus funds are placed with reputable banks.

25 RISK MANAGEMENT POLICIES FOR FINANCIAL INSTRUMENTS (CONT'D)

INTEREST RATE RISK (CONT'D)

If Singapore dollar interest rates had been 25 (2016/2017 - 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\$215,200 (2016/2017 - S\$170,909) higher/lower, arising mainly as a result of lower/higher interest income from the Town Council's fixed deposits with banks.

LIQUIDITY RISK

The Town Council adopts prudent liquidity risk management by maintaining sufficient funds to meet its operating, sinking fund and lift replacement expenditure.

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

	Total S\$	Less than 1 year S\$
As at 31 March 2018		
Conservancy and service receivables	1,133,527	1,133,527
Other receivables (excluding prepayments)	9,402,887	9,402,887
Cash and cash equivalents	77,884,681	77,884,681
	88,421,095	88,421,095
Payables and accrued expenses	15,423,366	15,423,366
	15,423,366	15,423,366
 As at 31 March 2017		
Conservancy and service receivables	944,064	944,064
Other receivables (excluding prepayments)	7,990,725	7,990,725
Cash and cash equivalents	54,771,224	54,771,224
	63,706,013	63,706,013
Payables and accrued expenses	4,796,144	4,796,144
	4,796,144	4,796,144

26 MANAGEMENT OF TOWN COUNCIL'S FUNDS

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

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

26 MANAGEMENT OF TOWN COUNCIL'S FUNDS (CONT'D)

The Town Council actively and regularly reviews and manages its funds 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\$70,907,760 (2016/2017: S\$54,647,855).

27 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

At the date of authorisation of these financial statements, 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 are as follows:

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.

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

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

FRS 116: Leases

FRS 116 will fundamentally alter the impact of leases on lessees' profit or loss and statement of financial position – the current divide between finance and operating leases is removed, along with the off-statement of financial position treatment for lessees in the latter. FRS 116 introduces a single on-statement of financial position 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.

28 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 the income and expenditure statement, statement of cash flows and the notes to accumulated surplus and sinking fund. Comparative figures have been adjusted to conform to the current year's presentation.

	Previously stated 2016/2017 S\$	Currently stated 2016/2017 S\$
Income and Expenditure Statement		
General and administrative expenditure	(1,850,041)	(2,037,092)
Goods and services tax	(187,051)	-
Statement of cash flows		
Cash Flows from Operating Activities		
Deficit in income and expenditure statement before taxation and government grants	(1,980,186)	(2,167,237)
Increase in conservancy and service fee and other receivables	(2,012,083)	(1,570,475)
Increase in Selective Lift Replacement Programme received-in-advance	-	2,678,496
Net movement in advances received/receivable for Neighbourhood Renewal Programme and Electrical Load Upgrading Programme	-	(1,070,481)
Sinking fund expenditure	(13,260,759)	(13,358,977)
Neighbourhood Renewal Programme expenditure paid	(3,583,519)	-
Goods and services tax refund	156,339	-
Cash Flows from Financing Activities		
Selective lift replacement programme fund	2,678,496	-
Funding received for Neighbourhood Renewal Programme	2,513,038	-
Note 4: Sinking fund		
Expenditure	(13,260,759)	(13,358,977)
Goods and services tax unclaimable	(98,218)	-