

# FY2016/2017 ANNUAL REPORT & FINANCIAL STATEMENTS



Image courtesy of the Housing & Development Board

**S. 304 of 2017**

# FY2016/2017 ANNUAL REPORT & FINANCIAL STATEMENTS



# Chairman's Review

It has been an interesting year for our estate, with several noteworthy events and developments.

I would like to assure residents that we are continuing our efforts to enhance efficiency and cost-effectiveness in the management of our estate.

Over the past 12 months, we carried out \$32 million worth of cyclical works including Redecoration and Repainting Works, re-roofing and rewiring. The Town Council has invested \$9 million in Town Improvement works through the Neighbourhood Renewal Programme (NRP).

In March 2016, we started the Selective Lift Replacement Programme. This two-year programme will see 57 lifts replaced progressively. I am pleased to report that the work is on schedule. I seek your understanding for the inconveniences during lift replacement.

Higher rebates for Service & Conservancy Charges (\$&CC) were announced for all HDB flat-owners. This would help mitigate the revisions taking place over two tiers in June 2017 and 2018, to cope with rising operational and maintenance costs. With the offset by the increased rebates, residents pay at most \$16.40 more for the entire year April 2017 to March 2018. Some residents would even save up to \$16.25.

Over the past year, we also continued our push to make Tampines an environment friendly town. Solar panels have been installed on 157 blocks in the estate. The solar power generated is used for lifts, water pumps and general utilities during the day, helping to lower our power expenses.

In September 2016, we had an emergency when a sunshade at Blk 201E, Tampines Street 23, fell off on a Sunday. Thanks to the quick thinking and the fast response of the Town Council, our partner agencies and contractors, the problem was quickly contained and dealt with.

This is the third year that our No Cleaners Day has been running every first Sunday of the month. I thank residents for your appreciation of our cleaners and doing your part to keep Tampines clean. Let us continue to work together to make Tampines a better town for all of us.

A handwritten signature in black ink, which appears to read 'Baey Yam Keng'.

**Baey Yam Keng**  
Chairman  
Tampines Town Council



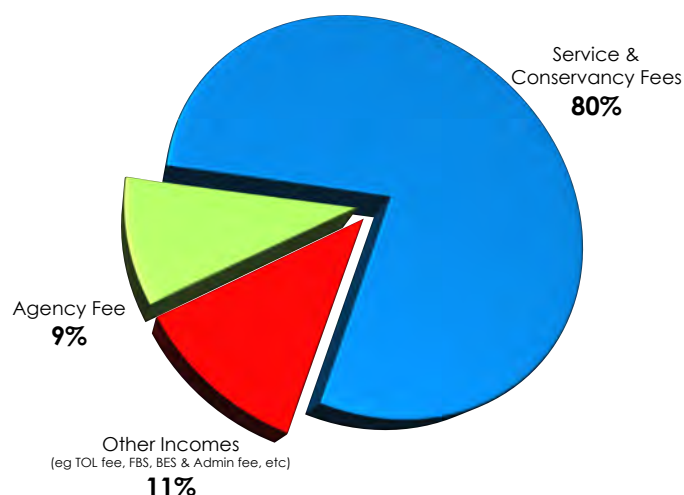
# FINANCIAL REVIEW

In 2016/17, through prudent financial management, Tampines Town Council had an operating surplus of \$2.2 million after taking into account government grants. Our sinking fund remains healthy at \$48.65 million and our total funds closed at \$54.64 million.

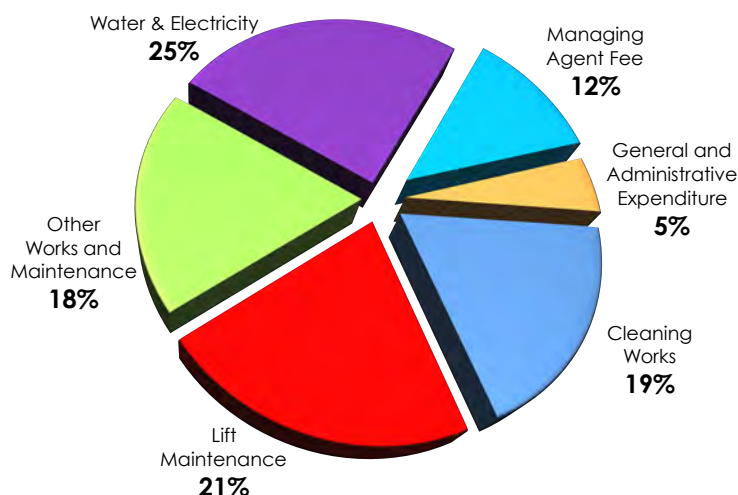
The Town Council constantly seeks to deliver a consistently high standard of estate management through its rigorous and stringent procurement process, to ensure successful contract delivery and best value for money to fund improvement projects in the pipeline. We will continue to exercise prudence in 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.

**Operating Revenue**



**Operating Revenue**



# Cyclical and Improvement works

Over the past 12 months, we carried out \$13.2 million worth of cyclical works including Redecoration and Repainting Works, re-roofing and re-wiring. The Town Council has invested \$2.04 million in Town Improvement works.



## Reflexology Corner, Blk 327

### Fitness Corner

Blk 497G/L, Blk 515 C, Blk 518 C, Blk 832, Blk 150

### Playgrounds

Blk 432/433, Blk 472, Blk 272, Blk 411, Blk 150, Blk 104, Blk 727

### Linkway

between MSCP at Blk 492A and 491H, between Blks 109 and 110 between Blks 201D - 208A, between Blk 441-442

### Drop Of Porch

Between Blks 494B and 492B, Blk 833, Blk 742A

### Repainting

14 Blocks at Tampines Central

### Sidewalk Garden, Blk 136A

R&R Blks 156 - 166, Blks 472 - 484

### Green Plaza at N2 Shopping Street

New MSCP at Blk 136A





# Lift Operations and Replacement

To ensure that our lifts function optimally, 57 lifts will be replaced under the Selective Lift Replacement Programme to the latest lift standards prescribed by the Building and Construction Authority.

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.



# Powering our Town through Green Initiatives



The use of contestable energy will allow us to achieve a substantial cost saving of \$2m in utilities. To this end, we have collaborated with HDB to install Solar Photovoltaic systems at 163 blocks to convert sunlight into solar power. The energy generated can be used to power lifts, and lights at corridors and staircases. Together with the completion of LED Block signage, these installations have brought about a more environmentally-friendly town.



## Community Relations

# Operation WE Clean Up!

Approximately 275 participants joined the island-wide Operation WE Clean Up! litter-picking event, initiated by the Public Hygiene Council and organised by Tampines Town Council. The combined effort of each participant resulted in a total of 41kg of recyclables and 64kg of trash collected. Through this event, we hope to generate greater environmental awareness as well as an appreciation of our cleaners' hard work.



Approximately 275 participants residents turned up to support this event.





## Community Relations

# Clean and Green Tree Planting Day



In December, 200 residents joined hands with our Members of Parliament to plant some 100 saplings as part of the annual Clean and Green campaign. Among some of the species planted were - Raintree, Julutong, Kapok, Tembusu and Madagascar Almond, Tampines Tree and Malay Apple.

This is expected to inculcate a sense of ownership and responsibility for a sustainable environment for future generations.





## Community Relations

# Mango Giveaway

Our horticultural team harvested mangoes from the trees in our neighbourhood and Town Council staff distributed them to residents from 16 June to 22 June. The first giveaway was met with overwhelming response, with more than 80 bags given away. Subsequent giveaways also left residents beaming.

It provided an opportunity for people of the town to connect with one another through the sharing of mango creations and recipes, with many appreciating this as one of the unique perks of staying in Tampines.





## Community Relations

# Launch of Community Garden @ 136A



About 100 residents joined the launch of the Tampines Changkat's rooftop garden with Member of Parliament Mr. Desmond Choo. The event saw many types of herbs like parsley, sage, rosemary, thyme, pandan, basil, mint, lemongrass and curry leaves being planted. Tampines Town Council, National Environment Agency and Tampines Changkat Zone 5 RC Butterfly Interest Group also participated in the launch that morning.

We hope that the rooftop garden provides a home for community events that residents can be actively involved in.





## Community Relations

## Corporate Social Responsibility



Through referral by the Ministry of Social and Family Development's Social Service Office, we partnered ISOteam to provide home repair to needy residents. This effort is geared towards improving the living environment of the senior citizens by brightening their homes. This gave us the opportunity to contribute to society and foster a greater sense of giving.

## Outreach to Pre-schoolers

In June, we collaborated with Big Apple Child Care and Development Centre at Block 297 on its Start Small and Dream Big initiative. Accompanied by teachers and town council representatives, a group of K1 and K2 students walked around the school to observe litter. Through a colouring activity, they identified recyclables from rubbish, and were also taught to appreciate the cleaners.

This initiative aims to encourage children to contribute to the community and learn values such as responsibility, empathy and compassion. There are plans to roll it out to other divisions.





## Workers Appreciation

# Appreciating Our Cleaners

We celebrated International Cleaners Day for the fifth year by bringing our cleaners to Universal Studios Singapore for a day out.

This is in appreciation of the hard work that our cleaners put in every day to keep our estate clean.



## Thank You Cards for the Town's Workforce

Partnering the Singapore Kindness Movement and volunteers from the SIM Caretalyt, Tampines Town Council volunteers collected hand-written messages of gratitude from the public to give recognition to the invisible workforce. The cards were delivered, much to the surprise of unsuspecting building contractors, horticulturists, electricians, lift technicians and cleaners.



## Community Relations

# Lift Project with Singapore Kindness Movement



Another project with the Singapore Kindness Movement promoted and encouraged neighbourliness through Lift Art at Tampines Block 522B. Equipped with motion sensor audio devices, the homely Lift Art greets residents "Hello Have A Nice Day!" when they enter the lift.



TAMPINES TOWN COUNCIL

FINANCIAL STATEMENTS

FOR FINANCIAL YEAR 2016/2017

In Compliance with  
Sections 38 (13) & (14) of the  
Town Councils Act (Chapter 329A)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAMPINES TOWN COUNCIL**  
(Established under the Town Council Act, Cap 329A)

**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 balance sheet of the Town Council as at 31 March 2017, the income and expenditure statement, statement of comprehensive income, statement of changes in Town Council funds and cash flow statement for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 35.

In our opinion, the accompanying financial statements of the Town Council are properly drawn up in accordance with the provisions of the Town Councils Act, Cap 329A (the "Act") and Financial Reporting Standards in Singapore ("FRSS") so as to present fairly, in all material respects, the financial position of the Town Council as at 31 March 2017 and 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.

*Information Other than the Financial Statements and Auditor's Report Thereon*

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

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

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



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAMPINES TOWN COUNCIL**  
(Established under the Town Council Act, Cap 329A)

*Responsibility of Management and Members of the Town Council 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.

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 management either intends to liquidate the Town Council or to cease operations, or has no realistic alternative but to do so.

The members of the Town Council's responsibilities include 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAMPINES TOWN COUNCIL**  
(Established under the Town Council Act, Cap 329A)

- 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 members of the Town Council 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 and investment of moneys and the acquisition and disposal of assets by the Town Council during the financial year are, in all material respects, in accordance with the provisions of the Act; and
- (b) proper accounting and other records have been kept, including records of all assets of the Town Council whether purchased, donated or otherwise.

*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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TAMPINES TOWN COUNCIL**  
(Established under the Town Council Act, Cap 329A)

*Responsibility of Management and Members of the Town Council 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.

The Members of the Town Council's responsibilities include overseeing Town Council's compliance with legal and regulatory requirements.

*Auditor's responsibility for the Compliance Audit*

Our responsibility is to express an opinion on the management's compliance based on our audit of the financial statements. We conducted our audit in accordance with SSAs. 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.

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



**Ecovis Assurance LLP**  
Public Accountants and  
Chartered Accountants  
Singapore

26 July 2017

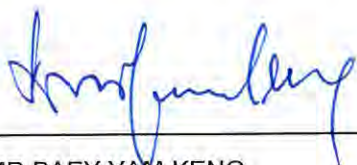
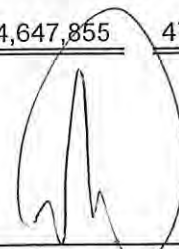
**TAMPINES TOWN COUNCIL**

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

**BALANCE SHEET**

As at 31 March 2017

	Note	2016/2017 \$	2015/2016 \$
<b>TOWN COUNCIL FUNDS</b>			
<b>Residential Property Funds</b>			
Accumulated Surplus	3	2,325,139	2,017,776
Sinking Funds	4	31,166,596	25,435,772
Town Improvement and Project Funds	5	199,287	233,488
		33,691,022	27,687,036
<b>Commercial Property Funds</b>			
Accumulated Surplus	3	1,092,265	333,128
Sinking Funds	4	17,481,371	17,224,369
Town Improvement and Project Funds	5	1,121,701	1,164,905
		19,695,337	18,722,402
<b>Carpark Fund</b>			
Accumulated Surplus	3	1,261,496	701,490
		<u>54,647,855</u>	<u>47,110,928</u>
<b>Represented By :</b>			
<b>Non-Current Asset</b>			
Property, Plant and Equipment	7	128,301	192,318
<b>Current Assets</b>			
Conservancy and Service Fee Receivables	8	944,064	953,533
Other Receivables	9	8,196,566	6,259,609
Cash and Cash Equivalents	10	54,771,244	49,089,475
		63,911,874	56,302,617
<b>Total Assets</b>		<u>64,040,175</u>	<u>56,494,935</u>
<b>Less :</b>			
<b>Current Liabilities</b>			
Neighbourhood Renewal Programme Fund Received-in-Advance	6	367,505	1,437,986
Conservancy and Service Fees Received-in-Advance		631,539	699,697
Selective Lift Replacement Programme fund received-in-advance	12	2,678,496	
Payables and Accrued Expenses	11	4,796,144	6,327,335
Income Tax Payable	17(b)	918,636	918,989
		9,392,320	9,384,007
<b>Total Liabilities</b>		<u>9,392,320</u>	<u>9,384,007</u>
<b>NET ASSETS</b>		<u>54,647,855</u>	<u>47,110,928</u>


MR BAEY YAM KENG  
CHAIRMAN

MR CHAN WEE LEE  
GENERAL MANAGER

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



**TAMPINES TOWN COUNCIL**  
**(Established under the Town Councils Act, Cap 329A)**

**INCOME AND EXPENDITURE STATEMENT**  
**As at 31 March 2017**

	Note	2016/2017 \$	2015/2016 \$
<b>OPERATING INCOME</b>			
Conservancy and Service Fees	3	42,643,236	42,163,288
Less : Operating transfer to Sinking Funds (minimum required by law)	4	(16,192,307)	(16,021,664)
		<u>26,450,929</u>	<u>26,141,624</u>
Agency Fees	13	3,061,566	3,106,633
Other Income	14	3,699,978	3,771,754
		<u>6,761,544</u>	<u>6,878,387</u>
		<u>33,212,473</u>	<u>33,020,011</u>
Less :			
<b>OPERATING EXPENDITURE</b>			
Cleaning Works		6,836,289	6,652,135
Lift Maintenance		7,284,607	5,627,625
Managing Agent's Fees	15	4,119,051	4,044,863
Other Works and Maintenance		6,384,154	7,428,147
Water and Electricity		8,814,998	9,447,513
General and Administrative Expenditure	16	1,850,041	1,758,323
		<u>(35,289,140)</u>	<u>(34,958,606)</u>
<b>OPERATING DEFICIT</b>		<u>(2,076,667)</u>	<u>(1,938,595)</u>
Add :			
<b>NON-OPERATING INCOME</b>			
Interest Income		96,481	132,282
<b>DEFICIT BEFORE TAXATION AND GOVERNMENT GRANTS</b>		<u>(1,980,186)</u>	<u>(1,806,313)</u>
Less:			
<b>TAXATION</b>	17(a)	(325,711)	(387,059)
<b>GOODS AND SERVICES TAX</b>	18	(187,051)	(210,299)
<b>DEFICIT BEFORE GOVERNMENT GRANTS</b>		<u>(2,492,948)</u>	<u>(2,403,671)</u>
Add : Government Grants	3,20	8,630,576	9,673,176
Less : Transfer to Sinking Funds	4,20	(2,549,312)	(2,506,439)
Transfer to Town Improvement and Project Funds	5,20	(1,376,810)	(2,547,530)
		<u>4,704,454</u>	<u>4,619,207</u>
<b>SURPLUS FOR THE FINANCIAL YEAR</b>		<u>2,211,506</u>	<u>2,215,536</u>
<b>ACCUMULATED SURPLUS AS AT 1 APRIL</b>		3,052,394	4,617,795
Transfer of Accumulated Surplus to Sinking Fund as at 24 August 2015	4, 25	-	(3,073,937)
Appropriation to Town Improvement and Project Funds	5	(585,000)	(707,000)
<b>ACCUMULATED SURPLUS AS AT 31 MARCH</b>		<u>4,678,900</u>	<u>3,052,394</u>

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

**TAMPINES TOWN COUNCIL**

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

**STATEMENT OF COMPREHENSIVE INCOME**

For the Financial Year Ended 31 March 2017

	<u>Note</u>	<u>2016/2017</u>	<u>2015/2016</u>
		\$	\$
Surplus for the financial year	3	2,211,506	2,215,536
<b>Movement in various funds</b>			
Sinking Funds	4	5,987,826	(11,334,029)
Town Improvement and Project Funds	5	<u>(662,405)</u>	<u>(738,607)</u>
		7,536,927	(9,857,100)
Other comprehensive income		-	-
		<u>                    </u>	<u>                    </u>
Total comprehensive income (deficit) for the year attributable to Town Council funds		<u>7,536,927</u>	<u>(9,857,100)</u>

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**TAMPINES TOWN COUNCIL**

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

**STATEMENT OF CHANGES IN TOWN COUNCIL FUNDS**

For the Financial Year Ended 31 March 2017

	Residential Property Funds \$	Commercial Property Funds \$	Car Park Fund \$	Total \$
<u>2016/2017</u>				
Balance as at 1 April 2016	27,687,036	18,722,402	701,490	47,110,928
Surplus for the financial year	6,003,986	972,935	560,006	7,536,927
Other comprehensive income	-	-	-	-
Total comprehensive income for the financial year	6,003,986	972,935	560,006	7,536,927
Inter-fund transfers	-	-	-	-
Balance as at 31 March 2017	33,691,022	19,695,337	1,261,496	54,647,855
<u>2015/2016</u>				
Balance as at 1 April 2015	35,570,815	19,474,410	1,922,803	56,968,028
(Deficit) Surplus for the financial year	(9,806,582)	(752,008)	701,490	(9,857,100)
Other comprehensive income	-	-	-	-
Total comprehensive (deficit) income for the financial year	(9,806,582)	(752,008)	701,490	(9,857,100)
Inter-fund transfers	1,922,803	-	(1,922,803)	-
Balance as at 31 March 2016	27,687,036	18,722,402	701,490	47,110,928

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**TAMPINES TOWN COUNCIL**

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

**CASH FLOW STATEMENT**

For the Financial Year Ended 31 March 2017

	2016/2017 \$	2015/2016 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Deficit before Taxation and Government Grants	(1,980,186)	(1,806,313)
Adjustment for:		
Depreciation of Property, Plant and Equipment	76,067	60,091
Interest income	(96,481)	(132,282)
Provision for impairment in conservancy and service fee - Net	244,093	174,422
Operating transfer to Sinking Funds	16,192,307	16,021,664
Operating Surplus before Working Capital Changes	14,435,800	14,317,582
Increase in Conservancy and Service Fee Receivables	(234,624)	(151,525)
Increase in Other Receivables	(1,777,459)	(683,025)
Decrease in Payables and Accrued Expenses	(1,599,349)	(389,470)
<b>Net Cash Generated from Operations</b>	<b>10,824,368</b>	<b>13,093,562</b>
Sinking Funds Expenditure	(13,260,759)	(30,232,263)
Town Improvement and Project Expenditure	(2,039,215)	(3,326,637)
Town Improvement and Project Other Income Received	-	40,500
Neighbourhood Renewal Programme Fund Expenditure Paid	(3,583,519)	(9,634,186)
Goods and Services Tax refund/ (paid)	156,339	(1,027,700)
Income Tax Paid [Note 17(b)]	(440,856)	(248,712)
<b>Net Cash Used in Operating Activities</b>	<b>(8,343,642)</b>	<b>(31,335,436)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property, Plant and Equipment	(12,050)	(108,621)
Interest and Investment Income Received	753,524	596,968
<b>Net Cash Generated from Investing Activities</b>	<b>741,474</b>	<b>488,347</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Government Grants Received [Note 20]	8,092,403	8,416,678
Selective Lift Replacement Programme Fund	2,678,496	-
Funding Received for Neighbourhood Renewal Programme [Note 6]	2,513,038	7,992,670
<b>Net Cash Generated from Financing Activities</b>	<b>13,283,937</b>	<b>16,409,348</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>5,681,769</b>	<b>(14,437,741)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>49,089,475</b>	<b>63,527,216</b>
<b>Cash and Cash Equivalents at End of Year [Note 10]</b>	<b>54,771,244</b>	<b>49,089,475</b>

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



**TAMPINES TOWN COUNCIL**  
**(Established under the Town Councils Act, Cap 329A)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Financial Year Ended 31 March 2017**

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

**1 GENERAL**

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

The Town Council commenced its functions on 1 February 1991.

The principal office of Tampines Town Council is situated at:  
Blk 136 Tampines Street 11  
Singapore 521136

**2(a) BASIS OF PREPARATION**

The financial statements, expressed in Singapore dollars, are prepared in accordance with the provisions of the Town Councils Act, Cap 329A and Financial Reporting Standards in Singapore ("FRSs") including related Interpretations. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Town Council takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of FRS 17 *Leases* and measurements that have some similarities to fair value but are not fair value, such as value in use in FRS 36 *Impairment of Assets*.

**Significant accounting estimates and judgments**

The preparation of the financial statements in conformity with FRSs requires the use of 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 financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a high degree of judgments or complexity, are described below.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Financial Year Ended 31 March 2017**

**2(a) BASIS OF PREPARATION (Cont'd)**

**Critical accounting estimates and judgments**

Estimates and judgments 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.

(a) Critical accounting estimates and assumptions

The Town Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal to the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Allowance for bad and doubtful debts

Allowance for doubtful conservancy and service debts amounting to \$1,946,639 (2015/2016 – \$1,702,546) have been estimated on the basis of age of debts, results of recovery efforts and historical experience.

(ii) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates that the useful lives of property, plant and equipment are between 3 to 5 years. The carrying amount of the property, plant and equipment as at 31 March 2017 was \$128,301 (2015/2016: \$192,318). 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 judgment is required in determining the provision for income taxes. There are also claims for which the ultimate tax determination is uncertain during the ordinary course of business. 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.

(b) Key sources of estimation uncertainty

Management is of the opinion that there are no key assumptions concerning the future, and other key sources of estimation uncertainty as at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.



**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Financial Year Ended 31 March 2017**

**2(b) NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATION NOT YET EFFECTIVE**

**Interpretations and amendments to published standards effective in 2016**

The Town Council has adopted the new or revised FRSs and INT FRS that are mandatory for application on 1 April 2016. The adoption of these new or revised FRSs and INT FRS did not result in substantial changes to the Town Council's accounting policies and had no material effects on the financial statements.

**FRSs and INT FRS issued but not yet effective**

At the date of authorisation of these financial statements, there are FRSs, INT FRSs and amendments to FRS that are relevant to the Town Council that were issued but are not yet effective. The management anticipates that the adoption of these FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Town Council in the period of their initial adoption except for the following:

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements may require the Town Council to make changes to its current systems and processes.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Town Council is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled to in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Town Council include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Town Council is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Financial Year Ended 31 March 2017**

**2(b) NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATION NOT YET EFFECTIVE**  
**(Cont'd)**

**FRSs and INT FRS issued but not yet effective (Cont'd)**

**FRS 116 Leases**

FRS 116 was issued in June 2016 and it will supersede FRS 17 Leases and its associated interpretative guidance.

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

Management anticipates that the initial application of the new FRS 116 will likely result in changes to the accounting policies relating to the Town Council's leases. Management does not intend to early adopt FRS 116, which is effective for the Town Council from financial year beginning 1 April 2019 and will perform a detailed assessment of the possible impact of implementing FRS 116 before its implementation date.

**2(c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) FUNDS**

**Town Council Funds**

In accordance with Section 33(1) of the Town Councils Act, separate funds are established to account for the management of the various types of properties.

The types of properties currently under the management of the Town Council are as follows:

Residential Property  
Commercial Property

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

These funds, together with Sinking Funds and Town Improvement and Project Funds form the Town Council Funds.

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

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



**NOTES TO THE FINANCIAL STATEMENTS**  
For the Financial Year Ended 31 March 2017

**2(c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**(a) FUNDS (Cont'd)**

**Sinking Funds**

In accordance with 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. These Sinking Funds are maintained as part of the Town Council Funds.

Under the Town Councils Act, the Minister for National Development may, from time to time, prescribe the minimum amounts of conservancy and service fees and grants-in-aid to be paid into the Sinking Funds.

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

- |      |                                |   |
|------|--------------------------------|---|
| i)   | 1-room to 3-room               | 30% of conservancy and service fees and grants-in-aid |
| ii)  | 4-room                         | 40% of conservancy and service fees and grants-in-aid |
| iii) | 5-room and Executive           | 40% of conservancy and service fees                   |
| iv)  | Shop with living accommodation | 35% of conservancy and service fees                   |
| v)   | Commercial Property            | 35% of conservancy and service fees                   |

These contributions are treated as operating transfers and netted off against the conservancy and service fees and government grants in the Income and Expenditure Statement.

The Sinking Funds are utilised for cyclical major repainting, renewal, or replacement of roofing systems, water tanks, pumps and water supply systems, lightning protection systems and lifts, installation of any sensor and starter controller to the time-controlled booster pumping system, installation or replacement of any video lift monitoring devices, 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 & Development Act.

The Town Council apportions 5% of General and Administrative expenses from Routine Funds to Sinking Funds.

**Town Improvement And Project Funds**

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

The funds are set up by transfer from the Accumulated Surplus to fund specific town improvement projects to be carried out. In addition, the Town Council receives the Community Improvement Projects Committee Grant from the Citizens' Consultative Committee (CCC) for approved projects.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Financial Year Ended 31 March 2017**

**2(c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**(b) ALLOCATION OF GENERAL OVERHEADS**

Expenditure not related 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 Units(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

**(c) GOVERNMENT GRANTS**

The Town Council receives three types of grants from the Government, namely, Service and Conservancy grant, payments from the Citizens' Consultative Committee and GST subvention grant.

Government grants are accounted for on an accrual basis. Grants to meet the current year's operating expenditure are taken to the Income and Expenditure Statement, except to the extent which is required to be transferred to Sinking Funds based on the amount prescribed.

The GST subvention grant is given as grants-in-aid and is granted to Town Councils to assist them to absorb the GST increases in service and conservancy charges for HDB residential flats.

**(d) PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION**

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is calculated on the straight line basis to write off the cost of the property, plant and equipment over their estimated useful lives as follows:

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

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Depreciation is charged from the month of acquisition. For disposal of property, plant and equipment, depreciation is charged up to the month prior to disposal. Property, plant and equipment costing below \$1,000 each are charged to the Income and Expenditure Statement in the year of purchase. Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.



**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Financial Year Ended 31 March 2017**

**2(c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**(d) PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION (Cont'd)**

The carrying amounts of property, plant and equipment are reviewed yearly in order to assess whether their carrying amounts need to be written down to recoverable amounts. Recoverable amount is defined as the higher of value in use and net selling price.

**(e) FINANCIAL ASSETS**

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.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Town Council provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except those maturing more than 12 months after the balance sheet date, in which case, these are classified as non-current assets (if any). Loans and receivables include cash and cash equivalents, conservancy and service fee receivables and other receivables on the balance sheet. Loans and receivables are measured at amortised cost using the effective interest method less impairment losses.

**Impairment**

The Town Council assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of receivables where the carrying amount is reduced through the use of an allowance account.

For receivables, an allowance for impairment is established when there is objective evidence that Town Council is not able to collect all amounts due according to the original terms of the receivables.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Financial Year Ended 31 March 2017**

**2(c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**(e) FINANCIAL ASSETS**

**Impairment (Cont'd)**

Such objective evidence is determined on the following basis:

- |   |  |
|---|--|
| (i) Rental/Sold property (live)         | - full provision for accounts which have balances in excess of 12 months |
| (ii) Rental/Sold property (Ex-accounts) | - full amount in arrears   |

Debts not recovered are written off as bad debts in accordance with the Town Councils Financial Rules.

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.

**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 is recognised in Income and Expenditure Statement.

**(f) CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash on hand and bank deposits.

**(g) NEIGHBOURHOOD RENEWAL PROGRAMME FUND RECEIVED IN ADVANCE**

Neighbourhood Renewal Programme Fund is maintained as part of the Neighbourhood Renewal Programme (NRP) and is established in respect of the NRP works carried out on the qualifying properties. This upgrading scheme was entered into between the Town Council, HDB and the Ministry of National Development. The funding for the programme came from the Government and is for the specific use of projects under the programme. The Town Council is entitled a fund of \$3,400 per dwelling unit to cover NRP expenditure and \$150 per dwelling unit or \$125,000 per project, whichever is higher, to cover miscellaneous NRP expenditures. If the actual expenditure incurred exceeds the NRP funds, the Town Council has to bear the cost of excess expenditure.

**(h) SELECTIVE LIFT REPLACEMENT PROGRAMME (SLRP)**

Selective Lift Replacement Programme (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 Councils. The SLRP is a once-off programme and would be spent when cyclical replacement is carried out.



**NOTES TO THE FINANCIAL STATEMENTS**  
For the Financial Year Ended 31 March 2017

**2(c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**(i) PAYABLES**

Payables are initially measured at fair value, which is the consideration to be paid in the future for goods and services rendered, whether or not billed and subsequently measured at amortised cost using the effective interest method.

**(j) 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 a reliable estimate can be made of the amount of the obligation.

**(k) OPERATING LEASES**

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Rental on operating leases are charged to the Income and Expenditure Statement on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in the Income and Expenditure Statement when incurred.

**(l) IMPAIRMENT OF NON-FINANCIAL ASSETS**

Plant and equipment are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating-units ("CGU") to which the asset belongs to.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in the Income and Expenditure Statement.

An impairment loss for an asset is reversed if, and only, if there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the Income and Expenditure Statement.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Financial Year Ended 31 March 2017**

**2(c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**(m) TAXATION**

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 maintenance and use of carpark where the Town Council opts to manage and maintain them;
- (iii) Donations from non-residents or non-owners of properties in the Town Council; and
- (iv) Agency fees derived from acting as agents for statutory boards.

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

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 calculated using tax rates (and tax laws) that have enacted or substantially enacted by the end of the reporting period.

Income tax expense represents the sum of the tax currently payable and deferred tax. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each reporting date and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences.

**(n) RECOGNITION OF INCOME**

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.

Income from temporary occupation licences and usage of void deck or other common property is recognised on a straight line basis over the rental period.

**(o) INTER-FUND TRANSFERS**

Under Section 33(9) of the Town Councils Act, the Town Council may transfer an amount not exceeding the surplus from any of its funds constituting the Town Council fund, to a fund, which is in deficit.



**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Financial Year Ended 31 March 2017**

**2(c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**(p) FUNCTIONAL CURRENCY**

Items included in the financial statements of the Town Council are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Town Council ("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.

**(q) FINANCIAL INSTRUMENTS**

Financial instruments carried on the balance sheet include cash and cash equivalents, conservancy and service fees receivables, payables and accrued expenses, conservancy and service fees received-in-advance, other payables and receivables and NRP Funds. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Disclosures on financial risk management are provided in Note 23.

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Financial Year Ended 31 March 2017

**3 ACCUMULATED SURPLUS**

The surplus 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		Carpark	
	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016
	\$	\$	\$	\$	\$	\$	\$	\$
<b>OPERATING INCOME</b>								
Conservancy and Service Fees	42,643,236	42,163,288	40,151,962	39,706,769	2,491,274	2,456,519	-	-
Less: Operating Transfer to Sinking Funds (minimum required by law)	(16,192,307)	(16,021,664)	(15,320,358)	(15,161,880)	(871,949)	(859,784)	-	-
Agency Fees	3,061,566	3,106,633	-	-	-	-	3,061,566	3,106,633
Other Income	3,699,978	3,771,754	3,004,592	3,032,491	652,729	682,388	42,657	56,875
	33,212,473	33,020,011	27,836,196	27,577,380	2,272,054	2,279,123	3,104,223	3,163,508
Less:								
<b>OPERATING EXPENDITURE</b>								
OPERATING (DEFICIT) / SURPLUS	(2,076,667)	(1,938,595)	(3,410,052)	(2,875,907)	781,591	242,758	551,794	694,554
Add:								
<b>NON-OPERATING INCOME</b>	96,481	132,282	84,550	115,899	3,142	4,327	8,789	12,056
(DEFICIT) / SURPLUS BEFORE TAXATION AND GOVERNMENT GRANTS	(1,980,186)	(1,806,313)	(3,325,502)	(2,760,008)	784,733	247,085	560,583	706,610
Less:								
<b>TAXATION</b>								
IRRECOVERABLE GOODS AND SERVICES TAX	(325,711)	(387,059)	(319,538)	(374,776)	(5,596)	(7,163)	(577)	(5,120)
(DEFICIT) / SURPLUS BEFORE GOVERNMENT GRANTS	(2,492,948)	(2,403,671)	(3,832,091)	(3,345,083)	779,137	239,922	560,006	701,490
Add : Government Grants	8,630,576	9,673,176	8,580,843	9,581,461	49,733	91,715	-	-
Less : Transfer to Sinking Funds	(2,549,312)	(2,506,439)	(2,549,312)	(2,506,439)	-	-	-	-
Transfer to Town Improvement and Project Funds	(1,376,810)	(2,547,530)	(1,327,077)	(2,455,815)	(49,733)	(91,715)	-	-
	4,704,454	4,619,207	4,704,454	4,619,207	-	-	-	-
<b>SURPLUS FOR THE FINANCIAL YEAR</b>	2,211,506	2,215,536	872,363	1,274,124	779,137	239,922	560,006	701,490
<b>ACCUMULATED SURPLUS AS AT 1 APRIL</b>	3,052,394	4,617,795	2,017,776	-	333,128	2,694,992	701,490	1,922,803
Transfer from Carpark to Residential Property	-	-	-	1,922,803	-	-	-	(1,922,803)
Transfer of Accumulated Surplus to Sinking Funds as at 24 August 2015	-	(3,073,937)	-	(497,151)	-	(2,576,786)	-	-
Appropriation to Town Improvement and Project Funds	(585,000)	(707,000)	(565,000)	(682,000)	(20,000)	(25,000)	-	-
<b>ACCUMULATED SURPLUS AS AT 31 MARCH</b>	4,678,900	3,052,394	2,325,139	2,017,776	1,092,265	333,128	1,261,496	701,490

**TAMPINES TOWN COUNCIL**  
(Established under the Town Councils Act, Cap 329A)

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Financial Year Ended 31 March 2017

**4 SINKING FUNDS**

	Note	TOTAL				RESIDENTIAL PROPERTY		COMMERCIAL PROPERTY	
		2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016
		\$	\$	\$	\$	\$	\$	\$	\$
Balance as at 1 April		42,660,141	50,920,233	25,435,772	35,570,815	17,224,369	15,349,418		
Add:									
INVESTMENT AND OTHER INCOME	19	719,976	577,300	694,161	556,621	25,815	20,679		
OPERATING TRANSFER FROM CONSERVANCY AND SERVICE FEES (minimum required by law)	3	16,192,307	16,021,664	15,320,358	15,161,880	871,949	859,784		
TRANSFER FROM GOVERNMENT GRANTS	3,20	2,549,312	2,506,439	2,549,312	2,506,439	-	-		
		19,461,595	19,105,403	18,563,831	18,224,940	897,764	880,463		
Less:									
EXPENDITURE	4(a)	(13,260,759)	(30,232,263)	(12,624,140)	(28,653,445)	(636,619)	(1,578,818)		
Less:									
TAXATION	17(a)	(114,792)	(96,656)	(110,649)	(93,176)	(4,143)	(3,480)		
GOODS AND SERVICES TAX UNCLAIMABLE	18	(98,218)	(110,513)	(98,218)	(110,513)	-	-		
SURPLUS / (DEFICIT) FOR THE FINANCIAL YEAR		5,987,826	(11,334,029)	5,730,824	(10,632,194)	257,002	(701,835)		
TRANSFER FROM ACCUMULATED SURPLUS AS AT 24 AUGUST 2015	25	-	3,073,937	-	497,151	-	2,576,786		
Balance as at 31 March		5,987,826	(8,260,092)	5,730,824	(10,135,043)	257,002	1,874,951		
		48,647,967	42,660,141	31,166,596	25,435,772	17,481,371	17,224,369		
Represented by :		2016/2017	2015/2016						
		\$	\$						
CURRENT ASSETS		664,445	627,396						
Conservancy and Service Fee Receivables		424,093	638,616						
Other Receivables		298,712	260,986						
Interest Receivable		45,433,291	38,029,048						
Cash and Cash Equivalents		4,946,449	4,720,373						
Amount due from Operating Fund		51,766,990	44,276,419						
TOTAL ASSETS									
Less:									
CURRENT LIABILITIES		229,110	238,845						
Conservancy and Service Fees Received-in-Advance		-	1,162,730						
Payables and Accrued Expenses		2,678,496	-						
Selective Lift Replacement Programme fund received-in-advance		211,417	214,703						
Income Tax Payable		3,119,023	1,616,278						
TOTAL LIABILITIES									
NET ASSETS		48,647,967	42,660,141						



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**4(a) SINKING FUNDS (Cont'd)**

	<u>2016/2017</u>	<u>2015/2016</u>
	\$	\$
Lift works	3,516,771	3,787,970
Reroofing works	2,123,390	3,874,409
Redecoration and repainting	6,357,462	19,874,258
Electrical Rewiring	147,203	2,061,683
Others	1,115,933	633,943
	<u>13,260,759</u>	<u>30,232,263</u>

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**5 TOWN IMPROVEMENT AND PROJECT FUNDS**

Note	Total		Residential Property		Commercial Property	
	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016
	\$	\$	\$	\$	\$	\$
Balance as at 1 April	1,398,393	1,430,000	233,488	-	1,164,905	1,430,000
Add:						
Transfer from Government Grants	1,376,810	2,547,530	1,327,077	2,455,815	49,733	91,715
Other income	-	40,500	-	39,046	-	1,454
Less:						
Expenditure	(2,039,215)	(3,326,637)	(1,926,278)	(2,943,373)	(112,937)	(383,264)
(Deficit) Surplus for the financial year	(662,405)	(738,607)	(599,201)	(448,512)	(63,204)	(290,095)
Appropriation from Accumulated Surplus	3	707,000	565,000	682,000	20,000	25,000
Balance as at 31 March	1,320,988	1,398,393	199,287	233,488	1,121,701	1,164,905

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**6 NEIGHBOURHOOD RENEWAL PROGRAMME FUND**

	2016/2017	2015/2016
	\$	\$
Balance as at 1 April	1,437,986	3,079,502
Funding from Government	2,513,038	7,992,670
Payments to Contractors	(3,583,519)	(9,634,186)
Surplus for the financial year	(1,070,481)	(1,641,516)
Balance as at 31 March	<u>367,505</u>	<u>1,437,986</u>

The total amount of cash received from the Government for the funding of Neighbourhood Renewal Programme is as follows:

	2016/2017	2015/2016
	\$	\$
Cumulative funding received as at 1 April	32,156,176	24,163,506
Funding from Government for the financial year	2,513,038	7,992,670
Cumulative funding received as at 31 March	<u>34,669,214</u>	<u>32,156,176</u>

**7 PROPERTY, PLANT AND EQUIPMENT**

	Office Equipment	Furniture, Fixtures and Fittings	Renovation	Data Processing Equipment	Total
	\$	\$	\$	\$	\$
<b><u>COST</u></b>					
As at 1 April 2015	160,337	474,025	329,951	136,261	1,100,574
Additions	27,026	58,774	17,821	5,000	108,621
Disposals	-	(8,197)	-	-	(8,197)
As at 31 March 2016	187,363	524,602	347,772	141,261	1,200,998
Additions	-	12,050	-	-	12,050
Disposals	(3,165)	(2,175)	-	(1,066)	(6,406)
As at 31 March 2017	<u>184,198</u>	<u>534,477</u>	<u>347,772</u>	<u>140,195</u>	<u>1,206,642</u>
<b><u>ACCUMULATED DEPRECIATION</u></b>					
As at 1 April 2015	157,742	427,027	253,745	118,272	956,786
Depreciation for the year	3,254	23,775	22,307	10,755	60,091
Disposals	-	(8,197)	-	-	(8,197)
As at 31 March 2016	160,996	442,605	276,052	129,027	1,008,680
Depreciation for the year	9,852	32,675	25,146	8,394	76,067
Disposals	(3,165)	(2,175)	-	(1,066)	(6,406)
As at 31 March 2017	<u>167,683</u>	<u>473,105</u>	<u>301,198</u>	<u>136,355</u>	<u>1,078,341</u>
<b><u>NET BOOK VALUE</u></b>					
As at 31 March 2017	<u>16,515</u>	<u>61,372</u>	<u>46,574</u>	<u>3,840</u>	<u>128,301</u>
As at 31 March 2016	<u>26,367</u>	<u>81,997</u>	<u>71,720</u>	<u>12,234</u>	<u>192,318</u>



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**8 CONSERVANCY AND SERVICE FEE RECEIVABLES**

	2016/2017	2015/2016
	\$	\$
Conservancy and service fee receivables	1,890,279	1,784,520
Less: Provision for impairment	(984,490)	(870,206)
	905,789	914,314
Interest receivable on late payment	876,920	751,955
Less: Provision for impairment	(846,414)	(721,189)
	30,506	30,766
Legal fees receivables	123,132	119,232
Less: Provision for impairment	(115,363)	(110,779)
	7,769	8,453
Disbursement fees receivable	372	372
Less: Provision for impairment	(372)	(372)
	-	-
	<u>944,064</u>	<u>953,533</u>

The above receivables are stated after provision for impairment of \$1,946,639 (2015/2016: \$1,702,546).

The movement in provision for impairment is as follows:

	Note	2016/2017	2015/2016
		\$	\$
Balance as at 1 April		1,702,546	1,528,104
Provision made for the financial year	16	244,093	174,442
Balance as at 31 March		<u>1,946,639</u>	<u>1,702,546</u>

**9 OTHER RECEIVABLES**

	2016/2017	2015/2016
	\$	\$
Goods and services tax receivable	346,861	788,469
Goods and services tax subvention receivable	390,951	386,357
Interest receivable	329,472	266,539
Deposits and Prepayment	434,271	373,156
Receivables from Citizen's Consultative Committee	3,989,679	3,503,266
Receivables from Housing & Development Board	1,489,489	185,870
Revitalisation of Shop Scheme receivable	517,925	527,600
Sundry receivables	643,703	221,303
Conservancy and service grant receivable	54,215	7,049
	<u>8,196,566</u>	<u>6,259,609</u>

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**10 CASH AND CASH EQUIVALENTS**

	2016/2017	2015/2016
	\$	\$
Fixed deposits	46,500,139	43,390,143
Cash and bank balances	8,271,105	5,699,332
	<u>54,771,244</u>	<u>49,089,475</u>

The fixed deposits with financial institutions mature within 11 months (2015/2016: within 10 months) after the financial year end and bear a weighted average effective interest rate of 2.00% (2015/2016: 1.63%) per annum.

**11 PAYABLES AND ACCRUED EXPENSES**

	2016/2017	2015/2016
	\$	\$
Accrued operating expenses	674,215	572,872
Other creditors	689,199	762,395
Payables to contractors	3,190,142	4,559,208
Refundable deposits	242,588	432,860
	<u>4,796,144</u>	<u>6,327,335</u>

**12 SELECTIVE LIFT REPLACEMENT PROGRAMME RECEIVED IN ADVANCE**

This represents advances received from the HDB under the Selective Lift Replacement Programme to replace selected old lifts with new ones that come with better safety and security features on a cost-sharing basis with the Town Councils. The SLRP is a once-off programme and would be spent when cyclical replacement is carried out.

**13 AGENCY FEES**

These are fees received for routine maintenance of HDB's carparks in the Town.

**14 OTHER INCOME**

	2016/2017	2015/2016
	\$	\$
Temporary Occupational Licence income	2,682,288	2,663,130
Use of water and electricity	149,120	138,439
Usage of Void Deck and Common Property	140,540	138,800
Liquidated damages	85,383	68,280
Late payment penalty	243,187	206,317
Sale of tender documents	124,607	80,107
Sundry fines	133,384	57,596
Rental of community hall	17,667	1,198
Others	123,802	417,887
	<u>3,699,978</u>	<u>3,771,754</u>

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**15 SIGNIFICANT RELATED PARTY TRANSACTIONS (MANAGING AGENT'S AND PROJECT MANAGEMENT FEES)**

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

The following significant transactions with related party on terms mutually agreed during the financial year are as follows :

	<u>2016/2017</u>	<u>2015/2016</u>
	\$	\$
Managing Agent's Fees	4,119,051	4,044,863
Project Management Fees	582,316	1,562,170
Consultancy fee	<u>22,582</u>	<u>-</u>

**16 GENERAL AND ADMINISTRATIVE EXPENDITURE**

The general and administrative expenditure comprises the following:

	<u>Note</u>	<u>2016/2017</u>	<u>2015/2016</u>
		\$	\$
Advertising and public relations		389,320	342,463
Audit fee		27,800	33,300
Computer services		182,060	188,305
Depreciation of property, plant and equipment	7	76,067	60,091
Fees and charges		184,222	147,326
Office rental and upkeep expenditure		302,334	321,078
Office supplies and stationery		164,987	155,884
Others		28,811	21,846
Property, plant and equipment not capitalised		7,256	14,391
Property tax		272,816	271,869
Provision for impairment of receivables	8	244,093	174,442
Town Councillors' allowance	24	<u>131,880</u>	<u>165,777</u>
		2,011,646	1,896,772
Allocation to Sinking Fund			
- Provision for impairment of receivables and bad debts written-off		(73,228)	(52,333)
- 5% of remaining General and Administrative Expenditure		<u>(88,377)</u>	<u>(86,116)</u>
		<u>1,850,041</u>	<u>1,758,323</u>



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**17 TAXATION**

(a) Tax expense

	<u>Note</u>	<u>2016/2017</u> \$	<u>2015/2016</u> \$
Income tax expense attributable to chargeable income is made			
Current income tax provision		440,487	478,149
Underprovision of income tax in prior years		16	5,566
		<u>440,503</u>	<u>483,715</u>
Taken up in:			
Accumulated Surplus	3	325,711	387,059
Sinking Fund	4	114,792	96,656
		<u>440,503</u>	<u>483,715</u>

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on the Town Council's deficit as a result of the following:

	<u>2016/2017</u> \$	<u>2015/2016</u> \$
Deficit before taxation and government grants	<u>(1,980,186)</u>	<u>(1,806,313)</u>
Tax at statutory rate of 17%	(336,632)	(307,073)
Tax effect on non-deductible expenses	6,006,069	5,942,963
Tax effect on non-taxable income	(5,336,812)	(5,254,397)
Tax effect on taxable income on Sinking Fund	114,777	96,656
Others	(6,915)	-
Under provision of income tax in prior years - Routine Fund	1	5,566
Under provision of income tax in prior years - Sinking Fund	15	-
	<u>440,503</u>	<u>483,715</u>

(b) Movement in income tax payable

	<u>2016/2017</u> \$	<u>2015/2016</u> \$
Balance as at 1 April	918,989	683,986
Current financial year's income tax expense	440,503	483,715
Tax paid during the year	<u>(440,856)</u>	<u>(248,712)</u>
Balance as at 31 March	<u>918,636</u>	<u>918,989</u>

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**18 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 / Sinking Fund Statement during the financial year.

**19 INVESTMENT AND OTHER INCOME**

	<u>2016/2017</u>	<u>2015/2016</u>
	\$	\$
Interest income from fixed deposits	683,637	574,219
Others	<u>36,339</u>	<u>3,081</u>
	<u>719,976</u>	<u>577,300</u>

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**20 GOVERNMENT GRANTS**

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

	Note	Total		Conservancy and Service Grant		Payment from Citizens' Consultative Committee		GST Subvention Grant	
		2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016
		\$	\$	\$	\$	\$	\$	\$	\$
Government Grants received/ receivable during the financial year	3	8,630,576	9,673,176	5,694,481	5,583,563	1,376,810	2,547,530	1,559,285	1,542,083
Less: Transfer to -									
Sinking Funds	3,4	(2,549,312)	(2,506,439)	(1,954,352)	(1,917,608)	-	-	(594,960)	(588,831)
Town Improvement and Project Funds	3,5	(1,376,810)	(2,547,530)	-	-	(1,376,810)	(2,547,530)	-	-
		<u>4,704,454</u>	<u>4,619,207</u>	<u>3,740,129</u>	<u>3,665,955</u>	<u>-</u>	<u>-</u>	<u>964,325</u>	<u>953,252</u>

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

	2016/2017	2015/2016
	\$	\$
Grants received as at 1 April	190,950,181	182,533,503
Add: Grants received during the financial year	8,092,403	8,416,678
Total Grants received as at 31 March	<u>199,042,584</u>	<u>190,950,181</u>



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**21 OPERATING LEASE COMMITMENTS**

Rental expenses for the year amounted to \$222,570 (2015/2016: \$222,000).

Computer and software service charges under operating lease for the year amounted to \$172,957 (2015/2016: \$180,867)

At the balance sheet date, the Town Council was committed to making the following payments in respect of operating leases with a term of more than one year:

	<u>2016/2017</u>	<u>2015/2016</u>
	\$	\$
Not later than one year	348,809	385,867
Later than one year and not later than five years	<u>354,385</u>	<u>716,000</u>
	<u><u>703,194</u></u>	<u><u>1,101,867</u></u>

Operating lease payments represent payables by the Town Council for its office space and leases of computer and software.

The leases will expire earliest on 31 Jan 2018 and no later than 31 March 2019, and the current rent payable on the respective leases ranged from \$550 to \$14,717 per month.

**22 COMMITMENTS FOR CAPITAL EXPENDITURE**

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

	<u>2016/2017</u>	<u>2015/2016</u>
	\$	\$
Amount approved and contracted for	<u><u>44,602,286</u></u>	<u><u>26,035,013</u></u>

**23 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Town Council's major financial instruments comprise cash and cash equivalents, conservancy and services debtors and other receivables, trade payables, accrued expenses, other payables, NRP Fund received in advanced and SLRP Fund received in advanced. The main risks arising from the Town Council's financial instruments are credit risk, market risk and liquidity risk. Regular reviews are performed by the Finance Committee of the Town Council to monitor and ensure that exposure to these areas, if any, are minimised.

**CREDIT RISK ON FINANCIAL ASSETS**

Credit risk is the risk that counterparty to a financial asset fail to discharge an obligation or commitment that it has entered into with the Town Council. The financial assets of the Town Council comprises mainly cash and cash equivalents, conservancy and service fees receivables and other receivables.

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**23 GENERAL RISK MANAGEMENT PRINCIPLES (Cont'd)**

**CREDIT RISK ON FINANCIAL ASSETS (Cont'd)**

Credit risk on cash and cash equivalents are limited because the counter-parties are with Singapore regulated financial institutions. An ongoing credit evaluation is performed on the debtors' (conservancy and service fees receivables) financial conditions and loss from impairment is recognised in the income and expenditure and sinking fund statements when there is objective evidence of an impairment loss. There is no significant concentration risk as the exposure is spread over a large number of residents.

Conservancy and service fees receivables that are past due and/or impaired as at 31 March 2017 are as follows:

	<b>Gross</b> <b>2016/2017</b>	<b>Impairment</b> <b>2016/2017</b>	<b>Gross</b> <b>2015/2016</b>	<b>Impairment</b> <b>2015/2016</b>
	\$	\$	\$	\$
Past due < 3 months	539,040	-	544,602	-
Past due 3 to 6 months	185,783	-	169,508	-
Past due over 6 months	2,165,880	1,946,639	1,941,969	1,702,546
	<u>2,890,703</u>	<u>1,946,639</u>	<u>2,656,079</u>	<u>1,702,546</u>

The total amount receivable from each individual account is aged based on the oldest invoice which is still outstanding as at each month end.

The other receivables, comprised mainly grants receivables due from government bodies are not past due or impaired as at 31 March 2017.

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

**OTHER RISK ON FINANCIAL INSTRUMENTS**

The main risk arising from the Town Council's cash and cash equivalents include:

(a) 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) Interest rate risk

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

The Town Council has interest-bearing fixed deposits with financial institutions. The interest-bearing fixed deposits are at fixed rates at the balance sheet date and the interest rates are disclosed in Note 10 to the financial statements. Therefore the Town Council's net assets, income and expenditure statement and sinking fund statement are not likely to be materially affected by changes in market interest rates had these occurred at the balance sheet date and had these been applied to the risk exposures as at the balance sheet date.

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**23 GENERAL RISK MANAGEMENT PRINCIPLES (Cont'd)**

**OTHER RISK ON FINANCIAL INSTRUMENTS (Cont'd)**

(a) Market risk (Cont'd)

(ii) Foreign exchange risk

The Town Council does not have any assets and liabilities denominated in currencies other than the Singapore dollar and hence is not exposed to foreign currency exchange risk.

(b) Liquidity risk

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

**MANAGEMENT OF TOWN COUNCIL'S FUNDS**

The Town Council's objective is to ensure that it will be able to continue as a going concern by actively and regularly reviewing its level of funds taking into account future income and expenditures, in particular expenditures which are cyclical in nature, whilst ensuring the requirements of the Town Council Financial Rules are being complied

**24 KEY MANAGEMENT PERSONNEL**

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Town Council. Key management refers to the Town Councillors and the Managing Agent. Town Councillors are paid an allowance and the allowance paid are disclosed in Note 15. Managing Agent is paid a fee to manage the daily operations of the Town Council and a fee to manage the Town Council's capital projects. The fees paid to the Managing Agent is disclosed in Note 15.

**25 TRANSFER TO SINKING FUND**

This represents a transfer of 80% of the accumulated surplus to Sinking Fund under the Section 34 of The Town Council Act when a writ of election is issued. The surplus transferred to Sinking Fund is based on the Town Council's audited excess of revenue over expenditure in any fund (other than a sinking fund) as at 31 March 2016, net of fixed assets owned by the Town Council and any capital commitments made or entered into by that Town Council on or before the writ of election.

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**26 SUBSEQUENT EVENT**

With effect from 1 April 2017, following the enactment of the Town Councils (Amendment) Act 2017, TCs are required to set up a dedicated Lift Replacement Fund, to meet the cost of any capital expenditure related to the replacement of lifts or lift upgrading works. The initial setup of this fund requires the Town Council to transfer a minimum of 14% of the sinking fund closing balance as at 31 March 2017 for both residential and commercial properties into the lift replacement fund. The initial transfer from Sinking Fund as at 1 April 2017 to the LRF is as follows:

- i) Residential property - \$4,363,323
- ii) Commercial property - \$2,447,392

With the establishment of the lift replacement fund, the minimum contribution rates for service and conservancy charges and grants-in-aid for sinking fund and lift replacement fund would be 26% and 14% respectively.