

ANG MO KIO TOWN COUNCIL
(Established under the Town Councils Act, Cap. 329A)

AUDITED FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 MARCH 2016

MAZARS LLP
Public Accountants and
Chartered Accountants
Singapore

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ANG MO KIO TOWN COUNCIL

Report on the Financial Statements

We have audited the accompanying financial statements of **Ang Mo Kio Town Council** (the "Town Council"), which comprise the statement of financial position as at 31 March 2016, the statement of income and expenditure and other comprehensive income, the statement of changes in funds and the statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Town Council's management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Town Councils Act, Cap. 329A (the "Act") and Singapore Financial Reporting Standards, 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the Town Council's preparation of financial statements that give a true and fair view 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Town Council's management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Town Council as at 31 March 2016 and the results, changes in funds and cash flows of the Town Council for the financial year ended on that date.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ANG MO KIO TOWN COUNCIL**

Report on Other Regulatory Requirements

Management's Responsibility 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.

Auditors' Responsibility

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

Our compliance audit includes obtaining an understanding of the internal controls 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 Town Council's internal controls. 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 management's compliance.

Opinion

In our opinion:

- (a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Town Council during the 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, in accordance with the provisions of the Act.



MAZARS LLP
Public Accountants and
Chartered Accountants

Singapore
24 August 2016

ANG MO KIO TOWN COUNCIL

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016

	<u>Note</u>	<u>2016</u> S\$	<u>2015</u> S\$ Reclassified
TOWN COUNCIL FUNDS			
Residential property funds			
Accumulated surplus	4	3,625,851	4,414,141
Sinking fund	5	95,099,631	93,642,803
Town Improvement and Project fund	6	1,326,271	907,242
		100,051,753	98,964,186
Commercial property funds			
Accumulated surplus	4	2,259,123	4,827,684
Sinking fund	5	46,752,606	43,424,435
Town Improvement and Project fund	6	71,178	52,103
		49,082,907	48,304,222
Carpark fund			
Accumulated surplus	4	4,599,572	3,485,125
		<u>153,734,232</u>	<u>150,753,533</u>
<i>Represented by:</i>			
Non-current assets			
Plant and equipment	7	140,503	236,863
Current assets			
Financial assets at fair value through profit or loss	8	17,226,700	24,118,395
Conservancy and service fees receivables	9	1,469,870	1,258,413
Other receivables, deposits and prepayments	10	24,448,966	9,270,244
Cash and cash equivalents	11	134,225,449	123,077,269
		177,370,985	157,724,321
Total assets		<u>177,511,488</u>	<u>157,961,184</u>
Less:			
Current liabilities			
Conservancy and service fees received in advance		1,181,384	967,372
Advances received for Neighbourhood Renewal Programme	12	910,577	992,205
Advances received for Electrical Load Upgrading Programme	13	322,340	60,194
Payables and accrued expenses	14	20,358,298	4,265,158
Income tax payable	22	1,004,657	922,722
Total liabilities		23,777,256	7,207,651
NET ASSETS		<u>153,734,232</u>	<u>150,753,533</u>



ANG HIN KEE
Chairman



VICTOR WONG CHEE MENG
General Manager / Secretary

Date: 24 August 2016

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

ANG MO KIO TOWN COUNCIL

STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	<u>Note</u>	<u>2016</u> S\$	<u>2015</u> S\$
Operating income			
Conservancy and service fees	4	65,038,044	58,235,006
Less: Operating income transfer to sinking fund (minimum required by law)	5	<u>(21,941,896)</u>	<u>(19,596,478)</u>
		43,096,148	38,638,528
Agency fees	4, 15	5,252,013	4,885,914
Other income	4, 16	<u>3,693,775</u>	<u>3,383,597</u>
		52,041,936	46,908,039
Less: Operating expenditure			
Cleaning works		(9,939,655)	(9,325,163)
Managing agent's fees	17	(6,413,091)	(6,137,275)
Lift maintenance		(7,942,035)	(5,384,340)
Other works and maintenance		(9,646,673)	(8,377,117)
Water and electricity		(16,108,884)	(15,726,136)
General and administrative expenditure	18	<u>(3,673,445)</u>	<u>(3,449,570)</u>
		(53,723,783)	(48,399,601)
Operating deficit		(1,681,847)	(1,491,562)
Add: Interest income		<u>305,887</u>	<u>130,327</u>
		(1,375,960)	(1,361,235)
Deficit before income tax and government grants		(1,375,960)	(1,361,235)
Less: Income tax	22	<u>(304,983)</u>	<u>(267,012)</u>
Deficit before government grants		(1,680,943)	(1,628,247)
Add: Government grants	4, 23	<u>18,642,564</u>	<u>17,950,049</u>
Less: Transfer to			
- Sinking fund	4, 5	(4,243,381)	(4,066,550)
- Town Improvement and Project fund	4, 6	<u>(5,365,953)</u>	<u>(5,175,529)</u>
		9,033,230	8,707,970
SURPLUS FOR THE FINANCIAL YEAR		<u>7,352,287</u>	<u>7,079,723</u>
ACCUMULATED SURPLUS AT 1 APRIL		12,726,950	6,511,166
Add/(Less):			
Transfer of accumulated surplus at 24 August 2015	4	(7,755,407)	-
Net transfer of funds during boundary change	4	(270,993)	-
Transfer (to)/from Town Improvement and Project fund	4, 6	(170,842)	2,246,324
Appropriation to Town Improvement and Project fund	4, 6	<u>(1,397,449)</u>	<u>(3,110,263)</u>
ACCUMULATED SURPLUS AT 31 MARCH		<u>10,484,546</u>	<u>12,726,950</u>



ANG HIN KEE
Chairman



VICTOR WONG CHEE MENG
General Manager / Secretary

Date: 24 August 2016

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

ANG MO KIO TOWN COUNCIL

STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	<u>Total</u> S\$	<u>Residential</u> <u>Property funds</u> S\$	<u>Commercial</u> <u>Property funds</u> S\$	<u>Car park fund</u> S\$
Balance at 1 April 2014	151,029,940	100,966,572	47,858,534	2,204,834
(Deficit)/Surplus for the year	(276,407)	(2,002,386)	445,688	1,280,291
Balance at 31 March 2015	150,753,533	98,964,186	48,304,222	3,485,125
Net transfer of funds during boundary change	(1,431,437)	(1,249,272)	(114,380)	(67,785)
Surplus for the year	4,412,136	2,336,839	893,065	1,182,232
Balance at 31 March 2016	153,734,232	100,051,753	49,082,907	4,599,572

The (deficit)/surplus for the year comprises the following:

	<u>Note</u>	<u>2016</u> S\$	<u>2015</u> S\$
Accumulated surplus	4	7,352,287	7,079,723
Sinking fund	5	(1,516,227)	(4,258,736)
Town Improvement and Project fund	6	(1,423,924)	(3,097,394)
		<u>4,412,136</u>	<u>(276,407)</u>

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

ANG MO KIO TOWN COUNCIL

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	<u>Note</u>	<u>2016</u> S\$	<u>2015</u> S\$
Operating activities			
Deficit before income tax and government grants	4	(1,375,960)	(1,361,235)
Adjustments for:			
Depreciation of plant and equipment	7	133,818	143,755
Fair value gain/(loss) arising from fair value through profit and loss investments	19	85,805	(191,638)
Net deficit transferred to other Town council during boundary change		(1,416,495)	-
Operating income transfer to sinking fund	5	21,941,896	19,596,478
Operating cash flows before changes in working capital		<u>19,369,064</u>	<u>18,187,360</u>
Movements in working capital:			
Operating receivables		(16,542,967)	16,677,344
Operating payables		<u>16,491,339</u>	<u>(971,835)</u>
Net cash flows generated from operations		19,317,436	33,892,869
Income tax paid	22	(475,222)	(401,625)
Tax paid for Nee Soon Town Council during boundary change	22	(26,724)	-
Sinking fund expenditure	19	(29,367,551)	(28,805,456)
Town Improvement and Project fund expenditure	20	(6,789,877)	(8,272,923)
Neighbourhood Renewal Programme fund expenditure	12	(7,882,854)	(5,684,879)
Electrical Load Upgrading Programme fund expenditure	13	<u>(5,115,529)</u>	<u>(3,180,326)</u>
Cash used in operations before government grants		(30,340,321)	(12,452,340)
Government grants received	23	18,642,564	17,950,049
Funding from Housing & Development Board for Neighbourhood Renewal Programme projects	12	7,801,226	3,506,379
Funding from Housing & Development Board for Electrical Load Upgrading Programme projects	13	5,377,675	3,412,021
Fixed deposit pledged	11	<u>(44,008)</u>	<u>(140)</u>
Net cash generated from operating activities		<u>1,437,136</u>	<u>12,415,969</u>
Investing activities			
Interest and investment income received		1,704,494	1,112,035
Proceeds from redemption of bonds upon maturity		8,000,000	-
Purchase of bonds		-	(10,306,500)
Purchase of plant and equipment	7	(37,458)	(15,930)
Cash and fixed deposits placed with fund manager		-	440,625
Net cash generated/(used in) from investing activities		<u>9,667,036</u>	<u>(8,769,770)</u>
Net increase in cash and cash equivalents		11,104,172	3,646,199
Cash and cash equivalents at beginning of year		<u>123,021,277</u>	<u>119,375,078</u>
	11	<u>134,125,449</u>	<u>123,021,277</u>

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

1. General information

Ang Mo Kio Town Council (the "Town Council") was formed in 1989 under this Town Act (Cap. 329A). The principal functions of the Town Council are to control, manage, maintain and improve the common areas of residential units, other commercial properties and market and food centres in the housing estates of the Housing & Development Board ("HDB") within the Town.

The Town Council manages the Sengkang West Single Member Constituency ("SMC") and Ang Mo Kio Group Representation Constituency ("GRC"), comprising the divisions of Cheng San-Seletar, Ang Mo Kio - Hougang, Jalan Kayu, Sengkang South, Teck Ghee and Yio Chu Kang.

The principal office of operations is situated at Block 342, Ang Mo Kio Avenue 1, #01-1561, Singapore 560342.

The financial statements of the Town Council for the financial year ended 31 March 2016 were authorised for issue by the Town Council on 24 August 2016.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been drawn up in accordance with Singapore Financial Reporting Standards ("FRS") including all related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the provisions of the Town Councils Act, Cap 329A and are prepared on a historical cost basis except as disclosed in the accounting policies below.

The financial statements of the Town Council are measured and presented in the currency of the primary economic environment in which the Town Council operates. The financial statements of the Town Council are presented in Singapore dollars ("S\$ or SGD"), which is also the functional currency of the Town Council.

In the current financial year, the Town Council has adopted all the new and revised FRS and INT FRS that are relevant to its operations and effective for the current financial year. The adoption of these new/revised FRS and INT FRS does not result in changes to the Town Council's accounting policies and has no material effect on the amounts reported for the current or prior years.

FRSs issued but not yet effective

At the date of authorisation of these financial statements, the following FRSs, and amendments to FRS that are relevant to the Town Council were issued but not yet effective:

<u>FRS</u>	<u>Title</u>	<u>Effective date for period beginning on or after</u>
FRS 16, FRS 38	Amendments to FRS 16 and FRS 38: Clarification of Acceptance Methods of Depreciation and Amortisation	1 January 2016
FRS 109	Financial Instruments	1 January 2018
FRS 115	Revenue from Contracts with Customers	1 January 2018
FRS 115	Amendments to FRS 115: Effective Date of FRS 115	1 January 2018
Various	Improvements to FRSs (November 2014)	Various

Consequential amendments were also made to various standards as a result of these new or revised standards.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

The management anticipates that the adoption of the above FRSs in future periods will not have a material impact on the financial statements, and in particular, to the financial position and financial performance, of the Town Council in the period of their initial adoption.

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

- Residential property
- Commercial property

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

The routine fund related to properties under management, together with Sinking fund, Town Improvement and Project fund form the Town Council funds.

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

Assets and liabilities of the various funds of the Town Council are pooled at the end of each reporting period.

Sinking fund

In accordance with Section 33(4) of the Town Councils Act, separate sinking fund is established for improvement to, management and maintenance of residential and commercial properties. This sinking fund is maintained as part of the Town Council funds.

Under the Town Councils Act, the Minister of 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 fund.

The minimum amounts that are paid by each property type into the sinking fund is as follows:

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

These minimum contributions are treated as operating income transfers and are deducted from conservancy and service fees and government grants in the statement of income and expenditure and other comprehensive income.

2. Summary of significant accounting policies (Continued)

2.2 Town Council funds (Continued)

Sinking fund (Continued)

The sinking fund is utilised for cyclical major repainting, renewal or replacement of roofing system, water tanks, pumps and water supply system, lighting protection system, lifts, installation of any sensor and starter controller to the time-controlled booster pumping system, installation or replacement of any video monitoring devices in lifts, 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 as defined under the Housing and Development Act.

Town Improvement and Project fund

Town Improvement and Project fund ("TIPF") is established and maintained as part of the Town Council Funds. This fund is utilised for improvement and development works in the Town.

The Town Improvement and Project fund comprises the amounts set aside for projects to be carried out in the next financial year. All expenditures on town improvement and projects are appropriated from these reserves.

The fund is set up by transfer of fund from the accumulated surplus to fund specific projects to be carried out. In addition, the Town Council receives funding for approved projects under the Community Improvement Projects Committee ("CIPC") scheme. This fund is paid through the Citizens' Consultative Committees ("CCC").

2.3 Inter-funds transfer

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 funds, to a fund which is in deficit.

2.4 Allocation of general overheads

Expenditure not relating specifically to any type of property managed, for example, administrative overheads, tree planting, pruning, etc., is allocated to the various types of property using equivalent dwelling units ("EDU") 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

Such allocation of EDU is not applied to the Sinking fund, Town Improvement and Project fund, Neighbourhood Renewal Programme fund and Electrical Load Upgrading Programme fund.

2. Summary of significant accounting policies (Continued)

2.5 Government grants

The Town Council receives three types of grants from the Government: Service and Conservancy Charge operating grant, payments from Citizens' Consultative Committees, and Goods and Services Tax ("GST") subvention grant.

- (i) Service and Conservancy Charge operating grants to meet the current year's operating expenditure are taken to the statement of income and expenditure and other comprehensive income.
- (ii) Payments from Citizens' Consultative Committees are granted to provide funding support for community improvement projects under the CIPC scheme.
- (iii) The GST subvention is given as grants-in-aid and is granted to assist the town councils for absorbing the GST increases in service and conservancy charges for HDB residential flats.

Government grants are recognised at fair value when there are reasonable assurance that the attached conditions will be complied with and that the grants will be received. Grants in recognition of specific expenditures are recognised as income over the periods necessary to match them with the related expenditure that they are intended to compensate, on a systematic basis unless the accounting treatment is specified.

2.6 Revenue recognition

Revenue comprises 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 and rebates.

- (i) Conservancy and service fees
Conservancy and service fees are recognised when due.
- (ii) Agency fees
Agency fees for routine maintenance of HDB's car parks are recognised when due.
- (iii) Interest and investment income
Interest income from fixed deposits is recognised on a time proportion basis using the effective interest rates.
Income from funds placed with fund managers is recognised based on fair value through profit or loss.
- (iv) Other income
Other income comprises mainly temporary occupation licences, liquidated damages claims and other miscellaneous income, and are recognised when due.

2. Summary of significant accounting policies (Continued)

2.7 Income tax

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 the use of common property and maintenance of carparks where the Town Council opts to manage and maintain them;
- (iii) Donations from non-residents or non-owners of properties in the Town; and
- (iv) Agency fees derived from acting as agent for the HDB.

Income tax is accounted using the asset and 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, and 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.

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

2.8 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. 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 plant and equipment.

Subsequent costs recognised are added to the carrying amount of the asset only when it is probable that future economic benefits associated with the asset 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 statement of income and expenditure and other comprehensive income when incurred.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

- | | |
|------------------------------------|-----------|
| ■ Furniture, fixtures and fittings | 5 years |
| ■ Office equipment | 3-5 years |

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

2. Summary of significant accounting policies (Continued)

2.8 Plant and equipment (Continued)

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of plant and equipment is recognised in statement of income and expenditure and other comprehensive income. Any amount in the revaluation reserve relating to that asset is transferred to retained earnings directly.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

2.9 Financial assets

Initial recognition, measurement and derecognition of financial assets

The Town Council classifies its investments in financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date, with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

Initial recognition, measurement and derecognition of financial assets (Continued)

The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset 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 asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed off immediately. The transactions are recorded at the trade date.

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 Financial Instruments: Recognition and Measurement relating to the transfer of risks and rewards of ownership and the transfer of control.

2. Summary of significant accounting policies (Continued)

2.9 Financial assets (Continued)

Subsequent measurement

Subsequent measurement based on the classification of financial assets of the respective categories under FRS 39 is as follows:

(i) Financial assets at fair value through profit or loss

Assets are classified in this category when they are principally incurred for the purpose of selling or repurchasing in the near term (trading assets) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. These assets are carried at fair value by reference to the transaction price or current bid prices in an active market. All changes in fair value are recognised directly in the statement of income and expenditure and other comprehensive income. They are classified as non-current assets unless management intends to dispose of the investment within 12 months from the reporting date. Investments in equities, bonds and unit trusts are classified under this category.

(ii) 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. 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 statement of income and expenditure and other comprehensive income.

(iii) Held-to-maturity financial assets

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Town Council's management has the positive intention and ability to hold to maturity. Held-to-maturity investments are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method, less impairment losses. Gains and losses are recognised in the statement of income and expenditure and other comprehensive income when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

2. Summary of significant accounting policies (Continued)

2.9 Financial assets (Continued)

Impairment of financial assets

The Town Council assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment losses recognised in the statement of income and expenditure and other comprehensive income on equity investments are not reversed through statement of income and expenditure and other comprehensive income, until the equity investments are disposed of.

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 carrying amount that would determine, net of depreciation or amortisation, if no impairment loss had been recognised.

2.10 Impairment of non-financial assets

At each reporting date, the Town Council reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Town Council estimates the recoverable amount of the cash-generating unit to which the asset belongs. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

2.11 Conservancy and service fees receivables

After initial recognition at fair value, conservancy and service fees receivable are measured at amortised cost using the effective interest method but short-duration receivables with no stated interest rate are measured at original amount unless the effect of imputing interest would be significant. Conservancy and service fees receivable are stated after allowance for impairment.

Allowance for impairment is made if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition and that the loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. The carrying amounts of conservancy and service fees receivable approximate their fair value. The amount of the impairment allowance is recognised in the statement of income and expenditure and other comprehensive income. No interest is charged on conservancy and service fees receivables in normal circumstances.

2. Summary of significant accounting policies (Continued)

2.12 Other receivables

Other receivables recognised initially at fair value and subsequently at amortised cost using the effective interest method, less any impairment losses.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents exclude those pledged as collateral and managed by fund manager.

2.14 Financial liabilities

Initial recognition, measurement and derecognition of financial liabilities

A financial liability is recognised at each reporting date when, and only when, the Town Council becomes a party to the contractual provisions of the instrument. The initial recognition of financial liability at fair value is 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 are expensed off immediately. The transactions are recorded at the date of transaction.

The Town Council derecognises financial liability when, and only when, its obligations are discharged, cancelled or expired.

Subsequent measurement

Subsequent measurement based on the classification of financial liabilities of the respective categories under FRS 39 is as follows:

Liabilities at fair value through profit or loss

As at the reporting date, there were no financial liabilities classified under this category.

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. Payables are classified under 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.

2. Summary of significant accounting policies (Continued)

2.15 Fair value of financial instruments

The carrying values of current financial assets and financial liabilities approximate their fair values due to the short-term maturity of these instruments. Disclosures of fair values are not made when the carrying amount of current financial instruments is a reasonable approximation of fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant items at the end of the year and in the event the fair values are disclosed in the relevant notes of these financial statements. The maximum exposure to credit risk is the fair value of the financial instruments at the end of the reporting year. 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.

2.16 Lease as a lessee

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. For operating leases, lease payments are recognised as an expense in the statement of income and expenditure and other comprehensive income on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the lessee's benefit, even if the payments are not on that basis. Lease incentives received are recognised in the statement of income and expenditure and other comprehensive income as an integral part of the total lease expense.

2.17 Provisions

A liability or 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 statement of income and expenditure and other comprehensive income in the period they occur.

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with FRS requires the Town Council to make judgements, estimates and assumptions of the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Town Council's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

3.1 Critical judgements made in applying the Town Council's accounting policies

The Town Council adopts the guidance of FRS 36 Impairment of Assets and FRS 39 Financial Instruments: Recognition and Measurement in determining when an asset is impaired. This assessment requires certain level of judgement. The Town Council evaluates, among other factors, the duration and extent to which the fair value of the asset is less than its cost, and the financial health of and near-term economic benefit for the asset, changes in technology and operational and financing cash flows.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty

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 as follows:

(i) **Allowance for doubtful conservancy and service fees receivables and other receivables**

Allowance for doubtful conservancy and service debts amounting to S\$1,137,846 (2015: S\$815,977) has been estimated on the basis of age of debts, result of recovery efforts and historical experience (Note 9).

Other receivables mainly consists of grants receivables from the Citizens' Consultative Committees (CCC) for approved projects and no allowance has been provided for. Allowance is applied to other receivables if events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful of other receivables requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying amount of other receivables and the allowance for impairment in the financial year in which such estimate has been changed.

(ii) **Depreciation of plant and equipment**

The cost of plant and equipment for the Town Council is depreciated on the straight-line basis over the plant and equipment's estimated economic useful lives. Changes in the expected useful lives and the technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Town Council's plant and equipment as at 31 March 2016 was S\$140,503 (2015: S\$236,863) (Note 7).

(iii) **Provision for income taxes**

The Town Council is subject to income taxes in Singapore. Judgement is required in determining the deductibility of certain expenses during the estimation of the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of operations. The Town Council recognises liabilities for expected tax issues based on estimate of whether additional taxes will be due. Where the final tax outcome of these matters differs from the amounts that were initially recognised, such differences will impact the income tax provisions in the period in which such determination is made. The carrying amount of the Town Council's current tax payable as at 31 March 2016 is S\$1,004,657 (2015: S\$922,722) (Note 22).

ANG MO KIO TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Continued)

4. Accumulated surplus

The surplus for the year attributable to the various activities is carried forward as accumulated surplus in the respective funds as follows:

Note	2016 S\$	Total 2015 S\$	Residential Property funds		Commercial Property funds		Car park fund	
			2016 S\$	2015 S\$	2016 S\$	2015 S\$	2016 S\$	2015 S\$
OPERATING INCOME								
Conservancy and service fees								
Less: Operating income transfer to sinking fund (minimum required by law)								
Agency fees	65,038,044	58,235,006	60,368,013	53,856,613	4,670,031	4,378,393	-	-
Other income	(21,941,896)	(19,596,478)	(20,307,381)	(18,064,038)	(1,634,515)	(1,532,440)	-	-
	43,096,148	38,638,528	40,060,632	35,792,575	3,035,516	2,845,953	-	-
	5,252,013	4,885,914	-	-	-	-	5,252,013	4,885,914
	3,693,775	3,383,597	2,790,978	2,328,985	848,369	1,004,339	54,428	50,273
	52,041,936	46,908,039	42,851,610	38,121,560	3,883,885	3,850,292	5,306,441	4,936,187
Less: Operating expenditure	(53,723,783)	(48,399,601)	(46,911,063)	(41,859,605)	(2,688,008)	(2,896,430)	(4,124,712)	(3,643,566)
OPERATING (DEFICIT)/SURPLUS	(1,681,847)	(1,491,562)	(4,059,453)	(3,738,045)	1,195,877	953,862	1,181,729	1,292,621
Add: Interest Income	305,887	130,327	263,304	112,303	14,259	6,269	28,324	11,755
(DEFICIT)/SURPLUS BEFORE INCOME TAX AND GOVERNMENT GRANTS	(1,375,960)	(1,361,235)	(3,796,149)	(3,625,742)	1,210,136	960,131	1,210,053	1,304,376
Less: Income tax	(304,983)	(267,012)	(262,778)	(230,084)	(14,384)	(12,843)	(27,821)	(24,085)
(DEFICIT)/SURPLUS BEFORE GOVERNMENT GRANTS	(1,680,943)	(1,628,247)	(4,058,927)	(3,855,826)	1,195,752	947,288	1,182,232	1,280,291
Add: Government grants	18,642,564	17,950,049	18,367,971	17,650,205	274,593	299,844	-	-
Less: Transfer to - Sinking fund	(4,243,381)	(4,066,550)	(4,243,381)	(4,066,550)	-	-	-	-
- Town improvement and project fund	(5,365,953)	(5,175,529)	(5,091,360)	(4,875,685)	(274,593)	(299,844)	-	-
	9,033,230	8,707,970	9,033,230	8,707,970	-	-	-	-
SURPLUS FOR THE YEAR	7,352,287	7,079,723	4,974,303	4,852,144	1,195,752	947,288	1,182,232	1,280,291
ACCUMULATED SURPLUS AT 1 APRIL	12,726,950	6,511,166	4,414,141	2,620,157	4,827,684	1,686,175	3,485,125	2,204,834
Add/(Less):								
Transfer of accumulated surplus at 24 Aug 2015	(7,755,407)	-	(4,018,337)	-	(3,737,070)	-	-	-
Net transfer of funds during boundary change 2015	(270,993)	-	(280,809)	-	77,601	-	(67,785)	-
Transfer (to)/from Town Improvement and Project fund	(170,842)	2,246,324	(137,176)	-	(33,666)	2,246,324	-	-
Appropriation to Town Improvement and Project fund	(1,397,449)	(3,110,263)	(1,326,271)	(3,058,160)	(71,178)	(52,103)	-	-
ACCUMULATED SURPLUS AT 31 MARCH	10,484,546	12,726,950	3,625,851	4,414,141	2,259,123	4,827,684	4,599,572	3,485,125

ANG MO KIO TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Continued)

5. Sinking fund

	Note	Total		Residential Property funds		Commercial Property funds	
		2016 S\$	2015 S\$	2016 S\$	2015 S\$	2016 S\$	2015 S\$
Balance at 1 April		137,067,238	141,325,974	93,642,803	97,537,733	43,424,435	43,788,241
Transfer from accumulated surplus at 24 August 2015		7,755,407	-	4,018,337	-	3,737,070	-
Transfer of funds during boundary change		(1,454,181)	-	(1,275,364)	-	(178,817)	-
		143,368,464	141,325,974	96,385,776	97,537,733	46,982,688	42,788,241
Add:							
Operating income transfer from conservancy and service fees	19	1,859,140	1,220,573	1,785,274	1,118,446	73,866	102,127
Transfer from government grants	4, 23	21,941,896	19,596,478	20,307,381	18,064,038	1,634,515	1,532,440
		4,243,381	4,066,550	4,243,381	4,066,550	-	-
		28,044,417	24,883,601	26,336,036	23,249,034	1,708,381	1,634,567
Less:							
Expenditure	19	(29,281,746)	(28,997,094)	(27,355,132)	(27,005,657)	(1,926,614)	(1,991,437)
Income tax	22	(278,898)	(145,243)	(267,049)	(138,307)	(11,849)	(6,936)
		(1,516,227)	(4,258,736)	(1,286,145)	(3,894,930)	(230,082)	(363,806)
Balance at 31 March		141,852,237	137,067,238	95,099,631	93,642,803	46,752,606	43,424,435

Represented by:

	2016 S\$	2015 S\$
Current assets		
Financial assets at fair value through profit or loss	17,226,700	24,118,395
Conservancy and service fees receivables	440,960	377,307
Other receivables, deposits and prepayments	11,884,024	1,066,332
Due from accumulated surplus	13,725,156	10,477,055
Cash and cash equivalents	111,745,303	103,111,259
	155,022,143	139,150,348
Total assets	155,022,143	139,150,348
Less:		
Current liabilities		
Payables and accrued expenses	12,723,025	1,524,409
Income tax payable	446,881	558,701
	13,169,906	2,083,110
Total liabilities	13,169,906	2,083,110
NET ASSETS	141,852,237	137,067,238

ANG MO KIO TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Continued)

6. Town Improvement and Project fund

	Note	Total		Residential Property funds		Commercial Property funds	
		2016 S\$	2015 S\$	2016 S\$	2015 S\$	2016 S\$	2015 S\$
Balance at 1 April		959,345	3,192,800	907,242	808,682	52,103	2,384,118
Transfer of funds during boundary change		293,737	-	306,901	-	(13,164)	-
		1,253,082	3,192,800	1,214,143	808,682	38,939	2,384,118
Add/(Less):							
Transfer from government grants	4	5,365,953	5,175,529	5,091,360	4,875,685	274,593	299,844
Expenditure	20	(6,789,877)	(8,272,923)	(6,442,679)	(7,835,285)	(347,198)	(437,638)
(Deficit)/Surplus for the year		(1,423,924)	(3,097,394)	(1,351,319)	(2,959,600)	(72,605)	(137,794)
Add/(Less):							
Transfer from/(to) accumulated surplus *	4	170,842	(2,246,324)	137,176	-	33,666	(2,246,324)
		-	(2,150,918)	-	(2,150,918)	-	-
Appropriation from accumulated surplus **	4	1,397,449	3,110,263	1,326,271	3,058,160	71,178	52,103
Balance at 31 March		1,397,449	959,345	1,326,271	907,242	71,178	52,103
<i>Represented by:</i>							
Current assets							
Other receivables, deposits and prepayments	10	5,977,241	4,863,097				
Total assets		5,977,241	4,863,097				
Less:							
Current liabilities							
Payables and accrued expenses	14	593,342	59,221				
Amount due to accumulated surplus**		3,986,450	3,844,531				
Total liabilities		4,579,792	3,903,752				
NET ASSETS		1,397,449	959,345				

* At the end of each financial year, the Town Council would transfer any surplus or deficit from the Town Improvement and Project fund to the accumulated surplus.

** The amount required by the Town Improvement and Project fund for the following financial year would then be appropriated from the accumulated surplus.

ANG MO KIO TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Continued)

7. Plant and equipment

	<u>Furniture, fixtures and fittings</u> S\$	<u>Office equipment</u> S\$	<u>Total</u> S\$
<u>Cost</u>			
At 1 April 2014	935,058	184,586	1,119,644
Additions	8,980	6,950	15,930
Disposals	-	(4,830)	(4,830)
At 31 March 2015	944,038	186,706	1,130,744
Additions	19,710	17,748	37,458
Transfer	-	(9,458)	(9,458)
Disposals	(239,066)	(5,985)	(245,051)
At 31 March 2016	724,682	189,011	913,693
<u>Accumulated depreciation</u>			
At 1 April 2014	629,196	125,760	754,956
Depreciation	112,953	30,802	143,755
Disposals	-	(4,830)	(4,830)
At 31 March 2015	742,149	151,732	893,881
Depreciation	111,596	22,222	133,818
Transfer	-	(9,458)	(9,458)
Disposals	(239,066)	(5,985)	(245,051)
At 31 March 2016	614,679	158,511	773,190
<u>Net Book Value</u>			
At 31 March 2015	201,889	34,974	236,863
At 31 March 2016	110,003	30,500	140,503

8. Financial assets at fair value through profit or loss

At the end of the reporting period, the funds held at fair value comprise of the following:

	<u>Note</u>	<u>2016</u> At fair value \$	<u>2015</u> At fair value \$
<i>Financial asset at fair value through profit or loss:</i>			
Debt securities in listed corporations, government and other public debentures	5	17,226,700	24,118,395

Represented by:

	<u>2016</u> \$	<u>2015</u> \$
Bonds in corporations	4,077,700	7,144,045
Government and statutory board securities	13,149,000	16,974,350
	17,226,700	24,118,395

The funds are denominated in Singapore dollars. These funds are invested in accordance with The Town Councils Act (Cap. 329A).

These investments are measured at fair value through profit or loss in accordance with FRS39 Financial Instruments: Recognition and Measurement, as they represent an identified portfolio of investments which the Town Council manages together with an intention of profit taking when the opportunity arises.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Continued)**

9. Conservancy and service fees receivables

	<u>Note</u>	<u>2016</u> S\$	<u>2015</u> S\$
Conservancy and service fees receivables	27	2,607,716	2,074,390
Less: Allowance for impairment	27	<u>(1,137,846)</u>	<u>(815,977)</u>
		<u>1,469,870</u>	<u>1,258,413</u>
Taken up in:			
Accumulated surplus		1,028,910	881,106
Sinking fund	5	<u>440,960</u>	<u>377,307</u>
		<u>1,469,870</u>	<u>1,258,413</u>

Conservancy and service fees receivables are denominated in Singapore dollars.

The Town Council generally extends 30-day credit term to its conservancy and service fees customers.

The movements in allowance for impairment in respect of conservancy and service fees receivables during the year are as follows:

		<u>2016</u> S\$	<u>2015</u> S\$
Balance at 1 April		815,977	583,505
Bad debt written-off		-	(600)
Impairment loss recognised /(reversed)		<u>321,869</u>	<u>233,072</u>
Balance at 31 March	27	<u>1,137,846</u>	<u>815,977</u>

10. Other receivables, deposits and prepayments

	<u>Note</u>	<u>2016</u> S\$	<u>2015</u> S\$
Grant receivables			
- Citizens' Consultative Committees		5,083,224	4,773,539
- GST Subvention		592,724	536,440
- Service and Conservancy Charges		<u>134,251</u>	<u>196,464</u>
		5,810,199	5,506,443
Other receivables			
- Interest on fixed deposits and government bonds		1,140,548	759,287
- Late payment penalty		395,634	391,039
- Less: allowance for impairment		<u>(224,532)</u>	<u>(291,231)</u>
		171,102	99,808
- Claimable GST	21	627,008	274,425
- Recoverable from Housing & Development Board		3,575,660	1,819,538
- Recoverable from National Environment Agency		99,937	135,270
- Recoverable from contractors		123,759	102,712
- Recoverable from Pasir Ris-Punggol Town Council		<u>12,291,957</u>	-
		<u>18,029,971</u>	<u>3,191,040</u>
Deposits		378,005	347,967
Prepayments		197,545	157,893
Others		<u>33,246</u>	<u>66,901</u>
		<u>24,448,966</u>	<u>9,270,244</u>
Taken up in:			
Accumulated surplus		6,587,701	3,340,815
Sinking fund	5	<u>11,884,024</u>	<u>1,066,332</u>
Town Improvement and Project fund	6	<u>5,977,241</u>	<u>4,863,097</u>
		<u>24,448,966</u>	<u>9,270,244</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Continued)**

10. Other receivables, deposits and prepayments (Continued)

Other receivables, deposits and prepayments are denominated in Singapore dollars.

The movements in allowance for impairment in respect of other receivables from penalty imposed on customers for late payment of service and conservancy charges during the year is as follows:

	<u>2016</u> S\$	<u>2015</u> S\$
Balance at 1 April	291,231	291,231
Impairment loss recognised	(66,699)	-
Balance at 31 March	<u>224,532</u>	<u>291,231</u>

11. Cash and cash equivalents

	<u>Note</u>	<u>2016</u> S\$	<u>2015</u> S\$
Cash on hand		12,500	14,500
Cash at bank		7,621,432	6,410,462
		<u>7,633,932</u>	<u>6,424,962</u>
Fixed deposits		126,591,517	116,652,307
		<u>134,225,449</u>	<u>123,077,269</u>
Taken up in:			
Accumulated surplus		22,480,146	19,966,010
Sinking fund	5	<u>111,745,303</u>	<u>103,111,259</u>
		<u>134,225,449</u>	<u>123,077,269</u>

Cash and cash equivalents are denominated in Singapore dollars.

The interest rate for the fixed deposits ranges between 0.25% and 2.02% (2015: 0.25% and 1.55%) per annum, receivable one year in arrears. The effective interest rate is 1.33% (2015: 0.88%) per annum.

A fixed deposit of S\$100,000 (2015: S\$55,992) is pledged to a bank to secure a performance guarantee issued by the bank.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	<u>2016</u> S\$	<u>2015</u> S\$
Cash and cash equivalents as above	134,225,449	123,077,269
Less:		
Fixed deposit pledged	(100,000)	(55,992)
Cash and cash equivalents per statement of cash flows	<u>134,125,449</u>	<u>123,021,277</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Continued)

12. Neighbourhood Renewal Programme

	<u>2016</u> S\$	<u>2015</u> S\$
Balance at 1 April	992,205	3,166,357
Add/(Less):		
Amount received in advance from Housing & Development Board	7,801,226	3,506,379
Payment to contractors	(7,882,854)	(5,680,531)
	(81,628)	(2,174,152)
Advance for Neighbourhood Renewal Programme	<u>910,577</u>	<u>992,205</u>

Neighbourhood Renewal Programme ("NRP") was introduced in August 2007 in response to feedback received from residents during the Forum on HDB Heartware for more active consultation on the improvements to be provided in their precincts. Blocks built up to 1989 and have not undergone the Main Upgrading Programme (MUP) or Interim Upgrading Programme (IUP) are eligible for NRP.

13. Electrical Load Upgrading Programme

	<u>2016</u> S\$	<u>2015</u> S\$
Balance at 1 April	60,194	(171,501)
Add/(Less):		
Funding from Housing & Development Board	5,377,675	3,412,021
Payment to contractors	(5,115,529)	(3,180,326)
	262,146	231,695
Advance for Electrical Load Upgrading Programme	<u>322,340</u>	<u>60,194</u>

The Electrical Load Upgrading (ELU) was introduced to upgrade the incoming electrical supply for HDB apartment blocks with a 40amps main switch instead of 30amps. The ELU works include supply and installation of new main switchboard including all accessories, connection, authority testing, commissioning and LEW licensing; replacement of all electrical sub-main risers including all tap-off boxes, accessories and connections; as well as replacement of all meter boards for residential units including authority testing and commissioning.

Blocks completed on or after 1 Jan 1994 and have undergone the Main Upgrading Programme (MUP) are not eligible for ELU as they are already provided with a higher electrical loading of 40 amps main switch.

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

14. Payables and accrued expenses

	<u>2016</u> S\$	<u>2015</u> S\$
Accounts payable	2,801,194	2,745,648
Accrued expenses	3,039,529	895,768
Deposits received	921,260	562,964
Payable to Housing & Development Board	-	10,585
Payable to Nee Soon Town Council	13,573,736	-
Others	22,579	50,193
	<u>20,358,298</u>	<u>4,265,158</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Continued)**

14. Payables and accrued expenses (Continued)

Payables and accrued expenses are denominated in Singapore dollars.

	<u>Note</u>	<u>2016</u> S\$	<u>2015</u> S\$
Taken up in:			
Accumulated surplus		7,041,931	2,681,528
Sinking fund	5	12,723,025	1,524,409
Town Improvement and Project fund	6	593,342	59,221
		<u>20,358,298</u>	<u>4,265,158</u>

15. Agency fees

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

16. Other income

	<u>2016</u> S\$	<u>2015</u> S\$
Community hall rental	23,200	16,225
Late payment penalty	220,382	269,660
Liquidated damages	191,283	268,939
Sale of tender documents	51,400	44,857
Sundry fines	42,627	36,165
Sundry income	127,645	105,199
Temporary Occupation Licence ("TOL") charges	2,215,634	2,123,448
Use of common property	166,363	172,955
Use of void decks	67,755	57,630
Use of water and electricity	398,263	247,622
Use of roof top access	179,332	30,147
Others	9,891	10,750
	<u>3,693,775</u>	<u>3,383,597</u>

17. Managing agent's fees

The Town Council's management of its daily operations has been outsourced to a managing agent.

ANG MO KIO TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Continued)

18. General and administrative expenditure

	<u>Note</u>	<u>2016</u> S\$	<u>2015</u> S\$
Advertising, publicity and public relations		529,381	351,375
Computer service		442,876	288,676
Depreciation of plant and equipment		132,162	143,755
Impairment loss / (gain) recognised		56,698	237,163
Office rental and upkeep expenditure		598,612	568,002
Office supplies and stationery		72,365	58,719
Plant and equipment not capitalised		800	4,093
Property tax		221,218	233,307
Key management personnel compensation			
- Town Councillors' allowances		301,842	306,000
- Staff's salary & related costs		57,219	57,931
Unclaimable input tax	21	776,983	757,579
Others		483,289	442,970
		<u>3,673,445</u>	<u>3,449,570</u>

19. Sinking fund income and expenditure

(a) Income

	<u>2016</u> S\$	<u>2015</u> S\$
Interest income from fixed deposits	1,351,732	866,692
Interest income from government bonds	491,032	338,086
Other income	16,376	15,795
	<u>1,859,140</u>	<u>1,220,573</u>

(b) Expenditure

	<u>Note</u>	<u>2016</u> S\$	<u>2015</u> S\$
Electrical rewiring		294,819	136,204
Fair value loss/(gain) on financial assets at fair value through profit or loss		(85,805)	191,638
General and administrative charges		180	120
Lifts overhaul/upgrading		389,623	4,866,441
Lift position display panel		225,144	372,640
Lift replacement of inverters		330,718	70,369
Re-decoration and repairing		16,580,908	18,332,263
Re-roofing works		8,682,666	2,791,911
Replacement of ARD batteries		247,128	126,200
Replacement of EBOP batteries		151,868	31,985
Replacement of booster pumps		573,158	331,968
Replacement of FRP/GRP sectional water tanks		167,272	-
Replacement of hoisting ropes		991,423	782,754
Replacement of water pipes		132,480	-
Replacement of water pumps		212,020	605,072
Town Council Lift Upgrading Programme		28,299	24,544
Unclaimable input tax	21	359,845	332,985
		<u>29,281,746</u>	<u>28,997,094</u>

ANG MO KIO TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Continued)

20. Town Improvement and Project fund expenditure

	<u>2016</u> S\$	<u>2015</u> S\$
Consultancy fees and architectural fees	566,515	707,045
Town improvement works	6,223,362	7,565,878
	<u>6,789,877</u>	<u>8,272,923</u>

21. Goods and Services Tax ("GST")

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 unclaimable portion is charged to the statement of income and expenditure and other comprehensive income during the year.

22. Income tax

	<u>Note</u>	<u>2016</u> S\$	<u>2015</u> S\$
Current tax expense		583,881	447,501
Over-provision of tax in previous financial years		-	(35,246)
		<u>583,881</u>	<u>412,255</u>
Taken up in:			
Accumulated surplus		304,983	266,355
Over-provision of tax in previous financial years		-	657
	4	<u>304,983</u>	<u>267,012</u>
Sinking fund		278,898	181,146
Over-provision of tax in previous financial years		-	(35,903)
	5	<u>278,898</u>	<u>145,243</u>
		<u>583,881</u>	<u>412,255</u>

The tax expense on income differs from the amount determined by applying the Singapore standard rate of income tax due to the following:

	<u>2016</u> S\$	<u>2015</u> S\$
Interest income	2,148,651	1,339,453
Government grants and other income	20,334,711	19,571,487
Allowable expenses	(315,982)	(170,994)
	<u>22,167,380</u>	<u>20,739,946</u>
Tax calculated at a tax rate of 17% (2015: 17%)	3,768,455	3,525,791
Tax exempt income	(25,925)	(25,925)
Tax remission of government grants under section 92(2) of Singapore Income Tax Act	(3,124,277)	(3,028,699)
Tax effect of certain income taxed at concessionary tax rate	(34,372)	(23,666)
Over-provision of tax in previous financial years	-	(35,246)
	<u>583,881</u>	<u>412,255</u>

The Town Council enjoys a concessionary tax rate of 10% for the income earned on investment in bonds.

ANG MO KIO TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Continued)

22. Income tax (Continued)

The movement in provision for income tax is as follows:

	<u>Note</u>	<u>2016</u> <u>S\$</u>	<u>2015</u> <u>S\$</u>
Balance as at 1 April		922,722	912,092
Current financial year's income tax expense		583,881	447,501
Payments during the year		(475,222)	(401,625)
Provision for income tax due to boundary change		(26,724)	-
Over-provision of tax in previous financial years		-	(35,246)
Balance as at 31 March		<u>1,004,657</u>	<u>922,722</u>
Taken up in: (Provision for income tax)			
Accumulated surplus		557,776	364,021
Sinking fund	5	<u>446,881</u>	<u>558,701</u>
Balance at 31 March		<u>1,004,657</u>	<u>922,722</u>

ANG MO KIO TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Continued)

23. Government grants

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

Note	Total		Service and Conservancy Charges Grant		Payment from Citizens' Consultative Committees		GST Subvention Grant	
	2016 S\$	2015 S\$	2016 S\$	2015 S\$	2016 S\$	2015 S\$	2016 S\$	2015 S\$
Government grants received/receivable	18,642,564	17,950,049	10,932,257	10,683,013	5,365,953	5,175,529	2,344,354	2,091,507
Less:								
Transfer to Sinking fund	(4,243,381)	(4,066,550)	(3,454,754)	(3,365,127)	-	-	(788,627)	(701,423)
Transfer to Town Improvement and Projects fund	(5,365,953)	(5,175,529)	-	-	(5,365,953)	(5,179,529)	-	-
	<u>9,033,230</u>	<u>8,707,970</u>	<u>7,477,503</u>	<u>7,317,886</u>	<u>-</u>	<u>-</u>	<u>1,555,727</u>	<u>1,390,084</u>

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

	2016 S\$	2015 S\$
Total grants received/receivable at 1 April	298,825,190	280,875,141
Grants received/receivable during the year	18,642,564	17,950,049
Total grants received/receivable at 31 March	<u>317,467,754</u>	<u>298,825,190</u>

ANG MO KIO TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Continued)**

24. 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 Councils' Fund, to a fund which is in deficit.

25. Capital commitments

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

	<u>2016</u> S\$	<u>2015</u> S\$
Amount approved and contracted for	23,177,404	19,956,394
Amount approved but not contracted for	63,995,001	69,754,827
	<u>87,172,405</u>	<u>89,711,221</u>

26. Operating lease commitments

At the end of the reporting period, the Town Council was committed to making the following rental payments in respect of non-cancellable operating leases of office premises with an original term of more than one year:

	<u>2016</u> S\$	<u>2015</u> S\$
Not later than one year	768,765	814,762
Later than one year and not later than five years	1,417,525	1,370,102
	<u>2,186,290</u>	<u>2,184,864</u>

The leases on the Town Council's office premises from the Housing & Development Board on which rentals are payable will expire on June 2017, December 2017 and March 2019 subject to option to renew for another three years. Rental terms are renegotiated on renewal.

The Town Council entered into an agreement for a contract sum of S\$1,651,295 with NEC Asia Pacific Pte Ltd for the supply, delivery, design, development, installation, configuration, testing, commissioning, warranty of a fully operational integrated Town Council Management System with operation support and maintenance for the period 1 May 2013 to 30 April 2020.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Continued)**

27. Financial instruments and financial risks

The Town Council's financial instruments comprise certain cash and cash equivalents, and various items including investment in financial assets, conservancy and service fees receivable and other receivables, accrued expenses and other payables that arise from its operations.

The main risks arising from the Town Council's financial instruments are credit risk and market risk. The Town Council is not exposed to foreign exchange risk. There is no significant liquidity risk as sufficient cash is maintained. Risks management policies and systems are reviewed regularly to reflect changes in the operational environment and market conditions.

Credit risk

Credit risk is the potential financial loss resulting from the failure of a counterparty to settle its contractual obligations to the Town Council when they fall due. Financial assets that potentially subject to concentrations of credit risk consist principally of fixed deposits and bank balances, conservancy and service fees receivables, other receivables and investment funds with fund managers. The maximum exposure to credit risk is the fair value of the financial instruments as at the end of the reporting period.

Fixed and bank deposits are placed with Singapore-regulated financial institutions.

Investment in bonds (through fund managers) comprises of bonds issued by statutory boards and government-related agencies, as well as corporate bonds that are considered to be of good credit standing.

For receivables, an ongoing credit evaluation is performed on the financial conditions of the receivables and losses on impairment are recognised in the statement of income and expenditure and other comprehensive income. The allowance for impairment of conservancy and service fees receivable totalling S\$1,137,846 (2015: S\$815,977) is determined at the reporting date (Note 9).

There is no concentration of credit risk with respect to conservancy and service fees receivable, as the Town Council has a large number of household owners.

There are no other material class of financial assets that are past due except for the conservancy and service fees receivables as disclosed below:

	<u>Note</u>	<u>2016</u> S\$	<u>2015</u> S\$
Not past due (Less than 30 days)		446,159	361,811
Past due 30 to 90 days		355,100	323,973
Past due 91 to 180 days		289,331	485,686
Past due 181 to 360 days		395,586	313,794
Past due over 360 days		1,121,540	589,126
		<u>2,607,716</u>	<u>2,074,390</u>
Less: Allowance for impairment		<u>(1,137,846)</u>	<u>(815,977)</u>
	9	<u>1,469,870</u>	<u>1,258,413</u>

Conservancy and service fees receivables amounting to S\$1,023,711 (2015: S\$896,602) are past due at the financial year end but not impaired, as the management believes that it will be collectible in the foreseeable future as a result of recovery efforts and historical experience.

27. Financial instruments and financial risks (Continued)

Market risk*Foreign currency risk*

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Town Council has no exposure to foreign currency risk as its business activities are carried out in Singapore dollars, which is its functional currency.

Interest rate risk

The Town Council's exposure interest rate risk relates primarily to interest-earning fixed deposits with financial institutions and investments in government and corporate bonds. The Town Council's surplus funds are placed with reputable financial institutions or invested in Singapore government bonds.

Equity price risk

Equity price risk is applicable to investments in equity shares or similar instruments. As equities are invested through fund managers under guaranteed principal schemes, the exposure to market risk is minimal.

Liquidity risk

Liquidity risk is the risk that the Town Council will encounter difficulty in meeting financial obligations due to shortage of funds. The Town Council manages the liquidity risk by maintaining sufficient cash, internally generated cash flows, as well as on basis of expected payment dates of the financial liabilities. Besides, the Town Council's operations are partially supported by various grants from the government and the Town Council is satisfied that funds for operations are available as and when required.

The average credit period for settlement of payables and accrued expenses is 30 - 90 days (2014: 30 - 90 days). It is expected that all the liabilities will be paid when due with cash inflows from operating activities and government grants.

The contractual undiscounted cash flows of financial assets and financial liabilities due within 12 months approximate their carrying amounts as the impact of discounting is not significant.

It is expected that all the liabilities will be paid when due. The Town Council expects to meet its cash commitments with cash inflows from operating activities and government grants.

Financial instruments by category

The carrying amounts of the different categories of financial instruments are as follows:

	<u>2016</u> S\$	<u>2015</u> S\$
Financial assets at fair value through profit or loss	17,226,700	24,118,395
Loan and receivables	159,946,740	133,448,033
Less: financial liabilities	<u>(20,358,298)</u>	<u>(4,265,158)</u>
	<u>156,815,142</u>	<u>153,301,270</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Continued)**

28. Fair value of financial assets and liabilities

The carrying amounts of current financial assets and liabilities approximate their respective fair values due to the relatively short term nature of these financial instruments. The fair value of different classes of financial assets and liabilities are disclosed in the respective notes to the financial statements. The fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to level 1 of the fair value hierarchy quoted market price.

The table below analyses financial instruments carried at fair value. The different levels have been defined as follows:-

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

	Level 1 S\$	Level 2 S\$	Level 3 S\$	Total S\$
2016				
Assets				
Financial assets at fair value through profit or loss	17,226,700	-	-	17,226,700
	<u>17,266,700</u>	<u>-</u>	<u>-</u>	<u>17,226,700</u>
2015				
Assets				
Financial assets at fair value through profit or loss	24,118,395	-	-	24,118,395
	<u>24,118,395</u>	<u>-</u>	<u>-</u>	<u>24,118,395</u>

29. Funds management

The Town Council's objectives when managing funds are:

- (a) to safeguard the Town Council's ability to continue as going concern;
- (b) to provide resources to sustain future development; and
- (c) to provide funds for the purpose of strengthening the Town Council's risk management capability.

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

There were no changes in the Town Council's approach to funds management during the year.

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

The Town Council's total funds amounted to S\$153,734,232 (2015: S\$150,753,533).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Continued)**

30. Key management remuneration

Ang Mo Kio Town Council is managed by the managing agent, CPG Facilities Management Pte Ltd, for the period 1 November 2013 to 31 October 2017 was awarded to CPG Facilities Management Pte Ltd. The Town Council does not incur any manpower and related costs except for Town Councillors' allowances.

	<u>2016</u> S\$	<u>2015</u> S\$
Town Councillors' allowances	301,842	306,000

31. Significant related party transactions

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
- (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Apart from the disclosures made elsewhere in these financial statements, the following transactions took place between the Town Council and its related parties on terms agreed between the parties during the financial year:

Expenditure paid to Managing Agent in relation to:

	<u>2016</u> S\$	<u>2015</u> S\$
- Managing Agent Fees	6,413,091	6,137,275
- Project Management Fees	1,344,696	1,353,699

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Continued)**

32. Reclassification of previously issued financial statements

During the financial period ended 31 March 2016, the Town Council reclassified the Neighbourhood Renewal Programme (NRP) Fund and Electrical Load Upgrading Programme (ELUP) Fund to Advances received for NRP and Amount received for ELUP, respectively, in current liabilities. This is to reflect more appropriately the nature of the funds received from Housing Development Board.

The following tables reflect the reclassification on the affected line items in the previously issued financial statements as of and for the year ended 31 March.

Statement of Changes in Financial Position (Extract)	31 Mar 2015 As reclassified S\$	31 Mar 2015 As reported S\$
TOWN COUNCIL FUNDS		
NEIGHBOURHOOD RENEWAL PROGRAMME FUND	-	992,205
ELECTRICAL LOAD UPGRADING PROGRAMME FUND	-	60,194
CURRENT LIABILITIES		
Advances received for Neighbourhood Renewal Programme	992,205	-
Advances received for Electrical Load Upgrading Programme	60,194	-

Statement of Changes in Funds (Extract)	31 Mar 2015 As reclassified	31 Mar 2015 As reported
NEIGHBOURHOOD RENEWAL PROGRAMME FUND		
Deficit for the year	-	(2,174,152)
ELECTRICAL LOAD UPGRADING PROGRAMME FUND		
Surplus for the year	-	231,695