



Bishan-Toa Payoh
Town Council

A Real Partnership

ANNUAL REPORT 2010-11



A Real Partnership

Building a strong community is more than constructing homes and providing amenities. Those are relatively straight forward tasks. What is infinitely more difficult is to foster a common sense of identity so that everyone feels that they belong. It is made more complicated by the fact that each of us has our own needs and priorities, which sometimes conflict with those of others.

But one thing is clear: we cannot build a community without getting everyone involved, and having everyone embrace a feeling of acceptance, compassion, hope, passion, respect, and understanding for one another. In short, it is about partnership of ideas and ideals. We may not always agree with one another – partners seldom do - but that is perfectly alright. It is more important that we work together to achieve a common goal.

It is this principle which guides the Bishan-Toa Payoh Town Council in formulating its policies and programs. Hence, the Town Council has embarked on many initiatives, including sharing information and communicating with our residents, using the social media and tapping on smart phone technology, as well as our unique face-to-face town hall meetings. It is our firm belief that the more information our residents have, the more they will be able to work with us to improve their living environment.

We would like everyone to get involved. We strive for a real partnership with our residents. Join us in our mission of delivering beautiful homes, and a caring community.



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Our mission is to provide a clean, green, well maintained and healthy environment for the residents, through close co-operation with the residents, grassroots organisations and related government agencies.

BISHAN-TOA PAYOH TOWN COUNCIL EIGHTH TERM OF OFFICE (JAN 2011 - DEC 2012)

ADVISORS



Dr Ng Eng Hen

*Minister for Defence
MP for Bishan-Toa Payoh GRC
Advisor to Bishan-Toa Payoh
Town Council
Advisor to Bishan-Toa Payoh
Grassroots Organisations*



Mrs Josephine Teo

*Minister of State for Transport
and Finance
MP for Bishan-Toa Payoh GRC
Elected Member of Bishan-Toa Payoh
Town Council
Advisor to Bishan-Toa Payoh
Grassroots Organisations*



Mr Hri Kumar Nair

*MP for Bishan-Toa Payoh GRC
Chairman of Bishan-Toa Payoh
Town Council
Advisor to Bishan-Toa Payoh
Grassroots Organisations*



Mr Wong Kan Seng

*MP for Bishan-Toa Payoh GRC
Vice-Chairman of Bishan-Toa Payoh
Town Council
Advisor to Bishan-Toa Payoh
Grassroots Organisations*



Mr Zainudin Nordin

*MP for Bishan-Toa Payoh GRC
Vice-Chairman of Bishan-Toa Payoh
Town Council
Advisor to Bishan-Toa Payoh
Grassroots Organisations*

ESTABLISHMENT COMMITTEE

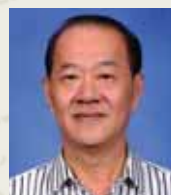
Advisor: Mr Hri Kumar Nair



Mr Cheng Wai Keung
Chairman



Mr Teh Hee Seang
Vice-Chairman



Mr Chow Tak Neo
Member



Mr Poh Puay Eng
Member



**Mr Tang Wee Thiang
Gregory**
Member



Mr Ling Ming Chuan
CEO/Secretary

BISHAN-TOA PAYOH TOWN COUNCIL EIGHTH TERM OF OFFICE (JAN 2011 - DEC 2012)

FINANCE & ADMINISTRATION COMMITTEE

Advisor: Mr Wong Kan Seng



Mr Poh Puay Eng
Chairman



Mr Lai Kah Seng
Vice-Chairman



Mr Chua Lye Soon
Steven
Member



Mr S U Nathan
Member



Ms Shee Linda
Member



Ms Krishnasamy
Sarojani Naidu
Member



Mr Wong Thian Hock
Member



Mr Lee Cheng Chye
William
Member

TENDERS & CONTRACTS COMMITTEE

Advisor: Mrs Josephine Teo



Mr Tang Wee Thiang
Gregory
Chairman



Mr Cheng Siew Cherng
Roy
Vice-Chairman



Mr Goh Sim Cik
Member



Mr Leong Chong Meng
Member



Mr Ng Boon Hwee
Henry
Member



Mr Mohamed Farook
Member



Mr Seah Vincent
Member



Mr Tong Kit Rong
Frankie
Member



Mr RT Xavier Samy
Member

ENVIRONMENT & DEVELOPMENT COMMITTEE

Advisor: Mr Zainudin Nordin



Mr Chow Tak Neo
Chairman



Ms Tay Mok Lan
Vice-Chairman



Ms Chan Gek Hia
Doris
Member



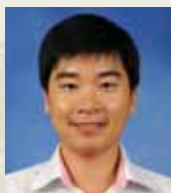
Mr Khoo Kay Chai
Member



Ms Kwek Christina
Member



Mr Yeo Suay Tee
Member



Mr Swee Yong Ker
Mark
Member

COMMUNITY RELATIONS COMMITTEE

Advisor: Mr Zainudin Nordin



Mr Chia Ah Sah
Roger
Chairman



Mr Mohd Yusof
Bin Abdullah
Vice-Chairman



Mr Lau Pub Taai
Joseph
Member



Mr Leong Wai Hoong
Jason
Member



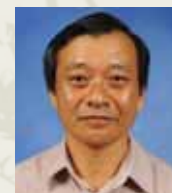
Ms Leong Susan
Member



Mr Seger s/o Venu
Member



Ms Su Sophia
Member



Mr Tan Tiong Woon
Member



Mr Chiam Heng Jee
Member



Mr Mun Chee Kin
Don
Member



**Bishan-Toa Payoh
Town Council**

CORPORATE INFORMATION

Bishan-Toa Payoh Town Council Logo

Our logo depicts both the distinctive architecture of Bishan's Housing Development Board (HDB) flats and the Viewing Tower of Toa Payoh Garden. The blue and green colours represent a fresh, clean and healthy environment within the community.

HDB Blocks Managed by Town Council

Number of Units in Bishan-Toa Payoh Town	50,572*
Number of Blocks in Bishan-Toa Payoh Town	520*

**As at July 2011*

Contact / Operating Hours

Toa Payoh Office

Block 125A Lorong 2 Toa Payoh #01-134, Singapore 311125
Tel: 6259 6700 Fax: 6259 9626

Bishan Office

Block 197 Bishan Street 13 #01-585, Singapore 570197
Tel: 6259 6700 Fax: 6356 7388

Website

www.btptc.org.sg
www.facebook.com/BishanToaPayoh

Email

prm@btptc.org.sg

Operating Hours

8.00am - 5.30pm (Monday to Friday)
8.00am - 12 noon (Saturday)

CHAIRMAN'S REVIEW



I am honoured to serve the residents as the new Chairman of Bishan-Toa Payoh Town Council. I would like to thank my parliamentary colleague, Mr Zainudin Nordin, who served as Chairman for the last eight years. Under his charge, the Town Council has done much to improve the homes of our residents, and made great strides towards

fulfilling our promise of delivering "A Beautiful Home and a Caring Community". I have large shoes to fill.



2010 has many more upgrading and community programmes implemented to wrap up the 2006 Five-Year Master Plan. As we promised, we built new parks and green lungs amid the high-rise flats, and ensured a good mix of infrastructural development to meet the different needs of our residents. These works include a new 3G Park at Toa Payoh West, lift upgrading and home improvement programmes.

New Five-year Master Plan

One of the Town Council's key challenges is how to strike a balance between meeting the needs and managing the

expectations of residents. This was an issue the Advisers and the Council members tackled when we deliberated on the new Five-Year Master Plan. The demographics and the profiles of the residents in our GRC have changed over the years. We have a growing elderly population, but also more young families as new flats are built and older ones



transacted on the market. It is important that we create spaces for everyone to develop and interact - and to do so in a manner which is responsible and sustainable.



In our new Master Plan, we identified four areas of focus: Accessibility, Convenience, Enjoyment and Service (ACES). We will introduce more barrier-free access facilities, press on with our Lift Upgrading Programmes and build more covered linkways. The Town

CHAIRMAN'S REVIEW



Council will install more ramps, tactile ground surfaces and elderly handrails. It will also ensure that pathways and walk ways are sufficiently wide for wheelchairs. Elderly fitness corners will be built to encourage our seniors to lead healthy lifestyles. On a larger scale, there will be exciting new developments, such as a covered plaza at Bishan East, a covered plaza with a garden at Blocks 1, 2 and 3 Lorong 7 Toa Payoh East, as well as a new pedestrian mall at Block 94 Lorong 3 Toa Payoh Central.

Finances

We have always practiced prudent financial management. As a result, we have built up healthy reserves. Between 2006 and 2010, we were able to fund \$38.2 million on lift upgrading, \$6.5 million on covered linkways and \$1.6 million on Barrier Free Access projects. These figures exclude on-going projects currently under construction. In the current fiscal year, we have spent \$2.7 million on Town Improvement works and another \$11.6 million on cyclical projects.

Looking Ahead

As we move forward with our plans, there are two key issues we need to address, and on which we need your help and understanding.

First, it is getting more expensive to manage the GRC, and to deliver and maintain the services and facilities the residents want. One stark example is the cost of electricity, which has risen by 15 % since last year alone. Cleaning services are also on the rise given the high cost of labour. There is also more to do. For example, because of the lift upgrading programs, the number of lifts in the GRC has increased from 955 in 2006 to 1150 today. There are also more parks and linkways to maintain.

We will do our best to keep costs down. That will mean reviewing the way we operate. We also intend to aggressively pursue options to reduce energy consumption. This will





include introducing LED light bulbs, which consume less electricity. In the next five years, at least 80% of HDB flats within our GRC will be fitted with LED lighting. We have also implemented alternate lighting along the corridors of flats. For these measures to work, we need the support and understanding of all residents. There will be periods of time where the lights outside your unit may be turned off. However, we will ensure that it will be sufficiently bright for residents to move about. We will not compromise on safety and security.

Second, it is important that we get the residents more involved in developing and shaping their environment. We want this to be your home, and for the GRC to reflect your hopes and ideals. We will continue to engage residents on all existing platforms, including via the social media. In addition, our GRC will be organising Town Halls in your neighbourhood, to give residents an opportunity to understand what the Town Council does and to help us know how we can serve you better. The avenues and opportunities are there. What we need is for the residents to come forward and work together with us for the good of everyone. We cannot promise that we will deliver on all requests, but we can and will promise to do our best.

Conclusion

The months ahead will be interesting and challenging. But we have an experienced and dedicated team, which I am confident will deliver on our promises, just as we have done for the many years we have managed the GRC.

I look forward to working with my fellow-MP colleagues, namely Dr Ng Eng Hen, Mrs Josephine Teo, Mr Wong Kan Seng and Mr Zainudin Nordin. I also would like to record our appreciation to all our Councillors for their contributions, and all our staff for the hard work put in by them in this difficult and challenging environment.

Most of all, I would like to thank all residents for their guidance and support. We look forward to working with you, and hope that you will help us do our job better.

Hri Kumar Nair
Chairman

BISHAN-TOA PAYOH TOWN COUNCIL

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

AUDITED FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2011

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INDEPENDENT AUDITORS' REPORT to Bishan-Toa Payoh Town Council

Report on the Financial Statements

We have audited the accompanying financial statements of Bishan-Toa Payoh Town Council ("the Town Council"), which comprise the statement of financial position as at 31 March 2011, the statement of comprehensive income, the statement of changes in funds and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

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 statement of comprehensive income and statement of financial position 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 2011 and the results, changes in funds and cash flows of the Town Council for the year ended on that date.

Report on Other Regulatory Requirements

During the course of our audit, nothing has come to our attention which caused us to believe that the receipt, expenditure and investment of monies and the acquisition and disposal of assets by the Town Council during the financial year ended 31 March 2011 have not been made in accordance with the provisions of the Act. Further, the accounting and other records required by the Act to be kept by the Town Council have been properly kept in accordance with the provisions of the Act.



Mazars LLP
Public Accountants and
Certified Public Accountants

Singapore
27 July 2011

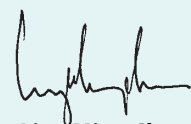
STATEMENT OF FINANCIAL POSITION

As at 31 March 2011

	Notes	2011 \$	2010 \$
Non-current assets			
Plant and equipment	3	243,354	569,970
		<u>243,354</u>	<u>569,970</u>
Current assets			
Investment in financial assets	4	59,932,584	47,897,430
Conservancy and service fees receivable	5	765,951	700,071
Other receivables		276,293	1,998,337
Interest receivable		246,894	404,172
Grants receivable	6	2,504,457	3,006,288
Fixed deposits with financial institutions	7	87,551,687	84,182,198
Cash and bank balances	7	1,373,088	4,754,437
		<u>152,650,954</u>	<u>142,942,933</u>
Current liabilities			
Grants received in advance		3,804	3,480
Conservancy and service fees received in advance		447,404	467,550
Payables and accrued expenses	8	5,162,881	3,883,056
Income tax payable		917,000	901,541
		<u>6,531,089</u>	<u>5,255,627</u>
Net current assets		<u>146,119,865</u>	<u>137,687,306</u>
		<u>146,363,219</u>	<u>138,257,276</u>
Town Council Funds			
Residential property funds			
Accumulated surplus	9	4,852,814	4,770,612
Sinking funds	10	109,457,507	103,099,741
Town improvement and project funds	11	425,684	592,539
		<u>114,736,005</u>	<u>108,462,892</u>
Commercial property funds			
Accumulated surplus	9	4,593,116	3,312,678
Sinking funds	10	26,211,738	25,833,510
Town improvement and project funds	11	658,421	676,659
		<u>31,463,275</u>	<u>29,822,847</u>
Carpark fund			
Accumulated surplus/(deficit)	9	132,435	(238,206)
Neighbourhood renewal programme fund	12	31,504	209,743
		<u>146,363,219</u>	<u>138,257,276</u>



Hri Kumar Nair
Chairman



Ling Ming Chuan
Secretary

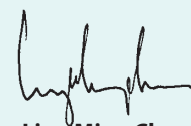
STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2011

	Notes	2011 \$	2010 \$
Operating income			
Conservancy and service fees	9	30,944,342	30,929,362
Less: Operating income transfer to sinking funds	9, 10	(10,372,666)	(10,366,271)
		20,571,676	20,563,091
Agency fees		1,534,565	367,956
Other income		1,785,455	1,366,494
		23,891,696	22,297,541
Less: Operating expenditure			
Cleaning works		5,237,056	4,854,554
Lift maintenance		3,657,826	3,318,058
Other works and maintenance		3,485,246	3,356,607
Water and electricity		8,206,753	6,798,106
General and administrative expenditure	18	6,285,039	6,465,183
		26,871,920	24,792,508
Operating deficit		(2,980,224)	(2,494,967)
Add: Interest income		45,816	59,831
Deficit before taxation and government grants		(2,934,408)	(2,435,136)
Less: Taxation	16	(150,004)	(170,821)
Deficit before government grants		(3,084,412)	(2,605,957)
Government grants	9, 15	8,505,975	8,742,814
GST subvention	9, 15	1,078,351	1,078,822
LUP assistance grant	9, 15	5,086,557	–
Less: Transfer to			
- Sinking funds	9, 15	(7,311,272)	(2,218,359)
- Town improvement and project funds	9, 15	(2,541,918)	(2,801,332)
		4,817,693	4,801,945
Surplus for the financial year		1,733,281	2,195,988
Other comprehensive income			
- Sinking funds	10	6,735,994	1,017,350
- Town improvement and project funds	11	(185,093)	(684,534)
Total comprehensive income for the financial year		8,284,182	2,528,804



Hri Kumar Nair
Chairman



Ling Ming Chuan
Secretary

STATEMENT OF CHANGES IN FUNDS

For the year ended 31 March 2011

	Residential property funds \$	Commercial property funds \$	Car park fund \$	Neighbourhood renewal programme fund \$	Interim upgrading programme fund \$	Estate upgrading programme fund \$	Total \$
Opening balance at 1 April 2009	107,882,112	28,242,779	(606,162)	–	125,519	47,756	135,692,004
Surplus/(deficit) for the year	580,780	1,580,068	367,956	209,743	(125,519)	(47,756)	2,565,272
Closing balance at 31 March 2010	108,462,892	29,822,847	(238,206)	209,743	–	–	138,257,276
Surplus/(deficit) for the year	6,273,113	1,640,428	370,641	(178,239)	–	–	8,105,943
Closing balance at 31 March 2011	114,736,005	31,463,275	132,435	31,504	–	–	146,363,219

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

	Notes	2011 \$	2010 \$
Accumulated surplus	9	1,733,281	2,195,988
Sinking funds	10	6,735,994	1,017,350
Town improvement and project funds	11	(185,093)	(684,534)
Neighbourhood renewal programme fund	12	(178,239)	209,743
Interim upgrading programme fund	13	–	(125,519)
Estate upgrading programme fund	14	–	(47,756)
		<u>8,105,943</u>	<u>2,565,272</u>

STATEMENT OF CASH FLOWS

For the year ended 31 March 2011

	Notes	2011 \$	2010 \$
Cash flows from operating activities			
Deficit before taxation and government grants	9	(2,934,408)	(2,435,136)
Adjustments for:			
Operating income transfer to sinking funds	10	10,372,666	10,366,271
Depreciation of plant and equipment	3	333,676	670,557
Plant and equipment written off		–	4
Interest income		(45,816)	(59,831)
Balance of completed projects transferred to statement of comprehensive income	13,14	–	(173,275)
Operating cash flows before changes in working capital		7,726,118	8,368,590
Decrease/(increase) in receivables		1,633,261	(980,359)
Increase/(decrease) in payables		1,279,825	(970,340)
Net cash flows from operations before interest and tax		10,639,204	6,417,891
Sinking funds expenditure paid	10	(11,644,441)	(13,959,633)
Town improvement and project funds expenditure paid	11	(2,748,245)	(3,489,285)
Neighbourhood renewal programme fund expenditure paid	12	(519,289)	(37,227)
Income taxes paid		(416,213)	(301,662)
Net cash flows used in operations before government grants		(4,688,984)	(11,369,916)
Government grants received	15	9,010,887	7,320,838
LUP assistance grant received	15	5,086,557	–
GST subvention received	15	1,078,351	1,078,822
Government funds received for neighbourhood renewal programme projects	12	341,050	246,970
Net cash flows from/(used in) operating activities		10,827,861	(2,723,286)
Cash flows from investing activities			
Purchase of plant and equipment	3	(7,060)	(593,702)
Proceeds from maturity of investments with fund managers	4	48,198,866	20,805,552
New placements with fund managers	4	(60,000,000)	–
Interest income received		968,473	661,569
Net cash flows from/(used in) investing activities		(10,839,721)	20,873,419
Net increase/(decrease) in cash and cash equivalents		(11,860)	18,150,133
Cash and cash equivalents at beginning of year		88,936,635	70,786,502
Cash and cash equivalents at end of year	7	88,924,775	88,936,635

The accounting policies and explanatory notes on pages 18 to 38 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

1. General

Bishan-Toa Payoh Town Council (the "Town Council") was formed on 13 January 1997 under the Town Councils Act (Chapter 329A). The functions of the Town Council are to control, manage, maintain and improve the common property of residential and other commercial property in the housing estates of the Housing and Development Board ("HDB") within the Town. The Town consists of the Bishan-Toa Payoh Group Representation Constituency.

The Town Council commenced its functions on 13 January 1997 and its head office is situated at Blk 125A #01-134, Lorong 2 Toa Payoh, Singapore 311125.

2. Summary of significant accounting policies

(a) *Basis of preparation of financial statements*

The financial statements have been prepared 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.

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies set out below.

(b) *Significant accounting estimates and judgements*

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditure during the reporting period. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis.

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

(c) *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 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, Town Improvement and Project Funds, Neighbourhood Renewal Programme Fund, Interim Upgrading Programme Fund and Estate Upgrading Programme 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 in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2. Summary of significant accounting policies (cont'd)

(c) *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. The 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.

The minimum amounts that are 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	35% of conservancy and service fees and grants-in-aid
(iii) 5-room, Executive, HUDC and Multi-generation	35% 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 minimum contributions are treated as operating income transfers and are deducted from the conservancy and service fees and government grants in the statement of comprehensive income.

The Sinking Funds are utilised for cyclical works, including major repainting, renewal or replacement of roofing systems, water tanks, pumps and water supply systems, lightning protection systems and 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 under the Housing and Development Act.

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 of funds 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 scheme. These funds are paid through the Citizens' Consultative Committees ("CCC").

Neighbourhood Renewal Programme Fund

The Neighbourhood Renewal Programme Fund is maintained for the Neighbourhood Renewal Programme ("NRP"), for works carried out for a group of more than two precincts approved by the HDB. This upgrading scheme was entered into between the Town Council, the HDB and the Ministry of National Development.

The funding for the NRP is provided by the government for the specified use of projects under the programme. The grant is subject to a budget allocation of \$3,400 per dwelling unit for NRP works, as well as \$150 per dwelling unit or \$125,000, whichever is higher for miscellaneous expenditure. However, if the cost of project works incurred exceeds the grants provided, the Town Council would have to bear the cost of the excess expenditure.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2. Summary of significant accounting policies (cont'd)

(c) **Funds (cont'd)**

Interim Upgrading Programme Fund

The Interim Upgrading Programme (“IUP”) is an estate improvement programme to upgrade the common areas and physical environment of qualifying properties. This upgrading scheme was entered into between the Town Council, the HDB and the Ministry of National Development.

Miscellaneous expenditure is pegged at 8.11% of the IUP fund and the Town Council may transfer the difference between the actual and the pegged expenditure to the statement of comprehensive income.

Estate Upgrading Programme Fund

The Estate Upgrading Programme (“EUP”) Fund is utilised for enhancement works carried out on the public land and the facilities within the estates. The EUP is fully funded by the government and the grant provided is computed with reference to the number of residential units in the estate.

Miscellaneous expenditure is pegged at 11.11% of the EUP fund and the Town Council may transfer the difference between the actual and the pegged expenditure to the statement of comprehensive income.

(d) **Allocation of general overheads**

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

<i>Property Type</i>	<i>Equivalent Dwelling Unit(s)</i>
1 Residential Property Unit	1
1 Commercial Property Unit	2
6 Car Lots or 36 Motor Cycle Lots or 4 Lorry Lots	1

No overheads are allocated to the Sinking Funds and Town Improvement and Project Funds.

(e) **Government grants**

The Town Council receives three types of grants from the government: Service and Conservancy Charge operating grant, Payments from CCCs, and Goods and Services Tax (“GST”) subvention grant.

Service and Conservancy Charge operating grants to meet the current year’s operating expenditure are taken to the statement of comprehensive income.

Payments from CCCs is granted to provide funding support for community improvement projects.

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

During the year, the Town Council received a Lift Upgrading Programme (“LUP”) assistance grant from the government to assist town councils with the LUP co-payments of the upgrading of lifts.

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

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2. Summary of significant accounting policies (cont'd)

(f) ***Plant and equipment***

Depreciation is calculated using the straight-line method to allocate the depreciable amounts of plant and equipment over their useful lives as follows:

Furniture, fixtures and fittings	- 5 years
Office equipment	- 3 years
Data processing equipment/software	- 3 years

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

Plant and equipment are carried at cost on initial recognition and subsequently at cost less accumulated depreciation and accumulated impairment losses. The gain or loss arising from the derecognition of plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in the statement of comprehensive income. The residual values and the useful lives of plant and equipment are reviewed at least at each financial year-end and, if expectations differ from previous estimates, the changes are accounted for as changes in accounting estimates, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, and any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised 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 comprehensive income when they are incurred.

(g) ***Conservancy and service fees receivable***

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 comprehensive income. No interest is charged on conservancy and service fees receivable in normal circumstances.

(h) ***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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2. Summary of significant accounting policies (cont'd)

(i) **Financial assets**

Initial recognition, measurement and derecognition of financial assets:

A financial asset 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 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.

Subsequent measurement:

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

1. *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 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.
2. *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 comprehensive income.
3. *Held-to-maturity financial assets:* As at the reporting date there were no financial assets classified under this category.
4. *Available-for-sale financial assets:* As at the reporting date there were no financial assets classified under this category.

(j) **Cash and cash equivalents**

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments readily convertible to known amounts of cash and subject to an insignificant risk of change in value, less cash subject to restriction.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2. Summary of significant accounting policies (cont'd)

(k) **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:

1. *Liabilities at fair value through profit or loss:* As at the reporting date, there were no financial liabilities classified under this category.
2. *Other financial liabilities:* All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Payables and borrowings 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.

(l) **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.

(m) **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 comprehensive income in the period they occur.

(n) **Lease as a lessee**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in the statement of 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 comprehensive income as an integral part of the total lease expense.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2. Summary of significant accounting policies (cont'd)

(o) **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 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. 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. Deferred taxes are recognised for all temporary differences.

(p) **Revenue recognition**

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

Conservancy and service fees are recognised when due.

Agency fees for routine maintenance of HDB's carparks are recognised when due.

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 other comprehensive income.

Other income comprises mainly licence fees ("TOL") income, liquidated damages claims and other miscellaneous income.

(q) **Employee benefits**

Contributions to defined contribution retirement benefit plans are recorded as an expense as they fall due. The Town Council's legal or constructive obligation is limited to the amount that it agrees to contribute to an independently administered fund which is the Central Provident Fund in Singapore (a government managed retirement benefit plan). For employee leave entitlement, the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the Town Council is contractually obliged or where there is constructive obligation based on past practice.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

2. Summary of significant accounting policies (cont'd)

(r) **Critical judgements, assumptions and estimation uncertainties**

Estimates and judgements are currently evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Apart from information disclosed elsewhere in these financial statements, the following summarises estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and significant judgements made in the process of applying the Town Council's accounting policies.

Key sources of estimation uncertainty:

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are detailed below.

(i) *Allowance for doubtful conservancy and service fees receivable*

Allowance for doubtful conservancy and service fees receivable amounting to \$1,083,926 (2010: \$1,059,844) as stated in Note 5 has been estimated on the basis of age of arrears, result of recovery efforts and historical experience.

(ii) *Useful lives 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 at the end of each reporting period is disclosed in Note 3 to the financial statements.

(iii) *Impairment of financial and non-financial assets*

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 flow.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

(s) **Functional and presentation currency**

The financial statements of the Town Council is presented in the currency of the economic environment in which the Town Council operates, which is Singapore dollars, its functional currency.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

3. Plant and equipment

	Furniture, fixtures and fittings \$	Office equipment \$	Data processing equipment/ software \$	Total \$
Cost				
At 1 April 2009	969,085	137,932	2,607,637	3,714,654
Additions	26,738	9,838	557,126	593,702
Disposals	(36,957)	(103,900)	(1,703,382)	(1,844,239)
At 31 March 2010	958,866	43,870	1,461,381	2,464,117
Additions	–	2,560	4,500	7,060
Disposals	(3,550)	(1,550)	(852,394)	(857,494)
At 31 March 2011	955,316	44,880	613,487	1,613,683
Accumulated depreciation				
At 1 April 2009	606,587	129,900	2,331,338	3,067,825
Depreciation charge	82,954	5,401	582,202	670,557
Disposals	(36,953)	(103,900)	(1,703,382)	(1,844,235)
At 31 March 2010	652,588	31,401	1,210,158	1,894,147
Depreciation charge	82,567	6,418	244,691	333,676
Disposals	(3,550)	(1,550)	(852,394)	(857,494)
At 31 March 2011	731,605	36,269	602,455	1,370,329
Net book value				
At 31 March 2010	306,278	12,469	251,223	569,970
At 31 March 2011	223,711	8,611	11,032	243,354

4. Investment in financial assets

	2011 \$	2010 \$
Fair value at beginning of year	47,897,430	66,414,958
Proceeds from maturity of investments	(48,198,866)	(20,805,552)
Additions during the year	60,000,000	–
Accrued income	1,183,024	999,819
(Decrease)/increase in fair value	(949,004)	1,288,205
Fair value at end of year	59,932,584	47,897,430

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

4. Investment in financial assets (cont'd)

These financial assets represent funds and related investment income placed with professional fund managers.

The Town Council appoints fund managers to manage its investment funds, based on terms and conditions stipulated in the respective investment agreements entered into with these fund managers for a fixed period of time.

- (i) As at the reporting date, the Town Council has agreements with the fund managers to guarantee in aggregate the principal amount of \$25,000,000 (2010: \$44,500,000) at the end of term of the management agreement.
- (ii) The Town Council is charged by the fund managers for annual base administration fees. Applicable performance fees are charged for the excess, before income tax, of the market value of the fund over the specified performance benchmark at the end of the management term or termination date if earlier.
- (iii) The funds are classified as financial assets at fair value through profit or loss.

As at the reporting date, the funds invested through the fund managers comprise the following:

	2011 \$ At fair value	2010 \$ At fair value
Equities in corporations	3,822,012	2,726,475
Bonds in corporations and government agencies	52,828,877	26,098,693
Unit trusts of corporations	445,193	331,810
Cash and bank deposits	2,836,502	18,740,452
	<u>59,932,584</u>	<u>47,897,430</u>

The rate of interest for the cash balances is 0.25% (2010: 0.25%). Investment in financial assets are denominated in Singapore dollars.

5 Conservancy and service fees receivable

	2011 \$	2010 \$
Conservancy and service fees receivable	1,849,877	1,759,915
Less: Allowance for impairment	(1,083,926)	(1,059,844)
	<u>765,951</u>	<u>700,071</u>

The movements in allowance for impairment during the year are as follows:

	2011 \$	2010 \$
Balance at beginning of year	1,059,844	718,604
Charge to statement of comprehensive income	63,727	341,240
Allowance utilised	(39,645)	—
Balance at end of year	<u>1,083,926</u>	<u>1,059,844</u>

Conservancy and service fees receivable are denominated in Singapore dollars.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

6. Grants receivable

	2011 \$	2010 \$
Receivable from CCC	2,234,849	2,737,336
GST subvention receivable	269,608	268,952
	<u>2,504,457</u>	<u>3,006,288</u>

7. Cash and cash equivalents

	2011 \$	2010 \$
Fixed deposits with financial institutions	87,551,687	84,182,198
Cash and bank balances	1,373,088	4,754,437
	<u>88,924,775</u>	<u>88,936,635</u>

Fixed deposits with financial institutions mature on varying dates within 12 months (2010: 9 months) from the end of the financial year. The effective interest rates at the reporting date were between 0.31% and 1.05% (2010: between 0.51% and 1.78%) per annum.

Cash and cash equivalents are denominated in Singapore dollars.

8. Payables and accrued expenses

	2011 \$	2010 \$
Sundry deposits	262,752	221,132
Payables to contractors	4,408,587	3,013,699
Accrued operating expenses	245,445	241,000
Other creditors	246,097	407,225
	<u>5,162,881</u>	<u>3,883,056</u>

Payables and accrued expenses are denominated in Singapore dollars.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

9. Accumulated surplus

	Notes	Residential Property		Commercial Property		Carpark		Total	
		2011	2010	2011	2010	2011	2010	2011	2010
		\$	\$	\$	\$	\$	\$	\$	\$
Operating income									
Conservancy and service fees		27,767,649	27,785,078	3,176,693	3,144,284	-	-	30,944,342	30,929,362
Less: Operating income transfer to sinking funds	10	(9,260,822)	(9,265,758)	(1,111,844)	(1,100,513)	-	-	(10,372,666)	(10,366,271)
		18,506,827	18,519,320	2,064,849	2,043,771	-	-	20,571,676	20,563,091
Agency fees and other income		640,688	698,477	1,106,342	668,017	1,572,989	367,956	3,320,020	1,734,450
		19,147,515	19,217,797	3,171,191	2,711,788	1,572,989	367,956	23,891,696	22,297,541
Less: Operating expenditure		(23,794,991)	(22,919,604)	(1,884,836)	(1,872,904)	(1,192,092)	-	(26,871,920)	(24,792,508)
Operating surplus/(deficit)		(4,647,476)	(3,701,807)	1,286,355	838,884	380,897	367,956	(2,980,224)	(2,494,967)
Add: Non-operating income		40,542	56,078	2,718	3,753	2,556	-	45,816	59,831
Surplus/(deficit) before taxation and government grants		(4,606,934)	(3,645,729)	1,289,073	842,637	383,453	367,956	(2,934,408)	(2,435,136)
Less: Taxation	16	(128,557)	(160,059)	(8,635)	(10,762)	(12,812)	-	(150,004)	(170,821)
Surplus/(deficit) before government grants		(4,735,491)	(3,805,788)	1,280,438	831,875	370,641	367,956	(3,084,412)	(2,605,957)
Add: Government grants	15	8,389,353	8,600,003	116,622	142,811	-	-	8,505,975	8,742,814
Add: GST subvention	15	1,078,351	1,078,822	-	-	-	-	1,078,351	1,078,822
Add: LUP assistance grants	15	5,086,557	-	-	-	-	-	5,086,557	-
Less: Transfer to sinking funds	10, 15	(7,311,272)	(2,218,359)	-	-	-	-	(7,311,272)	(2,218,359)
Less: Transfer to town improvement and project funds	11, 15	(2,425,296)	(2,658,521)	(116,622)	(142,811)	-	-	(2,541,918)	(2,801,332)
		4,817,693	4,801,945	-	-	-	-	4,817,693	4,801,945
Surplus for the financial year		82,202	996,157	1,280,438	831,875	370,641	367,956	1,733,281	2,195,988
Accumulated surplus/(deficit) at beginning of year		4,770,612	3,774,455	3,312,678	2,480,803	(238,206)	(606,162)	7,845,084	5,649,096
		4,852,814	4,770,612	4,593,116	3,312,678	132,435	(238,206)	9,578,365	7,845,084
Less: Appropriation to town improvement and project funds	11	-	-	-	-	-	-	-	-
Accumulated surplus/(deficit) at end of year		4,852,814	4,770,612	4,593,116	3,312,678	132,435	(238,206)	9,578,365	7,845,084

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

10. Sinking funds

	Notes	Residential Property		Commercial Property		Total	
		2011	2010	2011	2010	2011	2010
		\$	\$	\$	\$	\$	\$
Balance at beginning of year		103,099,741	103,004,584	25,833,510	24,911,317	128,933,251	127,915,901
Add:							
Income	17	1,805,928	1,353,331	121,241	90,743	1,927,169	1,444,074
Operating income transfer from conservancy and service fees (minimum required by law)	9	9,260,822	9,265,758	1,111,844	1,100,513	10,372,666	10,366,271
Transfer from government grants and GST subvention	9, 15	2,224,715	2,218,359	-	-	2,224,715	2,218,359
Transfer from LUP grants	9, 15	5,086,557	-	-	-	5,086,557	-
Fair value changes on investments with fund managers	4	(889,275)	1,207,048	(59,729)	81,157	(949,004)	1,288,205
		17,488,747	14,044,496	1,173,356	1,272,413	18,662,103	15,316,909
Less: Expenditure		(10,867,041)	(13,630,829)	(777,400)	(328,804)	(11,644,441)	(13,959,633)
Less: Taxation	16	(263,940)	(318,510)	(17,728)	(21,416)	(281,668)	(339,926)
		6,357,766	95,157	378,228	922,193	6,735,994	1,017,350
Balance at end of year		109,457,507	103,099,741	26,211,738	25,833,510	135,669,245	128,933,251

Represented by:

Current assets

Investment in financial assets
 Conservancy and service fees receivable
 Other receivables
 Interest receivable
 Amount due from accumulated surplus
 Fixed deposits with financial institutions
 Cash and bank balances

Total assets

Current liabilities

Payables and accrued expenses
 Income tax payable

Total liabilities

Net assets

	2011 \$	2010 \$
Investment in financial assets	59,932,584	47,897,430
Conservancy and service fees receivable	255,828	233,824
Other receivables	121,530	2,251,561
Interest receivable	238,478	400,389
Amount due from accumulated surplus	570,824	444,863
Fixed deposits with financial institutions	76,899,595	78,552,974
Cash and bank balances	37,387	1,553,162
Total assets	138,056,226	131,334,203
Payables and accrued expenses	1,784,981	1,785,965
Income tax payable	602,000	614,987
Total liabilities	2,386,981	2,400,952
Net assets	135,669,245	128,933,251

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

11. Town improvement and project funds

Notes	Residential Property		Commercial Property		Total	
	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$
Balance at beginning of year	592,539	1,103,073	676,659	850,659	1,269,198	1,953,732
Add:						
Payments from citizens' consultative committees	9, 15	2,425,296	2,658,521	116,622	142,811	2,541,918
Other income		19,899	728	1,335	48	21,234
		2,445,195	2,659,249	117,957	142,859	2,563,152
Less: Expenditure		(2,612,050)	(3,172,260)	(136,195)	(317,025)	(2,748,245)
Less: Taxation	16	-	2,477	-	166	-
		(166,855)	(510,534)	(18,238)	(174,000)	(185,093)
Balance at end of year		425,684	592,539	658,421	676,659	1,084,105

Represented by:

	2011 \$	2010 \$
Current assets		
Grants receivable	2,234,849	2,737,336
Other receivables	-	74,084
Interest receivable	30	-
Fixed deposits with financial institutions	500,146	-
Cash and bank balances	941,019	1,121,928
Total assets	3,676,044	3,933,348
Current liabilities		
Payables and accrued expenses	524,909	637,746
Amount due to accumulated surplus	2,067,030	2,023,671
Income tax payable	-	2,733
Total liabilities	2,591,939	2,664,150
Net assets	1,084,105	1,269,198

12. Neighbourhood renewal programme fund

	2011 \$	2010 \$
Balance at beginning of year	209,743	-
Government funds received	341,050	246,970
Expenditure paid	(519,289)	(37,227)
Balance at end of year	31,504	209,743

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

13. Interim upgrading programme fund

	2011 \$	2010 \$
Balance at beginning of year	–	125,519
Balance on completed projects transferred to statement of comprehensive income	–	(125,519)
Balance at end of year	–	–

14. Estate upgrading programme fund

	2011 \$	2010 \$
Balance at beginning of year	–	47,756
Balance on completed projects transferred to statement of comprehensive income	–	(47,756)
Balance at end of year	–	–

15. Government grants

	Notes	Service and Conservancy Charge Operating Grant		Payments from Citizens' Consultative Committees		LUP Assistance Grant		Total	
		2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$	2011 \$	2010 \$
Government grants received during the year		5,967,861	5,944,962	586,824	314,576	5,086,557	–	11,641,242	6,259,538
Government grants receivable		–	–	1,955,094	2,486,756	–	–	1,955,094	2,486,756
Government grants received in advance		(3,804)	(3,480)	–	–	–	–	(3,804)	(3,480)
GST subvention received during the year		808,743	809,870	–	–	–	–	808,743	809,870
GST subvention receivable		269,608	268,952	–	–	–	–	269,608	268,952
	9	7,042,408	7,020,304	2,541,918	2,801,332	5,086,557	–	14,670,883	9,821,636
Less:									
Transfer to sinking funds	10	(2,224,715)	(2,218,359)	–	–	(5,086,557)	–	(7,311,272)	(2,218,359)
Transfer to town improvement and project funds	11	–	–	(2,541,918)	(2,801,332)	–	–	(2,541,918)	(2,801,332)
		4,817,693	4,801,945	–	–	–	–	4,817,693	4,801,945

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

	2011 \$	2010 \$
Total grants received as at beginning of year	186,450,165	178,056,846
Grants receivable at beginning of year and received during the year	2,460,338	1,121,995
Grants received during the year	11,641,242	6,259,538
Government grants received in advance at beginning of year	(3,480)	(60,695)
GST subvention receivable at beginning of year and received during the year	268,952	262,611
GST subvention received during the year	808,743	809,870
Total grants received as at end of year	201,625,960	186,450,165

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

16. Taxation

	2011 \$	2010 \$
Current taxation		
– Current year	432,000	485,000
– (Over)/under provision in respect of previous years	(328)	23,104
	<u>431,672</u>	<u>508,104</u>
Taken up in :		
Accumulated surplus (Note 9)	150,004	170,821
Sinking funds (Note 10)	281,668	339,926
Town improvement and project funds (Note 11)	–	(2,643)
	<u>431,672</u>	<u>508,104</u>

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

	2011 \$	2010 \$
Investment and interest income	1,918,979	2,349,510
Other income	844,720	908,548
	<u>2,763,699</u>	<u>3,258,058</u>
Tax calculated at Singapore tax rate of 17%	469,829	553,870
Singapore statutory stepped income exemption	(25,925)	(25,925)
Tax effect of certain income taxed at concessionary tax rate	(34,190)	(70,000)
(Over)/under provision in respect of previous years	(328)	23,104
Others	22,286	27,055
	<u>431,672</u>	<u>508,104</u>

17. Income on sinking funds

	2011 \$	2010 \$
Income from investment funds placed with fund managers	1,183,024	565,819
Interest income from bank deposits	696,070	852,223
Others	48,075	26,032
	<u>1,927,169</u>	<u>1,444,074</u>

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

18. General and administrative expenditure

	2011 \$	2010 \$
Advertising, publicity and public relations	513,397	213,078
Audit fees	27,000	27,000
Computers services	317,652	458,523
Councillors' allowances (Note 20)	159,300	162,032
Depreciation of plant and equipment (Note 3)	333,676	670,557
Employee benefits expenses (Note 19)	4,466,858	4,310,965
Office rental and upkeep	338,119	334,016
Office supplies and stationery	43,007	43,552
Others	(40,941)	181,679
Plant and equipment not capitalised	–	7,249
Property tax	126,971	56,532
	<u>6,285,039</u>	<u>6,465,183</u>

19. Employee benefits expenses

	2011 \$	2010 \$
Employee benefits expenses	3,725,510	3,523,874
Contributions to defined contribution plans	446,125	453,662
Others	295,223	333,429
	<u>4,466,858</u>	<u>4,310,965</u>

20. Councillors' allowances

	2011 \$	2010 \$
Allowance paid to town councillors	<u>159,300</u>	<u>162,032</u>

The Town Council consists of elected members and other members appointed by the chairman. The town councillors receive a monthly allowance.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

21. Financial instruments: Information on financial risks

21A. Classification of financial assets and liabilities

The following table sets out the carrying amounts of significant financial assets and liabilities recorded at the reporting date:

	2011 \$	2010 \$
<u>Financial assets</u>		
Cash and cash equivalents	88,924,775	88,936,635
Financial assets at fair value through profit or loss	59,932,584	47,897,430
Loans and receivables	3,793,595	6,108,868
	<u>152,650,954</u>	<u>142,942,933</u>
 <u>Financial liabilities</u>		
Payables at amortised cost	5,162,881	3,883,056
	<u>5,162,881</u>	<u>3,883,056</u>

21B. Financial risk management

The Town Council's financial instruments comprise certain cash and liquid resources, and various items such as 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 financial instruments are credit risk and interest rate risk. The Town Council is not exposed to foreign exchange risk. There is no significant liquidity risk as sufficient cash is maintained. The Town Council's reviews on the policies for managing these risks are disclosed below.

21C. Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. Financial assets that potentially subject to concentrations of credit risk consist principally of cash balances with banks, cash equivalents and receivables. The maximum exposure to credit risk is the fair value of the financial instruments at the end of the financial year. Credit risk on cash balances with banks is limited because these banks are of acceptable credit ratings.

As disclosed in Note 7, cash and cash equivalents balances represent amounts with a less than 12-month maturity.

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 comprehensive income. The allowance for impairment of conservancy and service fees receivable totalling \$1,083,926 (2010 : \$1,059,844) is determined at the reporting date.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

21. Financial instruments: Information on financial risks (cont'd)

21C. Credit risk (cont'd)

Analysis of the aging of conservancy and service fees receivable:

	2011 \$	2010 \$
Not past due	217,260	155,879
Past due 1 – 3 months	217,862	172,473
Past due 4 – 5 months	102,162	100,815
More than 6 months	1,312,593	1,330,748
	<hr/> 1,849,877	<hr/> 1,759,915
Less : Allowance for impairment	(1,083,926)	(1,059,844)
	<hr/> 765,951	<hr/> 700,071

Conservancy and service fees receivable amounting to \$548,691 (2010 : \$544,192) are past due at the reporting date 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.

21D. Interest rate risk

The exposure in interest rate risk mainly arises from changes in interest rates as disclosed in Notes 4 and 7 respectively.

21E. 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.

Maturity profiles

The following table summarises the maturity profile of the financial assets and liabilities of the Town Council based on undiscounted contractual obligations.

	Expected cash flows (undiscounted)			
	Less than 1 year \$	Between 1 to 5 years \$	Over 5 years \$	Total \$
31 March 2011				
Cash and cash equivalents	88,924,775	–	–	88,924,775
Financial assets at fair value through profit or loss	59,932,584	–	–	59,932,584
Loans and receivables	3,793,595	–	–	3,793,595
Payables and accrued expenses	5,162,881	–	–	5,162,881
31 March 2010				
Cash and cash equivalents	88,936,635	–	–	88,936,635
Financial assets at fair value through profit or loss	47,897,430	–	–	47,897,430
Loans and receivables	6,108,868	–	–	6,108,868
Payables and accrued expenses	3,883,056	–	–	3,883,056

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

21. Financial instruments: Information on financial risks (cont'd)

21E. Liquidity risk (cont'd)

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.

The average credit period for settlement of payables and accrued expenses is about 30 days (2010: 30 days).

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.

21F. Equity price risk

Equity price risk is applicable to investments in equity shares or similar instruments. As at end of the year, equity shares were held in corporations listed on the Singapore Stock Exchange (see Note 4). As a result, such investments are exposed to risk arising from changes in fair value.

As equities are invested through fund managers under guaranteed principal schemes, the exposure to market risk is minimal.

22. Operating lease payment commitments

At the reporting date, future minimum lease payment commitments under non-cancellable operating leases of the office premises for term period of 3 years are as follows:

	2011 \$	2010 \$
Not later than one year	246,000	246,000
Later than one year and not later than five years	131,000	377,000
Rental expenses for the year	<u>267,638</u>	<u>264,877</u>

23. Expenditure commitments

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

	2011 \$	2010 \$
Amount approved and contracted for	<u>4,230,952</u>	<u>3,021,872</u>
Amount approved but not contracted for	<u>39,527,850</u>	<u>21,620,000</u>

NOTES TO THE FINANCIAL STATEMENTS

31 March 2011

24. Changes and adoption of financial reporting standards

On 1 April 2010, the Town Council adopted the new/revised FRS and INT FRS that are effective for the year ended 31 March 2011:

<u>FRS/INT FRS</u>	<u>Title</u>	<u>Effective date for period beginning on or after</u>
FRS 27 (Revised 2008) *	Consolidation and Separate Financial Statements	1.7.2009
FRS 39	Amendments to FRS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items	1.6.2009
	Amendments to INT FRS 109 and FRS 39 - Embedded Derivatives	30.6.2009
FRS 101 *	First-Time Adoption of Financial Reporting Standards	1.7.2009
FRS 101 (Amendment) *	Additional Exemptions for First-time Adopters	1.1.2010
FRS 102 (Amendment) *	Group Cash-settled Share-based Payment Transactions	1.1.2010
FRS 103 (Revised 2008) *	Business Combinations	1.7.2009
INT FRS 109	Amendments to INT FRS 109 and FRS 39 – Embedded Derivatives	30.6.2009
INT FRS 117 *	Distributions of Non-cash Assets to Owners	1.7.2009
INT FRS 119 *	Transfer of Assets from Customers	1.7.2009

* Not relevant to the Town Council's financial statements.

The above new/revised FRS or INT FRS did not have significant impact to the financial statements of the Town Council.

Future changes in financial reporting standards

The Town Council has not adopted the following standards and interpretations that have been issued but not yet effective:

<u>FRS/INT FRS</u>	<u>Title</u>	<u>Effective date for period beginning on or after</u>
FRS 32 (Amendment) *	Financial Instruments: Presentation – Classification of Rights Issues	1.2.2010
INT FRS 119 *	Extinguishing Financial Liabilities with Equity Instruments 2	1.7.2010
FRS 24 (Revised 2010) *	Related Party Disclosures	1.1.2011
INT FRS 114 (Amendments) *	Prepayments of a Minimum Funding Requirement	1.1.2011
INT FRS 115 *	Agreements for the Construction of Real Estate	1.1.2011
	The Conceptual Framework for Financial Reporting 2010 (Chapters 1 and 3)	1.3.2011
FRS 101 (Amendments) *	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1.7.2011
FRS 107 (Amendments) *	Disclosures – Transfers	1.7.2011
FRS 12 (Amendments) *	Deferred Tax: Recovery of Underlying Assets	1.2.2012

* Not relevant to the Town Council's financial statements.

25. Authorisation of financial statements

The financial statements were authorised for issue in accordance with a resolution of the Town Council on 27 July 2011.

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