

# Shaping Our Home

Annual Report 2011-2012



Bishan-Toa Payoh  
Town Council

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## **CORPORATE INFORMATION**

### **Bishan-Toa Payoh Town Council Logo**

Our logo depicts both the distinctive architecture of Bishan's Housing Development (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	53,670*
Number of Blocks in Bishan-Toa Payoh Town	540*

\*As at July 2012

### **Contact / Operating Hours**

#### **Toa Payoh Office**

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

#### **Bishan Office**

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

#### **Website**

[www.btptc.org.sg](http://www.btptc.org.sg)  
[www.facebook.com/BishanToaPayoh](https://www.facebook.com/BishanToaPayoh)

#### **Email**

[prm@btptc.org.sg](mailto:prm@btptc.org.sg)

#### **Operating Hours**

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

## CHAIRMAN'S REVIEW



### Managing Rising Costs

The Town Council has the duty of managing our estate and ensuring that our residents have beautiful, clean and comfortable environment to call home. The challenge is to achieve that within a limited budget, which is largely dependent on the Service & Conservancy Charges (S&CC).

That has proved increasingly difficult. Every dollar of S&CC we collect goes towards the upkeep and improvement of the estate. But rising inflation, electricity cost and operating costs, such as lift services and cleaning, have eaten into this. We also regularly receive requests from residents for more covered walkways, drop-off points, additional cleaning, CCTVs etc. I can understand the requests, but they add to costs. Further, any request we agree to must be implemented for, or made available to, the entire GRC. This increases costs exponentially.

We often therefore have the difficult task of declining or delaying some requests because we have to be fiscally responsible. I hope residents will understand and support this position.

### Lifestyle & Estate Improvements

Despite the limited available land and our tight financial position, we were able to provide facilities and improve our residents' lifestyles. A recently completed neighbourhood park next to Block 301 Shunfu has become a popular spot for children and the elderly. Over at Toa Payoh Town Centre, the four pavilions built near Block 179 has become a gathering point for residents.

For those with active lifestyles, you can now work out at the new fitness corners sited at Block 114 Lorong 1 Toa Payoh, Block 240 Toa Payoh North and Block 7 Lorong 7 Toa Payoh. Sports enthusiasts can head to the badminton court at Block 262 Bishan St 22; or the multi-purpose and game courts located at Block 140 Bishan St 12, Block 207 Toa Payoh North, Block to Lorong 4 Toa Payoh and Block 85C Lorong 2 Toa Payoh.

It is child's play with a twist in Bishan. We upgraded and installed new and creative equipment for children. This includes "The Wallhola", the first vertical playground in Asia, located next to Block 165, a precinct that recently completed its NRP. The other playgrounds are at Block 178 Bishan St 13, Block 261 Bishan St 22, Block 266 Bishan St 22 and Block 278 Bishan St 24.

The Town Council has also conducted an estate-wide installation of stainless steel brackets to its water tank covers, and replaced its padlocks with higher-security ones as part of its new security measures to safeguard and restrict access to sensitive areas within the estate.

More drop-off points, barrier-free access ramps, covered linkways, park shelters and pavilions have been added throughout the estate at a cost of \$1.15m.

We have replaced block illuminated signages in Toa Payoh East with new LED lights signage. This will result in long-term savings as LED lights consume less power. More lights and signages will be changed to LED over time.

### It Takes A Village

Littering and obstruction continue to plague our efforts to keep our estate beautiful and clean. The usual response is to ask for more cleaning, but not only does this add to costs, it does not address the root of the problem – anti-social behaviour.

We have tried to reach out to residents with personal visits and educational materials. However, the Town Council can only do so much. Hence, I welcome residents' active participation to partner with the Town Council to overcome these issues.

Since becoming the Town Council Chairman, I have tried reaching out to residents through my monthly Chairman Messages. I have given more insight and information into what the Town Council does, and the challenges we face.

Another initiative I introduced is the monthly Town Hall Meetings. These sessions have proven very lively. It is clear that our residents are passionate about their homes and their environment. We have gained useful insights. We have also made it a point to publish the issues raised and the follow-up actions taken. We may not be able to address all issues, but it is our commitment to at least explain when we are unable to.

These initiatives will only succeed if residents support and participate in them. It is only through a real and effective partnership that the residents and Town Council can truly make this a home we can all be proud of.

### **Appreciation**

A lot of people have worked hard this past year to make sure that the Town Council continues to operate smoothly. I would like to express my appreciation to my fellow-MP colleagues, as well as the Town Councilors for their participation and contribution. To the Town Council staff, I thank them for their hard work in maintaining and improving the estate.

Last and certainly not least, a BIG thank you our residents. We appreciate your support and contribution and look forward to building a better home together.

A handwritten signature in black ink, consisting of a stylized 'H' followed by a long horizontal line.

**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 2012**

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## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BISHAN-TOA PAYOH TOWN COUNCIL**

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### **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 2012, the statement of 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 2012 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  
BISHAN-TOA PAYOH TOWN COUNCIL**

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**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  
Certified Public Accountants

Singapore  
27 July 2012


# Bishan-Toa Payoh Town Council

## Statement of Financial Position As at 31 March 2012

	<u>Note</u>	<u>2012</u> \$	<u>2011</u> \$
<b>TOWN COUNCIL FUNDS</b>			
<b>Residential property funds</b>			
Accumulated surplus	10	–	4,852,814
Sinking funds	11	115,685,217	109,457,507
Town improvement and project funds	12	1,569,680	425,684
		117,254,897	114,736,005
<b>Commercial property funds</b>			
Accumulated surplus	10	2,058,466	4,593,116
Sinking funds	11	29,696,663	26,211,738
Town improvement and project funds	12	345,273	658,421
		32,100,402	31,463,275
<b>Carpark fund</b>			
Accumulated surplus	10	187,498	132,435
<b>Neighbourhood renewal programme fund</b>			
	13	(476,754)	31,504
		<u>149,066,043</u>	<u>146,363,219</u>
<b>REPRESENTED BY:</b>			
<b>Non-current assets</b>			
Plant and equipment	3	153,587	243,354
<b>Current assets</b>			
Investment in financial assets	4	61,844,189	59,932,584
Conservancy and service fees receivable	5	646,366	765,951
Other receivables	6	783,651	276,293
Interest receivable		338,161	246,894
Grants receivable	7	1,748,810	2,504,457
Fixed deposits with financial institutions	8	87,169,324	87,551,687
Cash and bank balances	8	3,172,909	1,373,088
		155,703,410	152,650,954
<b>Total assets</b>		155,856,997	152,894,308
<b>Less:</b>			
<b>Current liabilities</b>			
Grants received in advance		4,116	3,804
Conservancy and service fees received in advance		504,069	447,404
Payables and accrued expenses	9	5,465,769	5,162,881
Income tax payable	15	817,000	917,000
<b>Total liabilities</b>		6,790,954	6,531,089
<b>NET ASSETS</b>		<u>149,066,043</u>	<u>146,363,219</u>



Hri Kumar Nair  
Chairman



Ling Ming Chuan  
Secretary

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



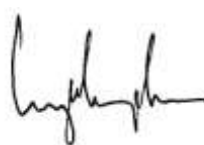
# Bishan-Toa Payoh Town Council

## Statement of Comprehensive Income For the financial year ended 31 March 2012

	<u>Note</u>	<u>2012</u> \$	<u>2011</u> \$
<b>Operating income</b>			
Conservancy and service fees	10	31,202,676	30,944,342
Less: Operating income transfer to sinking funds (minimum required by law)	10,11	(10,463,714)	(10,372,666)
		20,738,962	20,571,676
Agency fees		2,377,691	1,534,565
Other income	17	1,978,710	1,785,455
		25,095,363	23,891,696
<b>Less: Operating expenditure</b>			
Cleaning works		5,582,273	5,237,056
Lift maintenance		4,168,619	3,657,826
Other works and maintenance		3,932,902	3,485,246
Water and electricity		9,480,124	8,206,753
General and administrative expenditure	18	6,260,905	6,285,039
		29,424,823	26,871,920
<b>Operating deficit</b>		(4,329,460)	(2,980,224)
Add: Interest income		48,067	45,816
<b>Deficit before taxation and government grants</b>		(4,281,393)	(2,934,408)
Less: Income tax	15	(11,566)	(150,004)
<b>Deficit before government grants</b>		(4,292,959)	(3,084,412)
Government grants	10, 14	8,100,497	8,505,975
GST subvention	10, 14	1,087,000	1,078,351
LUP assistance grant	10, 14	—	5,086,557
Less: Transfer to			
- Sinking funds	10, 14	(2,245,847)	(7,311,272)
- Town improvement and project funds	10, 14	(2,075,274)	(2,541,918)
		4,866,376	4,817,693
<b>Surplus for the financial year</b>		573,417	1,733,281
<b>Other comprehensive income</b>			
- Sinking funds	11	3,995,862	6,735,994
- Town improvement and project funds	12	(1,358,197)	(185,093)
<b>Total comprehensive income for the financial year</b>		<u>3,211,082</u>	<u>8,284,182</u>



Hri Kumar Nair  
Chairman



Ling Ming Chuan  
Secretary

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

**Bishan-Toa Payoh Town Council**

**Statement of Changes in Funds  
For the financial year ended 31 March 2012**

	<b><u>Residential property</u></b> \$	<b><u>Commercial property</u></b> \$	<b><u>Car park</u></b> \$	<b><u>Neighbourhood renewal programme</u></b> \$	<b><u>Total</u></b> \$
<b>Balance at 1 April 2010</b>	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
<b>Balance at 31 March 2011</b>	114,736,005	31,463,275	132,435	31,504	146,363,219
Inter-fund transfer as at 18 April 2011	111,649	–	(111,649)	–	–
Surplus/(deficit) for the year	2,407,243	637,127	166,712	(508,258)	2,702,824
<b>Balance at 31 March 2012</b>	117,254,897	32,100,402	187,498	(476,754)	149,066,043

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

	<b><u>Note</u></b>	<b><u>2012</u></b> \$	<b><u>2011</u></b> \$
Accumulated surplus	10	573,417	1,733,281
Sinking funds	11	3,995,862	6,735,994
Town improvement and project funds	12	(1,358,197)	(185,093)
Neighbourhood renewal programme fund	13	(508,258)	(178,239)
		<u>2,702,824</u>	<u>8,105,943</u>

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

# Bishan-Toa Payoh Town Council

## Statement of Cash Flows For the financial year ended 31 March 2012

	<u>Note</u>	<u>2012</u> \$	<u>2011</u> \$
<b>Cash flows from operating activities</b>			
Deficit before taxation and government grants	10	(4,281,393)	(2,934,408)
Adjustments for:			
Operating income transfer to sinking funds	11	10,463,714	10,372,666
Depreciation of plant and equipment	3	95,107	333,676
Interest income		(48,067)	(45,816)
Operating cash flows before changes in working capital		6,229,361	7,726,118
Increase/(decrease) in receivables		(331,108)	1,633,261
Decrease in payables		302,888	1,279,825
<b>Net cash flows from operations before interest and tax</b>		6,201,141	10,639,204
Sinking funds expenditure paid	11	(11,696,124)	(11,644,441)
Town improvement and project funds expenditure paid	12	(3,439,142)	(2,748,245)
Neighbourhood renewal programme fund expenditure paid	13	(3,672,599)	(519,289)
Income taxes paid		(416,989)	(416,213)
<b>Net cash flows used in operations before government grants</b>		(13,023,713)	(4,688,984)
Government grants received		8,856,456	9,010,887
LUP assistance grant received	14	—	5,086,557
GST subvention received	14	1,087,000	1,078,351
Government funds received for neighbourhood renewal programme projects	13	3,164,341	341,050
<b>Net cash flows from operating activities</b>		84,084	10,827,861
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment	3	(5,340)	(7,060)
Proceeds from maturity of investments with fund managers	4	—	48,198,866
New placements with fund managers	4	—	(60,000,000)
Interest and investment income received		1,338,714	968,473
<b>Net cash flows from/(used in) investing activities</b>		1,333,374	(10,839,721)
<b>Net increase/(decrease) in cash and cash equivalents</b>		1,417,458	(11,860)
Cash and cash equivalents at beginning of year		88,924,775	88,936,635
<b>Cash and cash equivalents at end of year</b>	8	90,342,233	88,924,775

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

## **Bishan-Toa Payoh Town Council**

### **Notes to the Financial Statements For the financial year ended 31 March 2012**

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#### **1. General**

Bishan-Toa Payoh Town Council (the "Town Council") was formed on 13 January 1997 under the Town Councils Act, Cap. 329A. The principal 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 which comprises the Bishan East, Bishan North, Thomson, Toa Payoh Central and Toa Payoh East divisions.

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

These financial statements for the financial year ended 31 March 2012 were authorised for issue in accordance with a resolution of the Town Council on 27 July 2012.

#### **2. Summary of significant accounting policies**

##### **(a) *Basis of preparation of financial statements***

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.

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

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.

##### **(b) *Significant accounting estimates and judgements***

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenditure during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

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).

**2. Summary of significant accounting policies (Cont'd)**

(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.

The Routine Funds related to properties under management, together with Sinking Funds, Town Improvement and Project Funds and Neighbourhood Renewal 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.

*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 by each property type 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.

**2. Summary of significant accounting policies (Cont'd)**

**(c) Funds (Cont'd)**

*Town Council Funds (Cont'd)*

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

*Neighbourhood Renewal Programme Fund*

Neighbourhood Renewal Programme Fund is maintained as part of the Neighbourhood Renewal Programme ("NRP") and is established in respect of the neighbourhood renewal programme works carried out for a group of two or more precincts approved by the HDB. This upgrading scheme was entered into between the Town Council, 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 will have to bear the cost of the excess expenditure.

**(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:

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

No overheads are allocated to the Sinking Funds, Town Improvement and Project Funds and Neighbourhood Renewal Programme Fund.

**2. Summary of significant accounting policies (Cont'd)**

**(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 under the CIPC scheme.

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.

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 expenditure 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 specified.

**(f) Plant and equipment**

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.

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.

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

(g) **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:

- (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 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 comprehensive income.



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

(g) **Financial assets (Cont'd)**

(iii) *Held-to-maturity financial assets:* As at the reporting date there were no financial assets classified under this category.

(iv) *Available-for-sale financial assets:* As at the reporting date there were no financial assets classified under this category.

(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.

(i) **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.

(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.

**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:

- (i) *Liabilities at fair value through profit or loss:* As at the reporting date, there were no financial liabilities classified under this category.
- (ii) *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.

**2. Summary of significant accounting policies (Cont'd)**

(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) ***Leases as a lessee***

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

(o) ***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.

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.

**2. Summary of significant accounting policies (Cont'd)**

(p) ***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 carparks are recognised when due.

(iii) ***Interest 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 other comprehensive income.

(iv) ***Other 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.

(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.

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

(r) ***Critical judgements, assumptions and estimation uncertainties (Cont'd)***

*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 \$603,759 (2011: \$1,083,926) 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.

(iv) *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 are initially recognised, such differences will impact the income tax provisions in the period in which such determination is made.

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.

# Bishan-Toa Payoh Town Council

## Notes to the Financial Statements For the financial year ended 31 March 2012

### 2. Summary of significant accounting policies (Cont'd)

#### (s) *Functional and presentation currency*

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

### 3. Plant and equipment

	<b>Furniture, fixtures and fittings</b>	<b>Office equipment</b>	<b>Data processing equipment/ software</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Cost:</b>				
At 1 April 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
Additions	–	–	5,340	5,340
At 31 March 2012	955,316	44,880	618,827	1,619,023
<b>Accumulated depreciation:</b>				
At 1 April 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
Depreciation charge	80,461	5,672	8,974	95,107
At 31 March 2012	812,066	41,941	611,429	1,465,436
<b>Net book value:</b>				
At 31 March 2011	223,711	8,611	11,032	243,354
At 31 March 2012	143,250	2,939	7,398	153,587

### 4. Investment in financial assets

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Fair value at beginning of year	59,932,584	47,897,430
Proceeds from maturity of investments	–	(48,198,866)
Additions during the year	–	60,000,000
Accrued income	936,680	1,183,024
Income realised	(700,000)	–
Increase/(decrease) in fair value	1,674,925	(949,004)
Fair value at end of year	61,844,189	59,932,584

## Bishan-Toa Payoh Town Council

### Notes to the Financial Statements For the financial year ended 31 March 2012

#### 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 31 March 2012, the Town Council has agreements with the fund managers to guarantee in aggregate the principal amount of \$25,000,000 (2011: \$25,000,000) 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 31 March 2012, the funds invested through the fund managers comprise the following:

	<u>2012</u> \$ At fair value	<u>2011</u> \$ At fair value
Equities and unit trusts	3,317,701	4,267,205
Bonds in corporations	20,971,954	18,473,063
Government and statutory board securities	35,476,505	34,355,814
Cash and bank deposits	2,078,029	2,836,502
	<u>61,844,189</u>	<u>59,932,584</u>

The rate of interest for the cash balances is 0.10% (2011: 0.25%) per annum. Investment in financial assets are denominated in Singapore dollars.

#### 5. Conservancy and service fees receivable

	<u>2012</u> \$	<u>2011</u> \$
Conservancy and service fees receivable	1,250,125	1,849,877
Less: Allowance for impairment	(603,759)	(1,083,926)
	<u>646,366</u>	<u>765,951</u>

Conservancy and service fees receivable are denominated in Singapore dollars.

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

	<u>2012</u> \$	<u>2011</u> \$
Balance at beginning of year	1,083,926	1,059,844
(Written back) from / Charge to income statement	(481,227)	63,727
Allowance written back / (utilised)	1,060	(39,645)
Balance at end of year	<u>603,759</u>	<u>1,083,926</u>

The allowance written back during the year of \$481,227 (2010: \$Nil) was a result of previous year's provision which was no longer necessary.

**Bishan-Toa Payoh Town Council****Notes to the Financial Statements  
For the financial year ended 31 March 2012****6. Other receivables**

	<u><b>2012</b></u> \$	<u><b>2011</b></u> \$
Deposits	280,384	190,575
GST receivable from Inland Revenue	185,566	–
Recoverable from HDB/NEA	216,051	53,886
Other receivables	<u>101,650</u>	<u>31,832</u>
	<u><u>783,651</u></u>	<u><u>276,293</u></u>

Other receivables are denominated in Singapore dollars.

**7. Grants receivable**

	<u><b>2012</b></u> \$	<u><b>2011</b></u> \$
Receivable from CCC	1,475,257	2,234,849
GST subvention receivable	<u>273,553</u>	<u>269,608</u>
	<u><u>1,748,810</u></u>	<u><u>2,504,457</u></u>

Grants receivable are denominated in Singapore dollars.

**8. Cash and cash equivalents**

	<u><b>2012</b></u> \$	<u><b>2011</b></u> \$
Fixed deposits with financial institutions	87,169,324	87,551,687
Cash and bank balances	<u>3,172,909</u>	<u>1,373,088</u>
	<u><u>90,342,233</u></u>	<u><u>88,924,775</u></u>

Fixed deposits with financial institutions mature on varying dates within 9 months (2011: 12 months) from the end of the financial year. The effective interest rates at the reporting date were between 0.60% and 1.08% (2011: between 0.31% and 1.05%) per annum.

Cash and cash equivalents are denominated in Singapore dollars.

**9. Payables and accrued expenses**

	<u><b>2012</b></u> \$	<u><b>2011</b></u> \$
Sundry deposits	117,776	262,752
Payables to contractors	4,329,441	3,719,580
Accrued operating expenses	243,634	245,445
Other creditors	<u>774,918</u>	<u>935,104</u>
	<u><u>5,465,769</u></u>	<u><u>5,162,881</u></u>

Payables and accrued expenses are denominated in Singapore dollars.



# Bishan-Toa Payoh Town Council

## Notes to the Financial Statements For the financial year ended 31 March 2012

### 10. Accumulated surplus

	Note	Residential Property		Commercial Property		Carpark		Total	
		2012	2011	2012	2011	2012	2011	2012	2011
		\$	\$	\$	\$	\$	\$	\$	\$
Operating income									
Conservancy and service fees		27,990,386	27,767,649	3,212,290	3,176,693	–	–	31,202,676	30,944,342
Less: Operating income transfer to sinking funds	11	(9,339,411)	(9,260,822)	(1,124,303)	(1,111,844)	–	–	(10,463,714)	(10,372,666)
		18,650,975	18,506,827	2,087,987	2,064,849	–	–	20,738,962	20,571,676
Agency fees and other income		530,238	640,688	1,378,867	1,106,342	2,447,296	1,572,989	4,356,401	3,320,019
		19,181,213	19,147,515	3,466,854	3,171,191	2,447,296	1,572,989	25,095,363	23,891,695
Less: Operating expenditure		(25,100,190)	(23,794,991)	(2,040,997)	(1,884,836)	(2,283,636)	(1,192,092)	(29,424,823)	(26,871,919)
Operating surplus/(deficit)		(5,918,977)	(4,647,476)	1,425,857	1,286,355	163,660	380,897	(4,329,460)	(2,980,224)
Add : Interest income		41,203	40,542	2,758	2,718	4,106	2,556	48,067	45,816
Surplus / (deficit) before taxation and government grants		(5,877,774)	(4,606,934)	1,428,615	1,289,073	167,766	383,453	(4,281,393)	(2,934,408)
Less: Income Tax	15	(9,853)	(128,557)	(659)	(8,635)	(1,054)	(12,812)	(11,566)	(150,004)
Surplus/(deficit) before government grants		(5,887,627)	(4,735,491)	1,427,956	1,280,438	166,712	370,641	(4,292,959)	(3,084,412)
Add: Government grants	14	7,938,481	8,389,353	162,016	116,622	–	–	8,100,497	8,505,975
Add: GST subvention	14	1,087,000	1,078,351	–	–	–	–	1,087,000	1,078,351
Add: LUP assistance grant	14	–	5,086,557	–	–	–	–	–	5,086,557
Less: Transfer to sinking funds	11, 14	(2,245,847)	(7,311,272)	–	–	–	–	(2,245,847)	(7,311,272)
Less: Transfer to town improvement and project funds	12, 14	(1,913,258)	(2,425,296)	(162,016)	(116,622)	–	–	(2,075,274)	(2,541,918)
		4,866,376	4,817,693	–	–	–	–	4,866,376	4,817,693
Surplus for the financial year		(1,021,251)	82,202	1,427,956	1,280,438	166,712	370,641	573,417	1,733,281
Accumulated surplus / (deficit) at beginning of year		4,852,814	4,770,612	4,593,116	3,312,678	132,435	(238,206)	9,578,365	7,845,084
Add: Transfer from carpark to residential activity at 18 April 2011		111,649	–	–	–	(111,649)	–	–	–
Less: Transfer to town improvement and project fund at 18 April 2011	12	(2,182,871)	–	(6,174)	–	–	–	(2,189,045)	–
Less: Transfer to sinking fund at 18 April 2011	11	(2,058,426)	–	(3,658,347)	–	–	–	(5,716,773)	–
		(298,085)	4,852,814	2,356,551	4,593,116	187,498	132,435	2,245,964	9,578,365
Add: Transfer of accumulated surplus from commercial activity to residential activity		298,085	–	(298,085)	–	–	–	–	–
Accumulated surplus at end of year		–	4,852,814	2,058,466	4,593,116	187,498	132,435	2,245,964	9,578,365

# Bishan-Toa Payoh Town Council

## Notes to the Financial Statements For the financial year ended 31 March 2012

### 11. Sinking funds

	<b>Note</b>	<b>Residential Property</b>		<b>Commercial Property</b>		<b>Total</b>	
		<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
		\$	\$	\$	\$	\$	\$
Balance at beginning of year		109,457,507	103,099,741	26,211,738	25,833,510	135,669,245	128,933,251
Transfer from accumulated surplus at 18 April 2011	10	2,058,426	–	3,658,347	–	5,716,773	–
Add :							
Income	16	1,511,766	1,805,928	101,027	121,241	1,612,793	1,927,169
Operating income transfer from conservancy and service fees (minimum required by law)	10	9,339,411	9,260,822	1,124,303	1,111,844	10,463,714	10,372,666
Transfer from government grants and GST subvention	10, 14	2,245,847	2,224,715	–	–	2,245,847	2,224,715
Transfer from LUP assistance grant	10, 14	–	5,086,557	–	–	–	5,086,557
Fair value changes on investments with fund managers	4	1,569,873	(889,275)	105,052	(59,729)	1,674,925	(949,004)
		14,666,897	17,488,747	1,330,382	1,173,356	15,997,279	18,662,103
Less : Expenditure		(10,211,468)	(10,867,041)	(1,484,656)	(777,400)	(11,696,124)	(11,644,441)
Less : Income Tax	15	(286,145)	(263,940)	(19,148)	(17,728)	(305,293)	(281,668)
		4,169,284	6,357,766	(173,422)	378,228	3,995,862	6,735,994
Balance at end of year		115,685,217	109,457,507	29,696,663	26,211,738	145,381,880	135,669,245

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

Payable and accrued expenses  
Income tax payable

#### Total liabilities

#### Net assets

	<b>2012</b>	<b>2011</b>
	\$	\$
Investment in financial assets	61,844,189	59,932,584
Conservancy and service fees receivable	215,886	255,828
Other receivables	525,112	121,530
Interest receivable	334,635	238,478
Amount due from accumulated surplus	1,203,188	570,824
Fixed deposits with financial institutions	83,649,010	76,899,595
Cash and bank balances	615,449	37,387
<b>Total assets</b>	<b>148,387,469</b>	<b>138,056,226</b>
Payable and accrued expenses	2,413,589	1,784,981
Income tax payable	592,000	602,000
<b>Total liabilities</b>	<b>3,005,589</b>	<b>2,386,981</b>
<b>Net assets</b>	<b>145,381,880</b>	<b>135,669,245</b>

**Bishan-Toa Payoh Town Council**

**Notes to the Financial Statements  
For the financial year ended 31 March 2012**

**12. Town improvement and project funds**

	<b>Note</b>	<b><u>Residential Property</u></b>		<b><u>Commercial Property</u></b>		<b><u>Total</u></b>	
		<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2011</u></b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at beginning of year		425,684	592,539	658,421	676,659	1,084,105	1,269,198
Transfer from accumulated surplus at 18 April 2011	10	2,182,871	–	6,174	–	2,189,045	–
Add :							
Payments from citizens' consultative committees	10	1,913,258	2,425,296	162,016	116,622	2,075,274	2,541,918
Other income		5,437	19,899	364	1,335	5,801	21,234
		1,918,695	2,445,195	162,380	117,957	2,081,075	2,563,152
Less : Expenditure		(2,957,447)	(2,612,050)	(481,695)	(136,195)	(3,439,142)	(2,748,245)
Less : Income Tax	15	(123)	–	(7)	–	(130)	–
		(1,038,875)	(166,855)	(319,322)	(18,238)	(1,358,197)	(185,093)
Balance at end of year		<u>1,569,680</u>	<u>425,684</u>	<u>345,273</u>	<u>658,421</u>	<u>1,914,953</u>	<u>1,084,105</u>

*Represented by :*

**Current assets**

Grants 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  
Amount due to accumulated surplus

**Total liabilities**

**Net assets**

	<b><u>2012</u></b>	<b><u>2011</u></b>
	<b>\$</b>	<b>\$</b>
Grants receivable	1,475,257	2,234,849
Other receivables	42,945	–
Interest receivable	–	30
Amount due from accumulated surplus	939,503	–
Fixed deposits with financial institutions	–	500,146
Cash and bank balances	170,797	941,019
<b>Total assets</b>	<b>2,628,502</b>	<b>3,676,044</b>
Payables and accrued expenses	713,549	524,909
Amount due to accumulated surplus	–	2,067,030
<b>Total liabilities</b>	<b>713,549</b>	<b>2,591,939</b>
<b>Net assets</b>	<b>1,914,953</b>	<b>1,084,105</b>

# Bishan-Toa Payoh Town Council

## Notes to the Financial Statements For the financial year ended 31 March 2012

### 13. Neighbourhood renewal programme fund

	<u>2012</u> \$	<u>2011</u> \$
Balance at beginning of year	31,504	209,743
Government funds received	3,164,341	341,050
Expenditure paid	<u>(3,672,599)</u>	<u>(519,289)</u>
Balance at end of year	<u>(476,754)</u>	<u>31,504</u>

### 14. Government grants

		<u>Service and Conservancy Charge operating grant</u>		<u>Payments from Citizens' Consultative Committees</u>		<u>LUP assistance grant</u>		<u>Total</u>	
	<u>Note</u>	<u>2012</u> \$	<u>2011</u> \$	<u>2012</u> \$	<u>2011</u> \$	<u>2012</u> \$	<u>2011</u> \$	<u>2012</u> \$	<u>2011</u> \$
Government grants received/ receivable during the year		6,029,339	5,967,861	2,075,274	2,541,918	–	5,086,557	8,104,613	13,596,336
Government grants received in advance		(4,116)	(3,804)	–	–	–	–	(4,116)	(3,804)
GST subvention received/ receivable during the year		1,087,000	1,078,351	–	–	–	–	1,087,000	1,078,351
	10	<u>7,112,223</u>	<u>7,042,408</u>	<u>2,075,274</u>	<u>2,541,918</u>	<u>–</u>	<u>5,086,557</u>	<u>9,187,497</u>	<u>14,670,883</u>
Less :									
Transfer to sinking funds	11	(2,245,847)	(2,224,715)	–	–	–	(5,086,557)	(2,245,847)	(7,311,272)
Transfer to town improvement and project funds	12	–	–	(2,075,274)	(2,541,918)	–	–	(2,075,274)	(2,541,918)
		<u>4,866,376</u>	<u>4,817,693</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>4,866,376</u>	<u>4,817,693</u>

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

	<u>2012</u> \$	<u>2011</u> \$
Total grants received as at beginning of year	201,625,960	186,450,165
Grants receivable at beginning of year and received during the year	2,171,882	2,460,338
Grants received during the year	6,692,323	11,641,242
Government grants received in advance at beginning of year	(3,804)	(3,480)
GST subvention receivable at beginning of year and received during the year	269,608	268,952
GST subvention received during the year	813,447	808,743
Total grants received as at end of year	<u>211,569,416</u>	<u>201,625,960</u>

**Notes to the Financial Statements**  
**For the financial year ended 31 March 2012**

**15. Income tax**

	<u><b>2012</b></u>	<u><b>2011</b></u>
	\$	\$
Current taxation		
- Current year	385,000	432,000
- Over-provision in respect of previous years	(68,011)	(328)
	<u>316,989</u>	<u>431,672</u>
Taken up in :		
Accumulated surplus (Note 10)	11,566	150,004
Sinking funds (Note 11)	305,293	281,668
Town improvement and project funds (Note 12)	130	-
	<u>316,989</u>	<u>431,672</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><b>2012</b></u>	<u><b>2011</b></u>
	\$	\$
Investment and interest income	2,557,526	1,918,979
Other income	372,102	844,720
	<u>2,929,628</u>	<u>2,763,699</u>
Tax calculated at Singapore tax rate of 17%	498,037	469,829
Singapore statutory stepped income exemption	(25,925)	(25,925)
Tax effect of certain income taxed at concessionary tax rate	(115,937)	(34,190)
Over-provision in respect of previous years	(68,011)	(328)
Others	28,825	22,286
	<u>316,989</u>	<u>431,672</u>

The movements in provision for income tax are as follows:

	<u><b>2012</b></u>	<u><b>2011</b></u>
	\$	\$
Balance at beginning of year	917,000	901,541
Income tax paid	(416,989)	(416,213)
Over-provision in respect of previous years	(68,011)	(328)
Current year's income tax	385,000	432,000
Balance at end of year	<u>817,000</u>	<u>917,000</u>

**16. Income on sinking funds**

	<u><b>2012</b></u>	<u><b>2011</b></u>
	\$	\$
Income from investment funds placed with fund managers	936,680	1,183,024
Interest income from bank deposits	649,445	696,070
Others	26,668	48,075
	<u>1,612,793</u>	<u>1,927,169</u>

**Bishan-Toa Payoh Town Council****Notes to the Financial Statements****For the financial year ended 31 March 2012**

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**17. Other income**

	<b><u>2012</u></b>	<b><u>2011</u></b>
	<b>\$</b>	<b>\$</b>
Agency fees	101,390	92,974
Late payment fees	109,839	125,600
Liquidated damages	251,050	295,598
Sale of tender documents	12,550	21,300
Sundry fines	37,350	79,905
Sundry income	69,474	68,977
TOL income	1,245,484	971,147
Use of void decks/common property	25,610	25,883
Use of water and electricity	125,963	104,071
	<b><u>1,978,710</u></b>	<b><u>1,785,455</u></b>

**18. General and administrative expenditure**

	<b><u>2012</u></b>	<b><u>2011</u></b>
	<b>\$</b>	<b>\$</b>
Advertising, publicity and public relations	384,831	513,397
Audit fees	28,000	27,000
Computers services	211,500	317,652
Councillors' allowances (Note 20)	138,000	159,300
Depreciation of plant and equipment (Note 3)	95,107	333,676
Employee benefits expenses (Note 19)	5,015,295	4,466,858
Office rental	266,798	267,638
Office supplies and stationery	32,157	43,007
Others	(65,465)	29,540
Plant and equipment not capitalised	2,613	—
Property tax	152,069	126,971
	<b><u>6,260,905</u></b>	<b><u>6,285,039</u></b>

**19. Employee benefits expenses**

	<b><u>2012</u></b>	<b><u>2011</u></b>
	<b>\$</b>	<b>\$</b>
Salaries	4,226,281	3,725,510
Contributions to defined contribution plans	510,186	446,125
Other employee benefits	278,828	295,223
	<b><u>5,015,295</u></b>	<b><u>4,466,858</u></b>

**20. Councillors' allowances**

	<b><u>2012</u></b>	<b><u>2011</u></b>
	<b>\$</b>	<b>\$</b>
Allowance paid to town councillors	<b><u>138,000</u></b>	<b><u>159,300</u></b>

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

## 21. 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 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. The Town Council's reviews on the policies for managing these risks are disclosed below.

### 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 8, 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 \$603,759 (2011 : \$1,083,926) 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.

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>2012</u>	<u>2011</u>
	\$	\$
Not past due	196,133	217,260
Past due 1 - 3 months	170,739	217,862
Past due 4 - 5 months	78,791	102,162
More than 6 months	804,462	1,312,593
	<u>1,250,125</u>	<u>1,849,877</u>
Less: Allowance for impairment	<u>(603,759)</u>	<u>(1,083,926)</u>
	<u>646,366</u>	<u>765,951</u>

Conservancy and service fees receivable amounting to \$450,233 (2011 : \$548,691) 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.

### Market risk

#### *Interest rate risk*

The exposure in interest rate risk mainly arises from changes in interest rates as disclosed in Notes 4 and 8 respectively.

**21. Financial instruments and financial risks (Cont'd)**

*Equity price risk*

Equity price risk is applicable to investments in equity shares or similar instruments. As at the reporting date, 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.

**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.

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 (2011: 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.

**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:

	<u><b>2012</b></u> \$	<u><b>2011</b></u> \$
Not later than one year	188,000	246,000
Later than one year and not later than five years	<u>148,200</u>	<u>131,000</u>

**23. Expenditure commitments**

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

	<u><b>2012</b></u> \$	<u><b>2011</b></u> \$
Amount approved and contracted for	<u>14,403,022</u>	<u>4,230,952</u>
Amount approved but not contracted for	<u>31,837,417</u>	<u>39,527,850</u>



**24. Funds management**

The Town Council's objectives for investing its funds are:

- (a) to maintain the value of the funds;
- (b) to safeguard against the impact of inflation; and
- (c) to reduce the future financial burden on residents.

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

There were no changes in the Town Council's policies and procedures for funds management during the year. The Town Council is not subject to externally imposed capital requirements. The Town Council's total funds amounted to \$149,066,043 (2011: \$146,363,219).

**25. Changes and adoption of financial reporting standards**

The following new/revised FRS and INT FRS came into effect in the current financial year ended 31 March 2012. These new/revised FRS or INT FRS did 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.

<b><u>FRS/INT FRS</u></b>	<b><u>Title</u></b>	<b><u>Effective date for period beginning on or after</u></b>
FRS 24 *	Related Party Disclosures	1 January 2011
FRS 32 *	Amendment to Financial Instruments: Presentation and Disclosure – Classification of Rights Issues	1 February 2010
INT FRS 114 *	Amendments to FRS 19 – The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction - Prepayments of a Minimum Funding	1 January 2011
INT FRS 115 *	Agreements for the Construction of Real Estate, with an Accompanying Note to be read with INT FRS 115	1 January 2011
INT FRS 119 *	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

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

**25. Changes and adoption of financial reporting standards (Cont'd)****Future changes in financial reporting standards**

At the date of authorisation of these financial statements, the Town Council has not adopted the following FRS AND INT FRS that were issued but not yet effective:

<b><u>FRS/INT FRS</u></b>	<b><u>Title</u></b>	<b><u>Effective date for period beginning on or after</u></b>
FRS 1	Amendments to FRS 1 – Presentation of item of other comprehensive income	1 July 2012
FRS 12	Amendments to FRS 12 Deferred tax: Recovery of underlying assets	1 January 2012
FRS 19	Employee benefits	1 January 2013
FRS 27 *	Separate financial statements	1 January 2013
FRS 28 *	Investment in associate and joint ventures	1 January 2013
FRS 32	Amendments to FRS 32 – Offsetting of financial assets and financial liabilities	1 January 2014
FRS 107	Amendments to FRS 107 Disclosures – Transfer of financial assets	1 July 2011
FRS 107	Amendments to FRS 107 – Offsetting financial assets and financial liabilities	1 January 2013
FRS 110 *	Consolidated financial statements	1 January 2013
FRS 111 *	Joint arrangements	1 January 2013
FRS 112 *	Disclosure of interests in other entities	1 January 2013
FRS 113	Fair value measurements	1 January 2013

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