

Embracing Our Home

Annual Report 2012 - 2013



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 (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



Properties Managed by Bishan-Toa Payoh Town Council

Division	No of Blocks	No of Units
Bishan East	119	8,589
Bishan North	128	10,270
Thomson-Toa Payoh	63	9,135
Toa Payoh Central	103	13,837
Toa Payoh East	79	10,963
Total	492	52,794

As at July 2013

Contact Bishan-Toa Payoh Town Council

Toa Payoh Office

Block 125A Lorong 2 Toa Payoh #01-134, Singapore 311125

Bishan Office

Block 197 Bishan Street 13 #01-585, Singapore 570197

Website

www.btptc.org.sg

www.facebook.com/Bishan-ToaPayoh

Email

Prm@btptc.org.sg

Operating Hours

8.00am – 5.30pm (Monday to Friday)

8.00am – 12 noon (Saturday)

CHAIRMAN'S REVIEW



A lot has changed since town councils took over the management duties from HDB in 1989. The housing estate is changing and we are managing more flats. Last year we added another 1683 units, making a total of 52,794 households. More are on the way, with the new BTO Toa Payoh Crest scheduled to be ready in 2015. More significantly, people's aspirations, and their expectations of their living environment, have evolved. Residents want a greater say on happenings and changes in their neighbourhood. This should be encouraged, provided the exchange are constructive and conflicts between different groups are managed. Thus, it become more critical for all of us to have a greater sense of social responsibility and empathy.

The most important aspect of this evolution is for residents to treat and embrace the estate as their home. If they do so, tackling municipal issues like cleanliness and mosquito breeding would be easier.

To encourage this, we launched the Cleanest Block Competition in February this year. This is unique to Bishan-Toa Payoh. Residents from the cleanest blocks receive a 50% rebate on their S&CC charges for a month. Judging criteria and results are based on the Town Council Management Report quarterly audits administered by the MND, and therefore fair.



Cleaners of the winning blocks also received \$50 each under the Outstanding Worker Scheme. The underlying objective of this competition is to instill in our residents a sense of ownership and social responsibility in keeping their estates clean. Already, we are seeing good results and we look forward to hanging out more rebates and prizes.

People-friendly habitat

We have completed a Neighbourhood Renewal Programme (NRP) and carried out Repairs and Re-decoration (R&R) at Block 153- 167 in Bishan Street 13. Residents staying in the vicinity of Blocks 501, 508 and 509 Bishan Street 13 can now enjoy new and improved facilities, including a new shelter and improved landscaping.

Over at Block 24 Sin Ming Road, a park shelter was built at the gable end of the block. Leisure facilities at the neighbourhood 3G Park next to Block 301 Shunfu Road have been attracting many residents since it was opened in August 2012. People visiting Block 320 market / food centre now enjoy covered linkway sheltering them to the bus stop.

In Toa Payoh, a new open plaza with integrated facilities at Blocks 92-95 Lorong 3 in October 2012. Residents now enjoy facilities such as covered stage, bird-viewing pavilion and covered-seated pavilion. Our network of linkways to expand throughout the town providing residents better access to facilities and amenities.

The barrier free access ramps at Lorong 2, 4 and 6 have allowed our residents to enjoy easy access and mobility around the estates. The physically fitness corners at Toa Payoh East Block 23 and Block 81A Lorong 4 Toa Payoh are a big hit with the elderly.

The estate will be better lit as the Town Council replaces the existing lighting with the energy-saving LED lights. In Bishan North, we have changed 29 blocks (Blk 257-275 Bishan St 22) and (Blk 278-287 Bishan St 24) to LED lights.

Residents can expect more improvement projects and renewal programmes in the coming year.

- A covered linkway from 172 to 177 Bishan St 13
- A barrier-free access ramp near Blk 53 to junction of Lorong 4&5 Toa Payoh
- A Pavillion and BBQ pit infront of Blk 228 Lorong 8 Toa Payoh
- A covered linkway cum drop-off point at Blk 182 Bishan St 13
- A Drop-off point at Blk 6 Lorong 7 Toa Payoh

- A Drop-off point Blk 35 Lorong 5 Toa Payoh
- An Upgraded children playground at Blk 154 Lorong 2 Toa Payoh
- An Upgraded children playground at Blk 12 Lorong 7 Toa Payoh
- An Upgraded children playground at Blk 122 Lorong 2 Toa Payoh
- An elderly fitness equipment at 3G Park @ Shunfu
- An elderly fitness corner at Blk 205 Toa Payoh North
- An elderly fitness corner at Blk 128 Lorong 1 Toa Payoh
- A Upgraded street court at Blk 287 Bishan St 24 neighbourhood park
- A new badminton court at Blk 120 Lorong 2 Toa Payoh
- Neighbourhod Renewal Programme (NRP) at Blk 441 to 455 Sin Ming Ave / Bright Hill Drive

Engaging the Residents

We kept up the momentum of our community outreach programme. Since the first session in August 2011, regular town hall meetings have been held in different precincts to gather first-hand feedback. At these meetings, the residents were able to express their views and participate to improve their estate. We learned a few things from their suggestions that enabled us to improve on our services.

At the same time, these session gave us the opportunity to share information and explain certain policies on municipal issues, which

BISHAN-TOA PAYOH TOWN HALL MEETING

Share Your Thoughts

31 March 2013 (Sunday) / 11am - 1pm / Blk 248 Kim Keat Link

See You Then!

contributed to a better appreciation of the role of the town council and the residents. We continued to engage residents through various mediums; Facebook, and town council's website, and newsletter. We are encouraged by the response we have received and will keep the dialogue going.

Improving our communication to residents will reinforce the Town Council's commitment of responding to feedback within five days. This is the service quality we have promised our residents. We have upgraded our information technology systems to facilitate our call centre operators and recruited part-time staff to handle growing call volume.

My regular messages to residents is another avenue I use to make announcements, for example, last year's S&CC increase. The messages allow me explain issues or policies, and the reasons for our actions.

This is an important communication channel and residents can look forward to more messages. To read my previous messages, you can access them online at our website www.btpc.org.sg.

Financial

The Town Council ended the year with an operating surplus of \$2.7million. The S&CC increase in September 2012 (our first since 2004) helped to mitigate operating in a high-cost environment. Our expenses were maintained at last year's level, due largely to cost-cutting and more stable electricity tariffs in the latter part of the year. We expect the environment to be challenging, given increasing costs, especially labour costs. As for our sinking fund, we closed the FY with \$141.5 million. A significant portion would be expensed in the coming FY when Repairs & Redecoration works start in Bishan North.

We are seeing some improvements with our S&CC arrears situation. This is on account of the diligent efforts of officers who visit families and arrange for instalment plans and financial assistance for those in need.

Appreciation

Many people have contributed to the management of the estate. I extend my gratitude and appreciation to my parliamentary colleagues, the town councillors and community leaders, and the management and staff, for their dedication and hard work.

I would also like to thank all residents for their continued support and understanding.



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 2013**

MAZARS LLP
Public Accountants and
Chartered Public Accountants

BISHAN-TOA PAYOH TOWN COUNCIL

**AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
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 2013, 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 2013 and the results, changes in funds and cash flows of the Town Council for the financial year ended on that date.

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CERTIFIED PUBLIC ACCOUNTANTS

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

Report on Other Regulatory Requirements

Management's Responsibility for Compliance with Legal and Regulatory Requirements

Management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act. This responsibility includes implementing accounting and internal controls as management determines are necessary to enable compliance with the provisions of the Act.

Auditors' Responsibility

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

Our compliance audit includes obtaining an understanding of the internal controls relevant to the receipts, expenditure, investment of moneys and the acquisition and disposal of assets; and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for the purpose of expressing an opinion on the effectiveness of the Town Council's internal controls. Because of the inherent limitations in any accounting and internal control system, non-compliances may nevertheless occur and not be detected.

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

Opinion

In our opinion:

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




MAZARS LLP
Public Accountants and
Chartered Accountants

Singapore
31 July 2013


BISHAN-TOA PAYOH TOWN COUNCIL

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2013**

TOWN COUNCIL FUNDS	Note	2013 \$	2012 \$
Residential property funds			
Accumulated surplus	4	456,247	-
Sinking funds	5	111,501,406	115,685,217
Town Improvement and Project funds	6	85,774	1,569,680
		112,043,427	117,254,897
Commercial property funds			
Accumulated surplus	4	3,537,674	2,058,466
Sinking funds	5	29,998,273	29,696,663
Town Improvement and Project funds	6	-	345,273
		33,535,947	32,100,402
Carpark fund			
Accumulated surplus	4	555,231	187,498
Neighbourhood Renewal Programme fund	7	11,306	(476,754)
		<u>146,145,911</u>	<u>149,066,043</u>
REPRESENTED BY:			
Non-current assets			
Plant and equipment	8	91,292	153,587
Current assets			
Investment in financial assets	9	63,367,493	61,844,189
Conservancy and service fees receivables	10	717,837	646,356
Other receivables	11	1,256,398	783,651
Interest receivable		378,896	338,161
Grants receivable	12	1,077,671	1,748,810
Fixed deposits with financial institutions	13	84,902,237	87,169,324
Cash and bank balances	13	2,750,015	3,172,909
		154,450,547	155,703,410
Total assets		154,541,839	155,856,997
Less:			
Current liabilities			
Grants received in advance		4,224	4,116
Conservancy and service fees received in advance		491,937	504,069
Payables and accrued expenses	14	7,119,767	5,465,769
Income tax payable	18	780,000	817,000
Total liabilities		8,395,928	6,790,954
NET ASSETS		<u>146,145,911</u>	<u>149,066,043</u>



 Hri Kumar Nair
 Chairman




 Ling Ming Chuan
 Secretary

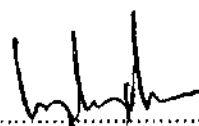
The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

BISHAN-TOA PAYOH TOWN COUNCIL

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013**

	Note	2013	2012
		\$	\$
Operating income			
Conservancy and service fees	4	33,281,396	31,202,676
Less: Operating income transfer to Sinking funds (minimum required by law)	5	(11,179,849)	(10,463,714)
		22,101,547	20,738,962
Agency fees	15	2,689,751	2,377,691
Other income	16	2,197,218	1,978,710
		26,888,516	25,095,363
Less: Operating expenditure			
Cleaning works		5,775,728	5,582,273
Lift maintenance		4,277,554	4,168,619
Other works and maintenance		4,352,064	3,932,902
Water and electricity		9,315,598	9,480,124
General and administrative expenditure	17	5,416,003	6,260,905
		29,136,947	29,424,823
Operating deficit		(2,248,431)	(4,329,460)
Add: Interest income		68,796	48,067
Deficit before income tax and government grants		(2,179,635)	(4,281,393)
Less: Income tax	18	(5,769)	(11,566)
Deficit before government grants		(2,185,404)	(4,292,959)
Government grants	4, 19	7,001,174	8,100,497
GST subvention	4, 19	1,160,627	1,087,000
Less: Transfer to			
- Sinking funds	4, 19	(2,272,847)	(2,245,847)
- Town Improvement and Project funds	4, 19	(974,577)	(2,075,274)
		4,914,377	4,866,376
SURPLUS FOR THE YEAR		2,728,973	573,417
Other comprehensive (loss)/income			
- Sinking funds	5	(1,416,410)	3,995,862
- Town Improvement and Project funds	6	(2,069,841)	(1,358,197)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		(757,278)	3,211,082


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 2013**

	<u>Residential property \$</u>	<u>Commercial property \$</u>	<u>Car park \$</u>	<u>Neighbourhood Renewal Programme \$</u>	<u>Total \$</u>
Balance at 1 April 2011	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
Balance at 31 March 2012	117,254,897	32,100,402	187,498	(476,754)	149,066,043
Transfer of funds due to HUDC privatisation	(2,650,914)	-	-	-	(2,650,914)
(Deficit)/Surplus for the year	(2,560,556)	1,435,545	367,733	488,060	(269,218)
Balance at 31 March 2013	112,043,427	33,535,947	555,231	11,306	146,145,911

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

	<u>Note</u>	<u>2013 \$</u>	<u>2012 \$</u>
Accumulated surplus	4	2,728,973	573,417
Sinking funds	5	(1,416,410)	3,995,862
Town improvement and project funds	6	(2,069,841)	(1,358,197)
Neighbourhood renewal programme fund		488,060	(508,258)
		<u>(269,218)</u>	<u>2,702,824</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 2013**

	<u>Note</u>	<u>2013</u> \$	<u>2012</u> \$
Operating activities:			
Deficit before income tax and government grants	4	(2,179,635)	(4,281,393)
Adjustments for:			
Operating income transfer to sinking funds	5	11,179,849	10,463,714
Depreciation of plant and equipment	8	84,336	95,107
Interest income	4	(68,796)	(48,067)
Operating cash flows before changes in working capital		<u>9,015,754</u>	<u>6,229,361</u>
Movements in working capital:			
Receivables		(556,350)	(331,108)
Payables		(996,916)	302,888
Net cash flows from operations before income tax		<u>7,462,488</u>	<u>6,201,141</u>
Sinking funds expenditure paid	5	(17,639,204)	(11,696,124)
Town improvement and project funds expenditure paid	6	(3,049,278)	(3,439,142)
Neighbourhood renewal programme fund expenditure paid	7	(767,841)	(3,672,598)
Income tax paid	18	(327,101)	(416,989)
Cash used in operations before government grants		<u>(14,320,936)</u>	<u>(13,023,713)</u>
Government grants received		7,672,421	8,856,456
GST subvention received	19	1,160,627	1,087,000
Government funds received for neighbourhood renewal programme projects	7	1,255,901	3,164,341
Net cash (used in)/from operating activities		<u>(4,231,987)</u>	<u>84,084</u>
Investing activities:			
Purchase of plant and equipment	8	(22,041)	(5,340)
Interest and investment income received		1,564,047	1,338,714
Net cash from investing activities		<u>1,542,006</u>	<u>1,333,374</u>
Net (decrease)/increase in cash and cash equivalents		<u>(2,689,981)</u>	<u>1,417,458</u>
Cash and cash equivalents at beginning of year		90,342,233	88,924,775
Cash and cash equivalents at end of year	13	<u>87,652,252</u>	<u>90,342,233</u>

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 2013

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 areas 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 the 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 2013 were authorised for issue in accordance with a resolution of the Town Council on 31 July 2013.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

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

During the 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.

BISHAN-TOA PAYOH TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

FRSs issued but not yet effective

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

<u>FRS</u>	<u>Title</u>	<u>Effective date for period beginning on or after</u>
FRS 1	Amendments to FRS 1 - Presentation of item of other comprehensive income	1 July 2012
FRS 19	Employee benefits	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 - Offsetting financial assets and financial liabilities	1 January 2013
FRS 113	Fair value measurements	1 January 2013

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

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

2.2 Town Council Funds

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

BISHAN-TOA PAYOH TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (Continued)

2. Summary of significant accounting policies (Continued)

2.2 Town Council Funds (Continued)

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 expenditures 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.

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.

BISHAN-TOA PAYOH TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (Continued)

2. Summary of significant accounting policies (Continued)

2.2 Town Council Funds (Continued)

Town Improvement and Project Funds

Town Improvement and Project Funds ("TIPF") 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.

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.

2.3 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 ("EDU") as follows:

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

Such allocation by EDU is not applied to the Sinking Funds, Town Improvement and Project Funds and Neighbourhood Renewal Programme Fund.

BISHAN-TOA PAYOH TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (Continued)

2. Summary of significant accounting policies (Continued)

2.4 Government grants

The Town Council receives three types of grants from the government: service and conservancy charge operating grant, payments from Citizens' Consultative Committees, and Goods and Services Tax ("GST") subvention grant.

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

Payments from Citizens' Consultative Committees are granted to provide funding support for community improvement projects under the CIPC scheme.

The GST subvention is given as 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 expenditures 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.

2.5 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 profit or loss.

(iv) Other income

Other income comprises mainly license fees ("TOL") income, liquidated damages claims and other miscellaneous income, and are recognised when due.

2. Summary of significant accounting policies (Continued)

2.6 Income tax

Tax is provided on the following income:

- (i) Income derived from investments and bank deposits;
- (ii) Fees, rents and other charges received from non-residents or non-owners of properties in the Town for the use of common property, and maintenance of car parks 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.

2.7 Employee benefits

(i) Defined contribution plans

The Town Council makes contributions to the Central Provident Fund, a defined contribution retirement benefit plan on a mandatory, contractual or voluntary basis. Such contributions are recognised as employee expense when they are due. The Town Council has no further payment obligations once the contributions have been paid.

(ii) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to the employees. A provision is made for the estimated liability for the annual leave as a result of services rendered by the employees up to the balance sheet date.

2.8 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 in the statement of comprehensive income.

Cost also includes the purchase price of the asset, 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (Continued)**

2. Summary of significant accounting policies (Continued)

2.8 Plant and equipment (Continued)

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 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.

2.9 Financial assets

Initial recognition, measurement and derecognition of financial assets:

Financial assets are recognised on the statement of financial position when, and only when, the Town Council becomes a party to the contractual provisions of the financial 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (Continued)

2. Summary of significant accounting policies (Continued)

2.9 Financial assets (Continued)

Subsequent measurement (Continued):

(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.

(iii) Held-to-maturity financial assets

There are no financial assets classified under this category.

(iv) Available-for-sale financial assets

There are no financial assets classified under this category.

2.10 Impairment of non-financial assets

At the end of each reporting period, 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
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (Continued)**

2. Summary of significant accounting policies (Continued)

2.11 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 values. The amount of the impairment allowance is recognised in the statement of comprehensive income. No interest is charged on conservancy and service fees receivables in normal circumstances.

2.12 Cash and cash equivalents

Cash and cash equivalents include bank and cash balances and demand deposits subject to an insignificant risk of change in value, less cash subject to restriction.

2.13 Financial liabilities

Initial recognition, measurement and derecognition of financial liabilities:

Financial liabilities are recognised on the statement of financial position when, and only when, the Town Council becomes a party to the contractual provisions of the financial 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.

A financial liability is derecognised 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

There are 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (Continued)**

2. Summary of significant accounting policies (Continued)

2.14 Fair values of financial instruments

The carrying values of current financial instruments approximate their fair values due to the short-term nature. 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.

2.15 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.

2.16 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.

2.17 Contingencies

A contingent liability is:

- (i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Town Council; or
- (ii) a present obligation that arises from past events but is not recognised because:
 - (a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (b) the amount of the obligation cannot be measured with sufficient reliability.

BISHAN-TOA PAYOH TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (Continued)

2. Summary of significant accounting policies (Continued)

2.17 Contingencies (Continued)

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Town Council.

Contingencies are not recognised on the statement of financial position of the Town Council, except for contingent liabilities assumed in business transactions where there are present obligations and in which the fair value can be reliably determined.

3. Critical accounting judgements and key sources of estimation uncertainty

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

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

In the process of applying the Town Council's accounting policies, the management is of the opinion that there are no critical judgements (other than those involving estimates) that have a significant effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Allowance for doubtful conservancy and service fees receivable

Allowance for doubtful conservancy and service fees receivable amounting to \$679,971 (2012: \$603,759) has been estimated on the basis of age of debts, result of recovery efforts and historical experience (Note 10).

No allowance has been provided for "Grants receivables" (Note 12) and "Other receivables" (Note 11) which mainly consists of grants receivables from the Citizens' Consultative Committees for approved projects, deposits paid and other recoverables from HDB/NEA. Allowance is applied to other receivables if events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful of other receivables requires the use of judgement and estimates. Where the expectation differs from the original estimate, such difference will impact the carrying amount of other receivables and the allowance for impairment in the financial year in which such estimate has been changed.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (Continued)

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

3.2 Key sources of estimation uncertainty (Continued)

(ii) Depreciation of plant and equipment

The cost of plant and equipment for the Town Council is depreciated on the straight-line basis over the plant and equipment's estimated economic useful lives. Changes in the expected useful lives and the technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Town Council's plant and equipment as at 31 March 2013 was \$91,292 (2012: \$153,587) (Note 8).

(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) Provision for income taxes

The Town Council is subject to income taxes in Singapore. Judgement is required in determining the deductibility of certain expenses during the estimation of the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of operations. The Town Council recognises liabilities for expected tax issues based on estimate of whether additional taxes will be due. Where the final tax outcome of these matters differs from the amounts that were initially recognised, such differences will impact the income tax provisions in the period in which such determination is made. The carrying amount of the Town Council's current tax payable as at 31 March 2013 was \$780,000 (2012: \$817,000) (Note 18).

BISHAN-TOA PAYOH TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (Continued)**

4. Accumulated surplus	Note	Residential Property		Commercial Property		Carpark		Total	
		2013	2012	2013	2012	2013	2012	2013	2012
		\$	\$	\$	\$	\$	\$	\$	\$
OPERATING INCOME									
Consevaney and service fees		29,877,810	27,990,386	3,403,586	3,212,290	-	-	33,281,396	31,202,676
Less: Operating income transfer to sinking funds	5	(9,988,592)	(9,339,411)	(1,191,257)	(1,124,303)	-	-	(11,179,849)	(10,463,714)
		19,889,218	18,650,975	2,212,329	2,087,987	-	-	22,101,547	20,738,962
Agency fees and other income		578,686	530,238	1,545,844	1,378,667	2,662,439	2,447,296	4,786,969	4,356,401
Less: OPERATING EXPENDITURE		20,467,904	19,181,213	3,758,173	3,466,854	2,662,439	2,447,296	26,888,516	25,095,363
Operating (deficit)/surplus		(24,795,161)	(25,100,190)	(2,041,739)	(2,040,997)	(2,300,047)	(2,283,636)	(29,136,947)	(29,424,823)
Add: Non-operating income		(4,327,257)	(5,918,977)	1,716,434	1,425,857	362,392	163,660	(2,248,431)	(4,329,460)
(DEFICIT)/SURPLUS BEFORE INCOME TAX AND GOVERNMENT GRANTS		59,131	41,203	3,826	2,758	5,839	4,106	68,796	49,067
Less: Income tax	18	(4,268,126)	(5,877,774)	1,720,260	1,428,615	368,231	167,766	(2,179,635)	(4,281,393)
(Deficit)/Surplus before government grant		(4,273,007)	(9,853)	(390)	(659)	(498)	(1,054)	(5,769)	(11,566)
Add: Government grants	19	6,791,154	7,938,481	210,020	162,016	-	-	7,001,174	8,100,497
Add: GST subvention	19	1,160,627	1,087,000	-	-	-	-	1,160,627	1,087,000
Less: Transfer to sinking funds	5, 19	(2,272,847)	(2,245,847)	-	-	-	-	(2,272,847)	(2,245,847)
Less: Transfer to town improvement and project funds	5, 19	(764,557)	(1,913,258)	(210,020)	(162,016)	-	-	(974,577)	(2,075,274)
		4,914,377	4,866,376	-	-	-	-	4,914,377	4,866,376
SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR		641,370	(1,021,251)	1,719,870	1,427,956	367,733	166,712	2,728,973	573,417
Accumulated surplus at beginning of year		-	4,882,814	2,058,466	4,593,116	187,498	132,435	2,245,964	9,578,365
Add: Transfer from carpark to residential activity at 18 April 2011		-	111,649	-	-	-	(111,649)	-	-
Add: Transfer to town improvement and project fund at 18 April 2011	6	-	(2,182,871)	-	(6,174)	-	-	-	(2,189,045)
Less: Transfer to sinking fund at 18 April 2011	5	-	(2,058,426)	-	(3,658,347)	-	-	-	(5,716,773)
		641,370	(298,085)	3,778,336	2,356,551	555,231	187,498	4,974,937	2,245,964
Less: Transfer of funds due to HUDC privatisation		(185,123)	-	-	-	-	-	(185,123)	-
Less: Transfer of accumulated surplus from commercial activity to residential activity		-	298,085	-	(298,085)	-	-	-	-
Less: Transfer to town improvement and project fund	6	-	-	(240,662)	-	-	-	(240,662)	-
ACCUMULATED SURPLUS AT END OF YEAR		456,247	-	3,537,674	2,058,466	555,231	187,498	4,549,152	2,245,964

BISHAN-TOA PAYOH TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (Continued)**

5. Sinking funds

	Note	Residential Property		Commercial Property		Total	
		2013	2012	2013	2012	2013	2012
		\$	\$	\$	\$	\$	\$
Balance at beginning of year		115,685,217	108,457,507	29,696,663	26,211,738	145,381,880	135,669,245
Transfer from accumulated surplus at 18 April 2011	4	-	2,058,426	-	3,658,347	-	5,716,773
Add :							
Income	20 (i)	2,358,752	1,511,766	153,707	101,027	2,512,459	1,612,793
Operating income transfer from conservancy and service fees (minimum required by law)	4	9,988,592	9,339,411	1,191,257	1,124,303	11,179,849	10,463,714
Transfer from government grants and GST subvention	4, 19	2,272,847	2,245,847	-	-	2,272,847	2,245,847
Fair value changes on investments with fund managers	9	508,121	1,569,873	33,541	105,052	541,662	1,674,925
Less : Expenditure		15,128,312	14,666,897	1,378,505	1,330,382	16,506,817	15,997,279
Less : Income tax	20 (ii)	(16,579,962)	(10,211,488)	(1,059,242)	(1,484,666)	(17,639,204)	(11,696,124)
(Deficit)/Surplus for the financial year	18	(266,370)	(286,145)	(17,653)	(19,148)	(284,023)	(305,293)
Less : Transfer of funds due to HUDC privatisation		(1,718,020)	4,169,284	301,610	(173,422)	(1,416,410)	3,995,862
Balance at end of year		<u>111,501,406</u>	<u>115,685,217</u>	<u>29,998,273</u>	<u>29,696,663</u>	<u>141,499,679</u>	<u>145,381,880</u>
<i>Represented by :</i>							
Current assets							
Investment in financial assets						63,367,493	61,844,189
Conservancy and service fees receivable						240,973	215,886
Other receivables						854,310	525,112
Interest receivable						377,696	334,635
Amount due from accumulated surplus						436,286	1,203,188
Fixed deposits with financial institutions						80,355,528	83,649,010
Cash and bank balances						564,233	615,449
Total assets						<u>146,196,519</u>	<u>148,387,469</u>
Current liabilities							
Payable and accrued expenses						4,068,840	2,413,589
Income tax payable						628,000	592,000
Total liabilities						<u>4,696,840</u>	<u>3,005,589</u>
Net assets						<u>141,499,679</u>	<u>145,381,880</u>

BISHAN-TOA PAYOH TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (Continued)**

6. Town improvement and project funds

	Notes	Residential Property		Commercial Property		Total
		2013	2012	2013	2012	
		\$	\$	\$	\$	\$
Balance at beginning of year			425,684		658,421	1,084,105
Transfer from accumulated surplus at 18 April 2011	4		2,182,871		6,174	2,189,045
Add:						
Payments from Citizens' Consultative Committees	4, 19	764,557	1,913,258	210,020	162,016	2,075,274
Other income		3,446	5,437	1,723	364	5,801
		768,003	1,918,695	211,743	162,380	2,081,075
Less: Expenditure		(2,251,618)	(2,957,447)	(797,660)	(481,695)	(3,439,142)
Less: Income tax	18	(291)	(123)	(18)	(7)	(130)
Deficit for the financial year		(1,483,906)	(1,038,875)	(585,935)	(319,322)	(1,358,197)
Add: Appropriation from accumulated surplus	4			240,662		240,662
Balance at end of year		85,774	1,569,680		345,273	1,914,953
<i>Represented by:</i>						
		2013	2012			
		\$	\$			\$
Current assets						
Grants receivable		744,760				1,475,257
Other receivables		63,638				42,945
Amount due from accumulated surplus						939,503
Cash and bank balances		375,942				170,797
Total assets		1,184,340				2,628,502
Current liabilities						
Payables and accrued expenses		453,900				713,549
Amount due to accumulated surplus		644,666				-
Total liabilities		1,098,566				713,549
Net assets		85,774				1,914,953

BISHAN-TOA PAYOH TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (Continued)**

7. Neighbourhood renewal programme fund

	<u>2013</u> \$	<u>2012</u> \$
Balance at beginning of year	(476,754)	31,504
Government funds received	1,255,901	3,164,341
Expenditure paid	(767,841)	(3,672,599)
Balance at end of year	<u>11,306</u>	<u>(476,754)</u>

8. Plant and equipment

	Furniture, fixtures and fittings \$	Office equipment \$	Data processing equipment/ software \$	Total \$
Cost:				
At 1 April 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
Additions	2,180	8,500	11,361	22,041
Disposals	(20,148)	(2,992)	(13,577)	(36,717)
At 31 March 2013	<u>937,348</u>	<u>50,388</u>	<u>616,611</u>	<u>1,604,347</u>
Accumulated depreciation:				
At 1 April 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
Depreciation charge	73,809	5,201	5,326	84,336
Disposals	(20,148)	(2,992)	(13,577)	(36,717)
At 31 March 2013	<u>865,727</u>	<u>44,150</u>	<u>603,178</u>	<u>1,513,055</u>
Net book value:				
At 31 March 2012	<u>143,250</u>	<u>2,939</u>	<u>7,398</u>	<u>153,587</u>
At 31 March 2013	<u>71,621</u>	<u>6,238</u>	<u>13,433</u>	<u>91,292</u>

9. Investment in financial assets

	<u>2013</u> \$	<u>2012</u> \$
Fair value at beginning of year	61,844,189	59,932,584
Accrued investment income	1,881,642	936,680
Annual payout to the Town Council	(700,000)	(700,000)
Increase in fair value	541,662	1,674,925
Fair value at end of year	<u>63,367,493</u>	<u>61,844,189</u>

BISHAN-TOA PAYOH TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (Continued)

9. Investment in financial assets (Continued)

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 balance sheet date, the Town Council has agreements with the fund managers to guarantee in aggregate the principal amount of \$25,000,000 (2012: \$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 the balance sheet date, the funds invested through the fund managers comprise the following:

	<u>2013</u> \$	<u>2012</u> \$
	At fair value	At fair value
Equities and unit trusts	3,454,798	3,317,701
Bonds in corporations	21,481,815	20,971,954
Government and statutory board securities	36,076,472	35,476,505
Cash and bank deposits	2,354,408	2,078,029
	<u>63,367,493</u>	<u>61,844,189</u>

The rate of interest for the cash balances is 0.10% (2012: 0.10%). Investment in financial assets are denominated in Singapore dollars.

10. Conservancy and service fees receivable

	<u>2013</u> \$	<u>2012</u> \$
Conservancy and service fees receivable	1,397,808	1,250,125
Less: Allowance for impairment	<u>(679,971)</u>	<u>(603,759)</u>
	<u>717,837</u>	<u>646,366</u>

Conservancy and service fees receivable are denominated in Singapore dollars.

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

	<u>2013</u> \$	<u>2012</u> \$
Balance at beginning of year	603,759	1,083,926
Allowance for the year	76,212	1,060
Allowance no longer required	-	(481,227)
Balance at end of year	<u>679,971</u>	<u>603,759</u>

BISHAN-TOA PAYOH TOWN COUNCIL**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (Continued)****11. Other receivables**

	<u>2013</u>	<u>2012</u>
	\$	\$
Deposits	413,798	280,384
GST receivable from Inland Revenue	175,324	185,566
Recoverables from HDB/NEA	555,190	216,051
Other receivables	112,088	101,650
	<u>1,256,398</u>	<u>783,651</u>

Other receivables are denominated in Singapore dollars.

12. Grants receivable

	<u>2013</u>	<u>2012</u>
	\$	\$
Receivable from Citizens' Consultative Committees	781,724	1,475,257
GST subvention receivable	295,947	273,553
	<u>1,077,671</u>	<u>1,748,810</u>

Grants receivable are denominated in Singapore dollars.

13. Cash and cash equivalents

	<u>2013</u>	<u>2012</u>
	\$	\$
Fixed deposits with financial institutions	84,902,237	87,169,324
Cash and bank balances	2,750,015	3,172,909
	<u>87,652,252</u>	<u>90,342,233</u>

Cash and cash equivalents are denominated in Singapore dollars.

Fixed deposits with financial institutions mature on varying dates within 12 months (2012: 9 months) from the end of the financial year. The effective interest rates at the reporting date were between 0.86% and 1.20% (2012: between 0.60% and 1.08%) per annum.

14. Payables and accrued expenses

	<u>2013</u>	<u>2012</u>
	\$	\$
Sundry deposits	215,106	117,776
Payables to contractors	3,263,677	4,329,441
Accrued operating expenses	246,016	243,634
Payable to new management corporation for HUDC privatisation	2,647,275	-
Other creditors	747,693	774,918
	<u>7,119,767</u>	<u>5,465,769</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 2013 (Continued)**

15. Agency fees

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

16. Other income

	<u>2013</u>	<u>2012</u>
	\$	\$
Agency fees	104,446	101,390
Late payment fees	119,692	109,839
Liquidated damages	308,460	251,050
Sale of tender documents	12,200	12,550
Sundry fines	32,808	37,350
Sundry income	66,285	69,474
License fees ("TOL") income	1,404,656	1,245,484
Use of void decks/common property	30,800	25,610
Use of water and electricity	117,871	125,963
	<u>2,197,218</u>	<u>1,978,710</u>

17. General and administrative expenditure

	<u>2013</u>	<u>2012</u>
	\$	\$
Advertising, publicity and public relations	183,381	384,831
Audit fees	28,000	28,000
Computers services	199,684	211,500
Councillors' allowances (Note 22)	149,100	138,000
Depreciation of plant and equipment (Note 8)	84,336	95,107
Employee benefits expenses (Note 21)	4,392,523	5,015,295
Office rental	276,609	266,798
Office supplies and stationery	52,242	32,157
Others	432,379	233,860
Plant and equipment not capitalised	1,747	2,613
Property tax	163,125	152,069
Unclaimable GST	277,470	282,384
Allocation of general and administrative expenditure to:		
- Sinking fund	(750,220)	(497,827)
- Town Improvement and Projects fund	(74,373)	(83,882)
	<u>5,416,003</u>	<u>6,260,905</u>

18. Income tax

	<u>2013</u>	<u>2012</u>
	\$	\$
Current taxation		
- Current year	395,000	385,000
- Over-provision in respect of previous years	(104,899)	(68,011)
	<u>290,101</u>	<u>316,989</u>
Taken up in :		
Accumulated surplus (Note 4)	5,769	11,566
Sinking funds (Note 5)	284,023	305,293
Town improvement and project funds (Note 6)	309	130
	<u>290,101</u>	<u>316,989</u>

BISHAN-TOA PAYOH TOWN COUNCIL**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (Continued)****18. Income tax (Continued)**

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

	<u>2013</u> \$	<u>2012</u> \$
Investment and interest income	2,802,139	2,557,526
Other income	424,590	372,102
	<u>3,226,729</u>	<u>2,929,628</u>
Tax calculated at Singapore tax rate of 17%	548,544	498,037
Singapore statutory stepped income exemption	(25,925)	(25,925)
Tax effect of certain income taxed at concessionary tax rate	(122,772)	(115,937)
Over-provision in respect of previous years	(104,899)	(68,011)
Tax rebate granted by the government	(30,000)	-
Others	25,153	28,825
	<u>290,101</u>	<u>316,989</u>

As announced by the Minister for Finance for Budget 2013, a corporate tax rebate of 30% shall be granted for Years of Assessment ("YA") 2013 to 2015. The rebate is subject to a cap of \$30,000 per YA.

The movements in provision for income tax are as follows:

	<u>2013</u> \$	<u>2012</u> \$
Balance at beginning of year	817,000	917,000
Income tax paid	(327,101)	(416,989)
Over-provision respect of previous years	(104,899)	(68,011)
Current year's income tax	395,000	385,000
Balance at end of year	<u>780,000</u>	<u>817,000</u>

BISHAN-TOA PAYOH TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (Continued)**

19. Government grants

	Note	Service and Conservancy Charge		Payments from Citizens' Consultative Committees		Total
		2013	2012	2013	2012	
		\$	\$	\$	\$	\$
Government grants received/receivable during the year		6,030,821	6,029,339	974,577	2,075,274	7,005,398
Government grants received in advance		(4,224)	(4,116)	-	-	(4,224)
GST subvention received/receivable during the year		1,160,627	1,087,000	-	-	1,160,627
		<u>7,187,224</u>	<u>7,112,223</u>	<u>974,577</u>	<u>2,075,274</u>	<u>8,161,801</u>
Less :						
Transfer to sinking funds	5	(2,272,847)	(2,245,847)	-	-	(2,272,847)
Transfer to town improvement and project funds	6	-	-	(974,577)	(2,075,274)	(974,577)
		<u>4,914,377</u>	<u>4,866,376</u>	<u>-</u>	<u>-</u>	<u>4,914,377</u>
						<u>4,866,376</u>

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

	2013	2012
	\$	\$
Total grants received as at beginning of year		
Grants receivable at beginning of year and received during the year	211,569,416	201,625,960
Grants received during the year	1,438,293	2,171,882
Government grants received in advance at beginning of year	6,260,638	6,692,323
GST subvention receivable at beginning of year and received during the year	(4,116)	(3,804)
GST subvention received during the year	273,553	269,608
GST subvention received during the year	864,680	813,447
Total grants received as at end of year	<u>220,402,464</u>	<u>211,569,416</u>

BISHAN-TOA PAYOH TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (Continued)**

20. Sinking funds income and expenditure

(i) Income

	<u>2013</u>	<u>2012</u>
	\$	\$
Income from investment funds placed with fund managers	1,681,642	936,680
Interest income from bank deposits	823,211	649,445
Others	7,606	26,668
	<u>2,512,459</u>	<u>1,612,793</u>

(ii) Expenditure

	<u>2013</u>	<u>2012</u>
	\$	\$
Electrical rewiring	4,197,249	457,078
Facade repairs	758,532	91,847
Lift works	4,437,315	5,317,915
Re-decoration and repainting	5,591,462	3,810,141
Re-roofing works	1,332,738	978,688
Unclaimable input tax	193,590	124,413
Others	1,128,318	916,042
	<u>17,639,204</u>	<u>11,696,124</u>

21. Employee benefits expenses

	<u>2013</u>	<u>2012</u>
	\$	\$
Salaries	3,700,629	4,226,281
Contribution to defined contribution plans	473,068	510,186
Other employee benefits	218,826	278,828
	<u>4,392,523</u>	<u>5,015,295</u>

22. Councillors' allowances

	<u>2013</u>	<u>2012</u>
	\$	\$
Town Councillors' allowances	<u>149,100</u>	<u>138,000</u>

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

BISHAN-TOA PAYOH TOWN COUNCIL**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (Continued)****23. 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>2013</u>	<u>2012</u>
	<u>\$</u>	<u>\$</u>
Not later than one year	268,400	188,000
Later than one year and not later than five years	419,800	148,200
	<u>688,200</u>	<u>336,200</u>

24. Expenditure commitments

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

	<u>2013</u>	<u>2012</u>
	<u>\$</u>	<u>\$</u>
Amount approved and contracted for	<u>8,973,193</u>	<u>14,403,022</u>
Amount approved but not contracted for *	<u>51,067,802</u>	<u>31,837,417</u>

* The Town Council had entered into an agreement with NEC Asia Pacific Pte Ltd for the supply, delivery, design, development, installation, configuration, testing, commissioning, warranty of a fully operational integrated Town Council Management System with operation support and maintenance for the period 1 May 2013 to 30 April 2020. The total contract sum amounts to \$986,052.

25. 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.

BISHAN-TOA PAYOH TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (Continued)**

25. Financial instruments and financial risks (Continued)

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 13, cash and cash equivalents balances represent amounts mostly 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 \$679,971 (2012: \$603,759) 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. The age analysis of conservancy and service fees receivables is as follows:

	<u>2013</u>	<u>2012</u>
	\$	\$
Not past due	184,399	196,133
Past due 1 - 3 months	219,737	170,739
Past due 4 - 5 months	108,267	78,791
More than 6 months	885,405	804,462
	<u>1,397,808</u>	<u>1,250,125</u>
Less: Allowance for impairment	<u>(679,971)</u>	<u>(603,759)</u>
	<u>717,837</u>	<u>646,366</u>

Conservancy and service fees receivable amounting to \$533,438 (2012: \$450,233) are past due at the reporting date but not impaired, as the management believes that they 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 9 and 13 respectively.

Equity price risk

Equity price risk is applicable to investments in equity shares or similar instruments. As at the reporting date, the securities were held in corporations listed on the Singapore Stock Exchange (see Note 9). 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.

BISHAN-TOA PAYOH TOWN COUNCIL**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (Continued)****25. Financial instruments and financial risks (Continued)****Liquidity risk**

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

The average credit period for settlement of payables and accrued expenses is 30 days (2012: 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.

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.

Financial instruments by category

The carrying amounts of the different categories of financial instruments other than those disclosed on the face of the statement of financial position and in Notes to the financial statements are as follows:

	<u>2013</u> \$	<u>2012</u> \$
Financial assets at fair value through profit or loss	63,367,493	61,844,189
Loan and receivables	91,083,054	93,859,221
Less: financial liabilities	(7,615,928)	(5,973,954)
	<u>146,834,619</u>	<u>149,729,456</u>

Fair value measurement

The carrying amounts of current financial assets and liabilities approximate their respective fair values due to the relatively short term maturity of these financial instruments. The fair values of the different classes of financial assets and liabilities are disclosed in the respective notes to the financial statements. The fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to the fair value hierarchy levels, as follows:

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

BISHAN-TOA PAYOH TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2013 (Continued)**

26. Funds management

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

- (i) To maintain the value of the funds;
- (ii) To safeguard against the impact of inflation; and
- (iii) To reduce the future financial burden on the 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 in the management of its surplus funds during the financial year. The Town Council is not subject to externally imposed capital requirements. The Town Council's total funds amounted to \$146,145,911 (2012: \$149,066,043).