

# Energising the Town

Annual Report 2013 - 2014



Bishan-Toa Payoh  
Town Council

## **CORPORATE INFORMATION**

### **Town Council Logo**

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
<b>Total</b>	<b>492</b>	<b>52,794</b>

As at July 2014

### **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](http://www.btptc.org.sg)

[www.facebook.com/Bishan-ToaPayoh](https://www.facebook.com/Bishan-ToaPayoh)

#### **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



Many people regard town councils as estate managers, responsible for the cleanliness and maintenance of the estate. That is true in part – maintenance is an important function. However, a less well known role is strategic planning and development of infrastructure projects to renew our estate. Residents' aspiration and expectations are constantly evolving, and facilities which have may been considered special or unique a few years ago, are today regarded as standard. The town council has to keep up with these changes.

My three years as the Chairman of this Town Council has given me a good understanding of the importance in engaging residents and maintaining a close relationship with them. As I have said in the many Town Hall meetings we have held, the Town Council is here to serve the residents, and every dollar we collect from them is used towards that service. I am grateful to the many residents who took time off from their schedules to meet me at various events and share their thoughts and feedback.

### **Infrastructure Projects**

Bishan – Toa Payoh is an ageing estate. While we have the advantage of being superbly located in the heart of Singapore, our housing blocks and facilities require a bit more work to keep them fresh and relevant. We also have to keep in mind the needs of our ageing population as well.

We will therefore be launching an exciting new project to build 72 more fitness parks around the entire estate, and to upgrade existing ones. These will have equipment for our seniors to work on the four critical aspects of strength, flexibility, endurance and balance. They will be easily accessible to all. The parks will be part of a new project to keep our seniors fit and healthy.



We are also bringing forward Repairs and Redecoration (R&R) works for our blocks. A total of 76 blocks will be spruced up this year. In addition, residents of 59 blocks welcome the completion of the lift upgrading programme (LUP) in their precincts. This is on top of the Neighbourhood Renewal Programme (NRP) being carried out across the divisions, where we have built covered link-ways, drop-off porches and barrier-free ramps.

### **Energy Efficient**

The Town Council is pressing on with our programme to replace all light bulbs with more energy-



efficient LED ones. This should see a lowering of our electricity bill, resulting in cost savings for residents. We have seen an average 30 per cent drop in our electricity consumption for the 215 blocks installed with LED lighting. I am

pleased to report that we have introduced LED light bulbs to another 68 blocks. By 2016, 97 percent of the estate will be illuminated with LED lights. We are also exploring other options to reduce

energy consumption. We have an on-going trial project in Bishan East where solar panels have been installed at the rooftop. We will evaluate their feasibility after the trial.

### **Partnering residents**

Dengue is becoming a growing menace, particularly on account of the change in our weather patterns. We will have to increase our anti-mosquito efforts. However, as most breeding sites are found in the home, success in this area will require the support and co-operation of our residents. Thus, we have been actively engaging residents to keep our estates free of stagnant water. The Town Council will also intensify its "moskie-attack" operations. This costs \$830,000 over the two-year period from FY2012/13 to FY2013/14.

Litter provides a source for mosquito breeding. While our cleaners will continue to do their job, the problem is best tackled if everyone plays an active role in ensuring that the estate remains litter-free. Since the launch of the quarterly Cleanest Block Competition in 2013, we have seen improvements in the overall cleanliness. We have therefore decided to enhance the competition in 2014 by recognizing more blocks, and awarding more residents of those winning blocks with a 50 per cent rebate in service and conservancy charges.

### **Financial highlights**

The Town Council ended the financial year with an operating surplus of \$8.27 million, after government grants. As in the past years, we ended the financial year with a deficit and it is the government grant that keeps our finances in the black. In view of lower utility tariffs, we had a lower deficit when compared with the previous year. This can quickly change should the price of oil increase. Our sinking fund closed with \$141.63 million. In the coming years, we will be drawing down a substantial amount from the sinking fund to fund our increased Repairs & Redecoration works.

We are also monitoring our arrears situation. While it remains in the “Green” band as determined by the MND, we will have to keep up our collection efforts. If we do not collect, it would mean that residents who pay are effectively subsidising those who do not. That is not fair. I have nonetheless instructed the Town Council to refer all cases of financial hardship to the welfare committees of the respective divisions, and 222 families have received financial assistance this year through our efforts.

### **Conclusion**

We were able to provide and deliver the facilities and services to residents because of the support and contributions from many people, including the town councillors and community leaders, the management and staff and my parliamentary colleagues. I thank them for their dedication and hard work.

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

**Hri Kumar Nair**

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

**Chairman**

**BISHAN-TOA PAYOH TOWN COUNCIL**

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

**AUDITED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

**MAZARS LLP**

Public Accountants and  
Chartered Accountants

**BISHAN-TOA PAYOH TOWN COUNCIL**

**AUDITED FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

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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 2014, the statement of income and expenditure and other comprehensive income, the statement of changes in funds and the statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

The Town Council's management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Town Councils Act, Cap. 329A (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the Town Council's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town Council's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Town Council's management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Town Council as at 31 March 2014 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  
Chartered Accountants

Singapore  
25 June 2014

# BISHAN-TOA PAYOH TOWN COUNCIL

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2014

	<u>Note</u>	<u>2014</u> \$	<u>2013</u> \$
<b>TOWN COUNCIL FUNDS</b>			
<b>Residential property funds</b>			
Accumulated surplus	4	2,734,423	456,247
Sinking funds	5	111,113,050	111,501,406
Town Improvement and Project funds	6	305,611	85,774
		114,153,084	112,043,427
<b>Commercial property funds</b>			
Accumulated surplus	4	4,648,487	3,537,674
Sinking funds	5	30,519,294	29,998,273
Town Improvement and Project funds	6	111,516	-
		35,279,297	33,535,947
<b>Carpark fund</b>			
Accumulated surplus	4	888,313	555,231
<b>Neighbourhood Renewal Programme fund</b>	7	794,883	11,306
		<u>151,115,577</u>	<u>146,145,911</u>
<b>REPRESENTED BY:</b>			
<b>Non-current assets</b>			
Plant and equipment	8	88,274	91,292
<b>Current assets</b>			
Financial assets at fair value through profit or loss	9	61,882,000	63,367,493
Conservancy and service fees receivables	10	631,868	717,837
Other receivables	11	1,047,364	1,256,398
Interest receivable		460,798	378,896
Grants receivable	12	870,633	1,077,671
Fixed deposits with financial institutions	13	88,282,828	84,902,237
Cash and bank balances	13	3,276,203	2,750,015
		156,451,694	154,450,547
<b>Total assets</b>		156,539,968	154,541,839
<b>Less:</b>			
<b>Current liabilities</b>			
Grants received in advance		-	4,224
Conservancy and service fees received in advance		523,069	491,937
Payables and accrued expenses	14	4,043,322	7,119,767
Income tax payable	18	858,000	780,000
<b>Total liabilities</b>		5,424,391	8,395,928
<b>NET ASSETS</b>		<u>151,115,577</u>	<u>146,145,911</u>

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Hri Kumar Nair  
Chairman


.....  
Ling Ming Chuan  
Secretary

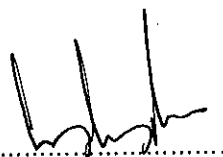
The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

**BISHAN-TOA PAYOH TOWN COUNCIL**

**STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

	<u>Note</u>	<u>2014</u> \$	<u>2013</u> \$
<b>Operating income</b>			
Conservancy and service fees	4	34,244,205	33,281,396
Less: Operating income transfer to Sinking funds (minimum required by law)	5	(11,517,386)	(11,179,849)
		22,726,819	22,101,547
Agency fees	15	2,563,694	2,589,751
Other income	16	2,080,530	2,197,218
		27,371,043	26,888,516
<b>Less: Operating expenditure</b>			
Cleaning works		5,823,706	5,775,728
Lift maintenance		3,882,832	4,277,554
Other works and maintenance		4,284,649	4,352,064
Water and electricity		8,624,188	9,315,598
General and administrative expenditure	17	6,033,388	5,416,003
		28,648,763	29,136,947
<b>Operating deficit</b>		(1,277,720)	(2,248,431)
Add: Interest income		81,205	68,796
<b>Deficit before income tax and government grants</b>		(1,196,515)	(2,179,635)
Less: Income tax	18	(80,888)	(5,769)
<b>Deficit before government grants</b>		(1,277,403)	(2,185,404)
Government grants	4, 19	7,371,651	7,001,174
GST subvention	4, 19	1,184,925	1,160,627
Less: Transfer to			
- Sinking funds	4, 19	(2,315,594)	(2,272,847)
- Town Improvement and Project funds	4, 19	(1,241,508)	(974,577)
		4,999,474	4,914,377
<b>SURPLUS FOR THE YEAR</b>		3,722,071	2,728,973
<b>Other comprehensive income/(loss)</b>			
- Sinking funds	5	132,665	(1,416,410)
- Town Improvement and Project funds	6	331,353	(2,069,841)
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR</b>		4,186,089	(757,278)

  
.....  
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 2014**

	<u>Residential property \$</u>	<u>Commercial property \$</u>	<u>Car parks \$</u>	<u>Neighbourhood Renewal Programme \$</u>	<u>Total \$</u>
<b>Balance at 1 April 2012</b>	117,254,897	32,100,402	187,498	(476,754)	149,066,043
Transfer of funds for 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)
<b>Balance at 31 March 2013</b>	112,043,427	33,535,947	555,231	11,306	146,145,911
Surplus for the year	2,109,657	1,743,350	333,082	783,577	4,969,666
<b>Balance at 31 March 2014</b>	114,153,084	35,279,297	888,313	794,883	151,115,577

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

	<u>Note</u>	<u>2014 \$</u>	<u>2013 \$</u>
Accumulated surplus	4	3,722,071	2,728,973
Sinking funds	5	132,665	(1,416,410)
Town Improvement and Project funds	6	331,353	(2,069,841)
Neighbourhood Renewal Programme fund	7	783,577	488,060
		<u>4,969,666</u>	<u>(269,218)</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 2014

	<u>Note</u>	<u>2014</u> \$	<u>2013</u> \$
<b>Operating activities:</b>			
Deficit before income tax and government grants	4	(1,196,515)	(2,179,635)
Adjustments for:			
Operating income transfer to Sinking funds	5	11,517,386	11,179,849
Depreciation of plant and equipment	8	85,979	84,336
Interest income	4	(81,205)	(68,796)
<b>Operating cash flows before changes in working capital</b>		<b>10,325,645</b>	<b>9,015,754</b>
Movements in working capital:			
Receivables		326,135	(556,350)
Payables		(2,840,459)	(996,916)
<b>Net cash flows from operations before income tax</b>		<b>7,811,321</b>	<b>7,462,488</b>
Sinking funds expenditure paid	5	(13,445,450)	(17,639,204)
Town improvement and project funds expenditure paid	6	(911,964)	(3,049,278)
Neighbourhood renewal programme fund expenditure paid	7	(10,415)	(767,841)
Income tax paid	18	(379,191)	(327,101)
<b>Net cash used in operations before government grants</b>		<b>(6,935,699)</b>	<b>(14,320,936)</b>
Government grants received	19	7,578,941	7,672,421
GST subvention received	19	1,180,449	1,160,627
Government funds received for neighbourhood renewal programme projects	7	558,006	1,255,901
<b>Net cash from/(used in) operating activities</b>		<b>2,381,697</b>	<b>(4,231,987)</b>
<b>Investing activities:</b>			
Purchase of plant and equipment	8	(82,961)	(22,041)
Interest and investment income received		1,608,043	1,564,047
<b>Net cash from investing activities</b>		<b>1,525,082</b>	<b>1,542,006</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>3,906,779</b>	<b>(2,689,981)</b>
Cash and cash equivalents at beginning of year		87,652,252	90,342,233
<b>Cash and cash equivalents at end of year</b>	13	<b>91,559,031</b>	<b>87,652,252</b>

*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 2014**

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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 areas of residential and 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 2014 were authorised for issue in accordance with a resolution of the Town Council on 25 June 2014.

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

##### **2.1 Basis of preparation**

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

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

During the financial year, the Town Council adopted all the new/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 2014

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## 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:

		Effective date (annual periods beginning on or after)
FRS 19	Amendment to FRS 19: Defined benefit plans: Employee contributions	1 July 2014
FRS 32	Amendments to FRS 32 – Offsetting of financial assets and financial liabilities	1 January 2014
FRS 36	Amendments to FRS 36: Recoverable amount disclosures for non-financial assets	1 January 2014
FRS 39	Amendments to FRS 39: Novation of derivatives and continuation of hedge accounting	1 January 2014
INT FRS 121	Levies	1 January 2014

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

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 results 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.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (Continued)**

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (Continued)**

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**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 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.

NRP is implemented by the Town Council with full funding from the government for the specified use of projects under the programme. The funding 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 funds provided by the government, 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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (Continued)**

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**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.

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

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

**2.5 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.

- (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 and investment income  
Interest income from fixed deposits is recognised on a time-proportion basis using the effective interest method.  
  
Income from funds placed with fund managers is recognised based on fair value through profit or loss.
- (iv) Other income  
Other income comprises mainly temporary occupation licences, liquidated damages claims and other miscellaneous income, and are recognised when due.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (Continued)**

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**2. Summary of significant accounting policies (Continued)**

**2.6 Income tax**

Income 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;
- (iii) Donations from non-residents or non-owners of properties in the Town; and
- (iv) Agency fees derived from acting as agents.

Income tax is accounted using the liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantively enacted tax laws, and the effects of future changes in tax laws or rates are not anticipated. Income tax expense represents the sum of the tax currently payable and deferred tax. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority.

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

**2.7 Employee compensation**

**(i) Defined contribution plans**

The Town Council makes contributions to the Central Provident Fund ("CPF") on a mandatory, contractual or voluntary basis. Such contributions are recognised as employee compensation expense when they are due. The Town Council has no further payment obligations once the contributions have been paid.

**(ii) Employee leave entitlement**

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 income and expenditure and other 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 income and expenditure and other 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 2014 (Continued)**

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**2. Summary of significant accounting policies (Continued)**

**2.8 Plant and equipment (Continued)**

Subsequent costs recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the asset will flow to the Town Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of income and expenditure and other comprehensive income when incurred.

Depreciation is calculated using the straight-line method to allocate the depreciable amounts of plant and equipment over their estimated 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 income and expenditure and other comprehensive income. They are classified as non-current assets unless management intends to dispose of the investment within 12 months from the reporting date. Investments in equities, bonds and unit trusts are classified under this category.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (Continued)**

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**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 income and expenditure and other 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**

The Town Council assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any 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 is written down to its recoverable amount and the impairment loss is recognised as expense in the statement of income and expenditure and other comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years. A reversal of an impairment loss is recognised as income in the statement of income and expenditure and other comprehensive income.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (Continued)**

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**2. Summary of significant accounting policies (Continued)**

**2.11 Receivables**

Receivables are recognised initially at fair value and subsequently 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 receivables 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 receivables approximate their fair values. The amount of the impairment allowance is recognised in the statement of income and expenditure and other comprehensive income. No interest is charged on conservancy and service fees receivables in normal circumstances.

**2.12 Cash and cash equivalents**

Cash and cash equivalents include cash and bank balances and short-term deposits with financial institutions which are subject to an insignificant risk of changes in value.

**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 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.

**2. Summary of significant accounting policies (Continued)**

**2.14 Fair value of financial assets and liabilities**

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 reporting period 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 period. 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**

Provisions are recognised when the Town Council has a present legal or constructive obligation as a result of past events and it is probable that an outflow of economic resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

Provisions are reviewed at end of the reporting period and are adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

**2.16 Operating lease**

*As lessee :*

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. Payments made under operating leases (net of any incentive received) are recognised as an expense in the statement of income and expenditure and other comprehensive income on a straight-line basis over the period of the lease.

**2.17 Contingencies**

A contingent liability or asset is 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.

Contingent liabilities and assets are not recognised when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.



**3. Critical accounting judgements and key sources of estimation uncertainty**

The preparation of these financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

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

In the process of applying the Town Council's accounting policies, management is of the opinion that there is no instance of application of judgement which is expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations described below.

**3.2 Key sources of estimation uncertainty**

Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

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

Allowance for doubtful conservancy and service fees receivables amounting to \$708,084 (2013: \$679,971) 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 receivable 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.

Identifying whether these other receivables are doubtful requires application of judgement and estimates. Where the expectation differs from the original estimate, such difference could cause adjustments to the carrying amount of these other receivables and the allowance for impairment in the financial year in which such estimate(s) are changed.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (Continued)**

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**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**

Plant and equipment are depreciated on a straight-line basis over their estimated economic useful lives. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, and therefore future depreciation charges could be revised. The carrying amount of the Town Council's plant and equipment as at 31 March 2014 was \$88,274 (2013: \$91,292) (Note 8).

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

The Town Council follows 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, amongst other factors, the duration and extent to which the fair value of the asset is below 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**

Judgement is required in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of operation. 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 could impact the income tax provisions in the period in which such determination is made. The carrying amount of the Town Council's income tax payable as at 31 March 2014 was \$858,000 (2013: \$780,000) (Note 18).

# BISHAN-TOA PAYOH TOWN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (Continued)

4. Accumulated surplus	Note	Residential Property		Commercial Property		Car Parks		Total	
		2014	2013	2014	2013	2014	2013	2014	2013
		\$	\$	\$	\$	\$	\$	\$	\$
OPERATING INCOME									
Conservancy and service fees		30,510,362	29,877,810	3,733,843	3,403,586	-	-	34,244,205	33,281,396
Less: Operating income transfer to Sinking funds	5	(10,210,539)	(9,988,592)	(1,306,847)	(1,191,257)	-	-	(11,517,386)	(11,179,849)
Agency fees and other income		20,299,823	19,889,218	2,426,996	2,212,329	-	-	22,726,819	22,101,547
		1,212,945	578,686	790,836	1,545,844	2,640,443	2,662,439	4,644,224	4,766,969
Less: OPERATING EXPENDITURE		21,512,768	20,467,904	3,217,832	3,758,173	2,640,443	2,662,439	27,371,043	26,888,516
Operating (deficit)/surplus		(24,234,338)	(24,795,161)	(2,107,038)	(2,041,739)	(2,307,387)	(2,300,047)	(28,648,763)	(29,136,947)
Add: NON-OPERATING INCOME – Interest income		(2,721,570)	(4,327,257)	1,110,794	1,716,434	333,056	362,392	(1,277,720)	(2,248,431)
(DEFICIT)/SURPLUS BEFORE INCOME TAX AND GOVERNMENT GRANTS		69,522	59,131	4,656	3,826	7,027	5,839	81,205	68,796
Less: Income tax	18	(2,652,048)	(4,268,126)	1,115,450	1,720,260	340,083	368,231	(1,196,515)	(2,179,635)
(Deficit)/Surplus before government grant		(99,250)	(4,881)	(4,637)	(390)	(7,001)	(498)	(80,888)	(5,769)
		(2,721,298)	(4,273,007)	1,110,813	1,719,870	333,082	367,733	(1,277,403)	(2,185,404)
Add: Government grants	19	8,533,498	7,951,781	23,078	210,020	-	-	8,556,576	8,161,801
Less: Transfer to Sinking funds	5, 19	(2,315,594)	(2,272,847)	-	-	-	-	(2,315,594)	(2,272,847)
Less: Transfer to Town improvement and project funds	6, 19	(1,218,430)	(764,557)	(23,078)	(210,020)	-	-	(1,241,508)	(974,577)
		4,999,474	4,914,377	-	-	-	-	4,999,474	4,914,377
SURPLUS FOR THE FINANCIAL YEAR		2,278,176	641,370	1,110,813	1,719,870	333,082	367,733	3,722,071	2,728,973
Accumulated surplus at beginning of year		456,247	-	3,537,674	2,058,466	555,231	187,498	4,549,152	2,245,964
		2,734,423	641,370	4,648,487	3,778,336	888,313	555,231	8,271,223	4,974,937
Less: Transfer of funds for HUDC privatisation		-	(185,123)	-	-	-	-	-	(185,123)
Less: Transfer to Town improvement and project fund	6	-	-	-	(240,662)	-	-	-	(240,662)
ACCUMULATED SURPLUS AT END OF YEAR		2,734,423	456,247	4,648,487	3,537,674	888,313	555,231	8,271,223	4,549,152

# **BISHAN-TOA PAYOH TOWN COUNCIL**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (Continued)**

### **5. Sinking funds**

	<b>Note</b>	<b>Residential Property</b>		<b>Commercial Property</b>		<b>Total</b>	
		<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
		<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at beginning of year		111,501,406	115,685,217	29,998,273	29,696,663	141,499,679	145,381,880
Add :							
Operating income transfer from conservancy and service fees (minimum required by law)	4	10,210,539	9,988,592	1,306,847	1,191,257	11,517,386	11,179,849
Transfer from government grants and GST subvention	4, 19	2,315,594	2,272,847	-	-	2,315,594	2,272,847
Other income	20 (i)	2,295,249	2,358,752	151,217	153,707	2,446,466	2,512,459
Fair value changes on investments with fund managers	9	(2,179,948)	508,121	(146,052)	33,541	(2,326,000)	541,662
		12,641,434	15,128,312	1,312,012	1,378,505	13,953,446	16,506,817
Less : Expenditure		(12,677,999)	(16,579,962)	(767,451)	(1,059,242)	(13,445,450)	(17,639,204)
Less : Income tax	18	(351,791)	(266,370)	(23,540)	(17,653)	(375,331)	(284,023)
(Deficit)/Surplus for the financial year		(388,356)	(1,718,020)	521,021	301,610	132,665	(1,416,410)
Less : Transfer of funds for HUDC privatisation		-	(2,465,791)	-	-	-	(2,465,791)
Balance at end of year		111,113,050	111,501,406	30,519,294	29,998,273	141,632,344	141,499,679
<i>Represented by :</i>							
<b>Current assets</b>							
Financial assets at fair value through profit or loss						61,882,000	63,367,493
Conservancy and service fees receivables						211,044	240,973
Other receivables						726,446	854,310
Interest receivable						453,163	377,696
Amount due from accumulated surplus						178,312	436,286
Fixed deposits with financial institutions						80,193,591	80,355,528
Cash and bank balances						925,097	564,233
<b>Total assets</b>						144,569,653	146,196,519
<b>Current liabilities</b>							
Payables and accrued expenses						2,241,809	4,068,840
Income tax payable						695,500	628,000
<b>Total liabilities</b>						2,937,309	4,696,840
<b>Net assets</b>						141,632,344	141,499,679

**BISHAN-TOA PAYOH TOWN COUNCIL**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (Continued)**

**6. Town improvement and project funds**

	<u>Notes</u>	<u>Residential Property</u>		<u>Commercial Property</u>		<u>Total</u>	
		<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
		\$	\$	\$	\$	\$	\$
Balance at beginning of year		85,774	1,569,680	-	345,273	85,774	1,914,953
Add :							
Payments from Citizens' Consultative Committees	4, 19	1,218,430	764,557	23,078	210,020	1,241,508	974,577
Other income		2,607	3,446	174	1,723	2,781	5,169
		1,221,037	768,003	23,252	211,743	1,244,289	979,746
Less : Expenditure		(1,000,289)	(2,251,618)	88,325	(797,660)	(911,964)	(3,049,278)
Less : Income tax	18	(911)	(291)	(61)	(18)	(972)	(309)
Surplus/(Deficit) for the financial year		219,837	(1,483,906)	111,516	(585,935)	331,353	(2,069,841)
Add: Appropriation from accumulated surplus	4	-	-	-	240,662	-	240,662
Balance at end of year		305,611	85,774	111,516	-	417,127	85,774
<i>Represented by :</i>							
<b>Current assets</b>							
Grants receivable						570,210	744,760
Other receivables						423,189	63,638
Cash and bank balances						325,311	375,942
<b>Total assets</b>						1,318,710	1,184,340
<b>Current liabilities</b>							
Payables and accrued expenses						220,505	453,900
Amount due to accumulated surplus						681,078	644,666
<b>Total liabilities</b>						901,583	1,098,566
<b>Net assets</b>						417,127	85,774

**BISHAN-TOA PAYOH TOWN COUNCIL**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (Continued)**

**7. Neighbourhood renewal programme fund**

	<b><u>2014</u></b>	<b><u>2013</u></b>
	<b>\$</b>	<b>\$</b>
Balance at beginning of year	11,306	(476,754)
Government funds received	558,006	1,255,901
Over-provision in respect to previous year	235,986	-
Expenditure paid	<u>(10,415)</u>	<u>(767,841)</u>
Balance at end of year	<u>794,883</u>	<u>11,306</u>

**8. Plant and equipment**

	<b><u>Furniture, fixtures and fittings</u></b>	<b><u>Office equipment</u></b>	<b><u>Data processing equipment/ software</u></b>	<b><u>Total</u></b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Cost:</b>				
At 1 April 2012	955,316	44,880	618,827	1,619,023
Additions	2,180	8,500	11,361	22,041
Disposals	<u>(20,148)</u>	<u>(2,992)</u>	<u>(13,577)</u>	<u>(36,717)</u>
At 31 March 2013	937,348	50,388	616,611	1,604,347
Additions	-	3,300	79,661	82,961
Disposals	<u>(115)</u>	<u>(5,110)</u>	<u>(129,662)</u>	<u>(134,887)</u>
At 31 March 2014	<u>937,233</u>	<u>48,578</u>	<u>566,610</u>	<u>1,552,421</u>
<b>Accumulated depreciation:</b>				
At 1 April 2012	812,066	41,941	611,429	1,465,436
Depreciation charge	73,809	5,201	5,326	84,336
Disposals	<u>(20,148)</u>	<u>(2,992)</u>	<u>(13,577)</u>	<u>(36,717)</u>
At 31 March 2013	865,727	44,150	603,178	1,513,055
Depreciation charge	70,056	3,594	12,329	85,979
Disposals	<u>(115)</u>	<u>(5,110)</u>	<u>(129,662)</u>	<u>(134,887)</u>
At 31 March 2014	<u>935,668</u>	<u>42,634</u>	<u>485,845</u>	<u>1,464,147</u>
<b>Net book value:</b>				
At 31 March 2013	<u>71,621</u>	<u>6,238</u>	<u>13,433</u>	<u>91,292</u>
At 31 March 2014	<u>1,565</u>	<u>5,944</u>	<u>80,765</u>	<u>88,274</u>

**9. Financial assets at fair value through profit or loss**

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. The fund managers are entitled to charge 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. As at the reporting date, the Town Council has agreements with the fund managers to guarantee in aggregate the principal amount of \$25,000,000 (2013: \$25,000,000) at the end of term of the management agreement.

**BISHAN-TOA PAYOH TOWN COUNCIL**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (Continued)**

**9. Financial assets at fair value through profit or loss (Continued)**

These funds are invested in accordance with the Town Councils Act (Cap. 329A).

	<u>2014</u> \$	<u>2013</u> \$
Fair value at beginning of year	63,367,493	61,844,189
Accrued investment income	1,540,507	1,681,642
Annual payout to the Town Council	(700,000)	(700,000)
(Decrease)/Increase in fair value	<u>(2,326,000)</u>	<u>541,662</u>
Fair value at end of year	<u>61,882,000</u>	<u>63,367,493</u>

*Represented by :*

	<u>2014</u> \$	<u>2013</u> \$
Equities and unit trusts	3,522,325	3,454,798
Bonds in corporations	13,470,420	21,481,815
Government and statutory board securities	34,643,627	36,076,472
Cash and bank deposits	<u>10,245,628</u>	<u>2,354,408</u>
	<u>61,882,000</u>	<u>63,367,493</u>

The rate of interest for the cash balances is 0.10% (2013: 0.10%). Financial assets at fair value through profit or loss are denominated in Singapore dollars.

**10. Conservancy and service fees receivables**

	<u>2014</u> \$	<u>2013</u> \$
Conservancy and service fees receivables	1,339,952	1,397,808
Less: Allowance for impairment	<u>(708,084)</u>	<u>(679,971)</u>
	<u>631,868</u>	<u>717,837</u>

Movements in allowance for impairment during the year are as follows:

	<u>2014</u> \$	<u>2013</u> \$
Balance at beginning of year	679,971	603,759
Allowance for the year	<u>28,113</u>	<u>76,212</u>
Balance at end of year	<u>708,084</u>	<u>679,971</u>

Conservancy and service fees receivables are denominated in Singapore dollars.

**BISHAN-TOA PAYOH TOWN COUNCIL**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (Continued)**

**11. Other receivables**

	<u>2014</u>	<u>2013</u>
	\$	\$
Deposits	372,470	413,798
GST receivable from Inland Revenue	-	175,324
Recoverables from HDB/NEA	511,586	555,190
Other receivables	163,308	112,086
	<u>1,047,364</u>	<u>1,256,398</u>

Other receivables are denominated in Singapore dollars.

**12. Grants receivable**

	<u>2014</u>	<u>2013</u>
	\$	\$
Receivable from Citizens' Consultative Committees	570,210	781,724
GST subvention receivable	300,423	295,947
	<u>870,633</u>	<u>1,077,671</u>

Grants receivable are denominated in Singapore dollars.

**13. Cash and cash equivalents**

	<u>2014</u>	<u>2013</u>
	\$	\$
Fixed deposits with financial institutions	88,282,828	84,902,237
Cash and bank balances	3,276,203	2,750,015
	<u>91,559,031</u>	<u>87,652,252</u>

Fixed deposits with financial institutions mature on varying dates within 12 months (2013: 12 months) from the end of the financial year. The effective interest rates at the reporting date were between 1.00% and 1.20% (2013: between 0.86% and 1.20%) per annum.

Cash and cash equivalents are denominated in Singapore dollars.

**14. Payables and accrued expenses**

	<u>2014</u>	<u>2013</u>
	\$	\$
Refundable deposits	187,304	215,106
Payables to contractors	2,770,364	3,263,677
Accrued operating expenses	251,476	246,016
GST payable to Inland Revenue	24,442	-
Payable to management corporation for HUDC privatisation	-	2,647,275
Other creditors	809,736	747,693
	<u>4,043,322</u>	<u>7,119,767</u>

Payables and accrued expenses are denominated in Singapore dollars.

**15. Agency fees**

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



**BISHAN-TOA PAYOH TOWN COUNCIL**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (Continued)**

**16. Other income**

	<u>2014</u>	<u>2013</u>
	\$	\$
Agency fees	106,901	104,446
Late payment fees	101,287	119,692
Liquidated damages	189,476	308,460
Sale of tender documents	13,850	12,200
Sundry fines	38,238	32,808
Sundry income	88,636	66,285
Temporary occupation licences	1,385,802	1,404,656
Use of void decks and common property	33,004	30,800
Use of water and electricity	123,336	117,871
	<u>2,080,530</u>	<u>2,197,218</u>

**17. General and administrative expenditure**

	<u>2014</u>	<u>2013</u>
	\$	\$
Advertising, publicity and public relations	161,088	183,381
Audit fees	28,000	28,000
Computers services	46,348	199,684
Councillors' allowances (Note 22)	146,400	149,100
Depreciation of plant and equipment (Note 8)	85,979	84,336
Employee compensation expenses (Note 21)	4,760,284	4,392,523
Office expenses	263,264	308,367
Office rental	292,932	276,609
Others	211,112	176,254
Plant and equipment not capitalised	1,397	1,747
Property tax	137,018	163,125
Unclaimable GST	263,863	277,470
Allocation of general and administrative expenditure to:		
- Sinking funds	(340,943)	(750,220)
- Town Improvement and Projects funds	(23,354)	(74,373)
	<u>6,033,388</u>	<u>5,416,003</u>

**18. Income tax**

	<u>2014</u>	<u>2013</u>
	\$	\$
Current tax expense		
- Current year	433,000	395,000
- Under/(over) provision in respect of previous years	24,191	(104,899)
	<u>457,191</u>	<u>290,101</u>
Taken up in :		
Accumulated surplus (Note 4)	80,888	5,769
Sinking funds (Note 5)	375,331	284,023
Town improvement and project funds (Note 6)	972	309
	<u>457,191</u>	<u>290,101</u>

**BISHAN-TOA PAYOH TOWN COUNCIL**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (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>2014</u>	<u>2013</u>
	\$	\$
Investment and interest income	2,904,725	2,802,139
Other income	392,980	424,590
	<u>3,297,705</u>	<u>3,226,729</u>
Tax calculated at Singapore tax rate of 17% (2013: 17%)	560,610	548,544
Singapore statutory stepped income exemption	(25,925)	(25,925)
Tax effect of certain income taxed at concessionary tax rate	(124,658)	(122,772)
Under/(over) provision in respect of previous years	24,191	(104,899)
Others	22,973	(4,847)
	<u>457,191</u>	<u>290,101</u>

Movements in provision for income taxes are as follows:

	<u>2014</u>	<u>2013</u>
	\$	\$
Balance at beginning of year	780,000	817,000
Payments during the year	(379,191)	(327,101)
Under/(over) provision in respect of previous years	24,191	(104,899)
Tax expense on income for current year	433,000	395,000
Balance at end of year	<u>858,000</u>	<u>780,000</u>

**BISHAN-TOA PAYOH TOWN COUNCIL**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (Continued)**

**19. Government grants**

	Note	Service and Conservancy Charge operating grant		GST Subvention grant		Payments from Citizens' Consultative Committees		Total
		2014	2013	2014	2013	2014	2013	
		\$	\$	\$	\$	\$	\$	
Government grants received/receivable during the year		6,130,143	6,030,821	1,184,925	1,160,627	1,241,508	974,577	8,166,025
Government grants received in advance		-	(4,224)	-	-	-	-	(4,224)
		6,130,143	6,026,597	1,184,925	1,160,627	1,241,508	974,577	8,161,801
Less :								
Transfer to Sinking funds	5	(1,919,047)	(1,884,827)	(396,547)	(388,020)	-	-	(2,272,847)
Transfer to Town improvement and project funds	6	-	-	-	-	(1,241,508)	(974,577)	(974,577)
		4,211,096	4,141,770	788,378	772,607	-	-	4,994,474
								4,914,377

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

	2014	2013
	\$	\$
Total grants received as at beginning of year	220,402,464	211,569,416
Grants receivable at beginning of year and received during the year	781,724	1,438,293
Grants received during the year	6,801,441	6,260,638
Government grants received in advance at beginning of year	(4,224)	(4,116)
GST subvention receivable at beginning of year and received during the year	295,947	273,553
GST subvention received during the year	884,502	864,680
Total grants received as at end of year	229,161,854	220,402,464

**BISHAN-TOA PAYOH TOWN COUNCIL****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (Continued)****20. Sinking funds income and expenditure****(i) Income**

	<b><u>2014</u></b>	<b><u>2013</u></b>
	<b>\$</b>	<b>\$</b>
Income from investment funds placed with fund managers	1,540,507	1,681,642
Interest income from bank deposits	882,722	823,211
Others	23,237	7,606
	<u>2,446,466</u>	<u>2,512,459</u>

**(ii) Expenditure**

	<b><u>2014</u></b>	<b><u>2013</u></b>
	<b>\$</b>	<b>\$</b>
Electrical rewiring works	930,415	4,197,249
Facade repairs	103,098	758,532
Lift works	3,050,063	4,437,315
Other works	1,546,765	1,128,318
Re-decoration and repainting works	6,653,701	5,591,462
Re-roofing works	1,015,902	1,332,738
Unclaimable GST	145,506	193,590
	<u>13,445,450</u>	<u>17,639,204</u>

**21. Employee compensation expenses**

	<b><u>2014</u></b>	<b><u>2013</u></b>
	<b>\$</b>	<b>\$</b>
Salaries	4,029,693	3,700,629
Contributions to CPF	495,553	473,068
Other employee benefits	235,038	218,826
	<u>4,760,284</u>	<u>4,392,523</u>

**22. Councillors' allowances**

	<b><u>2014</u></b>	<b><u>2013</u></b>
	<b>\$</b>	<b>\$</b>
Town Councillors' allowances	<u>146,400</u>	<u>149,100</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 2014 (Continued)****23. Operating lease payment commitments**

At the end of the reporting period, future minimum lease payment commitments of the office premises and computers services contract are as follows:

	<u>2014</u>	<u>2013</u>
	\$	\$
Not later than one year	435,254	268,400
Later than one year and not later than five years	798,816	419,800
Later than five years	162,854	-
	<u>1,396,924</u>	<u>688,200</u>

Operating leases for the office premises are non-cancellable and the agreements are entered into for a term of 3 years (2013: 3 years).

The Town Council entered into an agreement for a contract sum of \$986,052 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.

**24. Expenditure commitments**

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

	<u>2014</u>	<u>2013</u>
	\$	\$
Amount approved and contracted for	<u>34,680,500</u>	<u>8,973,193</u>
Amount approved but not contracted for	<u>59,041,000</u>	<u>51,067,802</u>

**25. Financial instruments and financial risks**

The Town Council's financial instruments comprise certain cash and cash equivalents, and various other items including financial assets at fair value through profit or loss, conservancy and service fees receivables and other receivables, accrued expenses and other payables that arise from the normal course of operations.

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

## BISHAN-TOA PAYOH TOWN COUNCIL

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (Continued)

#### 25. Financial instruments and financial risks (Continued)

##### Credit risk

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

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

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

For receivables, an ongoing credit evaluation is performed on the financial conditions of the receivables and losses on impairment are recognised in the statement of income and expenditure and other comprehensive income. The allowance for impairment of conservancy and service fees receivables totalling \$708,084 (2013: \$679,971) has been determined at the reporting date. There are no concentrations of credit risk with respect to conservancy and service fees receivables, as the exposure is spread over a large number of residents.

There are no other material classes 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>2014</u>	<u>2013</u>
	\$	\$
Not past due	194,058	184,399
Past due 1 - 3 months	189,163	219,737
Past due 4 - 5 months	66,176	108,267
More than 6 months	890,555	885,405
	<u>1,339,952</u>	<u>1,397,808</u>
Less: Allowance for impairment	<u>(708,084)</u>	<u>(679,971)</u>
	<u>631,868</u>	<u>717,837</u>

Conservancy and service fees receivables amounting to \$437,810 (2013: \$533,438) are past due at the reporting date but not impaired, as 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 (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 2014 (Continued)

#### 25. Financial instruments and financial risks (Continued)

##### Liquidity risk

Liquidity risk is the risk that the Town Council will not be able to meet its financial obligations from shortage of funds. The Town Council manages the liquidity risk by maintaining sufficient cash and internally generated cash flows. 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 when required.

The average credit period for settlement of payables and accrued expenses is 30 days (2013: 30 days). It is expected that all the liabilities will be paid when due with cash inflows from operating activities and government grants.

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

##### Financial instruments by category

The carrying amounts of financial instruments by category other than those disclosed on the face of the statement of financial position and in notes to the financial statements are as follows:

	<u>2014</u>	<u>2013</u>
	\$	\$
Financial assets at fair value through profit or loss	61,882,000	63,367,493
Loan and receivables	94,569,694	91,083,054
Less: Financial liabilities	(4,566,391)	(7,615,928)
	<u>151,885,303</u>	<u>146,834,619</u>

##### Fair value measurement

The carrying amounts of current financial assets and liabilities approximate their respective fair values due to the short-term maturity of these financial instruments. The fair values of the various classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

The Town Council classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. There are three 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).

The financial assets at fair value through profit or loss are categorised as Level 1.

## **BISHAN-TOA PAYOH TOWN COUNCIL**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014 (Continued)**

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#### **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 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 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. As at the end of the reporting period, the Town Council's total funds amounted to \$151,115,577 (2013: \$146,145,911).