

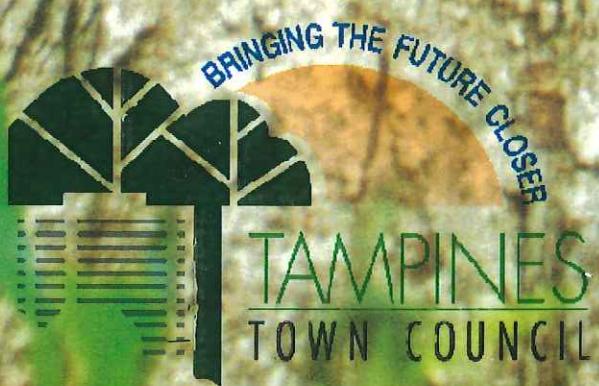
**ANNUAL REPORT**

**&**

**FINANCIAL STATEMENTS**

**FOR**

**FY 2012 / 2013**





**ANNUAL REPORT &  
FINANCIAL STATEMENTS  
FOR  
YEAR ENDED 31 MARCH 2013**

**(FINANCIAL YEAR 2012 / 2013)**

**In Compliance with  
Section 38 (13) & (14)  
Town Councils Act (Chapter 329A)**

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## Chairman's Review



### 2012/2013 IN PERSPECTIVE

On behalf of Tampines Town Council, I am pleased to present its Annual Report for Financial Year 2012/2013.

FY 2012/2013 was indeed a year of challenges. To meet our rising operating costs and replenish our sinking fund which was drawn upon to pay for the numerous Lift Upgrading Projects in our Town, we have increased our Service and Conservancy Charges (S&CC) for the first time since 2004.

The S&CC increase was carried out in two phases to mitigate any financial difficulties faced by our residents. The first phase was carried out on 1 September 2012; the second phase will take place on 1 September this year.

We have also appointed CPG Facilities Management Private Limited as our managing agent on 1 August 2012. The new management team has transited in fully and is committed to improve our services while managing the impact of our aging estate and our increasing operating costs.

We will continue to enhance our living environment and bring amenities closer to our residents. We have several upgrading and cyclical programmes in the pipeline.

These include the much needed Home Improvement Programme (HIP), Car park resurfacing as well as construction of new Multi storey Car parks in our Neighbourhood Centre. We will carry out more Neighborhood Renewal Programmes (NRP) and cyclical works such as Repairs and Redecoration (R&R) works.

In FY 12/13, the Town Council has devoted much effort and resources to add new amenities to the town to enrich the overall living experiences of our residents. They include:

- The Road Safety Park @ Block 205/207, among one of the Community Improvements Project Committee (CIPC) initiatives, was launched on 1 July 2012 to promote road safety awareness and inculcate good road safety behaviours in our young.



- The Community Plaza at Tampines Central 4, opened on 26 August 2012, boasted a total of 7,610 square metres. It has a skate corner and an 800-metre jogging track for the residents to enjoy.



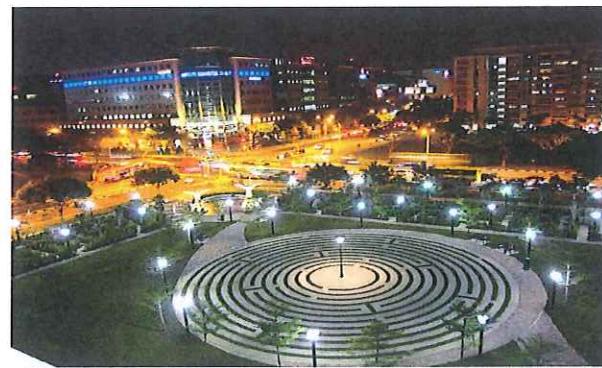
*Skate Park @ Community Plaza*

- The Cultural Hub opened its doors on 12 September 2012 to offer residents another location for recreation and relaxation. The Cultural Hub will also serve as a platform for events showcasing the diversity of our local cultures, a place for community get-together over bonding activities.



*Cultural Hub*

- The Maze Garden, a communal garden that creates an opportunity for social and community interaction while being in touch with nature, was opened on 12 October 2012.



*Maze Garden*

- Blk 921A, a newly constructed multi storey car park to meet the growing demand for parking places was officially opened on 13 October 2012. It boasts of a lovely rooftop garden, first of its kind in Tampines.



Carpark Roof Garden @ Blk 921 A

I took over the Town Council Chairmanship from Senior Minister of State Mr. Masagos on 1 June 2013 and I would like to take this opportunity to thank Mr. Masagos for his stewardship of Tampines Town Council over the past 5 years (2008 to 2013) and my Parliamentary Colleagues and fellow Town Councilors for their invaluable support. I also thank the staff of the Town Council for their commitment and dedication in faithfully carrying out their duties.

Most of all, I thank all our Tampines residents for their unfailing support and feedback, without which, the Town Council would not be what it is today. I look forward to working with all to make Our Tampines, My Best Home.



Baey Yam Keng  
Chairman, Tampines Town Council

## FINANCIAL OVERVIEW

### Financial Overview

FY 2012/2013 has been a challenging year as we continue to face rising costs due to the tight labour market and increasing utility tariff.

Despite these challenges, I am pleased to report that our Town Council finances continue to stay healthy and we were able to achieve an operating surplus of \$1.12 million.

This is achieved through prudent planning and financial management after taking into account government grants for 1-room to 4-room flats.

As at March 31, 2013, the Town Council's total funds are \$53.82 million.

## IMPROVING HOMES AND MAINTAINING ESTATES

### Improving Homes and Estates

#### Town Improvement Projects

Our town council completed a total of 41 Town Improvement Projects with a total budget of \$3.18 million. These projects include covered link-ways, drop off porches, children playgrounds, senior citizens' corners and fitness corners.

#### Cyclical Works

In the same period, we spent a total of \$9.87 million on cyclical works such as R & R, re-roofing, rewiring, lift works and replacement of mechanical equipment.

#### Lift Upgrading Programme (LUP)

We have also spent \$19.57 million on our Lift upgrading. 49 blocks were completed and 345 new lifts were added to these blocks, enabling more residents to enjoy barrier-free access to their homes. To date, the number of lifts in our town has increased from 1131 to 1476 and will increase further to about 1643 by the end of 2013.

By 2014, over 99% of all eligible blocks in Tampines would complete their LUP.



Lift Upgrading Programme

## **Neighbourhood Renewal Programme (NRP)**

There are currently 6 **Neighbourhood Renewal Programmes (NRP)** in varying stage of progress in Tampines. The NRP differs from other upgrading as it is designed and implemented with feedback and suggestions from our residents.

We continue to receive strong support from our residents and we will continue to implement these programmes so that residents of these precincts can continue to look forward to newer facilities and a refreshing look for their Neighbourhood.



*Neighbourhood Renewal Programme – NRP (Artist's Impression)*

## **Home Improvement Programme (HIP)**

The HIP helps residents deal with common maintenance problems faced by homeowners of aging flats, such as spalling concrete, leaking ceilings, waste water pipe replacement and upgrading of toilets. This programme is in high demand as our population ages, the Town Council will work closely with HDB to see through its selection and implementation.



*Home Improvement Programme*

## COST SAVINGS MEASURES & INITIATIVES

Our Town Council has embarked on cost saving measures such as the introduction of LED lights in common areas of 75 blocks, energy saving bulbs for outdoor lighting and other energy saving devices at 31 multi-storey car parks. More blocks will be replaced with LED in the coming years.

To complement our reduction in electrical consumption, we will seek better electrical rates through various electrical retailers when the electrical market is liberalised.

We will also continue to explore the use of renewable energy such as Solar Power in the coming years.



*Installation of LED Lights*

## Community Relations

### Community Relations

The Town Council recognized the importance of engaging our residents to foster a sense of belonging. Our innovation App "Our Home @ Tampines" was launched in December 2012 to provide residents with the convenience of capturing images on-location to send to the Town Council as feedback or suggestions.

The Town Newsletter – The Tampines Tempo has also been revamped to provide quarterly updates on Town Council estate improvements and major events within Tampines GRC.



*Our Home@Tampines iPhone & Android Application*



*PR Team behind the Tampines Tempo Newsletter*

**INDEPENDENT AUDITORS' REPORT TO MEMBERS OF TAMPINES TOWN COUNCIL**

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of Tampines Town Council (the "Town Council"), which comprise the balance sheet of the Town Council as at 31 March 2013, the income and expenditure statement, statement of comprehensive income, the statement of changes in Town Council funds and cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 3 to 31.

*Management's Responsibility for the Financial Statements*

The Town Council's management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Town Councils Act, Cap 329A (the "Act") and Singapore Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*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' judgment, 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 auditor considers internal control relevant to the entity's preparation of the 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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 of the Town Council are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Town Council as at 31 March 2013 and the results, changes in Town Council funds and cash flows of the Town Council for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

### *Management's responsibility for compliance with legal and regulatory requirements*

The Town Council's 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 the Town Council 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 control 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 entity's internal control. 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 the Town Council management's compliance.

### *Opinion*

In our opinion:

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

### **Other Matters**

The financial statements for the financial year ended 31 March 2012 were audited by another firm of auditors whose report dated 27 August 2012 expressed an unmodified opinion on those financial statements.

Ecovis Assurance LLP

**Ecovis Assurance LLP**  
Public Accountants and  
Chartered Accountants  
Singapore

Date: 25 July 2013

**TAMPINES TOWN COUNCIL**

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

**BALANCE SHEET**

As at 31 March 2013

**TOWN COUNCIL FUNDS**

**Residential Property Funds**

	Note	2012/2013	2011/2012
		\$	\$
Accumulated Surplus	3	-	657,467
Sinking Funds	4	33,389,512	46,541,583
Town Improvement and Project Funds	5	95,818	676,088
		33,485,330	47,875,138

**Commercial Property Funds**

	Note	2012/2013	2011/2012
		\$	\$
Accumulated Surplus	3	2,762,376	2,116,405
Sinking Funds	4	15,038,958	15,011,923
Town Improvement and Project Funds	5	575,953	111,993
		18,377,287	17,240,321

**Carpark Fund**

	Note	2012/2013	2011/2012
		\$	\$
Accumulated Surplus	3	1,015,283	488,517

**Neighbourhood Renewal Programme Fund**

	Note	2012/2013	2011/2012
		\$	\$
	6	939,651	404,008

**53,817,551**

**66,007,984**

**Represented By :**

**Non-Current Asset**

Property, Plant and Equipment	7	132,178	78,189
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**Current Assets**

Funds with Fund Managers, at fair value through profit or loss	8	-	16,047,898
Conservancy and Service Fee Receivables	9	1,194,614	1,247,449
Other Receivables	10	4,882,638	4,072,945
Cash and Cash Equivalents	11	57,490,242	52,606,922
		63,567,494	73,975,214

**Total Assets**

**63,699,672**

**74,053,403**

**Less :**

**Current Liabilities**

Conservancy and Service Fees Received-in-Advance	12	635,233	485,927
Payables and Accrued Expenses		8,705,781	7,078,807
Income Tax Payable	16(b)	541,107	480,685
		9,882,121	8,045,419

**Total Liabilities**

**9,882,121**

**8,045,419**

**NET ASSETS**

**53,817,551**

**66,007,984**

MR BAEY YAM KENG  
CHAIRMAN

MR CHAN WEE LEE  
GENERAL MANAGER

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

**TAMPINES TOWN COUNCIL**  
 (Established under the Town Councils Act, Cap 329A)

**INCOME AND EXPENDITURE STATEMENT**  
 For the Financial Year Ended 31 March 2013

	Note	2012/2013	2011/2012
		\$	\$
<b>OPERATING INCOME</b>			
Conservancy and Service Fees		36,837,602	35,075,163
Less : Operating transfer to Sinking Funds (minimum required by law)	4	(13,447,547)	(11,990,406)
		23,390,055	23,084,757
Agency Fees	13	2,753,257	2,607,794
Other Income		2,618,110	2,403,910
		5,371,367	5,011,704
		28,761,422	28,096,461
Less :			
<b>OPERATING EXPENDITURE</b>			
Cleaning Works		5,594,144	5,453,154
Lift Maintenance		4,399,219	3,630,997
Managing Agent's Fees	14	3,431,229	3,502,325
Other Works and Maintenance		5,287,513	4,409,058
Water and Electricity		10,766,463	10,558,430
General and Administrative Expenditure	15	1,906,369	1,999,262
		(31,384,937)	(29,553,226)
<b>OPERATING DEFICIT</b>			
		(2,623,515)	(1,456,765)
Add :			
<b>NON-OPERATING INCOME</b>			
Interest Income		6,107	11,713
<b>DEFICIT BEFORE TAXATION AND GOVERNMENT GRANTS</b>			
		(2,617,408)	(1,445,052)
Less:			
TAXATION	16(a)	(167,283)	(133,759)
GOODS AND SERVICES TAX	17	(294,708)	(265,817)
<b>DEFICIT BEFORE GOVERNMENT GRANTS</b>			
		(3,079,399)	(1,844,628)
Add : Government Grants	19	8,841,857	8,438,176
Less : Transfer to Sinking Funds	4,19	(2,183,947)	(2,021,270)
Transfer to Town Improvement and Project Funds	5,19	(2,462,241)	(2,260,168)
		4,195,669	4,156,738
<b>SURPLUS FOR THE FINANCIAL YEAR</b>			
		1,116,270	2,312,110
<b>ACCUMULATED SURPLUS AS AT 1 APRIL</b>			
		3,262,389	8,369,914
Transfer Accumulated Surplus to Sinking Fund as at 18 April 2011	4, 24	-	(6,667,635)
Appropriation to Town Improvement and Project Funds	5	(601,000)	(752,000)
<b>ACCUMULATED SURPLUS AS AT 31 MARCH</b>			
		3,777,659	3,262,389

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

**TAMPINES TOWN COUNCIL**  
(Established under the Town Councils Act, Cap 329A)

**STATEMENT OF COMPREHENSIVE INCOME**  
For the Financial Year Ended 31 March 2013

	<u>2012/2013</u> \$	<u>2011/2012</u> \$
(Deficit)/Surplus for the financial year	(12,190,433)	3,559,090
Other comprehensive income	-	-
Total comprehensive income for the year attributable to town council funds	<u>(12,190,433)</u>	<u>3,559,090</u>

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

**TAMPINES TOWN COUNCIL**

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

**STATEMENT OF CHANGES IN TOWN COUNCIL FUNDS**

For the Financial Year Ended 31 March 2013

	Residential Property Funds	Commercial Property Funds	Car Park Fund	Neighbourhood Renewal Programme Fund	Total
	\$	\$	\$	\$	\$
<b><u>2012/2013</u></b>					
Balance as at 1 April 2012	47,875,138	17,240,321	488,517	404,008	66,007,984
Deficit for the financial year	(14,891,322)	1,638,480	526,766	535,643	(12,190,433)
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the financial year	(14,891,322)	1,638,480	526,766	535,643	(12,190,433)
Inter-fund transfers	501,514	(501,514)	-	-	-
Balance as at 31 March 2013	<u>33,485,330</u>	<u>18,377,287</u>	<u>1,015,283</u>	<u>939,651</u>	<u>53,817,551</u>

**2011/2012**

Balance as at 1 April 2011	43,667,834	15,726,602	2,171,323	883,135	62,448,894
Surplus for the financial year	2,039,103	1,513,719	485,395	(479,127)	3,559,090
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the financial year	2,039,103	1,513,719	485,395	(479,127)	3,559,090
Inter-fund transfers	2,168,201	-	(2,168,201)	-	-
Balance as at 31 March 2012	<u>47,875,138</u>	<u>17,240,321</u>	<u>488,517</u>	<u>404,008</u>	<u>66,007,984</u>

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

	Note	2012/2013	2011/2012
		\$	\$
Accumulated Surplus	3	1,116,270	2,312,110
Sinking Funds	4	(13,125,036)	2,757,485
Town Improvement and Project Funds	5	(717,310)	(1,031,378)
Neighbourhood Renewal Programme Fund	6	535,643	(479,127)
		<u>(12,190,433)</u>	<u>3,559,090</u>

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

**TAMPINES TOWN COUNCIL**  
 (Established under the Town Councils Act, Cap 329A)

**CASHFLOW STATEMENT**  
 For the Financial Year Ended 31 March 2013

	2012/2013 \$	2011/2012 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Deficit before Taxation and Government Grants	(2,617,408)	(1,445,052)
Adjustment for:		
Depreciation of Property, Plant and Equipment	52,775	28,717
Interest income	(6,107)	(11,713)
Operating transfer to Sinking Funds	13,447,547	11,990,406
Operating Surplus before Working Capital Changes	10,876,807	10,562,358
Decrease in Conservancy and Service Fee Receivables	52,835	213,762
Decrease / (Increase) in Other Receivables	42,687	(382,842)
Increase in Payables and Accrued Expenses	1,780,344	986,420
<b>Cash Generated from Operations</b>	<b>12,752,673</b>	<b>11,379,698</b>
Sinking Funds Expenditure	(29,444,361)	(11,604,359)
Town Improvement and Project Expenditure	(3,180,049)	(3,296,525)
Town Improvement and Project Other Income Received	500	5,000
Neighbourhood Renewal Programme Fund Expenditure Paid	(6,927,630)	(1,763,440)
Goods and Services Tax Paid	(1,297,105)	(331,179)
Income Tax Paid	(210,510)	(204,811)
<b>Net Cash Used in Operating Activities</b>	<b>(28,306,482)</b>	<b>(5,815,616)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of Property, Plant and Equipment	-	174
Purchase of Property, Plant and Equipment	(106,764)	(71,710)
Redemption of investment upon maturity	16,047,898	-
Interest and Investment Income Received	899,234	228,202
<b>Net Cash Generated from Investing Activities</b>	<b>16,840,368</b>	<b>156,666</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Government Grants Received	8,886,161	8,260,065
Funding Received for Neighbourhood Renewal Programme	7,463,273	1,284,313
<b>Net Cash Generated from Financing Activities</b>	<b>16,349,434</b>	<b>9,544,378</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>4,883,320</b>	<b>3,885,428</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>52,606,922</b>	<b>48,721,494</b>
<b>Cash and Cash Equivalents at End of Year (Note 11)</b>	<b>57,490,242</b>	<b>52,606,922</b>

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

**TAMPINES TOWN COUNCIL**  
(Established under the Town Councils Act, Cap 329A)

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Financial Year Ended 31 March 2013

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

**1 GENERAL**

Tampines Town Council was formed on 5 August 1990 under the Town Councils Act (Cap 329A). The functions of the Town Council are to control, manage, maintain and improve the common property of residential and commercial property in the housing estates of the Housing and Development Board (HDB) within the Town. The Town consists of the Tampines Group Representation Constituency.

The Town Council commenced its functions on 1 February 1991.

The principal office of Tampines Town Council is situated at:  
Blk 136 Tampines Street 11  
Singapore 521136

The financial statements were approved and authorised for issue by the Town Council on 25 July 2013.

**2(a) BASIS OF PREPARATION**

The financial statements, expressed in Singapore dollars, are prepared in accordance with the provisions of the Town Councils Act, Cap 329A and Singapore Financial Reporting Standards ("FRS") including related Interpretations. The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

**Significant accounting estimates and judgments**

The preparation of the financial statements in conformity with FRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a high degree of judgments or complexity, are described below.

**Critical accounting estimates and judgments**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**(a) Critical accounting estimates and assumptions**

The Town Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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 bad and doubtful debts**

Allowance for doubtful conservancy and service debts amounting to \$815,106 (2011/2012 – \$542,572) have been estimated on the basis of age of debts, results of recovery efforts and historical experience.

**TAMPINES TOWN COUNCIL**  
**(Established under the Town Councils Act, Cap 329A)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Financial Year Ended 31 March 2013**

**2(a) BASIS OF PREPARATION (Cont'd)**

**Critical accounting estimates and judgments (Cont'd)**

(a) Critical accounting estimates and assumptions (Cont'd)

(ii) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates that the useful lives of property, plant and equipment are between 3 to 5 years. The carrying amount of the property, plant and equipment as at 31 March 2013 was \$132,178 (2011/2012: \$78,189). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(iii) Income tax

Significant judgment is required in determining the provision for income taxes. There are also claims for which the ultimate tax determination is uncertain during the ordinary course of business. The Town Council recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax provisions in the period in which such determination is made.

(b) Key sources of estimation uncertainty

Management is of the opinion that there are no key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**Interpretations and amendments to published standards effective in 2012**

The Town Council has adopted the new or revised FRS and INT FRS that are mandatory for application on that date. The adoption of the relevant FRS and INT FRS did not result in any substantial changes to the Town Councils accounting policies nor any impact on the financial statements.

**TAMPINES TOWN COUNCIL**  
(Established under the Town Councils Act, Cap 329A)

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Financial Year Ended 31 March 2013

**2(a) BASIS OF PREPARATION (Cont'd)**

**FRS and INT FRS not effective**

The Town Council has not early adopted the following relevant and revised FRS and INT FRS that have been issued but not yet effective:

<u>Reference</u>	<u>Description</u>	<u>Effective date (Annual period beginning on or after)</u>
FRS 1 (Amendments)	: Presentation of Item of Other Comprehensive Income	01.07.2012
FRS 32 (Amendments)	: Offsetting of Financial Assets and Financial Liabilities	01.01.2014
FRS 107 (Amendments)	: Disclosures – Transfers of Financial Assets	01.07.2011
FRS 107 (Amendments)	: Offsetting of Financial Assets and Financial Liabilities	01.01.2013
FRS 113	: Fair Value Measurements	01.01.2013

The Town Council is evaluating the initial application of these FRSs and INT FRSs for the impact on the Town Council's financial statements, and will adopt these FRSs and INT FRSs on their effective date.

**2(b) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) FUNDS**

**Town Council Funds**

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

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

- Residential Property
- Commercial Property

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

These funds, together with Sinking Funds, Town Improvement and Project Funds and Neighbourhood Renewal Programme Fund form the Town Council Funds.

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

Assets and liabilities of the various funds of the Town Council are pooled in the Balance Sheet.

**TAMPINES TOWN COUNCIL**  
(Established under the Town Councils Act, Cap 329A)

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Financial Year Ended 31 March 2013

**2(b) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**(a) FUNDS (Cont'd)**

**Sinking Funds**

In accordance with Section 33(4) of the Town Councils Act, separate Sinking Funds are established for the improvement to, management and maintenance of residential property and commercial property. These 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.

In accordance with the Town Councils Act (Minimum Amount of Charges for Payment into Sinking Fund)(Amendment Rule 2004), the minimum amounts to be paid into the Sinking Funds are as follows:

- i) 1-room to 3-room 30% of conservancy and service fees and grants-in-aid
- ii) 4-room 35% of conservancy and service fees and grants-in-aid
- iii) 5-room and Executive 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

During the financial year, the Town Council increased the amounts to be paid into the Sinking Funds are as follows:

- i) 1-room to 3-room 30% of conservancy and service fees and grants-in-aid
- ii) 4-room 40% of conservancy and service fees and grants-in-aid
- iii) 5-room and Executive 40% 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 transfers and netted off against the conservancy and service fees and government grants in the Income and Expenditure Statement.

The Sinking Funds are utilised for cyclical major repainting, renewal, or replacement of roofing systems, water tanks, pumps and water supply systems, lightning protection systems and lifts, installation of any sensor and starter controller to the time-controlled booster pumping system, installation or replacement of any video lift monitoring devices, 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 & Development Act.

The Town Council apportions 5% of General and Administrative expenses from Routine Funds to Sinking Funds.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**2(b) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**(a) FUNDS (Cont'd)**

**Town Improvement And Project Funds**

Town Improvement and Project Funds are established and maintained as part of the Town Council Funds. These Funds are utilised for improvement and development works in the Town.

The funds are set up by transfer from the Accumulated Surplus to fund specific town improvement projects to be carried out. In addition the Town Council receives the Community Improvement Projects Committee Grant from the Citizens' Consultative Committee (CCC) for approved projects.

**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 on the qualifying properties. This upgrading scheme was entered into between the Town Council, HDB and the Ministry of National Development. The funding for the programme came from the Government and is for the specific use of projects under the programme. The Town Council is entitled to keep the surplus from the \$3,400 per dwelling unit to cover NRP expenditure and \$150 per dwelling unit or \$125,000, whichever is higher to cover miscellaneous NRP expenditure if the actual expenditure is lower. However, if the cost of improvement works incurred exceeds the NRP funds, the Town Council has to bear the cost of excess expenditure.

**(b) ALLOCATION OF GENERAL OVERHEADS**

Expenditure not related specifically to any property type managed, for example, administrative overheads, tree planting, pruning etc. is allocated to the various property types using equivalent dwelling units as follows:

<u>Property Type</u>	<u>Equivalent Dwelling Units(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

**(c) GOVERNMENT GRANTS**

The Town Council receives four types of grants from the Government, namely, Service and Conservancy grant, payments from the Citizens' Consultative Committee and GST subvention grant.

Government grants are accounted for on an accrual basis. Grants to meet the current year's operating expenditure are taken to the Income and Expenditure Statement.

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

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**2(b) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**(d) PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION**

Property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is calculated on the straight line basis to write off the cost of the property, plant and equipment over their estimated useful lives as follow:-

Office Equipment	3 years
Furniture, Fixtures and Fittings	5 years
Renovation	5 years
Data Processing Equipment	3 years

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Depreciation is charged from the month of acquisition. For disposal of property, plant and equipment, depreciation is charged up to the month prior to disposal. Property, plant and equipment costing below \$1,000 each are charged to the Income and Expenditure Statement in the year of purchase. Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

The carrying amounts of property, plant and equipment are reviewed yearly in order to assess whether their carrying amounts need to be written down to recoverable amounts. Recoverable amount is defined as the higher of value in use and net selling price.

**(e) INVESTMENT IN FINANCIAL ASSETS**

**Classification**

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

**(i) Financial Assets at Fair Value through profit or loss**

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management.

Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months after the balance sheet date.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**2(b) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**(e) INVESTMENT IN FINANCIAL ASSETS (Cont'd)**

**Classification (Cont'd)**

**(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. They arise when the Town Council provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except those maturing more than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables include trade receivables, other receivables and current assets on the balance sheet.

**(iii) Held-To-Maturity Investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Town Council's management has the positive intention and ability to hold to maturity. The Town Council does not currently have any held-to-maturity investments.

**(iv) Available-For-Sale Financial Assets**

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the assets within 12 months after the balance sheet date. The Town Council does not currently have any available-for-sale financial assets.

**Recognition and Derecognition**

Purchases and sales of investments are recognised on trade-date – the date on which the Town Council commits to purchase or sell the assets. Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Town Council has transferred substantially all risks and rewards of ownership.

**Initial Measurement**

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

**Subsequent Measurement**

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS**  
For the Financial Year Ended 31 March 2013

**2(b) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**(e) INVESTMENT IN FINANCIAL ASSETS (Cont'd)**

**Subsequent Measurement (Cont'd)**

Realised and unrealised gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" investment category (including interest and dividend income) are included in the income and expenditure / sinking fund statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of investments classified as available-for-sale are recognised in other comprehensive income. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments in the fair value reserve within equity are reclassified to the sinking fund statement.

**Determination of Fair Value**

The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active, the Town Council establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

**Impairment**

The Town Council assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of investments classified as available-for-sale, a significant or prolonged decline in the fair value of the investment below its cost is considered in determining whether the investments are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from the fair value reserve within equity and recognised in the income and expenditure / sinking fund statement. Impairment losses recognised in the income and expenditure / sinking fund statement on equity investments are not reversed through the income and expenditure / sinking fund statement, until the equity investments are disposed of.

**(f) FUNDS WITH FUND MANAGERS**

Funds with Fund Managers represent the market value of the portfolio of assets placed with fund managers at the beginning of each management term plus the investment income accrued less the management fees payable during the management term.

On expiry of the management term, a performance fee calculated principally based on a percentage share of any return in excess of the performance benchmark of the fund managers or a minimum guaranteed return may be paid to the fund managers. Where such a fee is payable, it is provided for and deducted from the amount of Funds with Fund Managers.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the assets' carrying amount does not exceed the carrying amount that would be determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Financial Year Ended 31 March 2013**

**2(b) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**(g) RECEIVABLES**

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment is established when there is objective evidence that Town Council is not able to collect all amounts due according to the original terms of the receivables.

Such objective evidence is determined on the following basis:

- (i) Rental/Sold property (live) - in arrears of more than 12 months
- (ii) Rental/Sold property (Ex-accounts) - full amount in arrears

Debts not recovered are written off as bad debts in accordance with the Town Councils Financial Rules.

**(h) CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash on hand and bank deposits.

**(i) PAYABLES**

Payables are initially measured at fair value, which is the consideration to be paid in the future for goods and services rendered, whether or not billed and subsequently measured at amortised cost using the effective interest method.

**(j) PROVISIONS**

Provisions are recognised when the Town Council has 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.

**(k) OPERATING LEASES**

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Rental on operating leases are charged to the income and expenditure statement on a straight-line basis over the lease term. Lease incentives, if any, are recognised as an integral part of the net consideration agreed for the use of the leased asset. Penalty payments on early termination, if any, are recognised in the income and expenditure statement when incurred.

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**2(b) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**(I) IMPAIRMENT OF NON-FINANCIAL ASSETS**

Plant and equipment are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating-units ("CGU") to which the asset belongs to.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in the income and expenditure statement.

An impairment loss for an asset is reversed if, and only, if there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the income and expenditure statement.

**(m) TAXATION**

Tax is provided on the following income:

- (i) Income derived from investments;
- (ii) Fees, rent and other charges received from non-residents or non-owners of properties in the Town for maintenance and use of carpark where the Town Council opts to manage and maintain them;
- (iii) Donations from non-residents or non-owners of properties in the Town Council; and
- (iv) Agency fees derived from acting as agents for statutory boards.

The liability method of tax effect accounting is adopted by the Town Council. Deferred taxation is provided at current taxation rate on all temporary differences existing at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts.

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**2(b) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**(n) RECOGNITION OF INCOME**

Conservancy and service fees are recognised when due.

Interest income from fixed deposits is recognised on an accrual basis.

Income from funds placed with Fund Managers is recognised in accordance with FRS 39 based on fair value through profit or loss.

Income from temporary occupation licences and usage of void deck or other common property is recognised on a straight line basis over the rental period.

**(o) INTER-FUND TRANSFERS**

Under Section 33(9) of the Town Councils Act, the Town Council may transfer an amount not exceeding the surplus from any of its funds constituting the Town Council fund, to a fund, which is in deficit.

**(p) FUNCTIONAL CURRENCY**

Items included in the financial statements of the Town Council are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Town Council ("the functional currency"). The financial statements of the Town Council are presented in Singapore dollars, which is also the functional currency of the Town Council.

**(q) FINANCIAL INSTRUMENTS**

Financial instruments carried on the balance sheet include cash and cash equivalents, funds with fund managers, conservancy and service fees receivables, payables and accrued expenses, conservancy and service fees received-in-advance and other payables and receivables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Disclosures on financial risk management are provided in Note 22.

**TAMPINES TOWN COUNCIL**  
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 For the Financial Year Ended 31 March 2013

**3 ACCUMULATED SURPLUS**

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

	Note	Total 2012/2013 \$	Total 2011/2012 \$	Residential Property 2012/2013 \$	Residential Property 2011/2012 \$	Commercial Property 2012/2013 \$	Commercial Property 2011/2012 \$	Carpark 2012/2013 \$	Carpark 2011/2012 \$
<b>OPERATING INCOME</b>									
Conservancy and Service Fees	4	36,837,602	35,075,163	34,612,800	32,969,216	2,224,802	2,105,947	-	-
Less: Operating Transfer to Sinking Funds (minimum required by law)		(13,447,547)	(11,990,406)	(12,668,867)	(11,253,324)	(778,680)	(737,082)	-	-
Agency Fees	13	2,753,257	2,607,794	-	-	-	-	2,753,257	2,607,794
Other Income		2,618,110	2,403,910	869,458	953,899	1,708,458	1,395,247	40,194	54,764
Less:		28,761,422	28,096,461	22,813,391	22,669,791	3,154,580	2,764,112	2,793,451	2,662,558
<b>OPERATING EXPENDITURE</b>									
		(31,384,937)	(29,553,226)	(27,867,423)	(26,141,868)	(1,251,628)	(1,245,142)	(2,265,886)	(2,166,216)
<b>OPERATING (DEFICIT) / SURPLUS</b>									
Add:		(2,623,515)	(1,456,765)	(5,054,032)	(3,472,077)	1,902,952	1,518,970	527,565	496,342
<b>NON-OPERATING INCOME</b>									
(DEFICIT) / SURPLUS BEFORE TAXATION AND GOVERNMENT GRANTS		6,107	11,713	5,351	10,264	207	398	549	1,051
Less:		(2,617,408)	(1,445,052)	(5,048,681)	(3,461,813)	1,903,159	1,519,368	528,114	497,393
<b>TAXATION</b>	16(a)	(167,283)	(133,759)	(11,261)	(117,213)	(154,674)	(4,548)	(1,348)	(11,998)
<b>IRRECOVERABLE GOODS AND SERVICES TAX</b>	17	(294,708)	(265,817)	(294,708)	(265,817)	-	-	-	-
(DEFICIT) / SURPLUS BEFORE GOVERNMENT GRANTS		(3,079,399)	(1,844,628)	(5,354,650)	(3,844,843)	1,748,485	1,514,820	526,766	485,395
Add : Government Grants	19	8,841,857	8,438,176	8,754,135	8,099,151	87,722	339,025	-	-
Less : Transfer to Sinking Funds	4,19	(2,183,947)	(2,021,270)	(2,183,947)	(2,021,270)	-	-	-	-
Transfer to Town Improvement and Project Funds	5,19	(2,462,241)	(2,260,168)	(2,374,519)	(1,921,143)	(87,722)	(339,025)	-	-
<b>SURPLUS / (DEFICIT) FOR THE FINANCIAL YEAR</b>		4,195,669	4,156,738	4,195,669	4,156,738	-	-	-	-
		1,116,270	2,312,110	(1,158,981)	311,895	1,748,485	1,514,820	526,766	485,395
<b>ACCUMULATED SURPLUS AS AT 1 APRIL</b>		3,262,389	8,369,914	657,467	2,306,541	2,116,405	3,892,050	488,517	2,171,323
Transfer from commercial Property to Residential Property				501,514			(501,514)		
Transfer from Carpark to Residential Property as at 18 April 2011		-	-	-	2,168,201	-	-		(2,168,201)
Transfer of Accumulated Surplus to Sinking Fund as at 18 April 2011	4,24	-	(6,667,635)	-	(3,554,970)		(3,112,665)	-	-
Appropriation to Town Improvement and Project Funds	5	(601,000)	(752,000)	-	(574,200)	(601,000)	(177,800)	-	-
<b>ACCUMULATED SURPLUS AS AT 31 MARCH</b>		3,777,659	3,262,389	-	657,467	2,762,376	2,116,405	1,015,283	488,517

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**NOTES TO THE FINANCIAL STATEMENTS**  
 For the Financial Year Ended 31 March 2013

**4 SINKING FUNDS**

	Note	<b>TOTAL</b>		<b>RESIDENTIAL PROPERTY</b>		<b>COMMERCIAL PROPERTY</b>	
		<b>2012/2013</b>	<b>2011/2012</b>	<b>2012/2013</b>	<b>2011/2012</b>	<b>2012/2013</b>	<b>2011/2012</b>
Balance as at 1 April		\$ 61,553,506	\$ 48,512,845	\$ 46,541,583	\$ 37,380,743	\$ 15,011,923	\$ 11,132,102
Add:							
INVESTMENT AND OTHER INCOME	18	940,032	578,757	907,454	578,757	32,578	-
OPERATING TRANSFER FROM CONSERVANCY AND SERVICE FEES (minimum required by law)	3	13,447,547	11,990,406	12,668,867	11,253,324	778,680	737,082
TRANSFER FROM GOVERNMENT GRANTS	3,19	2,183,947	2,021,270	2,183,947	2,021,270	-	-
		16,571,526	14,590,433	15,760,268	13,853,351	811,258	737,082
Less:							
EXPENDITURE		(29,444,361)	(11,604,359)	(28,663,994)	(11,081,202)	(780,367)	(523,157)
Less:							
TAXATION	16(a)	(103,647)	(101,430)	(99,791)	(97,647)	(3,856)	(3,783)
GOODS AND SERVICES TAX UNCLAIMABLE	17	(148,554)	(127,159)	(148,554)	(127,159)	-	-
(DEFICIT) / SURPLUS FOR THE FINANCIAL YEAR		(13,125,036)	2,757,485	(13,152,071)	2,547,343	27,035	210,142
TRANSFER FROM ACCUMULATED SURPLUS AS AT 18 APRIL 2011	3, 24	-	6,667,635	-	3,554,970	-	3,112,665
TRANSFER FROM TOWN IMPROVEMENT AND PROJECT FUNDS AS AT 18 APRIL 2011	5, 24	-	3,615,541	-	3,058,527	-	557,014
		-	10,283,176	-	6,613,497	-	3,669,679
Balance as at 31 March		<b>48,428,470</b>	<b>61,553,506</b>	<b>33,389,512</b>	<b>46,541,583</b>	<b>15,038,958</b>	<b>15,011,923</b>
Represented by :							
CURRENT ASSETS				<b>2012/2013</b>	<b>2011/2012</b>		
Funds with Fund Managers, at fair value through profit or loss	8	-		\$ 16,047,898	\$ -		
Conservancy and Service Fee Receivables		376,696		363,822			
Other Receivables		889,545		767,960			
Interest Receivable		125,663		79,213			
Cash and Cash Equivalents		48,709,539		43,331,843			
Amount due from Operating Fund		4,210,792		2,687,361			
<b>TOTAL ASSETS</b>		<b>54,312,235</b>		<b>63,278,097</b>			
Less:							
CURRENT LIABILITIES							
Conservancy and Service Fees Received-in-Advance		189,290		164,520			
Payables and Accrued Expenses		5,490,055		1,385,191			
Income Tax Payable		204,420		174,880			
<b>TOTAL LIABILITIES</b>		<b>5,883,765</b>		<b>1,724,591</b>			
NET ASSETS		<b>48,428,470</b>		<b>61,553,506</b>			

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**NOTES TO THE FINANCIAL STATEMENTS**

For the Financial Year Ended 31 March 2013

**5 TOWN IMPROVEMENT AND PROJECT FUNDS**

	Note	Total		Residential Property		Commercial Property	
		2012/2013 \$	2011/2012 \$	2012/2013 \$	2011/2012 \$	2012/2013 \$	2011/2012 \$
Balance as at 1 April		788,081	4,683,000	676,088	3,980,550	111,993	702,450
Add:							
TRANSFER FROM GOVERNMENT GRANTS	3,19	2,462,241	2,260,168	2,374,519	1,921,143	87,722	339,025
OTHER INCOME		500	5,000	500	5,000	-	-
Less:							
EXPENDITURE							
TAXATION	16(a)	(3,180,049) (2)	(3,296,525) (21)	(2,955,287) (2)	(2,746,257) (21)	(224,762) -	(550,268) -
Deficit for the Financial Year		(717,310)	(1,031,378)	(580,270)	(820,135)	(137,040)	(211,243)
Transfer Town Improvement & Project Funds to Sinking Funds as at 18 April 2011	4, 24	-	(3,615,541)	-	(3,058,527)	-	(557,014)
Appropriation from Accumulated Surplus	3	601,000	752,000	-	574,200	601,000	177,800
Balance as at 31 March		<u>671,771</u>	<u>788,081</u>	<u>95,818</u>	<u>676,088</u>	<u>575,953</u>	<u>111,993</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

For the Financial Year Ended 31 March 2013

**6 NEIGHBOURHOOD RENEWAL PROGRAMME FUND**

	2012/2013 \$	2011/2012 \$
Balance as at 1 April	404,008	883,135
Funding from Government	7,462,773	1,284,313
Miscellaneous Income	500	-
Payments to Contractors	(6,927,630)	(1,763,440)
Surplus/(deficit) for the financial year	535,643	(479,127)
Balance as at 31 March	<u>939,651</u>	<u>404,008</u>

The total amount of cash received from the Government for the funding of Neighbourhood Renewal Programme is as follows:

	2012/2013 \$	2011/2012 \$
Cumulative funding received as at 1 April	2,545,213	1,260,900
Funding from Government for the financial year	7,462,773	1,284,313
Cumulative funding received as at 31 March	<u>10,007,986</u>	<u>2,545,213</u>

**7 PROPERTY, PLANT AND EQUIPMENT**

	Office Equipment	Furniture, Fixtures and Fittings	Renovation	Data Processing Equipment	Total
	\$	\$	\$	\$	\$
<b><u>COST</u></b>					
As at 1 April 2011	220,065	424,157	224,053	168,515	1,036,790
Additions	18,200	33,256	-	20,254	71,710
Disposals	(34,266)	(22,125)	-	(12,611)	(69,002)
As at 31 March 2012	<u>203,999</u>	<u>435,288</u>	<u>224,053</u>	<u>176,158</u>	<u>1,039,498</u>
Additions	-	55,600	-	51,164	106,764
Disposals	(4,396)	(11,946)	-	(83,764)	(100,106)
As at 31 March 2013	<u>199,603</u>	<u>478,942</u>	<u>224,053</u>	<u>143,558</u>	<u>1,046,156</u>
<b><u>ACCUMULATED DEPRECIATION</u></b>					
As at 1 April 2011	206,535	405,612	224,053	165,220	1,001,420
Depreciation for the year	14,277	7,798	-	6,642	28,717
Disposals	(34,092)	(22,125)	-	(12,611)	(68,828)
As at 31 March 2012	<u>186,720</u>	<u>391,285</u>	<u>224,053</u>	<u>159,251</u>	<u>961,309</u>
Depreciation for the year	9,604	21,006	-	22,165	52,775
Disposals	(4,396)	(11,946)	-	(83,764)	(100,106)
As at 31 March 2013	<u>191,928</u>	<u>400,345</u>	<u>224,053</u>	<u>97,652</u>	<u>913,978</u>
<b><u>NET BOOK VALUE</u></b>					
As at 31 March 2013	<u>7,675</u>	<u>78,597</u>	<u>-</u>	<u>45,906</u>	<u>132,178</u>
As at 31 March 2012	<u>17,279</u>	<u>44,003</u>	<u>-</u>	<u>16,907</u>	<u>78,189</u>

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**8 FUNDS WITH FUND MANAGERS, AT FAIR VALUE THROUGH PROFIT OR LOSS**

This represents funds together with the related profit / loss placed with professional Fund Managers on the principal amount of \$14,529,267 (2011/2012: \$14,529,267). Funds managed by Fund Managers expired on 30 November 2012.

The Fund Managers are entitled to charge a basic administration fee. Additionally, the Fund Managers are entitled to receive performance fees 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 balance sheet date, the funds invested with Fund Managers are as follows:

	2012/2013 At fair value \$	2011/2012 At fair value \$
Equities - quoted	-	2,592,471
Bonds - quoted	-	11,892,501
	<hr/>	<hr/>
	-	14,484,972
Cash, deposits and bills	-	1,462,189
Accrued interest	-	107,117
Management fee payable to fund managers	-	(6,380)
	<hr/>	<hr/>
	-	16,047,898

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**9 CONSERVANCY AND SERVICE FEE RECEIVABLES**

	<u>2012/2013</u>	<u>2011/2012</u>
	\$	\$
Conservancy and service fee receivables	856,312	755,757
Interest receivable on late payment	248,957	359,700
Legal fees receivables	89,324	131,910
Disbursement fees receivable	21	82
	<u>1,194,614</u>	<u>1,247,449</u>

The above receivables are stated after provision for impairment of \$815,106 (2011/2012: \$542,572).

The movement in provision for impairment is as follows:

	<u>Note</u>	<u>2012/2013</u>	<u>2011/2012</u>
		\$	\$
Balance as at 1 April		542,572	549,972
Provision made for the financial year	15	275,022	23,609
Provision written off during the financial year		(2,488)	(31,009)
Balance as at 31 March		<u>815,106</u>	<u>542,572</u>

**10 OTHER RECEIVABLES**

	<u>2012/2013</u>	<u>2011/2012</u>
	\$	\$
Goods and services tax receivable	1,013,447	159,604
Goods and services tax subvention receivable	347,849	320,429
Interest receivable	126,401	79,496
Deposits and Prepayment	205,666	129,889
Receivables from Citizen's Consultative Committee	2,627,992	2,703,780
Sundry receivables	561,283	679,747
	<u>4,882,638</u>	<u>4,072,945</u>

**11 CASH AND CASH EQUIVALENTS**

	<u>2012/2013</u>	<u>2011/2012</u>
	\$	\$
Fixed deposits	47,856,093	40,997,652
Cash and bank balances	9,634,149	11,609,270
	<u>57,490,242</u>	<u>52,606,922</u>

The fixed deposits with financial institutions mature within 9 months (2011/2012: within 5 months) after the financial year end and bear a weighted average effective interest rate of 0.74% (2011/2012: 0.58%) per annum.

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 For the Financial Year Ended 31 March 2013

**12 PAYABLES AND ACCRUED EXPENSES**

	<u>2012/2013</u>	<u>2011/2012</u>
	\$	\$
Accrued operating expenses	1,741,328	2,678,369
Conservancy and service grant receivable-in-advance	(43,766)	(39,702)
Other creditors	1,152,405	968,283
Payables to contractors	5,735,729	3,298,043
Refundable deposits	120,085	173,814
	<u>8,705,781</u>	<u>7,078,807</u>

**13 AGENCY FEES**

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

**14 MANAGING AGENT'S FEES**

The Town Council's management of its daily operations have been outsourced to a managing agent for a fee of \$3,431,229 for the current year (2011/2012: \$3,502,325).

**15 GENERAL AND ADMINISTRATIVE EXPENDITURE**

The general and administrative expenditure comprises the following:

	Note	<u>2012/2013</u>	<u>2011/2012</u>
		\$	\$
Advertising and public relations		277,620	436,497
Audit fee		25,800	30,800
Computer services		284,741	278,156
Depreciation of property, plant and equipment	7	52,775	28,717
Fees and charges		323,060	306,380
Office rental and upkeep expenditure		363,995	368,158
Office supplies and stationery		183,461	169,176
Others		61,876	44,634
Property, plant and equipment not capitalised		1,706	15,746
Property tax		18,271	181,504
Provision for impairment of receivables	9	275,022	23,609
Town Councillors' allowance		210,751	227,322
		<u>2,079,078</u>	<u>2,110,699</u>
Allocation to Sinking Fund			
- Provision for impairment of receivables and bad debts written-off		(82,506)	(7,083)
- 5% of remaining General and Administrative Expenditure		(90,203)	(104,354)
		<u>1,906,369</u>	<u>1,999,262</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
 For the Financial Year Ended 31 March 2013

**16 TAXATION**

(a) Tax expense

	Note	2012/2013 \$	2011/2012 \$
Income tax expense attributable to chargeable income is made up of:			
Current income tax provision		270,943	270,165
Overprovision of income tax in prior years		(11)	(34,955)
		<u>270,932</u>	<u>235,210</u>
Taken up in:			
Accumulated Surplus	3	167,283	133,759
Sinking Fund	4	103,647	101,430
Town Improvement and Project Fund	5	2	21
		<u>270,932</u>	<u>235,210</u>

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on the Town Council's deficit as a result of the following:

	2012/2013 \$	2011/2012 \$
Deficit before taxation and government grants	<u>(2,617,408)</u>	<u>(1,445,052)</u>
Tax at statutory rate of 17%	(444,959)	(245,659)
Tax effect on non-deductible expenses	5,335,440	5,024,049
Tax effect on non-taxable income	(4,723,187)	(4,609,951)
Tax effect on taxable income on Sinking Fund	103,647	101,704
Tax effect on taxable income on Town Improvement & Project Fund	2	22
Overprovision of income tax in prior years	(11)	(34,955)
	<u>270,932</u>	<u>235,210</u>

(b) Movement in provision for current tax

	2011/2012 \$	2011/2012 \$
Balance as at 1 April	480,685	450,286
Current financial year's income tax expenses	270,943	270,165
Tax paid during the year	(210,510)	(204,811)
Over provision of income tax in prior years	(11)	(34,955)
Balance as at 31 March	<u>541,107</u>	<u>480,685</u>

**17 GOODS AND SERVICES TAX**

Government grants received by the Town Council are considered non-taxable supplies. Therefore, input tax claimable is based on a formula determined by the Inland Revenue Authority of Singapore.

The unclaimed portion is charged to the Income and Expenditure / Sinking Fund Statement during the financial year.

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**18 INVESTMENT AND OTHER INCOME**

	2012/2013	2011/2012
	\$	\$
Income arising from changes in fair value of funds with fund managers at fair value through profit or loss	579,304	321,826
Interest income from fixed deposits / bonds	350,291	243,072
Others	10,437	13,859
	<b><u>940,032</u></b>	<b><u>578,757</u></b>

**19 GOVERNMENT GRANTS**

- i) Government grants taken to the Income and Expenditure Statement during the year are as follows:

	Note	Total		Conservancy and Service Grant		Payment from Citizens' Consultative Committee		LUP Assistance Grant		GST Subvention Grant	
		2012/2013	2011/2012	2012/2013	2011/2012	2012/2013	2011/2012	2012/2013	2011/2012	2012/2013	2011/2012
Government Grants received/ receivable during the financial year	3	8,841,857	8,438,176	5,035,676	4,897,837	2,462,241	2,260,168	-	-	1,343,940	1,280,171
Less: Transfer to -											
Sinking Funds	3.4	(2,183,947)	(2,021,270)	(1,692,047)	(1,584,311)	-	-	-	-	(491,900)	(436,959)
Town Improvement and Project Funds	3.5	<u>(2,462,241)</u>	<u>(2,260,168)</u>	<u>-</u>	<u>-</u>	<u>(2,462,241)</u>	<u>(2,260,168)</u>	<u>-</u>	<u>-</u>	<u>852,040</u>	<u>843,212</u>
		<b><u>4,195,669</u></b>	<b><u>4,156,738</u></b>	<b><u>3,343,629</u></b>	<b><u>3,313,526</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>		

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

	2012/2013	2011/2012
	\$	\$
Grants received as at 1 April	156,804,484	148,544,419
Add: Grants received during the financial year	8,886,161	8,260,065
Total Grants received as at 31 March	<b><u>165,690,645</u></b>	<b><u>156,804,484</u></b>

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For the Financial Year Ended 31 March 2013

**20 OPERATING LEASE COMMITMENTS**

Rental expenses for the year amounted to \$201,600 (2011/2012: \$199,800).

Computer and software service charges under operating lease for the year amounted to \$236,007 (2011/2012: \$229,716)

At the balance sheet date, the Town Council was committed to making the following payments in respect of operating leases with a term of more than one year:

	2012/2013	2011/2012
	\$	\$
Not later than one year	384,119	401,230
Later than one year and not later than five years	900,077	506,532
Later than five years	<u>182,519</u>	<u>-</u>
	<u>1,466,715</u>	<u>907,762</u>

Operating lease payments represent payables by the Town Council for its office space and leases on the computer and software.

The leases will expire earliest on 31 January 2015 and no later than 31 March 2019, and the current rent payable on the respective leases ranged from \$500 to \$15,210 per month.

**21 COMMITMENTS FOR CAPITAL EXPENDITURE**

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

	2012/2013	2011/2012
	\$	\$
Amount approved and contracted for	<u>47,422,109</u>	<u>59,918,402</u>

**22 GENERAL RISK MANAGEMENT PRINCIPLES**

The Town Council's financial instruments comprise cash and cash equivalents, and various other items, including investment in financial assets, conservancy and services debtors and other receivables, trade payables and accrued expenses and other payables. The main risks arising from the Town Council's financial instruments are credit risk, market risk and liquidity risk. Regular reviews are performed by the Finance Committee of the Town Council to monitor and ensure that exposure to these areas, if any, are minimised:

**CREDIT RISK ON FINANCIAL ASSETS**

Credit risk is the risk that counterparty to a financial asset fail to discharge an obligation or commitment that it has entered into with the Town Council. The financial assets of the Town Council comprises mainly cash and cash equivalents, conservancy and service fees receivables, other receivables and funds with fund managers.

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**NOTES TO THE FINANCIAL STATEMENTS**

For the Financial Year Ended 31 March 2013

**22 GENERAL RISK MANAGEMENT PRINCIPLES (Cont'd)****CREDIT RISK ON FINANCIAL ASSETS (Cont'd)**

Credit risk on cash and cash equivalents are limited because the counter-parties are with Singapore regulated financial institutions. An ongoing credit evaluation is performed on the debtors (conservancy and service fees receivables) financial condition and loss from impairment is recognised in the income and expenditure and sinking fund statements when there is objective evidence of an impairment loss. There is no significant concentration risk as the exposure is spread over a large number of residents.

Conservancy and service fees receivables that are past due and/or impaired as at 31 March 2013 are as follows:

	<b>Gross</b> 2012/2013 \$	<b>Impairment</b> 2012/2013 \$	<b>Gross</b> 2011/2012 \$	<b>Impairment</b> 2011/2012 \$
Past due < 3 months	402,907	-	592,539	-
Past due 3 to 6 months	276,596	-	315,961	-
Past due over 6 months	1,029,587	815,106	805,099	542,572
	<b>1,709,090</b>	<b>815,106</b>	<b>1,713,599</b>	<b>542,572</b>

The total amount receivable from each individual account is aged based on the oldest invoice which is still outstanding as at each month end.

The other receivables, comprised mainly grants receivables due from government bodies are not past due or impaired as at 31 March 2013.

Exposure to credit risk in funds with fund managers comprises mainly fixed income securities, equities and bonds.

Funds with fund managers are subject to adverse changes in the financial condition of the issuer, or in general economic conditions, or both, which may impair the ability of the issuer to make payment of interest and principal. Exposure to credit risk is monitored by the Town Council and the professional investment advisors (in the case of funds with fund managers) with oversight from the Finance Committee. In addition, the Town Council is required to comply with the requirements as stated in the Town Councils Financial Rules on investments and investment criteria.

The Town Council's maximum exposure to credit risk arising from cash and cash equivalents, conservancy and service fees receivables, other receivables and funds with fund managers as at 31 March 2012 is equal to the carrying amount of these financial assets in the balance sheet.

**OTHER RISK ON FINANCIAL INSTRUMENTS**

The main risk arising from the Town Council's funds with fund managers and cash and cash equivalents include:

**(a) Market risk**

Market risk is the risk of potential adverse changes to the value of the financial instruments because of changes in market conditions such as interest and volatility in security prices.

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For the Financial Year Ended 31 March 2013

**22 GENERAL RISK MANAGEMENT PRINCIPLES (Cont'd)****OTHER RISK ON FINANCIAL INSTRUMENTS (Cont'd)**

## (a) Market risk (Cont'd)

## (i) Price risk

The Town Council is exposed to securities price risk arising from investments which are classified on the balance sheet at fair value through profit or loss. Fluctuations in the market price of a security may result from perceived changes in the underlying economic characteristics of the investments and the general market conditions. Our investment portfolio with fund managers is monitored by the fund managers who are capital market licensed holders and/or financial institutions, on a regular basis so as to assess changes in fundamentals and valuation. Guidelines have been set by the Finance Committee to manage the exposure of our investment portfolio so as to reduce our exposures to market volatility by diversifying the investment portfolio into equities, bonds and other financial assets.

The table below summarises the impact to the Town Council's investments at fair value through profit or loss as a result of a 10% increase/decrease in the fair value of funds with fund managers with all other variables held constant:

	Increase/(Decrease)					
	Total Funds of the Town Council		Income and Expenditure Statement		Sinking Fund Statement	
	2012/2013	2011/2012	2012/2013	2011/2012	2012/2013	2011/2012
	\$	\$	\$	\$	\$	\$
Price increase by 10%	-	1,604,790	-	-	-	1,604,790
Price decrease by 10%	-	(1,604,790)	-	-	-	(1,604,790)

## (ii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Town Council has interest-bearing fixed deposits with financial institutions and debt securities. As fixed income securities included in funds with fund managers form part of the overall trading portfolio managed by the fund managers, presentation of interest rates will not be meaningful to the users of financial statements. The interest-bearing fixed deposits are at fixed rates at the balance sheet date and the interest rates are disclosed in note 11 to the financial statements. Therefore the Town Council's net assets, income and expenditure statement and sinking fund statement are not likely to be materially affected by changes in market interest rates had these occurred at the balance sheet date and had these been applied to the risk exposures as at the balance sheet date.

## (iii) Foreign exchange risk

The Town Council does not have any assets and liabilities denominated in currencies other than the Singapore dollar and hence is not exposed to foreign currency exchange risk.

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## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2013

### 22 GENERAL RISK MANAGEMENT PRINCIPLES (Cont'd)

#### OTHER RISK ON FINANCIAL INSTRUMENTS (Cont'd)

##### (b) Liquidity risk

The Town Council manages its liquidity risk by maintaining sufficient cash and cash equivalents to meet its routine and sinking fund expenditure. This is managed via the regular monitoring of the Town Council's operating cash flow requirements and the budget set for capital expenditure.

### 23 FAIR VALUES

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

	<u>Level 1</u> \$	<u>Level 2</u> \$	<u>Level 3</u> \$	<u>Total</u> \$
<u>2012/2013</u>				
<b>Assets</b>				
Funds with fund managers at fair value through profit or loss	-	-	-	-
<u>2011/2012</u>				
<b>Assets</b>				
Funds with fund managers at fair value through profit or loss	16,047,898	-	-	16,047,898

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. These instruments are included in Level 1.

### 24 TRANSFER TO SINKING FUND

This represents a transfer of the Accumulated Surplus and Town Improvement and Project Funds to Sinking Fund under Section 34 of the Town Councils Act when a writ of election is issued.

The surplus transferred to the Sinking Fund is based on the Town Council's audited balance sheet as at 31 March 2011 being the last audited balance sheet immediately before the issue of writ of election.

