



*Sayang Sembawang,
Love Our Community.*

Sembawang Town Council
ANNUAL REPORT 2015/2016



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► OUR MEMBERS OF PARLIAMENT ◀



Mr Khaw Boon Wan
Coordinating Minister for Infrastructure
Minister for Transport
MP for Sembawang GRC



Mr Ong Ye Kung
Acting Minister for Education
(Higher Education and Skills)
Senior Minister of State for Defence
MP for Sembawang GRC (Gambas)



Mr Amrin Amin
Parliamentary Secretary for Home Affairs
MP for Sembawang GRC (Woodlands)



Dr Lim Wee Kiak, PBM
MP for Sembawang GRC (Canberra)
Chairman of Sembawang Town Council



Mr Vikram Nair
MP for Sembawang GRC (Admiralty)
Vice-Chairman of Sembawang Town Council

Contracts and Legal Committee



1. Mr Law Shun Yong, BBM(L) (Chairman)
2. Mr Sim Kin Chye, BBM (Co-Chairman)
3. Mr Alex Tan Yan Boon, PBM
4. Mr Allen Wong Kok Wye, PBM
5. Mr Bakerche Bin Mohamed, BBM
6. Er Lu Qi Min, PBM
7. Mr Peter Lo Shui Sung, PBM

Estate Maintenance Committee



1. Mr Norman Aw Kai Aik, BBM (Chairman)
2. Mr Andy Ang Tong Ann
3. Ms Irene Tang Lea Keow
4. Mr Lim Ah Pang
5. Mr Lim Seng Min, PBM
6. Mr Loh Wee Seng, BBM
7. Ms Nnaiomi Ng Siew Ming
8. Mr Tan Kim Swee
9. Mr Thor Wan Kwee, PBM

Finance Committee



1. Dr Ting Seng Kiong (Chairman)
2. Mr Liow Kian Huat, BBM (Co-Chairman)
3. Mr Michael Ling Leong Sing, PBM
4. Mr Ramachandran Nayar Ajayan
5. Mr Sam Koh Hock Thye, PBM
6. Mr Stephen Pang Teng Pao
7. Mr Tay Tze Chuan
8. Mr Wong Hao, PBM

Projects and Development Committee



1. Mr Sim Yeow Kwee David, BBM (Chairman)
2. Mr Eric Toh Siaw Hua, PBM (Co-Chairman)
3. Ms Gay Meng Choo PBM, PB
4. Mr Hong Kim Chye, PBM
5. Mr Lim Kee Cheng
6. Mr Muhamed Rizal Bin Rasudin
7. Mr Eric Ng Xu Yong
8. Mr Philip Oh Teck Kee, PBM
9. Mdm Lydia Ho Hau Yee

Publicity and Public Relations Committee



1. Mdm Lee Tee Choon, BBM, PBS, PPA (Chairman)
2. Mr Goh Peng Hong, BBM (Co-Chairman)
3. Mr George Iskandar
4. Mr Gavin Goh Shiming
5. Mr Joseph Tan Yong Siang
6. Mdm Kalyani d/o Sinnakkalai Ramasany, PBM
7. Mr Muhammad Ridhwan Bin Ibrahim
8. Ms Marianne Yam Wylin

▶ CHAIRMAN'S REVIEW ◀

FY 2015 / 2016 was a busy year for our Town Council with major changes in Sembawang GRC.

The electoral boundary changes saw two former divisions of Sembawang GRC – Marsiling and Woodgrove – joining the newly formed Marsiling-Yew Tee GRC. Sembawang GRC now consists of Admiralty, Sembawang, Woodlands and two new divisions, Canberra and Gambas. We warmly welcome residents of Canberra and Gambas to our GRC.

Even with these new changes, the Town Council remains ever committed to our vision: a clean, vibrant and beautiful Town for all to work, play and live in. This was demonstrated in all our undertakings this year – whether in upgrading works, cleanliness and maintenance standards or in our service to residents.



► NEW MILESTONE ◀

Sembawang Town Council shifted our office premises to Block 504C Canberra Link, #01-63 to better serve our residents.

Centrally located in the heart of Sembawang GRC, the new office provides greater convenience for our residents, especially those living in Sembawang Town, in making payments, applying for permits and providing feedback.

For residents who stay in Woodlands Town, they can continue to make payment at our existing Collection Centre at Woodlands Civic Centre. Our residents in Yishun Town will be happy to note that plans are underway for the construction of a new Collection Centre in Yishun. Whether living in Sembawang, Woodlands or Yishun, we make sure that all our residents are well served by Sembawang Town Council.



► FINANCE ◀

In FY 2015/2016, Sembawang Town Council had an operating surplus of \$4.4m.

As of 31 March 2016, our Town Council has a sinking fund of \$174m and an accumulated surplus of \$5.4m.

Our Town Council has also been able to keep our S&CC arrears low. As of 31 March 2016, arrears cases for three months and above form 3.6% of the total number of residential units under management. Our Town Councillors, grassroots leaders and staff had worked hand in hand during joint house visits to provide assistance to households in arrears.



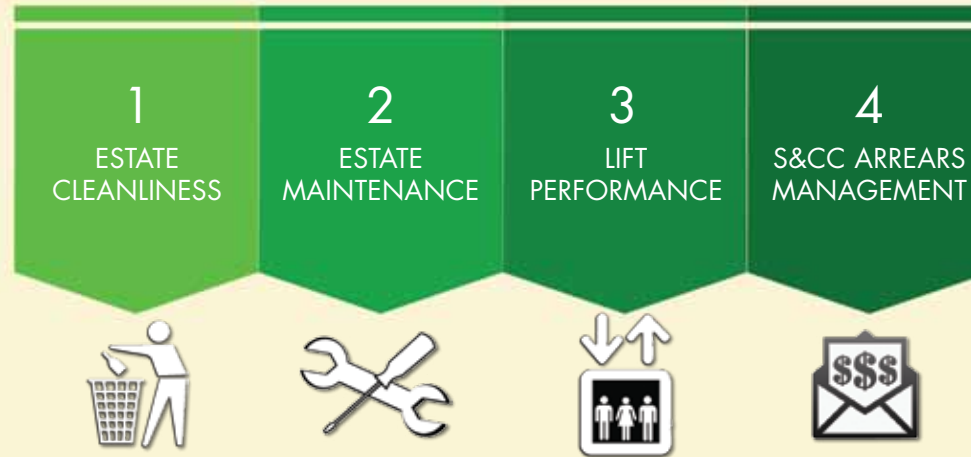
Main Office at Blk 504C Canberra Link



Collection Centre at Woodlands Civic Centre

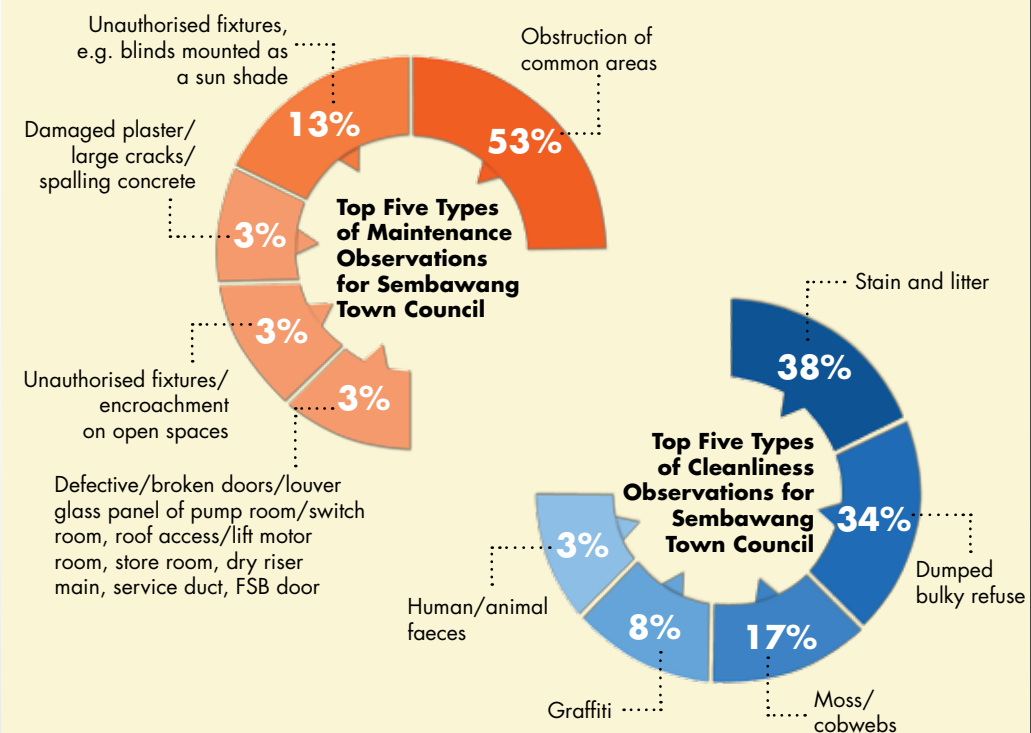
► TOWN COUNCIL MANAGEMENT REPORT (TCMR) ◀

RESULTS FOR APR 2015 – SEP 2015
FY2015 TCMR: QUALITATIVE OBSERVATIONS FOR INDIVIDUAL TOWN COUNCIL



The Town Council has achieved "Green" for Estate Cleanliness, Estate Maintenance, Lift Performance and S&CC Arrears Management*.

*Corporate Governance was not included in the TCMR Apr 2015 - Sep 2015 scoring



The cleanliness and maintenance of the Estates remains a main priority of the Town Council. Through consistent feedback from our residents and regular review of our policies and practices, the Town Council works to improve the standards of cleanliness and maintenance of our estates. The Town Council also looks at how new technologies and innovation may bring about increased productivity and enhanced standards of service delivery for our residents.

Sembawang Town Council continues to achieve the Green band across all five categories in the TCMR: Lift Performance, Estate Cleanliness, Estate Maintenance, S&CC Arrears Management and Corporate Governance. This was achieved through the joint efforts of our residents, Town Councillors, grassroots leaders and staff.

The Town Council will continue to look for ways to improve operation standards so as to bring about a cleaner and more beautiful home for all our residents.

▶ CYCLICAL WORKS ◀

Cyclical works are an important aspect of Town Council's work as they ensure that our estates remain in good condition for our residents. These works include repairs & redecoration (R&R), re-roofing, repairs of lifts, pumps and pipes, which are carried out on a regular basis.

This year, \$17.2 million was spent on cyclical works. 51% of the total expenditure was incurred on R & R works, which was carried out to 140 blocks. The balance of funds went to lift works, electrical rewiring and other cyclical works.



Newly repainted blocks in Gambas division:
Blocks 411-419 Yishun Ring Road/Yishun Ave 11



Newly repainted blocks in Canberra division:
Blocks 339A-B, 340A-B, 341, 341A-B, 356A-C, 357,
357A-C, 359, 359A-C, 360A-C, 467, 467A-B,
468A-D, 469, 469A-B



Newly repainted blocks in Sembawang division: Blocks 501A-D, 502A, 503A-C, 504A-D, 506A, 507A-D
Montreal Drive/Canberra Link/Wellington Circle

► TOWN IMPROVEMENT PROJECTS ◀

Town Improvement Projects are aimed at meeting the needs of residents through the provision of improved facilities / amenities. The Town Council consults grassroots organizations and residents to better understand the needs on the ground, before conceptualizing and executing such Town Improvement Projects.

For FY 2015/2016, a total of \$5.4 million was invested in town improvement projects. This year's projects were undertaken to provide residents with more recreational and leisure options, with \$3 million being spent on the upgrading of playgrounds, fitness and senior fitness corners and the construction of amenities like jogging tracks and game courts. \$0.7 million was also spent on improving infrastructure in our neighbourhood, such as covered walkways and pavilions.

In addition, a total of \$1.25 million was invested in large-scale town wide projects in FY 2015/2016, which includes the upgrading of Circle Green Park. Expected to be completed in 2017, residents can look forward to new playgrounds, fitness stations, BBQ pits and game courts.



► UPGRADING PROGRAMMES ◀

The Neighbourhood Renewal Programme (NRP) is another means through which our Town's amenities are kept upgraded and improved to better meet the needs of our residents. This year, \$4.5 million was invested in upgrading fitness corners and children's playgrounds, extending covered walkways and building amenities like activity plazas or jogging tracks.

In this financial year, NRP at 25 blocks in Gambas division had been successfully completed. In Woodlands division, NRPs at two precincts are also currently on track for scheduled completion. A further 28 blocks in Woodlands has also been slated to undergo NRP and is currently in the design development stage. These improvements to the neighborhood will surely enhance the lifestyles and convenience of our residents.

Artist Impression of activity plaza, fitness station, pedestrian malls and other new/upgraded facilities as part of Neighbourhood Renewal Programme at Blk 816 to 850 Woodlands Street 81/82/83



New Curve Bridge at Nee Soon East Park



New Curve Bridge at Nee Soon East Park



BBQ Pit near Blk 395 Yishun Ring Road



New Game Court near Blk 393 Yishun Ave 6



New Game Court near Blk 402 Yishun Ave 6

► KEEPING OUR TOWN CLEAN AND GREEN ◀

OPERATION WE CLEAN UP!

Everyone has a part to play in keeping our Towns clean. Across the five divisions, the Town Council worked together hand in hand with residents and grassroots volunteers for Operation WE Clean Up. Together with our MPs, everyone pitched in for a litter picking exercise in the various divisions.

Operation WE Clean Up! was also an opportune event to celebrate a group of individuals who play an important role in maintaining the cleanliness of our neighbourhood – our cleaners. This year, our GRC Facebook page, Kampung Sembawang initiated a social media campaign where residents could leave behind comments of appreciation. Residents not only shared their thanks, but heartwarming stories of encounters with our cleaners. All cleaners also received gift vouchers as a gesture of thanks from the community.

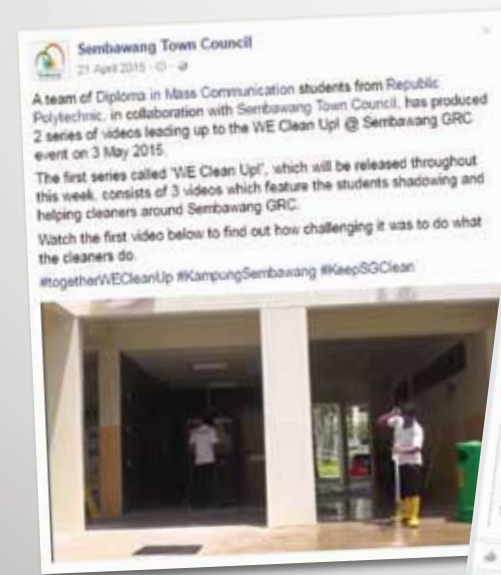
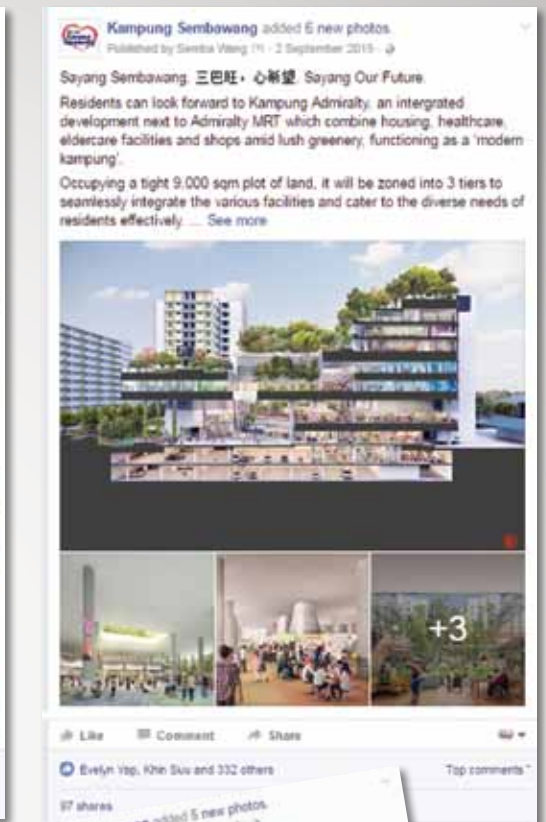


Tree Planting Day and Operation WE Clean Up in Sembawang GRC

► CONNECTING WITH OUR RESIDENTS ◀

In the past financial year, Sembawang Town Council has been focused on strengthening our communication channels with residents, particularly online. Residents can instantly share their feedback with us with a touch of a button, namely via our website and the iTown app.

Our Facebook pages – Sembawang Town Council and Kampung Sembawang - also remain popular channels through which our residents communicate with us. With a combined fanbase of 20,000, these Facebook pages allow the Town Council to reach out to residents on a daily basis. Our GRC Facebook page, Kampung Sembawang also allows our residents to engage with one another through interesting contests and important updates about our neighborhood.



► SAYANG OUR FUTURE ◀

Exciting changes are also afoot in Sembawang GRC. A major development in Sembawang will be the upcoming Sembawang Sports and Community Hub (SSCH). The SSCH will be a vibrant, accessible and integrated community hub with sports facilities in a green setting for residents to enjoy. Built around four overarching themes of Green, Health, Food and Water, residents can look forward to major features of the SSCH such as an adventure park, hawker centre, a landscaped pool, indoor and outdoor sports facilities among many others.

Residents also can look forward to increased convenience in travel in the coming years. The Canberra MRT is slated to open in 2019, and will help commuters to cut down on travel time to the city. Plans are also underway for the North-South Corridor, which will also better enable cycling and walking, whilst cutting down travelling time.

I would like to thank all our Town Councillors, grassroots leaders and staff for their contributions and active participation in the running of the Town Council. I would also like to thank our residents for their feedback and support.

With all of us working together, I am certain that Sembawang GRC will become an even better home and community for all our residents.

DR LIM WEE KIAK, PBM
Chairman, Sembawang Town Council



Artist Impression of Sembawang Sports and Community Hub
Credits: Sports Singapore



Sembawang Town Council
(Established under the Town Councils Act, Chapter 329A)

ANNUAL FINANCIAL STATEMENTS
31 March 2016



▶ GENERAL INFORMATION ◀

ADDRESS

Blk 504C Canberra Link
#01-63
Singapore 753504

AUDITOR

Ernst & Young LLP

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▶ INDEPENDENT AUDITOR'S REPORT ◀

For the financial year ended 31 March 2016

Independent auditor's report to the members of the Sembawang Town Council

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Sembawang Town Council (the "Town Council"), which comprise the balance sheet as at 31 March 2016, and income and expenditure statement, the statement of comprehensive income, 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 information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Town Councils Act, Chapter 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 unauthorized 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.

Auditor's 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 auditor's 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 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 financial position of the Town Council as at 31 March 2016 and of the financial performance, changes in Town Council funds and cash flows of the Town Council for the financial year ended on that date.

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.

► INDEPENDENT AUDITOR'S REPORT ◀

For the financial year ended 31 March 2016

Independent auditor's report to the members of the Sembawang Town Council

Auditor's 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 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 management's compliance.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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.



Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore
30 August 2016

► INCOME AND EXPENDITURE STATEMENT ◀


For the financial year ended 31 March 2016

	Note	2016 S\$'000	2015 S\$'000
OPERATING INCOME			
Conservancy and service fees		47,704	45,321
Less: Operating income transfer to Sinking Funds		(16,512)	(15,650)
		31,192	29,671
Agency fees	5	4,555	4,368
Other income	10(a)	3,243	3,268
		38,990	37,307
Less: Operating expenditure			
Cleaning work		(7,790)	(7,860)
Managing agent's fees	6	(4,794)	(4,816)
Lift maintenance		(6,003)	(5,443)
Other works and maintenance		(5,525)	(5,478)
Water and electricity		(12,289)	(12,087)
General and administrative expenditure	7	(2,430)	(1,943)
		(38,831)	(37,627)
		159	(320)
OPERATING SURPLUS/(DEFICIT)			
NON-OPERATING INCOME			
Add: Interest income		55	34
SURPLUS/(DEFICIT) BEFORE TAXATION AND GRANTS		214	(286)
Less: Income tax expense	8(a)	(234)	(334)
		(20)	(620)
DEFICIT BEFORE GOVERNMENT GRANTS			
Add: Government grants	9	11,305	9,745
Less: Transfer to Sinking Funds	9,11	(2,220)	(2,171)
Transfer to Town Improvement and Project Funds	9,12	(4,642)	(3,207)
		4,443	4,367
		4,423	3,747
SURPLUS FOR THE FINANCIAL YEAR			
Add: Accumulated surplus at 1 April		7,590	4,101
Less: Accumulated surplus transferred to Sinking Funds	11	(5,703)	-
Less: Accumulated surplus transferred to Marsiling-Yew Tee Town Council	10,13	(1,855)	-
Add: Accumulated surplus transferred from Nee Soon Town Council	10,13	2,139	-
Less: Accumulated surplus transferred to Town Improvement and Project Funds	10,12	(1,224)	(258)
ACCUMULATED SURPLUS AT 31 MARCH		5,370	7,590



Dr. Lim Wee Kiak, PBM
Chairman

Singapore
30 August 2016



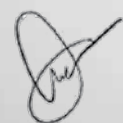
Soon Min Sin
Secretary

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

▶ STATEMENT OF COMPREHENSIVE INCOME ◀

For the financial year ended 31 March 2016

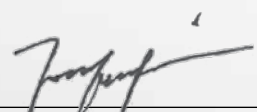
	Note	2016 S\$'000	2015 S\$'000
SURPLUS FOR THE FINANCIAL YEAR	10	4,423	3,747
MOVEMENT OF VARIOUS FUNDS			
Sinking Funds	11	3,182	4,671
Town Improvement and Project Funds	12	(776)	(93)
		6,829	8,325
OTHER COMPREHENSIVE INCOME			
Item that may be reclassified subsequently to income and expenditure statement			
Fair value (loss)/gain on available-for-sale financial assets	19	(274)	484
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR, NET OF INCOME TAX		(274)	484
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ATTRIBUTABLE TO TOWN COUNCIL FUNDS		6,555	8,809



Dr. Lim Wee Kiak, PBM
Chairman

Singapore
30 August 2016

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



Soon Min Sin
Secretary

▶ BALANCE SHEET ◀

As at 31 March 2016

	Note	2016 S\$'000	2015 S\$'000
TOWN COUNCIL FUNDS			
Residential Property Funds			
Accumulated surplus	10	3,472	1,269
Sinking Funds	11	161,047	155,127
Town Improvement and Project Funds	12	1,155	1,033
		165,674	157,429
Commercial Property Funds			
Accumulated surplus	10	1,797	5,672
Sinking Funds	11	12,349	24,352
Town Improvement and Project Funds	12	13	29
		14,159	30,053
Carpark Fund			
Accumulated surplus	10	101	649
Fair Value Reserve			
Sinking Funds	11	569	843
Total town council funds		180,503	188,974
Represented by:			
Current assets			
Cash and cash equivalents	14	104,773	102,830
Interest receivables		809	584
Financial assets at fair value through profit or loss	15	44,139	57,466
Conservancy and service fee receivables	17	1,552	1,389
Other receivables and prepayments	18	51,631	6,457
Held-to maturity financial assets	20	1,818	3,807
		204,722	172,533
Non-current assets			
Available-for-sale financial assets	19	7,082	7,822
Held-to maturity financial assets	20	15,037	16,800
Plant and equipment	21	768	59
		22,887	24,681
Total assets		227,609	197,214

▶ BALANCE SHEET ◀

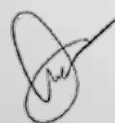
As at 31 March 2016

	Note	2016 S\$'000	2015 S\$'000
Current liabilities			
Conservancy and service fees received in advance		850	628
Creditors and accrued expenses	23	44,643	5,596
Current tax liabilities	8(b)	1,414	1,435
Advances received for Neighbourhood Renewal Programme Fund	24	199	581
Total liabilities		<u>47,106</u>	<u>8,240</u>
Net assets		<u>180,503</u>	<u>188,974</u>

▶ STATEMENT OF CHANGES IN TOWN COUNCIL FUNDS ◀

For the financial year ended 31 March 2016

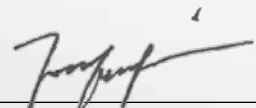
	Note	Residential property funds S\$'000	Commercial property fund S\$'000	Carpark funds S\$'000	Fair value reserve S\$'000	Total S\$'000
Balance as at 1 April 2014		150,242	29,564	–	359	180,165
Surplus for the financial year		7,187	489	649	–	8,325
Other comprehensive income						
Fair value gain on available-for-sale financial assets	22	–	–	–	484	484
Total comprehensive income for the financial year		<u>7,187</u>	<u>489</u>	<u>649</u>	<u>484</u>	<u>8,809</u>
Balance as at 31 March 2015		<u>157,429</u>	<u>30,053</u>	<u>649</u>	<u>843</u>	<u>188,974</u>
Balance as at 1 April 2015		157,429	30,053	649	843	188,974
Surplus/(deficit) for the financial year		5,901	1,075	(147)	–	6,829
Other comprehensive income						
Fair value loss on available-for-sale financial assets	22	–	–	–	(274)	(274)
Total comprehensive income for the financial year		<u>5,901</u>	<u>1,075</u>	<u>(147)</u>	<u>(274)</u>	<u>6,555</u>
Transfer of accumulated surplus from carpark to residential activity	10	501	–	(501)	–	–
Funds transferred to Marsiling-Yew Tee Town Council	13	(37,918)	(22,466)	(115)	–	(60,499)
Funds transferred from Nee Soon Town Council	13	39,761	5,497	215	–	45,473
Balance as at 31 March 2016		<u>165,674</u>	<u>14,159</u>	<u>101</u>	<u>569</u>	<u>180,503</u>



Dr. Lim Wee Kiak, PBM
Chairman

Singapore
30 August 2016

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



Soon Min Sin
Secretary

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

► CASH FLOW STATEMENT ◀

For the financial year ended 31 March 2016

	Note	2016 S\$'000	2015 S\$'000
Operating activities			
Surplus/(deficit) before taxation and government grants	10	214	(286)
Adjustments:			
Operating income transfer to Sinking Funds	10,11	16,512	15,650
(Loss)/gain in financial assets at fair value through profit or loss	11(b)	1,257	(2,806)
Interest income	10	(55)	(34)
(Reversal of)/provision for impairment losses on held-to-maturity financial assets	20	(122)	118
Provision for impairment losses on available-for-sale financial assets	19	454	-
Depreciation of plant and equipment	21	28	37
Operating surplus before working capital changes		18,288	12,679
Increase in receivables		(44,592)	(774)
Increase/(decrease) in payables		39,269	(1,220)
Cash flows generated from operations		12,965	10,685
Sinking Funds expenditure	11	(17,156)	(17,281)
Town Improvement and Project Funds expenditure	12	(5,418)	(3,300)
Neighbourhood Renewal Programme Fund expenditure	24	(4,501)	(6,190)
Taxes paid		(703)	(1,237)
Net cash flows used in operating activities		(14,813)	(17,323)
Investing activities			
Purchase of plant and equipment	21	(766)	(18)
Return of capital from available-for-sale financial assets	19	12	7
Proceeds from redemption of available-for-sale assets	19	-	212
Proceeds from held-to maturity financial assets		3,782	2,422
Investments and interest income received		1,885	4,342
Realisation of cash funds held with fund managers		-	1,514
Net cash flows generated from investing activities		4,913	8,479
Financing activities			
Government grants received	9	10,708	9,872
Funding received from HDB for:			
- Neighbourhood Renewal Programme projects	24	7,690	6,652
Net cash flows generated from financing activities		18,398	16,524
Net increase in cash and cash equivalents		8,498	7,680
Funds transferred to Marsiling-Yew Tee Town Council		(41,906)	-
Funds transferred from Nee Soon Town Council		45,473	-
Cash and cash equivalents at 1 April		89,356	81,676
Cash and cash equivalents at 31 March	14	101,421	89,356

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

► NOTES TO THE FINANCIAL STATEMENTS ◀

For the financial year ended 31 March 2016

1. General information

Sembawang Town Council was formed on 1 September 1990 under the Town Councils Act (Chapter 329A) and has its registered office at Blk 504C Canberra Link, #01-63, Singapore 753504.

The functions of the Town Council are to control, manage, maintain and improve the common property of residential, other commercial property and market and food centres in the housing estates of the Housing and Development Board ("HDB") within the Town.

As the electoral boundaries were redrawn after the General Elections 2015, there have been changes to the Sembawang Town Council with effect from the date of issue of writ on 24 August 2015.

- (i) The Marsiling Division, Woodgrove Division and 12 blocks of Woodlands Division of the Sembawang Town Council were transferred from Sembawang Town Council to Marsiling-Yew Tee Town Council on 1 December 2015.
- (ii) The Canberra Division and parts of Chong Pang, Nee Soon East and Nee Soon South divisions were transferred to Sembawang Town Council from Nee Soon Town Council on 1 December 2015.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Town Council have been prepared in accordance with the provisions of the Town Councils Act, Chapter 329A (the "Act") and Singapore Financial Reporting Standards ("FRS").

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

The financial statements are presented in Singapore dollars ("SGD" or "S\$") which is the Town Council's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand ("S\$'000"), unless otherwise stated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Town Council has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 April 2015. The adoption of these standards did not have any significant effect on the financial performance or position of the Town Council.

► NOTES TO THE FINANCIAL STATEMENTS ◀

For the financial year ended 31 March 2016

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 16 and FRS 41: <i>Agriculture - Bearer Plants</i>	1 January 2016
Amendments to FRS 27: <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to FRS 16 and FRS 38: <i>Clarifications of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to FRS 111: <i>Accounting for Acquisitions of Interest in Joint Operations</i>	1 January 2016
Improvements to FRSs 2014	
- Amendments to FRS 105 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 January 2016
- Amendments to FRS 107 <i>Financial Instruments: Disclosures</i>	1 January 2016
- Amendments to FRS 19 <i>Employment Benefits</i>	1 January 2016
Amendments to FRS 110 and FRS 28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 January 2016
Amendments to FRS 1: <i>Disclosure Initiative</i>	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28: <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
FRS 115: <i>Revenue from Contracts with Customers</i>	1 January 2018
FRS 109: <i>Financial Instruments</i>	1 January 2018
FRS 116: <i>Leases</i>	1 January 2019

Except for FRS 115 and FRS 109, the Town Council expects that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 109 are described below.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Town Council include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Town Council is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

► NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2016

2. Summary of significant accounting policies (continued)

2.3 Standards issued but not yet effective (continued)

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Town Council to make changes to its current systems and processes.

The Town Council currently measures one of its investments in unquoted equity securities at cost. Under FRS 109, the Town Council will be required to measure the investment at fair value. Any difference between the previous carrying amount and the fair value would be recognised in the opening retained earnings when the Town Council apply FRS 109.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Town Council is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

2.4 Plant and equipment

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses, if any. Depreciation is computed utilising the straight-line method to write-off the cost of these assets over their estimated useful lives as follows:

Furniture, fixtures and fittings	-	5 years
Office equipment	-	2 to 3 years
Data processing equipment	-	3 years

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in Income and Expenditure Statement in the year the asset is derecognised.

Plant and equipment costing below S\$1,000 each are charged to the Income and Expenditure Statement in the financial year of purchase. Fully depreciated plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual lives are reviewed and adjusted as appropriate at the end of each reporting period as a change in estimates.

► NOTES TO THE FINANCIAL STATEMENTS ◀

For the financial year ended 31 March 2016

2. Summary of significant accounting policies (continued)

2.5 Funds

(a) Town Council Funds

In accordance with Section 33(1) of the Town Councils Act, separate funds were 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.

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

These funds, together with the 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.

(b) Sinking Funds

In accordance with Section 33(4) of the Town Councils Act, separate Sinking Funds are established for improvement to, and the 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 Ministry for National Development ("MND") 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.

Currently, the amounts to be paid into the Sinking Funds are as follows:

- | | | |
|-------|--------------------------------|---|
| (i) | 1-room to 3-rooms | 30% (2015: 30%) of conservancy and service fees and grants-in-aid |
| (ii) | 4-rooms to 5-rooms | 35% (2015: 35%) of conservancy and service fees and grants-in-aid |
| (iii) | Executive | 35% (2015: 35%) of conservancy and service fees |
| (iv) | Shop with living accommodation | 35% (2015: 35%) of conservancy and service fees |
| (v) | Commercial property | 35% (2015: 35%) of conservancy and service fees |

► NOTES TO THE FINANCIAL STATEMENTS ◀

For the financial year ended 31 March 2016

2. Summary of significant accounting policies (continued)

2.5 Funds (continued)

(b) Sinking Funds (continued)

These contributions are treated as operating transfers and deducted from the gross conservancy and service fees and government grants in the Income and Expenditure Statement.

The Sinking Funds are utilised for major cyclical works such as repair and redecoration, re-roofing, rewiring and replacement of pumps, water tanks and water pipes. In addition, the Sinking Funds are also utilised for the overhaul and upgrading of lifts.

(c) 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, which are to be carried out. In addition, the Town Council receives funds under Community Improvement Projects Committee scheme and are given through the Citizens' Consultative Committees ("CCC") for the approved projects.

2.6 Allocation of general overheads

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

Property type	Equivalent Dwelling Unit(s)	
	2016	2015
1 Residential Property Unit	1	1
1 Commercial Property Unit	2	2
6 Car lots or 36 Motorcycle lots or 4 Lorry lots	1	1

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

► NOTES TO THE FINANCIAL STATEMENTS ◀

For the financial year ended 31 March 2016

2. Summary of significant accounting policies (continued)

2.7 Government grants

The Town Council receives from the Government, namely, Conservancy and Service Charges Grant, payments from CCC and GST subvention grant.

Government grants are accounted in the Income and Expenditure Statement on an accrual basis. Conservancy and Service Charges Grants received are transferred to Sinking Funds based on the amount prescribed in Note 2.5(b) to the financial statements.

The payment from CCC is given as reimbursement claims under the Community Improvement Projects Committee scheme.

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

2.8 Funds with fund managers

Funds with fund managers represent the cost of the portfolio of assets placed with fund managers at the beginning of each management term plus investment income less management fees payable during the management term.

Funds with fund managers comprise mainly of equities, bonds, cash and fixed deposits. Equities and bonds are stated on an aggregate portfolio basis and are classified as financial assets at fair value through profit or loss in the balance sheet.

On expiry of the management term, any surplus over and above the performance benchmark will be shared between the Town Council and the fund managers on the agreed basis.

2.9 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Town Council becomes a party to the contractual provisions of the financial instrument. The Town Council determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

► NOTES TO THE FINANCIAL STATEMENTS ◀

For the financial year ended 31 March 2016

2. Summary of significant accounting policies (continued)

2.9 Financial instruments (continued)

(a) Financial assets (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in Income and Expenditure Statement. Net gains or net losses on financial assets at fair value through profit or loss includes interest and dividend income.

(ii) Loans and receivables (including conservancy and service fees receivables)

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in Income and Expenditure Statement when the loans and receivables are derecognised or impaired, and through the amortisation process.

(iii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Town Council has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in Income and Expenditure Statement when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available for sale. It would also prevent the Town Council from classifying investment securities as held-to-maturity for the current and the following two years.

► NOTES TO THE FINANCIAL STATEMENTS ◀

For the financial year ended 31 March 2016

2. Summary of significant accounting policies (continued)

2.9 Financial instruments (continued)

(a) Financial assets (continued)

Subsequent measurement (continued)

(iv) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses and interest calculated using the effective interest method are recognised in Income and Expenditure Statement. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in Income and Expenditure Statement.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Town Council becomes a party to the contractual provisions of the financial instrument. The Town Council determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of other financial liabilities, plus directly attributable transaction costs.

Subsequent measurement

Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in Income and Expenditure Statement when the liabilities are derecognised, and through the amortisation process.

► NOTES TO THE FINANCIAL STATEMENTS ◀

For the financial year ended 31 March 2016

2. Summary of significant accounting policies (continued)

2.9 Financial instruments (continued)

(b) Financial liabilities (continued)

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in Income and Expenditure Statement.

2.10 Impairment of financial assets

The Town Council assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Town Council first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Town Council determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in Income and Expenditure Statement.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written-off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Town Council considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in Income and Expenditure Statement.

2. Summary of significant accounting policies (continued)

2.10 Impairment of financial assets (continued)

(b) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include: (i) significant financial difficulty of the issuer or obligor; (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investments below its costs. 'Significant' is to be evaluated against the original cost of the investments and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in Income and Expenditure Statement. Reversals of impairment losses in respect of equity instruments are not recognised in Income and Expenditure Statement; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in Income and Expenditure Statement, the impairment loss is reversed in Income and Expenditure Statement.

2. Summary of significant accounting policies (continued)

2.11 Impairment of non-financial assets

The Town Council assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Town Council makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in Income and Expenditure Statement, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in Income and Expenditure Statement unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits, fixed deposits, less cash and fixed deposits with fund managers that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.13 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 the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and 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 a finance cost.

2.14 Lease

Operating lease payments are recognised as an expense in the Income and Expenditure Statement on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2. Summary of significant accounting policies (continued)

2.15 Revenue recognition

Conservancy and service fees and agency fees are recognised on a time-proportion basis for the period when the service is rendered.

Interest income from fixed deposits is recognised on a time-proportion basis using the effective interest method.

Investment income from investments in financial assets held at fair value through profit or loss and available-for-sale instruments is recognised in the Sinking Fund while investment income from investments in held-to-maturity financial assets is recognised on a time-proportion basis using the effective interest method.

2.16 Income tax

Tax is provided on the following income:

- (i) Income derived from investments;
- (ii) Fees, rent and other charges received from non-residents or non-owners of properties in the Town for use of common properties; and
- (iii) Donations from non-residents or non-owners of properties in the Town.

In respect of Government grants received, the Town Council has been granted remission under Section 92(2) of the Income Tax Act (Chapter 134). Conservancy and service charges and agency fees are not subject to tax.

Income tax expense comprises current tax. Current tax is recognised in the Income and Expenditure Statement except to the extent that it relates to items recognised directly in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the end of the reporting period and any adjustment to tax payable in respect of previous financial years.

2.17 Contingencies

A contingent liability is:

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

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

Contingent liabilities and assets are not recognised on the balance sheet of the Town Council, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. Significant accounting judgements and estimates

The preparation of the Town Council's financial statements requires management to exercise its judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future period.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying value amounts of assets and liabilities within the next financial year are discussed below:

(a) *Classification of held-to-maturity investments*

The Town Council follows the guidance of FRS 39 Financial Instruments: Recognition and Measurement ("FRS 39") on classifying non-derivatives financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Town Council evaluates its intention and ability to hold such investments to maturity.

If the Town Council is unable to keep these investments to maturity other than for specific circumstances explained in FRS 39, it will be required to reclassify the whole class as available-for-sale. The investments would therefore be measured at fair value and not amortised cost.

If the class of held-to-maturity investments is tainted, the fair value would increase by approximately S\$284,900 (2015: increase by S\$48,000), with a corresponding entry in the fair value reserve in Town Council Funds.

(b) *Impairment of conservancy and services fees receivables*

The Town Council assesses at the end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For the case conservancy and service fees receivables, the Town Council considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments to determine whether there is objective evidence of impairment.

Allowance for impairment is made in the financial statements for amount in arrears which are outstanding for more than twelve months (2015: twelve months) and/or where collection is doubtful. All known bad debts are written-off in accordance with the Town Council Financial Rules.

The carrying amount of the Town Council's conservancy and service fee receivables at the end of the reporting period is disclosed in Note 17 to the financial statements. If the present value of estimated future cash flows decrease by 10% from management's estimates, the Town Council's allowance for impairment will increase by \$149,700 (2015: \$135,800).

▶ NOTES TO THE FINANCIAL STATEMENTS ◀

For the financial year ended 31 March 2016

4. Inter-fund transfer

Under Section 33(9) of the Town Councils Act (Chapter 329A), the Town Council may transfer an amount not exceeding the surplus from any of its other funds established by the Town Council, to a fund which is in deficit to make good the deficit in that fund.

5. Agency fees

These are fees received for routine maintenance of HDB's car park in the Town Council.

6. Managing agent's fees

The Town Council does not have any other employees on its payroll as management of its daily operations have been outsourced to a managing agent for a fee of S\$5,270,512 (2015: S\$5,335,749) for the financial year ended 31 March 2016. Included in the managing agent's fee, there is an allocation of 10% managing agent's fee amounting to S\$476,278 (2015: S\$519,372) were allocated to Sinking Fund during the financial year (Note 11b).

7. General and administrative expenditure

The general and administrative expenditure comprise the following:

	2016 S\$'000	2015 S\$'000
Office rental and upkeep expenditure	236	288
Computer services	429	199
Advertising, publicity and public relations	470	277
Office supplies and stationery	201	203
Councillors' allowances	190	200
Property tax	224	212
Legal fee	162	57
Depreciation of plant and equipment	28	37
Insurance premium	15	35
Plant and equipment not capitalised	6	5
Staff costs [^]	8	22
Non-claimable goods and services tax*	117	165
Others	576	417
Allocation of 10% G&A to Sinking Fund	(232)	(174)
	<u>2,430</u>	<u>1,943</u>

[^] Staff costs include contributions made to the Central Provident Fund of S\$1,915 (2015: S\$5,385).

* 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 ("IRAS"). The non-claimable portion is charged to the Income and Expenditure Statement.

▶ NOTES TO THE FINANCIAL STATEMENTS ◀

For the financial year ended 31 March 2016

8. Income tax expense

(a) Income tax expense

	2016 S\$'000	2015 S\$'000
Income tax expense attributable to income is made up of:		
Current income tax	692	732
Over provision in respect of previous years	(9)	(19)
	<u>683</u>	<u>713</u>
Accumulated surplus:		
Current income tax	238	334
Over provision in respect of previous years	(4)	*
	<u>234</u>	<u>334</u>
Sinking Funds:		
Current income tax	454	398
Over provision in respect of previous years	(5)	(19)
	<u>449</u>	<u>379</u>
Current income tax expense	<u>683</u>	<u>713</u>

The tax expense on surplus differs from the amount that would arise using the Singapore standard rate of income tax is explained below:

	2016 S\$'000	2015 S\$'000
Investment and interest income received	3,361	3,012
Other income	1,507	2,160
Allowable expenses	(161)	(229)
	<u>4,707</u>	<u>4,943</u>
Tax calculated at a tax rate of 17% (2015: 17%)	800	840
Tax effect of certain income taxed at concessionary tax rate	(108)	(108)
Over provision in respect of previous years	(9)	(19)
	<u>683</u>	<u>713</u>

* Amount is less than S\$1,000.

(b) Current income tax liabilities

	2016 S\$'000	2015 S\$'000
Taken up in:		
- Accumulated surplus	567	644
- Sinking Funds (Note 11)	847	791
	<u>1,414</u>	<u>1,435</u>

► NOTES TO THE FINANCIAL STATEMENTS ◀

For the financial year ended 31 March 2016

9. Government grants

Government grants recognised in the Income and Expenditure Statement during the financial year are as follows:

	Note	Total		Conservancy and Service Charges Grant		Payment from Citizen's Consultative Committee		GST Subvention Grant	
		2016	2015	2016	2015	2016	2015	2016	2015
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Government grants received/ receivable during the financial year	10	11,305	9,745	4,878	4,858	4,642	3,207	1,785	1,680
Less: Transfer to Sinking Funds	11	(2,220)	(2,171)	(1,602)	(1,591)	-	-	(618)	(580)
Transfer to Town Improvement and Project Funds	12	(4,642)	(3,207)	-	-	(4,642)	(3,207)	-	-
		<u>4,443</u>	<u>4,367</u>	<u>3,276</u>	<u>3,267</u>	<u>-</u>	<u>-</u>	<u>1,167</u>	<u>1,100</u>

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

	2016 S\$'000	2015 S\$'000
Total grants received as at 1 April	342,444	332,572
Add: Grants received during the financial year	10,708	9,872
Total grants received as at 31 March	<u>353,152</u>	<u>342,444</u>

► NOTES TO THE FINANCIAL STATEMENTS ◀

For the financial year ended 31 March 2016

10. 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		Residential		Commercial		Car park	
		2016	2015	2016	2015	2016	2015	2016	2015
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Operating income									
Conservancy and service fees		47,704	45,321	45,962	43,268	1,742	2,053	-	-
Less: Operating income transfer to Sinking Funds	11	(16,512)	(15,650)	(15,902)	(14,931)	(610)	(719)	-	-
		31,192	29,671	30,060	28,337	1,132	1,334	-	-
Agency fee		4,555	4,368	-	-	-	-	4,555	4,368
Other income	10(a)	3,243	3,268	2,653	2,745	501	430	89	93
		38,990	37,307	32,713	31,082	1,633	1,764	4,644	4,461
Less: Operating expenditure		(38,831)	(37,627)	(33,145)	(32,794)	(892)	(1,052)	(4,794)	(3,781)
Operating surplus/(deficit)		159	(320)	(432)	(1,712)	741	712	(150)	680
Add: Investment and interest income		55	34	47	28	2	1	6	5
Surplus/(deficit) before taxation and grant		214	(286)	(385)	(1,684)	743	713	(144)	685
Less: Income tax expense	8(a)	(234)	(334)	(229)	(290)	(2)	(8)	(3)	(36)
(Deficit)/surplus before grants		(20)	(620)	(614)	(1,974)	741	705	(147)	649
Add: Government grants	9	11,305	9,745	11,206	9,655	99	90	-	-
Less: Transfer to Sinking Funds	11	(2,220)	(2,171)	(2,220)	(2,171)	-	-	-	-
Transfer to Town improvement and Project Funds	12	(4,642)	(3,207)	(4,543)	(3,117)	(99)	(90)	-	-
		4,443	4,367	4,443	4,367	-	-	-	-
Surplus/(deficit) for the financial year		4,423	3,747	3,829	2,393	741	705	(147)	649
Add: Accumulated surplus at 1 April		7,590	4,101	1,269	-	5,672	4,101	649	-
Add: Transfer of accumulated Surplus from carpark to residential activity		-	-	501	-	-	-	(501)	-
Less: Transfer to Sinking Fund	11	(5,703)	-	(1,175)	-	(4,528)	-	-	-
Less: Transfer to Marsiling-Yew Tee Town Council	13	(1,855)	-	(853)	-	(887)	-	(115)	-
Add: Transfer from Nee Soon Town Council	13	2,139	-	1,345	-	579	-	215	-
Less: Appropriation to Town Improvement and Project Funds	12	(1,224)	(258)	(1,444)	(1,124)	220	866	-	-
Accumulated surplus at 31 March		<u>5,370</u>	<u>7,590</u>	<u>3,472</u>	<u>1,269</u>	<u>1,797</u>	<u>5,672</u>	<u>101</u>	<u>649</u>

▶ NOTES TO THE FINANCIAL STATEMENTS ◀

For the financial year ended 31 March 2016

10. Accumulated surplus (continued)

10a. Other income

	2016 S\$'000	2015 S\$'000
Late payment penalty	257	274
Liquidated damages	87	120
Sale of tender documents	23	16
Sundry fines	29	52
Sundry income	109	186
Temporary Occupational Licence income	2,249	2,246
Use of common property income	12	14
Use of void decks	54	59
Use of water and electricity at void decks	423	301
	<u>3,243</u>	<u>3,268</u>

11. Sinking funds

	Note	Total		Residential ropery		Commercial property	
		2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
At 1 April		179,479	174,808	155,127	150,242	24,352	24,566
Transfer from Accumulated Surplus	10	5,703	-	1,175	-	4,528	-
		185,182	174,808	156,302	150,242	28,880	24,566
Add:							
Income	11(a)	2,055	4,510	2,012	4,384	43	126
Operating income transfer from conservancy and service fees	10	16,512	15,650	15,902	14,931	610	719
Transfer from government grants	9,10	2,220	2,171	2,220	2,171	-	-
		20,787	22,331	20,134	21,486	653	845
Less: Expenditure	11(b)	(17,156)	(17,281)	(16,838)	(16,233)	(318)	(1,048)
Income tax expense	8	(449)	(379)	(444)	(368)	(5)	(11)
Surplus/(deficit) for the financial year		3,182	4,671	2,852	4,885	330	(214)
		188,364	179,479	159,154	155,127	29,210	24,352
Transfer to Marsiling-Yew Tee Town Council	13	(58,304)	-	(36,748)	-	(21,556)	-
		130,060	179,479	122,406	155,127	7,654	24,352
Transfer from Nee Soon Town Council	13	43,336	-	38,641	-	4,695	-
		173,396	179,479	161,047	155,127	12,349	24,352
Add: Fair value reserves		569	843	-	-	-	-
At 31 March		<u>173,965</u>	<u>180,322</u>	<u>161,047</u>	<u>155,127</u>	<u>12,349</u>	<u>24,352</u>

▶ NOTES TO THE FINANCIAL STATEMENTS ◀

For the financial year ended 31 March 2016

11. Sinking funds (continued)

	Note	2016 S\$'000	2015 S\$'000
Represented by:			
Current assets			
Cash and cash equivalents	14	96,748	95,345
Interest receivables		757	552
Financial assets at fair value through profit or loss	15,16	44,139	57,466
Conservancy and service fee receivables		135	359
Held-to maturity financial assets	20	1,818	3,807
Other receivables		43,763	682
		<u>187,360</u>	<u>158,211</u>
Non-current assets			
Available-for-sale financial assets	19	7,082	7,822
Held-to-maturity financial assets	20	15,037	16,800
Total assets		<u>209,479</u>	<u>182,833</u>
Current liabilities			
Creditors and accrued expenses		(34,667)	(1,720)
Current tax liabilities	8(b)	(847)	(791)
Total liabilities		<u>(35,514)</u>	<u>(2,511)</u>
Net assets		<u>173,965</u>	<u>180,322</u>
(a) Income			
Fixed deposit interest income		1,279	917
Gain in financial assets at fair value through profit or loss		-	2,806
Bonds interest income		414	428
Income from other investments		362	359
		<u>2,055</u>	<u>4,510</u>

► NOTES TO THE FINANCIAL STATEMENTS ◀

For the financial year ended 31 March 2016

11. Sinking funds (continued)

(b) Expenditure

	Note	2016 S\$'000	2015 S\$'000
Reroofing works		–	1,298
Electrical rewiring		421	1,516
Lift works		3,748	4,088
Redecoration and repainting		8,808	6,775
Replacement of			
- transfer and booster pumpsets		–	420
- water pipes and stainless steel water tank lining		737	263
- Refuse handling plant & chute flushing system		–	793
Consultancy fee and other charges		912	859
Loss in financial assets at fair value through profit or loss		1,257	–
(Reversal of)/provision of impairment loss on held-to-maturity financial assets		(122)	118
Provision of impairment loss on available-for-sales assets		454	–
Non-claimable goods and services tax*		465	632
Allocation of 10% managing agent's fee	6	476	519
		<u>17,156</u>	<u>17,281</u>

* 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 ("IRAS"). The non-claimable portion is charged to the Income and Expenditure Statement.

► NOTES TO THE FINANCIAL STATEMENTS ◀

For the financial year ended 31 March 2016

12. Town Improvement and Project Funds

	Note	Total		Residential ropery		Commercial property	
		2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
At 1 April		1,062	897	1,033	–	29	897
Transfer from government grants	9	4,642	3,207	4,543	3,117	99	90
Less: Expenditure	12(a)	(5,418)	(3,300)	(5,323)	(3,208)	(95)	(92)
(Deficit)/surplus for the financial year		(776)	(93)	(780)	(91)	4	(2)
Transfer to Marsiling-Yew Tee Town Council	13	(340)	–	(317)	–	(23)	–
		(54)	804	(64)	(91)	10	895
Transfer from Nee Soon Town Council	13	(2)	–	(225)	–	223	–
Appropriation from/(to) accumulated surplus	10	1,224	258	1,444	1,124	(220)	(866)
At 31 March		<u>1,168</u>	<u>1,062</u>	<u>1,155</u>	<u>1,033</u>	<u>13</u>	<u>29</u>
Represented by:							
Current asset							
Other receivables		3,814	3,256				
Current liabilities							
Creditors and accrued expenses		(1,659)	(141)				
Due to accumulated surplus		(987)	(2,053)				
		<u>1,168</u>	<u>1,062</u>				

12 (a) Expenditure

	2016 S\$'000	2015 S\$'000
Construction of covered walkways	452	1,048
Upgrading of open spaces	294	107
Construction/upgrading of playgrounds/fitness corners etc.	2,178	1,258
Lift Surveillance System	150	30
Residents'/Senior citizens' corners	81	–
General and administrative charges	(12)	17
Consultancy fees and Managing Agent's fees	394	328
Other amenities	491	174
Construction of barrier free access facilities	128	–
Large Scale Town Wide (LSTW) Projects	1,262	338
	<u>5,418</u>	<u>3,300</u>

► NOTES TO THE FINANCIAL STATEMENTS ◀

For the financial year ended 31 March 2016

13. Funds transferred to/from Town Councils

Following the General Elections on 11 September 2015 and the gazetting of the Town Councils (Declaration of Towns) Order 2015 on 1 October 2015, Sembawang Town Council was reconstituted. Following this reconstitution, the following are funds transferred to Marsiling-Yew Tee Town Council and funds transferred from Nee Soon Town Council:

(a) Funds transferred to Marsiling-Yew Tee Town Council

	Note	Residential property funds S\$'000	Commercial property fund S\$'000	Carpark funds S\$'000	Total S\$'000
31-Mar-15					
Accumulated surplus	10	853	887	115	1,855
Sinking funds	11	36,748	21,556	-	58,304
Town Improvement Project Fund	12	317	23	-	340
Net funds transferred		<u>37,918</u>	<u>22,466</u>	<u>115</u>	<u>60,499</u>

Represented by:

Cash and cash equivalents					8,729
Net assets					56,676
Net current liabilities					<u>(4,906)</u>
					<u>60,499</u>

(b) Funds transferred from Nee Soon Town Council

31-Mar-15					
Accumulated surplus	10	1,345	579	215	2,139
Sinking funds	11	38,641	4,695	-	43,336
Town Improvement Project Fund	12	(225)	223	-	(2)
Net funds transferred		<u>39,761</u>	<u>5,497</u>	<u>215</u>	<u>45,473</u>

Represented by:

Cash and cash equivalents	18				45,742
Net assets					615
Net current liabilities					<u>(884)</u>
					<u>45,473</u>

► NOTES TO THE FINANCIAL STATEMENTS ◀

For the financial year ended 31 March 2016

14. Cash and cash equivalents

	Note	2016 S\$'000	2015 S\$'000
Cash and bank balances		13,344	12,037
Fixed deposits		88,077	77,319
Cash and fixed deposits held in trust by fund managers	16	3,352	13,474
		<u>104,773</u>	<u>102,830</u>
Taken up in:			
Accumulated surplus:			
- Cash and bank balances		5,025	7,485
- Fixed deposits		3,000	-
		<u>8,025</u>	<u>7,485</u>
Sinking Funds:			
- Cash and bank balances		8,319	4,552
- Fixed deposits		85,077	77,319
- Cash and fixed deposits held in trust by fund managers	16	3,352	13,474
	11	<u>96,748</u>	<u>95,345</u>
Total cash and bank balances		<u>104,773</u>	<u>102,830</u>

At the end of the reporting period, the carrying amounts of cash and cash equivalents approximate their fair values.

The fixed deposits with financial institutions mature between two month to eleven months (2015: between one month to eleven months) after the financial year end. The interest rate as at 31 March 2016 was between 1.3% and 2% (2015: between 1.25% and 1.5%).

For the purposes of the cash flow statement, the cash and cash equivalents comprise the following:

	Note	2016 S\$'000	2015 S\$'000
Total cash and bank balances		104,773	102,830
Less: Cash and fixed deposits held in trust by fund managers (Note 16)		<u>(3,352)</u>	<u>(13,474)</u>
Cash and cash equivalents per cash flow statement		<u>101,421</u>	<u>89,356</u>

► NOTES TO THE FINANCIAL STATEMENTS ◀

For the financial year ended 31 March 2016

15. Financial assets at fair value through profit or loss

	Note	2016 S\$'000	2015 S\$'000
Sinking Funds:			
- Listed equities		9,584	19,826
- Bonds securities		34,555	37,640
	11,16, 28(a)	<u>44,139</u>	<u>57,466</u>

The financial assets at fair value through profit or loss have been designated to be held for trading purposes.

16. Funds with fund managers

At the end of the reporting period, the funds with fund managers comprise the followings:

	Note	2016 S\$'000	2015 S\$'000
Financial assets at fair value through profit or loss	11,15, 28(a)	44,139	57,466
Cash and fixed deposits	14	3,352	13,474
Accrued interest	18	204	215
Management fees payable to fund managers		(16)	(23)
		<u>47,679</u>	<u>71,132</u>

► NOTES TO THE FINANCIAL STATEMENTS ◀

For the financial year ended 31 March 2016

17. Conservancy and service fee receivables

	2016 S\$'000	2015 S\$'000
Conservancy and service fee receivables	2,405	1,867
Less: Allowance for impairment losses	(853)	(478)
	<u>1,552</u>	<u>1,389</u>
Add: Other receivables (Note 18)	51,464	6,259
Interest receivables	809	584
Cash and cash equivalents (Note 14)	104,773	102,830
Total loans and receivables	<u>158,598</u>	<u>111,062</u>

Concentration of credit risk relating to conservancy and service receivables is limited due to the Town Council's many varied customers. These customers are widely dispersed. The Town Council's historical experience in the collection of conservancy and service fee receivables shows that no additional credit risk beyond amounts provided for collection losses is inherent in the Town Council's conservancy and service fee receivables.

Conservancy and service fee receivables that are past due and impaired

	Gross conservancy and service fee receivables		Allowance for impairment losses	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Not past due	55	31	-	-
Past due 0 - 30 days	374	431	-	-
Past due 31 - 120 days	278	277	-	-
Past due 121 -364 days	616	559	-	-
Past due more than 365 days	1,082	569	853	478
	<u>2,405</u>	<u>1,867</u>	<u>853</u>	<u>478</u>

Movement in allowance for impairment is as follows:

	2016 S\$'000	2015 S\$'000
At 1 April	478	411
Transfer to Marsiling-Yew Tee Town Council	(165)	-
Transfer from Nee Soon Town Council	281	-
Charge for the financial year	259	67
At 31 March	<u>853</u>	<u>478</u>

Based on historical experience, the Town Council believes that no impairment allowance is necessary in respect of conservancy and service fee receivables not past due or past due but not impaired.

► NOTES TO THE FINANCIAL STATEMENTS ◀

For the financial year ended 31 March 2016

18. Other receivables and prepayments

	Note	2016 S\$'000	2015 S\$'000
Penalty on late payment		208	278
Citizen Consultative Committee grant receivable from HDB		3,814	3,256
GST subvention grant		446	420
Accrued interest	16	204	215
Amount receivable from Nee Soon Town Council	13	45,742	-
Others		1,050	2,090
		<u>51,464</u>	<u>6,259</u>
Prepayments		167	198
		<u>51,631</u>	<u>6,457</u>

Other receivables that are past due and impaired

The ageing of other receivables (excluding prepayments) at the end of the reporting period was:

	Gross other receivables		Allowance for impairment losses	
	2016 S\$'000	2015 S\$'000	2016 S\$'000	2015 S\$'000
Not past due	49,094	5,905	-	-
Past due 0 - 30 days	1,159	55	-	-
Past due 31 - 120 days	1,035	112	-	-
Past due 121 - 364 days	154	122	-	-
Past due more than 365 days	173	153	151	88
	<u>51,615</u>	<u>6,347</u>	<u>151</u>	<u>88</u>

The change in impairment loss in respect of other receivable during the year as follows:

	2016 S\$'000	2015 S\$'000
At 1 April	88	78
Transfer to Marsiling-Yew Tee Town Council	(30)	-
Charge for the financial year	93	10
At 31 March	<u>151</u>	<u>88</u>

Based on historical default rates, the Town Council believes that no impairment allowance is necessary in respect of other receivables not past due or past due but not impaired.

► NOTES TO THE FINANCIAL STATEMENTS ◀

For the financial year ended 31 March 2016

19. Available-for-sale financial assets

	Note	2016 S\$'000	2015 S\$'000
At 1 April		7,822	7,557
Redemption		-	(212)
Return of capital		(12)	(7)
Provision for impairment loss		(454)	-
Fair value (loss)/gain recorded in fair value reserve	22	(274)	484
		<u>7,082</u>	<u>7,822</u>
At 31 March	28(a)	7,082	7,822
Taken up in: Sinking Funds	11	7,082	7,822
		<u>7,082</u>	<u>7,822</u>

Available-for-sale financial assets include the following:

	2016 S\$'000	2015 S\$'000
Quoted equities	5,035	5,516
Quoted real estate investment trusts	2,047	2,306
	<u>7,082</u>	<u>7,822</u>

20. Held-to-maturity financial assets

Included in below are the assets at carrying amounts, categorised by the earlier of contractual repricing or maturity dates:

	2016 S\$'000	2015 S\$'000
Quoted bonds with fixed interest of 1.01% to 4.00% (2015: 1.01% to 4.00%)		
- Current	1,818	3,807
- Non-current	15,037	16,800
	<u>16,855</u>	<u>20,607</u>

▶ NOTES TO THE FINANCIAL STATEMENTS ◀

For the financial year ended 31 March 2016

20. Held-to-maturity financial assets (continued)

	Note	2016 S\$'000	2015 S\$'000
Quoted bonds with fixed interest of 1.01% to 4.00% (2015: 1.01% to 4.00%)		16,855	20,729
Impairment losses		–	(122)
		<u>16,855</u>	<u>20,607</u>
Taken up in: Sinking Funds	11	<u>16,855</u>	<u>20,607</u>

The change in impairment losses in respect of held-to-maturity financial assets during the financial year was as follows:

	2016 S\$'000	2015 S\$'000
At 1 April	122	4
(Reversal of)/provision for impairment loss	(122)	118
At 31 March	<u>–</u>	<u>122</u>

The effective interest rates for the bonds were as follows:

	2016 %	2015 %
Quoted bonds with fixed interest	<u>1.19 to 2.64</u>	<u>1.18 to 2.64</u>

The fair values for the held-to-maturity financial assets were as follows:

	Fair values	
	2016 S\$'000	2015 S\$'000
Quoted bonds with fixed interest	<u>17,140</u>	<u>20,655</u>

The held-to-maturity financial assets are denominated in Singapore Dollars.

▶ NOTES TO THE FINANCIAL STATEMENTS ◀

For the financial year ended 31 March 2016

21. Plant and equipment

	Furniture, fixtures and fittings S\$'000	Office equipment S\$'000	Data processing equipment S\$'000	Renovation in-progress S\$'000	Total S\$'000
Cost					
At 1 April 2014	647	253	174	–	1,074
Additions	5	3	10	–	18
Written off	(3)	(18)	(80)	–	(101)
At 31 March 2015 and 1 April 2015	649	238	104	–	991
Additions	9	–	16	741	766
Written off	(1)	(1)	(12)	–	(14)
At 31 March 2016	657	237	108	741	1,743
Transfer to Marsiling-Yew Tee Town Council	(600)	(161)	(37)	–	(798)
At 31 March 2016	<u>57</u>	<u>76</u>	<u>71</u>	<u>741</u>	<u>945</u>
Accumulated depreciation					
At 1 April 2014	622	249	125	–	996
Depreciation charge for the financial year	14	3	20	–	37
Written off	(3)	(18)	(80)	–	(101)
At 31 March 2015 and 1 April 2015	633	234	65	–	932
Depreciation charge for the financial year	7	2	19	–	28
Written off	(1)	(1)	(12)	–	(14)
At 31 March 2016	639	235	72	–	946
Transfer to Marsiling-Yew Tee Town Council	(586)	(160)	(23)	–	(769)
At 31 March 2016	<u>53</u>	<u>75</u>	<u>49</u>	<u>–</u>	<u>177</u>
Net carrying amount					
At 31 March 2015	16	4	39	–	59
At 31 March 2016	<u>4</u>	<u>1</u>	<u>22</u>	<u>741</u>	<u>768</u>

► NOTES TO THE FINANCIAL STATEMENTS ◀

For the financial year ended 31 March 2016

22. Fair value reserve

	Note	2016 S\$'000	2015 S\$'000
At 1 April		843	359
Transfer to Nee Soon Town Council		–	–
Fair value (loss)/gain on available-for-sale financial assets for the financial year	19	(274)	484
At 31 March		<u>569</u>	<u>843</u>

23. Creditors and accrued expenses

	2016 S\$'000	2015 S\$'000
Accounts payable	4,249	1,200
Work order accruals	925	123
Other accruals	2,808	3,213
Sundry creditors - utilities	608	766
Sundry deposits	135	152
Amount transferrable to Marsiling-Yew Tee Town Council	34,924	–
Amount payable to Marsiling-Yew Tee Town Council	920	–
Others	74	142
Total creditors and accrued expenses, representing total financial liabilities carried at amortised cost	<u>44,643</u>	<u>5,596</u>

\$1.91 million (2015: \$1.04 million) of total creditors and accrued expenses are related to amount due to a related party.

The amount transferrable to Marsiling-Yew Tee Town Council is related to the funds transferrable to the Town Council due to the changes in the electoral boundaries as disclosed in Note 1 and Note 13(a).

The contractual undiscounted cash outflows on creditors and accrued expenses are expected to approximate their carrying amounts and settled within one year except for sundry deposits that are repayable on demand.

24. Advances received for Neighbourhood Renewal Programme

	2016 S\$'000	2015 S\$'000
At 1 April	581	119
Funding from HDB	7,690	6,652
Payments to contractors	(4,501)	(6,190)
	<u>3,189</u>	<u>462</u>
Transfer to Marsiling-Yew Tee Town Council	(3,571)	–
At 31 March	<u>199</u>	<u>581</u>

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For the financial year ended 31 March 2016

25. Expenditure commitments

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

	2016 S\$'000	2015 S\$'000
Amount approved and contracted for	9,047	9,805
Amount approved but not contracted for	827	1,461
	<u>9,874</u>	<u>11,266</u>

26. Related Party Transactions

The managing agent appointed by the Town Council is classified as a related party as the managing agent provides key management personnel services to the Town Council.

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Town Council and the managing agent took place during the financial year.

	2016 S\$'000	2015 S\$'000
Managing Agent's Fees	5,271	5,336
Energy Saving Project	3,233	765
Essential Maintenance Services Expenses	808	821
Project Management Fees	901	1,119
Upgrading and Construction of Playgrounds	326	79
Lift Repairs and Servicing	356	278
Others	108	107
	<u>11,003</u>	<u>8,505</u>

27. Financial risk management objectives and policies

Overview

The Town Council has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Town Council's risk management process to ensure that an appropriate balance between risk and control is achieved.

The Town Council is exposed to credit, interest rate and other market risk in the normal course of the Town Council's business.

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For the financial year ended 31 March 2016

27. Financial risk management objectives and policies (continued)

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting from financial loss to the Town Council. For conservancy and service receivables, at the end of the reporting period, there were no significant concentrations of credit risk. For investment in financial assets, the Town Council adopts a policy of only dealing with high quality counterparties.

The Town Council manages credit risk through the setting of guidelines for its investments. The guidelines are reviewed and approved by the Finance Committee. Ongoing monitoring is undertaken by management to ensure that all investment activities are in compliance with the guidelines.

Cash and fixed deposits are placed with banks and financial institutions which are regulated.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

(b) Liquidity risk

The Town Council adopts prudent liquidity risk management by maintaining sufficient cash to meet its routine and sinking fund expenditure.

The financial assets and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations have a maturity of less than one year other than held-to-maturity financial assets disclosed in Note 20 to the financial statements.

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices, will affect the Town Council's income or the value of its holdings of financial instruments:

(i) Interest rate risk

The Town Council's exposure to market risk for changes in interest rates relate to interest-bearing fixed deposits with financial institutions. The Town Council's surplus funds are placed with reputable financial institutions. The interest rates on these funds are at prevailing rates.

Sensitivity analysis

A 1% increase in interest rate at the reporting date would increase investment income by the amount shown below. The analysis assumed that all other variables remain constant.

	2016 S\$'000	2015 S\$'000
Fixed deposits	903	883

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For the financial year ended 31 March 2016

27. Financial risk management objectives and policies (continued)

(c) Market risk (continued)

(ii) Price risk

Sensitivity analysis-equity price risk

The Town Council's equity instruments are listed. A 10% increase/(decrease) in the underlying equity prices at the reporting date would increase/(decrease) equity and profit or loss by the following amount:

	2016 S\$'000	2015 S\$'000
<u>Equity:</u>		
Fair value reserve	708	782
<u>Statement of Income and Expenditure:</u>		
Fair value through profit or loss	958	1,983

This analysis assumes that all other variables remain constant.

28. Fair value of financial instruments

(a) Financial instruments carried at fair value

The table below analyses financial instruments carried at fair value, by valuation method. Level 1: quoted prices (unadjusted) in active markets for identical assets are as follows:

		2016 S\$'000	2015 S\$'000
Financial assets at fair value through profit or loss	15,16	44,139	57,466
Available-for-sale financial assets	19	7,082	7,822
		51,221	65,288

Determination of fair values

The fair value of financial assets at fair value through profit or loss and available-for-sale financial assets is determined by reference to their quoted bid prices at the end of the reporting period.

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For the financial year ended 31 March 2016

28. Fair value of financial instruments (continued)

(b) Financial instruments not carried at fair value and whose carrying amount are reasonable approximation of fair value

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including cash and cash equivalents, interest receivables, conservancy and service fee receivables, other receivables, conservancy and service fees received-in-advance, creditors and accrued expenses and government grant received-in-advance) are assumed to approximate their fair values because of the short period to maturity.

(c) Financial instruments not carried at fair value

The aggregate net fair values of financial assets and liabilities which are not carried at fair value in the balance sheet as at 31 March are represented in the following table:

	2016		2015	
	Carrying amount S\$'000	Fair value S\$'000	Carrying amount S\$'000	Fair value S\$'000
Financial assets				
Held-to maturity financial assets	16,855	17,140	20,607	20,655
Unrecognised gain		285		48

Determination of fair values

The fair value of held-to maturity financial assets is determined by reference to their quoted bid prices at the end of the reporting period.

29. Key management remuneration

Key management refers to the Town Councilors. The remuneration paid to the Town Councilors are disclosed in Note 6 to the financial statements.

30. Authorisation of financial statements for issue

The financial statements of the Town Council for the financial year ended 31 March 2016 were authorised for issue by the members of the Town Council on 30 August 2016.



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