



ANNUAL REPORT 2016/2017

**SEMBAWANG:
OUR HOME,
OUR COMMUNITY.**





CONTENTS

- 03 Our Members of Parliament
- 04 Our Town Councillors
- 07 Chairman's Review Annual Report FY16/17
- 09 Finance
- 11 Town Council Management Report (TCMR)
- 13 Cyclical Works
- 15 Town Improvement Works
- 17 Upgrading Programmes
- 19 Clean and Green Sembawang
- 21 Building Our Sembawang Identity
- 23 Sayang Our Future
- 24 Annual Financial Statements





OUR MEMBERS OF PARLIAMENT



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



Mr Ong Ye Kung
Minister for Education
(Higher Education and Skills)
Second Minister for Defence
MP for Sembawang GRC (Gambas)



Mr Amrin Amin
Parliamentary Secretary
for Ministry of Home Affairs & Health
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

OUR TOWN COUNCILLORS (From 1 October 2015 to 30 September 2017)

OUR TOWN COUNCILLORS (From 1 October 2015 to 30 September 2017)



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, PBM
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
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, BBM

PROJECTS AND DEVELOPMENT COMMITTEE

1. Mr David Sim Yeow Kwee, BBM (Chairman)
2. Mr Eric Toh Siaw Hua, PBM
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 Ramasamy, PBM
7. Mr Muhammad Ridhwan Bin Ibrahim
8. Ms Marianne Yam Wylin



CHAIRMAN'S REVIEW ANNUAL REPORT FY16/17

FY 2016 / 2017 was another fruitful year for Sembawang Town Council.

Sembawang Town Council continues to put our residents at the heart of all we do. This can be seen in several ways; from the planning and carrying out of various upgrading and town improvement works, which provides our residents with essential amenities. We have also worked hard to maintain our standards of cleanliness and maintenance of the Town, which were demonstrated in the Town Council Management Report (TCMR) results for this financial year.

We have also looked into how we can further enhance the service provided to our residents. Sembawang Town Council continues to establish strong channels of communication and feedback, and our residents are able to connect with us easily both online and offline.

It is in steps like these that we move towards our vision of creating a better Town and home for all our residents.

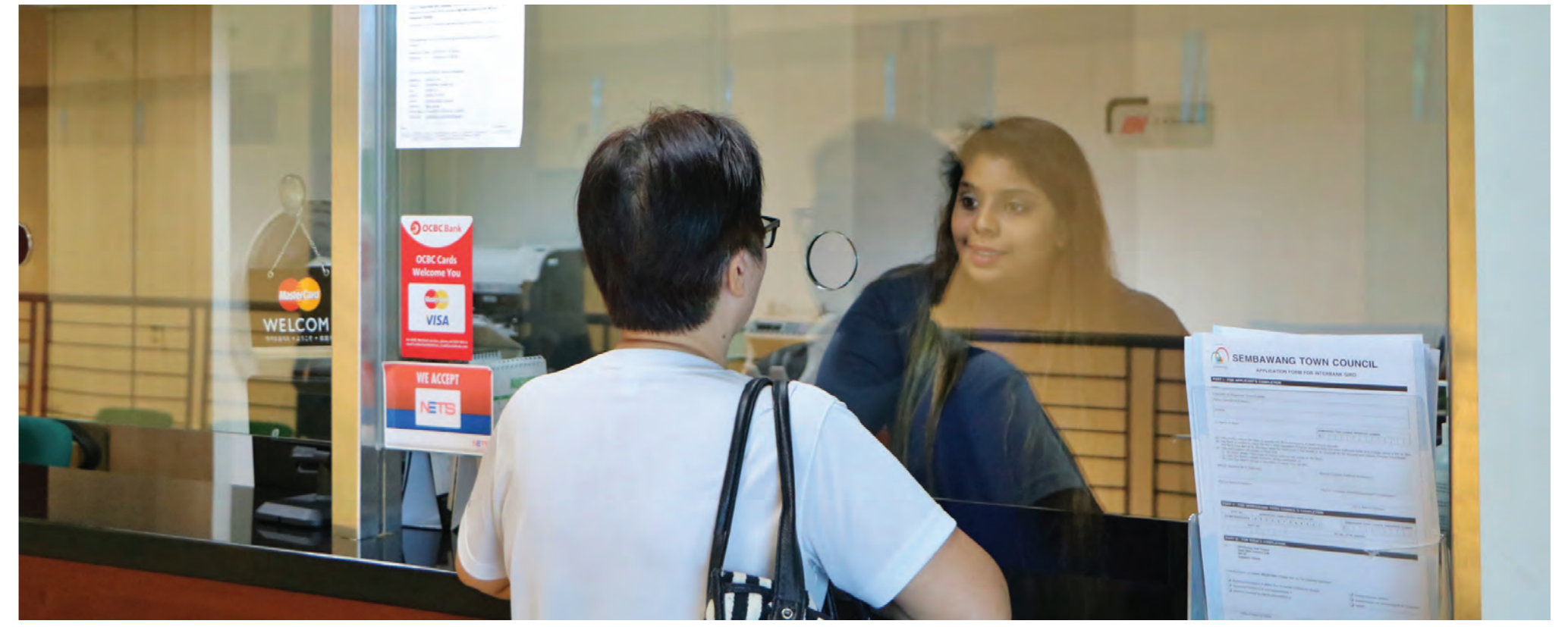


Sembawang Town Council



In FY2016/2017, Sembawang Town Council had an operating surplus of \$4.67 million. As of 31 March 2017, our Town Council's sinking fund and accumulated surplus stood at \$184.44 million and \$9.57 million respectively.

We have also been able to keep S&CC arrears low. As of 31 March 2017, the arrears cases for three months and above form 3.15% of the total number of residential units under our management. This would not have been possible, if not for the strong partnership and support from our Town Councillors, grassroots leaders, agencies and staff in conducting house visits and offering assistance to households in arrears.

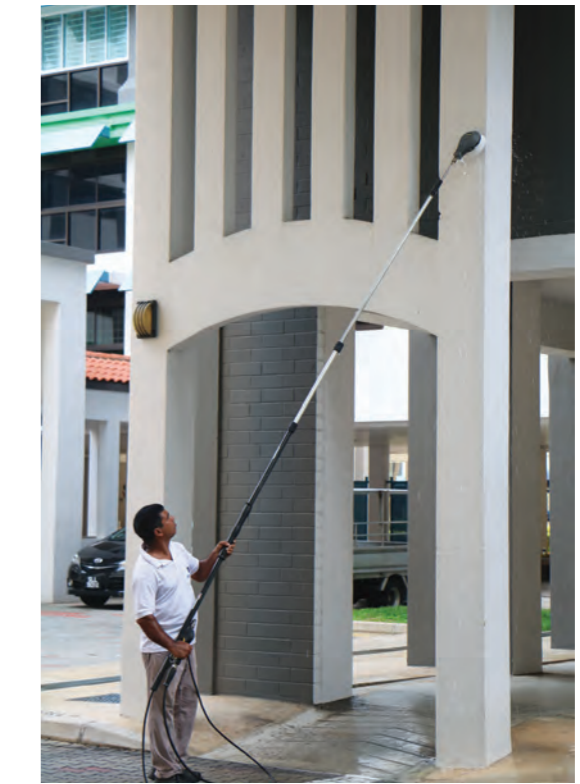




TOWN COUNCIL MANAGEMENT REPORT (TCMR)

One of the top priorities of the Town Council is to ensure that the Towns are kept clean and well-maintained, so as to create a pleasant living environment for our residents. Hence, the Town Council continually looks to leverage on new technology to increase the efficiency of resources used when cleaning our estates and the productivity of our workers.

One such example is the Hydrojet Washer, which was recently rolled out in all divisions in Sembawang GRC. It is currently being used to carry out spot washing, as a complement to block washing every alternate month. This ensures that water is used wisely in the cleaning of the estates.



These efforts have manifested themselves in our performance in the Town Council Management Report (TCMR) for this financial year: Sembawang Town Council has continued to achieve Green Bands across all 5 categories in the TCMR (Lift Performance, Estate Cleanliness, Estate Maintenance, S&CC Arrears Management and Corporate Governance).



CYCLICAL WORKS

Cyclical works are a vital part of Town Council work, as it ensures that our estates are kept in good condition for our residents. Examples of cyclical works include repairs & redecoration (R&R), re-roofing, repairs of lifts, pumps and pipes.

This year, \$12.95 million was spent on cyclical work. The largest expenditure for cyclical work was on lift works, which amounted to some \$4.72 million. This was to ensure that lifts in our estates are kept both operational and safe for our residents, especially in view of the recent spate of lift incidents taking place in Singapore. \$3.51 million was spent on R&R works (redecorating and repainting), with another \$1.24 million being spent on re-roofing.





TOWN IMPROVEMENT WORKS

Town Improvement Projects are also undertaken to meet the needs of residents through the provision of essential amenities or recreational facilities. The Town Council consults with grassroots organizations and residents to better understand which facilities are needed, before planning and carrying out such improvement projects.

In FY 2016/2017, a total of \$4.29 million was invested in town improvement projects. Out of this expenditure, \$1.37 million was spent on the construction / upgrading of playgrounds and fitness corners to meet the varying recreational needs of our residents. \$0.58 million was also spent on making our Town a more connected and accessible place, through the construction of covered walkways and barrier-free access facilities.



Additionally, the upgrading of Circle Green Park was completed this financial year under the Large Scale Town-wide Projects. A total of \$1.97 million was funneled into this upgrading work, in addition to the construction of a Community and Sports Park in front of Blk 705 and 706 Woodlands Drive 40.

Residents can also look forward to another large scale upgrading project taking place at Jelutung Harbour Park, which will offer residents with new facilities such as a jogging path, BBQ pits, adventure and water playgrounds among others to residents.



UPGRADING PROGRAMMES

The Neighbourhood Renewal Programme (NRP) is another initiative which ensures that our Towns are continually refreshed and upgraded. This year, \$3.19 million was invested in the upgrading of children's playgrounds, fitness corners, sports courts, as well as the building of covered walkways and other community amenities like activity plazas.

NRPs for 2 precincts in Woodlands division remain well on track for their slated completion, with another NRP for 1 precinct nearing completion in September 2017. When completed, residents can look forward to impressive aesthetic improvements like a pedestrian mall with an illuminated stonehenge. Community facilities like a 3-generational park and flower garden and basketball courts will also help to promote the building of closer knit ties among our residents.





Tree Planting Day 2016

12 November 2016, Saturday
9 am
Open space near Blk 571
Woodlands Avenue 1 (Champions Court)

7 May 2017
11.30am - 1.00pm
Blk 722 Woodlands Ave 6

Joining Us: Grassroots Adviser Mr Khaw Boon Wan
Coordinating Minister for Infrastructure and
Minister for Transport

KEEP CLEAN, SINGAPORE!

clean-up exercise in support of the Keep Singapore Clean Movement



CLEAN & GREEN SEMBAWANG

Building a clean and green town requires everyone to pitch in! Sembawang Town Council, together with its community partners and residents, has continued to conduct clean and green activities such as Operation WE Clean Up and Tree Planting Day in the past financial year.

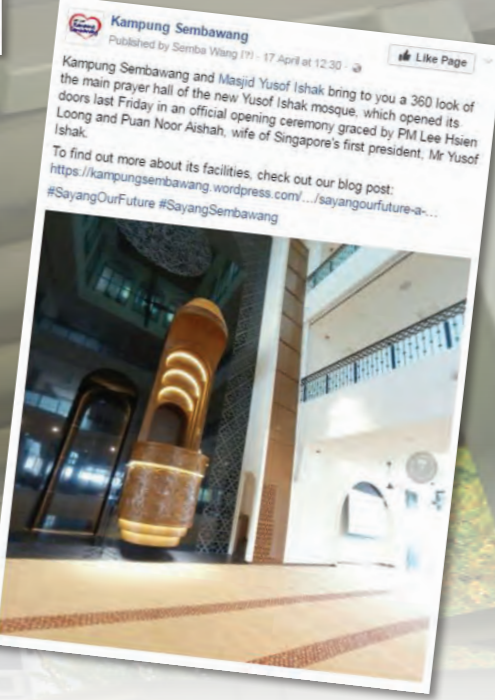
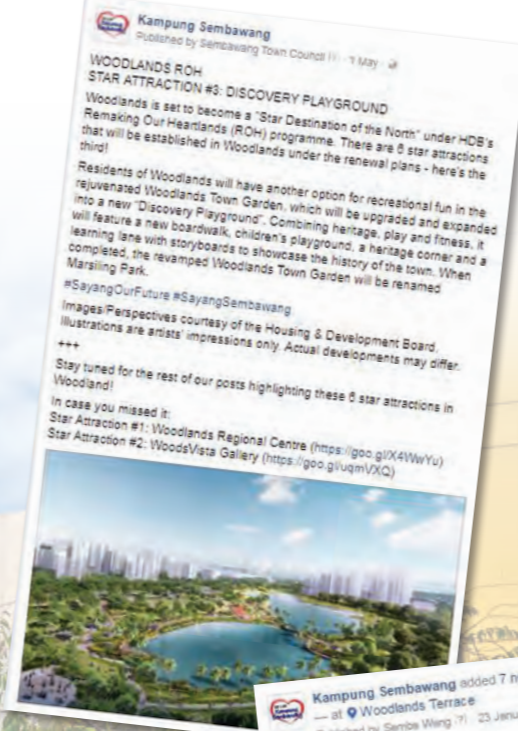
Residents and grassroots volunteers came together to clean up the neighbourhood in litterpicking exercises. We also honored our cleaners – individuals who have worked tirelessly to keep our neighbourhood a pleasant place for all to live. Together, we can continue to make Sembawang into a great home for everyone.



BUILDING OUR SEMBAWANG IDENTITY

As part of our efforts to provide seamless service to our residents, Sembawang Town Council has continued building on our existing communication channels in the past financial year. Residents can submit their feedback quickly and easily via our website, iTown app or even on our Sembawang Town Council Facebook page.

We have also leveraged on our strong social media presence to build stronger bonds of community among our residents. Our Facebook pages – Kampung Sembawang and Sembawang Town Council – have a combined fanbase of 25,000 and are updated frequently to share important updates and news about our Town with our residents. Ongoing features on our Kampung Sembawang page such as #SayangOurFuture and #PeopleofSembawang have helped us build a cohesive and strong online community.



Many plans and developments are underway, which will transform Sembawang GRC into a modern, vibrant home for all our residents. Woodlands will be comprehensively rejuvenated under HDB's Remaking Our Heartlands (ROH) programme. With 6 star attractions, Woodlands will soon become the Star Destination of the North.


Two major areas of Woodlands - Woodlands Central and Woodlands North Coast - will be expanded and integrated into a bustling Woodlands Regional Centre with new commercial and residential developments.

Healthcare will be closer to home with the new Woodlands Health Campus (WHC), which will comprise a new acute care hospital, community hospital and a long-term care facility. A cluster of various key community facilities will also serve as a new Community Nexus, located conveniently at the doorstep of the Admiralty MRT station.

Additionally, the new Masjid Yusof Ishak located in Admiralty opened its doors to the public in early 2017. Masjid Yusof Ishak will serve up to some 4,500 congregants and includes a blend of traditional mosque characteristics and Malay heritage, with features which pay homage to Singapore's first president, Mr Yusof Ishak.

Exciting changes await us. I would also like to take this opportunity to thank our Town Councillors, grassroots leaders and staff for working closely together to ensure the smooth running of our Town. I would also like to thank our residents for their valuable feedback and support.

Together, we can continue to create a strong Sembawang home and community.


Dr Lim Wee Kiak, PBM
Chairman, Sembawang Town Council



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

ANNUAL FINANCIAL STATEMENTS
31 March 2017

Annual Financial Statements
31 March 2017





GENERAL INFORMATION

ADDRESS

Block 504C Canberra Link
#01-63
Singapore 753504

AUDITOR

Ernst & Young LLP

INDEX

Independent auditor's report	27
Income and expenditure statement	31
Statement of comprehensive income	33
Balance sheet	34
Statement of changes in town council funds	36
Cash flow statement	37
Notes to the financial statements	39

INDEPENDENT AUDITOR'S REPORT For the financial year ended 31 March 2017

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Sembawang Town Council (the "Town Council"), which comprise the balance sheet as at 31 March 2017, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Town Council are properly drawn up in accordance with the provisions of the Town Councils Act, Chapter 329A (the "Act") and Singapore Financial Reporting Standards so as to present fairly, in all material respects, the statement of affairs of the Town Council as at 31 March 2017 and of the financial performance, changes in Town Council funds and cash flows of the Town Council for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Town Council in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report and General Information, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT For the financial year ended 31 March 2017

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

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of 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.

A town council is constituted based on its Act and its dissolution requires Parliament's approval. In preparing the financial statements, the management of the Town Council is responsible for assessing the Town Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is intention to wind up the Town Council or for the Town Council to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Town Council's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.

INDEPENDENT AUDITOR'S REPORT For the financial year ended 31 March 2017

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

Auditor's responsibilities for the audit of the financial statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.

Basis for opinion

We conducted our audit in accordance with SSAs. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Compliance Audit section of our report. We are independent of the Town Council in accordance with the ACRA Code together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on management's compliance.

Responsibilities of management for compliance with legal and regulatory requirements

Management is responsible for ensuring that the receipts, expenditure, investments 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.

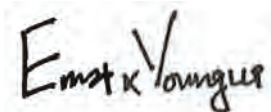
INDEPENDENT AUDITOR'S REPORT For the financial year ended 31 March 2017

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

Auditor's responsibilities for the compliance audit

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipts, expenditure, investments 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, investments 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.



Ernst & Young LLP

Public Accountants and Chartered Accountants
Singapore
4 September 2017

INCOME AND EXPENDITURE STATEMENT For the financial year ended 31 March 2017

	Note	2017 S\$'000	2016 S\$'000
OPERATING INCOME			
Conservancy and service fees		47,617	47,704
Less: Operating income transfer to Sinking Funds		(16,544)	(16,512)
		31,073	31,192
Agency fees	5	5,222	4,555
Other income	10(a)	2,871	3,243
		39,166	38,990
Less: Operating expenditure			
Cleaning work		(7,985)	(7,790)
Managing agent's fees	6	(4,783)	(4,794)
Lift maintenance		(6,473)	(6,003)
Other works and maintenance		(5,409)	(5,525)
Water and electricity		(11,597)	(12,289)
General and administrative expenditure	7	(2,169)	(2,430)
		(38,416)	(38,831)
		750	159
OPERATING SURPLUS			
NON-OPERATING INCOME			
Add: Interest income		70	55
		820	214
SURPLUS BEFORE TAXATION AND GRANTS			
Less: Income tax expense	8(a)	(323)	(234)
		497	(20)
SURPLUS/(DEFICIT) BEFORE GOVERNMENT GRANTS			
Add: Government grants	9	10,101	11,305
Less: Transfer to Sinking Funds	9,11	(2,118)	(2,220)
Transfer to Town Improvement and Project Funds	9,12	(3,815)	(4,642)
		4,168	4,443

INCOME AND EXPENDITURE STATEMENT

For the financial year ended 31 March 2017

	Note	2017 S\$'000	2016 S\$'000
SURPLUS FOR THE FINANCIAL YEAR		4,665	4,423
Add: Accumulated surplus at 1 April		5,370	7,590
Less: Accumulated surplus transferred to Sinking Funds	11	-	(5,703)
Less: Accumulated surplus transferred to Marsiling-Yew Tee Town Council	10,13(a)	-	(1,855)
Add: Accumulated surplus transferred from Nee Soon Town Council	10,13(b)	-	2,139
Less: Accumulated surplus transferred to Town Improvement and Project Funds	10,12	(464)	(1,224)
ACCUMULATED SURPLUS AT 31 MARCH		<u>9,571</u>	<u>5,370</u>

Dr. Lim Wee Kiak, PBM
Chairman

Singapore
4 September 2017

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 2017

	Note	2017 S\$'000	2016 S\$'000
SURPLUS FOR THE FINANCIAL YEAR	10	4,665	4,423
MOVEMENT OF VARIOUS FUNDS			
Sinking Funds	11	10,099	3,182
Town Improvement and Project Funds	12	(474)	(776)
		<u>14,290</u>	<u>6,829</u>
OTHER COMPREHENSIVE INCOME			
Item that may be reclassified subsequently to income and expenditure statement			
Fair value gain/(loss) on available-for-sale financial assets	19	378	(274)
OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR, NET OF INCOME TAX		<u>378</u>	<u>(274)</u>
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ATTRIBUTABLE TO TOWN COUNCIL FUNDS		<u>14,668</u>	<u>6,555</u>

Dr. Lim Wee Kiak, PBM
Chairman

Singapore
4 September 2017

Soon Min Sin
Secretary

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

BALANCE SHEET As at 31 March 2017

	Note	2017 S\$'000	2016 S\$'000
TOWN COUNCIL FUNDS			
Residential Property Funds			
Accumulated surplus	10	7,787	3,472
Sinking Funds	11	170,874	161,047
Town Improvement and Project Funds	12	1,145	1,155
		<u>179,806</u>	<u>165,674</u>
Commercial Property Funds			
Accumulated surplus	10	2,107	1,797
Sinking Funds	11	12,621	12,349
Town Improvement and Project Funds	12	13	13
		<u>14,741</u>	<u>14,159</u>
Carpark Fund			
Accumulated surplus	10	(323)	101
Fair Value Reserve			
Sinking Funds	11	947	569
		<u>195,171</u>	<u>180,503</u>
Total town council funds			
Represented by:			
Current assets			
Cash and cash equivalents	14	112,713	104,773
Interest receivables		727	809
Financial assets at fair value through profit or loss	15	60,592	44,139
Conservancy and service fee receivables	17	1,434	1,552
Other receivables and prepayments	18	6,437	51,631
Held-to maturity financial assets	20	4,981	1,818
		<u>186,884</u>	<u>204,722</u>
Non-current assets			
Available-for-sale financial assets	19	7,216	7,082
Held-to-maturity financial assets	20	13,144	15,037
Plant and equipment	21	673	768
		<u>21,033</u>	<u>22,887</u>
		<u>207,917</u>	<u>227,609</u>

BALANCE SHEET As at 31 March 2017

	Note	2017 S\$'000	2016 S\$'000
Current liabilities			
Conservancy and service fees received in advance		661	850
Creditors and accrued expenses	23	8,757	44,643
Current tax liabilities	8(b)	1,486	1,414
Advances received for Neighbourhood Renewal Programme Fund	24	1,842	199
		<u>12,746</u>	<u>47,106</u>
Total liabilities			
		<u>195,171</u>	<u>180,503</u>
Net assets			



Dr. Lim Wee Kiak, PBM
Chairman

Singapore
4 September 2017



Soon Min Sin
Secretary

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

STATEMENT OF CHANGES IN TOWN COUNCIL FUNDS

For the financial year ended 31 March 2017

	Note	Residential property funds S\$'000	Commercial property funds S\$'000	Carpark fund S\$'000	Fair value reserve S\$'000	Total S\$'000
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		5,901	1,075	(147)	(274)	6,555
Transfer of accumulated surplus from carpark to residential activity	10	501	-	(501)	-	-
Funds transferred to Marsiling-Yew Tee Town Council	13(a)	(37,918)	(22,466)	(115)	-	(60,499)
Funds transferred from Nee Soon Town Council	13(b)	39,761	5,497	215	-	45,473
Balance as at 31 March 2016		165,674	14,159	101	569	180,503
Balance as at 1 April 2016		165,674	14,159	101	569	180,503
Surplus/(deficit) for the financial year		14,132	582	(424)	-	14,290
Other comprehensive income						
Fair value gain on available-for-sale financial assets	22	-	-	-	378	378
Total comprehensive income for the financial year		14,132	582	(424)	378	14,668
Balance as at 31 March 2017		179,806	14,741	(323)	947	195,171

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 2017

	Note	2017 S\$'000	2016 S\$'000
Operating activities			
Surplus before taxation and grants	10	820	214
Adjustments:			
Operating income transfer to Sinking Funds	10,11	16,544	16,512
(Gain)/loss in financial assets at fair value through profit or loss	11	(2,685)	1,257
Interest income	10	(70)	(55)
Reversal of impairment losses on held-to-maturity financial assets	20	-	(122)
Provision for impairment losses on available-for-sale financial assets	19	53	454
Loss on disposal of available-for-sale financial assets	19	26	-
Depreciation of plant and equipment	21	179	28
Operating surplus before working capital changes		14,867	18,288
Decrease/(increase) in receivables		27,343	(44,592)
(Decrease)/increase in payables		(36,079)	39,269
Cash flows generated from operations		6,131	12,965
Sinking Funds expenditure	11	(12,950)	(17,156)
Town Improvement and Project Funds expenditure	12	(4,289)	(5,418)
Neighbourhood Renewal Programme Fund expenditure	24	(3,188)	(4,501)
Taxes paid		(722)	(703)
Net cash flows used in operating activities		(15,018)	(14,813)
Investing activities			
Purchase of plant and equipment	21	(140)	(766)
Return of capital from available-for-sale financial assets	19	16	12
Proceeds from redemption of available-for-sale assets	19	137	-
Proceeds from held-to-maturity financial assets		2,933	3,782
Investment and interest income received		5,011	1,885
Net cash flows generated from investing activities		7,957	4,913

CASH FLOW STATEMENT

For the financial year ended 31 March 2017

	Note	2017 S\$'000	2016 S\$'000
Financing activities			
Government grants received	9	10,195	10,708
Funding received from HDB for: - Neighbourhood Renewal Programme projects	24	4,831	7,690
Net cash flows generated from financing activities		15,026	18,398
Net increase in cash and cash equivalents		7,965	8,498
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		101,421	89,356
Cash and cash equivalents at 31 March	14	109,386	101,421

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 2017

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.

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 2016. The adoption of these standards did not have any significant effect on the financial performance or position of the Town Council.

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 7 Disclosure Initiative	1 January 2017
Amendments to FRS 12 Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Improvements to FRSs (December 2016)	
- Amendments to FRS 112 Classification and Measurement of Share-based Payment Transactions	1 January 2017
- Amendments to FRS 28 Measuring an Associate or Joint Venture at fair value	1 January 2018
Amendments to FRS 40 Transfers of Investment Property	1 January 2018
Amendments to FRS 102 Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to FRS 104 Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts	1 January 2018

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

2.3 Standards issued but not yet effective (cont'd)

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
FRS 109 Financial Instruments	1 January 2018
FRS 115 Revenue from Contracts with Customers	1 January 2018
INT FRS 122 Foreign Currency Transactions and Advance Consideration	1 January 2018
FRS 116 Leases	1 January 2019
Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Except for FRS 109, FRS 115 and FRS 116, the Town Council expect 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 109, FRS 115 and FRS 116 are described below.

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.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. The Town Council is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening funds.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model to account for 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 new revenue standard will supersede all current revenue recognition requirements under FRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted. The Town Council is currently assessing the impact of FRS 115.

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

2.3 Standards issued but not yet effective (cont'd)

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Town Council is currently assessing the impact of the new standard and plan to adopt the new standard on the required effective date. The Town Council expects the adoption of the new standard will result in increase in total assets and total liabilities, operating surplus and gearing ratio.

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 on a straight-line basis over the estimated useful lives of the assets as follows:

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

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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 derecognition 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.

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

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% (2016: 30%) of conservancy and service fees and grants-in-aid |
| (ii) 4-rooms to 5-rooms | 35% (2016: 35%) of conservancy and service fees and grants-in-aid |
| (iii) Executive | 35% (2016: 35%) of conservancy and service fees |
| (iv) Shop with living accommodation | 35% (2016: 35%) of conservancy and service fees |
| (v) Commercial property | 35% (2016: 35%) of conservancy and service fees |

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.

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

2.5 Funds (cont'd)

(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)	
	2017	2016
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.

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. Summary of significant accounting policies (cont'd)

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.

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.

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

2.9 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement (cont'd)

(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.

(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.

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

2.9 Financial instruments (cont'd)

(a) Financial assets (cont'd)

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 plus in the case of other financial liabilities not at fair value through profit or loss, 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.

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. Summary of significant accounting policies (cont'd)

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.

(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.

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

2.10 Impairment of financial assets (cont'd)

(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.

2.11 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.

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

2.11 Impairment of non-financial assets (cont'd)

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 at bank and on hand, call deposits and 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.

2.15 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. Summary of significant accounting policies (cont'd)

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.

3.1 Judgements made in applying accounting policies

In the process of applying the Town Council's accounting policies, management has not made any significant judgements, apart from those involving estimations.

3.2 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. The Town Council based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Town Council. Such changes are reflected in the assumptions when they occur.

(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\$147,700 (2016: increase by S\$284,900), 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 (2016: 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 \$138,100 (2016: \$149,700).

NOTES TO THE FINANCIAL STATEMENTS For the financial year ended 31 March 2017

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\$5,246,648 (2016: S\$5,270,512) for the financial year ended 31 March 2017. Included in the managing agent's fee, there is an allocation of 10% managing agent's fee amounting to S\$463,346 (2016: S\$476,278) to Sinking Fund during the financial year (Note 11b).

7. General and administrative expenditure

The general and administrative expenditure comprise the following:

	2017 S\$'000	2016 S\$'000
Office rental and upkeep expenditure	335	236
Computer services	236	429
Advertising, publicity and public relations	295	470
Office supplies and stationery	216	201
Town Councillors' allowances	185	190
Property tax	205	224
Legal fee	52	162
Depreciation of Fixed Assets	179	28
Insurance premium	20	15
Fixed Assets not capitalised	10	6
Staff costs [^]	1	8
Non-claimable goods and services tax*	136	117
Others	502	576
Allocation of 10% G&A to Sinking Fund	(203)	(232)
	2,169	2,430

NOTES TO THE FINANCIAL STATEMENTS For the financial year ended 31 March 2017

[^] Staff costs include contributions made to the Central Provident Fund of Nil (2016: S\$1,915).

* 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 during the year.

8. Income tax expense

(a) Income tax expense

	2017 S\$'000	2016 S\$'000
Income tax expense attributable to income is made up of:		
Current income tax	799	692
Over provision in respect of previous years	(5)	(9)
	794	683
Accumulated surplus:		
Current income tax	324	238
Over provision in respect of previous years	(1)	(4)
	323	234
Sinking Funds:		
Current income tax	475	454
Over provision in respect of previous years	(4)	(5)
	471	449
Current income tax expense	794	683

8. **Income tax expense (cont'd)**

(a) **Income tax expense (cont'd)**

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

	2017 S\$'000	2016 S\$'000
Investment and interest income received	3,554	3,361
Other income	2,051	1,507
Allowable expenses	(216)	(161)
	<u>5,389</u>	<u>4,707</u>
Tax calculated at a tax rate of 17% (2016: 17%)	916	800
Tax effect of certain income taxed at concessionary tax rate	(117)	(108)
Over provision in respect of previous years	(5)	(9)
	<u>794</u>	<u>683</u>

(b) **Current income tax liabilities**

	2017 S\$'000	2016 S\$'000
Taken up in:		
- Accumulated surplus	561	567
- Sinking Funds (Note 11)	925	847
	<u>1,486</u>	<u>1,414</u>

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	
		2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Government grants received/receivable during the financial year	10	10,101	11,305	4,474	4,878	3,815	4,642	1,812	1,785
Less: Transfer to Sinking Funds	11	(2,118)	(2,220)	(1,489)	(1,602)	-	-	(629)	(618)
Transfer to Town Improvement and Project Funds	12	(3,815)	(4,642)	-	-	(3,815)	(4,642)	-	-
		<u>4,168</u>	<u>4,443</u>	<u>2,985</u>	<u>3,276</u>	<u>-</u>	<u>-</u>	<u>1,183</u>	<u>1,167</u>

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

	2017 S\$'000	2016 S\$'000
Total grants received as at 1 April	353,152	342,444
Add: Grants received during the financial year	10,195	10,708
Total grants received as at 31 March	<u>363,347</u>	<u>353,152</u>

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	
		2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Operating income									
Conservancy and service fees		47,617	47,704	46,664	45,962	953	1,742	-	-
Less: Operating income transfer to Sinking Funds	11	(16,544)	(16,512)	(16,210)	(15,902)	(334)	(610)	-	-
		31,073	31,192	30,454	30,060	619	1,132	-	-
Agency fee		5,222	4,555	-	-	-	-	5,222	4,555
Other income	10(a)	2,871	3,243	2,608	2,653	176	501	87	89
		39,166	38,990	33,062	32,713	795	1,633	5,309	4,644
Less: Operating expenditure		(38,416)	(38,831)	(32,234)	(33,145)	(478)	(892)	(5,704)	(4,794)
Operating surplus/(deficit)		750	159	828	(432)	317	741	(395)	(150)
Add: Interest income		70	55	61	47	1	2	8	6
Surplus/(deficit) before taxation and grants		820	214	889	(385)	318	743	(387)	(144)
Less: Income tax expense	8(a)	(323)	(234)	(283)	(229)	(3)	(2)	(37)	(3)
Surplus/(deficit) before grants		497	(20)	606	(614)	315	741	(424)	(147)
Add: Government grants	9	10,101	11,305	10,059	11,206	42	99	-	-
Less: Transfer to Sinking Funds	11	(2,118)	(2,220)	(2,118)	(2,220)	-	-	-	-
Transfer to Town improvement and Project Funds	12	(3,815)	(4,642)	(3,773)	(4,543)	(42)	(99)	-	-
		4,168	4,443	4,168	4,443	-	-	-	-

10. Accumulated surplus (cont'd)

	Note	Total		Residential		Commercial		Car park	
		2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Surplus/(deficit) for the financial year		4,665	4,423	4,774	3,829	315	741	(424)	(147)
Add: Accumulated surplus at 1 April		5,370	7,590	3,472	1,269	1,797	5,672	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(a)	-	(1,855)	-	(853)	-	(887)	-	(115)
Add: Transfer from Nee Soon Town Council	13(b)	-	2,139	-	1,345	-	579	-	215
Less: Appropriation to Town Improvement and Project Funds	12	(464)	(1,224)	(459)	(1,444)	(5)	220	-	-
Accumulated surplus at 31 March		9,571	5,370	7,787	3,472	2,107	1,797	(323)	101

10a. Other income

	2017 S\$'000	2016 S\$'000
Late payment penalty	271	257
Liquidated damages	129	87
Sale of tender documents	23	23
Sundry fines	23	29
Sundry income	72	109
Temporary Occupational Licence income	2,014	2,249
Use of common property income	8	12
Use of void decks	46	54
Use of water and electricity at void decks	285	423
	2,871	3,243

11. Sinking funds

	Note	Total 2017 S\$'000	Total 2016 S\$'000	Residential Property 2017 S\$'000	Residential Property 2016 S\$'000	Commercial Property 2017 S\$'000	Commercial Property 2016 S\$'000
At 1 April		173,396	179,479	161,047	155,127	12,349	24,352
Transfer from Accumulated Surplus	10	–	5,703	–	1,175	–	4,528
		173,396	185,182	161,047	156,302	12,349	28,880
Add:							
Income	11(a)	4,858	2,055	4,802	2,012	56	43
Operating income transfer from conservancy and service fees	10	16,544	16,512	16,210	15,902	334	610
Transfer from government grants	9,10	2,118	2,220	2,118	2,220	–	–
		23,520	20,787	23,130	20,134	390	653
Less: Expenditure	11(b)	(12,950)	(17,156)	(12,837)	(16,838)	(113)	(318)
Income tax expense	8	(471)	(449)	(466)	(444)	(5)	(5)
Surplus for the financial year		10,099	3,182	9,827	2,852	272	330
Transfer to Marsiling-Yew Tee Town Council	13	183,495	188,364	170,874	159,154	12,621	29,210
		–	(58,304)	–	(36,748)	–	(21,556)
Transfer from Nee Soon Town Council	13	183,495	130,060	170,874	122,406	12,621	7,654
		–	43,336	–	38,641	–	4,695
Add: Fair value reserves		183,495	173,396	170,874	161,047	12,621	12,349
		947	569	–	–	–	–
At 31 March		184,442	173,965	170,874	161,047	12,621	12,349

11. Sinking funds (cont'd)

	Note	2017 S\$'000	2016 S\$'000
Represented by:			
Current assets			
Cash and cash equivalents	14	100,709	96,450
Interest receivables		713	757
Financial assets at fair value through profit or loss	15,16	60,592	44,139
Conservancy and service fee receivables		388	433
Held-to-maturity financial assets	20	4,981	1,818
Other receivables		649	43,763
		168,032	187,360
Non-current assets			
Available-for-sale financial assets	19	7,216	7,082
Held-to-maturity financial assets	20	13,144	15,037
Total assets		188,392	209,479
Current liabilities			
Creditors and accrued expenses		(3,025)	(34,667)
Current tax liabilities	8(b)	(925)	(847)
Total liabilities		(3,950)	(35,514)
Net assets		184,442	173,965
(a) Income			
Fixed deposit interest income		1,252	1,279
Gain in financial assets at fair value through profit or loss		2,685	–
Bonds interest income		464	414
Income from other investments		457	362
		4,858	2,055

11. Sinking funds (cont'd)

	Note	2017 S\$'000	2016 S\$'000
(b) Expenditure			
Reroofing works		1,240	–
Electrical rewiring		–	421
Lift works		4,720	3,748
Redecoration and repainting		3,507	8,808
Replacement of			
- transfer and booster pumpsets		408	–
- water pipes and stainless steel water tank lining		25	737
- refuse handling plant & chute flushing system		1,506	–
Consultancy fee and other charges		613	912
Loss in financial assets at fair value through profit or loss		–	1,257
Reversal of impairment loss on held-to-maturity financial assets		–	(122)
Provision of impairment loss on available-for-sales assets		53	454
Non-claimable goods and services tax*		415	465
Allocation of 10% managing agent's fee	6	463	476
		<u>12,950</u>	<u>17,156</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.

12. Town Improvement and Project Funds

	Note	Total		Residential Property		Commercial Property	
		2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
At 1 April		1,168	1,062	1,155	1,033	13	29
Transfer from government grants	9	3,815	4,642	3,773	4,543	42	99
Less: Expenditure	12(a)	(4,289)	(5,418)	(4,242)	(5,323)	(47)	(95)
(Deficit)/surplus for the financial year		(474)	(776)	(469)	(780)	(5)	4
Transfer to Marsiling-Yew Tee Town Council	13(a)	–	(340)	–	(317)	–	(23)
Transfer from Nee Soon Town Council	13(b)	–	(2)	–	(225)	–	223
Appropriation from/(to) accumulated surplus	10	464	1,224	459	1,444	5	(220)
At 31 March		<u>1,158</u>	<u>1,168</u>	<u>1,145</u>	<u>1,155</u>	<u>13</u>	<u>13</u>
Represented by:							
Current asset							
Other receivables		3,737	3,870				
Current liabilities							
Creditors and accrued expenses		(1,538)	(1,715)				
Due to accumulated surplus		(1,041)	(987)				
		<u>1,158</u>	<u>1,168</u>				

12. Town Improvement and Project Funds (cont'd)

(a) **Expenditure**

	2017 S\$'000	2016 S\$'000
Construction of covered walkways	445	452
Upgrading of open spaces	280	294
Construction/upgrading of playgrounds/fitness corners etc.	1,369	2,178
Lift Surveillance System	9	150
Residents'/Senior citizens' corners	-	81
General and administrative charges	8	(12)
Consultancy fees and project management fees	384	394
Other amenities	825	491
Construction of barrier free access facilities	137	128
Large Scale Town Wide (LSTW) Projects	832	1,262
	4,289	5,418

13. Funds transferred to/from Town Councils

In prior year, Sembawang Town Council was reconstituted following the General Elections on 11 September 2015 and the gazetting of the Town Councils (Declaration of Towns) Order 2015 on 1 October 2015. Following this reconstitution, the following were 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 Funds S\$'000	Car park Fund S\$'000	Total S\$'000
31 March 2016					
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		37,918	22,466	115	60,499
Represented by:					
Cash and cash equivalents					8,729
Net assets					56,676
Net current liabilities					(4,906)
					60,499

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

13. Funds transferred to/from Town Councils (cont'd)

(b) Funds transferred from Nee Soon Town Council

	Note	Residential Property Funds S\$'000	Commercial Property Funds S\$'000	Car park Fund S\$'000	Total S\$'000
31 March 2016					
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		39,761	5,497	215	45,473
Represented by:					
Cash and cash equivalents	18				45,742
Net assets					615
Net current liabilities					(884)
					45,473

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

14. Cash and cash equivalents

	Note	2017 S\$'000	2016 S\$'000
Cash and bank balances		14,517	13,344
Fixed deposits		94,869	88,077
Cash held in trust by fund managers	16	3,327	3,352
		112,713	104,773
Taken up in:			
Accumulated surplus:			
- Cash and bank balances		5,944	5,323
- Fixed deposits		6,060	3,000
		12,004	8,323
Sinking Funds:			
- Cash and bank balances		8,573	8,021
- Fixed deposits		88,809	85,077
- Cash held in trust by fund managers	16	3,327	3,352
		100,709	96,450
Total cash and bank balances		112,713	104,773

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

14. Cash and cash equivalents (cont'd)

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 three months to eleven months (2016: between two months to eleven months) after the financial year end. The interest rate as at 31 March 2017 was between 1.25% and 1.55% (2016: between 1.3% and 2%).

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

	Note	2017 S\$'000	2016 S\$'000
Total cash and bank balances		112,713	104,773
Less: Cash and fixed deposits held in trust by fund managers (Note 16)		(3,327)	(3,352)
Cash and cash equivalents per cash flow statement		109,386	101,421

15. Financial assets at fair value through profit or loss

	Note	2017 S\$'000	2016 S\$'000
Sinking Funds:			
- Listed equities		14,920	9,584
- Bonds securities		45,672	34,555
	11, 16, 28(a)	60,592	44,139

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2017

16. Funds with fund managers

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

	Note	2017 S\$'000	2016 S\$'000
Financial assets at fair value through profit or loss	11, 15, 28(a)	60,592	44,139
Cash and fixed deposits	14	3,327	3,352
Accrued interest	18	256	204
Management fees payable to fund managers		(21)	(16)
		64,154	47,679

17. Conservancy and service fee receivables

	Note	2017 S\$'000	2016 S\$'000
Conservancy and service fee receivables		2,415	2,405
Less: Allowance for impairment losses		(981)	(853)
		1,434	1,552
Add: Other receivables (Note 18)		6,287	51,464
Interest receivables		727	809
Cash and cash equivalents (Note 14)		112,713	104,773
Total loans and receivables		121,161	158,598

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.

17. Conservancy and service fee receivables (cont'd)

Conservancy and service fee receivables that are past due and impaired

	Gross conservancy and service fee receivables		Allowance for impairment losses	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Not past due	53	55	-	-
Past due 0 - 30 days	504	374	-	-
Past due 31 - 120 days	289	278	-	-
Past due 121 - 364 days	586	616	-	-
Past due more than 365 days	983	1,082	981	853
	2,415	2,405	981	853

Movement in allowance for impairment is as follows:

	Note	2017 S\$'000	2016 S\$'000
At 1 April		853	478
Transfer to Marsiling-Yew Tee Town Council		-	(165)
Transfer from Nee Soon Town Council		-	281
Charge for the financial year		128	259
At 31 March		981	853

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.

18. Other receivables and prepayments

	Note	2017 S\$'000	2016 S\$'000
Penalty on late payment		207	208
Citizens' Consultative Committee grant receivable		3,705	3,814
GST subvention grant		463	446
Accrued interest	16	256	204
Amount receivable from Nee Soon Town Council		3	45,742
Others		1,653	1,050
		6,287	51,464
Prepayments		150	167
		6,437	51,631

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	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Not past due	5,156	49,094	-	-
Past due 0 - 30 days	59	1,159	-	-
Past due 31 - 120 days	207	1,035	-	-
Past due 121 - 364 days	695	154	-	-
Past due more than 365 days	343	173	173	151
	6,460	51,615	173	151

18. Other receivables and prepayments (cont'd)

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

	2017 S\$'000	2016 S\$'000
At 1 April	151	88
Transfer to Marsiling-Yew Tee Town Council	-	(30)
Charge for the financial year	22	93
	<hr/>	<hr/>
At 31 March	173	151

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.

19. Available-for-sale financial assets

	Note	2017 S\$'000	2016 S\$'000
At 1 April		7,082	7,822
Transfer from Nee Soon Town Council		1,645	-
Transfer to Fund Manager		(1,657)	-
Loss from disposal		(26)	-
Redemption		(137)	-
Return of capital		(16)	(12)
Provision for impairment loss		(53)	(454)
Fair value gain/(loss) recorded in fair value reserve	22	378	(274)
		<hr/>	<hr/>
At 31 March	28(a)	7,216	7,082
		<hr/>	<hr/>
Taken up in: Sinking Funds	11	7,216	7,082

19. Available-for-sale financial assets (cont'd)

Available-for-sale financial assets include the following:

	2017 S\$'000	2016 S\$'000
Quoted equities	4,481	5,035
Quoted real estate investment trusts	2,735	2,047
	<hr/>	<hr/>
	7,216	7,082

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:

	Note	2017 S\$'000	2016 S\$'000
Quoted bonds with fixed interest of 1.01% to 4.00% (2016: 1.01% to 4.00%)			
- Current	11	4,981	1,818
- Non-current	11	13,144	15,037
		<hr/>	<hr/>
		18,125	16,855
		<hr/>	<hr/>
Taken up in: Sinking Funds		18,125	16,855

20. Held-to-maturity financial assets (cont'd)

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

	2017 S\$'000	2016 S\$'000
At 1 April	-	122
Reversal of impairment loss	-	(122)
At 31 March	-	-

The effective interest rates for the bonds were as follows:

	2017 %	2016 %
Quoted bonds with fixed interest	1.32 to 2.64	1.19 to 2.64

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

	Fair values	
	2017 S\$'000	2016 S\$'000
Quoted bonds with fixed interest	18,273	17,140

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

21. Plant and equipment

	Furniture, fixtures and fittings S\$'000	Office equipment S\$'000	Data processing equipment S\$'000	Renovation in-progress S\$'000	Leasehold Improvement S\$'000	Total S\$'000
Cost						
At 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 Mar 2016 and 1 Apr 2016	57	76	71	741	-	945
Additions	12	83	45	-	-	140
Written off	(2)	(6)	(3)	(56)	-	(67)
Reclassification	-	-	-	(685)	685	-
Transfer to Marsiling-Yew Tee Town Council	-	(29)	-	-	-	(29)
At 31 Mar 2017	67	124	113	-	685	989
Accumulated depreciation						
At 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 Mar 2016 and 1 Apr 2016	53	75	49	-	-	177
Depreciation charge for the financial year	3	23	27	-	126	179
Written off	(2)	(6)	(3)	-	-	(11)
Transfer to Marsiling-Yew Tee Town Council	-	(29)	-	-	-	(29)
At 31 March 2017	54	63	73	-	126	316
Net carrying amount						
At 31 March 2016	4	1	22	741	-	768
At 31 March 2017	13	61	40	-	559	673

22. Fair value reserve

	Note	2017 S\$'000	2016 S\$'000
At 1 April		569	843
Fair value gain/(loss) on available-for-sale financial assets for the financial year	19	378	(274)
At 31 March		947	569

23. Creditors and accrued expenses

	2017 S\$'000	2016 S\$'000
Accounts payable	5,893	4,249
Work order accruals	59	925
Other accruals	1,790	2,808
Sundry creditors - utilities	792	608
Sundry deposits	139	135
Amount payable to Marsiling-Yew Tee Town Council	-	35,844
Others	84	74
Total creditors and accrued expenses, representing total financial liabilities carried at amortised cost	8,757	44,643

Total amount of \$1 million (2016: \$1.91 million) is related to amount due to a related party (managing agent), which is unsecured, interest-free and is expected to be repaid in cash or settled within twelve months from the end of the reporting period.

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

	2017 S\$'000	2016 S\$'000
At 1 April	199	581
Funding from HDB	4,831	7,690
Payments to contractors	(3,188)	(4,501)
	1,643	3,189
Transferred to Marsiling-Yew Tee Town Council	-	(3,571)
At 31 March	1,842	199

25. Commitments

(a) **Expenditure commitments**

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

	2017 S\$'000	2016 S\$'000
Amount approved and contracted for	6,772	9,047
Amount approved but not contracted for	2,685	827
	9,457	9,874

25. Commitments (cont'd)

(b) **Operating Lease Commitments**

The Town Council has various operating lease agreements for office premises, office equipment, computer hardware and software that are non-cancellable. These leases have an average lease tenure three to seven years.

Future minimum lease payments recognised by the Town Council as expense in income and expenditure statement for the financial year ended 31 March 2017 amounted to S\$428,000 (2016: S\$359,000).

Future minimum lease payable under the non-cancellable operating lease at the end of the reporting period are as follows:

	2017 S\$'000	2016 S\$'000
Not later than one year	448	445
Later than one year but not later than five years	696	1,105
	1,144	1,550

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.

	2017 S\$'000	2016 S\$'000
Managing agent's fees	5,247	5,271
Energy saving project	3,590	3,233
Essential maintenance services expenses	782	808
Project management fees	712	901
Upgrading and construction of playgrounds	157	326
Lift repairs and servicing	651	356
Others	201	108
	11,340	11,003

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.

(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.

27. Financial risk management objectives and policies (cont'd)

(a) **Credit risk (cont'd)**

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.

	2017 S\$'000	2016 S\$'000
Fixed deposits	949	903

27. Financial risk management objectives and policies (cont'd)

(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:

	2017 S\$'000	2016 S\$'000
<u>Equity:</u>		
Fair value reserve	722	708
<u>Statement of Income and Expenditure:</u>		
Fair value through profit or loss	1,492	958

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:

	Note	2017 S\$'000	2016 S\$'000
Financial assets at fair value through profit or loss	15,16	60,592	44,139
Available-for-sale financial assets	19	7,216	7,082
		67,808	51,221

28. Fair value of financial instruments (cont'd)

(a) **Financial instruments carried at fair value (cont'd)**

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.

(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:

	2017		2016	
	Carrying amount S\$'000	Fair value S\$'000	Carrying amount S\$'000	Fair value S\$'000
Financial assets				
Held-to maturity financial assets	18,125	18,273	16,855	17,140
Unrecognised gain		148		285

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 7 to the financial statements.

30. Subsequent event

On 23 January 2017, the Ministry of National Development announced that starting from 1 April 2017, in accordance with Section 33(4A) of Town Councils Act, Town Councils must establish and maintain a sinking fund called Lift Replacement Funds (LRF), to meet the cost of lift replacements and lift-related replacement works.

(a) Establishment of Lift Replacement Fund

For the initial set up of the lift replacement fund, Town Councils are required to make a one-time carved out of 14% from the existing Sinking Funds balance as at 31 March 2017. The balance of Sinking Funds after the 14% carve-out will be as below:

	S\$'000
Sinking Funds as at 31 March 2017	183,495
Less: Transfer to lift replacement fund on 1 April 2017	(25,689)
Sinking Funds as at 1 April 2017	157,806

(b) Revision of Sinking Funds contribution rates

From 1 April 2017, Town Councils will set aside at least 14% of the service and conservancy charges as well as the grants-in-aid, to the Lift Replacement Fund. As such, with effect from 1 April 2017, the amounts to be paid into the Sinking Funds will be revised as follows:

- (i) Amounts to be paid to the ordinary Sinking Funds:
 - 26% of conservancy and services fees and grants-in-aid for residential property
 - 26% of conservancy and services fees for commercial property
- (ii) Amounts to be paid to the Lift Replacement Funds:
 - 14% of conservancy and services fees and grants-in-aid for residential property
 - 14% of conservancy and services fees for commercial property

(c) Government Grants

To help Town Councils to cope with the operating need and long-term capital expenditure requirement for lift replacements and lift-related works, the Ministry of National Development will provide two additional grants-in-aids, namely Lift Maintenance Grant and LRF Matching Grant, from 1 April 2017.

31. Authorisation of financial statements for issue

The financial statements of the Town Council for the financial year ended 31 March 2017 were authorised for issue by the members of the Town Council on 4 September 2017.



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