

Financial statements

ANG MO KIO TOWN COUNCIL

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

For the year ended 31 March 2017

Chairman's Message



Dear Residents,

I am happy to share with you the various improvement works found in our estate. This is part of our ongoing efforts to make our neighbourhood a safer and convenient place to live in.

Today, we have 257 senior/ fitness corners, 18 void deck gyms, 173 playgrounds and 86 community gardens around our town to promote a healthy and active lifestyle for everyone.

My sincere appreciation to our residents, partners and staff of Ang Mo Kio Town Council for their hard work and effort. With your continued support and feedback, we can make our town a better place to live, work and play!

A handwritten signature in black ink, appearing to read 'Ang Hin Kee', with a long horizontal flourish extending to the right.

Mr Ang Hin Kee
Chairman
Ang Mo Kio Town Council

Improvement works 2016/17

Through the Neighbourhood Renewal Program (NRP), residents can look forward to more recreation through fitness corners and playgrounds, protection from the weather through sheltered linkways to bus stops and drop-off porches. 11 playgrounds, 10 fitness corners, 35 sheltered linkways, and 12 sheltered drop-off porches have been upgraded this year.



Safety first for Residents

To safeguard against moving vehicles entering walkways of common areas, the Town Council identified and evaluated areas around the estate to install safety bollards. This is in response to an incident when a car accidentally reversed into a childcare centre at Block 676 Hougang Ave 8, smashing through a wall. Fortunately, it was a Sunday, and no children were present or hurt.



Safety bollards installed in front of a childcare centre.

Responsible Parking of Bicycles

To meet the increasing demand of bike-sharing services, the Town Council has identified areas with high human traffic and painted yellow boxes at 42 parking locations for users to park their dockless bicycles. This initiative serves to deter indiscriminate parking of bicycles at common areas that can cause obstruction and pose a potential safety hazard.



Residents can look forward to more yellow parking locations for dockless bicycles in their estate.



11,565 bicycle racks at 772 locations around the estate (e.g. under blocks and near lift lobbies) are available for residents to park their personal bicycles.

Water Conservation

With the rising cost of water, cleaners are taught on water efficiency and prevention of wastage when doing their daily block cleaning regime.



Cleaners being briefed by their supervisor on water saving measures.

Outreach Activities

To promote community involvement and awareness, the Town Council works closely with neighboring schools for outreach programs.



Litter picking by students from Da Qiao Primary School (May 2017).



Corridor obstruction awareness by students from Nan Chiau High School (April 2017).

Keep Clean! Singapore

To raise residents' awareness on keeping their estate litter-free, 680 people, including grassroots and advisers, joined the litter picking exercise and collected about 186kg of recyclables and 205 kg of trash in May this year.



Horticulture

Species such as *Khaya sengalensis* (Senegal Mahogany) are prone to falling due to their ability to grow up to 30m in height and their brittle nature. For the safety of residents, the Town Council has embarked on a Khaya Tree Replacement Program to have these species of trees replaced over a period of 3 years. Trees planted on slopes, near HDB blocks and areas with high human traffic will be prioritised.



Tree Planting Day

AMK GRC and SKW SMC held its annual tree planting day on 13th November 2016 at Punggol Reservoir. Mangrove saplings were planted on turf and made to float on the waters of the Reservoir. This concept, an initiative introduced by Dr Lam Pin Min, who worked with PUB, allows the suspending roots to soak up nutrients to reduce the amount of algae and improve the water quality of the reservoir.

Residents and grassroots leaders also lent a hand in planting trees along the river, with about 1,000 people turning up to play their part in keeping the environment clean and green.



Residents and grassroots leaders planting trees along the river.

Contents

	Page
Independent auditor's report	1
Statement of financial position	5
Statement of income and expenditure and other comprehensive income	6
Statement of changes in funds	7
Statement of cash flows	8
Notes to the financial statements	9

Independent auditor's report to the members of ANG MO KIO TOWN COUNCIL

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

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Ang Mo Kio Town Council ("the Town Council"), which comprise the statement of financial position as at 31 March 2017, and the statement of income and expenditure and other comprehensive income, the statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

The financial statements for the year ended 31 March 2016 were audited by another firm of auditors whose report dated 24 August 2016 expressed an unmodified opinion on those financial statements.

Independent auditor's report to the members of ANG MO KIO TOWN COUNCIL (Cont'd)

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

Other Information

Management is responsible for the other information. The other information refers to the Chairman's Review included in the Annual Report, but does not include the financial statements and our auditor's report thereon, which are expected to be made available to us after the date of this auditor's report.

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 identified above 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. When we read the other information of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

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 such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

A Town Council is constituted based on its Act and its dissolution requires Parliament's approval. In preparing the financial statements, management 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.

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 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.

Independent auditor's report to the members of ANG MO KIO TOWN COUNCIL (Cont'd) (Established under the Town Councils Act, Cap. 329A)

Auditor's responsibilities for the Audit of the Financial Statements (Cont'd)

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. However, future events or conditions may cause the Town Council to cease to continue as a going concern.
- 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.

Independent auditor's report to the members of ANG MO KIO TOWN COUNCIL (Cont'd)

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

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, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act. This responsibility includes implementing accounting and internal controls as management determines are necessary to enable compliance with the provisions of the Act.

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, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act.

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



Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore,
24 August 2017

Statement of financial position

as at 31 March 2017

	Note	2017 \$	2016 \$
TOWN COUNCIL FUNDS			
Residential property			
Accumulated surplus	3	6,469,671	3,625,851
Sinking Funds	4	93,834,407	95,099,631
Town Improvement and Project Funds	5	935,344	1,326,271
		101,239,422	100,051,753
Commercial property			
Accumulated surplus	3	3,613,718	2,259,123
Sinking Funds	4	47,888,617	46,752,606
Town Improvement and Project Funds	5	52,765	71,178
		51,555,100	49,082,907
Carpark			
Accumulated surplus	3	6,012,902	4,599,572
		158,807,424	153,734,232
REPRESENTED BY:			
Non-current assets			
Plant and equipment	6	679,768	140,503
Current assets			
Financial assets at fair value through profit or loss	7	12,135,750	17,226,700
Conservancy and service fees receivables	8	1,364,993	1,469,870
Other receivables, deposits and prepayments	9	9,539,843	24,448,966
Cash and bank balances	10	142,057,608	134,225,449
		165,098,194	177,370,985
Total assets		165,777,962	177,511,488
Less:			
Current liabilities			
Conservancy and service fees received in advance		1,092,717	1,181,384
Advances received for Neighbourhood Renewal Programme	11	732,097	910,577
Advances received for Electrical Load Upgrading Programme	12	395,534	322,340
Payables and accrued expenses	13	3,520,063	20,358,298
Income tax payable	21	1,230,127	1,004,657
Total liabilities		6,970,538	23,777,256
NET ASSETS		158,807,424	153,734,232



ANG HIN KEE
Chairman



ANG BOON PENG
General Manager/Secretary

Date: 24 August 2017

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

Statement of income and expenditure and other comprehensive income

for the financial year ended 31 March 2017

	Note	2017 \$	2016 \$
Operating income			
Conservancy and service fees	3	66,020,349	65,038,044
Less: Operating income transfer to Sinking Funds (minimum required by law)	3, 4	(22,351,073)	(21,941,896)
		43,669,276	43,096,148
Agency fees	3, 14	5,444,672	5,252,013
Other income	3, 15	4,082,143	3,693,775
		53,196,091	52,041,936
Less:			
Operating expenditure			
Cleaning works		(10,102,027)	(9,939,655)
Managing agent's fees	16	(6,456,382)	(6,413,091)
Lift maintenance		(10,719,471)	(7,942,035)
Other works and maintenance		(9,376,749)	(9,646,673)
Water and electricity		(15,451,152)	(16,108,884)
General and administrative expenditure	17	(3,443,285)	(3,673,445)
	3	(55,549,066)	(53,723,783)
Operating deficit		(2,352,975)	(1,681,847)
Add: Interest income		363,556	305,887
Deficit before taxation and government grants		(1,989,419)	(1,375,960)
Less:			
Income tax	21	(350,401)	(304,983)
Deficit before government grants		(2,339,820)	(1,680,943)
Add:			
Government grants	3, 22	17,246,110	18,642,564
Less: Transfer to			
- Sinking Funds	3, 4	(4,239,372)	(4,243,381)
- Town Improvement and Project Funds	3, 5	(4,043,447)	(5,365,953)
		8,963,291	9,033,230
SURPLUS FOR THE YEAR		6,623,471	7,352,287



ANG HIN KEE
Chairman

Date: 24 August 2017



ANG BOON PENG
General Manager/Secretary

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

Statement of changes in funds

for the financial year ended 31 March 2017

	Residential property \$	Commercial property \$	Carpark \$	Total \$
Balance at 1 April 2015	98,964,186	48,304,222	3,485,125	150,753,533
Net transfer of funds during boundary change	(1,249,272)	(114,380)	(67,785)	(1,431,437)
Surplus for the year	2,336,839	893,065	1,182,232	4,412,136
Balance at 31 March 2016	100,051,753	49,082,907	4,599,572	153,734,232
Surplus for the year	1,187,669	2,472,193	1,413,330	5,073,192
Balance at 31 March 2017	101,239,422	51,555,100	6,012,902	158,807,424

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

	Note	2017 \$	2016 \$
Accumulated surplus	3	6,623,471	7,352,287
Sinking Funds	4	(129,213)	(1,516,227)
Town Improvement and Project Funds	5	(1,421,066)	(1,423,924)
		5,073,192	4,412,136

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

Statement of cash flows

for the financial year ended 31 March 2017

	Note	2017 \$	2016 \$
Cash Flows from Operating Activities			
Deficit before taxation and government grants	3	(1,989,419)	(1,375,960)
Adjustments for:			
Depreciation of plant and equipment	6	165,557	133,818
Interest income	3	(363,556)	(305,887)
Net deficit transferred to other Town Council during boundary change		-	(1,416,495)
Operating income transfer to Sinking Funds	4	22,351,073	21,941,896
Operating surplus before working capital changes		20,163,655	18,977,372
Decrease/(increase) in operating receivables		15,005,295	(16,457,162)
(Decrease)/increase in operating payables		(16,926,902)	16,491,339
Cash generated from operations before income tax		18,242,048	19,011,549
Income tax paid	21	(447,501)	(475,222)
Tax paid for Nee Soon Town Council during boundary change	21	-	(26,724)
Sinking Funds expenditure (Note a)		(28,292,720)	(29,367,551)
Town Improvement and Project Funds expenditure	19	(5,464,513)	(6,789,877)
Neighbourhood Renewal Programme Funds expenditure	11	(7,891,228)	(7,882,854)
Electrical Load Upgrading Programme Funds expenditure	12	(3,944,834)	(5,115,529)
Net cash used in operations before government grants		(27,798,748)	(30,646,208)
Government grants received	22	17,246,110	18,642,564
Funding from Housing & Development Board for Neighbourhood Renewal Programme projects	11	7,712,748	7,801,226
Funding from Housing & Development Board for Electrical Load Upgrading Programme projects	12	4,018,028	5,377,675
Fixed deposit pledged		(252)	(44,008)
Net cash generated from operating activities		1,177,886	1,131,249
Cash Flows from Investing Activities			
Interest and investment income received		2,358,843	2,010,381
Proceeds from redemption of bonds upon maturity		5,000,000	8,000,000
Purchase of plant and equipment	6	(704,822)	(37,458)
Net cash generated from investing activities		6,654,021	9,972,923
Net increase in cash and cash equivalents		7,831,907	11,104,172
Cash and cash equivalents at beginning of year		134,125,449	123,021,277
Cash and cash equivalents at end of year	10	141,957,356	134,125,449

Non-cash transactions

The following are non-cash transactions for the respective financial year ended 31 March:

		2017 \$	2016 \$
Note (a)			
Sinking Funds expenditure	18	(28,383,670)	(29,281,746)
Adjustment:			
Fair value loss/(gain) arising from fair value through profit and loss investments	18	90,950	(85,805)
Sinking Funds expenditure paid		(28,292,720)	(29,367,551)

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

Notes to the financial statements

for the financial year ended 31 March 2017

1 General

Ang Mo Kio Town Council (the “Town Council”) was formed in 1989 under the Town Councils Act (Cap. 329A). The principal functions of the Town Council are to control, manage, maintain and improve the common areas of residential units, other commercial properties and market and food centres in the housing estates of the Housing & Development Board (“HDB”) within the Town.

The Town Council manages the Sengkang West Single Member Constituency (“SMC”) and Ang Mo Kio Group Representation Constituency (“GRC”), comprising the divisions of Cheng San-Seletar, Ang Mo Kio - Hougang, Jalan Kayu, Sengkang South, Teck Ghee and Yio Chu Kang.

The principal office of operations is situated at Block 342, Ang Mo Kio Avenue 1, #01-1561, Singapore 560342.

The financial statements of the Town Council for the financial year ended 31 March 2017 were authorised for issue by the Town Council on 24 August 2017.

2(a) Basis of preparation

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (“FRS”) as issued by the Singapore Accounting Standards Council as well as all related interpretations to FRS (“INT FRS”) and the Town Councils Act, Cap.329A. The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars which is the Town Council’s functional currency. All financial information is presented in Singapore dollars, unless otherwise stated.

Significant accounting estimates and judgements

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

Areas involving a high degree of judgements or complexity are described below.

2(a) Basis of preparation (Cont'd)**Significant accounting estimates and judgements (cont'd)**(a) Judgement(i) Critical judgements made in applying the Town Council's accounting policies

The Town Council adopts the guidance of FRS 36 Impairment of Assets and FRS 39 Financial Instruments: Recognition and Measurement in determining when an asset is impaired. This assessment requires certain level of judgement. The Town Council evaluates, among other factors, the duration and extent to which the fair value of the asset is less than its cost, and the financial health of and near-term economic benefit for the asset, changes in technology and operational and financing cash flows.

(b) Key sources of estimation(i) Income tax

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

(ii) Allowance for bad and doubtful debts

Allowance for doubtful conservancy and service debts amounting to \$922,494 (2016 - \$1,137,846) have been estimated on the basis of age of debts, results of recovery efforts and historical experience. The carrying amount of the Town Council's conservancy and service fees receivables as at 31 March 2017 is \$1,364,993 (2016 - \$1,469,870) in Note 8. Allowance for late payment penalty receivables amounting to \$224,610 (2016 - \$224,532) have been estimated on the basis of age of debts, results of recovery efforts and historical experience. The carrying amount of the Town Council's late payment penalty receivables as at 31 March 2017 is \$149,740 (2016 - \$171,102) in Note 9.

(iii) Depreciation of plant and equipment

The cost of plant and equipment for the Town Council is depreciated on the straight-line basis over the plant and equipment's estimated economic useful lives. Changes in the expected useful lives and the technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Town Council's plant and equipment as at 31 March 2017 was \$679,768 (2016: S\$140,503) in Note 6.

2(b) Adoption of new and revised standards

On 1 April 2016, the Town Council adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date.

Reference	Description
Amendments to FRS 1	Disclosure Initiatives

The amendments to FRS 1 - Presentation of Financial Statements clarify, rather than significantly change, existing FRS 1 requirements. The amendments clarify:

- The materiality requirements in FRS 1
- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities should adopt a systemic order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. The amendments to FRS 1 are effective for annual periods beginning on or after 1 January 2016.

The adoption of the new/revised FRS and INT FRS did not result in substantial changes to the Town Council's accounting policies nor any significant impact on these financial statements.

2(c) FRS not yet effective

At the date of authorisation of these financial statements, the following FRS and INT FRS were issued but not yet effective and which the Town Council has not early adopted:

Reference	Description	Effective date (Annual periods beginning on or after)
FRS 115	Revenue from Contracts with Customers	1 January 2018
FRS 109	Financial Instruments	1 January 2018
FRS 116	Leases	1 January 2019
INT FRS 122	Foreign Currency Transaction and Advance Consideration	1 January 2018
Amendments to:		
FRS 7	Statement of Cash Flows	1 January 2017
FRS 115	Clarification to FRS 115: Revenue from Contracts with Customers	1 January 2018

The Town Council does not anticipate that the adoption of the above FRSs in future periods will have a material impact on the financial statements of the Town Council in the period of their initial adoption, except for the following:

2(c) FRS not yet effective (Cont'd)FRS 115 - Revenue from Contracts with Customers

FRS 115 - Revenue from Contracts with Customers establishes a framework for determining when and how to recognise revenue. The objective of the standard is to establish the principles that an entity shall apply to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. It established a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods and services to a customer.

The standard replaces FRS 11 - Construction Contracts, FRS 18 - Revenue, INT FRS 113 - Customer Loyalty Programmes, INT FRS 115 - Agreements for Construction of Real Estate, INT FRS 118 - Transfer of Assets from Customers and INT FRS 31 - Revenue - Barter Transactions involving Advertising Services. The new standard applies to contracts with customers.

FRS 115 is effective for annual periods beginning on or after 1 January 2018. The Town Council is currently assessing the impact to the financial statements.

The amendments to FRS 115 Revenue from Contracts with Customers clarify how to:

- Identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract
- Determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided)
- Determine whether the revenue from granting a licence should be recognised at a point in time or over time.

The amendments have the same effective date as the Standard, FRS 115, i.e. on 1 January 2018.

FRS 109 Financial Instruments

FRS 109 Financial Instruments replaces the FRS 39 and it is a package of improvements introduced by FRS 109 which include a logical model for:

- Classification and measurement;
- A single, forward-looking "expected loss" impairment model; and
- A substantially reformed approach to hedge accounting.

FRS 109 is effective for annual periods beginning on or after 1 January 2018. The Town Council is currently assessing the impact to the financial statements.

FRS 116 - Leases

FRS 116 - Leases replaces accounting requirements introduced more than 30 years ago in accordance with FRS 17 - Leases that are no longer considered fit for purpose, and is a major revision of the way in which companies where it is required lessees to recognise most leases on their balance sheets. Lessor accounting is substantially unchanged from current accounting in accordance with FRS 17. FRS 116 - Leases will be effective for accounting periods beginning on or after 1 January 2019. Early adoption will be permitted, provided the Town Council has adopted FRS 115. The Town Council is currently assessing the impact to the financial statements.

2(c) FRS not yet effective (Cont'd)INT FRS 122 Foreign Currency Transactions and Advance Consideration

This Interpretation provides requirements about which exchange rate to use in reporting foreign currency transactions (such as revenue transactions) when payment is made or received in advance.

The Interpretations are effective from 1 January 2018.

On initial application, entities would have the option of applying the Interpretations either retrospectively or prospectively in accordance with FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors. The Town Council is currently assessing the impact.

Amendments to FRS 7 - Statement of Cash Flows

The Amendments to FRS 7 - Statement of Cash Flows required entities to reconcile cash flows arising from financing activities as reported in the statement of cash flows - excluding contributed equity - to the corresponding liabilities in the opening and closing statements of financial position and to disclose on any restrictions over the decisions of an entity to use cash and cash equivalent balances, in particular way (e.g. any tax liabilities that would arise on repatriation of foreign cash and cash equivalent balances). These amendments are effective on beginning or after 1 January 2017. As this is a disclosure standard, it will have no impact to the financial position and performance of the Town Council when applied in 2017.

2(d) Summary of significant accounting policies**(a) Funds****Town Council Funds**

In accordance with section 33(1) of the Town Councils Act, separate funds are established to account for the management of the various types of properties. The types of properties under the management of the Town Council are as follows:

Residential property
Commercial property

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

The routine funds related to properties under management, together with Sinking Funds and Town Improvement and Project Funds form the Town Council funds.

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

Assets and liabilities of the various funds of the Town Council are pooled in the statement of financial position.

2(d) Summary of significant accounting policies (Cont'd)**(a) Funds (cont'd)****Sinking Funds**

In accordance with section 33(4) of the Town Councils Act, separate Sinking Funds are established for the improvement to, management and maintenance of residential property and commercial property. The Sinking Funds are maintained as part of the Town Council funds.

Under the Town Councils Act, the Minister for National Development may, from time to time, prescribe the minimum amounts of conservancy and service fees and grants-in-aid to be paid into the Sinking Funds.

The minimum amounts that are paid by each property type into the Sinking Funds are as follows:

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

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

The Sinking Funds are utilised for cyclical major repainting, renewal or replacement of roofing system, water tanks, pumps and water supply system, lightning protection system, lifts, installation of any sensor and starter controller to the time-controlled booster pumping system, installation or replacement of any video monitoring devices in lifts, major repairs and maintenance of the common area and contributions to the HDB in respect of general upgrading works carried out on the common property as defined under the Housing and Development Act.

Town Improvement and Project Funds

Town Improvement and Project Funds ("TIPF") are established and maintained as part of the Town Council Funds. These funds are utilised for improvement and development works in the town.

The funds comprise the amounts set aside for projects to be carried out in the next financial year. All expenditures on town improvement and projects are appropriated from these reserves.

2(d) Summary of significant accounting policies (Cont'd)**(a) Funds (cont'd)****Town Improvement and Project Funds**

The funds are set up by transfer from the Accumulated Surplus to fund specific projects to be carried out. In addition, the Town Council receives funding for approved projects under the Community Improvement Projects Committee ("CIPC") scheme. These Funds are paid through the Citizens' Consultative Committees ("CCC").

(b) Inter-funds transfer

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

(c) Allocation of General Overheads

Expenditure not relating specifically to any property type managed, for example, administrative overheads, tree planting and pruning, is allocated to the various property types using equivalent dwelling units ("EDU") as follows:

<u>Property Type</u>	<u>Equivalent Dwelling Unit(s)</u>
1 Residential Property Unit	1
1 Commercial Property Unit	2
6 Car Lots or 36 Motor Cycle Lots or 4 Lorry Lots	1

Such allocation by EDU is not applied to the Sinking Funds and Town Improvement and Project Funds.

(d) Government grants

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

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

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

2(d) Summary of significant accounting policies (Cont'd)**(e) Plant and equipment and depreciation**

Plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. Depreciation is computed utilising the straight-line method to allocate their depreciable amount over their estimated useful lives as follows:

Furniture, fixtures and fittings	5 years
Office equipment	3 - 5 years

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

Subsequent expenditure relating to plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Town Council and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. 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 values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

(f) Impairment of non-financial assets

The carrying amount of non-financial assets is reviewed at each reporting date for indications of impairment and where impairment is found, the asset is written down through the income and expenditure statement to its estimated recoverable amount.

The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in the income and expenditure statement. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

At each reporting date, non-financial assets other than goodwill with impairment loss recognised in prior periods, are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

2(d) Summary of significant accounting policies (Cont'd)**(g) Financial assets****(a) Classification**

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

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

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months after the end of the reporting period.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Town Council provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except those maturing more than 12 months after the end of the reporting period. These are classified as non-current assets. Loans and receivables include receivable for Neighbourhood Renewal Programme, conservancy and service fee receivables, other receivables, interest receivable, grants receivable, fixed deposits and cash and bank balances on the statement of financial position.

(iii) Held-to-maturity investments

There are no financial assets classified under this category.

(iv) Available-for-sale financial assets

There are no financial assets classified under this category.

(b) Recognition and derecognition

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

2(d) Summary of significant accounting policies (Cont'd)**(g) Financial assets (cont'd)****(c) Initial measurement**

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

(d) Subsequent measurement

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" investment category are included in income or expenditure in the period in which they arise.

(e) Determination of fair value

The fair value of financial assets traded in active markets (such as exchange-traded and over-the-counter securities) are based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Town Council is the quoted closing price at the measurement date.

The carrying amount of current financial assets, carried at amortised costs, are assumed to approximate their fair values.

(f) Impairment of financial assets

The Town Council assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. All impairment losses are recognised in income or expenditure. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(g) Reversal of impairment

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

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the amortised cost had no impairment loss been recognised in prior periods.

2(d) Summary of significant accounting policies (Cont'd)**(h) Receivables**

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less allowance for doubtful debts. An allowance for doubtful receivables is established when there is objective evidence that the Town Council will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in income or expenditure. When a receivable becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in income or expenditure.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and fixed deposits.

(j) Payables

Payables are initially measured at fair value (net of transaction costs), and subsequently measured at amortised cost, using the effective interest method.

(k) Provisions

Provisions are recognised when the Town Council has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provision are made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in income or expenditure in the period they occur.

(l) Employee benefitsDefined contribution plan

The Town Council contributes to the Central Provident Fund ("CPF"), a defined contribution plan regulated and managed by the Government of Singapore. The Town Council contributes to the CPF for one of its employees, as the rest of its employees are under the direct payroll of its Managing Agent. The contributions to CPF are charged to income or expenditure in the period to which the contributions relate.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Key management personnel consist of Town Councillors.

2(d) Summary of significant accounting policies (Cont'd)**(m) Related parties**

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
 - (i) Has control or joint control over the Company;
 - (ii) Has significant influence over the Company; or
 - (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
 - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

(n) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable from the gross inflow of economic benefits during the year arising from the course of the ordinary activities of the Town Council.

- (i) Conservancy and service fees

Conservancy and service fees are recognised when due.

- (ii) Agency fees

Agency fees for routine maintenance of HDB's carparks are recognised when due.

2(d) Summary of significant accounting policies (Cont'd)**(n) Revenue recognition (cont'd)****(iii) Interest and investment income**

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

Interest income from bonds is recognised using the effective interest method.

Income from investments is recognised based on fair value through profit or loss.

(iv) Other income

Other income comprises mainly temporary occupation licences, liquidated damages claims and other miscellaneous income, and are recognised when due.

(o) Income tax

Income tax is provided on the following income:

- (i) Income derived from investments and bank deposits;
- (ii) Agency fee derived from acting as agents for HDB;
- (iii) Fees, rents and other charges received from non-residents or non-owners of properties in the Town; and
- (iv) Donations from non-residents or non-owners of properties in the Town.

The income taxes are accounted using the liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Income tax expense represents the sum of the tax currently payable and deferred tax. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each reporting date and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences.

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

Tax shall be payable at the rate of 10% on the income derived from the operation of its approved Finance and Treasury Centre in respect of the provision of qualifying services and activities which have been approved under Section 43G(2) of the Income Tax Act, Cap. 134.

2(d) Summary of significant accounting policies (Cont'd)**(p) Operating lease**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in the income and expenditure statement on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in the income and expenditure statement as an integral part of the total lease expense.

(q) Functional currency

Items included in the financial statements of the Town Council are measured using the currency of the primary economic environment in which the Town Council operates (the "functional currency").

3 Accumulated surplus

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

	Note	Residential property 2017 \$	Residential property 2016 \$	Commercial property 2017 \$	Commercial property 2016 \$	Carpark 2017 \$	Carpark 2016 \$	2017 \$	2016 \$	Total 2017 \$	Total 2016 \$
ACCUMULATED SURPLUS AT 1 APRIL											
Add/(Less):		3,625,851	4,414,141	2,259,123	4,827,684	4,599,572	3,485,125	10,484,546	12,726,950		
Transfer to Sinking Funds at 24 Aug 2015	4	-	(4,018,337)	-	(3,737,070)	-	-	-	(7,755,407)		
Net transfer of funds during boundary change		-	(280,809)	-	77,601	-	(67,785)	-	(270,993)		
Transfer (to)/from Town Improvement and Project Funds	5	(36,943)	(137,176)	13,326	(33,666)	-	-	(23,617)	(170,842)		
Appropriation to Town Improvement and Project Funds	5	(935,344)	(1,326,271)	(52,765)	(71,178)	-	-	(988,109)	(1,397,449)		
		2,653,564	(1,348,452)	2,219,684	1,063,371	4,599,572	3,417,340	9,472,820	3,132,259		
OPERATING INCOME											
Conservancy and service fees		61,385,254	60,368,013	4,635,095	4,670,031	-	-	66,020,349	65,038,044		
Less: Operating income transfer to Sinking Funds (minimum required by law)	4	(20,728,786)	(20,307,381)	(1,622,287)	(1,634,515)	-	-	(22,351,073)	(21,941,896)		
Agency fees	14	40,556,468	40,060,632	3,012,808	3,035,516	5,444,672	5,252,013	43,669,276	43,096,148		
Other income	15	2,965,599	2,790,978	1,019,667	848,369	96,877	54,428	5,444,672	5,252,013		
Less: Operating expenditure		43,622,067	42,851,610	4,032,475	3,883,885	5,541,549	5,306,441	53,196,091	52,041,936		
OPERATING (DEFICIT)/SURPLUS		(48,743,596)	(46,911,063)	(2,633,722)	(2,688,008)	(4,171,748)	(4,124,712)	(55,549,066)	(53,723,783)		
Add: Interest income		(5,121,529)	(4,059,453)	1,398,753	1,195,877	1,369,801	1,181,729	(2,352,975)	(1,681,847)		
		313,561	263,304	16,415	14,259	33,580	28,324	363,556	305,887		
(DEFICIT)/SURPLUS BEFORE INCOME TAX AND GOVERNMENT GRANTS		(4,807,968)	(3,796,149)	1,415,168	1,210,136	1,403,381	1,210,053	(1,989,419)	(1,375,960)		
Less: Income tax	21	(339,216)	(262,778)	(21,134)	(14,384)	9,949	(27,821)	(350,401)	(304,983)		
(DEFICIT)/SURPLUS BEFORE GOVERNMENT GRANTS		(5,147,184)	(4,058,927)	1,394,034	1,195,752	1,413,330	1,182,232	(2,339,820)	(1,680,943)		
Add: Government grants	22	17,035,108	18,367,971	211,002	274,593	-	-	17,246,110	18,642,564		
Less: Transfer to Sinking Funds	4,22	(4,239,372)	(4,243,381)	-	-	-	-	(4,239,372)	(4,243,381)		
Town Improvement and Project Funds	5,22	(3,832,445)	(5,091,360)	(211,002)	(274,593)	-	-	(4,043,447)	(5,365,953)		
		8,963,291	9,033,230	-	-	-	-	8,963,291	9,033,230		
		3,816,107	4,974,303	1,394,034	1,195,752	1,413,330	1,182,232	6,623,471	7,352,287		
SURPLUS FOR THE YEAR											
ACCUMULATED SURPLUS AT 31 MARCH											
		6,469,671	3,625,851	3,613,718	2,259,123	6,012,902	4,599,572	16,096,291	10,484,546		

ANG MO KIO TOWN COUNCIL

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

Notes to the financial statements for the financial year ended 31 March 2017

4 Sinking Funds

	Note	Residential property 2017 \$	Residential property 2016 \$	Commercial property 2017 \$	Commercial property 2016 \$	2017 \$	2016 \$	Total
Balance at 1 April								
Transfer from accumulated surplus at 24 August 2015	3	95,099,631	93,642,803	46,752,606	43,424,435	141,852,237	137,067,238	
Transfer of funds during boundary change		-	4,018,337	-	3,737,070	-	7,755,407	
		-	(1,275,364)	-	(178,817)	-	(1,454,181)	
		95,099,631	96,385,776	46,752,606	46,982,688	141,852,237	143,368,464	
Add:								
Income	18	1,858,753	1,785,274	127,829	73,866	1,986,582	1,859,140	
Operating income transfer from conservancy and service fees	3	20,728,786	20,307,381	1,622,287	1,634,515	22,351,073	21,941,896	
Transfer from government grants	3,22	4,239,372	4,243,381	-	-	4,239,372	4,243,381	
		26,826,911	26,336,036	1,750,116	1,708,381	28,577,027	28,044,417	
Less:								
Expenditure	18	(27,789,861)	(27,355,132)	(593,809)	(1,926,614)	(28,383,670)	(29,281,746)	
Income tax	21	(302,274)	(267,049)	(20,296)	(11,849)	(322,570)	(278,898)	
		(1,265,224)	(1,286,145)	1,136,011	(230,082)	(129,213)	(1,516,227)	
Balance at 31 March		93,834,407	95,099,631	47,888,617	46,752,606	141,723,024	141,852,237	

Represented by:

Current assets

Financial assets at fair value through profit or loss	7	12,135,750	17,226,700
Conservancy and service fees receivables	8	402,916	440,960
Other receivables, deposits and prepayments	9	1,245,143	11,884,024
Due from accumulated surplus		15,749,538	13,725,156
Cash and cash equivalents	10	113,738,327	111,745,303
Total assets		143,271,674	155,022,143

Less:

Current liabilities

Payables and accrued expenses	13	960,346	12,723,025
Income tax payable	21	588,304	446,881
Total liabilities		1,548,650	13,169,906
NET ASSETS		141,723,024	141,852,237

ANG MO KIO TOWN COUNCIL

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

Notes to the financial statements for the financial year ended 31 March 2017

5 Town Improvement and Project Funds

	Note	Residential property 2017 \$	Residential property 2016 \$	Commercial property 2017 \$	Commercial property 2016 \$	2017 \$	2016 \$	Total
Balance at 1 April								
Transfer of funds during boundary change		1,326,271	907,242	71,178	52,103	1,397,449	959,345	
			306,901	-	(13,164)	-	293,737	
		1,326,271	1,214,143	71,178	38,939	1,397,449	1,253,082	
Add/(Less):								
Transfer from government grants	3,22	3,832,445	5,091,360	211,002	274,593	4,043,447	5,365,953	
Expenditure	19	(5,195,659)	(6,442,679)	(268,854)	(347,198)	(5,464,513)	(6,789,877)	
Deficit for the year		(1,363,214)	(1,351,319)	(57,852)	(72,605)	(1,421,066)	(1,423,924)	
		(36,943)	(137,176)	13,326	(33,666)	(23,617)	(170,842)	
Add/(Less):								
Transfer from/(to) accumulated surplus *	3	36,943	137,176	(13,326)	33,666	23,617	170,842	
		-	-	-	-	-	-	
Appropriation from accumulated surplus **	3	935,344	1,326,271	52,765	71,178	988,109	1,397,449	
Balance at 31 March		935,344	1,326,271	52,765	71,178	988,109	1,397,449	

Represented by:

Current assets		
Other receivables, deposits and prepayments	9	4,775,290
Total assets		4,775,290
Less:		
Current liabilities		
Payables and accrued expenses	13	356,796
Amount due to accumulated surplus**		3,430,385
Total liabilities		3,787,181
NET ASSETS		988,109
		5,977,241
		5,977,241

* At the end of each financial year, the Town Council would transfer any surplus or deficit from the Town Improvement and Project Funds to the accumulated surplus.

** The amount required by the Town Improvement and Project Funds for the following financial year would then be appropriated from the accumulated surplus.

6 Plant and equipment

	Furniture, fixtures and fittings \$	Office equipment \$	Total \$
<u>Cost</u>			
At 1 April 2015	944,038	186,706	1,130,744
Additions	19,710	17,748	37,458
Transfer	-	(9,458)	(9,458)
Disposals	(239,066)	(5,985)	(245,051)
At 31 March 2016	724,682	189,011	913,693
Additions	704,822	-	704,822
Disposals	(103,538)	(8,520)	(112,058)
At 31 March 2017	1,325,966	180,491	1,506,457
<u>Accumulated depreciation</u>			
At 1 April 2015	742,149	151,732	893,881
Depreciation	111,596	22,222	133,818
Transfer	-	(9,458)	(9,458)
Disposals	(239,066)	(5,985)	(245,051)
At 31 March 2016	614,679	158,511	773,190
Depreciation	151,355	14,202	165,557
Disposals	(103,538)	(8,520)	(112,058)
At 31 March 2017	662,496	164,193	826,689
<u>Net book value</u>			
At 31 March 2017	663,470	16,298	679,768
At 31 March 2016	110,003	30,500	140,503

7 Financial assets at fair value through profit or loss

	Note	2017 \$	2016 \$
<i>Financial assets at fair value through profit or loss:</i>			
Debt securities in listed corporations, government and other public debentures	4	12,135,750	17,226,700
Represented by:			
Bonds in corporations		2,557,000	4,077,700
Government and statutory board securities		9,578,750	13,149,000
		12,135,750	17,226,700

The funds are denominated in Singapore dollars. These funds are invested in accordance with The Town Councils Act (Cap. 329A).

These investments are measured at fair value through profit or loss in accordance with FRS 39 Financial Instruments: Recognition and Measurement, as they represent an identified portfolio of investments which the Town Council manages together with an intention of profit taking when the opportunity arises.

8 Conservancy and service fees receivables

	Note	2017 \$	2016 \$
Conservancy and service fees receivables	27	2,287,487	2,607,716
Less: Impairment	27	(922,494)	(1,137,846)
		1,364,993	1,469,870
Recorded in:			
Accumulated surplus		962,077	1,028,910
Sinking Funds	4	402,916	440,960
		1,364,993	1,469,870

Conservancy and service fees receivables are denominated in Singapore dollars.

The Town Council generally extends 30-day credit term to its conservancy and service fees customers.

The movements in impairment of conservancy and service fees receivables during the year are as follows:

	Note	2017 \$	2016 \$
Balance at 1 April		1,137,846	815,977
Allowance written off		(7,246)	-
Allowance for the year	17	-	321,869
Allowance written back	15	(208,106)	-
Balance at 31 March	27	922,494	1,137,846

9 Other receivables, deposits and prepayments

	Note	2017 \$	2016 \$
Grant receivables			
- Citizens' Consultative Committees		4,595,972	5,083,224
- GST Subvention		599,298	592,724
- Service and Conservancy Charges		41,744	134,251
		5,237,014	5,810,199
Other receivables			
- Interest on fixed deposits and government bonds		1,265,403	1,140,548
- Late payment penalty		374,350	395,634
- Less: Impairment		(224,610)	(224,532)
		149,740	171,102
- Claimable GST	20	555,515	627,008
- Recoverable from Housing & Development Board		1,616,420	3,575,660
- Recoverable from National Environment Agency		60,372	99,937
- Recoverable from contractors		104,571	123,759
- Recoverable from Pasir Ris-Punggol Town Council		4,656	12,291,957
		3,756,677	18,029,971
Deposits		309,249	378,005
Prepayments		192,365	197,545
Others		44,538	33,246
		9,539,843	24,448,966

9 Other receivables, deposits and prepayments (Cont'd)

	Note	2017 \$	2016 \$
Recorded in:			
Accumulated surplus		3,519,410	6,587,701
Sinking Funds	4	1,245,143	11,884,024
Town Improvement and Project Funds	5	4,775,290	5,977,241
		9,539,843	24,448,966

Other receivables, deposits and prepayments are denominated in Singapore dollars.

The movements in allowance for impairment in respect of other receivables from penalty imposed on customers for late payment of service and conservancy charges during the year is as follows:

	Note	2017 \$	2016 \$
Balance at 1 April		224,532	291,231
Allowance written off		(1,398)	(66,699)
Allowance for the year	17	1,476	-
Balance at 31 March		224,610	224,532

10 Cash and bank balances

	Note	2017 \$	2016 \$
Cash on hand		13,345	12,500
Cash at bank		13,523,354	7,621,432
		13,536,699	7,633,932
Fixed deposits		128,520,909	126,591,517
		142,057,608	134,225,449
Recorded in:			
Accumulated surplus		28,319,281	22,480,146
Sinking Funds	4	113,738,327	111,745,303
		142,057,608	134,225,449

Cash and bank balances are denominated in Singapore dollars.

The interest rate for the fixed deposits ranges between 0.25% and 1.80% (2016 - 0.25% and 2.02%) per annum, receivable one year in arrears. The effective interest rate is 1.56% (2016 - 1.33%) per annum.

A fixed deposit of \$100,252 (2016 - \$100,000) is pledged to a bank to secure a performance guarantee issued by the bank.

10 Cash and bank balances (Cont'd)

For the purpose of the statement of cash flows, cash and bank balances comprise the following:

	2017 \$	2016 \$
Cash and bank balances as above	142,057,608	134,225,449
Less:		
Fixed deposit pledged	(100,252)	(100,000)
Cash and bank balances per statement of cash flows	141,957,356	134,125,449

11 Neighbourhood Renewal Programme

	2017 \$	2016 \$
Balance at 1 April	910,577	992,205
Add/(Less):		
Amount received in advance from Housing & Development Board	7,712,748	7,801,226
Payment to contractors	(7,891,228)	(7,882,854)
	(178,480)	(81,628)
Advances for Neighbourhood Renewal Programme	732,097	910,577

Neighbourhood Renewal Programme ("NRP") was introduced in August 2007 in response to feedback received from residents during the Forum on HDB Heartware for more active consultation on the improvements to be provided in their precincts. Blocks built up to 1989 and have not undergone the Main Upgrading Programme (MUP) or Interim Upgrading Programme (IUP) are eligible for NRP.

12 Electrical Load Upgrading Programme

	2017 \$	2016 \$
Balance at 1 April	322,340	60,194
Add/(Less):		
Funding from Housing & Development Board	4,018,028	5,377,675
Payment to contractors	(3,944,834)	(5,115,529)
	73,194	262,146
Advances for Electrical Load Upgrading Programme	395,534	322,340

The Electrical Load Upgrading (ELU) was introduced to upgrade the incoming electrical supply for HDB apartment blocks with a 40amps main switch instead of 30amps. The ELU works include supply and installation of new main switchboard including all accessories, connection, authority testing, commissioning and LEW licensing; replacement of all electrical sub-main risers including all tap-off boxes, accessories and connections; as well as replacement of all meter boards for residential units including authority testing and commissioning.

Blocks completed on or after 1 Jan 1994 and have undergone the Main Upgrading Programme (MUP) are not eligible for ELU as they are already provided with a higher electrical loading of 40 amps main switch.

This programme is fully funded by HDB and implemented by the Town Council.

13 Payables and accrued expenses

	Note	2017 \$	2016 \$
Accounts payable		751,872	2,801,194
Accrued expenses		2,033,761	3,039,529
Deposits received		709,090	921,260
Payable to Nee Soon Town Council		-	13,573,736
Others		25,340	22,579
		3,520,063	20,358,298
Recorded in:			
Accumulated surplus		2,202,921	7,041,931
Sinking Funds	4	960,346	12,723,025
Town Improvement and Project Funds	5	356,796	593,342
		3,520,063	20,358,298

Payables and accrued expenses are denominated in Singapore dollars.

14 Agency fees

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

15 Other income

	Note	2017 \$	2016 \$
Community hall rental		24,150	23,200
Late payment penalty		227,442	220,382
Liquidated damages		206,819	191,283
Sale of tender documents		57,200	51,400
Sundry fines		61,785	42,627
Sundry income		197,555	127,645
Temporary Occupation Licence ("TOL") charges		2,288,510	2,215,634
Use of common property		121,724	166,363
Use of void decks		62,660	67,755
Use of water and electricity		441,943	398,263
Use of roof top access		174,051	179,332
Impairment of conservancy and service fees			
receivables written back	8	208,106	-
Others		10,198	9,891
		4,082,143	3,693,775

16 Managing agent's fees

The Town Council's management of its daily operations has been outsourced to a managing agent.

17 General and administrative expenditure

	Note	2017 \$	2016 \$
Advertising, publicity and public relations		307,365	529,381
Computer service		313,969	442,876
Depreciation of plant and equipment	6	165,557	133,818
Impairment of late payment penalty receivables	9	1,476	-
Impairment of conservancy and service fees receivables	8	-	321,869
Office rental and upkeep expenditure		548,437	598,612
Office supplies and stationery		69,712	72,365
Plant and equipment not capitalised		3,286	800
Property tax		253,879	221,218
Key management personnel compensation			
- Town Councillors' allowances	23	306,000	301,842
Staff's salary & related costs		56,152	57,219
Unclaimable input tax	20	813,602	776,983
Others		603,850	216,462
		3,443,285	3,673,445

18 Sinking Funds income and expenditure**(i) Income**

	2017 \$	2016 \$
Interest income from bank accounts and fixed deposits	1,623,716	1,351,732
Interest income from bonds	333,744	491,032
Other income	29,122	16,376
	1,986,582	1,859,140

(ii) Expenditure

	Note	2017 \$	2016 \$
Electrical rewiring		69,125	294,819
Fair value loss/(gain) on financial assets at fair value through profit or loss		90,950	(85,805)
General and administrative charges		241	180
Lifts overhaul/upgrading		2,320,919	389,623
Lift position display panel		1,140,499	225,144
Lift replacement of inverters		357,391	330,718
Re-decoration and repairing		11,619,551	16,580,908
Re-roofing works		5,692,453	8,682,666
Replacement of ARD batteries		457,427	247,128
Replacement of EBOP batteries		350,861	151,868
Replacement of booster pumps		91,217	573,158
Replacement of fire protection system		64,427	-
Replacement of FRP/GRP sectional water tanks		283,278	167,272
Replacement of hoisting ropes		2,442,027	991,423
Replacement of Refuse Handling Equipment (RHE)		1,433,142	-
Replacement of Refuse Chute Flushing System (RCFS)		200,957	-
Replacement of water pipes		395,330	132,480
Replacement of water pumps		994,516	212,020
Town Council Lift Upgrading Programme		933	28,299
Unclaimable input tax	20	378,426	359,845
		28,383,670	29,281,746

19 Town Improvement and Project Funds expenditure

	2017 \$	2016 \$
Consultancy fees and architectural fees	445,854	566,515
Town improvement works	5,018,659	6,223,362
	5,464,513	6,789,877

20 Goods and Services Tax ("GST")

Government grants received by the Town Council are considered non-taxable supplies. Therefore, input tax claimable is based on a formula determined by the Inland Revenue Authority of Singapore. The unclaimable portion is charged to the statement of income and expenditure and other comprehensive income during the year.

21 Income tax

	Note	2017 \$	2016 \$
Current tax expense		645,719	583,881
Under-provision of tax in previous financial years		27,252	-
		672,971	583,881
Recorded in:			
Accumulated surplus		336,313	304,983
Under-provision of tax in previous financial years		14,088	-
	3	350,401	304,983
Sinking Funds		309,406	278,898
Under-provision of tax in previous financial years		13,164	-
	4	322,570	278,898
		672,971	583,881

21 Income tax (Cont'd)

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

	2017 \$	2016 \$
Interest income	2,321,016	2,148,651
Government grants and other income	19,171,288	20,334,711
Allowable expenses	(325,607)	(315,982)
	21,166,697	22,167,380
Tax calculated at a tax rate of 17% (2016 - 17%)	3,598,338	3,768,455
Tax exempt income	(25,925)	(25,925)
Tax remission of government grants under section 92(2) of Singapore Income Tax Act	(2,903,332)	(3,124,277)
Tax effect of certain income taxed at concessionary tax rate	(23,362)	(34,372)
Under-provision of tax in previous financial years	27,252	-
	672,971	583,881

The Town Council enjoys a concessionary tax rate of 10% for the income earned on investment in bonds.

Movements in provision for income taxes are as follows:

	Note	2017 \$	2016 \$
Balance as at 1 April		1,004,657	922,722
Current financial year's income tax expense		645,719	583,881
Payments during the year		(447,501)	(475,222)
Income tax paid due to boundary change		-	(26,724)
Under-provision of tax in previous financial years		27,252	-
Balance as at 31 March		1,230,127	1,004,657
Recorded in: (Provision for income tax)			
Accumulated surplus		641,823	557,776
Sinking Funds	4	588,304	446,881
Balance at 31 March		1,230,127	1,004,657

22 Government grants

- (i) Government grants taken to the statement of income and expenditure and other comprehensive income during the year are as follows:

	Note	<u>Service and Conservancy charge operating grant</u>		<u>GST Subvention grant</u>		<u>Payment from Citizens' Consultative Committee</u>		<u>Total</u>	
		2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$
Government grants received/receivable during the year	3	10,818,846	10,932,257	2,383,817	2,344,354	4,043,447	5,365,953	17,246,110	18,642,564
Less:									
Transfer to Sinking Funds	3, 4	(3,434,395)	(3,454,754)	(804,977)	(788,627)	-	-	(4,239,372)	(4,243,381)
Transfer to Town Improvement and Project Funds	3, 5	-	-	-	-	(4,043,447)	(5,365,953)	(4,043,447)	(5,365,953)
		7,384,451	7,477,503	1,578,840	1,555,727	-	-	8,963,291	9,033,230

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

	2017 \$	2016 \$
Total grants received/receivable at 1 April		
Grants received/receivable during the year	317,467,754	298,825,190
Total grants received/receivable at 31 March	17,246,110	18,642,564
	334,713,864	317,467,754

23 Key management remuneration

Ang Mo Kio Town Council is managed by the managing agent, CPG Facilities Management Pte Ltd, for the period 1 November 2013 to 31 October 2017. The Town Council does not incur any manpower and related costs except for Town Councillors' allowances.

	2017 \$	2016 \$
Town Councillors' allowances (Note 17)	306,000	301,842

24 Significant related party transactions

Apart from the disclosures made elsewhere in these financial statements, the following transactions took place between the Town Council and its related parties on terms agreed between the parties during the financial year:

	2017 \$	2016 \$
Expenditure paid to Managing Agent in relation to:		
- Managing Agent Fees (Note 16)	6,456,382	6,413,091
- Project Management Fees	1,104,614	1,344,696
	7,560,996	7,757,787

25 Capital commitments

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

	2017 \$	2016 \$
Amount approved and contracted for	20,484,090	23,177,404
Amount approved but not contracted for	68,563,412	63,995,001
	89,047,502	87,172,405

26 Operating lease payment commitments

At the end of the reporting period, the Town Council was committed to making the following rental payments in respect of non-cancellable operating leases of office premises with an original term of more than one year:

	2017 \$	2016 \$
Not later than one year	731,615	768,765
Later than one year and not later than five years	685,910	1,417,525
Later than five years	-	-
	1,417,525	2,186,290

26 Operating lease payment commitments (Cont'd)

The leases on the Town Council's office premises from the Housing & Development Board on which rentals are payable will expire on June 2017, December 2017 and April 2019 subject to option to renew for another three years. Rental terms are renegotiated on renewal.

The Town Council entered into an agreement for a contract sum of S\$1,651,295 with NEC Asia Pacific Pte Ltd for the supply, delivery, design, development, installation, configuration, testing, commissioning, warranty of a fully operational integrated Town Council Management System with operation support and maintenance for the period 1 May 2013 to 30 April 2020.

27 Financial instruments and financial risks

The Town Council's financial instruments comprise certain cash and cash equivalents, and various items including investment in financial assets, conservancy and service fees receivable and other receivables, accrued expenses and other payables that arise from its operations.

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

27.1 Credit risk

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

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

Investment in bonds comprises of bonds issued by statutory boards and government-related agencies, as well as corporate bonds that are considered to be of good credit standing.

For receivables, an ongoing credit evaluation is performed on the financial conditions of the receivables and losses on impairment are recognised in the statement of income and expenditure and other comprehensive income. The impairment of conservancy and service fees receivable totalling \$922,494 (2016 - S\$1,137,846) is determined at the reporting date (Note 8).

There is no concentration of credit risk with respect to conservancy and service fees receivable, as the Town Council has a large number of household owners.

There are no other material class of financial assets that are past due except for the conservancy and service fees receivables as disclosed below:

27 Financial instruments and financial risks (Cont'd)**27.1 Credit risk (cont'd)**

There is no concentration of credit risk with respect to conservancy and service fees receivable, as the Town Council has a large number of household owners.

There are no other material class of financial assets that are past due except for the conservancy and service fees receivables as disclosed below:

	Note	2017 \$	2016 \$
Not past due (Less than 30 days)		376,505	446,159
Past due 30 to 90 days		463,838	355,100
Past due 91 to 180 days		142,913	289,331
Past due 181 to 360 days		299,117	395,586
Past due over 360 days		1,005,114	1,121,540
		2,287,487	2,607,716
Less: Impairment		(922,494)	(1,137,846)
	8	1,364,993	1,469,870

Conservancy and service fees receivables amounting to \$988,488 (2016 - \$1,023,711) are past due at the financial year end but not impaired, as the management believes that it will be collectible in the foreseeable future as a result of recovery efforts and historical experience.

27.2 Market risk*Interest rate risk*

The Town Council's exposure interest rate risk relates primarily to interest-earning fixed deposits with financial institutions and investments in government and corporate bonds. The Town Council's surplus funds are placed with reputable financial institutions or invested in Singapore government bonds.

Equity price risk

Equity price risk is applicable to investments in equity shares or similar instruments. As equities are invested through fund managers under guaranteed principal schemes, the exposure to market risk is minimal.

27.3 Liquidity risk

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

The average credit period for settlement of payables and accrued expenses is 30 - 90 days (2016 - 30 - 90 days). It is expected that all the liabilities will be paid when due with cash inflows from operating activities and government grants.

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

It is expected that all the liabilities will be paid when due. The Town Council expects to meet its cash commitments with cash inflows from operating activities and government grants.

27 Financial instruments and financial risks (Cont'd)**27.4 Accounting classifications of financial assets and financial liabilities**

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

	Financial assets at fair value through profit or loss \$	Loans and receivables \$	Total \$
2016			
Financial assets			
Financial assets at fair value through profit or loss	12,135,750	-	12,135,750
Conservancy and service fees receivables	-	1,364,993	1,364,993
Other receivables and deposits #	-	9,347,478	9,347,478
Cash and bank balances	-	142,057,608	142,057,608
	12,135,750	152,770,079	164,905,829

	Financial liabilities (at amortised cost) \$	Total \$
Financial liabilities		
Conservancy and service fees received in advance	1,092,717	1,092,717
Advances received for Neighbourhood Renewal Programme	732,097	732,097
Advances received for Electrical Load Upgrading Programme	395,534	395,534
Payables and accrued expenses	3,520,063	3,520,063
	5,740,411	5,740,411

	Financial assets at fair value through profit or loss \$	Loans and receivables \$	Total \$
2015			
Financial assets			
Financial assets at fair value through profit or loss	17,226,700	-	17,226,700
Conservancy and service fees receivables	-	1,469,870	1,469,870
Other receivables and deposits #	-	24,251,421	24,251,421
Cash and bank balances	-	134,225,449	134,225,449
	17,226,700	159,946,740	177,173,440

27 Financial instruments and financial risks (Cont'd)**27.4 Accounting classifications of financial assets and financial liabilities (cont'd)**

	Financial liabilities (at amortised cost) \$	Total \$
2015		
Financial liabilities		
Conservancy and service fees received in advance	1,181,384	1,181,384
Advances received for Neighbourhood Renewal Programme	910,577	910,577
Advances received for Electrical Load Upgrading Programme	322,340	322,340
Payables and accrued expenses	20,358,298	20,358,298
	22,772,599	22,772,599

Exclude prepayments

28 Funds management

The Town Council's objectives when managing funds are:

- (a) to safeguard the Town Council's ability to continue as going concern;
- (b) to provide resources to sustain future development; and
- (c) to provide funds for the purpose of strengthening the Town Council's risk management capability.

The Town Council actively and regularly reviews and manages its funding structure to ensure optimal funding structure, taking into consideration the future funding requirements, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

There were no changes in the Town Council's approach to funds management during the year. The Town Council is not subject to externally imposed capital requirements. As at the end of the reporting period, the Town Council's total funds amounted to \$158,807,424 (2016 - \$153,734,232).

29 Fair value measurements

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

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

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

The financial assets at fair value through profit or loss in Note 7 are categorised as Level 1.

30 Events after the reporting period

During the year, the Ministry of National Development (MND) had announced that they will provide additional support to help Town Councils with their operating needs and long-term capital expenditure requirements. The additional support is provided via two new grants – Lift Maintenance Grant (LMG) and Lift Replacement Fund (LRF) Matching Grants. Both grants will be disbursed accordingly after the current financial year end.

Lift Maintenance Grant

The LMG helps Town Councils cope with higher lift-related servicing and maintenance costs. The LMG will be disbursed to Town Councils annually from end of April 2017, together with the Service and Conservancy Charge operating grant. The amount to be disbursed to each Town Council is \$600 for every lift (pertaining to both residential and commercial property) maintained by the Town Council as at 1st March of each financial year. A breakdown of the LMG by residential and commercial lifts will be provided to the respective Town Councils upon disbursement.

As with the Service and Conservancy Charge (S&CC) operating grant, the LMG will be subject to the minimum contribution rates of 26% to the Sinking Fund (SF) and 14% to the LRF.

Lift Replacement Fund

With effect from 1st April 2017, Town Councils are required to set up a dedicated LRF, to ensure that sufficient funds are set aside for the replacement of the Town Councils' lifts when due. To assist Town Councils in building up the LRF, MND will provide a 50% matching grant to the following contributions Town Councils make to the LRF.

- (a) Quarterly contributions to the LRF from S&CC collections and other grants-in-aids, including voluntary contributions beyond the minimum LRF contribution rate of 14%.
- (b) Voluntary contributions of Operating Fund (OF) surpluses to the LRF at the end of a financial year, as allowed under Section 33(9) of the amended Town Councils Act. (*)

(*) This does not include the LRF Matching Grant, which is directly disbursed to the Town Councils' LRF and is not subject to the minimum contribution rates to SF and LRF.

The following contributions will not be eligible for the LRF Matching Grant:

- (a) The initial one-time transfer from the Town Council's SF closing balance as at current financial year ended to set up the LRF; and
- (b) OF surpluses that are transferred to the SF and LRF after an election.

The LRF Matching Grant will be disbursed to the Town Councils on a quarterly basis through a claims process.

It was noted that 14% of the SF, amounting to \$19.8 million was transferred to the LRF in April 2017 after the reporting period, as stipulated by the Town Councils Act (Cap. 329A). Out of the \$19.8 million transferred, \$13.1 million was allocated to Residential Property, with the remaining \$6.7 million being allocated to Commercial Property.

31 Comparative information

The corresponding figures relating to the financial statements for the year ended 31 March 2016 were audited by another firm of chartered accountants.