

Financial statements

ANG MO KIO TOWN COUNCIL

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

For the year ended 31 March 2018

Chairman's Message



Dear Residents,

I am pleased to share with you the various upgrading works around the neighbourhood, making it more pleasant, safe and fun for all.

Through Community Improvement and Neighbourhood Renewal projects, we are providing new amenities. These include sheltered linkways, drop-off porches and ramps which will enhance connectivity within the estate. New playgrounds and fitness corners have also been added to allow you and your children to lead fun and healthy lifestyles. By the end of this year, another 960 bicycle parking spaces will be added to make it more convenient to cycle.

As part of our efforts to keep the estate safe and prevent the spread of diseases, we regularly conduct inspections and take preventive actions to prevent mosquito breeding. We have also implemented measures to curb the rodent population and this has significantly reduced the number of rat burrows.

We have begun replacing old lifts in the estate under the Selective Lift Replacement Programme and also implemented a parts replacement programme. These measures have improved lift reliability.

Over the past year, we also collaborated with various partners such as schools in our town and various agencies to engage residents and promote community engagement.

Moving forward, the town council will continue to improve and spruce up the estate. With everyone's support and feedback, we will make the town a better place to live, work and play!

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Ang Hin Kee', written over a horizontal line.

Mr Ang Hin Kee
Chairman
Ang Mo Kio Town Council

Upgrading our Estate

We initiated 117 Community Improvement Projects and 3 Neighbourhood Renewal Programmes. The works will improve connectivity within the estate, making it more convenient for residents to go about their daily routines in the neighbourhood.



Left: A sheltered ramp to allow easy access to the bus stop

Top right: New high and low-covered linkways protecting you from the rain and sun

Bottom right: New bicycle racks for your parking convenience

Enhancing Safety

We implemented upstream rodent control measures which have reduced the number of rat burrows by more than 40 percent. We also actively take measures to prevent mosquito breeding.



Chemicals are placed into burrows to eliminate rodents



Our pest controllers oiling drains to eliminate mosquito larvae

A total of 55 old lifts in the estate are undergoing the Selective Lift Replacement Programme. Together with our lift parts replacement programme, lift reliability and safety has improved.

Enriching Community Life

We are also building/upgrading 23 playgrounds and 22 fitness corners that will allow you and your children to lead happy, active and healthy lifestyles. Furthermore, in March 2018, we partnered the NAC to bring the Arts in Your Neighbourhood programme to Ang Mo Kio and beautify the neighbourhood.



Left: A playground that brings joy to the little ones

Top right: Healthy lifestyles for everyone

Bottom right: The wall mural at Blk 342 Ang Mo Kio Ave 1

Educational and Outreach Efforts

We partner various organisations to promote community involvement and educate residents on making the estate safe and clean for everyone.



Top left: Students engaging with residents in Ang Mo Kio.

Bottom left: Residents participated in Keep Clean, Singapore!

Right: A wall mural by Anderson JC students

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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 2018, 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 2018 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 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.

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

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.

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.

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)

- 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.

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.

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

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

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,
7 September 2018

Statement of financial position as at 31 March 2018

| | Note | 2018 \$ | 2017 \$ |
|--|------|--------------------|--------------------|
| TOWN COUNCIL FUNDS | | | |
| Residential property | | | |
| Accumulated surplus | 3 | 6,635,768 | 6,469,671 |
| Sinking Funds | 4 | 86,029,245 | 93,834,407 |
| Lift Replacement Funds | 5 | 26,110,525 | - |
| Town Improvement and Project Funds | 6 | 1,725,062 | 935,344 |
| | | 120,500,600 | 101,239,422 |
| Commercial property | | | |
| Accumulated surplus | 3 | 4,898,001 | 3,613,718 |
| Sinking Funds | 4 | 42,235,883 | 47,888,617 |
| Lift Replacement Funds | 5 | 7,605,966 | - |
| Town Improvement and Project Funds | 6 | 88,883 | 52,765 |
| | | 54,828,733 | 51,555,100 |
| Carpark | | | |
| Accumulated surplus | 3 | 7,563,338 | 6,012,902 |
| | | 182,892,671 | 158,807,424 |
| REPRESENTED BY: | | | |
| Non-current assets | | | |
| Plant and equipment | 7 | 529,575 | 679,768 |
| Current assets | | | |
| Financial assets at fair value through profit or loss | 8 | 12,936,900 | 12,135,750 |
| Conservancy and service fees receivables | 9 | 1,501,951 | 1,364,993 |
| Receivables for Neighbourhood Renewal Programme | 13 | 85,863 | - |
| Other receivables, deposits and prepayments | 10 | 9,797,662 | 9,539,843 |
| Cash and bank balances | 11 | 165,840,776 | 142,057,608 |
| | | 190,163,152 | 165,098,194 |
| Total assets | | 190,692,727 | 165,777,962 |
| Less: | | | |
| Current liabilities | | | |
| Conservancy and service fees received in advance | | 1,303,004 | 1,092,717 |
| Advances received for Selective Lift Replacement Programme | 12 | 1,369,452 | - |
| Advances received for Neighbourhood Renewal Programme | 13 | - | 732,097 |
| Advances received for Electrical Load Upgrading Programme | 14 | 717,549 | 395,534 |
| Payables and accrued expenses | 15 | 3,133,750 | 3,520,063 |
| Income tax payable | 24 | 1,276,301 | 1,230,127 |
| Total liabilities | | 7,800,056 | 6,970,538 |
| NET ASSETS | | 182,892,671 | 158,807,424 |



ANG HIN KEE
Chairman

Ang Boon Peng
General Manager/Secretary
Ang Mo Kio Town Council

ANG BOON PENG
General Manager/Secretary

Dated: 7 September 2018

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 2018

| | Note | 2018 \$ | 2017 \$ |
|--|-------|---------------------|--------------|
| Operating income | | | |
| Conservancy and service fees | 3 | 70,920,255 | 66,020,349 |
| Less: | | | |
| Operating income transfer to Sinking Funds (26% transferred to Sinking Funds) | 3, 4 | (18,439,266) | (22,351,073) |
| Operating income transfer to Lift Replacement Funds (14% transferred to Lift Replacement Funds) | 3, 5 | (9,928,841) | - |
| | | 42,552,148 | 43,669,276 |
| Agency fees | 3, 16 | 5,749,018 | 5,444,672 |
| Other income | 3, 17 | 4,294,945 | 4,082,143 |
| | | 52,596,111 | 53,196,091 |
| Less: | | | |
| Operating expenditure | | | |
| Cleaning works | | (10,768,506) | (10,102,027) |
| Managing agent's fees | 18 | (6,381,888) | (6,456,382) |
| Lift maintenance | | (10,181,034) | (10,719,471) |
| Other works and maintenance | | (10,118,418) | (9,376,749) |
| Water and electricity | | (16,298,470) | (15,451,152) |
| General and administrative expenditure | 19 | (3,242,007) | (3,443,285) |
| | | (56,990,323) | (55,549,066) |
| Operating deficit | | (4,394,212) | (2,352,975) |
| Add: Interest income | 3 | 314,536 | 363,556 |
| Deficit before taxation and government grants | | (4,079,676) | (1,989,419) |
| Less: | | | |
| Income tax | 3, 24 | (327,525) | (350,401) |
| Deficit before government grants | | (4,407,201) | (2,339,820) |
| Add: | | | |
| Government grants | 3, 25 | 21,718,797 | 17,246,110 |
| Less: Transfer to | | | |
| - Sinking Funds | 3, 4 | (3,872,638) | (4,239,372) |
| - Lift Replacement Funds | 3, 5 | (8,084,381) | - |
| - Town Improvement and Project Funds | 3, 6 | (824,933) | (4,043,447) |
| | | 8,936,845 | 8,963,291 |
| SURPLUS FOR THE YEAR | | 4,529,644 | 6,623,471 |



ANG HIN KEE
Chairman

Ang Boon Peng
General Manager/Secretary
Ang Mo Kio Town Council

ANG BOON PENG
General Manager/Secretary

Dated: 7 September 2018

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 2018

| | Residential property \$ | Commercial property \$ | Carpark \$ | Total \$ |
|---------------------------------|-------------------------------|------------------------------|------------------|--------------------|
| Balance at 1 April 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 |
| Surplus for the year | 19,261,178 | 3,273,633 | 1,550,436 | 24,085,247 |
| Balance at 31 March 2018 | 120,500,600 | 54,828,733 | 7,563,338 | 182,892,671 |

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

| | Note | 2018 \$ | 2017 \$ |
|------------------------------------|------|-------------------|-------------|
| Accumulated surplus | 3 | 4,529,644 | 6,623,471 |
| Sinking Funds | 4 | 6,383,328 | (129,213) |
| Lift Replacement Funds | 5 | 13,875,267 | - |
| Town Improvement and Project Funds | 6 | (702,992) | (1,421,066) |
| | | 24,085,247 | 5,073,192 |

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 2018

| | Note | 2018 \$ | 2017 \$ |
|--|------|-------------------|---------------------|
| Cash Flows from Operating Activities | | | |
| Deficit before taxation and government grants | 3 | (4,079,676) | (1,989,419) |
| Adjustments for: | | | |
| Depreciation of plant and equipment | 7 | 171,848 | 165,557 |
| Interest income | 3 | (314,536) | (363,556) |
| Operating income transfer to Sinking Funds | 4 | 18,439,266 | 22,351,073 |
| Operating income transfer to Lift Replacement Funds | 5 | 9,928,841 | - |
| Operating surplus before working capital changes | | 24,145,743 | 20,163,655 |
| Decrease in operating receivables | | 6,892,182 | 15,005,295 |
| Decrease in operating payables | | (4,233,979) | (16,926,902) |
| Cash generated from operations before income tax | | 26,803,946 | 18,242,048 |
| Income tax paid | 24 | (584,408) | (447,501) |
| Sinking Funds expenditure (Note a) | 20 | (17,117,001) | (28,292,720) |
| Lift Replacement Funds expenditure | 21 | (4,922,056) | - |
| Town Improvement and Project Funds expenditure | 22 | (1,527,925) | (5,464,513) |
| Neighbourhood Renewal Programme Funds expenditure | 13 | (1,466,892) | (7,891,228) |
| Electrical Load Upgrading Programme Funds expenditure | 14 | (1,155,577) | (3,944,834) |
| Net cash generated from/(used in) operations before government grants | | 30,087 | (27,798,748) |
| Government grants received | | 14,199,871 | 17,246,110 |
| Funding from Housing & Development Board for Selective Lift Replacement Programme projects | 12 | 1,941,250 | - |
| Funding from Housing & Development Board for Neighbourhood Renewal Programme projects | 13 | 648,932 | 7,712,748 |
| Funding from Housing & Development Board for Electrical Load Upgrading Programme projects | 14 | 1,477,592 | 4,018,028 |
| Fixed deposit pledged | | (251) | (252) |
| Net cash generated from operating activities | | 18,297,481 | 1,177,886 |
| Cash Flows from Investing Activities | | | |
| Interest and investment income received | | 2,507,091 | 2,358,843 |
| Proceeds from redemption of bonds upon maturity | | 3,000,000 | 5,000,000 |
| Purchase of plant and equipment | 7 | (21,655) | (704,822) |
| Net cash generated from investing activities | | 5,485,436 | 6,654,021 |
| Net increase in cash and cash equivalents | | 23,782,917 | 7,831,907 |
| Cash and cash equivalents at beginning of year | | 141,957,356 | 134,125,449 |
| Cash and cash equivalents at end of year | 11 | 165,740,273 | 141,957,356 |

Non-cash transactions

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

| | | 2018 \$ | 2017 \$ |
|---|----|---------------------|---------------------|
| Note (a) | | | |
| Sinking Funds expenditure | 20 | (17,330,851) | (28,383,670) |
| Adjustment: | | | |
| Fair value loss arising from fair value through profit and loss investments | 20 | 213,850 | 90,950 |
| Sinking Funds expenditure paid | | (17,117,001) | (28,292,720) |

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 2018

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 2018 were authorised for issue by the Town Council on 7 September 2018.

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.

2(a) Basis of preparation (Cont'd)**Significant accounting estimates and judgements (Cont'd)**

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

(a) Judgement

(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.

(b) Key sources of estimation

(i) Allowance for bad and doubtful debts

Allowance for doubtful conservancy and service debts amounting to \$880,925 (2017 - \$922,494) 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 2018 is \$1,501,951 (2017 - \$1,364,993) in Note 9. Allowance for late payment penalty receivables amounting to \$212,791 (2017 - \$224,610) 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 2018 is \$141,860 (2017 - \$149,740) in Note 10.

(ii) 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 2018 was \$529,575 (2017 - \$679,768) in Note 7.

2(b) Adoption of new and revised standards

On 1 April 2017, 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 7 | Statement of Cash Flows |

The Amendments to FRS 7 Statement of Cash Flows requires 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 a particular way – e.g. any tax liabilities that would arise on repatriation of foreign cash and cash equivalent balances. These amendments are effective for annual periods beginning on or after 1 January 2017. As this is a disclosure standard, it does not impact the financial position and performance of the Town Council.

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 109 | Financial Instruments | 1 January 2018 |
| FRS 115 | Revenue from Contracts with Customers | 1 January 2018 |
| FRS 116 | Leases | 1 January 2019 |
| Amendments to: | | |
| FRS 115 | Clarification to FRS 115: Revenue from Contracts with Customers | 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 has assessed and do not expect the adoption of the new FRS to have a significant impact on the financial statements.

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 has assessed and do not expect the adoption of the new FRS to have a significant impact on the financial statements.

Clarifications to FRS 115 Revenue Contracts with Customers

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 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 will assess and discuss the impact of adoption of this FRS on the financial statements with the external auditors.

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, Lift Replacement 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.

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 for every quarter of the financial year starting 1 April 2017, and for every quarter of any subsequent financial year end, are as follows:

- (a) At least 26% of all conservancy and service charges which are levied by the Town Council for residential property and for commercial property, respectively, and are paid or due and payable, or both, to the Town Council in that quarter; and
- (b) At least 26% of -
 - (i) the total grants-in-aid received by the Town Council in that relevant quarter for residential property and commercial property, respectively; less
 - (ii) the Lift Replacement Funds matching grant-in-aid received by the Town Council in that same relevant quarter for that same property.

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

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, 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.

Lift Replacement Funds

Lift Replacement Funds ("LRF") are established and maintained from financial year starting 1 April 2017 as part of the Town Council Funds. The Lift Replacement Funds are utilised for all lift-related expenses, which were previously incurred under the Sinking 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 Lift Replacement Funds.

14% of the closing balance shown in the Town Council's audited accounts for financial year ended 31 March 2017 in respect of each ordinary sinking fund established for residential property and commercial property respectively, has been paid by the Town Council into every lift replacement fund established respectively by the Town Council for that residential property and commercial property, respectively.

The minimum amounts that are paid by each property type into the Lift Replacement Funds for every quarter of the financial year starting 1 April 2017, and for every quarter of any subsequent financial year end, are as follows:

- (a) At least 14% of all conservancy and service charges which are levied by the Town Council for residential property and for commercial property, respectively, and are paid or due and payable, or both, to the Town Council in that quarter; and
- (b) At least 14% of -
 - (i) the total grants-in-aid received by the Town Council in that relevant quarter for residential property and commercial property, respectively; less
 - (ii) the Lift Replacement Funds matching grant-in-aid received by the Town Council in that same relevant quarter for that same property.

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

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 and Rule 11A(1) of the Town Council Financial Rules, if there is a surplus in an operating fund or a surplus in an ordinary sinking fund of the Town Council at the end of the financial year, the Town Council may transfer the whole or part of the surplus in the operating fund to a lift replacement fund or an ordinary sinking fund, or transfer the whole or part of the surplus in an ordinary sinking fund to a lift replacement fund, but only to make good any deficit in the lift replacement fund.

Under Section 43(1)(i) of the Town Councils Act, the Minister may make rules for the circumstances under which a surplus in an operating fund, sinking fund or lift replacement fund established for residential property, may be transferred to the same fund established for commercial property, and vice versa.

Under Rule 11A(2) and (3) of the Town Council Financial Rules, a surplus in an operating fund, sinking fund or lift replacement fund established for residential property, may be transferred to the same fund established for commercial property, and vice versa, to make good any 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, Town Improvement and Project Funds and Lift Replacement Funds.

2(d) Summary of significant accounting policies (Cont'd)**(d) Government grants**

The Town Council receives five types of grants from the government: Service and Conservancy Charge operating grant, payments from Citizens' Consultative Committees, Goods and Services Tax ("GST") subvention grant, Lift Maintenance grant and Lift Replacement Funds ("LRF") matching 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.
- (iv) The Lift Maintenance grant is given to help the Town Councils cope with higher lift-related servicing and maintenance costs, with a disbursement of \$600 annually for each lift maintained by the Town Council.
- (v) The Lift Replacement Funds matching grant is given to encourage Town Councils to set aside sufficient funds for the replacement of their existing lifts and lift parts, with disbursements to Town Councils made every quarter, matching 50% of the Town Council's quarterly contribution to its LRF.

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.

(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.

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

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.

(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.

2(d) Summary of significant accounting policies (Cont'd)**(g) Financial assets (Cont'd)****(a) Classification (cont'd)****(ii) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Town Council provides money, goods or services directly to a debtor with no intention of trading the 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 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.

(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.

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

(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.

2(d) Summary of significant accounting policies (Cont'd)**(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. Provisions 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.

(m) 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)**(m) 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.

(n) 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)**(o) 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.

(p) 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").

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 2018

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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 2018 \$ | Residential property 2017 \$ | Commercial property 2018 \$ | Commercial property 2017 \$ | Carpark 2018 \$ | Carpark 2017 \$ | Total 2018 \$ | Total 2017 \$ |
|---|------|------------------------------------|------------------------------------|-----------------------------------|-----------------------------------|-----------------------|-----------------------|---------------------|---------------------|
| ACCUMULATED SURPLUS AT 1 APRIL | | | | | | | | | |
| Add/(Less): | | | | | | | | | |
| Transfer (to)/from Town Improvement and Project Funds | 6 | 297,526 | (36,943) | (12,409) | 13,326 | - | - | 285,117 | (23,617) |
| Appropriation to Town Improvement and Project Funds | 6 | (1,725,062) | (935,344) | (88,883) | (52,765) | - | - | (1,813,945) | (988,109) |
| | | 5,042,135 | 2,653,564 | 3,512,426 | 2,219,684 | 6,012,902 | 4,599,572 | 14,567,463 | 9,472,820 |
| OPERATING INCOME | | | | | | | | | |
| Conservancy and service fees | | 65,938,041 | 61,385,254 | 4,982,214 | 4,635,095 | - | - | 70,920,255 | 66,020,349 |
| Less: | | | | | | | | | |
| Operating income transfer to Sinking Funds (26% transferred to Sinking Funds) | 4 | (17,143,891) | (20,728,786) | (1,295,375) | (1,622,287) | - | - | (18,439,266) | (22,351,073) |
| Operating income transfer to Lift Replacement Funds (14% transferred to Lift Replacement Funds) | 5 | (9,231,329) | - | (697,512) | - | - | - | (9,928,841) | - |
| Agency fees | 16 | 39,562,821 | 40,656,468 | 2,989,327 | 3,012,808 | - | - | 42,552,148 | 43,669,276 |
| Other income | 17 | 2,980,413 | 2,965,599 | 1,209,919 | 1,019,667 | 5,749,018 | 5,444,672 | 5,749,018 | 5,444,672 |
| | | 42,543,234 | 43,622,067 | 4,199,246 | 4,032,475 | 104,613 | 96,877 | 4,294,945 | 4,082,143 |
| Less: Operating expenditure | | (49,861,478) | (48,743,596) | (2,804,351) | (2,633,722) | 5,853,631 | 5,541,549 | 52,596,111 | 53,196,091 |
| OPERATING (DEFICIT)/SURPLUS | | (7,318,244) | (5,121,529) | (2,804,351) | (2,633,722) | (4,324,494) | (4,171,748) | (56,990,323) | (55,549,066) |
| Add: Interest income | | 271,157 | 313,561 | 1,394,895 | 1,398,753 | 1,529,137 | 1,369,801 | (4,394,212) | (2,352,975) |
| (DEFICIT)/SURPLUS BEFORE INCOME TAX | | (7,047,087) | (4,807,968) | 13,962 | 16,415 | 29,417 | 33,580 | 314,536 | 363,556 |
| AND GOVERNMENT GRANTS | | (7,047,087) | (4,807,968) | 1,408,857 | 1,415,168 | 1,558,554 | 1,403,381 | (4,079,676) | (1,989,419) |
| Less: Income tax | 24 | (295,405) | (339,216) | (24,002) | (21,134) | (8,118) | 9,949 | (327,525) | (350,401) |
| (DEFICIT)/SURPLUS BEFORE GOVERNMENT GRANTS | | (7,342,492) | (5,147,184) | 1,384,855 | 1,394,034 | 1,550,436 | 1,413,330 | (4,407,201) | (2,339,820) |
| Add: Government grants | 25 | 21,359,064 | 17,035,108 | 359,733 | 211,002 | - | - | 21,718,797 | 17,246,110 |
| Less: Transfer to Sinking Funds | 4,25 | (3,872,326) | (4,239,372) | (312) | - | - | - | (3,872,638) | (4,239,372) |
| Lift Replacement Funds | 5,25 | (7,735,374) | - | (349,007) | - | - | - | (8,084,381) | - |
| Town Improvement and Project Funds | 6,25 | (815,239) | (3,832,445) | (9,694) | (211,002) | - | - | (824,933) | (4,043,447) |
| | | 8,936,125 | 8,963,291 | 720 | - | - | - | 8,936,845 | 8,963,291 |
| SURPLUS FOR THE YEAR | | 1,593,633 | 3,816,107 | 1,385,575 | 1,394,034 | 1,550,436 | 1,413,330 | 4,529,644 | 6,623,471 |
| ACCUMULATED SURPLUS AT 31 MARCH | | 6,635,768 | 6,469,671 | 4,898,001 | 3,613,718 | 7,563,338 | 6,012,902 | 19,097,107 | 16,096,291 |

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

Notes to the financial statements for the financial year ended 31 March 2018

4 Sinking Funds

| | Note | Residential property | | Commercial property | | Total |
|---|------|----------------------|--------------------|---------------------|-------------------|--------------------|
| | | 2018 | 2017 | 2018 | 2017 | |
| | | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 April | | | | | | |
| Mandatory transfer to Lift Replacement Funds | 5 | 93,834,407 | 95,099,631 | 47,888,617 | 46,752,606 | 141,723,024 |
| | | (13,136,817) | - | (6,704,407) | - | (19,841,224) |
| | | 80,697,590 | 95,099,631 | 41,184,210 | 46,752,606 | 121,881,800 |
| | | | | | | 141,852,237 |
| Add: | | | | | | |
| Income | 20 | 1,595,065 | 1,858,753 | 66,917 | 127,829 | 1,661,982 |
| Operating income transfer from conservancy and service fees | 3 | 17,143,891 | 20,728,786 | 1,295,375 | 1,622,287 | 18,439,266 |
| Transfer from government grants | 3,25 | 3,872,326 | 4,239,372 | 312 | - | 3,872,638 |
| | | 22,611,282 | 26,826,911 | 1,362,604 | 1,750,116 | 23,973,886 |
| Less: | | | | | | |
| Expenditure | 20 | (17,031,296) | (27,789,861) | (299,555) | (593,809) | (17,330,851) |
| Income tax | 24 | (248,331) | (302,274) | (11,376) | (20,296) | (259,707) |
| | | 5,331,655 | (1,265,224) | 1,051,673 | 1,136,011 | 6,383,328 |
| | | 86,029,245 | 93,834,407 | 42,235,883 | 47,888,617 | 128,265,128 |
| Balance at 31 March | | | | | | 141,723,024 |

Represented by:

Current assets

| | | | |
|---|----|--------------------|--------------------|
| Financial assets at fair value through profit or loss | 8 | 12,936,900 | 12,135,750 |
| Conservancy and service fees receivables | 9 | 390,507 | 402,916 |
| Other receivables, deposits and prepayments | 10 | 344,373 | 1,245,143 |
| Due from accumulated surplus | | 6,426,994 | 15,749,538 |
| Cash and cash equivalents | 11 | 108,899,820 | 113,738,327 |
| Total assets | | 128,998,594 | 143,271,674 |

Less:

Current liabilities

| | | | |
|-------------------------------|----|--------------------|--------------------|
| Payables and accrued expenses | 15 | 164,353 | 960,346 |
| Income tax payable | 24 | 569,113 | 588,304 |
| Total liabilities | | 733,466 | 1,548,650 |
| NET ASSETS | | 128,265,128 | 141,723,024 |

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(Established under the Town Councils Act, Cap. 329A)
Notes to the financial statements for the financial year ended 31 March 2018

5 Lift Replacement Funds

| | Note | Residential property 2018 \$ | Residential property 2017 \$ | Commercial property 2018 \$ | Commercial property 2017 \$ | 2018 \$ | 2017 \$ | Total |
|---|------|------------------------------------|------------------------------------|-----------------------------------|-----------------------------------|-------------|------------|-------|
| Balance at 1 April | | | | | | | | |
| Mandatory transfer from Sinking Funds | | 13,136,817 | - | - | - | - | - | - |
| | | 13,136,817 | - | 6,704,407 | - | 19,841,224 | - | - |
| | | | | 6,704,407 | - | 19,841,224 | - | - |
| Add: | | | | | | | | |
| Income | 21 | 822,044 | - | 5,407 | - | 827,451 | - | - |
| Operating income transfer from conservancy and service fees | 3 | 9,231,329 | - | 697,512 | - | 9,928,841 | - | - |
| Transfer from government grants (excluding Lift Replacement Funds matching grant) | 3,25 | 2,085,101 | - | 168 | - | 2,085,269 | - | - |
| Lift Replacement Funds matching grant | 3,25 | 5,650,273 | - | 348,839 | - | 5,999,112 | - | - |
| | | 17,788,747 | - | 1,051,926 | - | 18,840,673 | - | - |
| Less: | | | | | | | | |
| Expenditure | 21 | (4,772,608) | - | (149,448) | - | (4,922,056) | - | - |
| Income tax | 24 | (42,431) | - | (919) | - | (43,350) | - | - |
| | | 12,973,708 | - | 901,559 | - | 13,875,267 | - | - |
| Balance at 31 March | | 26,110,525 | - | 7,605,966 | - | 33,716,491 | - | - |

Represented by:

Current assets

| | | |
|---|----|------------|
| Conservancy and service fees receivables | 9 | 210,273 |
| Other receivables, deposits and prepayments | 10 | 1,236,074 |
| Due from accumulated surplus | | 2,628,266 |
| Cash and cash equivalents | 11 | 31,203,595 |
| Total assets | | 35,278,208 |

Less:

Current liabilities

| | | |
|---|----|-----------|
| Advances for Selective Lift Replacement Programme | 12 | 1,369,452 |
| Payables and accrued expenses | 15 | 148,915 |
| Income tax payable | 24 | 43,350 |

Total liabilities

NET ASSETS

1,561,717

33,716,491

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 2018

6 Town Improvement and Project Funds

| | Note | Residential property 2018 \$ | Residential property 2017 \$ | Commercial property 2018 \$ | Commercial property 2017 \$ | 2018 \$ | 2017 \$ | Total |
|---|------|------------------------------------|------------------------------------|-----------------------------------|-----------------------------------|-------------|-------------|-------|
| Balance at 1 April | | 935,344 | 1,326,271 | 52,765 | 71,178 | 988,109 | 1,397,449 | |
| Add/(Less): | | | | | | | | |
| Transfer from government grants | 3,25 | 815,239 | 3,832,445 | 9,694 | 211,002 | 824,933 | 4,043,447 | |
| Expenditure | 22 | (1,453,057) | (5,195,659) | (74,868) | (268,854) | (1,527,925) | (5,464,513) | |
| Deficit for the year | | (637,818) | (1,363,214) | (65,174) | (57,852) | (702,992) | (1,421,066) | |
| | | 297,526 | (36,943) | (12,409) | 13,326 | 285,117 | (23,617) | |
| Add/(Less): | | | | | | | | |
| Transfer from/(to) accumulated surplus * | 3 | (297,526) | 36,943 | 12,409 | (13,326) | (285,117) | 23,617 | |
| | | - | - | - | - | - | - | |
| Appropriation from accumulated surplus ** | 3 | 1,725,062 | 935,344 | 88,883 | 52,765 | 1,813,945 | 988,109 | |
| Balance at 31 March | | 1,725,062 | 935,344 | 88,883 | 52,765 | 1,813,945 | 988,109 | |
| Represented by: | | | | | | | | |
| Current assets | | | | | | | | |
| Other receivables, deposits and prepayments | 10 | | | | | 5,449,605 | 4,775,290 | |
| Total assets | | | | | | 5,449,605 | 4,775,290 | |
| Less: | | | | | | | | |
| Current liabilities | | | | | | | | |
| Payables and accrued expenses | 15 | | | | | 589,936 | 356,796 | |
| Amount due to accumulated surplus** | | | | | | 3,045,724 | 3,430,385 | |
| Total liabilities | | | | | | 3,635,660 | 3,787,181 | |
| NET ASSETS | | | | | | 1,813,945 | 988,109 | |

* 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.

7 Plant and equipment

| | Furniture, fixtures and fittings \$ | Office equipment \$ | Total \$ |
|--|--|---------------------------|------------------|
| <u>Cost</u> | | | |
| At 1 April 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 |
| Additions | 7,384 | 14,271 | 21,655 |
| Disposals | - | (4,056) | (4,056) |
| At 31 March 2018 | 1,333,350 | 190,706 | 1,524,056 |
| <u>Accumulated depreciation</u> | | | |
| At 1 April 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 |
| Depreciation | 163,658 | 8,190 | 171,848 |
| Disposals | - | (4,056) | (4,056) |
| At 31 March 2018 | 826,154 | 168,327 | 994,481 |
| <u>Net book value</u> | | | |
| At 31 March 2018 | 507,196 | 22,379 | 529,575 |
| At 31 March 2017 | 663,470 | 16,298 | 679,768 |

8 Financial assets at fair value through profit or loss

| | Note | 2018 \$ | 2017 \$ |
|--|------|-------------------|-------------------|
| <i>Financial assets at fair value through profit or loss:</i> | | | |
| Debt securities in listed corporations, government and other public debentures | 4 | 12,936,900 | 12,135,750 |
| Represented by: | | | |
| Bonds in corporations | | 2,013,200 | 2,557,000 |
| Government and statutory board securities | | 10,923,700 | 9,578,750 |
| | | 12,936,900 | 12,135,750 |

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.

9 Conservancy and service fees receivables

| | Note | 2018 \$ | 2017 \$ |
|--|------|------------------|------------------|
| Conservancy and service fees receivables | 30 | 2,382,876 | 2,287,487 |
| Less: Impairment | 30 | (880,925) | (922,494) |
| | | 1,501,951 | 1,364,993 |
| Recorded in: | | | |
| Accumulated surplus | | 901,171 | 962,077 |
| Sinking Funds | 4 | 390,507 | 402,916 |
| Lift Replacement Funds | 5 | 210,273 | - |
| | | 1,501,951 | 1,364,993 |

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 | 2018 \$ | 2017 \$ |
|------------------------|------|----------------|----------------|
| Balance at 1 April | | 922,494 | 1,137,846 |
| Allowance written off | | (5,009) | (7,246) |
| Allowance written back | 17 | (36,560) | (208,106) |
| Balance at 31 March | 30 | 880,925 | 922,494 |

10 Other receivables, deposits and prepayments

| | Note | 2018 \$ | 2017 \$ |
|---|------|------------------|------------------|
| Grant receivables | | | |
| - Citizens' Consulative Committees | | 5,449,605 | 4,595,972 |
| - GST Subvention | | 649,888 | 599,298 |
| - Lift Replacement Funds Matching Grant | | 1,305,989 | - |
| - Service and Conservancy Charges | | 113,444 | 41,744 |
| | | 7,518,926 | 5,237,014 |
| Other receivables | | | |
| - Interest on fixed deposits and government bonds | | 989,034 | 1,265,403 |
| - Late payment penalty | | 354,651 | 374,350 |
| - Less: Impairment | | (212,791) | (224,610) |
| | | 141,860 | 149,740 |
| - Claimable GST | 23 | - | 555,515 |
| - Recoverable from Housing & Development Board | | 294,526 | 1,616,420 |
| - Recoverable from National Environment Agency | | 97,283 | 60,372 |
| - Recoverable from contractors | | 149,857 | 104,571 |
| - Recoverable from Pasir Ris-Punggol Town Council | | 74 | 4,656 |
| | | 1,672,634 | 3,756,677 |
| Deposits | | 375,667 | 309,249 |
| Prepayments | | 220,560 | 192,365 |
| Others | | 9,875 | 44,538 |
| | | 9,797,662 | 9,539,843 |

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

| | Note | 2018 \$ | 2017 \$ |
|------------------------------------|------|------------------|------------------|
| Recorded in: | | | |
| Accumulated surplus | | 2,767,610 | 3,519,410 |
| Sinking Funds | 4 | 344,373 | 1,245,143 |
| Lift Replacement Funds | 5 | 1,236,074 | - |
| Town Improvement and Project Funds | 6 | 5,449,605 | 4,775,290 |
| | | 9,797,662 | 9,539,843 |

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 | 2018 \$ | 2017 \$ |
|------------------------|------|----------------|----------------|
| Balance at 1 April | | 224,610 | 224,532 |
| Allowance written off | | (676) | (1,398) |
| Allowance written back | 17 | (11,143) | - |
| Allowance for the year | 19 | - | 1,476 |
| Balance at 31 March | | 212,791 | 224,610 |

11 Cash and bank balances

| | Note | 2018 \$ | 2017 \$ |
|------------------------|------|--------------------|--------------------|
| Cash on hand | | 13,500 | 13,345 |
| Cash at bank | | 10,543,974 | 13,523,354 |
| | | 10,557,474 | 13,536,699 |
| Fixed deposits | | 155,283,302 | 128,520,909 |
| | | 165,840,776 | 142,057,608 |
| Recorded in: | | | |
| Accumulated surplus | | 25,737,361 | 28,319,281 |
| Sinking Funds | 4 | 108,899,820 | 113,738,327 |
| Lift Replacement Funds | 5 | 31,203,595 | - |
| | | 165,840,776 | 142,057,608 |

Cash and bank balances are denominated in Singapore dollars.

The interest rate for the fixed deposits ranges between 0.25% and 1.56% (2017 - 0.25% and 1.80%) per annum, receivable one year in arrears. The effective interest rate is 1.32% (2017 - 1.56%) per annum.

A fixed deposit of \$100,503 (2017 - \$100,252) is pledged to a bank to secure a performance guarantee issued by the bank.

11 Cash and bank balances (Cont'd)

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

| | 2018 \$ | 2017 \$ |
|--|-------------|-------------|
| Cash and bank balances as above | 165,840,776 | 142,057,608 |
| Less: | | |
| Fixed deposit pledged | (100,503) | (100,252) |
| Cash and bank balances per statement of cash flows | 165,740,273 | 141,957,356 |

12 Selective Lift Replacement Programme

| | 2018 \$ | 2017 \$ |
|---|------------|------------|
| Balance at 1 April | - | - |
| Add/(Less): | | |
| Amount received in advance from Housing & Development Board | 1,941,250 | - |
| Payment to contractors | (571,798) | - |
| | 1,369,452 | - |
| Advances for Selective Lift Replacement Programme | 1,369,452 | - |

Selective Lift Replacement Programme ("SLRP") was introduced to help replace old lifts with modern lifts that come with more energy-efficient motors, vision panels and infra-red doors with motion safety sensors for added energy efficiency, safety and security. These lifts were installed between 1987 and 1997, and are in blocks that are already barrier-free and do not need upgrading under the Lift Upgrading Programme (LUP). However, they lack certain safety and security features that come with modern lifts. HDB will help co-pay 50% for the replacement of these lifts when the Town Council is ready to replace them.

13 Neighbourhood Renewal Programme

| | 2018 \$ | 2017 \$ |
|---|-------------|-------------|
| Balance at 1 April | 732,097 | 910,577 |
| Add/(Less): | | |
| Amount received in advance from Housing & Development Board | 648,932 | 7,712,748 |
| Payment to contractors | (1,466,892) | (7,891,228) |
| | (817,960) | (178,480) |
| (Receivables)/Advances for Neighbourhood Renewal Programme | (85,863) | 732,097 |

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.

14 Electrical Load Upgrading Programme

| | 2018 \$ | 2017 \$ |
|--|-------------|-------------|
| Balance at 1 April | 395,534 | 322,340 |
| Add/(Less): | | |
| Funding from Housing & Development Board | 1,477,592 | 4,018,028 |
| Payment to contractors | (1,155,577) | (3,944,834) |
| | 322,015 | 73,194 |
| Advances for Electrical Load Upgrading Programme | 717,549 | 395,534 |

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 January 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.

15 Payables and accrued expenses

| | Note | 2018 \$ | 2017 \$ |
|------------------------------------|------|------------|------------|
| Accounts payable | | 1,208,030 | 751,872 |
| Accrued expenses | | 1,025,775 | 2,033,761 |
| GST payable | | 276,369 | - |
| Deposits received | | 591,115 | 709,090 |
| Others | | 32,461 | 25,340 |
| | | 3,133,750 | 3,520,063 |
| Recorded in: | | | |
| Accumulated surplus | | 2,230,546 | 2,202,921 |
| Sinking Funds | 4 | 164,353 | 960,346 |
| Lift Replacement Funds | 5 | 148,915 | - |
| Town Improvement and Project Funds | 6 | 589,936 | 356,796 |
| | | 3,133,750 | 3,520,063 |

Included in accounts payable is amount owing to managing agent of \$22,448 (2017 - \$100,041).

Payables and accrued expenses are denominated in Singapore dollars.

16 Agency fees

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

17 Other income

| | Note | 2018 \$ | 2017 \$ |
|--|------|------------------|------------------|
| Community hall rental | | 26,150 | 24,150 |
| Late payment penalty | | 235,147 | 227,442 |
| Liquidated damages | | 464,997 | 206,819 |
| Sale of tender documents | | 32,100 | 57,200 |
| Sundry fines | | 56,583 | 61,785 |
| Sundry income | | 150,928 | 197,555 |
| Temporary Occupation Licence ("TOL") charges | | 2,325,366 | 2,288,510 |
| Use of common property | | 240,952 | 121,724 |
| Use of void decks | | 58,800 | 62,660 |
| Use of water and electricity | | 372,849 | 441,943 |
| Use of roof top access | | 272,758 | 174,051 |
| Impairment of conservancy and service fees receivables written back | 9 | 36,560 | 208,106 |
| Impairment of late payment penalty receivables written back | 10 | 11,143 | - |
| Others | | 10,612 | 10,198 |
| | | 4,294,945 | 4,082,143 |

18 Managing agent's fees

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

19 General and administrative expenditure

| | Note | 2018 \$ | 2017 \$ |
|---|------|------------------|------------------|
| Advertising, publicity and public relations | | 343,683 | 307,365 |
| Computer service | | 319,776 | 313,969 |
| Depreciation of plant and equipment | 7 | 171,848 | 165,557 |
| Impairment of late payment penalty receivables | 10 | - | 1,476 |
| Office rental and upkeep expenditure | | 550,366 | 548,437 |
| Office supplies and stationery | | 73,863 | 69,712 |
| Plant and equipment not capitalised | | 2,262 | 3,286 |
| Professional fees | | 81,231 | 51,465 |
| Property tax | | 245,636 | 253,879 |
| Key management personnel compensation - Town Councillors' allowances | 26 | 305,700 | 306,000 |
| Repairs and maintenance | | 14,955 | 22,912 |
| Staff's salary & related costs | | 58,763 | 56,152 |
| Telephone, postage and courier expenditure | | 199,420 | 168,193 |
| Unclaimable input tax | 23 | 658,495 | 813,602 |
| Others | | 216,009 | 361,280 |
| | | 3,242,007 | 3,443,285 |

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

| | 2018 \$ | 2017 \$ |
|---|------------------|------------------|
| Interest income from bank accounts and fixed deposits | 1,361,414 | 1,623,716 |
| Interest income from bonds | 300,199 | 333,744 |
| Other income | 369 | 29,122 |
| | 1,661,982 | 1,986,582 |

(ii) Expenditure

| | Note | 2018 \$ | 2017 \$ |
|--|------|-------------------|-------------------|
| Electrical rewiring | | 2,575,539 | 69,125 |
| Fair value loss on financial assets at fair value through profit or loss | | 213,850 | 90,950 |
| General and administrative charges | | 660 | 241 |
| Lifts overhaul/upgrading | | - | 2,320,919 |
| Lift position display panel | | - | 1,140,499 |
| Lift replacement of inverters | | 7,970 | 357,391 |
| Project management fees | | 487,669 | - |
| Re-decoration and repairing | | 6,179,037 | 11,619,551 |
| Re-roofing works | | 3,525,375 | 5,692,453 |
| Replacement of ARD batteries | | - | 457,427 |
| Replacement of EBOP batteries | | 350 | 350,861 |
| Replacement of booster pumps | | 574,970 | 91,217 |
| Replacement of fire protection system | | 798,910 | 64,427 |
| Replacement of FRP/GRP sectional water tanks | | 1,004,215 | 283,278 |
| Replacement of hoisting ropes | | 74,791 | 2,442,027 |
| Replacement of Refuse Handling Equipment (RHE) | | - | 1,433,142 |
| Replacement of Refuse Chute Flushing System (RCFS) | | 770,775 | 200,957 |
| Replacement of water pipes | | 255,630 | 395,330 |
| Replacement of water pumps | | 577,180 | 994,516 |
| Town Council Lift Upgrading Programme | | - | 933 |
| Unclaimable input tax | 23 | 283,930 | 378,426 |
| | | 17,330,851 | 28,383,670 |

21 Lift Replacement Funds income and expenditure**(i) Income**

| | 2018 \$ | 2017 \$ |
|---|----------------|------------|
| Interest income from bank accounts and fixed deposits | 255,653 | - |
| Income recognised from Selective Lift Replacement Programme | 571,798 | - |
| | 827,451 | - |

21 Lift Replacement Funds income and expenditure (Cont'd)**(ii) Expenditure**

| | Note | 2018 \$ | 2017 \$ |
|--|------|------------------|------------|
| Lift overhaul/upgrading | | 86,020 | - |
| Lift modernisation and enhancement works | | 32,184 | - |
| Lift position display panel | | 31,362 | - |
| Lift replacement of inverters | | 425,331 | - |
| Project management fees | | 98,016 | - |
| Replacement of hoisting ropes | | 2,286,709 | - |
| Replacement of ARD batteries | | 470,407 | - |
| Replacement of EBOP batteries | | 212,044 | - |
| Replacement of encoders | | 5,463 | - |
| Selective Lift Replacement Programme's contractor claims | | 1,110,288 | - |
| Unclaimable GST | 23 | 164,030 | - |
| General and administrative expenses | | 202 | - |
| | | 4,922,056 | - |

22 Town Improvement and Project Funds expenditure

| | 2018 \$ | 2017 \$ |
|---|------------------|------------------|
| Consultancy fees and architectural fees | 379,174 | 445,854 |
| Town improvement works | 1,148,751 | 5,018,659 |
| | 1,527,925 | 5,464,513 |

23 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.

24 Income tax

| | Note | 2018 \$ | 2017 \$ |
|---|------|----------------|----------------|
| Current tax expense | | 631,276 | 645,719 |
| (Over)/under-provision of tax in previous financial years | | (694) | 27,252 |
| | | 630,582 | 672,971 |
| Recorded in: | | | |
| Accumulated surplus | | 328,219 | 336,313 |
| (Over)/under-provision of tax in previous financial years | 3 | (694) | 14,088 |
| | | 327,525 | 350,401 |
| Sinking Funds | | 259,707 | 309,406 |
| (Over)/under-provision of tax in previous financial years | 4 | - | 13,164 |
| | | 259,707 | 322,570 |
| Lift Replacement Funds | 5 | 43,350 | - |
| | | 630,582 | 672,971 |

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

| | 2018 \$ | 2017 \$ |
|--|-------------------|-------------------|
| Interest income | 2,231,803 | 2,321,016 |
| Government grants and other income | 23,808,568 | 19,171,288 |
| Allowable expenses | (463,109) | (325,607) |
| | 25,577,262 | 21,166,697 |
| Tax calculated at a tax rate of 17% (2017 - 17%) | 4,348,135 | 3,598,338 |
| Tax exempt income | (25,925) | (25,925) |
| Tax remission of government grants under section 92(2) of Singapore Income Tax Act | (3,669,920) | (2,903,332) |
| Tax effect of certain income taxed at concessionary tax rate | (21,014) | (23,362) |
| (Over)/under-provision of tax in previous financial years | (694) | 27,252 |
| | 630,582 | 672,971 |

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 | 2018 \$ | 2017 \$ |
|---|------|------------------|------------------|
| Balance as at 1 April | | 1,230,127 | 1,004,657 |
| Current financial year's income tax expense | | 631,276 | 645,719 |
| Payments during the year | | (584,408) | (447,501) |
| (Over)/under-provision of tax in previous financial years | | (694) | 27,252 |
| Balance as at 31 March | | 1,276,301 | 1,230,127 |
| Recorded in: (Provision for income tax) | | | |
| Accumulated surplus | | 663,838 | 641,823 |
| Sinking Funds | 4 | 569,113 | 588,304 |
| Lift Replacement Funds | 5 | 43,350 | - |
| Balance at 31 March | | 1,276,301 | 1,230,127 |

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

Notes to the financial statements for the financial year ended 31 March 2018

25 Government grants

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

| | Note | Service and Conservancy charge operating grant | | GST Subvention grant | | Payment from Citizens' Consultative Committee | | Lift Maintenance grant | | Lift Replacement Funds matching grant | | Total |
|---|------|--|-------------|----------------------|-----------|---|-------------|------------------------|------|---------------------------------------|-------------|-------------|
| | | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 | |
| | | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | |
| Government grants received/receivable during the year | 3 | 11,035,676 | 10,818,846 | 2,560,676 | 2,383,817 | 824,933 | 4,043,447 | 1,298,400 | - | 5,999,112 | - | 21,718,797 |
| Less: | | | | | | | | | | | | |
| Transfer to Sinking Funds | 3, 4 | (2,869,276) | (3,434,395) | (665,778) | (804,977) | - | - | (337,584) | - | - | - | (4,239,372) |
| Transfer to Lift Replacement Funds | 3, 5 | (1,544,996) | - | (358,497) | - | - | - | (181,776) | - | (5,999,112) | - | (8,084,381) |
| Transfer to Town Improvement and Project Funds | 3, 6 | - | - | - | - | (824,933) | (4,043,447) | - | - | (824,933) | (4,043,447) | (8,936,845) |
| | | 6,621,404 | 7,384,451 | 1,536,401 | 1,578,840 | - | - | 779,040 | - | - | - | 8,983,291 |

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

| | 2018 | 2017 |
|--|-------------|-------------|
| | \$ | \$ |
| Total grants received/receivable at 1 April | 334,713,864 | 317,467,754 |
| Grants received/receivable during the year | 21,718,797 | 17,246,110 |
| Total grants received/receivable at 31 March | 356,432,661 | 334,713,864 |

26 Key management remuneration

The Town Council does not incur any manpower and related costs except for Town Councillors' allowances.

| | 2018 \$ | 2017 \$ |
|--|------------|------------|
| Town Councillors' allowances (Note 19) | 305,700 | 306,000 |

27 Significant related party transactions

Ang Mo Kio Town Council is managed by the managing agent, CPG Facilities Management Pte Ltd. Related party relates to the managing agent who manages the operations of the Town Council.

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

| | 2018 \$ | 2017 \$ |
|---|------------|------------|
| Expenditure paid to Managing Agent in relation to: | | |
| - Managing Agent Fees (Note 18) | 6,381,888 | 6,456,382 |
| - Project Management Fees | 741,564 | 1,104,614 |
| | 7,123,452 | 7,560,996 |

28 Capital commitments

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

| | 2018 \$ | 2017 \$ |
|--|-------------|------------|
| Amount approved and contracted for | 18,990,782 | 20,484,090 |
| Amount approved but not contracted for | 82,210,018 | 68,563,412 |
| | 101,200,800 | 89,047,502 |

29 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 and office equipment with an original term of more than one year:

| | 2018 \$ | 2017 \$ |
|---|------------|------------|
| Not later than one year | 768,640 | 731,615 |
| Later than one year and not later than five years | 538,764 | 685,910 |
| Later than five years | - | - |
| | 1,307,404 | 1,417,525 |

29 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 April 2019, June 2020 and December 2020 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.

30 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.

30.1 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 \$880,925 (2017 - \$922,494) is determined at the reporting date (Note 9).

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:

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.

30 Financial instruments and financial risks (Cont'd)**30.1 Credit risk (Cont'd)**

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 | 2018 \$ | 2017 \$ |
|----------------------------------|------|------------------|------------------|
| Not past due (Less than 30 days) | | 389,351 | 376,505 |
| Past due 30 to 90 days | | 358,843 | 463,838 |
| Past due 91 to 180 days | | 335,269 | 142,913 |
| Past due 181 to 360 days | | 323,455 | 299,117 |
| Past due over 360 days | | 975,958 | 1,005,114 |
| | | 2,382,876 | 2,287,487 |
| Less: Impairment | | (880,925) | (922,494) |
| | 9 | 1,501,951 | 1,364,993 |

Conservancy and service fees receivables amounting to \$1,112,600 (2017 - \$988,488) 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.

30.2 Market riskInterest 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.

30.3 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 (2017 - 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.

30 Financial instruments and financial risks (Cont'd)**30.4 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 \$ |
|---|--|---|--------------------|
| 2018 | | | |
| Financial assets | | | |
| Financial assets at fair value through profit or loss | 12,936,900 | - | 12,936,900 |
| Conservancy and service fees receivables | - | 1,501,951 | 1,501,951 |
| Receivables for Neighbourhood Renewal Programme | - | 85,863 | 85,863 |
| Other receivables and deposits # | - | 9,577,102 | 9,577,102 |
| Cash and bank balances | - | 165,840,776 | 165,840,776 |
| | 12,936,900 | 177,005,692 | 189,942,592 |
| | | | |
| | | Financial liabilities (at amortised cost) \$ | Total \$ |
| Financial liabilities | | | |
| Conservancy and service fees received in advance | | 1,303,004 | 1,303,004 |
| Advances received for Selective Lift Replacement Programme | | 1,369,452 | 1,369,452 |
| Advances received for Neighbourhood Renewal Programme | | - | - |
| Advances received for Electrical Load Upgrading Programme | | 717,549 | 717,549 |
| Payables and accrued expenses* | | 2,857,381 | 2,857,381 |
| | | 6,247,386 | 6,247,386 |
| | | | |
| | Financial assets at fair value through profit or loss \$ | Loans and receivables \$ | Total \$ |
| 2017 | | | |
| 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 |
| Receivables for Neighbourhood Renewal Programme | - | - | - |
| 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 |

30 Financial instruments and financial risks (Cont'd)**30.4 Accounting classifications of financial assets and financial liabilities (Cont'd)**

| | Financial liabilities (at amortised cost) \$ | Total \$ |
|--|--|------------------|
| Financial liabilities | | |
| Conservancy and service fees received in advance | 1,092,717 | 1,092,717 |
| Advances received for Selective Lift Replacement Programme | - | - |
| 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 |

Exclude claimable GST and prepayments

* Exclude GST payable

31 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 \$182,892,671 (2017 - \$158,807,424).

32 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 8 are categorised as Level 1.