



Marine Parade
Town Council



Annual Report

FY 2014 / 2015



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Chairman's Review

INTRODUCTION

2015 marks an important milestone for Singapore – it is our nation's 50th year of independence. Through the years, we have built a unique Singapore and a place we call home. In the context of the Town Council, a home is no longer just about providing a well-maintained living environment. We also need to cultivate a sense of belonging and to foster a stronger community spirit amongst our residents. As such, the Town Council has been working closely with the Grassroots organizations, volunteers, and service partners with the aim to achieve a 4G home – Great, Gracious, Generous and Green.

To this end, the Town Council have been implementing various upgrading and Town improvement projects to rejuvenate and enhance the estates, creating a more facilitated and community-based neighbourhood for our residents. In addition, as part of our green initiative and collaboration with HDB, more blocks in our Town will be installed with Solar Photovoltaic (PV) systems. A large-scaled litter picking exercise was also held throughout our town in a bid to encourage residents to play their part as a community to keep the estates clean. Through these efforts, we hope to work hand in hand with our residents to build a better living environment for all.



FINANCIAL OVERVIEW

In the Financial Year 2014/2015, I am pleased to report another successful year where many improvement projects and estate renewal programmes were implemented. In total, the Town Council had implemented improvement projects worth a total of \$4.67 million. These projects include construction of integrated playgrounds and fitness corners, covered linkways, residents' corners, provision of new seating areas and upgrading of existing facilities.

To ensure that the estates and its amenities are in good condition, we had carried out cyclical projects worth about \$38.72 million. Such works include the repairs and redecoration works; lift works, re-roofing works, replacement of booster pumpsets, water tanks and pipes. These refurbishment and repair works which are carried out on a scheduled basis are required to rejuvenate the mature Town.

Chairman's Review

We continue to adopt and exercise a prudent approach towards our financial management. For the financial year ending 31 March 2015, we managed to report an operating surplus of **\$1.96 million** (after appropriation to Town Improvement Project Fund) despite rising cost pressures. The surplus came about largely due to our energy saving initiatives as well as due to the reduction in electrical costs and electrical tariffs. Our sinking funds remained at **\$71.75 million** which enables the Town Council to perform major cyclical repairs in the near future. With adequate and careful financial planning, we strive to implement projects which will bring benefits to our residents while maintaining a healthy financial position.



NEIGHBOURHOOD RENEWAL PROGRAMME

The Neighbourhood Renewal Programme (NRP) has been gaining favourable responses from the residents. The Town Council engages residents through surveys and consultations on the facilities to be implemented at the precinct which would be beneficial to the residents. The programme is fully funded by the government and residents are not required to pay to enjoy the additional facilities. The NRP has contributed to providing a more conducive and facilitated environment for the residents.

We are pleased to note that a total of 5 NRP projects within our town at Braddell Heights, Geylang Serai, Kembangan-Chai Chee and Macpherson constituencies are on track. In addition to these, another precinct in MacPherson constituency has also been selected to embark on the programme recently. With these projects in place, residents can look forth to a more enhanced living environment that seeks to promote community connectivity.

We hope that more areas in our Town can benefit from such programmes. The NRP can only be materialised with residents' strong support and positive feedback. Hence, we look forward to receiving more of such feedback and residents' participation in our programmes.



Chairman's Review



COST SAVINGS INITIATIVE

The Town Council is constantly exploring new ways to promote a more environmental-friendly town and to bring about more cost-savings through our green initiatives. We have successfully collaborated with HDB in their island-wide test-bed of solar technology which was piloted in Marine Crescent where Solar Photovoltaic (PV) systems were installed at 5 blocks, mainly Blocks 30 to 34 Marine Crescent. These installations aim to convert natural sunlight into solar power and the solar power generated is used to power lifts, corridor and staircase lightings and water pumps.

Moving on, another 144 blocks within the Marine Parade Town will be installed with the Solar PV systems at the roof top. Through the expansion of the installations, energy usage can be optimized with lower usage of power from the grid. This will help reduce carbon emissions and electrical costs in the long term. Progressively, the Town is moving towards a more energy efficient and eco-friendly community.



Chairman's Review

APPRECIATION TO CLEANERS

Keeping the estate clean is not just the sole responsibility of our cleaners; it is a collective effort by various stakeholders in keeping our Town clean and green.

We recognise the unwavering commitments and efforts of our cleaners, and hence, The Cleaners' Appreciation Day was organised annually to appreciate the cleaners for their hard work and efforts all year round. Together with the grassroots leaders and community, the cleaners were treated to luncheons/ dinners on 3 May 2015 and each of them received a token of \$20 NTUC FairPrice Vouchers sponsored by UCare Centre.

In addition, a litter-picking exercise "Operation WE Clean Up!" was organised on the same day where Members of Parliament worked hand in hand with the residents to conduct estate cleaning and litter-picking in Marine Parade Town. The aim is for the community to participate in this meaningful exercise and to inculcate a greater sense of ownership towards our living environment.

Besides encouraging positive bonding among our residents, we hope to raise public awareness about the need to keep the estates clean and to take up the responsibility of not littering. We will continue in our efforts to reach out to our residents and encourage them to do their part in keeping the town clean and green.



Chairman's Review



PUBLIC EDUCATION

Apart from the efforts by our team of cleaners, residents too play an active role in the upkeep of our estate. The Town Council continues to educate our residents on minimising potential hazards and reducing obstruction at the common areas through public education efforts such as, issuing advisories, putting up educational posters, publishing newsletters, holding exhibitions and town carnivals.

As part of our public relations efforts, we have launched a pledge wall where residents pledge to keep their common areas clean and remove their bulky items placed at the common corridors. Residents are also encouraged to contact our Town Council for our free bulky removal service for up to three items movable items per household. Through this exercise, we hope to encourage our residents to adopt good social habits.



Town Councillors & Standing Committees

(15 June 2015 - 14 June 2017)



Elected Members

Advisor: Mr Goh Chok Tong
Chairman: Mr Lim Biow Chuan PBM
Vice-Chairman: Mr Seah Kian Peng

Elected Members:
Mr Tan Chuan-Jin
Associate Professor Fatimah Lateef
Ms Tin Pei Ling

Executive Committee

Chairman: Mr Lim Biow Chuan PBM

Members:
Mr Ang Bee Hock BBM
Mr Anthony Lim Thiam Poh BBM
Mr Eric Wong Ngiam Chin BBM (L)
Mr Frederick Ho Wee Khoon PBM
Mr Goh Khon Chong BBM (L)
Dr Lim Lan Yuan JP, BBM
Mr Ng Cher Yan PBM
Mr Ng Kim Eng BBM (L)
Mr Philip Tan Ling Kwok PBM
Ms Rosemary Lim Moh Tin JP, PBM
Mr Tan Seng Peng BBM (L)
Professor Teo Cheng Swee JP, BBM
Mr Lee Tee Loon PBM

Standing Committee

Finance Committee

Advisor: Mr Seah Kian Peng
Chairman: Mr Philip Tan Ling Kwok PBM
Vice Chairman: Professor Teo Cheng Swee JP, BBM

Members:
Mr James Chan Chia Teck
Mr Rodney Seah Boon Kheng
Mr Lawrence Tan Han Tong PBM
Mr Rahmat Sawie PBM
Ms Eunice Wang Bizi

Tender & Contracts Committee

Advisor: Mr Lim Biow Chuan PBM
Chairman: Mr Anthony Lim Thiam Poh BBM
Vice Chairman: Mr Lee Tee Loon PBM

Members:
Mr Anthony Ong Eng Ann PBM
Mdm Clara Roberts Beatrice PBM
Mr Daniel Chan Kok Leong
Mr Dennis Teo Kian Joo PBM
Mr Eddie Fong Joon Tin
Ms Eileen Teo Cheo Tee PBM
Mr Lian Eng Huat
Ms Lydia Ong Li Yan
Ms Betty Chew Ah Kheok

Town Councillors & Standing Committees

(15 June 2015 - 14 June 2017)

Commercial Properties Management Committee

Advisor: Mr Lim Biow Chuan PBM
Chairman: Ms Rosemary Lim Moh Tin JP, PBM
Vice Chairman: Mr Tan Seng Peng BBM (L)
Vice Chairman: Mr Ng Cher Yan PBM

Members:

Mr Chia Tiak Peng PBM
Mdm Elizabeth Tan Yock Sem PBM
Mr Lee Joon Yong PBM
Mr Peh Ken Hwat
Mr Rajesh Singh Dhillon
Mr Tan Ai Koong PBM
Ms Ruby Ong Siew Kim
Mr Lee Ngee Chew

Residential Estate Management Committee

Advisor: Mr Tan Chuan-Jin
Chairman: Dr Lim Lan Yuan JP, BBM
Vice Chairman: Mr Goh Khon Chong BBM (L)

Members:

Mr Chan Yee Kew PBM
Ms Charlotte Lee Kar Tim
Mr Dicky Ong Bock Chye PBM
Mr Lee Wui Kiat
Ms Lily Teo Hiok Hoon PBM
Ms Mary Lee Choon Tuan PBM
Ms Cindy Lee Chuan Boey
Mr Varatharaja Nadarajan
Mr William G Fletcher PBM
Mr David Siow Serh Wei

Publicity & Information Committee

Advisor: Ms Tin Pei Ling
Chairman: Mr Ng Kim Eng BBM (L)
Vice Chairman: Mr Frederick Ho Wee Khoon PBM

Members:

Ms Doris Low Kam Fong
Ms Gina Ong Liat Wah PBM
Mr Michael Leong Ying Wai
Mr Simon Ng Hock Seng
Mr Tan Choon Kiang PBM
Mr Tay Poey Kiang PBM
Mr Melvin Chua Ee Song BBM
Mr Steven Tan Bock Seng

Audit Committee

Advisor: Associate Professor Fatimah Lateef
Chairman: Mr Ang Bee Hock BBM
Vice Chairman: Mr Eric Wong Ngiam Chin BBM (L)

Members:

Mr Jack Chan Kok Cheng PBM
Ms Norami Aliza Haron
Mr Raymond Chan Leng Chye
Mr Thomas Thong Ming Yap
Mr Victor Lee Thiam Soon
Ms Winne Wong Leng Nyuk

Chairman's Review



CONCLUSION

On behalf of the Council, I would like to thank my Town Councillors, grassroots leaders, community partners and staff for your support and contributions.

I also appreciate our residents who have taken the time and effort to provide your invaluable feedback, suggestions and compliments.

With your continuous support, we can steer through greater challenges ahead and create the best managed 4G Home for our residents.

Thank you.

Lim Biow Chuan PBM
Chairman
Marine Parade Town Council

MARINE PARADE TOWN COUNCIL
(Established under the Town Councils Act, Cap. 329A)

AUDITED FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 MARCH 2015

MAZARS LLP
Public Accountants and
Chartered Accountants

MARINE PARADE TOWN COUNCIL

**AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MARINE PARADE TOWN COUNCIL**

Report on the Financial Statements

We have audited the accompanying financial statements of **Marine Parade Town Council** (the "Town Council"), which comprise the statement of financial position as at 31 March 2015, the statement of income and expenditure and other comprehensive income, the statement of changes in funds and the statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Town Council's management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Town Councils Act, Cap 329A (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the Town Council's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town Council's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Town Council's management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Town Council as at 31 March 2015 and the results, changes in funds and cash flows of the Town Council for the financial year ended on that date.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MARINE PARADE TOWN COUNCIL**

Report on Other Regulatory Requirements**Management's Responsibility for Compliance with Legal and Regulatory Requirements**

Management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act. This responsibility includes implementing accounting and internal controls as management determines are necessary to enable compliance with the provisions of the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We conducted our audit in accordance with Singapore Standards on Auditing. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on management's compliance.

Opinion

In our opinion:

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



MAZARS LLP
Public Accountants and
Chartered Accountants


Singapore

17 August 2015

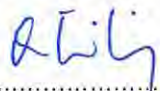
MARINE PARADE TOWN COUNCIL

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015**

	<u>Note</u>	<u>2015</u> \$	<u>2014</u> \$
TOWN COUNCIL FUNDS			
Residential Property Funds			
Accumulated surplus	4	3,744,553	1,764,908
Sinking fund	5	45,912,204	64,958,837
Town Improvement and Project fund	6	1,344,000	1,362,480
		51,000,757	68,086,225
Commercial Property Funds			
Accumulated surplus	4	2,738,844	2,758,643
Sinking fund	5	27,229,260	31,281,254
Town Improvement and Project fund	6	256,000	259,520
		30,224,104	34,299,417
Neighbourhood Renewal Programme fund	7	853,546	409,956
Estate Upgrading Programme fund	8	58,948	58,424
Fair Value Reserves	9	(1,393,270)	(907,638)
		<u>80,744,085</u>	<u>101,946,384</u>
<i>Represented by:</i>			
Non-current assets			
Plant and equipment	10	139,169	172,746
Available-for-sale financial assets	11	4,642,020	20,143,506
		4,781,189	20,316,252
Current assets			
Available-for-sale financial assets	11	45,854,698	30,293,051
Interest receivable		394,455	336,845
Conservancy and service fees receivables	12	1,066,863	914,912
Other receivables	13	4,168,525	1,062,029
Cash and cash equivalents	14	32,325,262	52,987,855
		83,809,803	85,594,692
Total assets		<u>88,590,992</u>	<u>105,910,944</u>
Less:			
Current liabilities			
Conservancy and service fees received in advance		(596,371)	(611,285)
Payables and accrued expenses	15	(6,348,490)	(2,440,456)
Income tax payable	16	(902,046)	(912,819)
Total liabilities		<u>(7,846,907)</u>	<u>(3,964,560)</u>
NET ASSETS		<u>80,744,085</u>	<u>101,946,384</u>


LIM BIOW CHUAN PBM
Chairman

Date: 17 August 2015


PNG CHIEW HOON
General Manager / Secretary

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

MARINE PARADE TOWN COUNCIL

**STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015**

	<u>Note</u>	<u>2015</u> \$	<u>2014</u> \$
Operating income			
Conservancy and service fees	4	35,878,473	33,343,797
Less: Operating income transfer to sinking fund (minimum required by law)	5	(11,969,682)	(11,114,427)
		23,908,791	22,229,370
Agency fees	4, 17	2,366,283	2,359,503
Other income	4, 18	3,362,509	3,380,090
		29,637,583	27,968,963
Less: Operating expenditure			
Cleansing works		(6,130,501)	(6,110,078)
Managing agent's fees	19	(3,592,779)	(3,592,395)
Lift maintenance		(5,874,834)	(5,122,285)
Other works and maintenance		(4,849,367)	(4,954,054)
Water and electricity		(10,152,544)	(11,024,092)
General and administrative expenditure	20	(1,784,593)	(1,653,064)
		(32,384,618)	(32,455,968)
Operating deficit		(2,747,035)	(4,487,005)
Add: Investment income		97,008	100,260
Deficit before income tax and government grants		(2,650,027)	(4,386,745)
Less: Income tax	16	(238,029)	(315,411)
Less: Goods and services tax	21	(448,903)	(328,107)
		(686,932)	(643,518)
Deficit before government grants		(3,336,959)	(5,030,263)
Add: Government grants	22	12,764,517	11,210,641
Less: Transfer to			
- Sinking fund	5	(2,823,355)	(2,791,408)
- Town Improvement and Project fund	6	(3,762,217)	(2,305,843)
		6,178,945	6,113,390
SURPLUS FOR THE FINANCIAL YEAR		2,841,986	1,083,127
Add: Transfer from surplus of Town Improvement and Project fund	6	717,860	429,705
Less: Appropriation to Town Improvement and Project Fund	6	(1,600,000)	(1,622,000)
SURPLUS/(DEFICIT) FOR FINANCIAL YEAR AFTER APPROPRIATION		1,959,846	(109,168)



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LIM BIOW CHUAN PBM
Chairman

Date: 17 August 2015



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PNG CHIEW HOON
General Manager / Secretary

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

MARINE PARADE TOWN COUNCIL

**STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015**

	<u>Note</u>	<u>Total</u>	<u>Residential Property funds \$</u>	<u>Commercial Property funds \$</u>	<u>Car park fund \$</u>	<u>Neighbourhood Renewal Programme fund \$</u>	<u>Estate Upgrading Programme fund \$</u>	<u>Fair value reserve \$</u>
Balance at 1 April 2013		112,827,076	76,399,325	35,230,935	-	1,992,788	58,278	(854,250)
(Deficit)/Surplus for the year		(10,880,692)	(9,023,567)	(931,518)	710,467	(1,582,832)	146	(53,388)
Inter-funds transfer	4	-	710,467	-	(710,467)	-	-	-
Balance at 31 March 2014		101,946,384	68,086,225	34,299,417	-	409,956	58,424	(907,638)
Balance at 1 April 2014		101,946,384	68,086,225	34,299,417	-	409,956	58,424	(907,638)
(Deficit)/Surplus for the year		(21,202,299)	(17,847,380)	(4,075,313)	761,912	443,590	524	(485,632)
Inter-funds transfer	4	-	761,912	-	(761,912)	-	-	-
Balance at 31 March 2015		80,744,085	51,000,757	30,224,104	-	853,546	58,948	(1,393,270)

The net deficit for the year comprises the following:

	<u>Note</u>	<u>2015 \$</u>	<u>2014 \$</u>
Accumulated surplus	4	2,841,986	1,083,127
Sinking fund	5	(23,088,627)	(9,395,460)
Town Improvement and Project fund	6	(904,140)	(932,285)
Neighbourhood Renewal Programme fund	7	443,590	(1,582,832)
Estate Upgrading Programme fund	8	524	146
Fair value reserves	9	(485,632)	(53,388)
		<u>(21,202,299)</u>	<u>(10,880,692)</u>

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

MARINE PARADE TOWN COUNCIL

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

	<u>Note</u>	<u>2015</u> \$	<u>2014</u> \$
Operating activities			
Deficit before income tax and government grants		(2,650,027)	(4,386,745)
Adjustments for:			
Operating transfer to Sinking funds	5	11,969,682	11,114,427
Interest income		(97,008)	(100,260)
Allowance for impairment	12,13	45,626	42,635
Depreciation of plant and equipment	10	57,806	39,544
Operating cash flows before changes in working Capital		9,326,079	6,709,601
Movements in working capital:			
Operating receivables		(3,304,073)	2,934,432
Operating payables		3,893,120	(5,351,542)
Net cash flows generated from operations		9,915,126	4,292,491
Goods and services tax		(849,354)	(723,181)
Sinking fund expenditure	5	(38,721,016)	(23,642,021)
Town Improvement Project fund expenditure paid	6	(4,666,357)	(3,238,128)
Estate Upgrading Programme fund income received	8	2,246	146
Estate Upgrading Programme fund expenditure paid	8	(1,722)	-
Neighbourhood Renewal Programme Fund expenditure paid	7	(7,982,742)	(4,407,774)
Income tax paid	16	(480,367)	(456,027)
Cash used in operations before government grants		(42,784,186)	(28,174,494)
Performance guarantee pledged		(53)	589
Government grants received		12,764,517	11,210,641
Funding received for Neighbourhood Renewal Programme	7	8,426,332	2,824,942
Net cash used in operating activities		(21,593,390)	(14,138,322)
Investing Activities			
Purchase of plant and equipment	10	(24,229)	(112,294)
Proceeds from disposal of available-for-sale financial assets	11	-	1,000,330
Interest income received		954,973	1,472,752
Net cash generated from investing activities		930,744	2,360,788
Net decrease in cash and cash equivalents		(20,662,646)	(11,777,534)
Cash and cash equivalents at beginning of year		52,964,154	64,741,688
Cash and cash equivalents at end of year	14	32,301,508	52,964,154

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

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015

1. General information

Marine Parade Town Council (the "Town Council") was formed on 5 July 1989 under the Town Councils Act (Chapter 329A). The principal functions of the Town Council are to control, manage, maintain and improve the common property of residential, other commercial property and market and food centres in the housing estates of the Housing and Development Board ("HDB") within the Town. The Town consists of Marine Parade Group Representation Constituency and Mountbatten Single Member Constituency.

The principal office of operations is at 50 Marine Terrace, #01-265, Singapore 440050.

The financial statements of the Town Council for the financial year ended 31 March 2015 were authorised for issue in accordance with a resolution of the Town Council on 17 August 2015.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") including all related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the provisions of the Town Councils Act, Cap 329A and are prepared on a historical cost basis, except as disclosed in the accounting policies below.

The financial statements of the Town Council are measured and presented in the currency of the primary economic environment in which the Town Council operates. The financial statements of the Town Council are presented in Singapore dollars ("S\$ or SGD"), which is also the functional currency of the Town Council.

In the financial year, the Town Council adopted all the new/revised FRS and INT FRS that are relevant to its operations and effective for the current financial year. The adoption of these new/revised FRS and INT FRS does not result in changes to the Town Council's accounting policies and has no material effect on the amounts reported for the current or prior years.

FRSs issued but not yet effective

At the date of authorisation of these statements, the following FRS and amendments to FRS that are relevant to the Town Council were issued but not yet effective:

<u>FRS</u>	<u>Title</u>	<u>Effective date for period beginning on or after</u>
FRS 16, FRS 38	Amendments to FRS 16 and FRS 38: Clarification of Acceptance Methods of Depreciation and Amortisation	1 January 2016
FRS 109	Financial Instruments	1 January 2018
FRS 115	Revenue from Contracts with Customers	1 January 2017
Various	Improvements to FRSs (January 2014)	Various
Various	Improvements to FRSs (February 2014)	Various
Various	Improvements to FRSs (November 2014)	Various

Consequential amendments were also made to various standards as a result of these new/revised standards.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (Continued)

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

The management anticipates that the adoption of the above FRS in future periods will not have a material impact on the financial statements, and in particular, to the financial position and results, of the Town Council in the period of their initial adoption.

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

Residential property
Commercial property

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

The routine fund related to properties under management, together with Sinking Fund, Town Improvement and Project Fund, Neighbourhood Renewal Programme Fund and Estate Upgrading Programme Fund form the Town Council funds.

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

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

Sinking fund

In accordance with Section 33(4) of the Town Councils Act, separate sinking funds are established for improvement to, management and maintenance of residential and commercial properties. This sinking fund is maintained as part of the Town Council Funds.

Under the Town Councils Act, the Minister of 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 fund.

The minimum amounts to be paid, by property type, into the sinking fund is as follows:

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (Continued)

2. Summary of significant accounting policies (Continued)

2.2 Town Council Funds (Continued)

Sinking fund (Continued)

The sinking fund is utilised for cyclical works, including major repainting, renewal or replacement of roofing system, water tanks, pumps and water supply system, lighting protection system and lifts, major repairs and maintenance of the common area and contributions to the HDB in respect of general upgrading works carried out on the common property under the Housing and Development Act.

Town Improvement and Project fund

Town Improvement and Project fund ("TIPF") is established and maintained as part of the Town Council Funds. This fund is utilised for improvement and development works in the Town.

The fund is set up by transfer of fund from 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. This fund is paid through the Citizens' Consultative Committees ("CCC").

Neighbourhood Renewal Programme fund

Neighbourhood Renewal Programme fund ("NRP") was introduced in Aug 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.

The funding for the NRP is provided by the government for the specified use of projects under the programme. The grant is subject to a budget allocation of \$3,400 per dwelling unit for NRP works, as well as \$150 per dwelling unit or \$125,000, whichever is higher for miscellaneous expenditure. However, if the cost of project works incurred exceeds the grants provided, the Town Council will have to bear the cost of the excess expenditure.

Estate Upgrading Programme fund

The Estate Upgrading Programme ("EUP") first started in 2000 to target older private estates whose physical environment would benefit from rejuvenation and upgrading. The EUP improvement works include landscaping, play and fitness equipment, park furniture and widening of footpaths.

The EUP has contributed to the rejuvenation of many private estates around Singapore to meet the residents' needs. Residents in the private estates selected for the EUP are encouraged to participate actively in the surveys and discussions scheduled by the Neighbourhood Committees (NCs) or the CCCs so that residents' views can be taken into account in the upgrading decisions. This would ensure that the resultant improvements will benefit all residents, and make the estate a better place to live for all.

2.3 Inter-fund transfers

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

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (Continued)

2. Summary of significant accounting policies (Continued)

2.4 Allocation of general overheads

Expenditure not specifically related to any property type managed, such as administrative overheads, tree planting, pruning etc are 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 Motorcycle lots or 4 Lorry lots	1

Such allocation by EDU is not applied to the Sinking fund, Town Improvement and Project fund, Neighbourhood Renewal Programme fund and Estate Upgrading Programme fund.

2.5 Government grants

The Town Council receives three types of grants from the Government: Service and Conservancy Charges ("S&CC") grant, payment from CCCs and Goods and Services Tax ("GST") subvention grant.

- (i) Service and conservancy charge operating grants to meet the current year's operating expenditure are taken to the statement of income and expenditure and other comprehensive income.
- (ii) Payments from CCCs 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 Town Councils for absorbing the GST increases in service and conservancy charges for HDB residential flats.

Government grants are recognised at fair value where there are reasonable assurance that the attached conditions will be complied with and that the grant will be received. Grant 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. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to statement of income and expenditure and other comprehensive income over the expected useful life of the relevant asset by equal annual instalment.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (Continued)

2. Summary of significant accounting policies (Continued)

2.6 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.

(iii) Interest and investment income

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

Income from funds placed with fund managers is recognised based on fair value through profit or loss.

(iv) Other income

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

2.7 Income tax

Income tax is provided on the following income:

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

Income tax is accounted using the asset and 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, and 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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (Continued)

2. Summary of significant accounting policies (Continued)

2.8 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. 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 plant and equipment.

Subsequent costs recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the asset will flow to the Town Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of income and expenditure and other comprehensive income when incurred.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

■ Furniture, fixtures and fittings	5 years
■ Office equipment	5 years
■ Data processing equipment	3 years

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

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of plant and equipment is recognised in statement of comprehensive income. Any amount in the revaluation reserve relating to that asset is transferred to retained earnings directly.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

2.9 Financial assets

Initial recognition, measurement and derecognition of financial assets

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

The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed off immediately. The transactions are recorded at the trade date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (Continued)

2. Summary of significant accounting policies (Continued)

2.9 Financial assets (Continued)

Initial recognition, measurement and derecognition of financial assets (Continued)

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based derecognition test prescribed by FRS 39 Financial Instruments: Recognition and Measurement relating to the transfer of risks and rewards of ownership and the transfer of control.

Subsequent measurement

Subsequent measurement based on the classification of financial assets of the respective categories under FRS 39 is as follows:

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised.

For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in the statement of comprehensive income.

(ii) Available-for-sale financial assets ("AFS")

Certain equity instruments and debt securities held by the Town Council are classified as AFS if they are not classified in any of the other categories. Subsequent to initial recognition, with the exception of unquoted equity instruments that are not carried at fair value as the fair value cannot be reliably measured, AFS are measured at fair value and changes therein are recognised directly in the available-for-sale reserve with the exception of impairment losses, interests calculated using the effective interest method and foreign exchange gains and losses. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the available-for-sale reserve is included in profit or loss for the year.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (Continued)

2. Summary of significant accounting policies (Continued)

2.9 Financial assets (Continued)

Impairment of financial assets

The Town Council assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment losses recognised in the statement of comprehensive income on equity investments are not reversed through statement of comprehensive income, until the equity investments are disposed of.

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 carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.10 Impairment of non-financial assets

The Town Council assesses at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Town Council estimates the recoverable amount of the cash-generating unit to which the asset belongs. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset is written down to its recoverable amount and the impairment loss is recognised as expense in the statements of income and expenditure and other comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income in the statement of income and expenditure and other comprehensive income.

2.11 Available-for-sale financial assets ("AFS") held by fund manager

AFS held by fund manager represent the cost of the portfolio of assets placed with a fund manager at the beginning of each management term plus actual gains less losses (determined on a portfolio basis), net of the management fees payable during the management term.

AFS held by fund manager comprise mainly equities, bonds, cash and fixed deposits. Equities and bonds are stated on an aggregate portfolio basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (Continued)

2. Summary of significant accounting policies (Continued)

2.12 Conservancy and service fees receivables

After initial recognition at fair value, conservancy and service fees receivable are measured at amortised cost using the effective interest method but short-duration receivables with no stated interest rate are measured at original amount unless the effect of imputing interest would be significant. Conservancy and service fees receivable are stated after allowance for impairment.

Allowance for impairment is made if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition and that the loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. The carrying amounts of conservancy and service fees receivable approximate their fair value. The amount of the impairment allowance is recognised in the statement of comprehensive income. No interest is charged on conservancy and service fees receivable in normal circumstances.

2.13 Other receivables

Other receivables recognised initially at fair value and subsequently at amortised cost using the effective interest method, less any impairment losses.

2.14 Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents exclude those pledged as collateral and managed by fund manager.

2.15 Financial liabilities

Initial recognition, measurement and derecognition of financial liabilities

A financial liability is recognised on the statement of financial position when, and only when, the Town Council becomes a party to the contractual provisions of the instrument. The initial recognition of financial liability at fair value is normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed off immediately. The transactions are recorded at the date of transaction.

The financial liability is derecognised when, and only when, its obligations are discharged, cancelled or expired.

Subsequent measurement

Subsequent measurement based on the classification of financial liabilities of the respective categories under FRS 39 is as follows:

Liabilities at fair value through profit or loss

As at the reporting date, there were no financial liabilities classified under this category.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (Continued)

2. Summary of significant accounting policies (Continued)

2.15 Financial liabilities (Continued)

Other financial liabilities

All liabilities, which have not been classified as in the previous category fall into this category. These liabilities are carried at amortised cost using the effective interest method. Payables are classified under this category. Items classified within current payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

2.16 Fair value of financial instruments

The carrying values of current financial assets and financial liabilities approximate their fair values due to the short-term nature. Disclosures of fair values are not made when the carrying amount of current financial instruments is a reasonable approximation of fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant items at the end of the year and in the event the fair values are disclosed in the relevant notes of these financial statements. The maximum exposure to credit risk is the fair value of the financial instruments at the end of the reporting year. The fair value of a financial instrument is derived from an active market. The appropriate quoted market price for an asset held or liability to be issued is usually the current bid price without any deduction for transaction costs that may be incurred on sale or other disposal and, for an asset to be acquired or liability held, the asking price.

2.17 Lease as a lessee

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 statement of income and expenditure and other comprehensive income on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the lessee's benefit, even if the payments are not on that basis. Lease incentives received are recognised in the statement of income and expenditure and other comprehensive income as an integral part of the total lease expense.

2.18 Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. 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 the statement of income and expenditure and other comprehensive income in the period they occur.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (Continued)

3. Critical accounting judgments and key sources of estimation uncertainty

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions of the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Town Council's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

3.1 Critical judgements made in applying the Town Council's accounting policies

In the process of applying the Town Council's accounting policies, the management is of the opinion that there is no instance of application of judgement which is expected to have a significant effect on the amounts recognised in the financial statements, apart from those involving estimations described below.

3.2 Key sources of estimation uncertainty

Key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follow:

(i) Allowance for doubtful conservancy and service fees receivables

Allowance for doubtful conservancy and service fees receivables amounting to \$779,064 (2014: \$744,499) has been estimated on the basis of age of receivables, result of recovery efforts and historical experience (Note 12).

Other receivables mainly consists of grants receivables from the Citizens' Consultative Committees (CCC) for approved projects and no allowance has been provided for. Allowance is applied to other receivables if events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful of other receivables requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying amount of other receivables and the allowance for impairment in the financial year in which such estimate has been changed.

(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 2015 was \$139,169 (2014: \$172,746) (Note 10).

3. Critical accounting judgments and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

(iii) Impairment of financial and non-financial assets

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

(iv) Provision for income tax

The Town Council is subject to income taxes in Singapore. Judgement is required in determining the deductibility of certain expenses during the estimation of the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of operations. The Town Council recognises liabilities for expected tax issues based on estimate of whether additional taxes will be due. Where the final tax outcome of these matters differs from the amounts that were initially recognised, such differences will impact the income tax provisions in the period in which such determination is made. The carrying amount of the Town Council's current tax payable is \$902,046 (2014: \$912,819) (Note 16).

(v) Available-for-sale financial assets

At the end of each financial year, an assessment is made on whether there is objective evidence that an available-for-sale financial asset is impaired. A significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the asset is impaired. Judgement is used in determining what a significant or prolonged decline is. As a Town Council policy, available-for-sale investments in equity securities are assessed for impairment when the market value as at the end of the financial year is below cost, or the market value remained below cost for the previous 12 months or longer. The fair value of the available-for-sale investments in equity as at the end of the financial year is \$50,496,718 (2014: \$50,436,557) (Note 11).

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (Continued)

4. 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	Total		Residential Property funds		Commercial Property funds		Car Park fund	
		2015	2014	2015	2014	2015	2014	2015	2014
		\$	\$	\$	\$	\$	\$	\$	\$
Operating income		35,878,473	33,343,797	31,125,999	29,191,964	4,752,474	4,151,833	-	-
Conservancy and service fees		(11,969,682)	(11,114,427)	(10,306,316)	(9,661,284)	(1,663,366)	(1,453,143)	-	-
Less: Operating income transfer to sinking funds (minimum required by law)	5	23,908,791	22,229,370	20,819,683	19,530,680	3,089,108	2,698,690	-	-
Agency fees	17	2,366,283	2,359,503	-	-	-	-	2,366,283	2,359,503
Other income	18	3,362,509	3,380,090	2,499,241	2,497,610	839,001	853,208	24,267	29,272
Less: Operating expenditure		29,637,583	27,968,963	23,318,924	22,028,290	3,938,109	3,551,898	2,390,550	2,388,775
Operating (deficit)/surplus		(32,384,618)	(32,455,968)	(27,304,398)	(26,804,945)	(3,461,140)	(4,188,241)	(1,619,080)	(1,682,782)
Add: Non-operating income		(2,747,035)	(4,487,005)	(3,985,474)	(4,576,655)	466,969	(636,343)	771,470	725,993
(Deficit)/surplus before income tax and government grants		97,008	100,260	81,906	84,668	7,998	8,251	7,104	7,341
Less: Income tax		(2,650,027)	(4,386,745)	(3,903,568)	(4,491,987)	474,967	(628,092)	778,574	733,334
Less: Goods and Services Tax	16	(238,029)	(315,411)	(202,325)	(266,522)	(19,042)	(26,022)	(16,662)	(22,867)
(Deficit)/surplus before government grants	21	(448,903)	(328,107)	(408,951)	(298,952)	(39,952)	(29,155)	-	-
Add: Government grants		(3,336,959)	(5,030,263)	(4,514,844)	(5,057,461)	415,973	(683,269)	761,912	710,467
Less: Transfers to Sinking fund	22	12,764,517	11,210,641	12,764,517	11,210,641	-	-	-	-
Town Improvement and Project fund	5, 22	(2,823,355)	(2,791,408)	(2,823,355)	(2,791,408)	-	-	-	-
SURPLUS/ (DEFICIT) FOR THE YEAR	6, 22	(3,762,217)	(2,305,843)	(3,762,217)	(2,305,843)	-	-	-	-
Add/less: inter-funds transfer		2,841,986	1,083,127	1,664,101	1,055,929	415,973	(683,269)	761,912	710,467
Add: Transfer from surplus of Town Improvement Project fund	6	-	-	-	710,467	-	-	(761,912)	(710,467)
Less: Appropriation to Town Improvement and Project fund	6	717,860	429,705	897,632	271,151	(179,772)	158,554	-	-
Surplus/(deficit) for the year after appropriation		(1,600,000)	(1,622,000)	(1,344,000)	(1,362,480)	(256,000)	(259,520)	-	-
Add: Accumulated surplus at 1 April		1,959,846	(109,168)	1,979,645	675,067	(19,799)	(784,235)	-	-
ACCUMULATED SURPLUS AT 31 MARCH		4,523,551	4,632,719	1,764,908	1,089,841	2,758,843	3,542,878	-	-
		6,483,397	4,523,551	3,744,553	1,764,908	2,738,844	2,758,643	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (Continued)

Sinking fund	Note	Total	Residential Property funds		Commercial Property funds	
			2015 \$	2014 \$	2015 \$	2014 \$
Balance at 1 April		96,240,091	64,958,837	74,333,946	31,281,254	31,301,605
Add:						
Operating income transfer from conservancy and service fees	4	11,969,662	10,306,316	9,661,284	1,663,366	1,453,143
Investment income	5(i)	1,460,865	1,330,849	666,960	130,016	65,243
LUP income		503	97,524	97,524	-	-
Transfer from government grants	22	2,823,355	2,823,355	2,791,408	-	-
		16,254,405	14,461,023	13,217,176	1,793,382	1,516,386
Less:						
Expenditure	5(ii)	(38,721,016)	(32,931,419)	(22,146,749)	(5,789,597)	(1,495,272)
Income tax	16	(231,565)	(211,426)	(85,567)	(20,139)	(8,360)
Goods and services tax	21	(400,451)	(364,811)	(359,969)	(35,640)	(35,105)
Deficit for the year		(23,098,627)	(19,046,633)	(9,375,109)	(4,051,994)	(20,351)
Balance at 31 March		73,141,464	45,912,204	64,958,837	27,229,260	31,281,254
Add: Fair value reserves	9	(1,393,270)				
Grand Total		71,748,194				

Non-current assets	11	4,642,020	20,143,506
Available-for-sale financial assets			

Current assets	14	40,364,750
Cash and cash equivalents		18,397,764
Interest receivable		262,343
Available-for-sale financial assets	11	343,650
Conservancy and service fees receivables	12	45,854,698
Other receivables	13	279,951
Due from accumulated surplus		555,981
		5,078,816
		4,692,900
		76,305,881
Total assets		96,450,387

Less:			
Current liabilities			
Conservancy and service fees received in advance	15	(153,219)	(144,034)
Payables and accrued expenses	15	(2,904,869)	(674,685)
Income tax payable	16	(346,607)	(299,265)
		(3,404,695)	(1,117,984)
		71,748,194	95,332,453
NET ASSETS			

NET ASSETS	71,748,194	95,332,453
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MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (Continued)

5. Sinking fund (Continued)

	<u>2015</u> \$	<u>2014</u> \$
(i) Investment income		
Interest income - fixed deposits	275,173	287,465
Interest income – bonds	1,185,692	444,738
	<u>1,460,865</u>	<u>732,203</u>
(ii) Expenditure		
Re-roofing works	10,237,964	2,819,546
Replacement of water pump sets	20,240	302,551
Lift works	4,959,748	8,187,282
Town Council Lift Upgrading Programme	6,716	641,676
Replacement of booster pumpsets	117,360	-
Repairs and Re-decoration	21,260,099	11,037,760
Replacement of FRP water tanks	453,976	150,878
Consultancy fee	879,077	502,202
Replacement of water pipes	785,836	126
	<u>38,721,016</u>	<u>23,642,021</u>

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (Continued)

6. Town Improvement and Project fund

	Note	Total		Residential Property funds		Commercial Property funds	
		2015 \$	2014 \$	2015 \$	2014 \$	2015 \$	2014 \$
Balance at 1 April		1,622,000	1,361,990	1,362,480	975,538	259,520	386,452
Add/(Less):							
Transfer from government grants	4, 22	3,762,217	2,305,843	3,762,217	2,305,843	-	-
Expenditure	6(i)	(4,666,357)	(3,238,128)	(4,227,065)	(3,010,230)	(439,292)	(227,898)
Deficit for the year		(904,140)	(932,285)	(464,848)	(704,387)	(439,292)	(227,898)
Transfer to accumulated surplus *	4	(717,860)	(429,705)	(897,632)	(271,151)	179,772	(158,554)
Appropriation from accumulated surplus **	4	1,600,000	1,622,000	1,344,000	1,362,480	256,000	259,520
Balance at 31 March		1,600,000	1,622,000	1,344,000	1,362,480	256,000	259,520

Represented by:

Current assets
Cash and cash equivalents
Total assets

14	1,600,000	1,622,000
	1,600,000	1,622,000

(i) Expenditure

Construction of covered linkways	1,747,226	1,296,929
Construction of pavilion	420,536	56
Construction/upgrading of playground, fitness corner etc	733,598	521,897
Resident's & study corner	104,661	101,131
Outdoor facilities	902,213	602,511
Lift lobbies upgrading	758,123	715,604
	4,666,357	3,238,128

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

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

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (Continued)

7. Neighbourhood Renewal Programme fund

	<u>2015</u> \$	<u>2014</u> \$
Balance at 1 April	409,956	1,992,788
Add/(Less):		
Funding from government	8,426,332	2,824,942
Payments to contractors	(7,982,742)	(4,407,774)
Surplus/(Deficit) for the year	443,590	(1,582,832)
Balance at 31 March	<u>853,546</u>	<u>409,956</u>

8. Estate Upgrading Programme Fund

	<u>2015</u> \$	<u>2014</u> \$
Balance as at 1 April	58,424	58,278
Add:		
Funding from government	2,100	-
Other income	146	146
Payments to contractors	(1,722)	-
Surplus for the year	524	146
Balance as at 31 March	<u>58,948</u>	<u>58,424</u>

9. Fair value reserves

	<u>2015</u> \$	<u>2014</u> \$
Fair value reserves from available-for-sale financial Assets	<u>(1,393,270)</u>	<u>(907,638)</u>
Movements:		
Balance at 1 April	(907,638)	(854,250)
Fair value loss on available-for-sale financial assets	(485,632)	(53,388)
	(485,632)	(53,388)
Balance at 31 March	<u>(1,393,270)</u>	<u>(907,638)</u>
Fair value reserves are taken up in:		
Sinking fund	<u>(1,393,270)</u>	<u>(907,638)</u>

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (Continued)

10. Plant and equipment

	<u>Note</u>	<u>Furniture, fixtures and fittings</u> \$	<u>Office equipment</u> \$	<u>Data processing equipment</u> \$	<u>Total</u> \$
<u>Cost</u>					
At 1 April 2013		832,539	222,308	180,227	1,235,074
Additions		72,364	4,200	35,730	112,294
Disposals		-	-	(35,993)	(35,993)
At 31 March 2014		904,903	226,508	179,964	1,311,375
Additions		2,472	-	21,757	24,229
Disposals		(2,096)	(5,520)	(19,208)	(26,824)
At 31 March 2015		905,279	220,988	182,513	1,308,780
<u>Accumulated depreciation</u>					
At 1 April 2013		763,607	216,651	154,820	1,135,078
Depreciation	20	21,114	2,010	16,420	39,544
Disposals		-	-	(35,993)	(35,993)
At 31 March 2014		784,721	218,661	135,247	1,138,629
Depreciation	20	31,736	2,173	23,897	57,806
Disposals		(2,096)	(5,520)	(19,208)	(26,824)
At 31 March 2015		814,361	215,314	139,936	1,169,611
<u>Net book value</u>					
At 31 March 2014		120,182	7,847	44,717	172,746
At 31 March 2015		90,918	5,674	42,577	139,169

11. Available-for-sale financial assets

	<u>2015</u> \$	<u>2014</u> \$
Balance at 1 April	50,436,557	51,699,213
Disposals	-	(1,000,330)
Fair value changes recognised in Sinking fund	(485,632)	(53,388)
Amount recognised in Sinking fund income and expenditure	545,793	(208,938)
Balance at 31 March	50,496,718	50,436,557
Less: Non-current portion	(4,642,020)	(20,143,506)
Current portion	45,854,698	30,293,051
AFS held by Fund Manager (Current) – Sinking Fund	45,854,698	30,293,051
AFS held by Town Council (Non-current) – Sinking Fund	4,642,020	20,143,506
	4,642,020	20,143,506

MARINE PARADE TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (Continued)**

11. Available-for-sale financial assets (Continued)

Available-for-sale financial assets include the following:

	<u>2015</u> \$	<u>2014</u> \$
Equities	2,285,734	2,231,842
Fixed income	23,065,161	22,835,563
Quoted bond	19,802,670	20,143,506
Cash, deposit and other receivables	5,343,153	5,225,646
	<u>50,496,718</u>	<u>50,436,557</u>

Available-for-sale financial assets held directly by Town Council consist of bonds held with DBS Bank Ltd and the Central Depository (Pte) Limited amounting to \$19,802,670 (2014: \$20,143,506).

Available-for-sale financial assets held by fund manager is with UOB Asset Management Limited at principal amount of \$30,000,000 commencing on 4 January 2013 for a period of 3 years ending 3 January 2016 with an option to terminate. The market valuation of available-for-sale financial assets held by fund manager at 31 March 2015 was \$30,694,048 (2014: \$30,293,051).

The carrying amounts of available-for-sale financial assets approximate their fair value and are denominated in Singapore dollar.

12. Conservancy and service fees receivables

	<u>Note</u>	<u>2015</u> \$	<u>2014</u> \$
Conservancy and service fees receivables		1,845,927	1,659,411
Less: Allowance for impairment		<u>(779,064)</u>	<u>(744,499)</u>
		<u>1,066,863</u>	<u>914,912</u>
Taken up in:			
Accumulated surplus		786,912	682,843
Sinking fund	5	<u>279,951</u>	<u>232,069</u>
		<u>1,066,863</u>	<u>914,912</u>

Conservancy and service fees receivables are denominated in Singapore dollars.

The Town Council generally extends 30 days (2014: 30 days) credit term to its conservancy and service fees customers.

The movements in allowance for impairment during the year are as follows:

	<u>2015</u> \$	<u>2014</u> \$
Balance at 1 April	744,499	787,134
Write back	-	(42,635)
Current year provision	34,565	-
Balance at 31 March	<u>779,064</u>	<u>744,499</u>

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (Continued)

13. Other receivables	Note	2015 \$	2014 \$
Claims for Citizens' Consultative Committee funding receivable		1,419,459	-
Billing for work carried out, reimbursement from HDB		1,649,242	250,625
Billing for work carried out, reimbursement from contractors		81,957	19,491
Billing for work carried out, reimbursement from NEA		34,106	10,273
Receivable from MND		302,449	283,284
GST receivable		551,176	420,202
Prepayments		535	535
Other receivables*		569,201	506,158
Less: Allowance for impairment		(439,600)	(428,539)
		129,601	77,619
		<u>4,168,525</u>	<u>1,062,029</u>
Taken up in:			
Accumulated surplus		3,612,544	600,261
Sinking fund	5	555,981	461,768
		<u>4,168,525</u>	<u>1,062,029</u>

Other receivables are denominated in Singapore dollars.

The movements in allowance for impairment in respect of other receivables during the year are as follows:

	2015 \$	2014 \$
Allowance for impairment:		
Balance at beginning of year	428,539	440,390
Allowance for impairment	11,061	-
Write back for the year	-	(11,851)
Balance as at year end	<u>439,600</u>	<u>428,539</u>

*Other receivables consist of debts relating to customers under legal and penalty cases.

MARINE PARADE TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (Continued)**

14. Cash and cash equivalents

		<u>2015</u> \$	<u>2014</u> \$
Cash on hand		11,000	11,000
Cash at bank		17,314,262	19,976,855
		<u>17,325,262</u>	<u>19,987,855</u>
Fixed deposits with financial institutions		15,000,000	33,000,000
		<u>32,325,262</u>	<u>52,987,855</u>
Taken up in:			
Accumulated surplus		12,327,498	11,001,105
Sinking fund	5	18,397,764	40,364,750
Town improvement and project fund	6	1,600,000	1,622,000
		<u>32,325,262</u>	<u>52,987,855</u>
Fixed deposits			
- Maturing in more than 3 months		-	15,000,000
- Maturing within 3 months		15,000,000	18,000,000
		<u>15,000,000</u>	<u>33,000,000</u>

Cash and cash equivalents are denominated in Singapore dollars.

Fixed deposits are placed for varying periods from one month to one year. The interest rates range from 0.75% to 1.45% (2014: 0.53% to 1.12%) per annum. The weighted average effective interest rates per annum relating to fixed deposits is 1.31% (2014: 0.77%).

A performance guarantee amounting to \$23,754 (2014: \$23,701) is pledged with a bank as security for guarantee granted.

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

	<u>2015</u> \$	<u>2014</u> \$
Cash and cash equivalents as above	32,325,262	52,987,855
Less: Performance guarantee pledged	(23,754)	(23,701)
	<u>32,301,508</u>	<u>52,964,154</u>

15. Payables and accrued expenses

	<u>2015</u> \$	<u>2014</u> \$
Accruals for completed works	57,447	4,176
Accrued operating expenses	5,970,323	1,751,945
Refundable deposits	226,193	604,108
Other payables	94,527	80,227
	<u>6,348,490</u>	<u>2,440,456</u>

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (Continued)

15. Payables and accrued expenses (Continued)

Payables and accrued expenses are denominated in Singapore dollars.

	<u>Note</u>	<u>2015</u> \$	<u>2014</u> \$
Taken up in:			
Accumulated surplus		3,443,621	1,765,821
Sinking fund	5	2,904,869	674,635
		<u>6,348,490</u>	<u>2,440,456</u>

16. Income tax

	<u>Note</u>	<u>2015</u> \$	<u>2014</u> \$
Current tax expense		468,001	434,045
Under/(over) overprovision of tax in previous financial years		1,593	(24,707)
		<u>469,594</u>	<u>409,338</u>
Taken up in:			
Accumulated surplus	4	238,029	315,411
Sinking fund	5	231,565	93,927
		<u>469,594</u>	<u>409,338</u>

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

	<u>2015</u> \$	<u>2014</u> \$
Interest income	1,722,402	1,064,671
Government grants and other income	12,764,517	11,220,810
Trade income	1,932,708	1,956,512
Allowable expenses	(186,799)	(189,765)
	<u>16,232,828</u>	<u>14,052,228</u>
Tax calculated at a tax rate of 17% (2014: 17%)	2,759,581	2,388,879
Tax remission of government grants under section 92(2) of Singapore Income Tax Act	(2,147,782)	(1,884,140)
Tax effect on concessionary income	(92,207)	(44,769)
Singapore statutory stepped income exemption	(25,925)	(25,925)
Others	(25,666)	-
Current tax expense	468,001	434,045
Under/(over) provision of tax in previous financial years	1,593	(24,707)
	<u>469,594</u>	<u>409,338</u>

MARINE PARADE TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (Continued)**

16. Income tax (Continued)

The Town Council enjoys a concessionary tax rate of 10% (2014:10%) for the income earned on investment in bonds.

The movements in income tax payable are as follows:

	<u>Note</u>	<u>2015</u> \$	<u>2014</u> \$
Balance as at 1 April		912,819	959,508
Payments during the year		(480,367)	(456,027)
Current financial year's income tax expense		468,001	434,045
Under/(over) provision of tax in previous financial years		1,593	(24,707)
Balance as at 31 March		<u>902,046</u>	<u>912,819</u>
Taken up in:			
Accumulated surplus		555,439	613,554
Sinking fund	5	<u>346,607</u>	<u>299,265</u>
		<u>902,046</u>	<u>912,819</u>

17. Agency fees

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

18. Other income

	<u>2015</u> \$	<u>2014</u> \$
Interest on late payment of conservancy & services fees	104,504	104,388
Liquidated damages	167,615	205,061
Temporary occupational licenses	2,548,419	2,562,696
Usage of void deck, water, electricity and common property	413,111	340,274
Others	<u>128,860</u>	<u>167,671</u>
	<u>3,362,509</u>	<u>3,380,090</u>

19. Managing agent's fees

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

MARINE PARADE TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (Continued)**

20. General and administrative expenditure

	<u>Note</u>	<u>2015</u> \$	<u>2014</u> \$
Advertising, publicity and public relations		190,013	206,853
Audit fee-auditors of Town Council		28,800	27,500
Computer services		217,655	74,696
Depreciation of plant and equipment	10	57,806	39,544
Insurance premium		25,536	22,123
Office rental		265,850	261,300
Office upkeep expenditure		142,920	137,412
Office supplies and stationery		91,785	127,131
Telecommunication		83,923	103,412
Property tax		269,243	290,893
Town Councillors' allowances		216,600	216,216
Others		194,462	145,984
		<u>1,784,593</u>	<u>1,653,064</u>

21. 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.

Disallowed input tax in the respective funds are as follows:

	<u>Note</u>	<u>2015</u> \$	<u>2014</u> \$
Accumulated surplus	4	448,903	328,107
Sinking fund	5	400,451	395,074
		<u>849,354</u>	<u>723,181</u>

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (Continued)

22. Government grants

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

Note	Total		Service and Conservancy Charges Grant		Payment from Citizens' Consultative Committees		GST Subvention Grant	
	2015 \$	2014 \$	2015 \$	2014 \$	2015 \$	2014 \$	2015 \$	2014 \$
Government grants received/receivable	11,555,747	10,079,317	7,793,530	7,773,474	3,762,217	2,305,843	-	-
GST Subvention received/receivable	1,208,770	1,131,324	-	-	-	-	1,208,770	1,131,324
4	12,764,517	11,210,641	7,793,530	7,773,474	3,762,217	2,305,843	1,208,770	1,131,324
Less: Transfers to								
- Sinking fund	(2,823,355)	(2,791,408)	(2,423,108)	(2,416,957)	-	-	(400,247)	(374,451)
4, 5	(3,762,217)	(2,305,843)	-	-	(3,762,217)	(2,305,843)	-	-
4, 6	6,178,945	6,113,390	5,370,422	5,356,517	-	-	808,523	756,873

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (Continued)

23. Inter-fund transfers

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

24. Capital commitments

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

	<u>2015</u>	<u>2014</u>
	\$	\$
Amount approved and contracted for	25,745,322	30,912,307
Amount approved but not contracted for	6,741,355	15,898,450
	<u>32,486,677</u>	<u>46,810,757</u>

25. Operating lease commitments

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

	<u>2015</u>	<u>2014</u>
	\$	\$
Not later than one year	451,697	441,447
Later than one year and not later than five years	1,076,790	1,003,690
Later than five years	-	185,297
	<u>1,528,487</u>	<u>1,630,434</u>

The leases on the Town Council's premises from Housing and Development Board on which are payable will expire on February 2018 and December 2016, subject for 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 \$1,134,667 with NEC Asia Pacific Pte Ltd for the supply, delivery, design, development, installation, configuration, testing, commissioning, warrants of a fully operational integrated Town Council Management System with operation support and maintenance for the period 1 May 2013 to 30 April 2020.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (Continued)

26. 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 receivables 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.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. Financial assets that are potentially subject to concentrations of credit risk consist principally of cash balances with banks, cash equivalents and receivables. The maximum exposure to credit risk is the fair value of the financial instruments at the end of the financial year. Credit risk on cash balances with banks is limited because these banks are of acceptable credit ratings.

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 allowance for impairment of conservancy and service fees receivables totalling \$779,064 (2014: \$744,499) is determined at the reporting date (Note 12).

There is no concentration of credit risk with respect to conservancy and service fees receivables, 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:

	<u>Note</u>	<u>2015</u> \$	<u>2014</u> \$
Not past due		22,930	19,274
Past due 0-12 months		1,031,005	656,142
Past due 12-24 months		212,925	183,182
Over 24 months		579,067	800,813
		<u>1,845,927</u>	<u>1,659,411</u>
Allowance for impairment	12	<u>(779,064)</u>	<u>(744,499)</u>
		<u>1,066,863</u>	<u>914,912</u>

Conservancy and service fees receivables amounting to \$1,043,933 (2014: \$895,638) 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 based on historical experience.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (Continued)

26. Financial instruments and financial risks (Continued)

Market risk

Foreign currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Town Council has no exposure to foreign currency risk as its business activities are carried out in Singapore dollars, which is its functional currency.

Interest rate risk

The Town Council's exposure interest rate risk relates primarily to fixed interest-earning 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 insignificant.

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 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.

The average credit period taken to settle these payables is about 30 - 90 days (2014: 30 - 90 days).

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.

Financial instruments by category

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

	<u>Note</u>	<u>2015</u> \$	<u>2014</u> \$
Available-for-sale financial assets	11	50,496,718	50,436,557
Loan and receivables		37,954,570	55,301,106
Less: financial liabilities		(6,348,490)	(2,440,456)
		<u>82,102,798</u>	<u>103,297,207</u>

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (Continued)

27. Fair value of financial assets and liabilities

The carrying amounts of current financial assets and liabilities approximate their respective fair values due to the relatively short term maturity of these financial instruments. The fair value of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements. The fair values of financial assets with standard terms and conditions and traded on active liquid markets are determined with reference to level 1 of the fair value hierarchy quoted market price.

The table below analyses financial instruments carried at fair value. The different levels have been defined as follows:-

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

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2015				
Assets				
Available-for-sale financial Assets	50,496,718	-	-	50,496,718
2014				
Assets				
Available-for-sale financial Assets	50,436,557	-	-	50,436,557

28. Funds management

The Town Council's objectives when managing funds are:

- (i) to safeguard the Town Council's ability to continue as going concern;
- (ii) to provide resources to sustain future development; and
- (iii) 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 through professional fund manager to ensure optimal funding structure, taking into consideration the future funding requirements, projected operating cash flows and 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.

The Town Council's total funds at end of the financial year amounted to \$80,744,085 (2014: \$101,946,384).

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (Continued)

29. Key management remuneration

Marine Parade Town Council is managed by the managing agent, DTZ Operations Pte Ltd, for the period 1 April 2013 to 31 March 2017. The Town Council does not incur any manpower and related costs except for Town Councillors' allowances.

	<u>2015</u> \$	<u>2014</u> \$
Town Councillors' allowances	<u>216,600</u>	<u>216,216</u>

30. Reclassification of previously issued financial statements

The Town Council reported certain reclassification to the comparative figures. The basis for allocation of Temporary Occupation License for antenna income was changed to the basis of property type, and Management Agent fees to actual property unit managed basis. This is to reflect more appropriately the way in which the economic benefits are derived.

The following tables reflect the reclassification on the affected line items in the previously issued financial statements as of and for the year ended 31 March 2014 and the statement of financial position as at 31 March 2014. The effect of the reclassification is for different property types and does not affect the total funds balance of the Town Council.

Statement of Financial Position (Extract)

	31 Mar 2014 As restated \$	31 Mar 2014 Previously reported \$
TOWN COUNCIL FUNDS		
Residential Property Funds		
Accumulated surplus	1,764,908	132,001
Commercial Property Funds		
Accumulated surplus	<u>2,758,643</u>	<u>4,391,550</u>

Statement of Changes in Funds (Extract)

	31 Mar 2014 As restated \$	31 Mar 2014 Previously reported \$
Residential Property Funds		
Deficit for the year	(9,023,567)	(10,430,408)
Inter-funds transfer	710,467	484,401
Commercial Property Funds		
(Deficit)/Surplus for the year	(931,518)	701,389
Car Park Funds		
Surplus for the year	710,467	484,401
Inter-funds transfer	<u>(710,467)</u>	<u>(484,401)</u>

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2015 (Continued)

30. Reclassification of previously issued financial statements (continued)

Notes to the Financial Statements

	31 Mar 2014 As restated	31 Mar 2014 Previously reported
	\$	\$
<u>ACCUMULATED SURPLUS</u>		
<u>(Extract of Note 4)</u>		
Residential Property Funds		
Other income	2,497,610	670,322
Operating expenditure	(26,604,945)	(26,184,498)
Inter-funds transfer	710,467	484,401
Commercial Property Funds		
Other income	853,208	2,680,496
Operating expenditure	(4,188,241)	(4,382,622)
Car Park Funds		
Operating expenditure	(1,662,782)	(1,888,848)
Inter-funds transfer	(710,467)	(484,401)



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