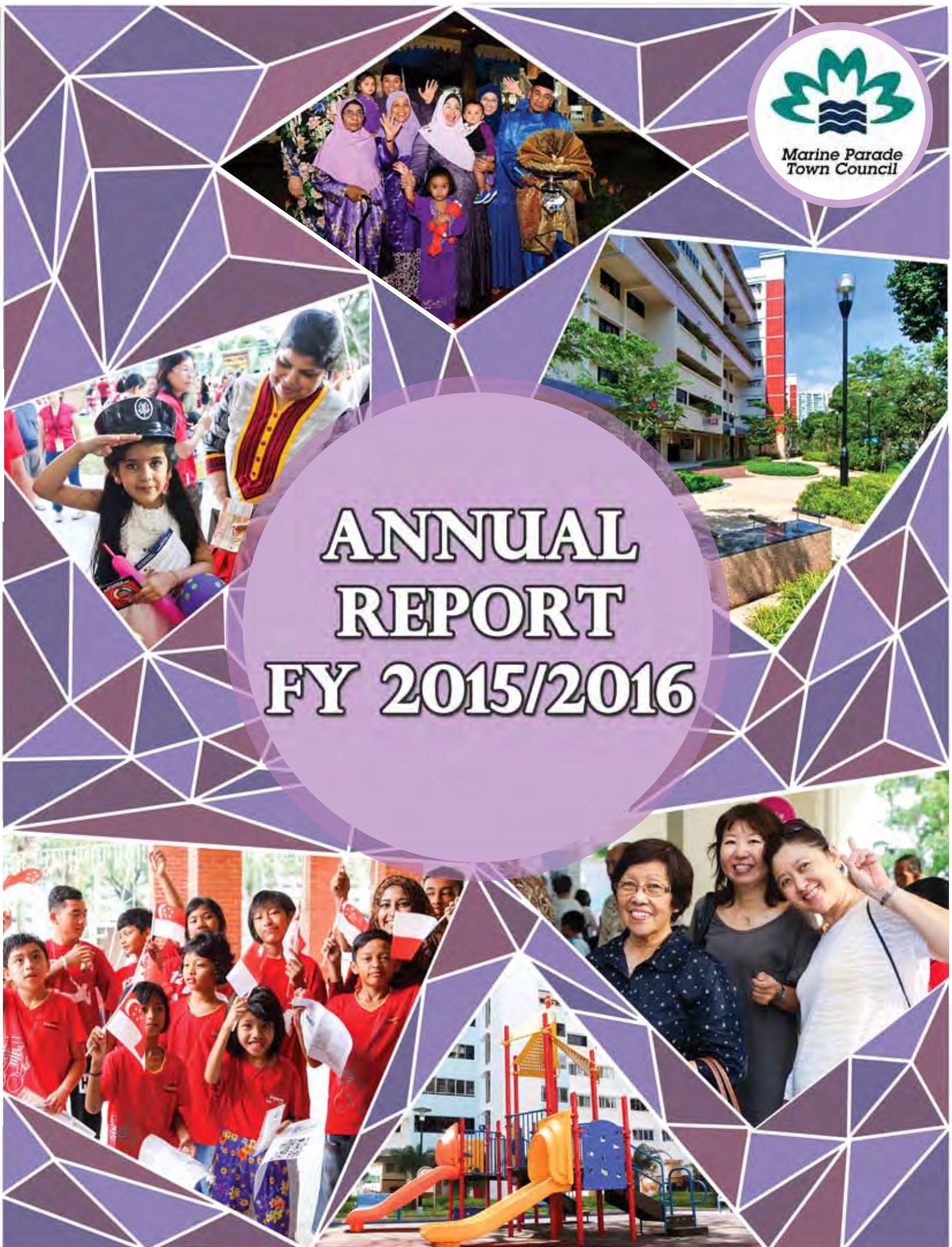




Marine Parade
Town Council

ANNUAL REPORT FY 2015/2016



Contents

1. Chairman's Review

2. Town Councillors & Standing Committees

3. Audited Financial Statements

Independent Auditors' Report	1 – 2
Statement of Financial Position	3
Statement of Income & Expenditure & Other Comprehensive Income	4
Statement of Changes in Funds	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 – 37





Chairman's Review

INTRODUCTION

As we celebrate the nation's 51 years of independence, let us reflect on what we had done and what we can do better to shape a better living environment for all.

Over the years, the quality and comfort of the living environment had improved as we stepped up efforts in cleaning and maintaining the estates within our Town. We had also implemented various projects that brought about infrastructure improvements within local neighbourhood. Cyclical works were also carried out to rejuvenate the mature estates within our Town.

Besides implementing infrastructure improvement projects, social and communication efforts were made to reach out to the community. Our Town Council organises regular Town-wide litter picking exercises to encourage residents to do their part in keeping the estates clean and green. Also, the Town Council had revamped its website to improve our web communication and connectivity with our residents.

Moving forward, we will continue to seek ways to improve the common areas of our estates in bid to create a more conducive environment for our residents. In addition, we aim to build an inclusive community by strengthening bonds among our residents, grassroots organisations, volunteers and service partners. At the same time, we encourage residents to be more involved in our estate matters. Let's work together as a community to create our ideal living environment.

FINANCIAL OVERVIEW

In the Financial Year 2015/2016, we are pleased to report an operating surplus of \$3.81 million. The surplus was possible due to reduction in electrical costs and after receiving the government grants of \$11.85 million.

Rising cost of operations continues to be one of the Town Council's challenges. The increase in cost for estate cleaning, maintenance and lift servicing has put pressure on the Town Council's finances.

Nonetheless, we will continue to adopt a prudent approach towards our financial management in compliance with the corporate governance while we strive to implement projects that seek to bring benefits to our residents.



Chairman's Review

TOWN COUNCIL MANAGEMENT REPORT (TCMR) RESULT

The latest Town Council Management Report (TCMR) was released by Ministry of National Development (MND) on 30 May 2016. The report assessed all town councils for the period from April 2015 to September 2015 on four indicators – estate cleanliness, estate maintenance, lift performance and service and conservancy charges (S&CC) arrears management.

We are pleased to share that the Town Council achieved green banding for all four indicators and we would like to thank our residents for playing their part in the upkeep and care of their estate. We hope that residents will continue to support and cooperate to maintain our overall performance. Residents are encouraged to keep the estate clean and corridors clutter-free, using the common facilities with due care, paying S&CC promptly and cleaning up after their pets in common areas.



LIFT SAFETY & MAINTENANCE

We strive to ensure that the lifts within our Town are safe and reliable for use. The lifts in our Town are serviced every month by lift contractors in compliance with Building and Construction Authority's (BCA) regulations. In addition, the Town Council's engineering team conducts audit checks and regular meetings with the respective lift companies to ensure that stringent lift maintenance standards are met. Under the preventive maintenance programme, our Town Council carries out cyclical replacement for some components of the lifts to ensure serviceability to prevent breakdowns. Through these efforts, we seek to provide safe and reliable lift services for our residents and visitors.



Chairman's Review

ESTATE IMPROVEMENTS

With the aim to enhance and rejuvenate the living environment for our residents, various town improvement projects were implemented within our Town. A total of \$3.45 million worth of improvement projects was carried out by the Town Council. Localised enhancements such as inter-block linkways, fitness corners, playgrounds and drop-off porches are added in the neighbourhood to create a more facilitated and conducive environment for residents to live in.

In addition, to upkeep and maintain the estate environment in good condition, the Town Council has carried out a total of \$24.56 million of cyclical projects. These projects include repairs and redecoration, re-roofing works, replacement of sanitary system (water pipes, water pump sets and automatic refuse flushing system) and lift improvement works. Such preventive maintenance works are required to manage wear and tear over time in mature estates.



REVAMPED TOWN COUNCIL WEBSITE

As part of our communication outreach effort, we had revamped the Town Council's website (<http://mptc.org.sg>). The website is redesigned with a fresh new look and user-friendly interface as it seeks to offer our residents quick and easy access to the latest Town Council news and information.

The revamped website features new additions such as 'Town Map' and 'Upcoming Projects'. The 'Town Map' allows residents to locate agencies and organisations such as Residents' Committees, Community Clubs, Neighbourhood Police Post and Library within their estate. Also, residents can find useful information about the upcoming improvement works and market washings scheduled within their neighbourhood from the 'Upcoming Projects' section. Furthermore, with the help of responsive web design, both desktop and mobile users are able to get neatly presented information on their devices without compromising the aesthetics of the website.

Through this, we hope that by updating and staying connected with our residents, we are able to inculcate a greater sense of ownership and involvement in the matters of the Town among the residents.



Chairman's Review

APPRECIATION TO CLEANERS AND TRADESMEN

Every day, our cleaners work hard to upkeep the cleanliness of the estates within our Town. It is through their efforts that we are able to enjoy clean environment. To express our appreciation to the cleaners for their efforts, Cleaners' Appreciation Day is organised annually. This year, together with the grassroots leaders and the community, the cleaners were treated to luncheon and were presented with certificates of recognition and a token of appreciation for their hard work.

We would also like to thank our tradesmen and service partners for their unwavering commitment in maintaining our estates and its amenities. We appreciate the hard work and dedication that our service providers had put in to keep our estates well-maintained and to provide quality service to our residents.



Chairman's Review



CONCLUSION

Our Town Council management remains to serve our residents well and therefore residents' feedback is important to us. Through these feedback, our Town Council is able to further improve services and derive plans to meet the needs. I would like to thank our residents for their invaluable feedback and support that they had given to make our Town a better place to live in.

I would also like to convey our appreciation to the Town Councillors, grassroots leaders, community partners and staff for your relentless support and contributions.

Together, let's create the best managed living environment for everyone.

Thank you.

A handwritten signature in black ink, appearing to read 'Lim Biow Chuan', with a stylized flourish underneath.

Lim Biow Chuan PBM
Chairman
Marine Parade Town Council

Town Councillors & Standing Committee

(15 October 2015 – 14 October 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 Pci Ling
Mr Edwin Tong Chun Fai

Executive Committee

Chairman: Mr Lim Biow Chuan PBM

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



Standing Committee

Finance Committee

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

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

Tender & Contracts Committee

Advisor: Mr Lim Biow Chuan PBM
Chairman: Mr Ang Bee Hock BBM
Vice Chairman: Mr Lee Tee Loon PBM

Members:
Mdm Clara Roberts Beatrice PBM
Mr Daniel Chan Kok Leong PBM
Mr Dennis Teo Kian Joo PBM
Mr Eddie Fong Joon Tin
Ms Eileen Teo Cheo Tee PBM
Mr Lian Eng Huat PBM
Mr Eddie Woon BBM
Ms Betty Chew Ah Kheok





Town Councillors & Standing Committee

(15 October 2015 – 14 October 2017)

Commercial Properties Management Committee

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

Members:

Mr Chia Tiak Peng PBM
Mdm Elizabeth Tan Yock Sem PBM
Mr Lee Joon Yong PBM
Mr Lim Liang Seng
Mr Rajesh Singh Dhillon
Mr Tan Ai Koong PBM
Ms Ruby Ong
Mr Lee Ngee Chew

Residential Estate Management Committee

Advisor: Mr Tan Chuan-Jin
Chairman: Dr Lim Lan Yuan BBM, JP
Vice Chairman: Mr Anthony Ong Eng Ann PBM

Members:

Mr Chan Yee Kew PBM
Ms Charlotte Lee Kar Tim PBM
Mr Dicky Ong Bock Chye PBM
Mr Lee Wui Kiat
Ms Lily Teo Hiok Hoon PBM
Ms Mary Lee Choon Tuan PBM
Ms Sindy 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 Pocy Kiang PBM
Mr Melvin Chua Ee Song BBM
Mr Steven Tan Bock Eng

Audit Committee

Advisor: Associate Professor Fatimah Lateef
Chairman: Mr Eric Wong Ngiam Chin BBM (L), JP
Vice Chairman: Ms Lydia Ong Li Yan

Members:

Mr Steven Oh 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

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

AUDITED FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 MARCH 2016

MAZARS LLP
Public Accountants and
Chartered Accountants

MARINE PARADE TOWN COUNCIL

AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

TABLE OF CONTENTS	PAGE
Independent auditors' report	1 - 2
Statement of financial position	3
Statement of income and expenditure and other comprehensive income	4
Statement of changes in funds	5
Statement of cash flows	6
Notes to the financial statements	7 - 37

**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 2016, 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 2016 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 monies 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 monies 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 monies 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 monies 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

22 August 2016

MARINE PARADE TOWN COUNCIL

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016**

	<u>Note</u>	<u>2016</u> \$	<u>2015</u> \$ Reclassified
TOWN COUNCIL FUNDS			
Residential Property Funds			
Accumulated surplus	4	3,953,997	3,744,553
Sinking fund	5	39,254,021	45,912,204
Town Improvement and Project fund	6	1,379,638	1,344,000
		44,587,656	51,000,757
Commercial Property Funds			
Accumulated surplus	4	825,515	2,738,844
Sinking fund	5	29,977,015	27,229,260
Town Improvement and Project fund	6	262,788	256,000
		31,065,318	30,224,104
Fair Value Reserves	7	(93,580)	(1,393,270)
		<u>75,559,394</u>	<u>79,831,591</u>
<i>Represented by:</i>			
Non-current assets			
Plant and equipment	8	90,535	139,169
Available-for-sale financial assets	9	2,651,500	4,642,020
		2,742,035	4,781,189
Current assets			
Available-for-sale financial assets	9	2,005,920	45,854,698
Interest receivable		360,223	394,455
Conservancy and service fees receivables	10	1,074,594	1,066,863
Conservancy and service grant receivable		109,099	-
Other receivables	11	3,221,194	4,168,525
Cash and cash equivalents	12	71,909,083	32,325,262
		78,680,113	83,809,803
Total assets		<u>81,422,148</u>	<u>88,590,992</u>
Less:			
Current liabilities			
Conservancy and service fees received in advance		(640,228)	(596,371)
Advances received for Neighbourhood Renewal Programme	13	(201,206)	(853,546)
Amount received for Estate Upgrading Programme	14	(147)	(58,948)
Payables and accrued expenses	15	(4,250,147)	(6,348,490)
Income tax payable	16	(771,026)	(902,046)
Total liabilities		<u>(5,862,754)</u>	<u>(8,759,401)</u>
NET ASSETS		<u>75,559,394</u>	<u>79,831,591</u>


LIM BIOW CHUAN PBM
Chairman


PNG CHIEW HOON
General Manager / Secretary

Date: 22 August 2016

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 2016

	Note	2016 \$	2015 \$
Operating Income			
Conservancy and service fees	4	38,225,163	35,878,473
Less: Operating income transfer to sinking fund (minimum required by law)	5	(12,753,049)	(11,969,682)
		25,472,114	23,908,791
Agency fees	4, 17	2,464,924	2,366,283
Other income	4, 18	3,233,308	3,362,509
		31,170,346	29,637,583
Less: Operating expenditure			
Cleansing works		(6,301,101)	(6,130,501)
Managing agent's fees	25	(3,668,839)	(3,592,779)
Lift maintenance		(5,862,472)	(5,874,834)
Other works and maintenance		(5,205,135)	(4,849,367)
Water and electricity		(9,210,221)	(10,152,544)
General and administrative expenditure	19	(2,169,691)	(1,784,593)
		(32,407,459)	(32,384,618)
Operating deficit		(1,237,113)	(2,747,035)
Add: Investment income		78,615	97,008
Deficit before income tax and government grants		(1,158,498)	(2,650,027)
Less: Income tax	16	(227,373)	(238,029)
Less: Goods and services tax	20	(355,719)	(448,903)
		(583,092)	(686,932)
Deficit before government grants		(1,741,590)	(3,336,959)
Add: Government grants	21	11,849,702	12,764,517
Less: Transfer to			
- Sinking fund	5	(2,888,445)	(2,823,355)
- Town Improvement and Project fund	6	(2,648,540)	(3,762,217)
		6,312,717	6,178,945
SURPLUS FOR THE FINANCIAL YEAR		4,571,127	2,841,986
Add: Transfer of funds during Boundary Change	4	23,932	-
Add: Transfer from Estate Upgrading Programme	14	58,948	-
Add: Transfer from surplus of Town Improvement and Project fund	6	800,089	717,860
Less: Appropriation to Town Improvement and Project Fund	6	(1,642,426)	(1,600,000)
SURPLUS FOR FINANCIAL YEAR AFTER APPROPRIATION		3,811,670	1,959,846



LIM BIOW CHUAN PBM
Chairman

Date: 22 August 2016



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 2016

	Note	Total	Residential Property funds	Commercial Property funds	Car park fund	Fair value reserve
Balance at 1 April 2014						
(Deficit)/Surplus for the year		101,478,004	68,086,225	34,299,417	-	(907,638)
Inter-funds transfer	4	(21,546,413)	(17,847,380)	(4,075,313)	761,912	(485,632)
Balance at 31 March 2015		79,931,591	51,000,757	30,224,104	(761,912)	-
Balance at 1 April 2016						
(Deficit)/Surplus for the year		79,931,591	51,000,757	30,224,104	-	(1,393,270)
Transfer of funds during Boundary Change		(4,990,265)	(7,537,725)	627,666	920,114	1,299,690
Inter-funds transfer	4	369,110	145,460	213,548	102	-
Transfer from Estate Upgrading Programme	14	-	920,216	-	(920,216)	-
Balance at 31 March 2016		75,559,394	44,587,656	31,065,318	-	(93,580)

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

	Note	2016 \$	2015 \$
Accumulated surplus	4	4,571,127	2,841,986
Sinking fund	5	(9,761,161)	(23,098,627)
Town Improvement and Project fund	6	(799,911)	(904,140)
Fair value reserves	7	1,299,690	(485,632)
		(4,690,255)	(21,646,413)

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 2016

	<u>Note</u>	<u>2016</u> \$	<u>2015</u> \$ Reclassified
Operating activities			
Deficit before income tax and government grants		(1,158,498)	(2,650,027)
Adjustments for:			
Operating transfer to Sinking funds	5	12,753,049	11,969,682
Interest income		(78,615)	(97,008)
Fair value changes recognised in Sinking Fund	7	1,299,690	-
Allowance for impairment	10,11	138,718	45,626
Depreciation of plant and equipment	8	56,094	57,806
Operating cash flows before changes in working Capital		13,010,438	9,326,079
Movements in working capital:			
Operating receivables		(830,501)	(3,304,073)
Operating payables		(2,054,486)	3,893,120
Net cash flows generated from operations		10,125,451	9,915,126
Goods and services tax	20	(609,496)	(849,354)
Sinking fund expenditure	5	(24,557,286)	(38,721,016)
Town Improvement Project fund expenditure paid	6	(3,448,451)	(4,666,357)
Estate Upgrading Programme fund income received	14	147	2,246
Estate Upgrading Programme fund expenditure paid	14	-	(1,722)
Neighbourhood Renewal Programme Fund expenditure paid	13	(8,482,106)	(7,982,742)
Income tax paid	16	(508,737)	(480,367)
Cash used in operations before government grants		(27,480,478)	(42,784,186)
Performance guarantee pledged		-	(53)
Government grants received		11,849,702	12,764,517
Funding received for Neighbourhood Renewal Programme	13	7,829,766	8,426,332
Net cash used in operating activities		(7,801,010)	(21,593,390)
Investing Activities			
Purchase of plant and equipment	8	(7,460)	(24,229)
Proceeds from disposal of available-for-sale financial assets	9	47,138,988	-
Interest income received		253,303	954,973
Net cash generated from investing activities		47,384,831	930,744
Net Increase/(decrease) in cash and cash equivalents		39,583,821	(20,662,646)
Cash and cash equivalents at beginning of year		32,301,508	52,964,154
Cash and cash equivalents at end of year	12	71,885,329	32,301,508

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 2016

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 2016 were authorised for issue in accordance with a resolution of the Town Council on 22 August 2016.

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:

FRS	Title	Effective date for period beginning on or after
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 2018
FRS 115	Amendments to FRS 115: Effective Date of FRS 115	1 January 2018
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 2016 (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, and Town Improvement and Project Fund, form the Town Council funds.

All monies 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.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (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").

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.

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.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Continued)

2. Summary of significant accounting policies (Continued)

2.5 Government grants (Continued)

- (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.

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.

MARINE PARADE TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Continued)**

2. Summary of significant accounting policies (Continued)

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).

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.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Continued)

2. Summary of significant accounting policies (Continued)

2.8 Plant and equipment (Continued)

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.

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.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Continued)

2. Summary of significant accounting policies (Continued)

2.9 Financial assets (Continued)

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.

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.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (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.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (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.

MARINE PARADE TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Continued)**

2. Summary of significant accounting policies (Continued)

2.19 Related parties

A related party is defined as follows:

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

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

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 \$917,782 (2015: \$779,084) has been estimated on the basis of age of receivables, result of recovery efforts and historical experience (Note 10).

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 2016 was \$90,535 (2015: \$139,169) (Note 8).

(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 \$771,028 (2015: \$902,046) (Note 16).

MARINE PARADE TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Continued)**

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

3.2 Key sources of estimation uncertainty (Continued)

(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 \$4,657,420 (2015: \$50,496,718) (Note 9).

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 2016 (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	
	2016	2015	2016	2015	2016	2015	2016	2015
	\$	\$	\$	\$	\$	\$	\$	\$
Operating income								
Conservancy and service fees	38,225,163	35,878,473	33,245,615	31,125,999	4,979,548	4,752,474	-	-
Less: Operating income transfer to sinking funds (minimum required by law)	(12,753,048)	(11,888,882)	(11,010,208)	(10,308,318)	(1,742,841)	(1,963,888)	-	-
Agency fees	25,472,114	23,908,791	22,235,407	20,819,683	3,236,707	3,089,108	-	-
Other income	2,464,924	2,366,283	-	-	-	-	2,464,924	2,366,283
Less: Operating expenditure	3,233,308	3,362,509	2,517,717	2,499,241	701,505	839,001	14,086	24,287
Operating (deficit)/surplus	31,170,346	29,637,593	24,753,124	23,319,924	3,939,212	3,928,109	2,479,010	2,390,950
Add: Non-operating income	(32,407,459)	(32,384,615)	(27,655,963)	(27,304,398)	(3,481,140)	(3,481,140)	(1,564,272)	(1,619,080)
(Deficit)/surplus before income tax and government grants	(1,237,113)	(2,747,022)	(2,902,839)	(3,984,474)	750,988	446,969	914,738	771,470
	78,615	87,008	68,874	81,306	6,365	7,898	5,376	7,104
	(1,158,498)	(2,660,027)	(2,835,965)	(3,903,168)	757,353	474,957	920,114	778,574
Less: Income tax	(227,373)	(238,025)	(207,590)	(202,325)	(19,783)	(19,042)	-	(16,562)
Less: Goods and Services Tax	(355,719)	(449,905)	(324,497)	(406,951)	(31,222)	(39,952)	-	-
(Deficit)/surplus before government grants	(1,741,590)	(3,347,957)	(1,368,052)	(4,514,444)	706,348	415,973	920,114	761,912
Add: Government grants	11,849,702	12,764,517	11,849,702	12,764,517	-	-	-	-
Less: Transfers to								
- Sinking fund	(2,888,445)	(2,823,355)	(2,888,445)	(2,823,355)	-	-	-	-
- Town Improvement and Project fund	(2,648,540)	(3,762,217)	(2,648,540)	(3,762,217)	-	-	-	-
SURPLUS FOR THE YEAR	4,571,127	2,841,986	2,944,986	1,664,101	706,348	415,973	920,114	761,912
Add: Transfer of funds during Boundary Change	23,932	-	20,805	-	3,025	-	102	-
Add/less: Inter-funds transfer	-	-	920,216	761,912	-	-	(920,216)	(761,912)
Add: Transfer of surplus from amounts received for Estate Upgrading Programme	58,948	-	58,948	-	-	-	-	-
Add: Transfer from surplus of Town Improvement Project fund	800,089	717,860	846,294	897,632	(46,205)	(179,772)	-	-
Less: Appropriation to Town Improvement and Project fund	(1,642,426)	(1,690,000)	(1,379,536)	(1,344,000)	(262,758)	(255,000)	-	-
Surplus/(deficit) for the year after appropriation	3,911,970	1,859,846	3,411,280	1,979,645	400,360	(19,798)	-	-
Add: Accumulated surplus at 1 April	6,483,397	4,523,651	3,744,553	1,764,908	2,738,844	2,758,843	-	-
Less: Transfer to Sinking Fund as at 24 August 2015 in accordance with Statement of Transferable Surplus	(5,515,555)	-	(3,201,846)	-	(2,313,708)	-	-	-
ACCUMULATED SURPLUS AT 31 MARCH	4,779,812	5,483,397	3,953,997	3,744,553	825,515	2,738,844	-	-

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Continued)

5. Sinking fund

	Note	Total	2015	2016	Residential Property funds	Commercial Property funds
			\$	\$	2015	2016
Balance at 1 April		73,141,464	96,240,091			
Less: Transfer from Accumulated Surplus as at 24 August 2015 in accordance with Statement of Transferable Surplus	4	5,515,555				
Transfer of fund during Boundary Change		335,178				
		73,992,197	96,240,091			
Add:						
Operating income transfer from conservancy and service fees	4	12,753,049	11,969,682			
Investment (loss)/income	5(i)	(441,825)	1,460,665			
LUP income		377	503			
Transfer from government grants	4,21	2,888,445	2,823,355			
		15,200,246	16,254,405			
Less:						
Expenditure	5(ii)	(24,557,286)	(38,721,016)			
Income tax	16	(150,344)	(231,565)			
Goods and services tax	20	(253,777)	(400,451)			
Deficit for the year		(9,761,161)	(23,098,627)			
		68,231,036	73,141,464			
Balance at 31 March	7	(93,580)	(1,393,270)			
Add: Fair value reserves		89,137,456	71,748,194			
Grand Total						

Represented by:

Non-current assets	9	2,651,500	4,642,020
Available-for-sale financial assets			
Current assets			
Cash and cash equivalents	12	60,185,788	16,397,784
Interest receivable		286,647	343,659
Available-for-sale financial assets	9	2,005,920	45,854,898
Conservancy and service fees receivables	10	309,818	279,951
Other receivables	11	435,467	555,981
Due from accumulated surplus		5,233,760	5,078,816
Total assets		68,466,390	70,510,889
		71,120,890	75,152,889
Less:			
Current liabilities			
Conservancy and service fees received in advance	15	(173,443)	(153,219)
Payables and accrued expenses	16	(1,500,434)	(2,904,869)
Income tax payable		(906,557)	(346,607)
		(1,980,434)	(3,404,695)
NET ASSETS		69,137,456	71,748,194

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Continued)

5. Sinking fund (Continued)

	<u>2016</u> \$	<u>2015</u> \$
(i) Investment (loss)/Income		
Interest income - fixed deposits	325,365	275,173
Interest income - bonds	432,585	1,185,692
Loss on disposal of Available-For-Sale Financial Assets	(1,199,575)	-
	<u>(441,625)</u>	<u>1,460,865</u>
(ii) Expenditure		
Re-roofing works	2,391,625	10,237,964
Replacement of water pump sets	354,707	20,240
Lift works	6,510,130	4,959,748
Town Council Lift Upgrading Programme	-	6,716
Replacement of booster pumpsets	10,200	117,360
Repairs and Re-decoration	12,474,256	21,280,099
Automatic Refuse Chute Flushing System	300,128	-
Replacement of FRP water tanks	-	453,976
Consultancy fee	979,043	879,077
Replacement of water pipes	1,537,197	785,836
	<u>24,557,288</u>	<u>38,721,016</u>

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Continued)

6. Town Improvement and Project fund

Note	Total	Residential Property funds		Commercial Property funds	
		2016 \$	2015 \$	2016 \$	2015 \$
Balance at 1 April		1,600,000	1,622,000	1,362,480	259,520
Add/(Less):					
Transfer from government grants	4, 21	2,648,540	3,762,217	2,648,540	-
Expenditure	6(f)	(3,448,451)	(4,986,357)	(3,146,246)	(439,292)
Deficit for the year		(799,911)	(904,140)	(484,848)	(439,292)
Transfer to accumulated surplus *	4	(800,089)	(717,860)	(846,294)	46,205
Appropriation from accumulated surplus **	4	1,642,426	1,600,000	1,379,638	262,788
Balance at 31 March		1,642,426	1,600,000	1,379,638	256,000

Represented by:

Current assets			
Cash and cash equivalents	12	1,642,426	1,600,000
Total assets		1,642,426	1,600,000

(i) Expenditure

	2016 \$	2015 \$
Construction of covered linkways	1,169,094	1,747,226
Construction of pavilion	74,280	420,536
Construction/upgrading of playground, fitness corner etc	985,438	733,598
Resident's & study corner	64,674	104,661
Outdoor facilities	553,271	902,213
Lift lobbies upgrading	501,694	758,123
	3,448,451	4,666,357

* 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 2016 (Continued)

7. Fair value reserves

	<u>2016</u> \$	<u>2015</u> \$
Fair value reserves from available-for-sale financial assets	<u>(1,393,270)</u>	<u>(1,393,270)</u>
Movements:		
Balance at 1 April	(1,393,270)	(907,638)
Fair value loss on available-for-sale financial assets	-	(485,632)
Fair value movement on available-for-sale financial assets	<u>1,299,690</u>	<u>-</u>
	<u>1,299,690</u>	<u>(485,632)</u>
Balance at 31 March	<u>(93,580)</u>	<u>(1,393,270)</u>
Fair value reserves are taken up in:		
Sinking fund	<u>(93,580)</u>	<u>(1,393,270)</u>

8. Plant and equipment

	<u>Note</u>	<u>Furniture, fixtures and fittings</u> \$	<u>Office equipment</u> \$	<u>Data processing equipment</u> \$	<u>Total</u> \$
Cost					
At 1 April 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		<u>905,279</u>	<u>220,988</u>	<u>182,513</u>	<u>1,308,780</u>
Additions		-	-	7,460	7,460
Disposals		-	(11,134)	(44,093)	(55,227)
At 31 March 2016		<u>905,279</u>	<u>209,854</u>	<u>145,880</u>	<u>1,261,013</u>
Accumulated depreciation					
At 1 April 2014		784,721	218,661	136,247	1,138,629
Depreciation	19	31,736	2,173	23,897	57,806
Disposals		(2,096)	(5,520)	(19,208)	(26,824)
At 31 March 2015		<u>814,361</u>	<u>215,314</u>	<u>139,936</u>	<u>1,169,611</u>
Depreciation	19	31,827	2,173	22,094	56,094
Disposals		-	(11,134)	(44,093)	(55,227)
At 31 March 2016		<u>846,188</u>	<u>206,353</u>	<u>117,937</u>	<u>1,170,478</u>
Net book value					
At 31 March 2016		<u>59,091</u>	<u>3,501</u>	<u>27,943</u>	<u>90,535</u>
At 31 March 2015		<u>90,918</u>	<u>5,674</u>	<u>42,577</u>	<u>139,169</u>

MARINE PARADE TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Continued)**

9. Available-for-sale financial assets

	<u>2016</u> \$	<u>2015</u> \$
Balance at 1 April	50,496,718	50,436,557
Disposals	(47,138,988)	-
Fair value changes recognised in Sinking fund	1,299,690	(485,632)
Amount recognised in Sinking fund income and expenditure	-	545,793
Balance at 31 March	<u>4,657,420</u>	<u>50,496,718</u>
Less: Non-current portion	<u>(2,651,500)</u>	<u>(4,642,020)</u>
Current portion	<u>2,005,920</u>	<u>45,854,698</u>
AFS held by Town Council /Fund Manager (Current) – Sinking Fund	<u>2,005,920</u>	<u>45,854,698</u>
AFS held by Town Council (Non-current) – Sinking Fund	<u>2,651,500</u>	<u>4,642,020</u>

Available-for-sale financial assets include the following:

	<u>2016</u> \$	<u>2015</u> \$
Equities	-	2,285,734
Fixed income	-	23,085,181
Quoted bond	4,657,420	19,802,670
Cash, deposit and other receivables	-	5,343,153
	<u>4,657,420</u>	<u>50,496,718</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 \$4,657,420 (2015: \$19,802,670).

Available-for-sale financial assets held by fund manager, UOB Asset Management Limited, with principal amount of \$30,000,000 commencing on 4 January 2013 for a period of 3 years ending 3 January 2016 was withdrawn as at year ended 31 March 2016.

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

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Continued)

10. Conservancy and service fees receivables

	<u>Note</u>	<u>2016</u> \$	<u>2015</u> \$
Conservancy and service fees receivables		1,992,376	1,845,927
Less: Allowance for impairment		(917,782)	(779,064)
		<u>1,074,594</u>	<u>1,066,863</u>
Taken up in:			
Accumulated surplus		764,776	786,912
Sinking fund	5	<u>308,818</u>	<u>279,951</u>
		<u>1,074,594</u>	<u>1,066,863</u>

Conservancy and service fees receivables are denominated in Singapore dollars.

The Town Council generally extends 30 days (2015: 30 days) credit term to its conservancy and service fees customers.

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

	<u>2016</u> \$	<u>2015</u> \$
Balance at 1 April	779,064	744,499
Write back	(31,007)	-
Current year provision	<u>169,725</u>	<u>34,665</u>
Balance at 31 March	<u>917,782</u>	<u>779,064</u>

11. Other receivables

	<u>Note</u>	<u>2016</u> \$	<u>2015</u> \$
Claims for Citizens' Consultative Committee funding receivable		1,648,012	1,419,459
Billing for work carried out, reimbursement from HDB		606,361	1,649,242
Billing for work carried out, reimbursement from contractors		28,283	81,957
Billing for work carried out, reimbursement from NEA		30,707	34,106
Receivable from MND		325,876	302,449
GST receivable		139,899	551,176
Prepayments		-	535
Other receivables*		<u>872,348</u>	<u>569,201</u>
Less: Allowance for impairment		(430,292)	(439,600)
		<u>442,056</u>	<u>129,801</u>
		<u>3,221,194</u>	<u>4,168,525</u>
Taken up in:			
Accumulated surplus		2,785,737	3,612,544
Sinking fund	5	<u>435,457</u>	<u>555,981</u>
		<u>3,221,194</u>	<u>4,168,525</u>

Other receivables are denominated in Singapore dollars.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Continued)

11. Other receivables (Continued)

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

	<u>2016</u>	<u>2015</u>
	\$	\$
Allowance for impairment:		
Balance at beginning of year	439,600	428,539
Allowance for impairment	-	11,061
Write off for the year	(9,308)	-
Balance as at year end	<u>430,292</u>	<u>439,600</u>

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

12. Cash and cash equivalents

	<u>Note</u>	<u>2016</u>	<u>2015</u>
		\$	\$
Cash on hand		11,000	11,000
Cash at bank		<u>16,898,083</u>	<u>17,314,262</u>
		16,909,083	17,325,262
Fixed deposits with financial institutions		<u>55,000,000</u>	<u>15,000,000</u>
		71,909,083	32,325,262
Taken up in:			
Accumulated surplus		10,080,889	12,327,498
Sinking fund	5	60,165,788	18,397,764
Town improvement and project fund	6	<u>1,642,426</u>	<u>1,600,000</u>
		71,909,083	32,325,262
Fixed deposits			
- Maturing in more than 3 months		-	-
- Maturing within 3 months		<u>55,000,000</u>	<u>15,000,000</u>
		55,000,000	15,000,000

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 0.97% to 1.95% (2015: 0.75% to 1.45%) per annum. The weighted average effective interest rates per annum relating to fixed deposits is 1.44% (2015: 1.31%).

A performance guarantee amounting to \$23,754 (2015: \$23,754) 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>2016</u>	<u>2015</u>
	\$	\$
Cash and cash equivalents as above	71,909,083	32,325,262
Less: Performance guarantee pledged	<u>(23,754)</u>	<u>(23,754)</u>
	<u>71,885,329</u>	<u>32,301,508</u>

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Continued)

13. Advances received for Neighbourhood Renewal Programme

	<u>2016</u>	<u>2015</u>
	\$	\$
Balance at 1 April	853,546	409,956
Add/(Less):		
Funding from government	7,829,766	8,426,332
Payments to contractors	(8,482,106)	(7,982,742)
	(652,340)	443,590
Balance at 31 March	<u>201,206</u>	<u>853,546</u>

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. Amount received for Estate Upgrading Programme

	<u>2016</u>	<u>2015</u>
	\$	\$
Balance as at 1 April	58,948	58,424
Add:		
Funding from government	-	2,100
Other income	147	146
Payments to contractors	-	(1,722)
Transfer to accumulated surplus on closure* 4	(58,948)	-
	(58,801)	524
Balance as at 31 March	<u>147</u>	<u>58,948</u>

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 amount to be transferred to accumulated surplus on closure of project represents cost incurred less than the fund due to agency fee paid to Town Council for the implementation of project.

15. Payables and accrued expenses

	<u>2016</u>	<u>2015</u>
	\$	\$
Accruals for completed works	224,209	57,447
Accrued operating expenses	3,679,454	5,970,323
Refundable deposits	248,772	226,193
Other payables	97,712	94,527
	<u>4,250,147</u>	<u>6,348,490</u>

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Continued)

15. Payables and accrued expenses (Continued)

Payables and accrued expenses are denominated in Singapore dollars.

	<u>Note</u>	<u>2016</u> \$	<u>2015</u> \$
Taken up in:			
Accumulated surplus		2,746,713	3,443,621
Sinking fund	5	<u>1,503,434</u>	<u>2,904,869</u>
		<u>4,250,147</u>	<u>6,348,490</u>

The amount payable to managing agent as at 31 March 2016 of \$73,100 (2015: \$100,288) was included in payables and accrued expenses with credit term of 30 days.

16. Income tax

	<u>Note</u>	<u>2016</u> \$	<u>2015</u> \$
Current tax expense		303,024	468,001
Under provision of tax in previous financial years		<u>74,693</u>	<u>1,593</u>
		<u>377,717</u>	<u>469,594</u>
Taken up in:			
Accumulated surplus	4	227,373	238,029
Sinking fund	5	<u>150,344</u>	<u>231,665</u>
		<u>377,717</u>	<u>469,594</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>2016</u> \$	<u>2015</u> \$
Interest income	619,491	1,722,402
Government grants and other income	11,745,113	12,764,517
Trade income	1,390,835	1,932,708
Allowable expenses	<u>(125,802)</u>	<u>(186,799)</u>
	<u>13,629,637</u>	<u>16,232,828</u>
Tax calculated at a tax rate of 17% (2015: 17%)	<u>2,317,038</u>	<u>2,759,581</u>
Tax remission of government grants under section 92(2) of Singapore Income Tax Act	<u>(1,973,217)</u>	<u>(2,147,782)</u>
Tax effect on concessionary income	<u>(92,207)</u>	<u>(92,207)</u>
Singapore statutory stepped income exemption	<u>(25,925)</u>	<u>(25,925)</u>
Others	<u>77,335</u>	<u>(25,666)</u>
Current tax expense	<u>303,024</u>	<u>468,001</u>
Under provision of tax in previous financial years	<u>74,693</u>	<u>1,593</u>
	<u>377,717</u>	<u>469,594</u>

MARINE PARADE TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Continued)**

16. Income tax (Continued)

The Town Council enjoys a concessionary tax rate of 10% (2015:10%) for the income earned on investment in bonds.

The movements in income tax payable are as follows:

	<u>Note</u>	<u>2016</u> \$	<u>2015</u> \$
Balance as at 1 April		902,046	912,019
Payments during the year		(508,737)	(480,367)
Current financial year's income tax expense		303,024	468,001
Under provision of tax in previous financial years		74,693	1,593
Balance as at 31 March		<u>771,026</u>	<u>902,046</u>
Taken up in:			
Accumulated surplus		464,469	555,439
Sinking fund	5	<u>306,557</u>	<u>346,607</u>
		<u>771,026</u>	<u>902,046</u>

17. Agency fees

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

18. Other income

	<u>2016</u> \$	<u>2015</u> \$
Interest on late payment of conservancy & services fees	88,123	104,504
Liquidated damages	155,092	167,615
Temporary occupational licenses	2,567,386	2,548,419
Usage of void deck, water, electricity and common property	341,140	413,111
Others	81,567	128,860
	<u>3,233,308</u>	<u>3,362,509</u>

MARINE PARADE TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Continued)**

19. General and administrative expenditure

	<u>Note</u>	<u>2016</u> \$	<u>2015</u> \$
Advertising, publicity and public relations		269,095	190,013
Audit fee-auditors of Town Council		35,240	28,800
Computer services		366,918	217,656
Depreciation of plant and equipment	8	56,094	57,806
Insurance premium		9,332	25,538
Office rental		266,400	265,850
Office upkeep expenditure		110,380	142,920
Office supplies and stationery		108,013	91,785
Telecommunication		88,394	83,923
Property tax		268,659	269,243
Town Councillors' allowances		208,336	216,600
Others		372,930	194,462
		<u>2,159,691</u>	<u>1,784,593</u>

20. Goods and Services Tax ("GST")

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

Disallowed input tax in the respective funds are as follows:

	<u>Note</u>	<u>2016</u> \$	<u>2015</u> \$
Accumulated surplus	4	355,719	448,903
Sinking fund	5	<u>253,777</u>	<u>400,451</u>
		<u>609,496</u>	<u>849,354</u>

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Continued)

21. Government grants

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

Note	2016 \$	2015 \$	Total 2015 \$	Service and Conservancy Charges Grant		Payment from Citizens' Consultative Committees		GST Subvention Grant	
				2016 \$	2015 \$	2016 \$	2015 \$	2016 \$	2015 \$
Government grants received/receivable	10,558,622	11,555,747	7,910,082	7,793,530	2,648,540	3,762,217	-	1,291,080	1,208,770
GST Subvention received/receivable	1,291,080	1,208,770	-	-	-	-	-	1,291,080	1,208,770
	11,849,702	12,764,517	7,910,082	7,793,530	2,648,540	3,762,217	-	1,291,080	1,208,770
Less: Transfers to									
- Sinking fund	(2,868,445)	(2,823,355)	(2,460,865)	(2,423,108)	-	-	-	(427,580)	(400,247)
- Town Improvement and Project fund	(2,648,540)	(3,762,217)	-	-	(2,648,540)	(3,762,217)	-	-	-
	6,312,717	6,178,945	5,449,217	5,370,422	-	-	-	863,500	808,523

MARINE PARADE TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Continued)**

22. 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.

23. 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>2016</u> \$	<u>2015</u> \$
Amount approved and contracted for	9,864,702	25,745,322
Amount approved but not contracted for	<u>14,221,200</u>	<u>6,741,355</u>
	<u>23,885,902</u>	<u>32,486,677</u>

24. 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>2016</u> \$	<u>2015</u> \$
Not later than one year	405,277	451,697
Later than one year and not later than five years	<u>650,528</u>	<u>1,076,790</u>
	<u>1,055,805</u>	<u>1,528,487</u>

The leases on the Town Council's premises from Housing and Development Board on which are payable will expire on December 2016 and February 2018, 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.

25. Significant related party transactions

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 Company changed its name to Cushman & Wakefield Operations Pte Ltd on 25 April 2016. The Town Council does not incur any manpower and related costs except for Town Councillors' allowances. There are 67 Town Councillors in the Town Council.

	<u>2016</u> \$	<u>2015</u> \$
Town Councillors' allowances	<u>208,336</u>	<u>216,600</u>

MARINE PARADE TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Continued)**

25. Significant related party transactions (Continued)

The following transactions took place between the Town Council and its related parties on terms agreed between the parties during the financial year:

	<u>2016</u> \$	<u>2015</u> \$
Expenditure paid to Managing Agent in relation to:		
- Managing agent fees	3,668,839	3,592,779
- Project management and other fees	<u>2,405,909</u>	<u>3,118,157</u>

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 \$917,782 (2015: \$779,064) is determined at the reporting date (Note 10).

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>2016</u> \$	<u>2015</u> \$
Not past due		26,311	22,930
Past due 0-12 months		1,008,070	1,031,005
Past due 12-24 months		321,009	212,925
Over 24 months		<u>636,986</u>	<u>579,067</u>
		1,992,376	1,845,927
Allowance for impairment	10	<u>(917,782)</u>	<u>(779,064)</u>
		<u>1,074,594</u>	<u>1,066,863</u>

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Continued)

26. Financial Instruments and financial risks (Continued)

Credit risk (Continued)

Conservancy and service fees receivables amounting to \$1,048,283 (2015: \$1,043,933) 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.

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 (2015: 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.

MARINE PARADE TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Continued)**

26. Financial instruments and financial risks (Continued)

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>2016</u> \$	<u>2015</u> \$
Available-for-sale financial assets	9	4,657,420	50,496,718
Loan and receivables		76,674,193	37,954,570
Less: financial liabilities		<u>(4,250,147)</u>	<u>(6,348,490)</u>
		<u>77,081,466</u>	<u>82,102,798</u>

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).

	<u>Level 1</u> \$	<u>Level 2</u> \$	<u>Level 3</u> \$	<u>Total</u> \$
2016				
Assets				
Available-for-sale financial assets	<u>4,657,420</u>	-	-	<u>4,657,420</u>
2015				
Assets				
Available-for-sale financial assets	<u>50,496,718</u>	-	-	<u>50,496,718</u>

MARINE PARADE TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016 (Continued)**

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 \$75,559,934 (2015: \$79,831,591).

29. Reclassification of previously issued financial statements

During the financial period ended 31 March 2016, the Town Council reclassified the Neighbourhood Renewal Programme (NRP) Fund and Estate Upgrading Programme (EUP) Fund to Advances received for NRP and Amount received for EUP, respectively, in current liabilities. This is to reflect more appropriately the nature of the funds received from Housing Development Board.

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.

Statement of Changes in Financial Position (Extract)

	31 Mar 2015 As reclassified S\$	31 Mar 2015 As reported S\$
TOWN COUNCIL FUNDS		
NEIGHBOURHOOD RENEWAL PROGRAMME FUND	-	(853,546)
ESTATE UPGRADING PROGRAMME FUND	-	(58,948)
CURRENT LIABILITIES		
Advances received for Neighbourhood Renewal Programme	(853,546)	-
Amount received for Estate Upgrading Programme	(58,948)	-

Statement of Changes in Funds (Extract)

	31 Mar 2015 As reclassified	31 Mar 2015 As reported
NEIGHBOURHOOD RENEWAL PROGRAMME FUND		
Surplus for the year	-	443,590
ESTATE UPGRADING PROGRAMME FUND		
Surplus for the year	-	524



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