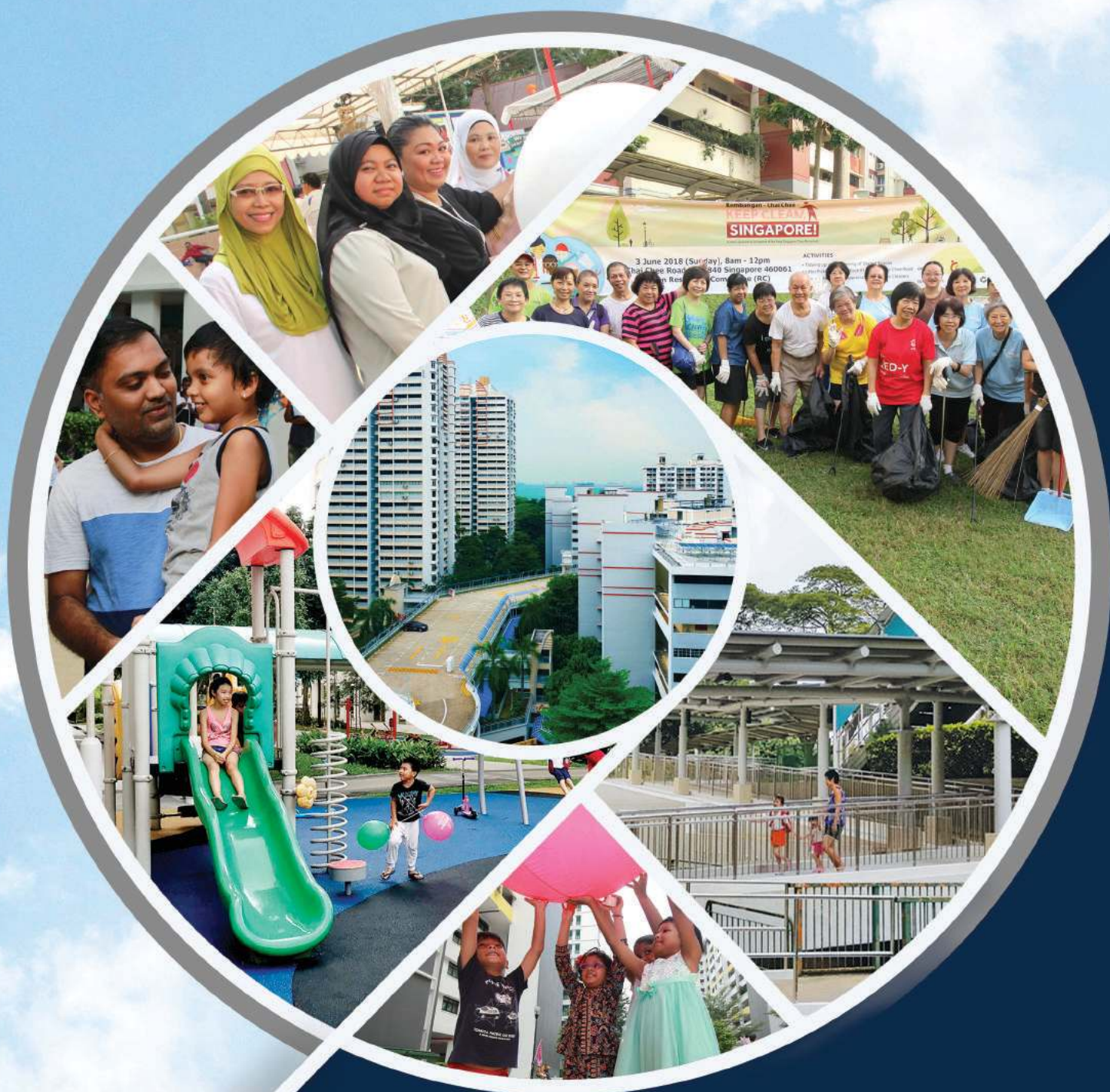




**Marine Parade
Town Council**



ANNUAL REPORT

FY2017/2018



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“
To build a
conducive and
well-maintained
living environment
for our residents.

Mr Lim Biow Chuan PBM | Chairman, Marine Parade Town Council

INTRODUCTION

In Financial Year 2017/2018, the Town Council continues with its mission to build a conducive and well-maintained living environment for our residents.

Lifts are one of the important features that serve our residents in their daily living. To ensure lifts are well maintained in the long-term, MND had in 2017 amended the Town Councils Act and required Town Councils to establish the “Lift Replacement Fund”. This is a standalone fund, carved out from the existing Sinking Fund, and ring-fenced specifically for lift replacements and other lift-related replacement works. This is one of the long-term financial sustainability measures to ensure that lifts continue to be well maintained or renewed to serve their functions well.

We have successfully established the Lift Replacement Fund in the year under audit. We continue to place emphasis to ensure the lifts are well-maintained. Our dedicated team of lift engineers and technicians have been working closely with the lift companies to enhance the lifts’ reliability and performance. They do so through thorough servicing and preventive maintenance regime. We will continue to work closely with our residents to improve the reliability of the lifts.

Working towards an environmentally sustainable living environment, a total of 117 blocks in the Town has been installed with Solar Photovoltaic (PV) system. 98,747 light fittings and lamp posts have also been replaced or retrofitted with Light-Emitting Diode (LED) bulbs in two batches. The third batch of LED installation for the remaining blocks and outdoor lightings will progressively be replaced with LED in the coming years.

The Town Council has also been working with community stakeholders and agencies in our continuous efforts to care for the environment. Through public education in Town Carnivals and litter-picking exercises during the Clean and Green Week as well as the ‘Keep Clean, Singapore!’ campaign, we hope to instill a stronger sense of social responsibility among our residents.

In our bid to create a more vibrant and facilitated town, the older estates have been upgraded through the Neighbourhood Renewal Programme (NRP) and Repairs and Redecoration (R&R) works. The Town Council will continuously strive to develop and enhance the living environment for our residents.

FINANCIAL OVERVIEW

For Financial Year 2017/2018, the Town Council reports an operating surplus of \$1.72 million. This is possible only because of government grants of \$6.11 million.

The Town Council constantly seeks to bring about better facilities and services to our residents. The rising cost of operations, such as conservancy and cleaning, lift maintenance, horticultural works, as well as electrical and pump maintenance, however continues to be one of our challenges.

Despite this challenging environment, we will continue to seek cost-saving avenues and adopt a prudent approach in our financial management in compliance with the framework of good corporate governance.



ESTATE IMPROVEMENTS AND MAINTENANCE

\$1.62 million
worth of **improvement projects**
were carried out to
enhance and rejuvenate
the living environment.

\$15.72 million
worth of **cyclical projects**
were carried out to
upkeep and maintain
the estate environment.



1 and 2: New coat of paint in Haig Road and Pine Close estates under Repairs & Redecoration (R&R) works | **3:** Revamped playground near Block 110 Lengkong Tiga | **4:** New Covered Linkway between bus stop near Block 53 and Block 50A Marine Terrace Market | **5:** High Covered Linkway Between Block 28 Cassia Crescent and Block 11A Pine Close | **6:** New Lift and Link Bridge at Block 404 Serangoon Avenue 1 | **7:** Upgraded Fitness Corner in front of Block 130 Geylang East Ave 1 | **8:** New Covered Ramp & Linkway at Block 253 Serangoon Ave 3

GREEN INITIATIVES

In our continuous efforts to care for and protect our living environment, our Town Council had carried out litter-picking exercises and tree-planting activities across the Town. Riding on nation-wide campaigns such as “Keep Clean, Singapore!” and “Clean & Green Singapore”, we aspire to build a more gracious community and adopt a clean, green and sustainable lifestyle.

Conserving water and electricity has also remained an ongoing process as we lean towards shaping an environmentally-friendly town. The first two batches of LED fittings/bulbs installation had been carried out. We are looking forward to the installation of the third batch in the upcoming years.



ELECTRICITY-SAVINGS

508

residential blocks consisting of

98,747

fittings and lamp posts were replaced or retrofitted with LED fittings/bulbs as at FY2017/2018.

117

blocks had been installed with Solar Photovoltaic Systems to harness sunlight into solar power.



TOWN COUNCIL MANAGEMENT REPORT (TCMR) RESULTS

The Town Council continuously seek to ensure that the amenities in the Town are kept in good condition. This is done through our routine cleaning and maintenance regime as well as cyclical projects, such as repairs and redecoration, re-roofing works, replacement of sanitary system (water pipes, water tank and tank linings) and lift improvement works.

We are pleased to share that these efforts had earned the Town Council an overall **green** banding in the Town Council Management Report (TCMR) for the period from April 2017 to September 2017, released by the Ministry of National Development (MND). The report assessed all Town Councils on four indicators: Estate Cleanliness, Estate Maintenance, Lift Performance and Service & Conservancy Charges (S&CC) Arrears Management.

We wish to thank our residents for playing their part in upkeeping the estates. We seek our residents' continuous support and cooperation to keep the common areas clean and clutter-free and use the common facilities with due care.



CHAIRMAN'S REVIEW

COMMUNITY RELATIONS



■ Speaker Tan Chuan-Jin interacting with residents of Ping An Green at the Ping An Green Town Day on 21 October 2017.



■ Mr Lim Biow Chuan PBM (top) and Emeritus Senior Minister Goh Chok Tong (below) in action during the 'Keep Clean, Singapore!' week in May 2017.



■ Joyful Joo Seng Welcome Party with Professor Fatimah Lateef on 22 July 2017.



■ All smiles at MacPherson Community Night with Miss Tin Pei Ling on 13 April 2018.

COMMUNITY IMMERSION PROGRAMME

In April 2018, the Town Council collaborated with South East Community Development Council (SECDC) and students from Ngee Ann Polytechnic, School of Humanities and Social Sciences on a Community Immersion Programme for Youths. The students took over the cleaning tasks of our neighbourhood cleaners for a day in their bid to cultivate empathy, understanding and gratitude towards the unsung heroes – the cleaners of our community.

The students also interacted with our cleaners to deepen their understanding on the duties of the cleaners and the challenges they experienced in the course of their work. We hope this experience would encourage the community to be socially responsible and to upkeep the cleanliness and hygiene of the estate.



CHAIRMAN'S REVIEW

PUBLIC EDUCATION

The Town Council continues to educate our residents on minimising potential hazards and reducing obstruction in the common areas through a revamped set of educational posters and new exhibits in town carnivals.

As part of our communication outreach efforts, we had also produced a corridor exhibit for recent town carnivals to educate residents on the dangers of a cluttered corridor. Through a simple game that quizzes participants on the Do's and Don'ts in common areas, we hope to instill good neighbourliness and social habits among our residents.





CONCLUSION

The Town Council management remains committed to enhance our service standards and implement plans to cater to our residents' needs. This has been made possible through the constructive feedback and suggestions from our residents. For this, I sincerely thank you.

I would also like to extend my appreciation to the Town Councillors, community partners and staff for your relentless support and contributions.

Together, we will steer through greater challenges ahead and create the best managed living environment for everyone.

Thank you.

Lim Biow Chuan PBM
Chairman
Marine Parade Town Council

TOWN COUNCILLORS AND STANDING COMMITTEE

(15 October 2017 - 14 October 2019)

Elected Members

Chairman: Mr Lim Biow Chuan PBM
Vice-Chairman: Mr Seah Kian Peng
Vice-Chairman: Ms Tin Pei Ling

Elected Members:

Mr Goh Chok Tong
Mr Tan Chuan-Jin
Mr Edwin Tong Chun Fai
Professor Fatimah Lateef

Executive Committee

Chairman: Mr Lim Biow Chuan PBM
Vice-Chairman: Mr Seah Kian Peng

Members:

Mr Ang Bee Hock BBM
Mr Anthony Ong Eng Ann PBM
Mr Eric Wong Ngiam Chin BBM (L), JP
Ms Eileen Teo Cheo Tee PBM
Mr Frederick Ho Wee Khoo PBM
Mr Lee Tee Loon PBM
Dr Lim Lan Yuan BBM (L), JP
Ms Lydia Ong Li Yan
Mr Ng Kim Eng BBM (L)
Mr Philip Tan Ling Kwok PBM
Mr Rodney Seah Boon Kheng
Ms Rosemary Lim Moh Tin PBM, JP

Standing Committee

Finance Committee

Advisor: Mr Seah Kian Peng
Chairman: Mr Philip Tan Ling Kwok PBM
Vice-Chairman: Mr Eric Wong Ngiam Chin BBM (L), JP

Members:

Mr Brian Chong Liming
Ms Eunice Wang Bizi
Mr James Chan Chia Teck
Mr Lim Ming Hok
Mr Rahmat Sawie PBM
Mr Tam Chee Chong
Mr Tan Yong Min PBM
Mr Victor Lee Thiam Soon
Mr Yu Tor Ann

Tender & Contracts Committee

Advisor: Mr Lim Biow Chuan PBM
Chairman: Mr Ang Bee Hock BBM
Vice-Chairman: Mr Lee Tee Loon PBM
Vice-Chairman: Ms Eileen Teo Cheo Tee PBM

Members:

Mr Daniel Chan Kok Leong PBM
Mr Dennis Teo Kian Joo PBM
Mr Dick Lum Chee Seng
Mr Eddie Fong Joon Tin
Mr Raymond Chan Leng Chye
Mr Simon Wong Sai Cheong
Mr Thomas Thong Ming Yap
Mr Tan Boon Kwee

TOWN COUNCILLORS AND STANDING COMMITTEE

(15 October 2017 - 14 October 2019)

Residential Estate Management Committee

Advisor: Professor Fatimah Lateef

Chairman: Dr Lim Lan Yuan BBM (L), JP

Vice-Chairman: Mr Anthony Ong Eng Ann PBM

Members:

Mr Chan Yee Kew PBM

Ms Charlotte Lee Kar Tim PBM

Mr David Siow Serh Wei PBM

Mr Eddie Woon BBM

Mr Harish Kumar Janak Shah

Mr Jason Ang Quan PBM

Mr Koh Chin Ann

Mr Lee Wui Kiat

Ms Lily Teo Hiok Hoon PBM

Mr Tay Hock Heng

Mr Varatharaja Nadarajan PBM

Mr William Fletcher PBM

Ms Yayah Ambuhang Annatrasta

Publicity & Outreach 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

Mr Loo Chin Nong PBM

Mr Melvin Chua Ee Song BBM

Mr Michael Leong Ying Wai

Ms Nur Sakinah Binte Rahmat

Mr Pang Kok Meng

Mr Rahul Kumar Janak Shah

Ms Shirley Yong Mei Lin

Mr Steven Tan Bock Eng

Mr Tan Choon Kiang PBM

Commercial Properties Management Committee

Advisor: Mr Edwin Tong

Chairman: Ms Rosemary Lim Moh Tin PBM, JP

Vice-Chairman: Ms Lydia Ong Li Yan

Vice-Chairman: Mr Rodney Seah Boon Kheng

Members:

Ms Alice Low

Ms Chris Chu Ai Keow

Ms Elizabeth Tan Yock Sem PBM

Ms Hoe Kwee Eng

Mr Lee Joon Yong PBM

Mr Lim Liang Seng

Ms Ruby Ong

Mr Tan Ai Koong PBM

Ms Winnie Wong Leng Nyuk

MARINE PARADE TOWN COUNCIL

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

**AUDITED FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 MARCH 2018**

MARINE PARADE TOWN COUNCIL

**AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARINE PARADE TOWN COUNCIL

(Established under the Town Council Act, Cap 329A)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Marine Parade Town Council (the "Town Council"), which comprise the statement of financial position of the Town Council as at 31 March 2018, the statement of income and expenditure and other comprehensive income, statement of changes in town council funds and statement of cash flows of the Town Council for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 33.

In our opinion, the accompanying financial statements of the Town Council are properly drawn up in accordance with the provisions of the Town Council Act, Cap 329A (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to present fairly, in all material respects, the financial position of the Town Council as at 31 March 2018 and the financial performance, changes in town council funds and cash flows of the Town Council for the financial year ended on that date.

Basis for opinion

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

Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MARINE PARADE TOWN COUNCIL

(Established under the Town Council Act, Cap 329A)

Responsibility of Management and Those charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

(Established under the Town Council Act, Cap 329A)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Opinion

In our opinion:

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

Basis for opinion

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

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

(Established under the Town Council Act, Cap 329A)

Responsibility of Management for compliance with legal and regulatory requirements

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

Auditor's responsibility for the compliance audit

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

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



Ecovis Assurance LLP
Public Accountants and
Chartered Accountants
Singapore

20 September 2018

MARINE PARADE TOWN COUNCIL

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018**

	Note	2018 \$	2017 \$
TOWN COUNCIL FUNDS			
Residential Property			
Accumulated surplus	4	8,852,774	7,270,207
Sinking Funds			
Ordinary Sinking Fund	5	36,511,414	40,919,494
Lift Replacement Fund	6	11,771,051	-
		48,282,465	40,919,494
Town Improvement and Project Fund	7	1,422,589	1,378,413
		58,557,828	49,568,114
Commercial Property			
Accumulated surplus	4	1,174,459	1,032,391
Sinking Funds			
Ordinary Sinking Fund	5	27,372,759	31,197,960
Lift Replacement Fund	6	5,087,776	-
		32,460,535	31,197,960
Town Improvement and Project Fund	7	270,969	262,555
		33,905,963	32,492,906
Fair Value Reserves	8	63,750	112,000
		92,527,541	82,173,020
Represented by:			
Non-Current assets			
Plant and equipment	9	44,660	51,976
Available-for-sale financial assets	10	2,563,750	2,612,000
		2,608,410	2,663,976
Current assets			
Interest receivable		417,095	331,553
Conservancy and service fees receivables	11	1,049,705	1,126,667
Conservancy and service grant receivable		-	14,207
Other receivables	12	3,303,855	2,578,793
Cash and short term deposits	13	96,865,015	81,585,216
		101,635,670	85,636,436
Total assets		104,244,080	88,300,412
Less:			
Current liabilities			
Conservancy and service fees received in advance		(656,674)	(530,705)
Advances received for Neighbourhood Renewal Programme	14	(628,927)	(989,863)
Payables and accrued expenses	16	(9,753,937)	(3,936,798)
Income tax payable	17	(677,001)	(670,026)
Total liabilities		(11,716,539)	(6,127,392)
Net assets		92,527,541	82,173,020



LIM BIOW CHUAN PBM
Chairman



PNG CHIEW HOON
General Manager / Secretary

Date : 20 September 2018

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 2018**

	Note	2018 \$	2017 \$
Operating income			
Conservancy and Service fees	4	40,578,967	38,747,402
Less: Operating income transfer to Ordinary Sinking Fund	5	(10,550,539)	(12,923,462)
Operating Income transfer to Lift Replacement Fund (minimum required by law)	6	(5,681,072)	-
		24,347,356	25,823,940
Agency fees	4, 18	2,592,248	2,525,052
Other income	4, 19	3,243,892	3,246,531
		30,183,496	31,595,523
Less: Operating expenditure			
Cleansing works		(6,386,830)	(6,557,439)
Managing agent's fees	26	(4,039,702)	(3,720,644)
Lift maintenance		(7,230,480)	(6,591,763)
Other works and maintenance		(5,551,016)	(5,354,136)
Water and electricity		(8,849,582)	(8,824,034)
General and administrative expenditure	20	(1,682,867)	(2,028,097)
		(33,740,477)	(33,076,113)
Operating deficit		(3,556,981)	(1,480,590)
Add: Investment income		155,165	144,426
Deficit before income tax and government grants		(3,401,816)	(1,336,164)
Less: Income tax	17	(147,950)	(205,563)
Goods and services tax	21	(400,232)	(367,434)
		(548,182)	(572,997)
Deficit before government grants		(3,949,998)	(1,909,161)
Add: Government grants	22	14,971,506	10,625,972
Less: Transfer to Ordinary Sinking Fund	5	(2,648,997)	(2,915,848)
Less: Transfer to Lift Replacement Fund	6	(4,980,110)	-
Less: Transfer to Town Improvement and Project fund	7	(1,229,337)	(1,339,858)
		6,113,062	6,370,266
SURPLUS FOR THE FINANCIAL YEAR		2,163,064	4,461,105
Add: Transfer from Estate Upgrading Programme	15	-	147
Add: Transfer from surplus of Town Improvement and Project Fund	7	1,255,129	702,802
Less: Appropriation to Town Improvement and Project Fund	7	(1,693,558)	(1,640,968)
SURPLUS FOR THE FINANCIAL YEAR AFTER APPROPRIATION		1,724,635	3,523,086



LIM BIOW CHUAN PBM
Chairman

Date : 20 September 2018



PNG CHIEW HOON
General Manager / Secretary

MARINE PARADE TOWN COUNCIL

STATEMENT OF CHANGES IN FUNDS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

	Note	Total \$	Residential Property \$	Commercial Property \$	Carpark \$	Fair value reserve \$
Balance at 1 April 2016		75,559,394	44,587,656	31,065,318	-	(93,580)
Surplus for the year		6,613,479	4,051,071	1,427,588	929,240	205,580
Inter-fund transfer	4	-	929,240	-	(929,240)	-
Transfer from Estate Upgrading Programme	15	147	147	-	-	-
Balance at 31 March 2017		82,173,020	49,568,114	32,492,906	-	112,000
Balance at 1 April 2017		82,173,020	49,568,114	32,492,906	-	112,000
Surplus/(Deficit) for the year		10,354,521	8,135,302	1,413,057	854,412	(48,250)
Inter-funds transfer	4	-	854,412	-	(854,412)	-
Balance at 31 March 2018		92,527,541	58,557,828	33,905,963	-	63,750

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

	Note	2018 \$	2017 \$
Accumulated surplus	4	2,163,064	4,461,105
Ordinary Sinking Fund	5	1,878,843	2,886,418
Lift Replacement Fund	6	6,746,703	-
Town Improvement and Project Fund	7	(385,839)	(939,624)
Fair value reserve	8	(48,250)	205,580
		10,354,521	6,613,479

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 2018

	Note	2018 \$	2017 \$
Operating Activities			
Deficit before income tax and government grants		(3,401,816)	(1,336,164)
Adjustments for:			
Operating income transfer to Ordinary Sinking Fund	5	10,550,539	12,923,462
Operating income transfer to Lift Replacement Fund	6	5,681,072	-
Interest income		(155,165)	(144,426)
(Write back)/Allowance for impairment on operating receivables	11,12	(20,081)	179,627
Depreciation of plant and equipment	9	30,953	54,424
Loss on disposal of Available-For-Sale Financial Assets	5	-	251,000
Operating cash flows before changes in working capital		12,685,502	11,927,923
Movement in working capital:			
Operating receivables		(215,813)	499,896
Operating payables		5,943,108	(422,872)
Net cash flows generated from operations		18,412,797	12,004,947
Goods and services tax	21	(599,209)	(499,283)
Ordinary Sinking Fund expenditure	5	(11,775,387)	(13,331,121)
Lift Replacement Fund expenditure	6	(3,940,588)	-
Town Improvement Project Fund expenditure paid	7	(1,615,176)	(2,279,482)
Neighbourhood Renewal Programme expenditure paid	14	(3,051,339)	(6,196,413)
Income tax paid	17	(361,539)	(404,376)
Net cash used in operating activities		(2,930,441)	(10,705,728)
Investing Activities			
Purchase of plant and equipment	9	(23,637)	(15,865)
Proceeds from disposal of available-for-sale financial assets		-	1,754,920
Increase in fixed deposits	13	-	(25,000,000)
Interest income received		969,967	1,031,764
Net cash generated from/(used in) investing activities		946,330	(22,229,181)
Financing activities			
Government grants received		14,631,964	10,625,972
Funding received from Neighbourhood Renewal Programme		2,631,946	6,985,070
Net cash generated from financing activities		17,263,910	17,611,042
Net increase/(decrease) in cash and cash equivalents		15,279,799	(15,323,867)
Cash and cash equivalents at beginning of year		46,585,216	61,909,083
Cash and cash equivalents at end of year	13	61,865,015	46,585,216

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 2018

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, MacPherson Single Member 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 2018 were authorised for issue in accordance with a resolution of the Town Council on 20 September 2018.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements are prepared in accordance with Financial Reporting Standards in Singapore ("FRSs") 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 as 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.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Town Council takes into account the characteristics of the asset or liability which market participants would take into account when the pricing asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102, leasing transactions that are within the scope of FRS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 or value in use in FRS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3, based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entity, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

During 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 109	Financial Instruments	1 January 2018
FRS 115	Revenue from Contracts with Customers	1 January 2018
FRS 116	Leases	1 January 2019

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.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. Summary of significant accounting policies (Continued)

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 Funds and Town Improvement and Project 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 at the end of each reporting period.

Sinking Funds

Sinking Funds comprise of Ordinary Sinking Fund and Lift Replacement Fund.

Under the Town Councils Act, the Ministry 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 Funds other than Lift Replacement Fund matching grant which does not have a prescribed minimum amount to be paid into the Sinking Funds.

(i) Ordinary 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. These funds are maintained as part of the Town Council Funds.

The minimum amounts to be paid by property type, into the Ordinary Sinking Fund is as follows:

(i)	1-room to 3-rooms	26% (2017:30%) of conservancy and service fees and grants-in-aid
(ii)	4-rooms	26% (2017: 35%) of conservancy and service fees and grants-in-aid
(iii)	5-rooms, Executive and HUDC	26% (2017: 35%) of conservancy and service fees and grants-in-aid
(iv)	Shop with living accommodation	26% (2017: 35%) of conservancy and service fees and grants-in-aid
(v)	Commercial property	26% (2017: 35%) of conservancy and service fees and grants-in-aid

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.

The Ordinary Sinking Fund is utilised for cyclical works, including major repainting, renewal or replacement of roofing system, water tanks, pumps and water supply system, lightning protection system and escalators, 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.

(ii) Lift Replacement Fund

In accordance with Section 33(4A) of the Town Councils Act, Town Councils are required to establish a new Lift Replacement Fund with effect from 1 April 2017. The establishment of the LRF is a standalone fund to be carved out from the existing Sinking Funds and ring-fenced specifically for lift replacements and other lift-related replacement works.

The minimum amounts to be paid by property type, into the Lift Replacement Fund is as follows:

(i)	1-room to 3-rooms	14% of conservancy and service fees and grants-in-aid
(ii)	4-rooms	14% of conservancy and service fees and grants-in-aid
(iii)	5-rooms, Executive and HUDC	14% of conservancy and service fees and grants-in-aid
(iv)	Shop with living accommodation	14% of conservancy and service fees and grants-in-aid
(v)	Commercial property	14% of conservancy and service fees and grants-in-aid

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.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. Summary of significant accounting policies (Continued)

2.2 Town Council Funds (Continued)

Town Improvement 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 the accumulated surplus to fund specific projects to be carried out. In addition, the Town Council receives funding for approved projects under the Community Improvement Projects Committee ("CIPC") scheme. This fund is paid through the Citizens' Consultative Committees ("CCC").

2.3 Inter-fund transfers

The Town Council may make inter-fund transfers with the criteria as set out in Section 33(9) and Section 43(1)(i) of the Town Council Act (Chapter 329A), and Rule 11A of Town Council Financial Rules.

2.4 Allocation of general overheads

Expenditure not specifically related to any property type managed, such as administrative overheads, tree planting and pruning etc. are allocated to the various property types using equivalent dwelling units ("EDU") as follows:

Property Type	Equivalent Dwelling Unit(s)	
	2018	2017
1 Residential Property Unit	1	1
1 Commercial Property Unit	2	2
6 Car lots or 36 Motorcycle lots or 4 Lorry lots	1	1

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

2.5 Government grants

The Town Council receives five types of grants from the Government: Service and Conservancy Charges ("S&CC") grant, payment from CCCs, Goods and Services Tax ("GST") subvention grant, Lift Replacement Fund Matching Grant and Lift Maintenance grant ("LMG").

(i) Service and Conservancy Charge operating grants to meet the current year's operating expenditure are taken to the Income and Expenditure Statement, except to the extent which is required to be transferred to Ordinary Sinking Fund and Lift Replacement Fund based on the amount prescribed.

(ii) Payments from CCC are granted to provide funding support for community improvement projects under CIPC scheme.

(iii) The GST Subvention is given as grant-in-aid to the Town Council to assist Town Councils for absorbing the GST increases in Service and Conservancy Charges for HDB residential flats. The grant is taken to the Income and Expenditure Statement, except to the extent which is required to be transferred to Ordinary Sinking Fund and Lift Replacement Fund based on the amount prescribed.

(iv) Lift Replacement Fund (LRF) Matching Grant is given as grant-in-aid to the Town Council by MND to match 50% of Town Council's quarterly contributions to the Lift Replacement Fund to supplement Town Council's savings.

(v) Lift Maintenance Grant (LMG) is given as grant-in-aid to the Town Council to cope with the higher lift-related servicing and maintenance costs. LMG disbursed to Town Council annually and the amount disbursed is \$600 for every lift (both residential and commercial) maintained by the Town Council. The grant is taken to the Income and Expenditure Statement, except to the extent which is required to be transferred to Ordinary Sinking Fund and Lift Replacement Fund based on the amount prescribed.

Government grants are recognised at their fair value where there is reasonable assurance that the attached condition 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 2018

2. Summary of significant accounting policies (Continued)

2.6 Recognition of Income

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.

Conservancy and service fees and agency fees are recognised on a time-proportion basis for the period when the service is rendered.

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

Investment income from investments in financial assets held at available-for-sale instruments is recognised in profit or loss.

Income from temporary occupation licences and usage of void deck or other common property is recognised on a cash basis.

2.7 Income tax

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.

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

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.

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 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 profit or loss 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 property, plant and equipment is recognised in profit or loss.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

2. Summary of significant accounting policies (Continued)

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.

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 profit or loss.

- (ii) **Available-for-sales 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, 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.

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. Significant is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. Summary of significant accounting policies (Continued)

2.10 Impairment of non-financial assets

The Town Council assesses at the end of each reporting period whether there is any indication that those assets 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 (cash-generating unit) is reduced to its recoverable amount and the impairment losses are recognised as an expense in profit or loss.

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 profit or loss.

2.11 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 profit or loss. No interest is charged on conservancy and service fees receivable in normal circumstances.

2.12 Other receivables

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

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

2.14 Financial Liabilities

Initial recognition, measurement and derecognition of financial liabilities

A financial liability is recognised at each reporting date 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:

- (i) Liabilities at fair value through profit or loss: As at the reporting date, there were no financial liabilities classified under this category.
- (ii) Other financial liabilities: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Payables and borrowings 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.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. Summary of significant accounting policies (Continued)

2.15 Fair value of financial instruments

The carrying values of current financial assets and financial liabilities approximate their fair values due to the short-term maturity of these instruments. 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.

2.16 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 profit or loss 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 profit or loss as an integral part of the total lease expense.

2.17 Payables

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

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 profit or loss in the period they occur.

3. Critical accounting judgements 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

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 these involving estimations described below.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, 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:

Allowance for doubtful conservancy and service fees receivables and other receivables

Allowance for doubtful conservancy and service fees receivables amounting to \$990,150 (2017: \$1,034,512) has been estimated on the basis of age of receivables, results of recovery efforts and historical experience (Note 11). Allowance for impairment is made in the financial statements for amount in arrears which are outstanding for more than 6 months (2017: 6 months).

Other receivables mainly consist of billings for work done on behalf of relevant government parties which are reimbursable from them and grants receivables from the Citizens' Consultative Committee (CCC) for approved projects and no allowance has been provided for. 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised 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 2018

4 Accumulated surplus

The surplus for the year attributable to the various activities is carried forward as Accumulated Surplus in the respective properties as follows:

Note	Total		Residential Property		Commercial Property		Carpark	
	2018	2017	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$	\$	\$
Operating income								
Conservancy and service fees	40,578,967	38,747,402	35,240,699	33,653,516	5,338,268	5,093,886	-	-
Less: Operating Income transfer to Ordinary Sinking Fund	(10,550,539)	(12,923,462)	(9,162,588)	(11,140,603)	(1,387,951)	(1,782,859)	-	-
Operating Income transfer to Lift Replacement Fund (minimum required by law)	(5,681,072)	-	(4,933,712)	-	(747,360)	-	-	-
	24,347,356	25,823,940	21,144,399	22,512,913	3,202,957	3,311,027	-	-
Agency fees	2,592,248	2,525,052	-	-	-	-	2,592,248	2,525,052
Other income	3,243,892	3,246,531	2,670,667	2,517,420	552,062	714,811	21,163	14,300
	30,183,496	31,595,523	23,815,066	25,030,333	3,755,019	4,025,838	2,613,411	2,539,352
Less: Operating expenditure	(33,740,477)	(33,076,113)	(28,614,488)	(28,023,328)	(3,361,564)	(3,432,354)	(1,764,425)	(1,620,431)
Operating (deficit)/surplus	(3,556,981)	(1,480,590)	(4,799,422)	(2,992,995)	393,455	593,484	848,986	918,921
Add: Non-operating income	155,165	144,426	131,759	122,377	12,021	11,555	11,385	10,494
(Deficit)/surplus before income tax and government grants	(3,401,816)	(1,336,164)	(4,667,663)	(2,870,618)	405,476	605,039	860,371	929,415
Less: Income tax	(147,950)	(205,563)	(140,397)	(156,622)	(1,594)	(48,766)	(5,959)	(175)
Less: Goods and Services Tax	(400,232)	(367,434)	(366,212)	(335,753)	(34,020)	(31,681)	-	-
(Deficit)/surplus before government grants	(3,949,998)	(1,909,161)	(5,174,272)	(3,362,993)	369,862	524,592	854,412	929,240
Add: Government grants	14,971,506	10,625,972	14,573,703	10,625,972	397,803	-	-	-
Less: Transfer to Ordinary Sinking Fund	(2,648,997)	(2,915,848)	(2,643,135)	(2,915,848)	(5,862)	-	-	-
Less: Transfer to Lift Replacement Fund	(4,980,110)	-	(4,601,699)	-	(378,411)	-	-	-
Less: Transfer to Town Improvement and Project Fund	(1,229,337)	(1,339,858)	(1,229,337)	(1,339,858)	-	-	-	-
	6,113,062	6,370,266	6,099,532	6,370,266	13,530	-	-	-
SURPLUS FOR THE YEAR	2,163,064	4,461,105	925,260	3,007,273	383,392	524,592	854,412	929,240
Add /Less: Inter-funds transfer	-	-	854,412	929,240	-	-	(854,412)	(929,240)
Add: Transfer of surplus from amounts received for Estate Upgrading Programme	-	147	-	147	-	-	-	-
Add: Transfer from/(to) surplus of Town Improvement and Project fund	1,255,129	702,802	1,225,484	757,963	29,645	(55,161)	-	-
Less: Appropriation to Town Improvement and Project fund	(1,693,558)	(1,640,968)	(1,422,589)	(1,378,413)	(270,969)	(262,555)	-	-
Surplus for the year after appropriation	1,724,635	3,523,086	1,582,567	3,316,210	142,068	206,876	-	-
Add: Accumulated surplus at 1 April	8,302,598	4,779,512	7,270,207	3,953,997	1,032,391	825,515	-	-
ACCUMULATED SURPLUS AT 31 MARCH	10,027,233	8,302,598	8,852,774	7,270,207	1,174,459	1,032,391	-	-

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

5 Ordinary Sinking Fund

Note	Total		Residential Property		Commercial Property	
	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$
Balance at 1 April	72,117,454	69,231,036	40,919,494	39,254,021	31,197,960	29,977,015
Less: Transfer from Ordinary Sinking Fund to Lift Replacement Fund	(10,112,124)	-	(5,743,056)	-	(4,369,068)	-
	62,005,330	69,231,036	35,176,438	39,254,021	26,828,892	29,977,015
Add:						
Operating income transfer from conservancy and service fees	10,550,539	12,923,462	9,162,588	11,140,603	1,387,951	1,782,859
Investment and other income	812,808	607,891	744,122	555,630	68,686	52,261
Transfer from government grants	2,648,997	2,915,848	2,643,135	2,915,848	5,862	-
	14,012,344	16,447,201	12,549,845	14,612,081	1,462,499	1,835,120
Less: Expenditure	(11,775,387)	(13,331,121)	(10,886,640)	(12,736,268)	(888,747)	(594,853)
Less: Income Tax	(205,564)	(97,813)	(188,463)	(89,856)	(17,101)	(7,957)
Goods and services tax	(152,550)	(131,849)	(139,766)	(120,484)	(12,784)	(11,365)
Surplus for the year	1,878,843	2,886,418	1,334,976	1,665,473	543,867	1,220,945
	63,884,173	72,117,454	36,511,414	40,919,494	27,372,759	31,197,960
Add: Fair value reserves	63,750	112,000				
Balance at 31 March	63,947,923	72,229,454				
Represented by:						
Non-current asset						
Available-for-sale financial assets	2,563,750	2,612,000				
Current assets						
Cash and cash equivalents	60,607,793	65,834,042				
Interest receivable	292,698	259,161				
Conservancy and service fees receivables	256,236	295,872				
Other receivables	603,826	121,855				
Due from accumulated surplus	3,863,937	5,052,288				
	65,624,490	71,563,218				
Total assets	68,188,240	74,175,218				
Less:						
Current liabilities						
Conservancy and service fees received in advance	(141,991)	(161,527)				
Payables and accrued expenses	(3,823,325)	(1,567,680)				
Income tax payable	(275,001)	(216,557)				
	(4,240,317)	(1,945,764)				
NET ASSETS	63,947,923	72,229,454				

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

5 Ordinary Sinking Fund (Continued)

(i) Investment and other income/(loss)	2018	2017
	\$	\$
Interest income - fixed deposits	733,953	771,256
Interest income - bonds	78,500	87,412
Loss on disposal of Available-for-sale financial assets	-	(251,000)
Other Income	355	223
	812,808	607,891

(ii) Expenditure	2018	2017
	\$	\$
Re-roofing works	1,474,479	1,524,093
Electrical Re-wiring	76,850	-
Replacement of water pump sets	128,409	212,632
Lift works	-	5,959,507
Escalator works	40,449	31,870
Replacement of booster pumpsets	733,256	402,300
Repairs and Re-decoration	8,172,666	3,728,645
Replacement of refuse chute flushing system	419,060	266,860
Replacement of fire fighting & protection system	119,936	11,200
Consultancy fees	424,680	233,371
Replacement of water pipes	185,602	960,643
	11,775,387	13,331,121

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

6 Lift Replacement fund

Note	Total		Residential Property		Commercial Property	
	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$
Balance at 1 April	-	-	-	-	-	-
Add: Transfer from Ordinary Sinking Fund to Lift Replacement Fund ("LRF")	5	10,112,124	-	5,743,056	-	4,369,068
		10,112,124	-	5,743,056	-	4,369,068
Add:						
Operating income transfer from conservancy and service fees	4	5,681,072	-	4,933,712	-	747,360
Investment income		87,536	-	80,323	-	7,213
Transfer from LRF matching grant	22	3,553,727	-	3,178,473	-	375,254
Transfer from government grants on S&CC, GST Subvention & LMG	4,22	1,426,383	-	1,423,226	-	3,157
		10,748,718	-	9,615,734	-	1,132,984
Less: Expenditure		(3,940,588)	-	(3,531,463)	-	(409,125)
Less: Income Tax	17	(15,000)	-	(13,782)	-	(1,218)
Goods and services tax	21	(46,427)	-	(42,494)	-	(3,933)
Surplus for the year		6,746,703	-	6,027,995	-	718,708
Balance at 31 March		16,858,827	-	11,771,051	-	5,087,776

The initial setup of LRF requires the Town Council to transfer 14% of the Sinking Fund as at 31 March 2017 comprising both residential and commercial properties into the lift replacement fund.

Represented by:

Current assets

Cash and cash equivalents
Interest receivable
Conservancy and service fees receivables
Other receivables
Due from accumulated surplus

13	15,125,308	-
	67,191	-
11	137,973	-
12	828,117	-
	1,476,538	-
	17,635,127	-
	17,635,127	-

Total assets

Less:

Current liabilities

Conservancy and service fees received in advance
Payables and accrued expenses
Income tax payable

	(76,457)	-
16	(684,843)	-
17	(15,000)	-
	(776,300)	-

NET ASSETS

	16,858,827	-
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MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

6 Lift Replacement fund (continued)

(i) Investment income	2018	2017
	\$	\$
Interest income - fixed deposits	72,476	-
Interest income - bank	15,060	-
	87,536	-

(ii) Expenditure	2018	2017
	\$	\$
Lift cyclical maintenance works	2,940,084	-
Lift overhauls and replacement works	600,475	-
Project management and other charges	304,052	-
Replacement of Lift Position Display Panel	95,978	-
	3,940,589	-

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

7 Town Improvement and Project fund

Note	Total		Residential Property		Commercial Property	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
Balance at 1 April	1,640,968	1,642,426	1,378,413	1,379,638	262,555	262,788
Transfer from government grants	4,22 1,229,337	1,339,858	1,229,337	1,339,858	-	-
Expenditure	7(i) (1,615,176)	(2,279,482)	(1,382,266)	(1,961,533)	(232,910)	(317,949)
Deficit for the year	(385,839)	(939,624)	(152,929)	(621,675)	(232,910)	(317,949)
Transfer to accumulated surplus*	4 (1,255,129)	(702,802)	(1,225,484)	(757,963)	(29,645)	55,161
Appropriation from accumulated surplus **	4 1,693,558	1,640,968	1,422,589	1,378,413	270,969	262,555
Balance at 31 March	1,693,558	1,640,968	1,422,589	1,378,413	270,969	262,555

Represented by:

Current asset

Cash and cash equivalents	13	1,693,558	1,640,968
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(i) Expenditure

Construction of covered linkways	683,207	814,657
Construction of pavilion	13,688	384,062
Construction/upgrading of playground, fitness corner etc	527,354	714,420
Residents' & study corner	13,074	652
Outdoor facilities	325,878	262,233
Lift lobbies upgrading	51,975	103,458
	1,615,176	2,279,482

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

** The amount required by Town Improvement Project fund for the following 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 2018

8 Fair value reserves

	2018 \$	2017 \$
Fair value reserves from available-for-sale financial assets	63,750	112,000
Movements:		
Balance at 1 April	112,000	(93,580)
Reclassification to profit or loss on disposal	-	245,080
Loss arising during the year	(48,250)	(39,500)
	(48,250)	205,580
Balance at 31 March	63,750	112,000
Fair value reserves are taken up in:		
Ordinary Sinking Fund	63,750	112,000

9 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 2016	905,279	209,854	145,880	1,261,013
Additions	-	1,090	14,775	15,865
Disposals	(6,692)	(8,940)	(11,824)	(27,456)
At 31 March 2017	898,587	202,004	148,831	1,249,422
Additions	14,532	-	9,105	23,637
Disposals	(6,255)	-	(10,099)	(16,354)
At 31 March 2018	906,864	202,004	147,837	1,256,705
<u>Accumulated depreciation</u>				
At 1 April 2016	846,188	206,353	117,937	1,170,478
Depreciation	31,827	2,070	20,527	54,424
Disposals	(6,692)	(8,940)	(11,824)	(27,456)
At 31 March 2017	871,323	199,483	126,640	1,197,446
Depreciation	16,508	1,389	13,056	30,953
Disposals	(6,255)	-	(10,099)	(16,354)
At 31 March 2018	881,576	200,872	129,597	1,212,045
<u>Net book value</u>				
At 31 March 2018	25,288	1,132	18,240	44,660
At 31 March 2017	27,264	2,521	22,191	51,976

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

10 Available-for-sale financial assets

	2018 \$	2017 \$
<u>At fair value</u>		
Balance at 1 April	2,612,000	4,657,420
Disposals	-	(2,005,920)
Fair value changes recognised in Ordinary Sinking Fund	(48,250)	(39,500)
Balance at 31 March	2,563,750	2,612,000
<u>Made up of:</u>		
Non-current portion	2,563,750	2,612,000

This comprises of investment in one quoted bond issued by a statutory board that bears fixed interest rate of 3.14% per annum with maturity date ending on 18 March 2021. The effective interest rate earned for the year is 3.03% (2017: 2.40%) per annum.

The available-for-sales financial assets is taken up in Ordinary Sinking Fund.

11 Conservancy and service fees receivables

	Note	2018 \$	2017 \$
Conservancy and service fees receivables		2,039,855	2,161,179
Less: Allowance for impairment		(990,150)	(1,034,512)
Net		1,049,705	1,126,667
<u>Taken up in:</u>			
Accumulated surplus		655,496	830,795
Ordinary Sinking Fund	5	256,236	295,872
Lift Replacement Fund	7	137,973	-
		1,049,705	1,126,667

Conservancy and service fees receivables are non-interest bearing and are generally on 30 days (2017: 30 days) credit term.

The movements in allowance for impairment are as follows:

	2018 \$	2017 \$
Balance at 1 April	1,034,512	917,782
(Write back from)/ Charge to profit or loss	(44,362)	116,730
Balance at 31 March	990,150	1,034,512

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

12 Other receivables

	Note	2018 \$	2017 \$
Claims for Citizens' Consultative Committee funding receivable		180,682	598,123
Billing for work carried out, reimbursement from HDB		1,654,326	1,469,227
Billing for work carried out, reimbursement from contractors		18,195	16,600
Billing for work carried out, reimbursement from NEA		22,134	61,895
GST Subvention grant receivable		345,440	328,207
Lift Replacement Fund Matching grant receivable		739,750	-
Deposit - PUB		76,300	99,870
GST receivable		161,872	-
Prepayments		37,568	-
Other receivables*		585,058	498,060
Less: Allowance for impairment		(517,470)	(493,189)
Net		3,303,855	2,578,793
Taken up in:			
Accumulated surplus		1,871,912	2,456,938
Ordinary Sinking Fund	5	603,826	121,855
Lift Replacement Fund	6	828,117	-
		3,303,855	2,578,793
		2018	2017
		\$	\$
The movements in allowance for impairment for other receivables are as follows:			
Balance at beginning of year		493,189	430,292
Charge to profit or loss		24,281	62,897
Balance at year end		517,470	493,189

*Other receivables consist of fee incurred and penalty fee imposed on outstanding conservancy and service fee receivables.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

13 Cash and short term deposits

	Note	2018 \$	2017 \$
Cash on hand		11,000	11,000
Cash at banks		21,854,015	16,574,216
		<u>21,865,015</u>	<u>16,585,216</u>
Fixed deposits with financial institutions		75,000,000	65,000,000
		<u>96,865,015</u>	<u>81,585,216</u>
Taken up in:			
Accumulated surplus		19,438,356	14,110,206
Ordinary Sinking Fund	5	60,607,793	65,834,042
Lift Replacement Fund	6	15,125,308	-
Town Improvement and Project fund	7	1,693,558	1,640,968
		<u>96,865,015</u>	<u>81,585,216</u>
Fixed deposits			
-Maturing in more than 3 months		35,000,000	35,000,000
-Maturing within 3 months		40,000,000	30,000,000
		<u>75,000,000</u>	<u>65,000,000</u>

Fixed deposits are placed for varying periods from one month to one year. The interest rates range from 1.30% to 1.55% (2017: 0.75% to 1.85%) per annum. The weighted average effective interest rates per annum relating to fixed deposits is 1.40% (2017: 1.35%).

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

	2018 \$	2017 \$
Cash and short term deposits	96,865,015	81,585,216
Less: Fixed deposits maturing more than 3 months	(35,000,000)	(35,000,000)
Cash and cash equivalents	<u>61,865,015</u>	<u>46,585,216</u>

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

14 Advances received for Neighbourhood Renewal Programme

	2018 \$	2017 \$
Balance at 1 April	989,863	201,206
Add/(Less):		
Funding from government	2,690,403	6,985,070
Payments to contractors	(3,051,339)	(6,196,413)
	(360,936)	788,657
Balance at 31 March	628,927	989,863

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. The funding for the programme comes from the Government and is for the specific use of projects under the programme. However, if the cost of project works incurred exceeds the funding provided, the Town Council has to bear the cost of excess expenditure.

15 Amount received for Estate Upgrading Programme

	Note	2018 \$	2017 \$
Balance at 1 April		-	147
Add: Transfer to accumulated surplus on closure of project	4	-	(147)
Balance at 31 March		-	-

16 Payables and accrued expenses

	Note	2018 \$	2017 \$
Accruals for completed works		48,008	119,778
Accrued operating expenses		9,337,112	3,386,300
Refundable deposits		260,372	254,856
GST Payables		-	72,744
Other payables		108,445	103,120
		9,753,937	3,936,798
Taken up in:			
Accumulated surplus		5,245,769	2,369,118
Ordinary Sinking Fund	5	3,823,325	1,567,680
Lift Replacement Fund	6	684,843	-
		9,753,937	3,936,798

Payables are non-interest bearing and are generally on 30 - 90 days (2017: 30 - 90 days) credit term.

The amount payable to managing agent as at 31 March 2018 of \$478,796 (2017: \$582,486) was included in the line items "accruals for completed works" and "accrued operating expenses" of \$9,445 (2017: \$17,941) and \$469,351 (2017: \$564,545) respectively with a credit term of 30 days (2017: 30 days).

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

17 Income tax

	Note	2018 \$	2017 \$
Current tax expense		310,000	367,000
Under/(Over) provision of tax in previous financial years		58,514	(63,624)
		368,514	303,376
Taken up in:			
Accumulated surplus	4	147,950	205,563
Ordinary Sinking Fund	5	205,564	97,813
Lift Replacement Fund	6	15,000	-
		368,514	303,376

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

	2018 \$	2017 \$
<u>Taxable income and deductible expenses</u>		
Interest and investment income	1,055,504	1,003,094
Government grants & other income	15,025,547	10,630,086
Trade income	841,999	1,209,238
Allowable expenses	(83,777)	(128,456)
	16,839,273	12,713,962
Tax calculated at a tax rate of 17% (2017: 17%)	2,862,676	2,161,374
Tax remission of government grants under section 92(2) of Singapore Income Tax Act	(2,521,999)	(1,784,818)
Tax effect on concessionary income	(5,495)	(6,119)
Singapore statutory stepped income exemption	(25,925)	(25,925)
Others	743	22,488
Current tax expense	310,000	367,000
Under/(Over) provision of tax in previous financial years	58,514	(63,624)
	368,514	303,376

The Town Council enjoys a concessionary tax rate of 10% (2017:10%) for the income earned on investment in bonds.

The movements in income tax payable are as follows:

	Note	2018 \$	2017 \$
Balance as at 1 April		670,026	771,026
Payments during the year		(361,539)	(404,376)
Current financial year's income tax expense		310,000	367,000
Under/(Over) provision of tax in previous financial years		58,514	(63,624)
Balance as at 31 March		677,001	670,026
Taken up in:			
Accumulated surplus		387,000	453,469
Ordinary Sinking Fund	5	275,001	216,557
Lift Replacement Fund	6	15,000	-
		677,001	670,026

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

18 Agency fees

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

19 Other income

	2018 \$	2017 \$
Penalty on late payment of conservancy & services fees	112,042	111,264
Liquidated damages imposed on contractors	230,256	140,393
Temporary occupational licenses	2,473,299	2,569,119
Usage of void deck, water, electricity and common property	333,808	312,230
Others	94,487	113,525
	3,243,892	3,246,531

20 General and administrative expenditure

	Note	2018 \$	2017 \$
Advertising, publicity and public relations		123,957	199,238
Audit fee		31,600	30,800
Computer services and fees		357,952	362,307
Depreciation of plant and equipment	9	30,953	54,424
Insurance premium		37,306	14,942
Office rental		268,500	266,850
Office upkeep expenditure		124,012	123,814
Office supplies and stationery		132,079	112,567
Telecommunication		87,337	85,925
Property tax		248,236	271,543
Town Councillors' allowances		222,052	219,000
Others		18,883	286,687
		1,682,867	2,028,097

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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 statement of income and expenditure and other comprehensive income.

Disallowed input tax in the respective funds are as follows:

	Note	2018 \$	2017 \$
Accumulated surplus	4	400,232	367,434
Ordinary Sinking Fund	5	152,550	131,849
Lift Replacement Fund	6	46,427	-
		<u>599,209</u>	<u>499,283</u>

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		LRF Matching Grant		Payment from Citizens Consultative Committees		GST Subvention Grant		Lift Maintenance Grant	
		2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$	2018 \$	2017 \$
Government grants received/receivable		13,602,948	9,319,052	7,997,284	7,979,194	3,553,727	-	1,229,337	1,339,858	-	-	822,600	-
GST Subvention received/receivable		1,368,558	1,306,920	-	-	-	-	-	-	1,368,558	1,306,920	-	-
	4	14,971,506	10,625,972	7,997,284	7,979,194	3,553,727	-	1,229,337	1,339,858	1,368,558	1,306,920	822,600	-
Less: Transfers to													
-Ordinary Sinking Fund	4, 5	(2,648,997)	(2,915,848)	(2,079,296)	(2,483,204)	-	-	-	-	(355,825)	(432,644)	(213,876)	-
-Lift Replacement Fund	4, 6	(4,980,110)	-	(1,119,621)	-	(3,553,727)	-	-	-	(191,598)	-	(115,164)	-
-Town Improvement and Project Fund	4, 7	(1,229,337)	(1,339,858)	-	-	-	-	(1,229,337)	(1,339,858)	-	-	-	-
		<u>6,113,062</u>	<u>6,370,266</u>	<u>4,798,367</u>	<u>5,495,990</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>821,135</u>	<u>874,276</u>	<u>493,560</u>	<u>-</u>

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

	2018 \$	2017 \$
Balance at beginning of the year	282,488,269	271,862,297
Add: Grants received/receivable for the financial year	14,971,506	10,625,972
Balance at end of the year	<u>297,459,775</u>	<u>282,488,269</u>

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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

Approved Town Council's capital expenditure but not provided for in the financial statements as at the financial year-end is as follows:

	2018 \$	2017 \$
Amount approved and contracted for	15,910,446	14,170,491
Amount approved but not contracted for	15,509,538	13,219,105
	31,419,984	27,389,596

25 Operating lease commitments

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

	2018 \$	2017 \$
Not later than one year	448,177	434,877
Later than one year and not later than five years	534,925	633,103
	983,102	1,067,980

The leases on the Town Council's premises from Housing and Development Board on which rental are payable will expire in December 2019 and February 2021, subject for option to renew for another three years. Rental terms are renegotiated on renewal.

The Town Council entered into an agreement 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 from 1 May 2013 to 30 April 2020.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

26 Significant related party transactions

Marine Parade Town Council is managed by the managing agent, Cushman & Wakefield Operations Pte Ltd, for the period from 1 April 2013 to 31 March 2017 and extended to 31 March 2019. The Company changed its name to C&W Services Operations Pte Ltd on 16 June 2017. The Town Council does not incur any manpower and related costs except for Town Councillors' allowances. There are 68 (2017: 67) Town Councillors in the Town Council.

	2018 \$	2017 \$
Town Councillors' allowances	222,052	219,000

The following are significant transactions took place between the Town Council and its managing agent on terms agreed between the parties during the financial year:

	2018 \$	2017 \$
- Managing agent fees	4,039,702	3,720,644
- Project management and other fees	3,359,567	1,852,474

The managing agent appointed by the Town Council is a related party as the managing agent provides key management personnel services to the Town Council.

27 Financial instruments and financial risk

The Town Council's financial instruments comprise cash and cash equivalents, 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. 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 potentially subject to concentrations of credit risk consist principally of cash balances with banks, available for sales investment 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 profit or loss. The allowance for impairment of conservancy and service fees receivables totalling \$990,150 (2017: \$1,034,512) is determined at the reporting date (Note 11).

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:

	2018 \$	2017 \$
Not past due	30,481	118,351
Past due		
- 0 to 12 months	1,014,573	886,082
- 12 to 24 months	264,247	122,234
- over 24 months	730,554	1,034,512
	2,039,855	2,161,179
Allowance for impairment	(990,150)	(1,034,512)
	1,049,705	1,126,667

The total amount receivable from each individual account is aged based on the earliest invoice which is still outstanding as at each month end.

The allowance for impairment is in respect of receivables that are past due for more than 24 months and the balance if any is in respect of receivables past due between 6 to 24 months.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

27 Financial instruments and financial risk (Continued)

Credit risk (Continued)

Trade receivables are collectively determined to be impaired at the end of the reporting period based on historical experience. The receivables are not secured by any collateral or credit enhancements. There are no further allowance for impairment required for Conservancy and service fees receivables amounting to \$1,019,224 (2017: \$1,008,316) which are past due at the financial year end but not impaired as the management believes that they are collectible.

Market risk

Interest rate risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Town Council's exposure to market risk for changes in interest rate relates primarily to interest-earning fixed deposits with reputable financial institutions.

Sensitivity analysis

At the end of the reporting period, if interest rates had been 100 (2017: 100) basis points lower/ higher with all other variables held constant, the Town Council's surplus net of tax would have been \$622,500 (2017: \$539,500) lower/ higher, arising mainly as a result of lower/higher interest income on fixed deposits.

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.

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

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

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 the notes to the financial statements are as follows:

	Note	2018 \$	2017 \$
Available-for-sale financial assets	10	2,563,750	2,612,000
Loan and receivables (including cash at bank)		101,635,670	85,636,436
Less: financial liabilities at amortised cost		(9,753,937)	(3,936,798)
Net		<u>94,445,483</u>	<u>84,311,638</u>

28 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 values of the financial assets of quoted bond has been included in level 1 of the fair value hierarchy for the financial year ended 31 March 2018 and 2017.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

29 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 to ensure optimal funding structure, taking into consideration the future funding requirements, projected operating cash flows, projected capital expenditures 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 amounted to \$92,527,541 (2017: \$82,173,020).



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