

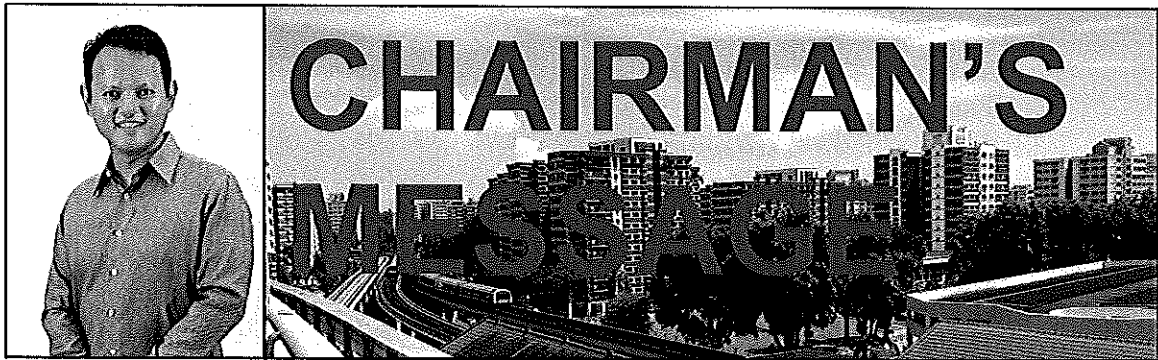
**CHUA CHU KANG TOWN COUNCIL**  
(Established under the Town Councils Act, Cap. 329A)

**AUDITED FINANCIAL STATEMENTS  
FOR FINANCIAL YEAR ENDED 31 MARCH 2014**

**CHUA CHU KANG TOWN COUNCIL**  
(Established under the Town Councils Act, Cap 329A)

**FINANCIAL STATEMENTS**  
**FOR FINANCIAL YEAR ENDED 31 MARCH 2014**

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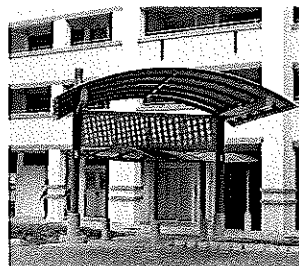
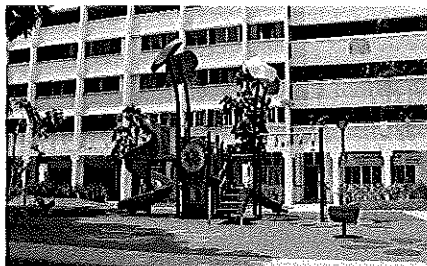


## **MAKING CHUA CHU KANG TOWN YOUR BEST HOME**

FY 13/14 has seen the upgrading of many physical and social structures around Chua Chu Kang GRC and Hong Kah North SMC. Regular interactions between the Members of Parliaments, Town Council officers and grassroots volunteers have enabled us to better identify new facilities required and areas of improvement in the constituency.

In March 2014, the Government announced Service & Conservancy Charges (S&CC) rebates to help residents cope with the increases in costs of living. Each eligible Singaporean household will receive one to three months of S&CC rebates, depending on your HDB flat type. The first rebate was disbursed in April 2014, the second in July 2014 while the third disbursement will take place in October 2014.

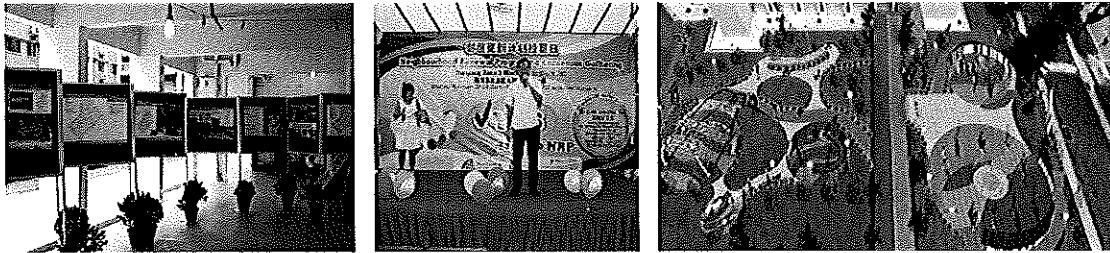
## **UPGRADING OUR FACILITIES**



The needs of our residents are constantly changing. To improve our residents' living environment and bring them greater convenience, a total of 75 town improvement projects were carried out in FY13/14, costing approximately 4.21m. Of this sum, 3.48m is funded by the Ministry of National Development (MND) under the Community Improvement Programmes Committee (CIPC) scheme.

More covered linkways and drop-off porches have been built to ensure that there is better convenience and greater accessibility for our residents. We have also upgraded more children's playgrounds and fitness corners so that our residents have access to newer facilities.

## NEIGHBOURHOOD RENEWAL PROGRAMME (NRP)



The Neighbourhood Renewal Programme (NRP) was introduced in August 2007 as part of the government's initiative to transform the heartland. The NRP is fully funded by the government and implemented by the Town Council.

I am pleased to let our residents know that the NRP projects in our town are on track. Residents of Blocks 711 to 731 Jurong West Street 71/72 voted for the Neighbourhood Renewal Programme at the NRP Consensus Gathering on 18 January 2014. I am delighted to announce that the mandatory minimum of 75% support votes has been exceeded.

The NRP is currently in the tender stage and construction is slated to begin in Quarter 2, 2015. The NRP will include upgrades to the blocks such as linkways, barrier-free connections, jogging and cycling tracks, 3G Interactive Hubs, and much more.

The two Neighbourhood Renewal Program projects happening in Hong Kah North are in the final stages of construction and upon completion, residents will certainly enjoy the new facilities and cheer the rejuvenation of their estate.

Construction for the NRP at Block 101 to 124 Teck Whye Lane as well as the NRP at Block 933 to 950, 952 & 953 Jurong West Street 91 are well underway. Both NRPs are expected to complete in Quarter 2, 2015.

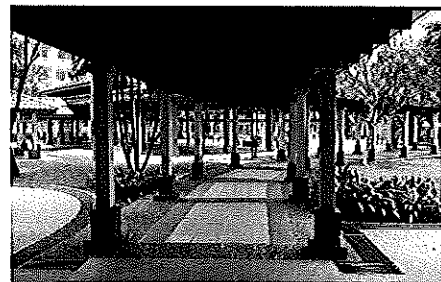
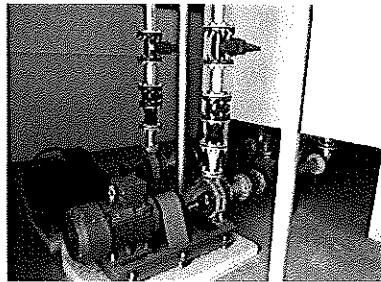
The Town Council would like to thank our residents for their continuous support of the NRPs and to share any suggestions concerning the preliminary designs with them.

## LIFT UPGRADING PROGRAMME (LUP)

Since 2011, a total of 318 blocks across our town has undergone the Lift Upgrading Program. This includes upgrades that have been funded by the Town Council as well as those that were co-funded by HDB.

Under this programme, lift are upgraded to serve every floor to provide greater convenience and accessibility for our residents.

## CYCLICAL WORKS



Chua Chu Kang Town has been given new life as many of the blocks within our estate have undergone repainting this past year. A total of 247 blocks were given a new coat of paint making them look brand new.

There has also been replacement of transfer pumps, booster pumps & water pipes to ensure that water continues to flow smoothly to all homes.

## GROWING TOGETHER AS A COMMUNITY

As Chua Chu Kang Town physically continues to improve and upgrade, it is just as important that our community spirit of caring and of taking ownership of our living environment also strengthens.

The Town Council plays a supportive role, working in close collaboration with the various agencies, voluntary welfare organizations and grassroots organizations to strengthen community spirit with various campaigns and competitions carried out throughout the year.

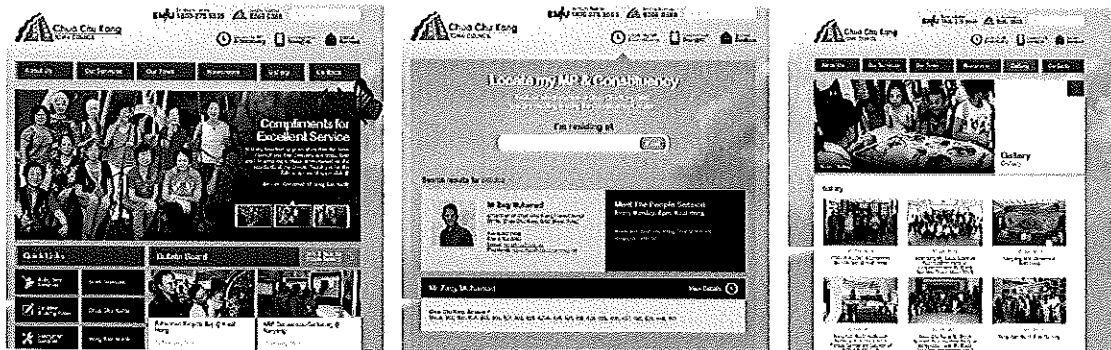
## MY BLOCK SPARKLES 2014



My Block Sparkles 2013 was held between June till September 2013 with the Award Ceremony taking place on 27<sup>th</sup> October 2013 at Block 388A Bukit Batok West Avenue 5, Multi-Purpose Hall. My Block Sparkles 2013 received media coverage in Lianhe Zaobao and Channel U's 100% Singapore and was a resounding success.

This year, My Block Sparkles 2014 will be focusing on The Most Improved Block while creating awareness on obstruction/corridor clutter. The blocks nominated for the competition were those that could do much better in its cleanliness, maintenance and keeping the common areas neat and tidy. The Resident Committees and our Town Council officers will be working closely together with the aim to improve the living conditions at these blocks.

## REVAMP OF THE TOWN COUNCIL WEBSITE



The Town Council website was revamped with the intent of providing a more resident friendly source of information and was launched in April 2014. To achieve this, new features were added to the revamped website such as 'Locate my MP & Constituency' and 'Quick Links'. These features provide greater access to information for our residents. We have also ensured that there is smartphone optimization to allow seamless access to the website anytime, anywhere.

On the off chance that there are any urgent works carried out at the Chua Chu Kang Town, the website is now able to provide our residents with live updates ensuring that they are constantly updated.

## B.E.A.T. DENGUE!



Earlier this year, the Town Council embarked on a B.E.A.T Dengue Campaign focusing on cluster areas. The campaign focused on getting the residents to ensure that stagnant water in the top 3 dengue habitats (common corridors, outdoor drains and discarded receptacles) were reported to Town Council or thrown away to avoid creating potential dengue breeding habitats.

## **FINANCIAL REVIEW**

This past financial year, we welcomed many new residents to our community as we saw a growth in the number of sold or rented HDB residential and commercial units. There are now a total of 72,238 sold and rented units, up from the previous figure of 71,453 units.

The Town Council has achieved an operating surplus of \$3.09 million in FY 2013/14 after taking into account of government grants.

The upkeep of Chua Chu Kang Town's estate is becoming increasingly challenging in the face continuous rising costs. Aside from the increase of inflation and the rise in electricity tariffs over the past few years, our operating expenses also saw a substantial increase in cleaning costs, lift servicing and maintenance expenditure. This has been further exacerbated by the tight labour market and increased cost in foreign workers levies. The Town Council will continue to keep maintenance costs down as well as continue to upgrade our Town to meet our residents' aspirations for a quality living environment.

## **LOOKING AHEAD**

FY 14/15 has kicked off to a good start and is proving to be an exciting period as Chua Chu Kang Town continues to upgrade its infrastructure. The Town Council will continue to consult our residents and grassroots leaders to implement projects that will benefit the community while maintaining a healthy financial position.

I would like to thank our residents for their support and continued feedback on how we can keep our estate in tip-top condition to ensure a happy and vibrant community. Your co-operation and understanding while we carry out improvement projects across our town ensures that we will continue to strengthen and bond together as a community.

I would also like to thank the grassroots leaders, Town Councilors and staff for their dedicated commitment and contributions. We have accomplished much this past Financial Year together and we will continue to meet the needs of our residents to the best of our ability.



Zaqy Mohamad  
Chairman  
Chua Chu Kang Town Council

## **Report on the financial statements**

We have audited the accompanying financial statements of Chua Chu Kang Town Council ("the Town Council"), which comprise the statement of financial position as at 31 March 2014, the income and expenditure statement, statement of comprehensive income, statement of changes in Town Council funds and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's responsibility for the financial statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Town Councils Act, Cap. 329A ("the Act") and Singapore Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town Council's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Town Council as at 31 March 2014, and of the results, changes in funds and cash flows of the Town Council for the financial year ended on that date.



## **Report on Other Legal and Regulatory Requirements**

### *Management's responsibility for compliance with legal and regulatory requirements*

The Town Council's 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*

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

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

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

### *Opinion*

In our opinion,

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

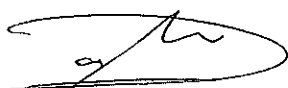


**AT ADLER**  
Public Accountants and Chartered Accountants

Singapore, 29 August 2014

**CHUA CHU KANG TOWN COUNCIL**  
(Established under the Town Councils Act, Cap 329A)  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2014**

	Note	2014 SS	2013 SS
<b>TOWN COUNCIL FUNDS</b>			
<b>RESIDENTIAL PROPERTY FUNDS</b>			
Accumulated Surplus	4	-	32,006
Sinking Funds	5	131,215,438	138,105,175
Town Improvement and Project Funds	6	28,005	751,289
		131,243,443	138,888,470
<b>COMMERCIAL PROPERTY FUNDS</b>			
Accumulated Surplus	4	3,013,492	1,723,597
Sinking Funds	5	21,188,953	21,155,847
Town Improvement and Project Funds	6	5,166,248	4,679,688
		29,368,693	27,559,132
<b>CARPARK</b>			
Accumulated Surplus	4	1,335,034	-
<b>NEIGHBOURHOOD RENEWAL PROGRAMME FUND</b>			
	7	125,108	37,062
		162,072,278	166,484,664
Represented by:			
<b>NON-CURRENT ASSETS</b>			
Plant and Equipment	8	94,914	81,433
Held-to-maturity financial assets	9	40,000,000	40,000,000
		40,094,914	40,081,433
<b>CURRENT ASSETS</b>			
Held-to-maturity financial assets	9	-	2,000,000
Financial Assets at fair value through profit or loss	10	29,042,389	28,380,245
Conservancy and service receivables	11	1,834,696	1,884,542
Other receivables	12	7,170,664	8,042,254
Interest receivable		897,319	886,810
Cash and cash equivalents	13	94,889,155	92,445,121
		133,834,223	133,638,972
Total Assets		173,929,137	173,720,405
Less:			
<b>CURRENT LIABILITIES</b>			
Conservancy and service fees received in advance		579,409	565,252
Payables and accrued expenses	14	9,804,839	5,385,390
Income tax payable		1,472,611	1,285,099
		11,856,859	7,235,741
<b>NET ASSETS</b>		162,072,278	166,484,664



ZAQY MOHAMAD  
CHAIRMAN



CLARENCE TAN KOK CHEOW  
GENERAL MANAGER / SECRETARY

Date : 29 August 2014

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

**CHUA CHU KANG TOWN COUNCIL**  
(Established under the Town Councils Act, Cap 329A)  
**INCOME AND EXPENDITURE STATEMENT**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

	<u>Note</u>	<u>2014</u> S\$	<u>2013</u> S\$
<b>OPERATING INCOME</b>			
Conservancy and service fees	4	50,443,915	47,185,707
Less: Operating income transfer to Sinking Funds (minimum required by law)	4, 5	17,468,262	16,351,970
		32,975,653	30,833,737
Agency fees	15	4,410,840	4,453,719
Other income	16	3,285,506	3,333,061
		40,671,999	38,620,517
Less:			
<b>OPERATING EXPENDITURE</b>			
Cleaning works		7,201,505	6,604,320
Managing agent's fees	17	4,491,218	4,539,207
Lift maintenance		6,217,672	5,704,024
Other works and maintenance		6,207,062	6,571,660
Water and electricity		15,092,383	15,539,693
General and administrative expenditure	18	2,028,221	1,801,352
		41,238,061	40,760,256
<b>OPERATING DEFICIT</b>		(566,062)	(2,139,739)
<b>ADD: NON OPERATING INCOME</b>			
Investment income	19	64,685	49,195
<b>DEFICIT BEFORE TAXATION AND GOVERNMENT GRANTS</b>		(501,377)	(2,090,544)
Less:			
Goods and Services Tax	20	224,586	256,487
Income Tax Expense	21	540,779	360,160
<b>DEFICIT BEFORE GOVERNMENT GRANTS</b>		(1,266,742)	(2,707,191)
Add: Government grants	22	10,055,365	9,217,276
Less: Transfer to Sinking Funds	5	2,219,352	2,141,005
Transfer to Town Improvement and Project Funds	6	3,476,348	2,881,116
		4,359,665	4,195,155
<b>SURPLUS FOR THE FINANCIAL YEAR</b>		3,092,923	1,487,964

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

**CHUA CHU KANG TOWN COUNCIL**  
 (Established under the Town Councils Act, Cap 329A)  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

	<u>Note</u>	<u>2014</u> S\$	<u>2013</u> S\$
<b>SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR</b>			
Accumulated Surplus	4	3,092,923	1,487,964
Sinking Funds	5	(6,856,631)	3,406,367
Town Improvement & Project Funds	6	(736,724)	(341,496)
Neighbourhood Renewal Programme Funds	7	88,046	(20,300)
		<u>(4,412,386)</u>	<u>4,532,535</u>
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR ATTRIBUTABLE TO TOWN COUNCIL FUNDS</b>		<u>(4,412,386)</u>	<u>4,532,535</u>

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

**CHUA CHU KANG TOWN COUNCIL**  
(Established under the Town Councils Act, Cap 329A)  
**STATEMENT OF CHANGES IN TOWN COUNCIL FUNDS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

	Total S\$	Residential Property Funds S\$	Commercial Property Funds S\$	Carpark Funds S\$	Neighbourhood Renewal Programme S\$
Balance as at 1 April 2012	161,952,129	134,911,337	25,758,519	1,224,911	57,362
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>					
Surplus/(deficit) for the year	4,532,535	1,418,870	1,800,613	1,333,352	(20,300)
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive income/(loss) for the year</b>	4,532,535	1,418,870	1,800,613	1,333,352	(20,300)
Transfer from carpark to residential	-	2,558,263	-	(2,558,263)	-
<b>Balance as at 31 March 2013</b>	<b>166,484,664</b>	<b>138,888,470</b>	<b>27,559,132</b>	<b>-</b>	<b>37,062</b>
Balance as at 1 April 2013	166,484,664	138,888,470	27,559,132	-	37,062
<b>COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR</b>					
(Deficit)/surplus for the year	(4,412,386)	(8,254,878)	2,419,412	1,335,034	88,046
Other comprehensive income	-	-	-	-	-
<b>Total comprehensive (loss)/income for the year</b>	(4,412,386)	(8,254,878)	2,419,412	1,335,034	88,046
Transfer from commercial to residential	-	609,851	(609,851)	-	-
<b>Balance as at 31 March 2014</b>	<b>162,072,278</b>	<b>131,243,443</b>	<b>29,368,693</b>	<b>1,335,034</b>	<b>125,108</b>

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

Note	2014 S\$	2013 S\$
Accumulated Surplus	4	3,092,923
Sinking Funds	5	1,487,964
Town Improvement & Project Funds	6	(6,856,631)
Neighbourhood Renewal Programme Funds	7	3,406,367
		(736,724)
		(341,496)
		(20,300)
		88,046
		(4,412,386)
		4,532,535

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

**CHUA CHU KANG TOWN COUNCIL**  
(Established under the Town Councils Act, Cap 329A)  
**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

	<u>Note</u>	<u>2014</u> S\$	<u>2013</u> S\$
<b>OPERATING ACTIVITIES</b>			
Deficit before income tax and Government Grant (after Goods and Services Tax)		(725,963)	(2,347,031)
Adjustments for :			
Depreciation	8	24,975	13,655
Provision for doubtful debts		422,762	177,513
Operating transfer to Sinking Fund		17,468,262	16,351,970
Investment income of routine fund (included in investing activities)		(64,685)	(49,195)
Operating cash inflows before movements in working capital		<u>17,125,351</u>	<u>14,146,912</u>
Receivables		261,145	(1,829,273)
Payables		<u>4,433,489</u>	<u>191,256</u>
Cash generated from operations		<u>21,819,985</u>	<u>12,508,895</u>
Income tax paid	21	(479,231)	(118,255)
Sinking Fund expenditure inclusive of goods and services tax		(28,617,725)	(18,151,687)
Sinking Fund income received		830	821
Town Improvement and Project expenditure		(4,213,072)	(3,222,612)
Neighbourhood Renewal Programme Fund (net)		<u>88,046</u>	<u>(20,300)</u>
Net cash used in operating activities		<u>(11,401,167)</u>	<u>(9,003,138)</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of plant and equipment	8	(38,456)	(82,168)
Proceeds from redemption of bonds		2,000,000	6,250,000
Proceeds from redemption of Funds with Fund manager		-	13,045,820
Purchases of bond (held-to-maturity)		-	(3,000,000)
Interest received		<u>1,923,850</u>	<u>1,830,716</u>
Net cash generated from investing activities		<u>3,885,394</u>	<u>18,044,368</u>
<b>FINANCING ACTIVITIES</b>			
Government Grants Received		8,438,306	9,206,800
Government grant received for GST subvention		<u>1,854,589</u>	<u>1,729,969</u>
Net Cash generated from financing activities		<u>10,292,895</u>	<u>10,936,769</u>
Net increase in cash and cash equivalents		2,777,122	19,977,999
Cash and cash equivalents at the beginning of the year		<u>91,524,072</u>	<u>71,546,073</u>
Cash and cash equivalents at the end of the year (Note 13)		<u><u>94,301,194</u></u>	<u><u>91,524,072</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

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**1. General information**

Hong Kah Town Council ("Town Council") was formed on 5 July 1989 under the Town Councils Act (Chapter 329A). The functions of the Town Council are to control, manage, maintain and improve the common property of residential and commercial property in the housing estates of the Housing and Development Board (HDB) within the Town. The Town consists of the Hong Kah Group Representation Constituency and Chua Chu Kang Single Member Constituency. The principal place of operation is at 309, Choa Chu Kang Ave 4, #02-02 Choa Chu Kang Centre, Singapore 680309.

According to the Town Councils Act (Chapter 329A) Town Councils (Declaration of Towns) order 2011 and Town Councils (Establishment) order 2011 published on 27 May 2011, the Town Council of Hong Kah shall be known as the Town Council for the Town of Chua Chu Kang from 27 May 2011. Chua Chu Kang Town Council ("Town Council") consists of the Chua Chu Kang Group Representation Constituency and Hong Kah North Single Member Constituency.

The financial statements of the Town Council for the financial year ended 31 March 2014 were authorised for issue by the management of the Town Council on 29 August 2014.

**2. Summary of significant accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") including all related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the provisions of the Town Councils Act, Cap 329A.

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies set out below.

Adoption of new and revised standards :

On 1 April 2013, the Town Council has adopted the new or revised FRS that are mandatory for application from that date and are relevant to its operations. This includes the following FRS:

Reference	Description
Amendments to FRS 1 FRS 113	Presentation of Items of Other Comprehensive Income Fair Value Measurement

The adoption of these new or amended FRS did not result in substantial changes to the Town Council's accounting policies and had no material effects on the amounts reported for the current or prior financial years, except for additional disclosure in Note 26.

**2.2 Significant accounting estimates and judgements**

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis.

Apart from those involving estimations, the management has made judgements in the process of applying the Town Council's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

**2.3 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:

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

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2. Summary of significant accounting policies (Continued)

2.3 Town Council Funds (Continued)

Residential Property  
Commercial Property  
Car parks are managed by the Town Council for the HDB on an agency basis

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

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

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

*Sinking funds*

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 Sinking Funds are maintained as part of the Town Council's Fund.

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

The minimum amounts to be paid, by property type, into the Sinking Funds are as follows:

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

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

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

*Town improvement and project funds*

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

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

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

*Neighbourhood renewal programme fund*

The Neighbourhood Renewal Programme ("NRP") was introduced in Aug 2007 in response to feedback received from residents during the Forum on HDB Heartware for more active consultation on the improvements to be provided in their precincts.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

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**2. Summary of significant accounting policies (Continued)**

**2.3 Town Council Funds (Continued)**

*Neighbourhood renewal programme fund (Continued)*

The NRP, which replaces the Interim Upgrading Programme (IUP) Plus, focuses on block and neighbourhood improvements. It is implemented on a larger area basis of 2 or more contiguous precincts.

Blocks built up to 1989 and have not undergone the Main Upgrading Programme (MUP), Interim Upgrading Programme (IUP) or IUP Plus are eligible for NRP.

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

**2.4 Inter-fund transfers**

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

**2.5 Allocation of general overheads**

Expenditure not specifically related to any property type managed, for example, administrative overheads, tree planting and pruning are allocated to the various property types using equivalent dwelling units as follows:

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

No overhead is allocated to the Sinking Funds, Town Improvement and Project Funds and Neighbourhood Renewal Programme Fund.

**2.6 Government grants**

The Town Council receives four types of grants from the Government, namely, Service and Conservancy Charges ("S&CC") Grant, Payment from CCC and GST Subvention Grant.

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. 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 income and expenditure statement over the expected useful life of the relevant asset by equal annual instalment.

Payments from CCC are given as reimbursement claims under the Community Improvement Projects Committee Scheme.

GST Subvention Grants are given as grants-in-aid to the Town Council to assist the Town Council in absorbing the GST increases in service and conservancy charges for HDB residential flats.

Service and Conservancy Charge operating grants to meet the current year's operating expenditure are taken to the income and expenditure statement.

**2.7 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

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2. Summary of significant accounting policies (Continued)

2.7 Plant and equipment (Continued)

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

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

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

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of plant and equipment is recognised in income and expenditure statement.

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

2.8 Financial assets

*Initial recognition, measurement and derecognition of financial assets*

The Town Council classifies its investments in financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and held-to-maturity 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 at fair value is 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) Financial assets at fair value through profit or loss

Assets are classified in this category when they are principally incurred for the purpose of selling or repurchasing in the near term (trading assets) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. These assets are carried at fair value by reference to the transaction price or current bid prices in an active market. All changes in fair value are recognised directly in the income and expenditure/sinking fund statement. They are classified as non-current assets unless management intends to dispose of the investment within 12 months from the reporting date. Investments in equities, bonds and unit trusts are classified under this category.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

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2. Summary of significant accounting policies (Continued)

2.8 Financial assets (Continued)

*Subsequent measurement (Continued)*

(ii) Loans and receivables:

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

(iii) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Town Council's management has the positive intention and ability to hold to maturity. Held-to-maturity financial assets are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method, less impairment losses. Gains and losses are recognised in the income and expenditure statement when the held-to-maturity investments are derecognised or impaired, and through the amortisation process. The Town Council's held-to-maturity investments include investments in government bonds with fixed interest rate.

*Impairment of financial assets*

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

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

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.9 Impairment of non-financial assets

At each reporting date, the Town Council reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. 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. Impairment losses are recognised as an expense immediately.

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 immediately.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

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**2. Summary of significant accounting policies (Continued)**

**2.10 Funds with fund managers**

Funds with fund managers represent the cost of the portfolio of assets placed with fund managers at the beginning of each management term plus investment income less management fees payable during the management term.

Funds with fund managers comprise mainly of equities, bonds, exchange traded products, cash and fixed deposits. Equities and bonds are stated on an aggregated portfolio basis.

**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 the income and expenditure statement.

**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, bank overdrafts 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.

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

**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 Town Council derecognises financial liability 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

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**2. Summary of significant accounting policies (Continued)**

**2.14 Financial liabilities (Continued)**

*Subsequent measurement (Continued)*

- (ii) Other financial liabilities: All liabilities, which have not been classified 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.

**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. 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 Payables and accrued expenses**

Liabilities for trade and other amounts payable, which are generally settled on 30-90 days terms, are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to Town Council.

**2.17 Provisions**

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

**2.18 Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable from the gross inflow of economic benefits during the year arising from the course of the ordinary activities of the Town Council and it is shown net of related tax, estimated returns and rebates.

- (i) Conservancy and service fee

Conservancy and service fees are recognised when due.

- (ii) Agency fees

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

- (iii) Interest income

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

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

- (iv) Other income

Other income comprises mainly licence fees ("TOL") income, liquidated damages claims and other miscellaneous income and are recognised when earned.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

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**2. Summary of significant accounting policies (Continued)**

**2.19 Lease as a lessee**

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

**2.20 Income tax**

Tax is provided on the following income:

- (i) Interest 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 for the use of common property and maintenance of car parks where the Town Council opts to manage and maintain them;
- (iii) Donations from non-residents or non-owners of properties in the Town; and
- (iv) Agency fees derived from acting as agent for the HDB.

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

**2.21 Foreign currency transactions and translation**

The financial statements of the Town Council are measured and presented in Singapore dollars, which is the currency of the primary economic environment in which the Town Council operates (its functional currency).

In preparing the financial statements of the Town Council, transactions in currencies other than the Town Council's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date.

**3. Critical accounting judgments and key sources of estimation uncertainty**

Estimates and judgements are currently evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Apart from information disclosed elsewhere in these financial statements, the following summarises estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and significant judgements made in the process of applying the Town Council's accounting policies.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014

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

*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 detailed below.

(i) Allowance for doubtful conservancy and service fees receivables

Allowance for doubtful conservancy and service debts amounting to \$1,219,088 (2013: \$796,326) has been estimated on the basis of age of debts, result of recovery efforts and historical experience. The identification of doubtful 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 the receivables and the allowance for impairment in the financial year in which such estimate has been changed.

Other receivables mainly consists of grants receivables from the Citizens' Consultative Committees (CCC) for approved projects and no allowance has been provided for. Allowance is applied to other receivables if events or changes in circumstances indicate that the balances may not be collectible.

(ii) Useful lives of plant and equipment

The cost of plant and equipment for the Town Council is depreciated on the straight-line basis over the plant and equipment's estimated economic useful lives. Changes in the expected useful lives and the technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Town Council's plant and equipment at the end of each reporting period is \$94,914 (2013: \$81,433).

(iii) Impairment of financial and non-financial assets

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

(iv) Income tax

The Town Council is subject to income taxes in Singapore. Judgement is required in determining the deductibility of certain expenses during the estimation of the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of operations. The Town Council recognises liabilities for expected tax issues based on estimate of whether additional taxes will be due. Where the final tax outcome of these matters differs from the amounts that were initially recognised, such differences will impact the income tax provisions in the period in which such determination is made. As at 31 March 2014 the tax payable by the Town Council was \$1,472,611 (2013: \$1,285,099).

(v) Classification of held-to-maturity financial assets

The Town Council follows the guidance of FRS 39 on classifying non-derivatives financial assets with fixed or determinable payments with fixed maturity as held-to-maturity.

This classification requires judgement. In making this judgement, the Town Council evaluates its intention and ability to hold such investments to maturity. If the Town Council fails to keep investments to maturity other than for specific circumstances, it will be required to reclassify these investments as available-for-sale. The investments would then be measured at fair value, and not amortised cost.

**CHUA CHU KANG TOWN COUNCIL**  
(Established under the Town Councils Act, Cap 329A)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

**4. ACCUMULATED SURPLUS**

The (deficit)/surplus for the year attributable to the various activities is carried forward as Accumulated Surplus in the respective funds as follows :

Note	Total		Residential Property		Commercial Property		Carpark	
	2014	2013	2014	2013	2014	2013	2014	2013
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
<b>OPERATING INCOME</b>								
Conservancy and service fees	50,443,915	47,185,707	48,480,670	45,358,620	1,963,245	1,827,087	-	-
Less: Operating transfer to Sinking Funds (minimum required by law)	17,468,262	16,351,970	16,781,125	15,712,489	687,137	639,481	-	-
	32,975,653	30,833,737	31,699,545	29,646,131	1,276,108	1,187,606	-	-
Agency fees	4,410,840	4,453,719	-	-	-	-	4,410,840	4,453,719
Other income	3,285,506	3,333,061	1,122,613	1,077,733	2,020,716	2,121,636	142,177	133,692
	40,671,999	38,620,517	32,822,158	30,723,864	3,296,824	3,309,242	4,553,017	4,587,411
Less: Operating Expenditure	41,238,061	40,760,256	37,310,295	36,714,597	790,070	851,523	3,137,696	3,194,136
	(566,062)	(2,139,739)	(4,488,137)	(5,990,733)	2,506,754	2,457,719	1,415,321	1,393,275
	64,685	49,195	64,685	43,016	-	984	-	5,195
<b>OPERATING (DEFICIT)/SURPLUS</b>	(501,377)	(2,090,544)	(4,423,452)	(5,947,717)	2,506,754	2,458,703	1,415,321	1,398,470
<b>(DEFICIT)/SURPLUS BEFORE INCOME TAX AND GOVERNMENT GRANTS</b>								
Less:								
Goods & Services Tax	224,586	256,487	196,580	224,272	4,447	5,130	23,559	27,085
Income Tax Expense	540,779	360,160	473,344	314,924	10,707	7,203	56,728	38,033
	(1,266,742)	(2,707,191)	(5,093,376)	(6,486,913)	2,491,600	2,446,370	1,335,034	1,333,352
<b>(DEFICIT)/SURPLUS BEFORE GOVERNMENT GRANTS</b>								
Add: Government grants	10,055,365	9,217,276	10,055,365	9,217,276	-	-	-	-
Less: Transfer to Sinking Funds	2,219,352	2,141,005	2,219,352	2,141,005	-	-	-	-
Sinking Funds	3,476,348	2,881,116	3,384,494	2,881,116	91,854	-	-	-
Town Improvement and Project Funds	4,359,665	4,195,155	4,451,519	4,195,155	(91,854)	-	-	-
	3,092,923	1,487,964	(641,857)	(2,291,758)	2,399,746	2,446,370	1,335,034	1,333,352
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>								
<b>ACCUMULATED SURPLUS AT 1 APRIL</b>								
Add/(less):								
Transfer from commercial to residential	-	-	609,851	-	(609,851)	-	-	-
Transfer from carpark to residential	-	-	-	2,558,263	-	-	-	(2,558,263)
Appropriation to Town Improvement and Project Funds	(500,000)	(2,500,000)	-	(300,000)	(500,000)	(2,200,000)	-	-
	4,348,526	1,755,603	-	32,006	3,013,492	1,723,597	1,335,034	-
<b>ACCUMULATED SURPLUS AT 31 MARCH</b>								



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

**5. SINKING FUNDS**

Note	Total		Residential Property		Commercial Property	
	2014	2013	2014	2013	2014	2013
	SS	SS	SS	SS	SS	SS
Balance at 1 April	159,261,022	155,854,655	138,105,175	134,130,169	21,155,847	21,724,486
Add:						
Investment Income	2,198,614	3,492,833	2,154,612	3,422,976	44,002	69,857
Other Income	830	821	830	821	-	-
Operating transfer from conservancy and services fees	17,468,262	16,351,970	16,781,125	15,712,489	687,137	639,481
Government grants	2,219,352	2,141,005	2,219,352	2,141,005	-	-
	21,887,058	21,986,629	21,155,919	21,277,291	731,139	709,338
Less:						
Expenditure	28,501,674	18,037,056	27,808,725	16,769,944	692,949	1,267,112
Goods and Services tax	116,051	114,631	113,486	112,338	2,565	2,293
Income tax	125,964	428,575	123,445	420,003	2,519	8,572
	28,743,689	18,580,262	28,045,656	17,302,285	698,033	1,277,977
(Deficit)/surplus for the year	(6,856,631)	3,406,367	(6,889,737)	3,975,006	33,106	(568,639)
Balance at 31 March	152,404,391	159,261,022	131,215,438	138,105,175	21,188,953	21,155,847

Represented by:

	2014	2013
	SS	SS
<b>Non-Current Assets</b>		
Held-to-maturity financial assets	40,000,000	40,000,000
<b>Current Assets</b>		
Held-to-maturity financial assets	-	2,000,000
Conservancy and service receivables	635,338	653,079
Other receivables	470,564	327,598
Interest receivable	874,394	880,292
Financial assets at fair value through profit or loss	29,042,389	28,380,245
Cash and cash equivalents	81,249,009	84,179,225
Due from accumulated surplus	6,589,248	5,364,022
	118,860,942	121,784,461
<b>Total Assets</b>	158,860,942	161,784,461
<b>Current Liabilities</b>		
Conservancy and services fees received in advance	200,644	195,885
Payables and accrued expenses	5,285,864	1,483,475
Income tax payable	970,043	844,079
	6,456,551	2,523,439
<b>NET ASSETS</b>	152,404,391	159,261,022

**CHUA CHU KANG TOWN COUNCIL**  
(Established under the Town Councils Act, Cap 329A)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2014**

**6. TOWN IMPROVEMENT AND PROJECT FUNDS**

Note	Total		Residential Property		Commercial Property	
	2014	2013	2014	2013	2014	2013
	S\$	S\$	S\$	S\$	S\$	S\$
Balance at 1 April	5,430,977	3,272,473	751,289	715,667	4,679,688	2,556,806
Add/(Less):						
Government grants	3,476,348	2,881,116	3,384,494	2,881,116	91,854	-
Expenditure	(4,213,072)	(3,222,612)	(4,107,778)	(3,145,494)	(105,294)	(77,118)
Deficit for the year	(736,724)	(341,496)	(723,284)	(264,378)	(13,440)	(77,118)
Appropriation from accumulated surplus	500,000	2,500,000	-	300,000	500,000	2,200,000
Balance at 31 March	5,194,253	5,430,977	28,005	751,289	5,166,248	4,679,688

Represented by:

	2014	2013
	S\$	S\$
<b>Current assets</b>		
Grants receivable	3,730,839	3,996,543
Other receivables	71,141	759,634
Amount due from accumulated surplus	3,600,115	1,839,994
<b>Total assets</b>	<b>7,402,095</b>	<b>6,596,171</b>
<b>Current liabilities</b>		
Payables and accrued expenses	2,207,842	1,165,194
<b>Total liabilities</b>	<b>2,207,842</b>	<b>1,165,194</b>
<b>NET ASSETS</b>	<b>5,194,253</b>	<b>5,430,977</b>

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**7. NEIGHBOURHOOD RENEWAL PROGRAMME FUND**

	<u>2014</u>	<u>2013</u>
	S\$	S\$
Balance at 1 April	37,062	57,362
Funding from government	2,730,512	3,718,015
Payment to contractors	(2,642,466)	(3,738,315)
Surplus/(deficit) for the year	88,046	(20,300)
Balance at 31 March	<u>125,108</u>	<u>37,062</u>

**8. PLANT AND EQUIPMENT**

	<u>Furniture, fixtures and fittings</u>	<u>Office equipment</u>	<u>Total</u>
	S\$	S\$	S\$
<u>Cost</u>			
At 1 April 2012	608,349	248,716	857,065
Additions	6,278	75,890	82,168
Written off	(4,257)	(45,620)	(49,877)
At 31 March 2013	610,370	278,986	889,356
Additions	4,400	34,056	38,456
Written off	-	(19,328)	(19,328)
At 31 March 2014	<u>614,770</u>	<u>293,714</u>	<u>908,484</u>
<u>Accumulated Depreciation</u>			
At 1 April 2012	608,349	235,796	844,145
Depreciation	505	13,150	13,655
Written off	(4,257)	(45,620)	(49,877)
At 31 March 2013	604,597	203,326	807,923
Depreciation	2,062	22,913	24,975
Written off	-	(19,328)	(19,328)
At 31 March 2014	<u>606,659</u>	<u>206,911</u>	<u>813,570</u>
<u>Net book value</u>			
At 31 March 2013	<u>5,773</u>	<u>75,660</u>	<u>81,433</u>
At 31 March 2014	<u>8,111</u>	<u>86,803</u>	<u>94,914</u>

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**9. HELD-TO-MATURITY FINANCIAL ASSETS**

	<u>2014</u>	<u>2013</u>
	S\$	S\$
Quoted debt securities, at amortised cost	<u>40,000,000</u>	<u>42,000,000</u>
Quoted debt securities, at amortised cost	40,000,000	42,000,000
Less: current portion - quoted debt securities	-	(2,000,000)
Non-current portion	<u>40,000,000</u>	<u>40,000,000</u>
With maturity within 1 year : - (FY12/13 : 4.6% p.a.)	-	2,000,000
With maturity within 2 to 5 years : 1.675% to 3.2% p.a. (FY12/13 : 1.675% to 3.2%) p.a.	19,000,000	19,000,000
With maturity over 5 years : 1.95% to 3.14% p.a. (FY12/13 : 1.95% to 3.14%) p.a.	21,000,000	21,000,000
At amortised cost	<u>40,000,000</u>	<u>42,000,000</u>
Market value at 31 March	<u>39,660,978</u>	<u>43,576,318</u>

Held-to-maturity financial assets are denominated in Singapore dollars.

**10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

The financial assets at fair value through profit or loss represent funds and related investment income placed with professional fund managers.

The investments are managed by fund managers appointed by the Town Council based on terms and conditions stipulated on the respective investment agreement.

As at the balance sheet date, the funds invested through a fund manager comprised the following:

	<u>2014</u>	<u>2013</u>
	S\$	S\$
Quoted equities and exchange traded products	5,312,136	4,329,790
Quoted debt securities	<u>23,730,253</u>	<u>24,050,455</u>
	<u>29,042,389</u>	<u>28,380,245</u>

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**11. CONSERVANCY AND SERVICE FEES RECEIVABLES**

	2014	2013
	S\$	S\$
Conservancy and service fees receivables	3,053,784	2,680,868
Less: Allowance for impairment	1,219,088	796,326
	<u>1,834,696</u>	<u>1,884,542</u>

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

	2014	2013
	S\$	S\$
Balance at 1 April	796,326	633,457
Additional charge during the year	422,762	177,513
Bad debt written off	-	(17,493)
Recovery of bad debts written off	-	2,849
Balance at 31 March	<u>1,219,088</u>	<u>796,326</u>

**12. OTHER RECEIVABLES**

	2014	2013
	S\$	S\$
Claims from Citizens' Consultative Committee funding receivable	3,730,839	3,996,543
Receivables from HDB	1,163,592	2,098,954
GST receivable from Inland Revenue Authority of Singapore	1,052,993	494,490
GST subvention receivable from Ministry of National Development	482,209	454,037
Recoverable from National Environment Agency	43,551	50,076
Recoverable from South West CDC	-	4,738
Deposits and Prepayments	456,742	461,153
Receivables from contractors	240,738	482,263
	<u>7,170,664</u>	<u>8,042,254</u>

All receivables are denominated in Singapore dollars.

**13. CASH AND CASH EQUIVALENTS**

	2014	2013
	S\$	S\$
Cash on hand	7,500	7,500
Cash at banks	17,529,361	8,277,859
Cash with fund managers	587,961	921,049
	<u>18,124,822</u>	<u>9,206,408</u>
Fixed deposits	76,764,333	83,238,713
	<u>94,889,155</u>	<u>92,445,121</u>

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**13. CASH AND CASH EQUIVALENTS (CONTINUED)**

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

	2014	2013
	S\$	S\$
Cash and cash equivalents as above	94,889,155	92,445,121
Less: Cash placed with fund managers	(587,961)	(921,049)
	<u>94,301,194</u>	<u>91,524,072</u>

Fixed deposits are placed for varying periods from six months to one year. The interest rates range from 0.45% to 1.215% (2013: 0.45% to 1.25%) per annum.

**14. PAYABLES AND ACCRUED EXPENSES**

	2014	2013
	S\$	S\$
Accrued operating expenses	173,827	205,938
Deposits	534,968	549,797
Payables	9,096,044	4,629,655
	<u>9,804,839</u>	<u>5,385,390</u>

All payables and accrued expenses are denominated in Singapore dollars.

**15. AGENCY FEES**

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

**16. OTHER INCOME**

	2014	2013
	S\$	S\$
Interest on late payment of conservancy and service fees	241,740	234,001
Liquidated damages	287,406	413,778
Temporary occupation licenses	1,968,413	1,986,469
Usage of void deck, water, electricity and common property	404,810	437,626
Income from sale of tender documents/forfeiture of tender deposits	123,837	128,094
Others	259,300	133,093
	<u>3,285,506</u>	<u>3,333,061</u>

**17. MANAGING AGENT'S FEES**

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2014**

**18. GENERAL AND ADMINISTRATIVE EXPENDITURE**

	<u>2014</u>	<u>2013</u>
	S\$	S\$
Advertising, publicity and public relations	205,561	229,799
Audit fee	34,500	34,500
Computer services	232,708	327,737
Depreciation	24,975	13,655
Fixed assets not capitalised	70,884	20,084
Office rental and upkeep expenditure	368,611	360,725
Office supplies and stationery	151,416	149,192
Property tax	235,859	160,363
Town Councillors' allowance	125,100	111,600
Others	578,607	393,697
	<u>2,028,221</u>	<u>1,801,352</u>

**19. INVESTMENT INCOME**

	<u>Note</u>	<u>2014</u>	<u>2013</u>
		S\$	S\$
<u>Accumulated Surplus</u>			
Interest income from fixed deposits and bank current accounts	4	<u>64,685</u>	<u>49,195</u>
<u>Sinking Fund</u>			
Interest income from fixed deposits and bank current accounts		834,211	711,866
Interest from quoted debt securities held-to-maturity		990,115	1,143,125
Net gain/(loss) from sale of financial assets at fair value through profit or loss		-	152,630
Gain arising from changes in financial assets at fair value through profit or loss		<u>374,288</u>	<u>1,485,212</u>
	5	<u>2,198,614</u>	<u>3,492,833</u>

**20. GOODS AND SERVICES TAX**

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 charged to the respective funds are as follows:-

	<u>Note</u>	<u>2014</u>	<u>2013</u>
		S\$	S\$
Accumulated Surplus	4	224,586	256,487
Sinking Fund	5	<u>116,051</u>	<u>114,631</u>
		<u>340,637</u>	<u>371,118</u>

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**21. INCOME TAX EXPENSE**

	<u>Note</u>	<u>2014</u>	<u>2013</u>
		S\$	S\$
Current year income tax provision		666,743	608,355
Under provision in respect of prior years		-	180,380
		<u>666,743</u>	<u>788,735</u>
Taken up in:			
Accumulated Surplus	4	540,779	360,160
Sinking Fund	5	125,964	428,575
Tax Expense		<u>666,743</u>	<u>788,735</u>

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

	<u>2014</u>	<u>2013</u>
	S\$	S\$
Interest income	2,713,570	2,704,839
Other income	1,251,579	1,401,011
	<u>3,965,149</u>	<u>4,105,850</u>
Tax calculated at Singapore tax rate of 17%	674,075	697,995
Income tax exemption	(25,925)	(25,925)
Tax effect of certain income taxed at concessionary tax rate	-	(63,715)
Under provision in respect of prior years	-	180,380
Others	18,593	-
	<u>666,743</u>	<u>788,735</u>

The movements in income tax payable are as follows:

	<u>2014</u>	<u>2013</u>
	S\$	S\$
Balance at 1 April	1,285,099	614,619
Income tax paid	(479,231)	(118,255)
Provision during the year	666,743	788,735
Balance at 31 March	<u>1,472,611</u>	<u>1,285,099</u>



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**22. GOVERNMENT GRANTS**

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

Note	Total		Conservancy and Service		Citizens' Consultative Committee		Government Subvention for GST Increase	
	2014	2013	2014	2013	2014	2013	2014	2013
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Government Grants received/receivable during the financial year	4	10,055,365	9,217,276	4,574,672	3,476,348	2,881,116	1,882,762	1,761,488
Less: Transfer to Town Improvement and Project Funds	4, 6	3,476,348	2,881,116	-	3,476,348	2,881,116	-	-
Transfer to Sinking Funds	5	2,219,352	2,141,005	1,567,650	-	-	651,702	610,194
		<u>4,359,665</u>	<u>4,195,155</u>	<u>3,128,605</u>	<u>-</u>	<u>-</u>	<u>1,231,060</u>	<u>1,151,294</u>

(ii) The total amount of the above grants received / receivable, including grants received in advance, since the formation of the Town Council, is as follows:

	2014	2013
	S\$	S\$
Cumulative total grants received / receivable up to 1 April	186,448,615	177,231,339
Grants received / receivable during the financial year	<u>10,055,365</u>	<u>9,217,276</u>
Cumulative total grants received / receivable up to 31 March	<u>196,503,980</u>	<u>186,448,615</u>

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**23. CAPITAL EXPENDITURE COMMITMENTS**

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

	<u>2014</u>	<u>2013</u>
	S\$	S\$
Amount approved and contracted for	33,395,230	18,465,247
Amount approved and not contracted for	55,199,851	65,864,599
	<u>88,595,081</u>	<u>84,329,846</u>

**24. OPERATING LEASE COMMITMENTS**

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

	<u>2014</u>	<u>2013</u>
	S\$	S\$
Not later than one year	496,710	270,684
Later than one year and not later than five years	1,265,102	434,768
After five years	243,154	-
	<u>2,004,966</u>	<u>705,452</u>

**25. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS**

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

The main risks arising from the financial instruments are credit risk and market risk. The Town Council is not exposed to foreign exchange risk for the year ended 31 March 2014. There is no significant liquidity risk as sufficient cash is maintained to meet its operational requirements. The Town Council's reviews on the policies for managing these risks are disclosed below.

**(a) 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 credit risk consist principally of cash equivalents, receivables and investment in financial assets, including funds with fund manager. The maximum exposure to credit risk is the carrying value of the financial instruments at the end of the financial year. Credit risk on cash and cash equivalents are limited because they are placed with financial institutions with acceptable credit ratings.

For receivables, an ongoing credit evaluation is performed on the financial conditions of the receivables and losses on impairment are recognised in the income and expenditure statement. The allowance for impairment of conservancy and service fees receivable totalling \$1,219,088 (2013: \$796,326) is determined at the reporting date.

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

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

	<u>Note</u>	<u>2014</u>	<u>2013</u>
		S\$	S\$
Not past due		25,690	20,997
Past due 0-12 months		1,809,006	1,863,545
Past due 12-24 months		568,406	351,075
Over 24 months		650,682	445,251
		<u>3,053,784</u>	<u>2,680,868</u>
Allowance for impairment		(1,219,088)	(796,326)
	11	<u>1,834,696</u>	<u>1,884,542</u>

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**25. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)**

**(a) Credit Risk (Continued)**

Conservancy and service fees receivables amounting to \$1,834,696 (2013: \$1,884,542) are not impaired, as the management believes that it will be collectible in the foreseeable future as a result of recovery efforts and based on historical experience.

Exposures to credit risk in funds with fund managers and held-to-maturity investments comprises mainly debt securities, equities and exchange traded products.

Investments in debt securities, equities and exchange traded products are subject to adverse changes in the financial condition of the issuer, or in general economic conditions, or both, which may impair the ability of the issuer to make payment of interest and principal. Exposure to credit risk is monitored by the Town Council's management and the professional investment advisors (in the case of funds with fund managers) with oversight from the Town Council. In addition, the Town Council is required to comply with the requirements as stated in the Town Councils Financial Rules on investments and investment criteria.

Investments classified as held-to-maturity comprised corporate bonds and bonds issued by Statutory Boards and/or Government related agencies. The corporate bonds are placed with companies which the Town Council has considered to be of good credit standing.

**(b) Market Risk**

The Town Council is exposed to market risk arising from the Town Council's financial assets held in funds with a fund manager and held-to-maturity financial assets. Market risk is the risk of potential adverse changes to the value of the financial instruments because of changes in market conditions such as interest rates and volatility in security prices.

*(i) Price risk*

The Town Council is exposed to market risk arising from investments which are classified on the balance sheet at fair value through profit and loss. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investments and the general market conditions. The investment portfolio with fund manager is monitored by the fund manager on a regular basis so as to assess changes in fundamentals and valuation. Guidelines have been set by the Town Council to manage the exposure of the investment portfolio so as to reduce exposures to market volatility by diversifying the investment portfolio into equities, bonds and other financial assets and to ensure compliance with the Town Council Financial Rules on investments and investment criteria.

The Funds with Fund managers has investment in exchange traded derivatives which are used for hedging purposes.

The table below, summarises the impact to the Town Council's funds with a fund manager, stated at fair value through profit or loss as a result of a 10% increase/decrease in its fair value.

	Increase/(Decrease)			
	Net Assets		Sinking Fund Statement	
	2014	2013	2014	2013
	S\$	S\$	S\$	S\$
Funds with a fund manager				
- increase by 10%	2,904,239	2,838,025	2,904,239	2,838,025
- decrease by 10%	(2,904,239)	(2,838,025)	(2,904,239)	(2,838,025)

*(ii) Interest rate risk*

Cash flow interest rate risk is the risk that the 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 has interest-bearing fixed deposits placed with financial institutions, held-to-maturity financial assets and debt securities managed by the fund manager. As the Town Council's debt securities held by funds with a fund manager were mainly confined to trading portfolio managed by the fund manager, presentation of interest rates will not be meaningful to the users of financial statements.

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**25. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)**

**(b) Market Risk (Continued)**

*(ii) Interest rate risk (Continued)*

The Town Council has interest-bearing fixed deposits with financial institutions and held-to-maturity financial assets. The interest rates are disclosed in Notes 9 and 13 to the financial statements. The interest-bearing fixed deposits and held-to-maturity financial assets are mainly at fixed rates at the balance sheet date.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest had been 25 basis points higher/lower with all other variables held constant, the Town Council's surplus net of tax would have been \$170,976 (2013 : \$165,005) higher/lower.

*(iii) Foreign Currency Risk*

Town Council is not exposed to foreign currency risk as at 31 March 2014.

**(c) 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 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 flows from operating activities and government grants.

**26. FAIR VALUE OF FINANCIAL INSTRUMENTS**

**Fair values**

The carrying amount of financial assets and liabilities with a maturity of less than one year is assumed to approximate their fair values.

The Town Council does not anticipate that the carrying amounts recorded at the end of the reporting period would be significantly different from the values that would eventually be received or settled.

**Fair value hierarchy**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

**(I) Assets measured at fair value**

The following table shows an analysis of each class of assets and liabilities measured at fair value as at 31 March 2014 .

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	SS	SS	SS	SS
<b><u>Recurring fair value measurement</u></b>				
<b>31 March 2014</b>				
Financial assets at fair value through profit or loss (Note 10)	29,042,389	-	-	29,042,389
<b>31 March 2013</b>				
Financial assets at fair value through profit or loss (Note 10)	28,380,245	-	-	28,380,245

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. These instruments are included in Level 1.

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**26. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

**(II) Assets not carried at fair value but for which fair value is disclosed**

The following table shows an analysis of the Town Council's assets not measured at fair value at 31 March 2014 but for which fair value is disclosed :

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Carrying amount</u>
	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>
<b>31 March 2014</b>					
Held-to-maturity financial asset (Note 9)	39,660,978	-	-	39,660,978	40,000,000

**27. FAIR VALUE OF OTHER ASSETS AND LIABILITIES**

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

**28. FUNDS MANAGEMENT**

The Town Council's objectives when managing funds are:

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

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

There were no changes in the Town Council's approach to fund management during the year.

The Town Council is not subject to externally imposed requirements.

The Town Council total funds amounted to \$162,072,278 (2013: \$166,484,664).

**29. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED**

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

Reference	Description	(Annual period beginning on or after)
Amendments to FRS 32	Offsetting of Financial Assets and Financial Liabilities	01.01.2014
Amendments to FRS 36	Recoverable Amount Disclosures for Non-Financial Assets	01.01.2014

The Town Council does not anticipate that the adoption of the above amendments to FRS in future periods will have a material impact on the financial statements of the Town Council in the period of their initial adoption.