

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

**AUDITED FINANCIAL STATEMENTS
FOR FINANCIAL YEAR ENDED 31 MARCH 2016**

CHUA CHU KANG TOWN COUNCIL

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

FINANCIAL STATEMENTS

FOR FINANCIAL YEAR ENDED 31 MARCH 2016

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CHUA CHU KANG TOWN COUNCIL ANNUAL REPORT 2015/2016



OVERVIEW

2015 was an eventful year for the Town Council, marked with several important milestones in the organisation's journey.

In August 2015, we showcased our Five-year Masterplan for Chua Chu Kang Town. In September, the General Elections saw our Members of Parliament for Chua Chu Kang GRC and Hong Kah North SMC elected into the new term of office. However, we bade farewell to Yew Tee division, as it became part of the new Marsiling-Yew Tee GRC.

The Town Council's commitment to our residents has never faltered, and we will continue to strive to make our estates an even better home for all.

FACILITIES IMPROVEMENT



For Financial Year (FY) 2015/2016, the Town Council allocated \$4.28 million to design and construct over 80 improvement projects. Out of which, \$2.90 million was funded by the Ministry of Development (MND).

Accessibility to transport nodes was one of the main focus points for our town development. Sheltered walkways and drop-off points were constructed to ensure safe and sheltered commute between blocks, to and from vehicles, as well as key transportation facilities such as bus stops.

To encourage active lifestyle and improving social interaction amongst residents the Town Council provided for more multigenerational facilities for residents of all ages by integrating more play and exercise facilities together to allow for both young and old to work out and have fun. These were common features in our CIPC projects.

Our latest Large Scale Town Wide (LSTW) project at Choa Chu Kang Ave 4 included Singapore's first-ever castle themed playground, innovative new-concept cycling stations, as well as the latest exercise equipment catered to the needs of people of all ages.

RENEWING ESTATES, RENEWING LIFESTYLES



First introduced back in August 2007, the Neighbourhood Renewal Programme (NRP) is a fully funded initiative by the government. The programme was also developed in response to residents' feedback for more active consultation on the improvements to be made to their precincts.

NRP PROGRESS

In June 2016, we completed works for the NRP at Blocks 101 to 124 Teck Whye Lane precinct (Chua Chu Kang division). Two other on-going NRPs, namely Jurong West St 91 precinct (Nanyang division), and Jurong West Avenue 5 and St 71/72 precinct (Nanyang division) are making good progress, being scheduled for completion by the end of 2016 and middle of 2017 respectively.

The Town Council also completed the consensus gathering for Blocks 130 to 146 Choa Chu Kang Avenue 1 and Teck Whye Lane (Chua Chu Kang division). Residents can expect the programme to begin commencement in the last quarter of 2016.

MORE TO LOOK FORWARD TO

There are more renewal programmes in the pipeline. These include Blocks 401 to 428 Choa Chu Kang Avenue 3 and 4 (Keat Hong Division), Blocks 812 to 832, 828A, 830A Jurong West Street 81 (Nanyang Division), Blocks 732 to 739, 743 to 751, 734A, 750A Jurong West St 73 and 75 (Hong Kah North Division), and Blocks 271 to 295, 276A, 287A Choa Chu Kang Avenue 2 and 3 (Keat Hong Division).

All four precincts are in the early stages of the programme, and the Town Council will be following up closely with residents, to understand their needs and concerns.

ENSURING SAFE AND SMOOTH LIFT EXPERIENCE

The Town Council successfully appealed to MND to have the older lifts in the town undergo the Selective Lift Replacement Programme (SLRP). This will allow selected lifts in Chua Chu Kang town to be upgraded ahead of the 28-year lift replacement schedule. Over 130 lifts were selected for the programme, with an estimated total cost of \$33.0 million, out of which 50% of the cost will be borne by the Government, and the other half by the Town Council.

Since lifts are an integral part of HDB living, this has been a well-received initiative. Affected residents were informed of this programme in July 2016.

KEEPING OUR ESTATES IN TIP TOP SHAPE

As our town matures, the Town Council oversees the replacement of infrastructure that face wear and tear. To ensure that our estates are in good running order, approximately \$34.51 million was spent on cyclical works in the past FY. These included re-roofing works, redecoration, and scheduled replacement of core components such as wirings, water pipes and booster pumps among others.

BUILDING THE 'HEARTWARE'



NEIGHBOURS WHO CLEAN TOGETHER, LIVE HAPPILY TOGETHER

Four years since its inception, My Block Sparkles competition has been successfully bringing residents, Resident Committees, Grassroot Leaders, and the Town Council together to cohesively handle cleanliness matters around the estates. The competition encourages residents to take ownership of the cleanliness of their neighbourhood. The event has grown to see improved communication and cooperation between all participants, and a better understanding of issues faced around the estates.

This year, the competition covered more housing blocks by involving one block from each Resident Committee within the Chua Chu Kang GRC and Hong Kah North SMC. The response was nothing short of outstanding, with a record of 24 blocks participating in this year's competition.

FINANCIAL REVIEW

Singapore's economy expanded by a modest 2.1% in 2015. This year, the economy's growth is expected to follow the same trend, with a 1.8% and 0.8% expansion in the first and second quarter respectively.

In response to slower economic growth, the Town Council will continue to adopt a conservative approach towards our investments, prioritizing capital preservation over capital gains. Our investment portfolio is predominantly invested in fixed deposits and government bonds, based on MND guidelines. We foresee challenges in the upcoming years, and our investments are to safeguard our sinking fund and ensure we will be able to weather through inflation, costs increase and other miscellaneous such as necessary upgrading works.

Since 1 September 2015, the Ministry of Manpower introduced the Progressive Wage Model (PWM) to improve the salaries of workers in the cleaning, security and landscape sectors. This is a positive step for Singaporean workers, who will see their salaries improved. However, as a result, the Town Council has seen cleaning contracts cost 20-30% higher than before.

The Town Council's major sinking fund expenditure will involve the replacement of over 530 lifts, including those under the SLRP, from 2017 through till 2028. Many of our lifts are approaching 28 years old and are due to replacement as they reach the end of their lifecycle. Residents can therefore look forward to new lifts with more safety features and enhancements. As of 31 March 2016, we have a reserve of \$118.99 million, and the amount earmarked for lift replacement will cost more than \$100 million up to 2028.

MOVING FORWARD WITH CONFIDENCE



The Town Council remains committed to improving the environment and quality of life experience by our residents. Through our projects and community programmes, we aim to develop more thoughtful and integrated facilities for the benefit of everyone residing in our town.

I would like to take this opportunity to thank the various government agencies, grassroots organisations and community partners for their support to the Town Council. Most of all, I would like to express my sincerest gratitude to all residents of Chua Chu Kang Town. Without your patience, support and understanding through the years, our town will not be the place we know today.

Let us look forward to more exciting developments for FY 2016/17.

Handwritten signature of Zaqy Mohamad in blue ink.

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 2016, 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 financial position of the Town Council as at 31 March 2016, and of the financial performance, 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, 22 August 2016

CHUA CHU KANG TOWN COUNCIL
(Established under the Town Councils Act, Cap 329A)
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016

	Note	2016 S\$	Restated 2015 S\$	Restated 2014 S\$
TOWN COUNCIL FUNDS				
RESIDENTIAL PROPERTY FUNDS				
Accumulated Surplus	4	507,732	-	-
Sinking Funds	5	90,293,288	134,010,751	131,215,438
Town Improvement and Project Funds	6	1,190,817	-	28,005
		91,991,837	134,010,751	131,243,443
COMMERCIAL PROPERTY FUNDS				
Accumulated Surplus	4	1,893,028	548,761	3,013,492
Sinking Funds	5	24,194,838	21,108,094	21,188,953
Town Improvement and Project Funds	6	45,951	6,806,430	5,166,248
		26,133,817	28,463,285	29,368,693
CARPARK				
Accumulated Surplus	4	859,902	2,584,419	1,335,034
		118,985,556	165,058,455	161,947,170
Represented by:				
NON-CURRENT ASSETS				
Plant and Equipment	8	79,576	72,754	94,914
Held-to-maturity financial assets	9	31,000,000	35,250,000	40,000,000
		31,079,576	35,322,754	40,094,914
CURRENT ASSETS				
Held-to-maturity financial assets	9	4,250,000	4,750,000	-
Financial Assets at fair value through profit or loss	10	30,170,037	30,542,012	29,042,389
Conservancy and service receivables	11	1,332,478	1,757,839	1,834,696
Other receivables	12	5,501,854	9,925,447	6,980,149
Receivable for Neighbourhood Renewal Programme	7	565,590	7,014,233	65,407
Interest receivable		879,065	1,025,960	897,319
Cash and cash equivalents	13	89,763,777	92,867,006	94,889,155
		132,462,801	147,882,497	133,709,115
Total Assets		163,542,377	183,205,251	173,804,029
Less:				
CURRENT LIABILITIES				
Conservancy and service fees received in advance		578,145	624,081	579,409
Payables and accrued expenses	14	42,387,944	16,073,831	9,804,839
Income tax payable		1,590,732	1,448,884	1,472,611
		44,556,821	18,146,796	11,856,859
NET ASSETS		118,985,556	165,058,455	161,947,170


ZAQY MOHAMAD
CHAIRMAN


CLARENCE TAN KOK CHEOW
GENERAL MANAGER / SECRETARY

Date : 22 August 2016

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 2016

	Note	2016 S\$	2015 S\$
OPERATING INCOME			
Conservancy and service fees	4	48,758,958	51,777,827
Less: Operating income transfer to Sinking Funds (minimum required by law)	4, 5	16,867,256	17,927,639
		31,891,702	33,850,188
Agency fees	15	4,172,133	4,420,952
Other income	16	3,042,411	3,202,720
		39,106,246	41,473,860
Less:			
OPERATING EXPENDITURE			
Cleaning works		7,708,794	7,929,913
Managing agent's fees	17	4,273,379	4,522,071
Lift maintenance		5,548,442	6,071,225
Other works and maintenance		8,840,618	7,724,482
Water and electricity		11,588,908	14,206,020
General and administrative expenditure	18	2,154,550	2,049,669
		40,114,691	42,503,380
		(1,008,445)	(1,029,520)
OPERATING DEFICIT			
ADD: NON OPERATING INCOME			
Investment income	19	82,689	67,946
Less :			
Town Improvement Project Works	6	(786,729)	(2,034,104)
		(1,712,485)	(2,995,678)
DEFICIT BEFORE TAXATION AND GOVERNMENT GRANTS			
Less:			
Goods and Services Tax	20	(289,931)	(496,903)
Income Tax Expense	21	(724,694)	(523,781)
		(2,727,110)	(4,016,362)
DEFICIT BEFORE GOVERNMENT GRANTS			
Add: Government grants	22	9,408,178	10,523,536
Less: Transfer to Sinking Funds	5	2,189,355	2,285,571
Transfer to Town Improvement and Project Funds	6	2,897,570	3,736,949
		4,321,253	4,501,016
		1,594,143	484,654
SURPLUS FOR THE FINANCIAL YEAR			
ACCUMULATED SURPLUS AT 1 APRIL			
		3,133,180	4,348,526
Add/(less):			
Transfer from Town Improvement & Project Funds ("TIPF") as at 24 August 2015	6	6,806,430	-
Section 34 Transferable Surplus as at 24 August 2015	5	(5,837,045)	-
Accumulated surplus transferred to Marsiling-Yew Tee Town Council ("MYTTC")	4	(736,046)	-
Appropriation to Town Improvement and Project Funds	6	(1,700,000)	(1,700,000)
ACCUMULATED SURPLUS AT 31 MARCH		3,260,662	3,133,180

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CHUA CHU KANG TOWN COUNCIL
 (Established under the Town Councils Act, Cap 329A)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	<u>Note</u>	<u>2016</u> S\$	<u>2015</u> S\$
(DEFICIT)/SURPLUS FOR THE FINANCIAL YEAR			
Accumulated Surplus	4	1,594,143	484,654
Sinking Funds	5	(13,955,948)	2,714,454
Town Improvement & Project Funds	6	(594,692)	(87,823)
		<u>(12,956,497)</u>	<u>3,111,285</u>
OTHER COMPREHENSIVE INCOME		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		-	-
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR ATTRIBUTABLE TO TOWN COUNCIL FUNDS		<u>(12,956,497)</u>	<u>3,111,285</u>

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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 2016

	Total S\$	Residential Property Funds S\$	Commercial Property Funds S\$	Carpark Funds S\$	Neighbourhood Renewal Programme S\$
Balance as at 1 April 2014 (as previously stated)	162,072,278	131,243,443	29,368,693	1,335,034	125,108
Prior year adjustments (Note 31)	(125,108)	-	-	-	(125,108)
Balance as at 1 April 2014 (as restated)	161,947,170	131,243,443	29,368,693	1,335,034	-
COMPREHENSIVE INCOME FOR THE YEAR					
Surplus for the year	3,111,285	937,928	923,972	1,249,385	-
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	3,111,285	937,928	923,972	1,249,385	-
Transfer from commercial to residential	-	1,829,380	(1,829,380)	-	-
Balance as at 31 March 2015	165,058,455	134,010,751	28,463,285	2,584,419	-
Balance as at 1 April 2015 (as previously stated)	165,427,339	134,010,751	28,463,285	2,584,419	368,884
Prior year adjustments (Note 31)	(368,884)	-	-	-	(368,884)
Balance as at 1 April 2015 (as restated)	165,058,455	134,010,751	28,463,285	2,584,419	-
COMPREHENSIVE (LOSS)/ INCOME FOR THE YEAR					
(Deficit)/surplus for the year	(12,956,497)	(14,618,363)	518,395	1,143,471	-
Other comprehensive income	-	-	-	-	-
Total comprehensive (loss)/income for the year	(12,956,497)	(14,618,363)	518,395	1,143,471	-
Amount transferred to MYTTC for the year	(33,116,402)	(29,249,903)	(2,847,863)	(1,018,636)	-
Transfer from carpark to residential	-	1,849,352	(1,849,352)	(1,849,352)	-
Balance as at 31 March 2016	118,985,556	91,991,837	26,133,817	859,902	-

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

	Note	2016 S\$	2015 S\$
Accumulated Surplus	4	1,594,143	484,654
Sinking Funds	5	(13,955,948)	2,714,454
Town Improvement & Project Funds	6	(594,692)	(87,823)
		(12,956,497)	3,111,285

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CHUA CHU KANG TOWN COUNCIL
(Established under the Town Councils Act, Cap 329A)
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	<u>Note</u>	<u>2016</u> S\$	<u>Restated</u> <u>2015</u> S\$
OPERATING ACTIVITIES			
Deficit before income tax and Government Grant (after Goods and Services Tax)		(2,002,416)	(3,492,581)
Adjustments for :			
Depreciation	8	34,498	32,544
Provision for doubtful debts		43,712	295,957
Bad debt written off		-	63,985
Fixed assets written off		220	-
Operating transfer to Sinking Fund		16,867,256	17,927,639
Investment income of routine fund (included in investing activities)		(82,689)	(67,946)
Operating cash inflows before movements in working capital		<u>14,860,581</u>	<u>14,759,598</u>
Receivables		2,540,352	(2,729,794)
Payables		(2,169,408)	6,313,270
Decrease/(Increase) in receivable for Neighbourhood Renewal Programme		<u>6,448,643</u>	<u>(6,948,826)</u>
Cash generated from operations		<u>21,680,168</u>	<u>11,394,248</u>
Income tax paid	21	(755,079)	(676,948)
Fund transfer to Marsiling-Yew Tee Town Council		(4,080,000)	-
Sinking Fund expenditure inclusive of goods and services tax		(34,667,314)	(20,773,717)
Sinking Fund income received		9,869	169,775
Town Improvement and Project expenditure		(3,492,262)	(3,824,771)
Net cash used in operating activities		<u>(21,304,618)</u>	<u>(13,711,413)</u>
INVESTING ACTIVITIES			
Purchase of plant and equipment	8	(41,540)	(10,384)
Proceeds from redemption of bonds		4,750,000	-
Interest received		2,283,922	1,708,346
Net cash generated from investing activities		<u>6,992,382</u>	<u>1,697,962</u>
FINANCING ACTIVITIES			
Government Grants Received		9,149,740	8,097,349
Government grant received for GST subvention		1,924,528	1,927,598
Net Cash generated from financing activities		<u>11,074,268</u>	<u>10,024,947</u>
Net increase in cash and cash equivalents		(3,237,968)	(1,988,504)
Cash and cash equivalents at the beginning of the year		<u>92,312,690</u>	<u>94,301,194</u>
Cash and cash equivalents at the end of the year	13	<u><u>89,074,722</u></u>	<u><u>92,312,690</u></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)

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

1. General information

Chua Chu Kang Town Council (formerly known as Hong Kah 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 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.

By virtue of a writ of election issued on 24 August 2015, the electoral boundaries of Chua Chu Kang Town Council were redrawn. With effect from 1 December 2015, certain residential and commercial properties, car parks lots and motorcycle lots under the jurisdiction of Chua Chu Kang Town Council were transferred to Marsiling-Yew Tee Town Council.

The financial statements of the Town Council for the financial year ended 31 March 2016 were authorised for issue by the management of the Town Council on 22 August 2016.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

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

The financial statements have been prepared on a historical cost basis.

Adoption of new and revised standards :

On 1 April 2015, the Town Council has adopted the new or revised FRS that are mandatory for application from that date. The adoption of new or revised FRS which are relevant to the Town Council's operations 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 on balances and transactions with its related party transactions.

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 2016**

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 and Town Improvement and Project Funds 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").

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

2. Summary of significant accounting policies (Continued)

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 and Town Improvement and Project Funds.

2.6 Government grants

The Town Council receives three 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 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.

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	3- 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.

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

2. Summary of significant accounting policies (Continued)

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.

(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.

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

2. Summary of significant accounting policies (Continued)

2.8 Financial assets (Continued)

Subsequent measurement (Continued)

(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.

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.

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

2. Summary of significant accounting policies (Continued)

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 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.
- (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.

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

2. Summary of significant accounting policies (Continued)

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.

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.

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

2. Summary of significant accounting policies (Continued)

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 carparks 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.

2.22 Neighbourhood Renewal Programme

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.

The NRP, which replaces the Interim Upgrading Programme (IUP) Plus, focuses on block and 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.

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 2016**

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 \$1,055,427 (2015: \$1,515,045) 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 \$79,576 (2015: \$72,754).

(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 2016 the tax payable by the Town Council was \$1,590,732 (2015: \$1,448,884).

(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 2016**

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	
		2016	2015	2016	2015	2016	2015	2016	2015
		S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
OPERATING INCOME									
Conservancy and service fees		48,758,958	51,777,827	46,800,698	49,762,535	1,958,260	2,015,292	-	-
Less: Operating transfer to Sinking Funds (minimum required by law)	5	16,867,256	17,927,639	16,181,864	17,222,286	685,392	705,353	-	-
Agency fees	15	31,891,702	33,850,188	30,618,834	32,540,249	1,272,868	1,309,939	-	-
Other income	16	4,172,133	4,420,952	-	-	-	-	4,172,133	4,420,952
		3,042,411	3,202,720	2,255,654	2,398,061	646,441	686,883	140,316	117,776
Less: Operating Expenditure		39,106,246	41,473,860	32,874,488	34,938,310	1,919,309	1,996,822	4,312,449	4,538,728
		40,114,691	42,503,380	35,783,203	38,407,503	1,251,176	913,500	3,080,312	3,182,377
OPERATING (DEFICIT)/SURPLUS		(1,008,445)	(1,029,520)	(2,908,715)	(3,469,193)	668,133	1,083,322	1,232,137	1,356,351
Add: Investment Income	19	82,689	67,946	72,550	65,897	1,683	1,332	8,456	717
Less:									
Town Improvement Project Works		(786,729)	(2,034,104)	(586,729)	(2,034,104)	(200,000)	-	-	-
(DEFICIT)/SURPLUS BEFORE INCOME TAX AND GOVERNMENT GRANTS		(1,712,485)	(2,995,678)	(3,422,894)	(5,437,400)	469,816	1,084,654	1,240,593	1,357,068
Less:									
Goods & Services Tax	20	289,931	496,903	254,787	434,740	5,924	9,739	29,220	52,424
Income Tax Expense	21	724,694	523,781	643,572	458,256	13,220	10,266	67,902	55,259
(DEFICIT)/SURPLUS BEFORE GOVERNMENT GRANTS		(2,727,110)	(4,016,362)	(4,321,253)	(6,330,396)	450,672	1,064,649	1,143,471	1,249,385
Add: Government grants	22	9,408,178	10,523,536	9,350,130	10,441,697	58,048	81,839	-	-
Less: Transfer to Sinking Funds	5	2,189,355	2,285,571	2,189,355	2,285,571	-	-	-	-
Town Improvement and Project Funds	6	2,897,570	3,736,949	2,839,522	3,655,110	58,048	81,839	-	-
		4,321,253	4,501,016	4,321,253	4,501,016	-	-	-	-
SURPLUS/(DEFICIT) FOR THE YEAR		1,594,143	484,654	-	(1,829,380)	450,672	1,064,649	1,143,471	1,249,385
ACCUMULATED SURPLUS AT 1 APRIL		3,133,180	4,348,526	-	-	548,761	3,013,492	2,584,419	1,335,034
Add/(less):									
Transfer from Town Improvement & Project Fund ("TIPF") as at 24 August 2015	6	6,806,430	-	-	-	6,806,430	-	-	-
Section 34 Transferable Surplus as at 24 August 2015	5	(5,837,045)	-	-	-	(5,837,045)	-	-	-
Accumulated surplus transferred to Marsiling-Yew Tee Town Council ("MYTTC")		(736,046)	-	358,380	-	(75,790)	-	(1,018,636)	-
Transfer from carpark to residential		-	-	1,849,352	-	-	-	(1,849,352)	-
Transfer from commercial to residential		-	-	-	-	-	-	-	-
Transfer from carpark to residential		-	-	-	1,829,380	-	(1,829,380)	-	-
Appropriation to Town Improvement and Project Funds	6	(1,700,000)	(1,700,000)	(1,700,000)	-	-	(1,700,000)	-	-
ACCUMULATED SURPLUS AT 31 MARCH		3,260,662	3,133,180	507,732	-	1,893,028	548,761	859,902	2,584,419

CHUA CHU KANG TOWN COUNCIL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016**

5. SINKING FUNDS

	Note	Total		Residential Property		Commercial Property	
		2016	2015	2016	2015	2016	2015
		S\$	S\$	S\$	S\$	S\$	S\$
Balance at 1 April		155,118,845	152,404,391	134,010,751	131,215,438	21,108,094	21,188,953
Add:							
Investment Income	19	1,817,119	3,234,626	1,780,777	3,169,933	36,342	64,693
Other Income		9,869	169,775	9,829	166,219	40	3,556
Operating transfer from conservancy and services fees	4	16,867,256	17,927,639	16,181,864	17,222,286	685,392	705,353
Government grants	4, 22	2,189,355	2,285,571	2,189,355	2,285,571	-	-
		20,883,599	23,617,611	20,161,825	22,844,009	721,774	773,602
Less:							
Expenditure		34,512,114	20,538,273	33,688,533	19,691,110	823,581	847,163
Goods and Services tax	20	155,200	235,444	152,096	230,735	3,104	4,709
Income tax	21	172,233	129,440	168,788	126,851	3,445	2,589
		34,839,547	20,903,157	34,009,417	20,048,696	830,130	854,461
		(13,955,948)	2,714,454	(13,847,592)	2,795,313	(108,356)	(80,859)
	4	5,837,045	-	-	-	5,837,045	-
		(32,511,816)	-	(29,869,871)	-	(2,641,945)	-
		114,488,126	155,118,845	90,293,288	134,010,751	24,194,838	21,108,094
Balance at 31 March							
Represented by:		2016	2015				
		S\$	S\$				
Non-Current Assets							
Held-to-maturity financial assets	9	31,000,000	35,250,000				
Current Assets							
Held-to-maturity financial assets	9	4,250,000	4,750,000				
Conservancy and service receivables		460,946	608,637				
Other receivables		866,149	167,509				
Interest receivable		869,078	991,118				
Financial assets at fair value through profit or loss	10	30,170,037	30,542,012				
Cash and cash equivalents		73,932,574	88,750,217				
Due from accumulated surplus		6,812,866	744,353				
		117,361,650	126,553,846				
Total Assets		148,361,650	161,803,846				
Current Liabilities							
Conservancy and services fees received in advance		199,999	216,083				
Payables and accrued expenses		4,317,323	5,676,771				
Amount due to MYTTC		28,511,816	-				
Income tax payable		844,386	792,147				
		33,873,524	6,685,001				
NET ASSETS		114,488,126	155,118,845				

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 2016**

6. TOWN IMPROVEMENT AND PROJECT FUNDS

	Note	Total		Residential Property		Commercial Property	
		2016	2015	2016	2015	2016	2015
		S\$	S\$	S\$	S\$	S\$	S\$
Balance at 1 April		6,806,430	5,194,253	-	28,005	6,806,430	5,166,248
Add/(Less):							
Government grants	4, 22	2,897,570	3,736,949	2,839,522	3,655,110	58,048	81,839
Expenditure		(4,278,991)	(5,858,876)	(4,197,022)	(5,717,219)	(81,969)	(141,657)
Town Improvement Works transfer from accumulated surplus		786,729	2,034,104	586,729	2,034,104	200,000	-
Deficit for the year		(594,692)	(87,823)	(770,771)	(28,005)	176,079	(59,818)
Add/(less):							
Transfer to Accumulated Surplus as at 24 August 2015	4	(6,806,430)	-	-	-	(6,806,430)	-
Amount transferred to MYTTC		131,460	-	261,588	-	(130,128)	-
Appropriation from accumulated surplus	4	1,700,000	1,700,000	1,700,000	-	-	1,700,000
Balance at 31 March		1,236,768	6,806,430	1,190,817	-	45,951	6,806,430

Represented by:

	2016	2015
	S\$	S\$

Current assets

Grants receivable	2,665,463	4,224,512
Other receivables	553,611	-
Amount due from accumulated surplus	-	5,304,254
Total assets	3,219,074	9,528,766

Current liabilities

Payables and accrued expenses	1,151,521	2,722,336
Amount due to accumulated surplus	830,785	-
Total liabilities	1,982,306	2,722,336

NET ASSETS

	1,236,768	6,806,430
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**NOTES TO THE FINANCIAL STATEMENTS
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7. RECEIVABLE FOR NEIGHBOURHOOD RENEWAL PROGRAMME

	2016	Restated 2015	Restated 2014
	S\$	S\$	S\$
Balance at 1 April	(7,014,233)	(65,407)	(197,418)
Funding from government	10,731,190	575,835	2,774,477
Payment and/or due to contractors	(4,282,799)	(7,524,661)	(2,642,466)
	6,448,391	(6,948,826)	132,011
Transfer to MYTTC	252	-	-
Balance at 31 March	(565,590)	(7,014,233)	(65,407)

8. PLANT AND EQUIPMENT

	Furniture, fixtures and fittings	Office equipment	Total
	S\$	S\$	S\$
<u>Cost</u>			
At 1 April 2014	614,770	293,714	908,484
Additions	7,084	3,300	10,384
Written off	(4,667)	(100,619)	(105,286)
At 31 March 2015	617,187	196,395	813,582
Additions	-	41,540	41,540
Written off	-	(7,832)	(7,832)
At 31 March 2016	617,187	230,103	847,290
<u>Accumulated Depreciation</u>			
At 1 April 2014	606,659	206,911	813,570
Depreciation	3,530	29,014	32,544
Written off	(4,667)	(100,619)	(105,286)
At 31 March 2015	605,522	135,306	740,828
Depreciation	3,552	30,946	34,498
Written off	-	(7,612)	(7,612)
At 31 March 2016	609,074	158,640	767,714
<u>Net book value</u>			
At 31 March 2015	11,665	61,089	72,754
At 31 March 2016	8,113	71,463	79,576

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9. HELD-TO-MATURITY FINANCIAL ASSETS

	2016	2015
	S\$	S\$
Quoted debt securities, at amortised cost	35,250,000	40,000,000
Quoted debt securities, at amortised cost	35,250,000	40,000,000
Less: current portion - quoted debt securities	(4,250,000)	(4,750,000)
Non-current portion	31,000,000	35,250,000
With maturity within 1 year : - 2.42% (FY14/15 : 1.675% to 3.2% p.a.)	4,250,000	4,750,000
With maturity within 2 to 5 years : 1.83% to 3.14% p.a. (FY14/15 : 1.83% to 3.14%) p.a.	28,000,000	22,250,000
With maturity over 5 years : 2.505% p.a. (FY14/15 : 1.95% to 3.14%) p.a.	3,000,000	13,000,000
At amortised cost	35,250,000	40,000,000
Market value at 31 March	36,003,950	40,059,355

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:

	2016	2015
	S\$	S\$
Quoted equities	3,587,752	6,903,895
Quoted debt securities	26,582,285	23,638,117
	30,170,037	30,542,012

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11. CONSERVANCY AND SERVICE FEES RECEIVABLES

	2016	2015
	S\$	S\$
Conservancy and service fees receivables	2,387,905	3,272,884
Less: Allowance for impairment	1,055,427	1,515,045
	<u>1,332,478</u>	<u>1,757,839</u>

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

	2016	2015
	S\$	S\$
Balance at 1 April	1,515,045	1,219,088
Additional charge during the year	43,712	295,957
Bad debt written off	(135,793)	-
Amount transferred to Marsiling -Yew Tee Town Council	(367,537)	-
Balance at 31 March	<u>1,055,427</u>	<u>1,515,045</u>

12. OTHER RECEIVABLES

	2016	Restated 2015	Restated 2014
	S\$	S\$	S\$
Claims from Citizens' Consultative Committee funding receivable	2,665,463	4,224,512	3,730,839
Receivables from HDB	1,344,535	4,071,509	973,077
GST receivable from Inland Revenue Authority of Singapore	515,702	606,492	1,052,993
GST subvention receivable from Ministry of National Development	380,083	487,125	482,209
Recoverable from National Environment Agency	-	19,497	43,551
Deposits and Prepayments	352,338	357,510	456,742
Receivables from contractors	173,769	158,802	240,738
SC/CC grant receivable	69,964	-	-
	<u>5,501,854</u>	<u>9,925,447</u>	<u>6,980,149</u>

All receivables are denominated in Singapore dollars.

13. CASH AND CASH EQUIVALENTS

	2016	2015
	S\$	S\$
Cash on hand	7,500	7,500
Cash at banks	17,549,472	13,108,602
Cash with fund managers	689,055	554,316
	<u>18,246,027</u>	<u>13,670,418</u>
Fixed deposits	71,517,750	79,196,588
	<u>89,763,777</u>	<u>92,867,006</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:

	2016	2015
	S\$	S\$
Cash and cash equivalents as above	89,763,777	92,867,006
Less: Cash placed with fund managers	(689,055)	(554,316)
	<u>89,074,722</u>	<u>92,312,690</u>

Fixed deposits are placed for varying periods from one month to one year. The interest rates range from 0.77% to 1.95% (2015: 0.55% to 1.38%) per annum.

14. PAYABLES AND ACCRUED EXPENSES

	2016	2015
	S\$	S\$
Accrued operating expenses	182,177	145,308
Deposits	860,190	646,586
Payables	41,345,577	15,281,937
	<u>42,387,944</u>	<u>16,073,831</u>

All payables and accrued expenses are denominated in Singapore dollars.

Included in payables are \$28,964,170 due to Marsiling-Yew Tee Town Council due to the change of electoral boundary.

Included in the payables are amount due to a related party amounting to \$141,269 (2015: \$1,052,286).

15. AGENCY FEES

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

16. OTHER INCOME

	2016	2015
	S\$	S\$
Interest on late payment of conservancy and service fees	166,907	250,110
Liquidated damages	172,445	214,917
Temporary occupation licenses	1,846,373	1,980,738
Usage of void deck, water, electricity and common property	320,644	327,553
Income from sale of tender documents/forfeiture of tender deposits	98,365	176,394
Others	437,677	253,008
	<u>3,042,411</u>	<u>3,202,720</u>

17. MANAGING AGENT'S FEES

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

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18. GENERAL AND ADMINISTRATIVE EXPENDITURE

	<u>2016</u>	<u>2015</u>
	S\$	S\$
Advertising, publicity and public relations	510,015	275,954
Audit fee	56,500	38,500
Computer services	476,195	298,051
Depreciation	34,498	32,544
Fixed assets not capitalised	18,755	9,358
Office rental and upkeep expenditure	374,692	371,446
Office supplies and stationery	154,050	145,146
Property tax	192,023	219,496
Town Councillors' allowance	137,961	129,600
Bad debt written off	-	63,949
Others	199,861	465,625
	<u>2,154,550</u>	<u>2,049,669</u>

19. INVESTMENT INCOME

	<u>Note</u>	<u>2016</u>	<u>2015</u>
		S\$	S\$
<u>Accumulated Surplus</u>			
Interest income from fixed deposits and bank current accounts	4	<u>82,689</u>	<u>67,946</u>
<u>Sinking Fund</u>			
Interest income from fixed deposits and bank current accounts		1,145,288	836,623
Interest from quoted debt securities held-to-maturity		885,500	954,575
(Loss)/Gains arising from changes in financial assets at fair value through profit or loss		<u>(213,669)</u>	<u>1,443,428</u>
	5	<u>1,817,119</u>	<u>3,234,626</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>2016</u>	<u>2015</u>
		S\$	S\$
Accumulated Surplus	4	289,931	496,903
Sinking Fund	5	<u>155,200</u>	<u>235,444</u>
		<u>445,131</u>	<u>732,347</u>

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21. INCOME TAX EXPENSE

	<u>Note</u>	<u>2016</u>	<u>2015</u>
		<u>S\$</u>	<u>S\$</u>
Current year income tax provision		808,591	653,221
Under provision in respect of prior years		88,336	-
		<u>896,927</u>	<u>653,221</u>
Taken up in:			
Accumulated Surplus	4	724,694	523,781
Sinking Fund	5	172,233	129,440
Tax Expense		<u>896,927</u>	<u>653,221</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>2016</u>	<u>2015</u>
	<u>S\$</u>	<u>S\$</u>
Interest income	3,140,117	2,539,854
Other income	1,669,009	1,347,555
	<u>4,809,126</u>	<u>3,887,409</u>
Tax calculated at Singapore tax rate of 17%	817,551	660,860
Income tax exemption	(25,925)	(25,925)
Under provision in respect of prior years	88,336	-
Others	16,965	18,286
	<u>896,927</u>	<u>653,221</u>

The movements in income tax payable are as follows:

	<u>2016</u>	<u>2015</u>
	<u>S\$</u>	<u>S\$</u>
Balance at 1 April	1,448,884	1,472,611
Income tax paid	(755,079)	(676,948)
Provision during the year	896,927	653,221
Balance at 31 March	<u>1,590,732</u>	<u>1,448,884</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	
	2016	2015	2016	2015	2016	2015	2016	2015
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Government Grants received/receivable during the financial year	4	9,408,178	10,523,536	4,693,123	4,854,073	2,897,570	3,736,949	1,817,485
Less: Transfer to Town Improvement and Project Funds	4, 6	2,897,570	3,736,949	-	-	2,897,570	3,736,949	-
Transfer to Sinking Funds	5	2,189,355	2,285,571	1,560,938	1,616,746	-	628,417	668,825
		<u>4,321,253</u>	<u>4,501,016</u>	<u>3,132,185</u>	<u>3,237,327</u>	<u>-</u>	<u>1,189,068</u>	<u>1,263,689</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:

	2016	2015
	S\$	S\$
Cumulative total grants received / receivable up to 1 April	207,027,516	196,503,980
Grants received / receivable during the financial year	9,408,178	10,523,536
Cumulative total grants received / receivable up to 31 March	<u>216,435,694</u>	<u>207,027,516</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>2016</u>	<u>2015</u>
	S\$	S\$
Amount approved and contracted for	23,239,945	48,641,806
Amount approved and not contracted for	<u>53,897,675</u>	<u>49,511,142</u>
	<u>77,137,620</u>	<u>98,152,948</u>

The commitments amount included Neighbourhood Renewal Programme projects amounting to \$9,845,126 (2015: \$18,883,330).
The comparative number for the commitments amount have been amended to enhance comparability with the current year amount.

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>2016</u>	<u>2015</u>
	S\$	S\$
Not later than one year	481,801	513,654
Later than one year and not later than five years	<u>812,395</u>	<u>975,899</u>
	<u>1,294,196</u>	<u>1,489,553</u>

25. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions with related parties on terms mutually agreed during the financial year are as follows:

	<u>2016</u>	<u>2015</u>
	S\$	S\$
Managing agent's fees	4,273,379	4,522,071
Project management and Fire safety manager fees	<u>1,500,752</u>	<u>1,149,151</u>

Related party relates to the managing agent of the Town Council who manages the operations of the Town Council.

26. 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 2016. 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 \$1,055,427 (2015: \$1,515,045) 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>2016</u>	<u>2015</u>
		S\$	S\$
Not past due		277,031	30,933
Past due 0-12 months		1,048,291	1,726,905
Past due 12-24 months		281,473	548,329
Over 24 months		<u>781,110</u>	<u>966,717</u>
		2,387,905	3,272,884
Allowance for impairment		<u>(1,055,427)</u>	<u>(1,515,045)</u>
	11	<u>1,332,478</u>	<u>1,757,839</u>

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26. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

(a) Credit Risk (Continued)

Conservancy and service fees receivables amounting to \$1,332,478 (2015: \$1,757,839) 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 of bonds issued by Statutory Boards and/or Government related agencies.

(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	
	2016	2015	2016	2015
	S\$	S\$	S\$	S\$
Funds with a fund manager				
- increase by 10%	3,017,004	3,054,201	3,017,004	3,054,201
- decrease by 10%	(3,017,004)	(3,054,201)	(3,017,004)	(3,054,201)

(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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26. 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 \$128,991 (2015 : \$159,401) higher/lower.

(iii) Foreign Currency Risk

Town Council is not exposed to foreign currency risk as at 31 March 2016.

(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.

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.

The table below analyses the maturity profile of the Town Council's financial assets and liabilities based on contractual undiscounted cash flows:

	Less than 1 year	Between 2-5 years	More than 5 years	Total
	S\$	S\$	S\$	S\$
As at 31 March 2016				
Held-to-maturity financial assets	4,322,981	30,617,365	3,619,730	38,560,077
Financial assets at fair value through profit or loss	30,170,037	-	-	30,170,037
Conservancy and service receivables	1,332,478	-	-	1,332,478
Other receivables (exclude prepayment)	5,359,617	-	-	5,359,617
Neighbourhood renewal programme receivable	565,590	-	-	565,590
Interest receivable	879,065	-	-	879,065
Cash and cash equivalents	89,763,777	-	-	89,763,777
Conservancy and service fees received in advance	578,145	-	-	578,145
Payables and accrued expenses	42,387,944	-	-	42,387,944
As at 31 March 2015 (Restated)				
Held-to-maturity financial assets	4,795,562	24,138,545	15,264,635	44,198,742
Financial assets at fair value through profit or loss	30,542,012	-	-	30,542,012
Conservancy and service receivables	1,757,839	-	-	1,757,839
Other receivables (exclude prepayment)	9,745,524	-	-	9,745,524
Neighbourhood renewal programme receivable	7,014,233	-	-	7,014,233
Interest receivable	1,025,960	-	-	1,025,960
Cash and cash equivalents	92,867,006	-	-	92,867,006
Conservancy and service fees received in advance	624,081	-	-	624,081
Payables and accrued expenses	16,073,831	-	-	16,073,831

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27. 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 2016.

	<u>Level 1</u> S\$	<u>Level 2</u> S\$	<u>Level 3</u> S\$	<u>Total</u> S\$
<u>Recurring fair value measurement</u>				
31 March 2016				
Financial assets at fair value through profit or loss (Note 10)	30,170,037	-	-	30,170,037
31 March 2015				
Financial assets at fair value through profit or loss (Note 10)	30,542,012	-	-	30,542,012

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.

(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 2016 but for which fair value is disclosed:

	<u>Level 1</u> S\$	<u>Level 2</u> S\$	<u>Level 3</u> S\$	<u>Total</u> S\$	<u>Carrying amount</u> S\$
31 March 2016					
Held-to-maturity financial asset (Note 9)	36,003,950	-	-	36,003,950	35,250,000
31 March 2015					
Held-to-maturity financial asset (Note 9)	40,059,355	-	-	40,059,355	40,000,000

28. 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.

29. 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 \$118,985,556 (2015: \$165,058,455).

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30. 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 1	Disclosure/Initiatives	01.01.2016
Improvements to FRSs (November 2014)		
- FRS 107	Financial Instruments : Disclosures	01.01.2016
FRS 16	Property, Plant and Equipment	01.01.2016
FRS 109	Financial Instruments	01.01.2018
FRS 115	Revenue from Contracts with Customers	01.01.2018
FRS 116	Leases	01.01.2019

The Town Council does not anticipate that the adoption of the above in future periods will have a material impact on the financial statements of the Town Council in the period of their initial application, except for the following :

FRS 115 Revenue from Contracts with Customers

FRS 115 is effective for financial periods beginning on or after 1 January 2018. FRS 115 establishes a five-step model that apply to revenue earned from a contract with a customer (with limited exceptions), regardless the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment).

Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgements and estimates.

FRS 109 Financial Instruments

FRS 109 is effective for financial periods beginning on or after 1 January 2018. FRS 109 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in FRS 39. The approach is FRS 109 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets, and enables entities to reflect their risk management activities better in their financial statements, and, in turn, help to understand the effect of those activities on future cash flows. FRS 109 is principle-based, and will more closely align hedge accounting with risk management activities undertaken by entities when hedging their financial and non-financial risk exposures. The impairment requirement in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

FRS 116 Leases

FRS 116 will fundamentally alter the impact of leases on lessees' profit or loss and balance sheet – the current divide between finance and operating leases is removed, along with the off-balance sheet treatment for lessees in the latter. FRS 116 introduces a single on-balance sheet lease accounting model for lessees that is similar to current finance lease accounting. FRS 116 largely preserved the accounting for lessors other than enhanced disclosures about their risk exposures, in particular residual value risk. Lessors continue to assess whether an arrangement is an operating or a finance lease by using criteria similar to the current lease classification test.

The management is currently evaluating the impact of the changes and assessing whether the adoption of FRS 115, FRS 109 and FRS 116 will have an impact on the Town Council.

31. PRIOR YEAR ADJUSTMENTS

In prior years, the Town Council had classified Neighbourhood Renewal Programme Fund ("NRP Fund") as part of the Town Council Funds when the NRP Fund represents advances received from the government for carrying out certain projects to enhance HDB flats within their precinct. The HDB has clarified that these advances would be used for future expenditure to carry out approved NRP projects and therefore should have been classified as liabilities. In the event that payment to contractors and/or due to contractors exceeds the advances received from the government, the amount will be classified as receivables.

The effects of such restatements are as follows:

	2015 Restated S\$	2015 Previously reported S\$	2014 Restated S\$	2014 Previously reported S\$
<u>Statement of financial position</u>				
Town Council Funds				
Neighbourhood renewal programme fund	-	368,884	-	125,108
<u>Current assets</u>				
Other receivable	9,925,447	17,308,564	6,980,149	7,170,664
Receivable for Neighbourhood Renewal Programme	7,014,233	-	65,407	-

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31. PRIOR YEAR ADJUSTMENTS (CONTINUED)

	2015 Restated S\$	2015 Previously reported S\$
<u>Statement of Comprehensive income</u>		
Total surplus for the year	3,111,285	3,355,061
Total comprehensive income for the year attributable to Town Council Fund	3,111,285	3,355,061
<u>Statement of cash flow</u>		
Cash generated from operations	11,394,248	11,150,472
Neighbourhood Renewal Programme Fund (Net)	-	243,776