

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

FINANCIAL STATEMENTS
FOR FINANCIAL YEAR ENDED 31 MARCH 2017

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OVERVIEW



Chua Chu Kang Town Council continued to deliver quality services and infrastructure to its residents with improvement projects like the Community Improvement Project, Neighbourhood Renewal Programme, and Selective Lift Replacement Programme.

The improvement projects are part of a 5-year Masterplan for Chua Chu Kang Town which was introduced in August 2015. In May 2017, the Town Council updated residents on the progress of the projects through various publicity channels, informing them of the new facilities which will be beneficial to them.

The main focus of the 5-year Masterplan is connectivity in the estates, with the Town Council linking and integrating improvement projects to the infrastructure provided by the governmental agencies. An example is the construction of warm-up and rest stations along the park connector built by NParks. Another example is the construction of linkways connecting those built by LTA under the Walk2Rido programme. The Town Council is also replacing lifts in the estate to make sure they are updated in terms of security and safety.

Together, a better home!



ENHANCED AND REJUVENATED ESTATES



In Financial Year (FY) 2015/2016, the Town Council successfully implemented 58 projects under the Community Improvement Projects (CIP). Building on this, the Town Council allocated \$5.1 million for FY 2016/2017 to further enhance and rejuvenate estates via the CIP. As a result, 61 projects were selected and implemented based on residents' feedback and suggestions.

We have provided 29 multigenerational facilities for residents under the CIP. This will enable residents of all ages to have more recreational and leisure facilities for an active lifestyle. The accessibility to transport nodes is another key focus for CIP. We have constructed 13 additional sheltered walkways and drop-off points, to make it easier and safer for residents to move around within the neighbourhood.

Outside of the CIP, the Town Council has also implemented the Neighbourhood Renewal Programme (NRP) – a fully funded initiative by the government. Under the NRP, selected precincts will be revitalised with new facilities, making them comparable to newer HDB developments.

The following table shows the progress of the Town Council's NRP:

Division / SMC	Blocks / Street	Status
Chua Chu Kang	Blocks 101-124 Teck Whye Lane Blocks 130-140 Teck Whye Lane/Ave/Choa Chu Kang Ave 1	At Completion Phase Works Commenced in Feb 2017
Hong Kah North	Blocks 732-739, 743-751, 734A, 750A Jurong West St 73/75	Completed Public Consultation Stage – Designing Stage
Keat Hong	Blocks 401-428 Choa Chu Kang Ave 3/4 Blocks 271-295, 276A, 287A Choa Chu Kang Ave 2/3	Completed Consensus Gathering Stage – Tender Preparation Stage Completed Public Consultation Stage – Designing Stage
Nanyang	Blocks 933-950, 952 & 953 Jurong West St 91 Blocks 711-731 Jurong West Ave 5/St 71/72 Blocks 812-832, 828A, 830A Jurong West St 81	At Completion Phase – Expected Completion in Nov 2017 At Completion Phase – Expected Completion in May 2018 Tender Preparation Stage

The Town Council is also focused on cyclical maintenance works as estates mature. We have spent \$17.41 million on cyclical works in the past financial year. These include re-roofing, redecoration, and scheduled replacement of core components such as electrical wiring, water pipes and booster pumps. We are also redecorating estates with new colour schemes and designs inspired by famous paintings.

Together, a better home!



SAFE AND ENHANCED LIFT EXPERIENCE

The Town Council successfully appealed to the Ministry of National Development (MND) for the older lifts in the town to undergo the Selective Lift Replacement Programme (SLRP). This allows them to be upgraded ahead of the 28-year lift replacement schedule. 132 lifts were selected for the SLRP and affected residents were informed of the progress through mailers. The first batch of replacement works will start in the last quarter of 2017.

At the same time, we will carry out enhancements to all lifts that are less than 18 years old to ensure that all these lifts are incorporated with the 10 safety features that are required by MND. Lastly, the Town Council has also set up a dedicated Lift Replacement Fund from 1 April 2017 for the replacement of lifts and lift parts when due.

VIBRANT AND RESPONSIBLE COMMUNITY



Since its inception in 2013, My Block Sparkles has been successfully bringing residents, residents' committees, grassroots leaders, and the Town Council together to take charge of the cleanliness and safety of common areas. The yearly contest calls for photographs, presentations and videos showcasing the efforts of the participants to be submitted to the Town Council. They are also published in newsletters, brochures, and on the website.

The residents' participation, effort, and cooperation in keeping their blocks clean and safe have raised awareness of and improved the overall condition of their blocks significantly. In working together, a community spirit has been developed and residents have become more responsible about keeping common areas clean and safe. Residents have said they value the campaign for instilling positive values and a sense of community.



FINANCIAL REVIEW

The Town Councils, including Chua Chu Kang Town Council, have revised the S&CC with effect from 1 June 2017.

This follows a projection by the Town Councils of their financial position for the next few years, which shows that it would no longer be viable to sustain operations based on previous conservancy rates.

As estates mature, more will be spent on cyclical works, as well as maintenance of older infrastructure. With most blocks having lifts that serve every floor, the number of lifts to be maintained has also increased over the years. The cost of replacing lift parts and the frequency of replacement have also increased significantly over the years.

Town Councils also face rising costs in cleaning and lift maintenance services, as well as in utilities like water. While the Town Councils have decided that fees need to go up to keep pace with rising costs, they will continue to manage funds prudently and safeguard the interests of residents.

LOOKING AHEAD



The Town Council will continue to enhance the living environment and residents' quality of life through upgrading projects. Exciting technological innovations will be introduced to benefit residents and help save costs.

I would like to thank the government agencies, grassroots organisations and community partners for their continued support of the Town Council. Most importantly, I would like to express my sincerest gratitude to the residents of Chua Chu Kang Town for their invaluable feedback and support.

The Chua Chu Kang Town Council and I will continue to work hard to better serve our residents.

Zaqy Mohamad
Chairman
Chua Chu Kang Town Council



Report on the Audit of the Financial Statements

Opinion

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 2017, the income and expenditure statement, statement of comprehensive income, statement of changes in Town Council funds and statement of cash flows of the Town Council for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Town Council's Act, Chapter 329A (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Town Council as at 31 March 2017, and of the financial performance, changes in Town Council funds and cash flows of the Town Council for the financial year ended on that date.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the Chairman's Message set out on page 1 to 4 but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management's and Those Charged with Governance for the Financial Statements

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

Responsibilities of Management's and Those Charged with Governance for the Financial Statements (cont'd)

A Town Council is constituted based on its Act and its dissolution requires Minister's approval. In preparing the financial statements, management is responsible for assessing the Town Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is intention to wind up the Town Council or for the Town Council to cease operations.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Opinion

In our opinion:

- (a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Town Council during the financial year ended 31 March 2017 are, in all material respects, in accordance with the provisions of the Act; and
- (b) proper accounting and other records have been kept, including records of all assets of the Town Council whether purchased, donated or otherwise.

Basis for Opinion

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

Responsibilities of Management for Compliance with Legal and Regulatory Requirements

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

Auditor's Responsibilities for the Compliance Audit

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

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



AT ADLER
Public Accountants and Chartered Accountants

Singapore, 16 August 2017

CIUA CHU KANG TOWN COUNCIL
(Established under the Town Councils Act, Cap 329A)
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Note	2017 S\$	2016 S\$
TOWN COUNCIL FUNDS			
RESIDENTIAL PROPERTY FUNDS			
Accumulated Surplus	4	808,872	507,732
Sinking Funds	5	92,259,212	90,293,288
Town Improvement and Project Funds	6	2,390,817	1,190,817
		95,458,901	91,991,837
COMMERCIAL PROPERTY FUNDS			
Accumulated Surplus	4	2,830,158	1,893,028
Sinking Funds	5	24,588,387	24,194,838
Town Improvement and Project Funds	6	45,951	45,951
		27,464,496	26,133,817
CARPARK			
Accumulated Surplus	4	1,658,216	859,902
		124,581,613	118,985,556
Represented by:			
NON-CURRENT ASSETS			
Plant and Equipment	8	74,010	79,576
Held-to-maturity financial assets	9	26,000,000	31,000,000
		26,074,010	31,079,576
CURRENT ASSETS			
Held-to-maturity financial assets	9	5,000,000	4,250,000
Financial Assets at fair value through profit or loss	10	31,307,295	30,170,037
Conservancy and service receivables	11	1,242,817	1,332,478
Other receivables	12	6,443,734	5,501,854
Receivable for Neighbourhood renewal programme	7	-	565,590
Interest receivable		737,849	879,063
Cash and cash equivalents	13	67,140,194	89,763,777
		111,871,889	132,462,801
Total Assets		137,945,899	163,542,377
Less:			
CURRENT LIABILITIES			
Conservancy and service fees received in advance		602,509	578,145
Payables and accrued expenses	14	10,762,744	42,387,944
Payables for Neighbourhood renewal programme	7	393,624	-
Income tax payable	21	1,605,409	1,590,732
		13,364,286	44,556,821
NET ASSETS		124,581,613	118,985,556



ZAQY MOHAMAD
CHAIRMAN

Date : 16 August 2017



CLARENCE TAN KOK CHEOW
GENERAL MANAGER / SECRETARY

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 2017

	Note	2017 S\$	2016 S\$
OPERATING INCOME			
Conservancy and service fees	4	42,862,560	48,758,958
Less: Operating income transfer to Sinking Funds (minimum required by law)	4, 5	14,792,096	16,867,256
		28,070,464	31,891,702
Agency fees	15	3,607,795	4,172,133
Other income	16	2,756,994	3,042,411
		34,435,253	39,106,246
Less:			
OPERATING EXPENDITURE			
Cleaning works		7,078,805	7,708,794
Managing agent's fees	17	3,865,983	4,273,379
Lift maintenance		5,368,695	5,548,442
Other works and maintenance		6,663,557	8,840,618
Water and electricity		8,902,959	11,588,908
General and administrative expenditure	18	1,897,804	2,154,550
		33,777,803	40,114,691
		657,450	(1,008,445)
OPERATING SURPLUS/(DEFICIT)			
ADD: NON OPERATING INCOME			
Investment income	19	137,851	82,689
Less :			
Town Improvement Project Works	6	(776,711)	(786,729)
		18,590	(1,712,485)
SURPLUS/(DEFICIT) BEFORE TAXATION AND GOVERNMENT GRANTS			
Less:			
Goods and Services Tax	20	(274,723)	(289,931)
Income Tax Expense	21	(495,584)	(724,694)
		(751,717)	(2,727,110)
DEFICIT BEFORE GOVERNMENT GRANTS			
Add: Government grants	22	10,318,505	9,408,178
Less: Transfer to Sinking Funds	5	2,009,745	2,189,355
Transfer to Town Improvement and Project Funds	6	4,320,459	2,897,570
		3,988,301	4,321,253
SURPLUS FOR THE FINANCIAL YEAR			
		3,236,584	1,594,143
ACCUMULATED SURPLUS AT 1 APRIL			
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	(1,200,000)	(1,700,000)
ACCUMULATED SURPLUS AT 31 MARCH		5,297,246	3,260,662

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 2017

	<u>Note</u>	<u>2017</u>	<u>2016</u>
		S\$	S\$
SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR			
Accumulated Surplus	4	3,236,584	1,594,143
Sinking Funds	5	2,359,473	(13,955,948)
Town Improvement & Project Funds	6	-	(594,692)
		<u>5,596,057</u>	<u>(12,956,497)</u>
OTHER COMPREHENSIVE INCOME		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR ATTRIBUTABLE TO TOWN COUNCIL FUNDS		<u><u>5,596,057</u></u>	<u><u>(12,956,497)</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)
STATEMENT OF CHANGES IN TOWN COUNCIL FUNDS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

Balance as at 1 April 2015				
COMPREHENSIVE INCOME FOR THE YEAR				
(Deficit)/surplus for the year				
Other comprehensive income				
Total comprehensive (loss)/income for the year				
Amount transferred to MYTTC for the year				
Transfer from carpark to residential				
Balance as at 31 March 2016				
Balance as at 1 April 2016				
COMPREHENSIVE INCOME FOR THE YEAR				
Surplus for the year				
Other comprehensive income				
Total comprehensive income for the year				
Balance as at 31 March 2017				

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

	<u>Note</u>	<u>2017</u>	<u>2016</u>
		<u>S\$</u>	<u>S\$</u>
Accumulated Surplus	4	3,236,584	1,594,143
Sinking Funds	5	2,359,473	(13,955,948)
Town Improvement & Project Funds	6	-	(594,692)
		<u>5,596,057</u>	<u>(12,956,497)</u>

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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 2017

	<u>Note</u>	<u>2017</u> S\$	<u>2016</u> S\$
OPERATING ACTIVITIES			
Deficit before income tax and Government Grant (after Goods and Services Tax)		(256,133)	(2,002,416)
Adjustments for :			
Depreciation	8	33,672	34,498
Provision for doubtful debts	11	458,295	43,712
Fixed assets written off		-	220
Operating transfer to Sinking Fund		14,792,096	16,867,256
Investment income of routine fund (included in investing activities)		<u>(137,851)</u>	<u>(82,689)</u>
Operating cash inflows before movements in working capital		14,890,079	14,860,581
Receivables		575,749	2,540,352
Payables		(2,637,010)	(2,169,408)
Decrease in receivable for Neighbourhood Renewal Programme		565,590	6,448,643
Increase in payables for Neighbourhood Renewal Programme		<u>393,624</u>	<u>-</u>
Cash generated from operations		13,788,032	21,680,168
Income tax paid	21	(680,206)	(755,079)
Fund transfer to Marsiling-Yew Tee Town Council		(28,964,170)	(4,080,000)
Sinking Fund expenditure inclusive of goods and services tax		(17,557,987)	(34,667,314)
Sinking Fund other income received		19,752	9,869
Town Improvement and Project expenditure		<u>(4,320,459)</u>	<u>(3,492,262)</u>
Net cash used in operating activities		<u>(37,715,038)</u>	<u>(21,304,618)</u>
INVESTING ACTIVITIES			
Purchase of plant and equipment	8	(28,106)	(41,540)
Proceeds from redemption of bonds		4,250,000	4,750,000
Interest received		<u>1,788,357</u>	<u>2,283,922</u>
Net cash generated from investing activities		<u>6,010,251</u>	<u>6,992,382</u>
FINANCING ACTIVITIES			
Government grants Received		6,864,576	9,149,740
Government grant received for GST subvention		<u>1,567,666</u>	<u>1,924,528</u>
Net cash generated from financing activities		<u>8,432,242</u>	<u>11,074,268</u>
Net decrease in cash and cash equivalents		(23,272,545)	(3,237,968)
Cash and cash equivalents at the beginning of the year		<u>89,074,722</u>	<u>92,312,690</u>
Cash and cash equivalents at the end of the year	13	<u><u>65,802,177</u></u>	<u><u>89,074,722</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 2017**

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 2017 were authorised for issue by the management of the Town Council on 16 August 2017.

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.

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 2017**

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 2017**

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

Five percent of overheads are allocated to the Sinking Fund.

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 2017**

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 and bonds 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 2017**

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 have been 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, 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 2017**

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 2017**

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 2017**

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 2017**

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 \$1,419,095 (2016: \$1,055,427) 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 \$74,010 (2016: \$79,576).

(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 2017 the tax payable by the Town Council was \$1,605,409 (2016: \$1,590,732).

(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
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017**

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	
	2017	2016	2017	2016	2017	2016	2017	2016
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
OPERATING INCOME								
Conservancy and service fees	42,862,560	48,758,958	40,993,060	46,800,698	1,869,500	1,958,260	-	-
Less: Operating transfer to Sinking Funds (minimum required by law)	14,792,096	16,867,256	14,137,770	16,181,864	654,326	685,392	-	-
	28,070,464	31,891,702	26,855,290	30,618,834	1,215,174	1,272,868	-	-
Agency fees	3,607,795	4,172,133	-	-	-	-	3,607,795	4,172,133
Other income	2,756,994	3,042,411	2,036,328	2,255,654	611,782	646,441	108,884	140,316
	34,435,253	39,106,246	28,891,618	32,874,488	1,826,956	1,919,309	3,716,679	4,312,449
Less: Operating Expenditure	33,777,803	40,114,691	30,075,427	35,783,203	842,754	1,251,176	2,859,622	3,080,312
OPERATING SURPLUS/(DEFICIT)	657,450	(1,008,445)	(1,183,809)	(2,908,715)	984,202	668,133	857,057	1,232,137
Add: Investment Income	137,851	82,689	120,868	72,550	3,054	1,683	13,929	8,456
Less: Town Improvement Project Works	(776,711)	(786,729)	(742,447)	(586,729)	(34,264)	(200,000)	-	-
SURPLUS/(DEFICIT) BEFORE INCOME TAX AND GOVERNMENT GRANTS	18,590	(1,712,485)	(1,805,388)	(3,422,894)	952,992	469,816	870,986	1,240,593
Less: Goods & Services Tax Income Tax Expense	274,723	289,931	240,735	254,787	6,131	5,924	27,857	29,220
	495,584	724,694	441,038	643,572	9,731	13,220	44,815	67,902
(DEFICIT)/SURPLUS BEFORE GOVERNMENT GRANTS	(751,717)	(2,727,110)	(2,487,161)	(4,321,253)	937,130	450,672	798,314	1,143,471
Add: Government grants	10,318,505	9,408,178	10,190,743	9,350,130	127,762	58,048	-	-
Less: Transfer to Sinking Funds	2,009,745	2,189,355	2,009,745	2,189,355	-	-	-	-
Town Improvement and Project Funds	4,320,459	2,897,570	4,192,697	2,839,522	127,762	58,048	-	-
	3,988,301	4,321,253	3,988,301	4,321,253	-	-	-	-
SURPLUS FOR THE YEAR	3,236,584	1,594,143	1,501,140	-	937,130	450,672	798,314	1,143,471
ACCUMULATED SURPLUS AT 1 APRIL	3,260,662	3,133,180	507,732	-	1,893,028	548,761	859,902	2,584,419
Add/(less):								
Transfer from Town Improvement & Project Funds ("TIPF") as at 24 August 2015	-	6,806,430	-	-	-	6,806,430	-	-
Section 34 Transferable Surplus as at 24 August 2015	-	(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)
Appropriation to Town Improvement and Project Funds	(1,200,000)	(1,700,000)	(1,200,000)	(1,700,000)	-	-	-	-
ACCUMULATED SURPLUS AT 31 MARCH	5,297,246	3,260,662	808,872	507,732	2,830,158	1,893,028	1,658,216	859,902

CHUA CHU KANG TOWN COUNCIL
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017**

5. SINKING FUNDS

Note	Total		Residential Property		Commercial Property	
	2017	2016	2017	2016	2017	2016
	S\$	S\$	S\$	S\$	S\$	S\$
Balance at 1 April	114,488,126	155,118,845	90,293,288	134,010,751	24,194,838	21,108,094
Add:						
Investment Income	3,295,166	1,817,119	3,215,363	1,780,777	79,803	36,342
Other Income	19,752	9,869	19,752	9,829	-	40
Operating transfer from conservancy and services fees	14,792,096	16,867,256	14,137,770	16,181,864	654,326	685,392
Government grants	2,009,745	2,189,355	2,009,745	2,189,355	-	-
	20,116,759	20,883,599	19,382,630	20,161,825	734,129	721,774
Less:						
Expenditure	17,413,830	34,512,114	17,082,108	33,688,533	331,722	823,581
Goods and Services tax	144,157	155,200	140,602	152,096	3,555	3,104
Income tax	199,299	172,233	193,996	168,788	5,303	3,445
	17,757,286	34,839,547	17,416,706	34,009,417	340,580	830,130
Surplus/(deficit) for the year	2,359,473	(13,955,948)	1,965,924	(13,847,592)	393,549	(108,356)
S34 Transferable Surplus as at 24 August 2015	-	5,837,045	-	-	-	5,837,045
Amount transferred to MYTTC	-	(32,511,816)	-	(29,869,871)	-	(2,641,945)
Balance at 31 March	116,847,599	114,488,126	92,259,212	90,293,288	24,588,387	24,194,838
Represented by:						
	2017	2016				
	S\$	S\$				
Non-Current Assets						
Held-to-maturity financial assets	26,000,000	31,000,000				
Current Assets						
Held-to-maturity financial assets	5,000,000	4,250,000				
Conservancy and service receivables	428,903	460,946				
Other receivables	205,772	866,149				
Interest receivable	708,632	869,078				
Financial assets at fair value through profit or loss	31,307,295	30,170,037				
Cash and cash equivalents	52,137,873	73,932,574				
Due from accumulated surplus	5,242,877	6,812,866				
	95,031,352	117,361,650				
Total Assets	121,031,352	148,361,650				
Current Liabilities						
Conservancy and services fees received in advance	207,929	199,999				
Payables and accrued expenses	3,094,383	4,317,323				
Amount due to MYTTC	-	28,511,816				
Income tax payable	881,441	844,386				
	4,183,753	33,873,524				
NET ASSETS	116,847,599	114,488,126				

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017**

6. TOWN IMPROVEMENT AND PROJECT FUNDS

	Note	Total		Residential Property		Commercial Property	
		2017	2016	2017	2016	2017	2016
		S\$	S\$	S\$	S\$	S\$	S\$
Balance at 1 April		1,236,768	6,806,430	1,190,817	-	45,951	6,806,430
Add/(Less):							
Government grants	4, 22	4,320,459	2,897,570	4,192,697	2,839,522	127,762	58,048
Expenditure		(5,097,170)	(4,278,991)	(4,935,144)	(4,197,022)	(162,026)	(81,969)
Town Improvement Works transfer from accumulated surplus		776,711	786,729	742,447	586,729	34,264	200,000
(Deficit)/surplus for the year		-	(594,692)	-	(770,771)	-	176,079
Add/(less):							
Transfer to Accumulated Surpluses as at 24 August 2015		-	(6,806,430)	-	-	-	(6,806,430)
Amount transferred to MYTTC		-	131,460	-	261,588	-	(130,128)
Appropriation from accumulated surplus	4	1,200,000	1,700,000	1,200,000	1,700,000	-	-
Balance at 31 March		2,436,768	1,236,768	2,390,817	1,190,817	45,951	45,951
Represented by:							
		2017	2016				
		S\$	S\$				
Current assets							
Grants receivable		4,471,565	2,665,463				
Other receivables		-	553,611				
Total assets		4,471,565	3,219,074				
Current liabilities							
Payables and accrued expenses		1,523,247	1,151,521				
Amount due to accumulated surplus		511,550	830,785				
Total liabilities		2,034,797	1,982,306				
NET ASSETS		2,436,768	1,236,768				

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**NOTES TO THE FINANCIAL STATEMENTS
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7. PAYABLE/(RECEIVABLE) FOR NEIGHBOURHOOD RENEWAL PROGRAMME

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Balance at 1 April	(565,590)	(7,014,233)
Funding from government	3,250,770	10,731,190
Payment and/or due to contractors	(2,291,556)	(4,282,799)
Net movement during the year	959,214	6,448,391
Transfer to MYTTC for the year	-	252
Balance at 31 March	<u>393,624</u>	<u>(565,590)</u>

The above also includes Electrical Load Upgrading ("ELU") carry out on behalf of HDB.

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 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
Additions	-	28,106	28,106
Written off	-	(1,250)	(1,250)
At 31 March 2017	<u>617,187</u>	<u>256,959</u>	<u>874,146</u>
<u>Accumulated Depreciation</u>			
At 1 April 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
Depreciation	3,553	30,119	33,672
Written off	-	(1,250)	(1,250)
At 31 March 2017	<u>612,627</u>	<u>187,509</u>	<u>800,136</u>
<u>Net book value</u>			
At 31 March 2016	<u>8,113</u>	<u>71,463</u>	<u>79,576</u>
At 31 March 2017	<u>4,560</u>	<u>69,450</u>	<u>74,010</u>

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9. HELD-TO-MATURITY FINANCIAL ASSETS

	<u>2017</u> S\$	<u>2016</u> S\$
Quoted debt securities, at amortised cost	31,000,000	35,250,000
Quoted debt securities, at amortised cost	31,000,000	35,250,000
Less: current portion - quoted debt securities	(5,000,000)	(4,250,000)
Non-current portion	26,000,000	31,000,000
With maturity within 1 year : - 2.00% p.a (FY15/16 : 2.42% p.a.)	5,000,000	4,250,000
With maturity within 2 to 5 years : 1.83% to 3.14% p.a. (FY15/16 : 1.83% to 3.14% p.a.)	23,000,000	28,000,000
With maturity over 5 years : 2.505% p.a. (FY15/16 : 2.505% p.a.)	3,000,000	3,000,000
At amortised cost	31,000,000	35,250,000
Market value at 31 March	31,505,500	36,003,950

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 reporting date, the funds invested through a fund manager comprised the following:

	<u>2017</u> S\$	<u>2016</u> S\$
Quoted equities	4,181,645	3,587,752
Quoted debt securities	27,125,650	26,582,285
	31,307,295	30,170,037

11. CONSERVANCY AND SERVICE FEES RECEIVABLES

	<u>2017</u> S\$	<u>2016</u> S\$
Conservancy and service fees receivables	2,661,912	2,387,905
Less: Allowance for impairment	1,419,095	1,055,427
	1,242,817	1,332,478

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11. CONSERVANCY AND SERVICE FEES RECEIVABLES (CONT'D)

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

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Balance at 1 April	1,055,427	1,515,045
Additional charge during the year	458,295	43,712
Bad debt written off	(94,627)	(135,793)
Amount transferred to MYTTC	-	(367,537)
Balance at 31 March	<u>1,419,095</u>	<u>1,055,427</u>

12. OTHER RECEIVABLES

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Claims from Citizens' Consultative Committee funding receivable	4,471,565	2,665,463
Receivables from HDB	598,243	1,344,535
GST receivable from Inland Revenue Authority of Singapore	298,287	515,702
GST subvention receivable from Ministry of National Development	400,609	380,083
Deposits and Prepayments	365,949	352,338
Receivables from contractors	179,482	173,769
SC/CC grant receivables	129,599	69,964
	<u>6,443,734</u>	<u>5,501,854</u>

All receivables are denominated in Singapore dollars.

13. CASH AND CASH EQUIVALENTS

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Cash on hand	7,500	7,500
Cash at banks	13,216,325	17,549,472
Cash with fund managers	1,338,017	689,055
	14,561,842	18,246,027
Fixed deposits	52,578,352	71,517,750
	<u>67,140,194</u>	<u>89,763,777</u>

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

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Cash and cash equivalents as above	67,140,194	89,763,777
Less: Cash placed with fund managers	(1,338,017)	(689,055)
	<u>65,802,177</u>	<u>89,074,722</u>

Fixed deposits are placed for varying periods from one month to one year. The interest rates range from 0.25% to 2.00% (2016: 0.77% to 1.95%) per annum.

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14. PAYABLES AND ACCRUED EXPENSES

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Accrued operating expenses	154,165	182,177
Deposits	644,297	860,190
Payables	9,964,282	41,345,577
	<u>10,762,744</u>	<u>42,387,944</u>

All payables and accrued expenses are denominated in Singapore dollars.

Included in payables are \$ Nil (2016: \$28,964,170) due to Marsiling-Yew Tee Town Council due to the change of electoral boundary.

Included in payables are amount due to a related party amounting to \$597,039 (2016: \$141,269).

15. AGENCY FEES

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

16. OTHER INCOME

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Interest on late payment of conservancy and service fees	188,747	166,907
Liquidated damages	192,365	172,445
Temporary occupation licenses	1,603,905	1,846,373
Usage of void deck, water, electricity and common property	271,663	320,644
Income from sale of tender documents/forfeiture of tender deposits	211,954	98,365
Others	288,360	437,677
	<u>2,756,994</u>	<u>3,042,411</u>

17. MANAGING AGENT'S FEES

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

18. GENERAL AND ADMINISTRATIVE EXPENDITURE

		<u>2017</u>	<u>2016</u>
		S\$	S\$
Advertising, publicity and public relations		195,297	510,015
Audit fee		34,500	56,500
Computer services		287,541	476,195
Depreciation	8	33,672	34,498
Fixed assets not capitalised		9,445	18,755
Office rental and upkeep expenditure		349,389	374,692
Office supplies and stationery		143,354	154,050
Property tax		167,062	192,023
Town Councillors' allowance		141,300	137,961
Allowance for doubtful debts	11	458,295	43,712
Others		169,041	156,149
		<u>1,988,896</u>	<u>2,154,550</u>

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18. GENERAL AND ADMINISTRATIVE EXPENDITURE (CONT'D)

	<u>2017</u>	<u>2016</u>
	S\$	S\$
This is allocated to the following expenditure:		
Operating expenditure	1,897,804	2,154,550
Sinking fund expenditure	91,092	-
	<u>1,988,896</u>	<u>2,154,550</u>

19. INVESTMENT INCOME

	<u>Note</u>	<u>2017</u>	<u>2016</u>
		S\$	S\$
<u>Accumulated Surplus</u>			
Interest income from fixed deposits and bank current accounts	4	<u>137,851</u>	<u>82,689</u>
<u>Sinking Fund</u>			
Interest income from fixed deposits and bank current accounts		708,054	1,145,288
Interest from quoted debt securities held-to-maturity		810,650	885,500
Gain/(loss) arising from changes in financial assets at fair value through profit or loss		<u>1,776,462</u>	<u>(213,669)</u>
	5	<u>3,295,166</u>	<u>1,817,119</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>2017</u>	<u>2016</u>
		S\$	S\$
Accumulated Surplus	4	274,723	289,931
Sinking Fund	5	144,157	155,200
		<u>418,880</u>	<u>445,131</u>

21. INCOME TAX EXPENSE

	<u>Note</u>	<u>2017</u>	<u>2016</u>
		S\$	S\$
Current year income tax provision		667,898	808,591
Under provision in respect of prior years		26,985	88,336
		<u>694,883</u>	<u>896,927</u>
Taken up in:			
Accumulated Surplus	4	495,584	724,694
Sinking Fund	5	199,299	172,233
Tax Expense		<u>694,883</u>	<u>896,927</u>

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21. INCOME TAX EXPENSE (CONT'D)

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

	2017	2016
	S\$	S\$
Interest income	2,834,284	3,140,117
Other income	1,479,493	1,669,009
	<u>4,313,777</u>	<u>4,809,126</u>
Tax calculated at Singapore tax rate of 17%	733,342	817,551
Income tax exemption	(25,925)	(25,925)
Under provision in respect of prior years	26,985	88,336
Others	(39,519)	16,965
	<u>694,883</u>	<u>896,927</u>

The movements in income tax payable are as follows:

	2017	2016
	S\$	S\$
Balance at 1 April	1,590,732	1,448,884
Income tax paid	(680,206)	(755,079)
Provision during the year	694,883	896,927
Balance at 31 March	<u>1,605,409</u>	<u>1,590,732</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	
		2017	2016	2017	2016	2017	2016	2017	2016
		S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Government Grants received/receivable during the financial year	4	10,318,505	9,408,178	4,409,854	4,693,123	4,320,459	2,897,570	1,588,192	1,817,485
Less: Transfer to Town Improvement and Project Funds	4, 6	4,320,459	2,897,570	-	-	4,320,459	2,897,570	-	-
Transfer to Sinking Funds	4, 5	2,009,745	2,189,355	1,462,002	1,560,938	-	-	547,743	628,417
		<u>3,988,301</u>	<u>4,321,253</u>	<u>2,947,852</u>	<u>3,132,185</u>	<u>-</u>	<u>-</u>	<u>1,040,449</u>	<u>1,189,068</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:

	2017	2016
	S\$	S\$
Cumulative total grants received / receivable up to 1 April	216,435,694	207,027,516
Grants received / receivable during the financial year	10,318,505	9,408,178
Cumulative total grants received / receivable up to 31 March	<u>226,754,199</u>	<u>216,435,694</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>2017</u>	<u>2016</u>
	S\$	S\$
Amount approved and contracted for	20,899,136	23,239,945
Amount approved and not contracted for	75,983,317	53,897,675
	<u>96,882,453</u>	<u>77,137,620</u>

The commitments amount included Neighbourhood Renewal Programme projects amounting to \$5,674,845 (2016: \$9,845,126), which is funded by HDB.

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>2017</u>	<u>2016</u>
	S\$	S\$
Not later than one year	443,164	481,801
Later than one year and not later than five years	453,744	812,395
	<u>896,908</u>	<u>1,294,196</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 party on terms mutually agreed during the financial year are as follows:

	<u>2017</u>	<u>2016</u>
	S\$	S\$
Managing agent's fees	3,865,983	4,273,379
Lift testing fees	72,000	-
Project management and Fire safety manager fees	<u>698,110</u>	<u>1,500,752</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 2017. There is no significant liquidity risk as sufficient cash is maintained to meet its operational requirements. The Town Council's 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 are 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 \$1,419,095 (2016: \$1,055,427) 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>2017</u>	<u>2016</u>
		S\$	S\$
Not past due		348,427	277,031
Past due 0-12 months		659,260	1,048,291
Past due 12-24 months		408,577	281,473
Over 24 months		<u>1,245,648</u>	<u>781,110</u>
		2,661,912	2,387,905
Allowance for impairment		<u>(1,419,095)</u>	<u>(1,055,427)</u>
	11	<u>1,242,817</u>	<u>1,332,478</u>

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26. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

(a) Credit Risk (Continued)

The Town Council had tightened their policy for allowance for impairment during the year whereby the allowance of \$267,425 (2016: S\$Nil) have been provided for receivables of late payment penalty charges.

Conservancy and service fees receivables amounting to \$1,242,817 (2016: \$1,332,478) 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 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	
	2017	2016	2017	2016
	S\$	S\$	S\$	S\$
Funds with a fund manager				
- increase by 10%	3,130,730	3,017,004	3,130,730	3,017,004
- decrease by 10%	(3,130,730)	(3,017,004)	(3,130,730)	(3,017,004)

(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.

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 reporting 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 \$72,823 (2016 : \$128,991) higher/lower.

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26. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

(b) Market Risk (Continued)

(iii) Foreign Currency Risk

Town Council is not exposed to foreign currency risk as at 31 March 2017.

(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 S\$	Between 2-5 years S\$	More than 5 years S\$	Total S\$
As at 31 March 2017				
Held-to-maturity financial assets	5,059,452	24,895,113	3,544,580	33,499,145
Financial assets at fair value through profit or loss	31,307,295	-	-	31,307,295
Conservancy and service receivables	1,242,817	-	-	1,242,817
Other receivables (exclude prepayment)	6,301,869	-	-	6,301,869
Interest receivable	737,849	-	-	737,849
Cash and cash equivalents	67,140,194	-	-	67,140,194
Conservancy and service fees received in advance	602,509	-	-	602,509
Payables and accrued expenses	10,762,744	-	-	10,762,744
Payables for Neighbourhood renewal programme	393,624	-	-	393,624
As at 31 March 2016				
Held-to-maturity financial assets	4,322,981	30,617,365	3,619,730	38,560,076
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
Receivable for Neighbourhood renewal programme	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

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).

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27. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(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 2017 and 31 March 2016.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>
<u>Recurring fair value measurement</u>				
31 March 2017				
Financial assets at fair value through profit or loss (Note 10)	31,307,295	-	-	31,307,295
31 March 2016				
Financial assets at fair value through profit or loss (Note 10)	30,170,037	-	-	30,170,037

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 2017 and 31 March 2016 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>
31 March 2017					
Held-to-maturity financial asset (Note 9)	31,505,500	-	-	31,505,500	31,000,000
31 March 2016					
Held-to-maturity financial asset (Note 9)	36,003,950	-	-	36,003,950	35,250,000

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 \$124,581,613 (2016: \$118,985,556).

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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)
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 in 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 statement of financial position - 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 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. SIGNIFICANT EVENTS AFTER YEAR END

In February 2017, Ministry of National Development had announced that additional support will be given to help Town Councils (TCs) with their operating needs and long-term capital expenditure requirements. The additional support is provided via two new grants as follows:

a) Lift Maintenance Grant (LMG)

The LMG helps TCs cope with the higher lift-related servicing and maintenance costs. LMG will be disbursed to TCs annually, together with the Service & Conservancy Charges (S&CC) Operating Grant. The amount to be disbursed to each TC is \$600/- for every lift (both residential and commercial) maintained by the TC.

As with the S&CC Operating Grant, LMG will be subject to the minimum contribution rates of 26% to the Sinking Fund and 14% to the Lift Replacement Fund.

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31. SIGNIFICANT EVENTS AFTER YEAR END (CONT'D)

b) Lift Replacement Fund (LRF) and Lift Replacement Fund Matching Grant

With effect from 1 April 2017, TCs are required to set up a dedicated LRF, to ensure that sufficient funds are set aside for the replacement of the TC's lifts and lifts parts when due. The initial transfer of 14% (\$16,358,664) from Sinking Fund as at 31 March 2017 to the Lift Replacement Fund is as follows:

- (i) Residential property - \$12,916,290 and
- (ii) Commercial property - \$3,442,374

To assist TCs in building up the LRF, MND will provide a 50% matching grant to the following contributions TCs make to the LRF:

- (i) Quarterly contributions to the LRF from S&CC and other grants-in-aids, including voluntary contributions beyond the minimum LRF contribution rate; and
- (ii) Voluntary contributions of Operating Fund surpluses to the LRF at the end of a financial year, as allowed under Section 33(9) of the amended Town Councils Act.

The LRF Matching Grant will be disbursed to the TCs every quarter through a claim process.

TCs are required to plan ahead and take appropriate and timely steps to ensure that their long-term finances are sustainable.