



ANNUAL REPORT FY 2016/2017



Marine Parade
Town Council





Contents

1. Chairman's Review

2. Town Councillors & Standing Committees

3. Audited Financial Statements

Independent Auditors' Report	1 - 4
Statement of Financial Position	5
Statement of Income & Expenditure & Other Comprehensive Income	6
Statement of Changes in Funds	7
Statement of Cash Flows	8
Notes to the Financial Statements	9 - 32

Chairman's Review



Introduction

In Financial Year 2016/2017, the Town Council continues with its mission to create a conducive living environment for our residents. Through our efforts in estate management and maintenance, we brought about various infrastructure improvements and rejuvenations to our older estates.

It is through the collective efforts of our residents and dedicated team of cleaners, tradesmen and service partners that the estates and facilities within our Town are well-kept and well-maintained. We would like to seek our residents' continued support in playing their part to upkeep the estates so as to create and maintain a clean and comfortable environment for all.

The Town Council will continue to explore sustainable cost-saving measures to develop and improve our estate living environment while we enhance our communication and engagement with our residents.



Chairman's Review

Financial Overview

For Financial Year 2016/2017, the Town Council reports an operating surplus of \$3.52 million, after net government grants of \$6.37 million.

Routine maintenance and operating costs continue to rise through the years. Expenses such as conservancy and cleaning, lift maintenance, horticultural works, electrical and pump maintenance of HDB blocks have all gone up. In addition, more expenditure will be needed to maintain and replace the mature infrastructure assets within our Town.

Hence, the Town Council continues to plan ahead to prepare for these longer-term expenditures by adopting a prudent approach in our financial management within the framework of good corporate governance.

Lift Replacement Fund

From 1 April 2017, Town Councils have to set aside 14% of the Service and Conservancy Charges (S&CC) collections and Government Grants into the new Lift Replacement Fund (LRF) as directed by the Ministry of National Development (MND). This comes on top of the 26% contribution into the Sinking Fund.

The funds from the LRF will be set aside for specific purposes: Older lifts will be retrofitted with new safety features and lifts that have reached their lifespan will be replaced accordingly.

In addition, the lift maintenance and servicing regime will be further enhanced for better reliability. These measures are put in place to ensure that the safety of our residents is not compromised.



Chairman's Review



Estate Maintenance

The Town Council had carried out a total of \$13.33 million of cyclical projects which include repairs and redecoration, re-roofing works, replacement of sanitary system (water pipes, water tank and linings) and lift improvement works. Such preventive maintenance works are required to ensure that our amenities are in good condition and to revitalise our mature estate environment.

As maintenance of the estates and its facilities is a shared responsibility, we would also like to take this opportunity to thank residents who played their part in the upkeep and care of the estate. We seek your continued support and cooperation to do your part as a community living within the estates.

Estate Improvement Projects

As part of our continued effort to enhance and rejuvenate the living environment, a total of \$2.28 million worth of improvement projects was implemented.

Existing common facilities were upgraded while new amenities are progressively added throughout the year.

Such improvements include inter-block covered linkways, fitness corners, playgrounds and drop-off porches are added and modernized to create a more conducive environment for our residents.



Chairman's Review



Connecting with Residents on Facebook

With the prevalence of social media, the Town Council has leveraged on the Facebook platform as an avenue to improve our engagement and connectivity with residents.

We have been actively posting and sharing Town Council related content on our page (<https://www.facebook.com/marineparade.towncouncil/>) to engage our residents and to keep them updated on what's happening in our Town. Such posts range from educational messages, improvements projects implemented to events happening within each constituency.

In addition, the Town Council has rolled out a series of animated GIFs featuring four different personas of different races sharing educational messages. The four personas, **Aunty May**, **Pravin**, **Tasha** and **Colin**, are named using the Town Council's initials, MPTC. With this initiative, the Town Council seeks to create more awareness on the various estate issues and to encourage residents to adopt good social habits.

Through these social media engagements, we continue in our effort to reach out and touch base with residents. At the same time, we seek to extend and strengthen our communication with the online community.

Chairman's Review



Conclusion

As a community, the Town Councillors, grassroots leaders, community partners and staff together with our residents, work hand in hand to shape and improve our Town, making it a better place to live in.

Efforts by the Town Council management, grassroots and community partners were put in to bring about better infrastructure improvements and services to enhance and facilitate the living environment of our Town. These were also made possible through feedback and support garnered from our residents.

As such, I would like to convey our appreciation for the support and contributions that everyone has made.

Together, we can make our Town a better place to live in.

Thank you.

Lim Biow Chuan PBM
Chairman
Marine Parade Town Council

Town Councillors & Standing Committee

(15 October 2015 - 14 October 2017)



Elected Members

Advisor: Mr Goh Chok Tong
Chairman: Mr Lim Biow Chuan PBM
Vice-Chairman: Mr Seah Kian Peng

Elected Members:
Mr Tan Chuan-Jin
Associate Professor Fatimah Lateef
Ms Tin Pei Ling
Mr Edwin Tong Chun Fai

Executive Committee

Chairman: Mr Lim Biow Chuan PBM

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

Standing Committee

Finance Committee

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

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

Tender & Contracts Committee

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

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

Town Councillors & Standing Committee

(15 October 2015 - 14 October 2017)

Commercial Properties Management Committee

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

Members:

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

Residential Estate Management Committee

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

Members:

Mr Chan Yee Kew PBM
Ms Charlotte Lee Kar Tim PBM
Mr Dicky Ong Bock Chye PBM
Mr Lee Wui Kiat
Ms Lily Teo Hiok Hoon PBM
Ms Mary Lee Choon Tuan PBM
Ms Sindy Lee Chuan Boey
Mr Varatharaja Nadarajan
Mr William G Fletcher PBM
Mr David Siow Serh Wei

Publicity & Information Committee

Advisor: Ms Tin Pei Ling
Chairman: Mr Ng Kim Eng BBM (L)
Vice Chairman: Mr Frederick Ho Wee Khoon PBM

Members:

Ms Doris Low Kam Fong
Ms Gina Ong Liat Wah PBM
Mr Michael Leong Ying Wai
Mr Simon Ng Hock Seng
Mr Tan Choon Kiang PBM
Mr Tay Poey Kiang PBM
Mr Melvin Chua Ee Song BBM
Mr Steven Tan Bock Eng

Audit Committee

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

Members:

Mr Steven Oh Swee Ann PBM
Ms Norami Aliza Haron
Mr Raymond Chan Leng Chye
Mr Thomas Thong Ming Yap
Mr Victor Lee Thiam Soon
Ms Winnie Wong Leng Nyuk

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

AUDITED FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 MARCH 2017

MARINE PARADE TOWN COUNCIL

**AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017**

TABLE OF CONTENTS	PAGE
Independent auditor's report	1 - 4
Statement of financial position	5
Statement of income and expenditure and other comprehensive income	6
Statement of changes in funds	7
Statement of cash flows	8
Notes to the financial statements	9 - 32

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

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

Report on the Audit of the Financial Statements*Opinion*

We have audited the accompanying financial statements of Marine Parade Town Council (the "Town Council"), which comprise the balance sheet of the Town Council as at 31 March 2017, the income and expenditure statement, statement of comprehensive income, statement of changes in Town Council funds and cash flow statement for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 32.

In our opinion, the accompanying financial statements of the Town Council are properly drawn up in accordance with the provisions of the Town Councils Act, Cap 329A (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to present fairly, in all material respects, the financial position of the Town Council as at 31 March 2017 and the financial performance, changes in Town Council funds and cash flows of the Town Council for the financial year ended on that date.

Basis for opinion

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

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

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

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

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

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

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

Responsibility of Management and Members of the Town Council for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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 management either intends to liquidate the Town Council or to cease operations, or has no realistic alternative but to do so.

The Members of the Town Council's responsibilities include overseeing the Town Council's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Opinion

In our opinion:

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

Basis for opinion

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

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

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

Responsibility of Management and Members of the Town Council 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.

The Members of the Town Council's responsibilities include overseeing Town Council's compliance with legal and regulatory requirements.

Auditor's responsibility for the Compliance Audit

Our responsibility is to express an opinion on the management's compliance based on our audit of the financial statements. We conducted our audit in accordance with SSAs. 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.

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

Other Matters

The financial statements for the financial year ended 31 March 2016 were audited by another firm of auditors whose audit report dated 22 August 2016 expressed an unmodified opinion on those financial statements.



Ecovis Assurance LLP
Public Accountants and
Chartered Accountants
Singapore

21 August 2017

MARINE PARADE TOWN COUNCIL

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Note	2017 \$	2016 \$
TOWN COUNCIL FUNDS			
Residential Property Funds			
Accumulated surplus	4	7,270,207	3,953,997
Sinking fund	5	40,919,494	39,254,021
Town Improvement and Project fund	6	1,378,413	1,379,638
		49,568,114	44,587,656
Commercial Property Funds			
Accumulated surplus	4	1,032,391	825,515
Sinking fund	5	31,197,960	29,977,015
Town Improvement and Project fund	6	262,555	262,788
		32,492,906	31,065,318
Fair Value Reserves	7	112,000	(93,580)
		82,173,020	75,559,394
Represented by:			
Non-Current assets			
Plant and equipment	8	51,976	90,535
Available-for-sale financial assets	9	2,612,000	2,651,500
		2,663,976	2,742,035
Current assets			
Available-for-sale financial assets	9	-	2,005,920
Interest receivable		331,553	360,223
Conservancy and service fees receivables	10	1,126,667	1,074,594
Conservancy and service grant receivable		14,207	109,099
Other receivables	11	2,578,793	3,221,194
Cash and cash equivalents	12	81,585,216	71,909,083
		85,636,436	78,680,113
Total assets		88,300,412	81,422,148
Less:			
Current liabilities			
Conservancy and service fees received in advance		(530,705)	(640,228)
Advances received for Neighbourhood Renewal Programme	13	(989,863)	(201,206)
Amount received for Estate Upgrading Programme	14	-	(147)
Payables and accrued expenses	15	(3,936,798)	(4,250,147)
Income tax payable	16	(670,026)	(771,026)
Total liabilities		(6,127,392)	(5,862,754)
Net ASSETS		82,173,020	75,559,394



LIM BIOW CHUAN PBM
Chairman



PNG CHIEW HOON
General Manager / Secretary

Date : 21 August 2017

MARINE PARADE TOWN COUNCIL

**STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017**

	Note	2017 \$	2016 \$
Operating income			
Conservancy and Service fees	4	38,747,402	38,225,163
Less: Operating income transfer to Sinking fund (minimum required by law)	5	(12,923,462)	(12,753,049)
		25,823,940	25,472,114
Agency fees	4, 17	2,525,052	2,464,924
Other income	4, 18	3,246,531	3,233,308
		31,595,523	31,170,346
Less: Operating expenditure			
Cleansing works		(6,557,439)	(6,301,101)
Managing agent's fees	25	(3,720,644)	(3,668,839)
Lift maintenance		(6,591,763)	(5,862,472)
Other works and maintenance		(5,354,136)	(5,205,135)
Water and electricity		(8,824,034)	(9,210,221)
General and administrative expenditure	19	(2,028,097)	(2,159,691)
		(33,076,113)	(32,407,459)
Operating deficit		(1,480,590)	(1,237,113)
Add: Investment income		144,426	78,615
Deficit before income tax and government grants		(1,336,164)	(1,158,498)
Less: Income tax	16	(205,563)	(227,373)
Goods and services tax	20	(367,434)	(355,719)
		(572,997)	(583,092)
Deficit before government grants		(1,909,161)	(1,741,590)
Add: Government grants	21	10,625,972	11,849,702
Less: Transfer to Sinking fund	5	(2,915,848)	(2,888,445)
Less: Transfer to Town Improvement and Project fund	6	(1,339,858)	(2,648,540)
		6,370,266	6,312,717
SURPLUS FOR THE FINANCIAL YEAR		4,461,105	4,571,127
Add: Transfer of funds during Boundary Change	4	-	23,932
Add: Transfer from Estate Upgrading Programme	14	147	58,948
Add: Transfer from surplus of Town Improvement and Project fund	6	702,802	800,089
Less: Appropriation to Town Improvement and Project fund	6	(1,640,968)	(1,642,426)
SURPLUS FOR THE FINANCIAL YEAR AFTER APPROPRIATION		3,523,086	3,811,670



LIM BIOW CHUAN PBM
Chairman

Date : 21 August 2017



PNG CHIEW HOON
General Manager / Secretary

MARINE PARADE TOWN COUNCIL

**STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017**

	Note	Total \$	Residential Property funds \$	Commercial Property funds \$	Carpark funds \$	Fair value reserve \$
Balance at 1 April 2015		79,831,591	51,000,757	30,224,104	-	(1,393,270)
(Deficit)/Surplus for the year		(4,690,255)	(7,537,725)	627,666	920,114	1,299,690
Transfer of funds during Boundary Change		359,110	145,460	213,548	102	-
Inter-funds transfer	4	-	920,216	-	(920,216)	-
Transfer from Estate Upgrading Programme	14	58,948	58,948	-	-	-
Balance at 31 March 2016		75,559,394	44,587,656	31,065,318	-	(93,580)
Balance at 1 April 2016		75,559,394	44,587,656	31,065,318	-	(93,580)
Surplus for the year		6,613,479	4,051,071	1,427,588	929,240	205,580
Inter-funds transfer	4	-	929,240	-	(929,240)	-
Transfer from Estate Upgrading Programme	14	147	147	-	-	-
Balance at 31 March 2017		82,173,020	49,568,114	32,492,906	-	112,000

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

	Note	2017 \$	2016 \$
Accumulated surplus	4	4,461,105	4,571,127
Sinking fund	5	2,886,418	(9,761,161)
Town Improvement and Project fund	6	(939,624)	(799,911)
Fair value reserve	7	205,580	1,299,690
		6,613,479	(4,690,255)

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

MARINE PARADE TOWN COUNCIL

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017**

	Note	2017 \$	2016 \$
Operating Activities			
Deficit before income tax and government grants		(1,336,164)	(1,158,498)
Adjustments for:			
Operating income transfer to Sinking fund	5	12,923,462	12,753,049
Interest income		(144,426)	(78,615)
Fair value changes recognised in Sinking fund	7	(39,500)	1,299,690
Allowance for impairment on operating receivables	10,11	179,627	138,718
Depreciation of plant and equipment	8	54,424	56,094
Loss on disposal of Available-For-Sale Financial Assets	5	251,000	1,199,575
Operating cash flows before changes in working capital		11,888,423	14,210,013
Movement in working capital:			
Operating receivables		539,396	(830,501)
Operating payables		(422,872)	(2,054,486)
Net cash flows generated from operations		12,004,947	11,325,026
Goods and services tax	20	(499,283)	(609,496)
Sinking fund expenditure	5	(13,331,121)	(24,557,286)
Town Improvement Project fund expenditure paid	6	(2,279,482)	(3,448,451)
Estate Upgrading Programme fund income received	14	-	147
Neighbourhood Renewal Programme fund expenditure paid	13	(6,196,413)	(8,482,106)
Income tax paid	16	(404,376)	(508,737)
Cash used in operations before government grants		(10,705,728)	(26,280,903)
Government grants received	21	10,625,972	11,849,702
Funding received from Neighbourhood Renewal Programme	13	6,985,070	7,829,766
Net cash generated from/(used in) operating activities		6,905,314	(6,601,435)
Investing Activities			
Purchase of plant and equipment	8	(15,865)	(7,460)
Proceeds from disposal of available-for-sale financial assets		1,754,920	45,939,413
Increase in fixed deposits	12	(25,000,000)	(10,000,000)
Interest income received		1,031,764	253,303
Net cash (used in)/generated from investing activities		(22,229,181)	36,185,256
Net (decrease)/increase in cash and cash equivalents		(15,323,867)	29,583,821
Cash and cash equivalents at beginning of year		61,909,083	32,325,262
Cash and cash equivalents at end of year	12	46,585,216	61,909,083

Cash and cash equivalents must be readily convertible to meet its short term cash commitments and should only include short-term investments which less than 3 months maturity period. Prior year's cash and cash equivalents included fixed deposit with maturity more than 3 months and non-pledged performance guarantee. Consequently, prior year's figures have been reclassified.

The effects of the above changes were as follows:

	2016 As previously reported \$	2016 As reclassified \$
Increase in fixed deposits	-	(10,000,000)
Net cash generated from investing activities	47,384,831	36,185,256
Net increase in cash and cash equivalents	39,583,821	29,583,821
Cash and cash equivalents at beginning of year	32,301,508	32,325,262
Cash and cash equivalents at end of year	71,885,329	61,909,083

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

MARINE PARADE TOWN COUNCIL

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

1. General Information

Marine Parade Town Council (the "Town Council") was formed on 5 July 1989 under the Town Councils Act (Chapter 329A). The principal functions of the Town Council are to control, manage, maintain and improve the common property of residential, other commercial property and market and food centres in the housing estates of the Housing and Development Board ("HDB") within the Town. The Town consists of Marine Parade Group Representation Constituency, MacPherson Single Member Constituency and Mountbatten Single Member Constituency.

The principal office of operations is at 50 Marine Terrace #01-265, Singapore 440050.

The financial statements of the Town Council for the financial year ended 31 March 2017 were authorised for issue in accordance with a resolution of the Town Council on 21 August 2017.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements are prepared in accordance with Financial Reporting Standards in Singapore ("FRSs") including all related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the provisions of the Town Councils Act, Cap 329A and as prepared on a historical cost basis, except as disclosed in the accounting policies below.

The financial statements of the Town Council are measured and presented in the currency of the primary economic environment in which the Town Council operates. The financial statements of the Town Council are presented in Singapore dollars ("S\$ or SGD), which is also the functional currency of the Town Council.

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

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

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

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

During the financial year, the Town Council adopted all the new/revised FRS and INT FRS that are relevant to its operations and effective for the current financial year. The adoption of these new/revised FRS and INT FRS does not result in changes to the Town Council's accounting policies and has no material effect on the amounts reported for the current or prior years.

FRSs issued but not yet effective.

At the date of authorisation of these statements, the following FRS and amendments to FRS that are relevant to the Town Council were issued but not yet effective:

FRS	Title	Effective date for period beginning on or after
FRS 109	Financial Instruments	1 January 2018
FRS 115	Revenue from Contracts with Customers	1 January 2018
FRS 116	Leases	1 January 2019

The management anticipates that the adoption of the above FRS in future periods will not have a material impact on the financial statements, and in particular, to the financial position and results, of the Town Council in the period of their initial adoption.

MARINE PARADE TOWN COUNCIL

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

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

2.2 Town Council Funds

In accordance with Section 33(1) of the Town Councils Act, separate funds are established to account for the management of the different types of properties. The types of properties currently under the management of the Town Council are as follows:

Residential Property
Commercial Property

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

The routine fund related to properties under management, together with Sinking Fund and Town Improvement and Project Fund, form the Town Council funds.

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

Assets and liabilities of the various funds of the Town Council are pooled in the statement of financial position at the end of each reporting period.

Sinking Fund

In accordance with Section 33(4) of the Town Councils Act, separate Sinking funds are established for improvement to, management and maintenance of residential and commercial properties. This sinking fund is maintained as part of the Town Council Funds.

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

The minimum amounts to be paid by property type, into the Sinking fund is as

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

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

The Sinking fund is utilised for cyclical works, including major repainting, renewal or replacement of roofing system, water tanks, pumps and water supply system, lightning protection system and lifts, major repairs and maintenance of the common area and contributions to the HDB in respect of general upgrading works carried out on the common property under the Housing and Development Act.

MARINE PARADE TOWN COUNCIL

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

2. Summary of significant accounting policies (Continued)

2.2 Town Council Funds (Continued)

Town Improvement Project Fund

Town Improvement and Project fund ("TIPF") is established and maintained as part of the Town Council Fund. This fund is utilised for improvement and development works in the Town.

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

2.3 Inter-fund transfers

Under Section 33(9) of the Town Councils Act, Cap 329A, the Town Council may transfer an amount not exceeding the surplus from any of its other funds established by the Town Council, to a fund which is in deficit to make good the deficit in that fund.

2.4 Allocation of general overheads

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

<u>Property Type</u>	<u>Equivalent Dwelling Unit(s)</u>	
	<u>2017</u>	<u>2016</u>
1 Residential Property Unit	1	1
1 Commercial Property Unit	2	2
6 Car lots or 36 Motorcycle lots or 4 Lorry lots	1	1

Such allocation by EDU is not applied to the Sinking fund, Town Improvement and Project fund, Neighbourhood Renewal Programme fund and Estate Upgrading Programme fund.

2.5 Government grants

The Town Council receives three types of grants from the Government: Service and Conservancy Charges ("S&CC") grant, payment from CCCs and Goods and Services Tax ("GST") subvention grant.

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

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

(iii) The GST Subvention is given as grants-in-aid to the Town Council to assist Town Councils for absorbing the GST increases in service and conservancy charges for HDB residential flats.

Government grants are recognised at their fair value where there are reasonable assurance that the attached condition will be complied with and that the grant will be received. Grant in recognition of specific expenditures are recognised as income over the periods necessary to match them with the related expenditure that they are intended to compensate on a systematic basis unless the accounting treatment is specified. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to statement of income and expenditure and other comprehensive income over the expected useful life of the relevant asset by equal annual instalment.

MARINE PARADE TOWN COUNCIL

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

2. Summary of significant accounting policies (Continued)

2.6 Recognition of Income

Revenue comprises the fair value of the consideration received or receivable from the gross inflow of economic benefits during the year arising from the course of the ordinary activities of the Town Council.

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

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

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

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

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

2.7 Income tax

Tax is provided on the following income:

- (i) Income derived from investments and bank deposits;
- (ii) Fees, rent and other charges received from non-residents or non-owners of properties in the Town;
- (iii) Donations from non-residents or non-owners of properties in the Town; and
- (iv) Agency fees derived from acting as agent for the HDB.

Income tax is accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws, and the effects of future changes in tax laws or rates are not anticipated. Income tax expense represents the sum of the tax currently payable and deferred tax. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority.

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

2.8 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Subsequent costs recognised is added to the carrying amount of the asset only when it is probable that economic benefits associated with the asset will flow to the Town Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when incurred.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Furniture, fixtures and fittings	5 years
Office equipment	5 years
Data processing equipment	3 years

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

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

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

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

MARINE PARADE TOWN COUNCIL

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

2. Summary of significant accounting policies (Continued)

2.9 Financial Assets

Initial recognition, measurement and derecognition of financial assets

The Town Council classifies its investments in financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date, with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed off immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based derecognition test prescribed by FRS 39 Financial Instruments: Recognition and Measurement relating to the transfer of risks and rewards of ownership and the transfer of control.

Subsequent measurement

Subsequent measurement based on the classification of financial assets of the respective categories under FRS 39 is as follows:

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

For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss.

- (ii) Available-for-sales financial assets ("AFS")
Certain equity instruments and debt securities held by the Town Council are classified as AFS if they are not classified in any of the other categories. Subsequent to initial recognition, AFS are measured at fair value and changes therein are recognised directly in the available-for-sale reserve with the exception of impairment losses, interests calculated using the effective interest method and foreign exchange gains and losses. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the available-for-sale reserve is included in profit or loss for the year.

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

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

MARINE PARADE TOWN COUNCIL

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

2. Summary of significant accounting policies (Continued)

2.10 Impairment of non-financial assets

The Town Council assesses at the end of each reporting period whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Town Council estimates the recoverable amount of the cash-generating unit to which the asset belongs. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount and the impairment losses are recognised as an expense in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income in profit or loss.

2.11 Conservancy and service fees receivables

After initial recognition at fair value, conservancy and service fees receivable are measured at amortised cost using the effective interest method but short-duration receivables with no stated interest rate are measured at original amount unless the effect of imputing interest would be significant. Conservancy and service fees receivable are stated after allowance for impairment.

Allowance for impairment is made if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition and that the loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. The carrying amounts of conservancy and service fees receivable approximate their fair value. The amount of the impairment allowance is recognised in profit or loss. No interest is charged on conservancy and service fees receivable in normal circumstances.

2.12 Other receivables

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

2.13 Cash and cash equivalents

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

MARINE PARADE TOWN COUNCIL

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

2. Summary of significant accounting policies (Continued)

2.14 Financial Liabilities

Initial recognition, measurement and derecognition of financial liabilities

A financial liability is recognised at each reporting date when, and only when, the Town Council becomes a party to the contractual provisions of the instrument. The initial recognition of financial liability at fair value is normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed off immediately. The transactions are recorded at the date of transaction.

The financial liability is derecognised when, and only when, its obligations are discharged, cancelled or expired.

Subsequent measurement

Subsequent measurement based on the classification of financial liabilities of the respective categories under FRS 39 is as follows:

- (i) Liabilities at fair value through profit or loss: As at the reporting date, there were no financial liabilities classified under this category.
- (ii) Other financial liabilities: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Payables and borrowings are classified under this category. Items classified within current payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

2.15 Fair value of financial instruments

The carrying values of current financial assets and financial liabilities approximate their fair values due to the short-term maturity of these instruments. Disclosures of fair values are not made when the carrying amount of current financial instruments is a reasonable approximation of fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant items at the end of the year and in the event the fair values are disclosed in the relevant notes of these financial statements. The maximum exposure to credit risk is the fair value of the financial instruments at the end of the reporting year. The fair value of a financial instrument is derived from an active market. The appropriate quoted market price for an asset held or liability to be issued is usually the current bid price without any deduction for transaction costs that may be incurred on sale or other disposal and, for an asset to be acquired or liability held, the asking price.

2.16 Lease as a lessee

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

2.17 Payables

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

2.18 Provisions

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

MARINE PARADE TOWN COUNCIL

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

3. Critical accounting judgements and key sources of estimation

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions of the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Town Council's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

3.1 Critical judgements made in applying the Town Council's accounting

In the process of applying the Town Council's accounting policies, the management is of the opinion that there is no instance of application of judgement which is expected to have a significant effect on the amounts recognised in the financial statements, apart from these involving estimations described below.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follow:

Allowance for doubtful conservancy and service fees receivables and other receivables

Allowance for doubtful conservancy and service fees receivables amounting to \$1,034,512 (2016: \$917,782) has been estimated on the basis of age of receivables, results of recovery efforts and historical experience (Note 10).

Other receivables mainly consist of grants receivables from the Citizens' Consultative Committee (CCC) for approved projects and no allowance has been provided for. Allowance is applied to other receivables, if events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful of other receivables requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying amount of other receivables and the allowance for impairment in the financial year in which such estimate has been changed.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

MARINE PARADE TOWN COUNCIL

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

4 Accumulated surplus

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

Note	Total		Residential Property funds		Commercial Property funds		Carpark funds	
	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$
Operating income								
Conservancy and service fees	38,747,402	38,225,163	33,653,516	33,245,615	5,093,886	4,979,548	-	-
Less: Operating Income transfer to Sinking fund (minimum required by law)	(12,923,462)	(12,753,049)	(11,140,603)	(11,010,208)	(1,782,859)	(1,742,841)	-	-
	25,823,940	25,472,114	22,512,913	22,235,407	3,311,027	3,236,707	-	-
Agency fees	2,525,052	2,464,924	-	-	-	-	2,525,052	2,464,924
Other income	3,246,531	3,233,308	2,517,420	2,517,717	714,811	701,505	14,300	14,086
	31,595,523	31,170,346	25,030,333	24,753,124	4,025,838	3,938,212	2,539,352	2,479,010
Less: Operating expenditure	(33,076,113)	(32,407,459)	(28,023,328)	(27,655,963)	(3,432,354)	(3,187,224)	(1,620,431)	(1,564,272)
Operating (deficit)/surplus	(1,480,590)	(1,237,113)	(2,992,995)	(2,902,839)	593,484	750,988	918,921	914,738
Add: Non-operating income	144,426	78,615	122,377	66,874	11,555	6,365	10,494	5,376
(Deficit)/surplus before income tax and government grants	(1,336,164)	(1,158,498)	(2,870,618)	(2,835,965)	605,039	757,353	929,415	920,114
Less: Income tax	(205,563)	(227,373)	(156,622)	(207,590)	(48,766)	(19,783)	(175)	-
Less: Goods and Services Tax	(367,434)	(355,719)	(335,753)	(324,497)	(31,681)	(31,222)	-	-
(Deficit)/surplus before government grants	(1,909,161)	(1,741,590)	(3,362,993)	(3,368,052)	524,592	706,348	929,240	920,114
Add: Government grants	10,625,972	11,849,702	10,625,972	11,849,702	-	-	-	-
Less: Transfer to Sinking fund	(2,915,848)	(2,888,445)	(2,915,848)	(2,888,445)	-	-	-	-
Less: Transfer to Town Improvement and Project fund	(1,339,858)	(2,648,540)	(1,339,858)	(2,648,540)	-	-	-	-
	6,370,266	6,312,717	6,370,266	6,312,717	-	-	-	-
SURPLUS FOR THE YEAR	4,461,105	4,571,127	3,007,273	2,944,665	524,592	706,348	929,240	920,114
Add: Transfer of funds during Boundary Change	-	23,932	-	20,805	-	3,025	-	102
Add /Less: Inter-funds transfer	-	-	929,240	920,216	-	-	(929,240)	(920,216)
Add: Transfer of surplus from amounts received for Estate Upgrading Programme	147	58,948	147	58,948	-	-	-	-
Add: Transfer from surplus of Town Improvement and Project fund	702,802	800,089	757,963	846,294	(55,161)	(46,205)	-	-
Less: Appropriation to Town Improvement and Project fund	(1,640,968)	(1,642,426)	(1,378,413)	(1,379,638)	(262,555)	(262,788)	-	-
Surplus for the year after appropriation	3,523,086	3,811,670	3,316,210	3,411,290	206,876	400,380	-	-
Add: Accumulated surplus at 1 April	4,779,512	6,483,397	3,953,997	3,744,553	825,515	2,738,844	-	-
Less: Transfer to Sinking fund as at 24 August 2015 in accordance with Statement of Transferable Surplus	-	(5,515,555)	-	(3,201,846)	-	(2,313,709)	-	-
ACCUMULATED SURPLUS AT 31 MARCH	8,302,598	4,779,512	7,270,207	3,953,997	1,032,391	825,515	-	-

MARINE PARADE TOWN COUNCIL

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

5 Sinking fund

Note	Total		Residential Property funds		Commercial Property funds		
	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	
Balance at 1 April	69,231,036	73,141,464	39,254,021	45,912,204	29,977,015	27,229,260	
Less: Transfer from Accumulated Surplus as at 24 August 2015 in accordance with Statement of Transferable Surplus	4	-	5,515,555	-	3,201,846	-	2,313,709
Transfer of funds during Boundary Change		-	335,178	-	124,655	-	210,523
		69,231,036	78,992,197	39,254,021	49,238,705	29,977,015	29,753,492
Add:							
Operating income transfer from conservancy and service fees	4	12,923,462	12,753,049	11,140,603	11,010,208	1,782,859	1,742,841
Investment (loss)/income	5(i)	607,668	(441,625)	555,407	(402,867)	52,261	(38,758)
LUP income		223	377	223	377	-	-
Transfer from government grants	4,21	2,915,848	2,888,445	2,915,848	2,888,445	-	-
		16,447,201	15,200,246	14,612,081	13,496,163	1,835,120	1,704,083
Less: Expenditure	5(ii)	(13,331,121)	(24,557,286)	(12,736,268)	(23,112,302)	(594,853)	(1,444,984)
Less: Income Tax	16	(97,813)	(150,344)	(89,856)	(137,117)	(7,957)	(13,227)
Goods and services tax	20	(131,849)	(253,777)	(120,484)	(231,428)	(11,365)	(22,349)
Surplus/(Deficit) for the year		2,886,418	(9,761,161)	1,665,473	(9,984,684)	1,220,945	223,523
		72,117,454	69,231,036	40,919,494	39,254,021	31,197,960	29,977,015
Add: Fair value reserves	7	112,000	(93,580)				
Balance at 31 March		72,229,454	69,137,456				
Represented by:							
Non-current asset							
Available-for-sale financial assets	9	2,612,000	2,651,500				
Current assets							
Cash and cash equivalents	12	65,834,042	60,185,788				
Interest receivable		259,161	298,647				
Available-for-sale financial assets	9	-	2,005,920				
Conservancy and service fees receivables	10	295,872	309,818				
Other receivables	11	121,855	435,457				
Due from accumulated surplus		5,052,288	5,233,760				
		71,563,218	68,469,390				
Total assets		74,175,218	71,120,890				
Less:							
Current liabilities							
Conservancy and service fees received in advance		(161,527)	(173,443)				
Payables and accrued expenses	15	(1,567,680)	(1,503,434)				
Income tax payable	16	(216,557)	(306,557)				
		(1,945,764)	(1,983,434)				
NET ASSETS		72,229,454	69,137,456				

MARINE PARADE TOWN COUNCIL

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

5 Sinking fund (Continued)

(i) Investment income/(loss)	2017	2016
	\$	\$
Interest income - fixed deposits	771,256	325,365
Interest income - bonds	87,412	432,585
Loss on disposal of Available-for-sale financial assets	(251,000)	(1,199,575)
	<u>607,668</u>	<u>(441,625)</u>
(ii) Expenditure	2017	2016
	\$	\$
Re-roofing works	1,524,093	2,391,625
Replacement of water pump sets	212,632	354,707
Lift works	5,991,377	6,510,130
Replacement of booster pumpsets	402,300	10,200
Repairs and Re-decoration	3,728,645	12,474,256
Automatic refuse chute flushing system	266,860	300,128
Replacement of fire fighting & protection system	11,200	-
Consultancy fees	233,371	979,043
Replacement of water pipes	960,643	1,537,197
	<u>13,331,121</u>	<u>24,557,286</u>

MARINE PARADE TOWN COUNCIL

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

6 Town Improvement and Project fund

Note	Total		Residential Property funds		Commercial Property funds	
	2017	2016	2017	2016	2017	2016
	\$	\$	\$	\$	\$	\$
Balance at 1 April	1,642,426	1,600,000	1,379,638	1,344,000	262,788	256,000
Transfer from government grants	4,21 1,339,858	2,648,540	1,339,858	2,648,540	-	-
Expenditure	6(i) (2,279,482)	(3,448,451)	(1,961,533)	(3,146,246)	(317,949)	(302,205)
Deficit for the year	(939,624)	(799,911)	(621,675)	(497,706)	(317,949)	(302,205)
Transfer to accumulated surplus*	4 (702,802)	(800,089)	(757,963)	(846,294)	55,161	46,205
Appropriation from accumulated surplus **	4 1,640,968	1,642,426	1,378,413	1,379,638	262,555	262,788
Balance at 31 March	1,640,968	1,642,426	1,378,413	1,379,638	262,555	262,788

Represented by:

Current asset

Cash and cash equivalents	12	1,640,968	1,642,426
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(i) Expenditure

Construction of covered linkways	814,657	1,169,094
Construction of pavilion	384,062	74,280
Construction/upgrading of playground, fitness corner etc	714,420	985,438
Residents' & study corner	652	64,674
Outdoor facilities	262,233	653,271
Lift lobbies upgrading	103,458	501,694
	2,279,482	3,448,451

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

** The amount required by Town Improvement Project fund for the following year would then be appropriated from the accumulated surplus.

MARINE PARADE TOWN COUNCIL

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

7 Fair value reserves

	2017 \$	2016 \$
Fair value reserves from available-for-sale financial assets	<u>112,000</u>	<u>(93,580)</u>
Movements:		
Balance at 1 April	(93,580)	(1,393,270)
Reclassification to profit or loss on disposal	245,080	-
(Loss)/gain arising during the year	(39,500)	1,299,690
	<u>205,580</u>	<u>1,299,690</u>
Balance at 31 March	<u>112,000</u>	<u>(93,580)</u>
Fair value reserves are taken up in:		
Sinking fund	<u>112,000</u>	<u>(93,580)</u>

8 Plant and Equipment

<u>Note</u>	<u>Furniture, fixtures and fittings</u> \$	<u>Office equipment</u> \$	<u>Data processing equipment</u> \$	<u>Total</u> \$
<u>Cost</u>				
At 1 April 2015	905,279	220,988	182,513	1,308,780
Additions	-	-	7,460	7,460
Disposals	-	(11,134)	(44,093)	(55,227)
At 31 March 2016	<u>905,279</u>	<u>209,854</u>	<u>145,880</u>	<u>1,261,013</u>
Additions	-	1,090	14,775	15,865
Disposals	(6,692)	(8,940)	(11,824)	(27,456)
At 31 March 2017	<u>898,587</u>	<u>202,004</u>	<u>148,831</u>	<u>1,249,422</u>
<u>Accumulated depreciation</u>				
At 1 April 2015	814,361	215,314	139,936	1,169,611
Depreciation	31,827	2,173	22,094	56,094
Disposals	-	(11,134)	(44,093)	(55,227)
At 31 March 2016	<u>846,188</u>	<u>206,353</u>	<u>117,937</u>	<u>1,170,478</u>
Depreciation	31,827	2,070	20,527	54,424
Disposals	(6,692)	(8,940)	(11,824)	(27,456)
At 31 March 2017	<u>871,323</u>	<u>199,483</u>	<u>126,640</u>	<u>1,197,446</u>
<u>Net book value</u>				
At 31 March 2017	<u>27,264</u>	<u>2,521</u>	<u>22,191</u>	<u>51,976</u>
At 31 March 2016	<u>59,091</u>	<u>3,501</u>	<u>27,943</u>	<u>90,535</u>

MARINE PARADE TOWN COUNCIL

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

9 Available-for-sale financial assets

	2017	2016
	\$	\$
<u>At fair value</u>		
Balance at 1 April	4,657,420	50,496,718
Disposals	(2,005,920)	(47,138,988)
Fair value changes recognised in Sinking fund	(39,500)	1,299,690
Balance at 31 March	2,612,000	4,657,420
<u>Made up of:</u>		
Current portion	-	2,005,920
Non-current portion	2,612,000	2,651,500
	2,612,000	4,657,420

This comprises of investment in one (2016: two) quoted bonds issued by statutory board that bears fixed interest rate of 3.14% (2016: 4.17% and 3.14%) per annum with maturity date ending on 18 March 2021 (2016: 10 May 2016 and 18 March 2021). The effective interest rate earned for the year is 2.40% (2016: 1.57%) per annum.

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

10 Conservancy and service fees receivables

	Note	2017	2016
		\$	\$
Conservancy and service fees receivables		2,161,179	1,992,376
Less: Allowance for impairment		(1,034,512)	(917,782)
Net		1,126,667	1,074,594
<u>Taken up in:</u>			
Accumulated surplus		830,795	764,776
Sinking fund	5	295,872	309,818
		1,126,667	1,074,594

Conservancy and service fees receivables are non-interest bearing and are generally on 30 days (2016: 30 days) credit term.

The movements in allowance for impairment are as follows:

	2017	2016
	\$	\$
Balance at 1 April	917,782	779,064
Write back to profit or loss	-	(31,007)
Charge to profit or loss	116,730	169,725
Balance at 31 March	1,034,512	917,782

MARINE PARADE TOWN COUNCIL

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

11 Other receivables

	Note	2017 \$	2016 \$
Claims for Citizens' Consultative Committee funding receivable		598,123	1,648,012
Billing for work carried out, reimbursement from HDB		1,469,227	606,361
Billing for work carried out, reimbursement from contractors		16,600	28,283
Billing for work carried out, reimbursement from NEA		61,895	30,707
Receivable from MND		328,207	325,876
Deposit - PUB		99,870	-
GST receivable		-	139,899
Other receivables*		498,060	872,348
Less: Allowance for impairment		(493,189)	(430,292)
		4,871	442,056
Net		2,578,793	3,221,194

Taken up in:			
Accumulated surplus		2,456,938	2,785,737
Sinking fund	5	121,855	435,457
		2,578,793	3,221,194

	2017 \$	2016 \$
The movements in allowance for impairment are as follows:		
Balance at beginning of year	430,292	439,600
Charge to profit or loss	62,897	-
Write off for the year	-	(9,308)
Balance at year end	493,189	430,292

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

MARINE PARADE TOWN COUNCIL

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

12 Cash and cash equivalents

	Note	2017	2016
		\$	\$
Cash on hand		11,000	11,000
Cash at banks		16,574,216	16,898,083
		<u>16,585,216</u>	<u>16,909,083</u>
Fixed deposits with financial institutions		65,000,000	55,000,000
		<u>81,585,216</u>	<u>71,909,083</u>
Taken up in:			
Accumulated surplus		14,110,206	10,080,869
Sinking funds	5	65,834,042	60,185,788
Town Improvement and Project fund	6	1,640,968	1,642,426
		<u>81,585,216</u>	<u>71,909,083</u>
Fixed deposits			
-Maturing in more than 3 months		35,000,000	10,000,000
-Maturing within 3 months		30,000,000	45,000,000
		<u>65,000,000</u>	<u>55,000,000</u>

Fixed deposits are placed for varying periods from one month to one year. The interest rates range from 0.75% to 1.85% (2016: 0.97% to 1.95%) per annum. The weighted average effective interest rates per annum relating to fixed deposits is 1.35% (2016: 1.44%).

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

	2017	2016
	\$	\$
Cash and cash equivalents as above	81,585,216	71,909,083
Less: Fixed deposits maturing more than 3 months	(35,000,000)	(10,000,000)
	<u>46,585,216</u>	<u>61,909,083</u>

MARINE PARADE TOWN COUNCIL

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

13 Advances for Neighbourhood Renewal Programme

	2017	2016
	\$	\$
Balance at 1 April	201,206	853,546
Add/(Less):		
Funding from government	6,985,070	7,829,766
Payments to contractors	(6,196,413)	(8,482,106)
	788,657	(652,340)
Balance at 31 March	989,863	201,206

Neighbourhood Renewal Programme ("NRP") was introduced in August 2007 in response to feedback received from residents during the Forum on HDB Heartware for more active consultation on the improvements to be provided in their precincts. Blocks built up to 1989 and have not undergone the Main Upgrading Programme (MUP) or Interim Upgrading Programme (IUP) are eligible for NRP.

14 Amount received for Estate Upgrading Programme

	Note	2017	2016
		\$	\$
Balance at 1 April		147	58,948
Add:			
Other income		-	147
Transfer to accumulated surplus on closure*	4	(147)	(58,948)
		(147)	(58,801)
Balance at 31 March		-	147

* The amount transferred to accumulated surplus on closure of project represents the excess of funds received over the cost incurred due to agency fee paid to Town Council for the management of project.

15 Payables and accrued expenses

	Note	2017	2016
		\$	\$
Accruals for completed works		119,778	224,209
Accrued operating expenses		3,386,300	3,679,454
Refundable deposits		254,856	248,772
GST Payables		72,744	-
Other payables		103,120	97,712
		3,936,798	4,250,147
Taken up in:			
Accumulated surplus		2,369,118	2,746,713
Sinking fund	5	1,567,680	1,503,434
		3,936,798	4,250,147

Payables are non-interest bearing and are generally on 30 - 90 days (2016: 30 - 90 days) credit term.

The amount payable to managing agent as at 31 March 2017 of \$582,486 (2016: \$73,100) was included in the line items "accruals for completed works" and "accrued operating expenses" with credit term of 30 days (2016: 30 days).

MARINE PARADE TOWN COUNCIL

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

16 Income tax

	Note	2017 \$	2016 \$
Current tax expense		367,000	303,024
(Over)/under provision of tax in previous financial years		(63,624)	74,693
		303,376	377,717
Taken up in:			
Accumulated surplus	4	205,563	227,373
Sinking fund	5	97,813	150,344
		303,376	377,717

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

	2017 \$	2016 \$
Interest income	1,003,094	619,491
Government grants & other income	10,630,086	11,745,113
Trade income	1,209,238	1,390,835
Allowable expenses	(128,456)	(125,802)
	12,713,962	13,629,637
Tax calculated at a tax rate of 17% (2016: 17%)	2,161,374	2,317,038
Tax remission of government grants under section 92(2) of Singapore Income Tax Act	(1,784,818)	(1,973,217)
Tax effect on concessionary income	(6,119)	(92,207)
Singapore statutory stepped income exemption	(25,925)	(25,925)
Others	22,488	77,335
Current tax expense	367,000	303,024
(Over)/under provision of tax in previous financial years	(63,624)	74,693
	303,376	377,717

The Town Council enjoys a concessionary tax rate of 10% (2016:10%) for the income earned on investment in bonds.

The movements in income tax payable are as follows:

	Note	2017 \$	2016 \$
Balance as at 1 April		771,026	902,046
Payments during the year		(404,376)	(508,737)
Current financial year's income tax expense		367,000	303,024
(Over)/under provision of tax in previous financial years		(63,624)	74,693
Balance as at 31 March		670,026	771,026
Taken up in:			
Accumulated surplus		453,469	464,469
Sinking fund	5	216,557	306,557
		670,026	771,026

MARINE PARADE TOWN COUNCIL

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

17 Agency fees

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

18 Other income

	2017	2016
	\$	\$
Penalty on late payment of conservancy & services fees	111,264	88,123
Liquidated damages imposed on contractors	140,393	155,092
Temporary occupational licenses	2,569,119	2,567,386
Usage of void deck, water, electricity and common property	312,230	341,140
Others	113,525	81,567
	3,246,531	3,233,308

19 General and administrative expenditure

	Note	2017	2016
		\$	\$
Advertising, publicity and public relations		199,238	269,095
Audit fee-auditors of Town Council		30,800	35,240
Computer services		362,307	366,918
Depreciation of plant and equipment	8	54,424	56,094
Insurance premium		14,942	9,332
Office rental		266,850	266,400
Office upkeep expenditure		123,814	110,380
Office supplies and stationery		112,567	108,013
Telecommunication		85,925	88,394
Property tax		271,543	268,559
Town Councillors' allowances		219,000	208,336
Others		286,687	372,930
		2,028,097	2,159,691

MARINE PARADE TOWN COUNCIL

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

20 Goods and Services Tax ("GST")

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

Disallowed input tax in the respective funds are as follows:

	Note	2017 \$	2016 \$
Accumulated surplus	4	367,434	355,719
Sinking fund	5	131,849	253,777
		499,283	609,496

21 Government grants

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

Note	Total		Service and Conservancy Charges Grant		Payment from Citizens Consultative Committees		GST Subvention Grant		
	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	2017 \$	2016 \$	
Government grants received/receivable	9,319,052	10,558,622	7,979,194	7,910,082	1,339,858	2,648,540	-	-	
GST Subvention received/receivable	1,306,920	1,291,080	-	-	-	-	1,306,920	1,291,080	
4	10,625,972	11,849,702	7,979,194	7,910,082	1,339,858	2,648,540	1,306,920	1,291,080	
Less: Transfers to									
-Sinking fund	4, 5	(2,915,848)	(2,888,445)	(2,483,204)	(2,460,865)	-	-	(432,644)	(427,580)
-Town Improvement and Project fund	4, 6	(1,339,858)	(2,648,540)	-	-	(1,339,858)	(2,648,540)	-	-
		6,370,266	6,312,717	5,495,990	5,449,217	-	-	874,276	863,500

MARINE PARADE TOWN COUNCIL

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

22 Inter-fund transfers

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

23 Capital commitments

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

	2017 \$	2016 \$
Amount approved and contracted for	14,170,491	10,453,077
Amount approved but not contracted for	13,219,105	15,075,251
	<u>27,389,596</u>	<u>25,528,328</u>

24 Operating lease commitments

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

	2017 \$	2016 \$
Not later than one year	434,877	405,277
Later than one year and not later than five years	633,103	650,528
	<u>1,067,980</u>	<u>1,055,805</u>

The leases on the Town Council's premises from Housing and Development Board on which rental are payable will expire in February 2018 and December 2019, subject for option to renew for another three years. Rental terms are renegotiated on renewal.

The Town Council entered into an agreement with NEC Asia Pacific Pte Ltd for the supply, delivery, design, development, installation, configuration, testing, commissioning, warrants of a fully operational integrated Town Council Management System with operation support and maintenance from 1 May 2013 to 30 April 2020.

MARINE PARADE TOWN COUNCIL

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

25 Significant related party transactions

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

	2017	2016
	\$	\$
Town Councillors' allowances	219,000	208,336

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

	2017	2016
	\$	\$
- Managing agent fees	3,720,644	3,668,839
- Project management and other fees	1,852,474	2,405,909

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

26 Financial instruments and financial risk

The Town Council's financial instruments comprise certain cash and cash equivalents, and various items including investment in financial assets, conservancy and service fees receivables and other receivables, accrued expenses and other payables that arise from its operations.

The main risks arising from the Town Council's financial instruments are credit risk and market risk. The Town Council is not exposed to foreign exchange risk. There is no significant liquidity risk as sufficient cash is maintained. Risks management policies and systems are reviewed regularly to reflect changes in the operational environment and market conditions.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. Financial assets that potentially subject to concentrations of credit risk consist principally of cash balances with banks, available for sales investment and receivables. The maximum exposure to credit risk is the fair value of the financial instruments at the end of the financial year. Credit risk on cash balances with banks is limited because these banks are of acceptable credit ratings.

For receivables, an ongoing credit evaluation is performed on the financial conditions of the receivables and losses on impairment are recognised in profit or loss. The allowance for impairment of conservancy and service fees receivables totalling \$1,034,512 (2016: \$917,782) is determined at the reporting date (Note 10).

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

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

	2017	2016
	\$	\$
Not past due	118,351	26,311
Past due but not impaired		
- 0 to 12 months	886,082	922,377
- 12 to 24 months	122,234	125,906
Past due and impaired	1,034,512	917,782
	<u>2,161,179</u>	<u>1,992,376</u>
Allowance for impairment	<u>(1,034,512)</u>	<u>(917,782)</u>
	<u>1,126,667</u>	<u>1,074,594</u>

Trade receivables are collectively determined to be impaired at the end of the reporting period based on historical experience. The receivables are not secured by any collateral or credit enhancements. There are no further allowance for impairment required for Conservancy and service fees receivables amounting to \$1,008,316 (2016: \$1,048,283) which are past due at the financial year end but not impaired as the management believes that they are collectible.

MARINE PARADE TOWN COUNCIL

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

26 Financial instruments and financial risk (Continued)

Market risk

Interest rate risk

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

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

Sensitivity analysis

A 1% increase/ (decrease) in interest rate of the fixed deposit at the reporting date would increase/ (decrease) the investment income by \$650,000 (2016: \$550,000). The analysis assumed that all other variables remain constant.

Liquidity risk

Liquidity risk is the risk that the Town Council will encounter difficulty in meeting financial obligations due to shortage of funds. The Town Council manages the liquidity risk by maintaining sufficient cash, internally generated cash flows, as well as on basis of expected payment dates of the financial liabilities.

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

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

Financial instruments by category

The carrying amounts of the different categories of financial instruments other than those disclosed on the face of the statement of financial position and in the notes to the financial statements are as follows:

	Note	2017 \$	2016 \$
Available-for-sale financial assets	9	2,612,000	4,657,420
Loan and receivables		85,636,436	76,674,193
Less: financial liabilities		(3,936,798)	(4,250,147)
		<u>84,311,638</u>	<u>77,081,466</u>

27 Fair value of financial assets and liabilities

The carrying amounts of current financial assets and liabilities approximate their respective fair values due to the relatively short term maturity of these financial instruments. The fair values of the financial assets of quoted bond has been included in level 1 of the fair value hierarchy for the financial year ended 31 March 2017 and 2016.

MARINE PARADE TOWN COUNCIL

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

28 Funds management

The Town Council's objectives when managing funds are:

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

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

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

The Town Council is not subject to externally imposed capital requirements.

The Town Council total funds amounted to \$82,173,020 (2016: \$75,559,394).

29 Subsequent event

Establishment of a new Lift Replacement Fund (LRF) and Revised Contribution Rates

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

Town Councils are required to maintain a separate bank account for the LRF and effect quarterly transfers to the SF and LRF based on minimum contribution rates of 26% for SF and 14% for LRF within one month from the end of each quarter of the financial year.

For the initial set up of the LRF, Town Councils are required to make a one-time carve out of 14% of the audited FY2017 SF closing balance (also known as "initial transfer").

The Town Council had made an interim transfer amounted to \$10,203,954 on 28 April 2017. This interim transfer allowed the Town Council to make lift-related expenditures out of the LRF during the interim period.

Town Councils have a grace period of up to 30 September 2017 to adjust the "interim transfer" in the LRF based on the audited SF closing balance. Based on the audited SF closing balance, the final transfer will be \$10,112,124 (Residential \$5,743,056 and Commercial \$4,369,068).

30 Comparative figures

The financial statements for the financial year ended 31 March 2016 were audited by another firm of auditors whose report dated 22 August 2016 expressed an unmodified opinion on those financial statements.



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