

**Jurong Town Council's Audited Financial Statements,  
Auditors' Reports and Annual Report  
For FY2010/2011**

**S. 97 of 2011**

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**Ordered by Parliament to lie upon the Table:**

**07 October 2011**

**JURONG TOWN COUNCIL**  
(Established under the Town Councils Act, Cap 329A)

**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011**

**JURONG TOWN COUNCIL**  
(Established under the Town Councils Act, Cap 329A)

**REPORT AND FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2011**

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## **Chairman's Message for FY 2010/2011**

### **Introduction/Foreword**

The economy picked up rapidly in the fiscal year. Due to the increase in electrical tariffs, Service & Conservancy Charges (S&CC), which had remained constant in the last five years, was revised this fiscal year in order to cope with the rising operating costs.

### **Estates Management**

Jurong Town Council controls, manages, maintains and carries out improvement works to the common property of 54,475 HDB's residential flats and commercial property within Jurong Group Representation Constituency (GRC).

During FY 10/11, a total of \$28.85M was spent on routine maintenance of the estate, \$11.16M on cyclical works, \$17.93M on lift upgrading programmes and \$3.12M on installation of new facilities to provide a quality living environment for our residents.

### **Improvement / Upgrading Programmes**

The Town Council is concentrating its efforts on the Neighbourhood Renewal Programme and Lift Upgrading Programme (LUP) to create a better living environment for our residents

Barrier-Free Accessibility (BFA) for the whole of Jurong Town was completed in 2010, one year ahead of our schedule.

For the Lift Upgrading Programme (LUP), a total of 417 blocks or almost 98% of the eligible blocks have undergone or are undergoing lift upgrading, which provides speedier and more convenient access to residents' homes. We are on track to implement the LUP for all eligible blocks by 2014.

There are seven projects in Jurong Town undergoing Neighbourhood Renewal Programme (NRP). Construction works for Batch 1 of the NRP is expected to complete in Aug 2011. Pollings for the second and third batches of the NRP were held in Jan and Feb 2011. We are expecting to carry out more NRPs over the next few years.

Other programmes that have been completed in Jurong GRC include the Interim Upgrading Programme Plus (IUP Plus), which has benefited 23,209 households in Jurong Town, and the Selective En-bloc Redevelopment Scheme (SERS).

For FY 10/11, the following upgrading programmes have been completed or are being implemented:

Barrier Free Accessibility (BFA)

**a) Precincts completed**

- Blks 501 to 509 Jurong West Ave 1 / St 51 / St 52
- Blks 543 to 551 Jurong West St 42
- Blks 552 to 559 Jurong West St 42
- Blks 537 to 542 Jurong West St 42
- Blks 301 to 310 Jurong East St 32
- Blks 311 to 316 Jurong East St 32
- Blks 329 to 341 Jurong East Ave 1
- Blks 409 to 416 Jurong West St 42
- Blks 417 to 422 Jurong West St 42
- Blks 432 to 440 Jurong West Ave 1 / St 42
- Blks 423 to 431 Jurong West Ave 1
- Blks 484 to 491 Jurong West Ave 1
- Blks 101 to 107 Jurong East St 13
- Blks 108 to 116 Jurong East St 13
- Blks 130 to 135 Jurong East St 13
- Blks 241 to 245 Jurong East St 24
- Blks 331 to 336, 331A Tah Ching / Kang Ching Rd
- Blks 620-622 Bukit Batok Central
- Blks 623-628A Bukit Batok Central
- Blks 201-211 Bukit Batok St 21
- Blks 297-299 Bukit Batok St 22
- Blks 185-193 Bukit Batok West Ave 6

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- Blks 288A to 288H & 289A to 289H Bukit Batok St 25
- Blks 254 to 265 Bukit Batok East Ave 4
- Blks 242 to 253 Bukit Batok East Ave 5

Lift Upgrading Programme (LUP)

**a) Completed**

- Blks 311 to 316 Jurong East St 32
- Blks 423 to 431 Jurong East Ave 1\*
- Blks 409 to 416 Jurong West St 42
- Blks 484 to 491 Jurong West Ave 1
- Blks 456 to 461 Jurong West St 41\*
- Blks 469 to 472 Jurong West St 41^
- Blks 543 to 547, 550 & 551 Jurong West St 42\*
- Blks 548 & 549 Jurong West St 42^
- Blks 552 to 555, 557 & 559 Jurong West St 42
- Blks 101 & 102 Jurong East St 13^
- Blks 221 to 228, 221A, 223A & 225A Jurong East St 21
- Blks 219A, 220 & 230 Jurong East St 21^
- Blks 246 to 253 Jurong East St 24
- Blks 256, 257, 259, 261, 262 & 264 Jurong East St 24
- Blks 111 & 112 Tao Ching / Ho Ching Rd^
- Blks 117 Bukit Batok West Ave 6^
- Blk 271 Bukit Batok East Ave 4^
- Blk 280 Bukit Batok East Ave 3^

*\* As part of the IUP Plus*

*^ Under TC-LUP*

**b) In progress**

- Blks 301 to 310 Jurong East St 32
- Blks 329 to 335, 338, 339 & 341 Jurong East Ave 1
- Blks 417 to 422 Jurong West St 42
- Blks 432 to 440 Jurong West Ave 1 / St 42
- Blks 441 to 455 Jurong West Ave 1/ St 42
- Blks 462 to 468 & 473 Jurong West St 41

- Blks 501 to 504 & 506 to 508 Jurong West Ave 1/St 51/52
- Blks 537 to 542 Jurong West Ave 1/ St 42
- Blks 103 to 116 Jurong East St 13
- Blks 215 to 219, 215A, 217A, 229 & 231 Jurong East St 21
- Blks 241 to 245 Jurong East St 24
- Blocks 258, 260 & 263 Jurong East St 24
- Blks 317 to 328 & 322A Jurong East St 31
- Blks 215, 217 to 221, 228 to 230 Bukit Batok East Ave 3 / St 21 / Central
- Blks 112 to 114, 116, 118 & 120 to 126 Bukit Batok West Ave 6 / Central
- Blks 133 to 149 Bukit Batok West Ave 6 / St 11
- Blks 150, 152, 154, 157, 160 to 168 Bukit Batok West Ave 8 / St 11
- Blks 101 to 103 (low blocks), 106, 173, 174 & 178 to 187 Bukit Batok West Ave 6/  
Ave 8/ Central
- Blk 216 Bukit Batok St 21
- Blks 231 to 233, 235 & 238 to 241 Bukit Batok East Ave 5
- Blocks 242 to 253 Bukit Batok East Ave 5

**c) *Selected and Awaiting Polling***

- Blks 401 to 408 Jurong West St 42
- Blks 209 to 211 & 214 Jurong East St 21
- Blks 343, 345, 349, 351 & 352 Jurong East Ave 1/St 31
- Blks 639 & 642 Bukit Batok Central
- Blks 274, 275, 278, 281 & 283 (low-rise attachment) Bukit Batok East Ave 3

**Neighbourhood Renewal Programme (NRP)**

***In progress***

- Blks 111 to 118 Bukit Batok West Ave 6 & 120 to 126 Bukit Batok Central
- Blks 441 to 455 Jurong West Ave 1 / St 42
- Blks 201 to 205 & 209 to 211 Bukit Batok St 21

**Hawker Centres Upgrading Programme (HUP)**

***Completed***

- Blk 505 Jurong West St 52

Interim Upgrading Programme (IUP) Plus

**Completed**

- Blks 456 to 461 Jurong West St 41
- Blks 543 to 551 Jurong West St 42
- Blks 423 to 431 Jurong West Ave 1
- Blks 484 to 491 Jurong West Ave 1

Selective En-bloc Redevelopment Scheme (SERS)

**a) Completed**

- Blks 103 & 105 Tao Ching Rd

**b) In progress**

- Blks 5 to 10 Yung Ping / Yung Kuang Rd

**Cyclical Works**

To keep our buildings and facilities in good condition, the following cyclical works were carried out during FY 10/11:

- Repair & Redecorations (84 blocks)
- Reroofing (89 blocks)
- Replacement of water pipes (53 blocks)
- Upgrading of Low Tension rooms (2 nos.)
- Replacement of transfer & booster pumpsets (109 blocks)
- Electrical rewiring (11 blocks)

**Improvement Works**

As funds are limited, the Town Council prioritise and implement proposals that would benefit a large number of our residents. With the Community Improvement Projects Committee (CIPC) funds, we have been able to add or upgrade \$3.12M worth of facilities within the town. Many covered linkways, some with attached drop-off-points, were built and numerous recreation and exercise facilities such as hardcourts, pavilions, playgrounds, multi-generation fitness corners and Residents' Corners were added as well.



### **Cost Management**

The Town Council is constantly seeking innovative ways to conserve energy. We are the first Town Council to adopt LED lightings for the corridors, void decks and staircases in our estates and these lights are expected to save us an estimated \$1.13 million annually. We have also saved on our re-roofing works by re-using the secondary roof slabs. In addition, the Town Council is working closely with agencies to carry out a pilot project using solar panels to harness solar energy.

### **Clean and Green Efforts**

The Town Council's 'Cash for Trash' programme, which has been well received by our residents, is in its fourth year running. Since its launch in Nov 2007, close to 3.2 million kg of recyclables such as newspapers, aluminium cans, old clothing, plastic and glass bottles were collected.

The Recycling Initiative for Community & Household (R.I.C.H.), an enhancement programme to the successful 'Cash for Trash' programme, was launched in Bukit Batok East in Mar 2011. The programme aims to empower our community and households to set their goals on the amount of recyclables they plan to recycle annually. With residents' strong support for the recycling programmes, we believe that the Town is well on its way to adopt a pro-recycling culture.

To recognise and reward dedicated cleaners who have been helping to keep our estates clean & comfortable to live in, the Best Cleaner Award was launched this year. A total of 130 online nominations were received from residents at the closing of the nomination period and the top 20 nominated cleaners received the Best Cleaner Award consisting of a cash prize and hamper.

Yuhua Zone 7 Residents' Committee (RC), which covers Blk 101-116 Jurong East St 13, won the "Most Litter-Free Estate" award at 6th South West District Public Health Awards held in January 2011, for maintaining the highest level of cleanliness in common areas like void decks, lift lobbies, staircases, playgrounds and car parks. Yuhua Village Market and Food Centre once again clinched the award for the "Clean, Dry & Sparkling Public Toilets" under the "Hawker Centres" sub-category for the 4th consecutive year.

Cleanliness in the estates is an ongoing effort between the residents and the Town Council. We can all live in a clean & hygienic neighbourhood if each of us makes a conscious effort to save our environment and keep it litter-free.

### **Dengue Situation**

The combined efforts of the Town Council and stakeholders of Jurong Town throughout the year have helped ensure that the dengue situation remains under control.

Our Town Council, the National Environmental Agency, grassroots leaders, students, resident volunteers and other government agencies were actively involved in the two pronged anti-dengue initiative which focused on identifying and destroying mosquito breeding habitats in the estates and educating the public through various channels on how to keep their homes and common areas free of potential mosquito breeding grounds.

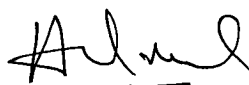
### **Conclusion**

The Town Council strives to create a better living environment for our residents by diligently carrying out maintenance work to buildings and facilities, and ensuring that common areas are kept clean and safe. We also want to encourage residents to play their part in sustaining the effort by being considerate and civic minded towards one another. Simple gracious acts such as cleaning up after your pets, keeping the common corridors clutter-free and placing litters where they should be, can go a long way in maintaining cordial neighbourly ties.

Moving forward, Jurong Town Council will continue to fine tune its processes to optimise the efficiency of its estate management operations. We are aiming to enhance the skills of our customer service officers and leverage on technology to improve our service to residents. We will also be working closely with our stakeholders to explore avenues to improve the quality of the living environment for our residents.

Lastly, I would like to take this opportunity to thank my fellow MPs, Town Councillors, grassroots leaders and residents for their support and contributions, and the town council staff for working tirelessly to keep our living environment clean and our buildings and facilities in good condition.

Thank you.



Halimah Yacob (Mdm)  
Chairman  
Jurong Town Council

**INDEPENDENT AUDITORS' REPORT TO JURONG TOWN COUNCIL**  
(Established under the Town Councils Act, Cap 329A)

We have audited the accompanying financial statements of Jurong Town Council (the "Town Council"), which comprise the balance sheet of the Town Council as at 31 March 2011, the statement of comprehensive income, the statement of changes in funds and cash flows statement of the Town Council for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 10 to 40.

*Town Council management's responsibility*

The Town Council's management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Town Councils Act, Cap 329A (the "Act") and Singapore Financial Reporting Standards, 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 profit and loss accounts and balance sheet and to maintain accountability of assets.

*Auditors' responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the Town Council's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town Council's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Town Council, as well as evaluating the overall presentation of the financial statements.

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

**INDEPENDENT AUDITORS' REPORT TO JURONG TOWN COUNCIL**  
(Established under the Town Councils Act, Cap 329A)

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Town Council as at 31 March 2011 and the results, changes in funds and cash flows of the Town Council for the year ended on that date.

**Report on Other Regulatory Requirement**

During the course of our audit, nothing has come to our attention which caused us to believe that the receipt, expenditure and investment of monies and the acquisition and disposal of assets by the Town Council during the financial year ended 31 March 2011 have not been made in accordance with the provisions of the Act. Further, the accounting and other records required by the Act to be kept by the Town Council have been properly kept in accordance with the provisions of the Act.

  
Mazars LLP  
Public Accountants and  
Certified Public Accountants

Singapore : 19 August 2011

**JURONG TOWN COUNCIL**

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

**STATEMENT OF COMPREHENSIVE INCOME**

For the Financial Year Ended 31 March 2011

	Note	2011 S\$	2010 S\$
<b>Operating Income</b>			
Conservancy and Service Fees	3	36,156,045	34,356,893
Less:			
Operating Transfer to Sinking Funds (minimum required by law)	3, 4	(12,251,968)	(11,646,261)
		23,904,077	22,710,632
Agency Fees	7	2,142,595	2,080,714
Other Income	8	1,872,669	1,682,892
		27,919,341	26,474,238
<b>Less: Operating Expenditure</b>			
Cleaning Works		4,767,598	4,478,279
Managing Agent's Fees	9	3,364,478	3,312,569
Lift Maintenance		3,495,976	3,072,845
Other Works and Maintenance		5,485,561	5,791,035
Water and Electricity		9,763,025	8,738,211
General and Administrative Expenditure	10	1,975,302	2,243,774
		(28,851,940)	(27,636,713)
<b>Operating Deficit</b>		(932,599)	(1,162,475)
<b>Add: Non-operating Income</b>			
Interest Income	11	63,369	66,669
<b>Deficit before Taxation and Government Grants</b>		(869,230)	(1,095,806)
<b>Less: Taxation</b>	12	(74,998)	(81,608)
<b>Deficit before Government Grants</b>		(944,228)	(1,177,414)
<b>Add:</b>			
Government Grants	13	38,863,602	8,260,990
<b>Less: Transfer to Sinking Funds including GST Subvention</b>	13	(33,323,304)	(1,903,976)
Transfer to Town Improvement and Project Funds	13	(1,493,012)	(2,378,813)
		4,047,286	3,978,201
<b>Surplus for The Financial Year</b>		3,103,058	2,800,787
<b>Other Comprehensive Income</b>			
Sinking Funds	4	17,558,756	(6,719,367)
Town Improvement and Project Funds	5	(1,625,082)	(1,384,090)
Fair Value Reserve	16	60,000	60,000
<b>Total Comprehensive Income for the Financial Year</b>		19,096,732	(5,242,670)

The annexed notes form an integral part of these financial statements

**JURONG TOWN COUNCIL**  
(Established under the Town Councils Act, Cap 329A)

**BALANCE SHEET**  
As at 31 March 2011

	Note	2011 S\$	2010 S\$
<b>Town Council Funds</b>			
<b>Residential Property Funds</b>			
Accumulated Surplus	3	350,904	301,960
Sinking Funds	4	58,704,603	41,287,865
Town Improvement and Project Funds	5	253,878	396,764
		59,309,385	41,986,589
<b>Commercial Property Funds</b>			
Accumulated Surplus	3	3,873,045	2,534,539
Sinking Funds	4	27,247,602	27,105,584
Town Improvement and Project Funds	5	1,484,222	1,666,418
		32,604,869	31,306,541
<b>Carpark</b>			
Accumulated Surplus	3	1,126,957	711,349
<b>Neighbourhood Renewal Programme Fund</b>			
	6	(371,892)	34,275
<b>Fair Value Reserve</b>			
	4	(40,000)	(100,000)
		<u>92,629,319</u>	<u>73,938,754</u>

The annexed notes form an integral part of these financial statements

**JURONG TOWN COUNCIL**  
(Established under the Town Councils Act, Cap 329A)

**BALANCE SHEET**  
As at 31 March 2011

	Note	2011 S\$	2010 S\$
Represented by :			
<b>Non-Current Assets</b>			
Plant and Equipment	14	46,436	39,057
Held-to-Maturity Financial Assets	15	9,458,764	6,344,542
Available-for-Sale Financial Assets	16	4,960,000	4,900,000
		<u>14,465,200</u>	<u>11,283,599</u>
<b>Current Assets</b>			
Financial Assets at Fair Value through profit or loss	17	5,890,120	5,606,491
Held-to-Maturity Financial Assets	15	-	5,000,000
Conservancy and Service Receivables	18	892,192	947,788
Other Receivables	19	4,410,947	5,681,318
Cash and Cash Equivalents	20	74,278,344	50,174,626
		<u>85,471,603</u>	<u>67,410,223</u>
<b>Total Assets</b>		<b>99,936,803</b>	<b>78,693,822</b>
Less:			
<b>Current Liabilities</b>			
Conservancy and Service Fees Received-in-Advance		491,217	510,444
Payables and Accrued Expenses	21	6,313,601	3,752,338
Income Tax Payable	12	502,666	492,286
<b>Total Liabilities</b>		<b>7,307,484</b>	<b>4,755,068</b>
<b>Net Assets</b>		<b><u>92,629,319</u></b>	<b><u>73,938,754</u></b>



Mdm Halimah Yacob  
Chairman



Mr Ho Thian Poh  
Secretary

The annexed notes form an integral part of these financial statements

**JURONG TOWN COUNCIL**  
(Established under the Town Councils Act, Cap 329A)

**STATEMENT OF CHANGES IN TOWN COUNCIL FUNDS**  
For the Financial Year Ended 31 March 2011

	Residential Property Funds	Commercial Property Funds	Carpark	Neighbourhood Renewal Programme Fund	Fair Value Reserve	Total
	S\$	S\$	S\$	S\$	S\$	S\$
<b>2011</b>						
Balance at 1 April 2010	41,986,589	31,306,541	711,349	34,275	(100,000)	73,938,754
Fair Value Gain on Available-for-Sale Financial Assets (Note 16)	-	-	-	-	60,000	60,000
Surplus/(Deficit) for The Year	<u>17,322,796</u>	<u>1,298,328</u>	<u>415,608</u>	<u>(406,167)</u>	<u>-</u>	<u>18,630,565</u>
Balance at 31 March 2011	<u>59,309,385</u>	<u>32,604,869</u>	<u>1,126,957</u>	<u>(371,892)</u>	<u>(40,000)</u>	<u>92,629,319</u>
<b>2010</b>						
Balance at 1 April 2009	48,991,419	29,808,807	506,923	116,111	(160,000)	79,263,260
Fair Value Loss on Available-for-Sale Financial Assets (Note 16)	-	-	-	-	60,000	60,000
(Deficit)/Surplus for The Year	<u>(7,004,830)</u>	<u>1,497,734</u>	<u>204,426</u>	<u>(81,836)</u>	<u>-</u>	<u>(5,384,506)</u>
Balance at 31 March 2010	<u>41,986,589</u>	<u>31,306,541</u>	<u>711,349</u>	<u>34,275</u>	<u>(100,000)</u>	<u>73,938,754</u>

The Surplus/(Deficit) for The Year comprises the following:

	Note	2011 S\$	2010 S\$
Accumulated Surplus	3	3,103,058	2,800,787
Sinking Funds	4	17,558,756	(6,719,367)
Town Improvement and Project Funds	5	(1,625,082)	(1,384,090)
Neighbourhood Renewal Programme Fund	6	<u>(406,167)</u>	<u>(81,836)</u>
		<u>18,630,565</u>	<u>(5,384,506)</u>

The annexed notes form an integral part of these financial statements



**JURONG TOWN COUNCIL**

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

**CASH FLOWS STATEMENT**

For the Financial Year Ended 31 March 2011

	Note	2011 S\$	2010 S\$
<b>Cash Flows from Operating Activities</b>			
Deficit before Taxation and Government Grants	3	(869,230)	(1,095,806)
Adjustment for:			
Depreciation	14	19,743	12,095
Plant and Equipment Written-off	10	23	-
Interest Income	3, 11	(63,369)	(66,669)
Transfer to Sinking Funds	3	12,251,968	11,646,261
Operating Surplus before Working Capital Changes		11,339,135	10,495,881
Decrease in Operating Receivables		188,224	832,495
Decrease in Operating Payables		2,551,871	(1,695,697)
Cash Generated from Operations		14,079,230	9,632,679
Income Tax Paid	12	(274,268)	(381,515)
Sinking Funds Expenditure Paid (net)	4	(29,093,787)	(21,674,485)
Town Improvement and Project Funds Expenditure Paid (net)	5	(3,118,094)	(3,762,903)
Neighbourhood Renewal Programme Fund Expenditure Paid	6	(4,150,758)	(81,836)
<b>Net Cash Used in Operating Activities</b>		<u>(22,557,677)</u>	<u>(16,268,060)</u>
<b>Cash Flows from Investing Activities</b>			
Purchase of Plant and Equipment	14	(27,145)	(27,656)
Decrease in Fixed Deposits		(28,883,173)	5,050,188
Investment in Bonds		(3,072,000)	(3,015,000)
Proceeds from Maturity of Investments		5,000,000	-
Interest and Investment Income Received		982,189	1,167,670
<b>Net Cash (Used in)/Generated from Investing Activities</b>		<u>(26,000,129)</u>	<u>3,175,202</u>
<b>Cash Flows from Financing Activities</b>			
Government Grants Received	13	7,519,323	7,523,748
Government Subvention Received	13	1,225,299	1,182,262
LUP Assistance Grant Received	13	31,385,749	-
Funding Received for Neighbourhood Renewal Programme	6	3,647,980	-
<b>Net Cash Generated from Financing Activities</b>		<u>43,778,351</u>	<u>8,706,010</u>
<b>Net Decrease in Cash and Cash Equivalents</b>		<u>(4,779,455)</u>	<u>(4,386,848)</u>
Cash and Cash Equivalents at beginning of Year		24,736,534	29,123,382
<b>Cash and Cash Equivalents at end of Year</b>	20	<u>19,957,079</u>	<u>24,736,534</u>

The annexed notes form an integral part of these financial statements

## **JURONG TOWN COUNCIL**

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

### **NOTES TO THE FINANCIAL STATEMENTS**

For the Financial Year Ended 31 March 2011

#### **1 GENERAL INFORMATION**

Jurong Town Council was formed on 13 November 2001 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, other commercial property and market and food centres in the housing estates of the Housing and Development Board (HDB) within the Town.

The head office and the principal place of operations of the Jurong Town Council is situated at Blk 255 Jurong East St 24 #01-303 Singapore 600255.

The daily operations of the Town Council has been outsourced to Esmaco Township Management Pte Ltd.

#### **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **(a) Basis of Preparation**

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (the "FRS") including related Interpretations with FRS ("INT FRS") and the provisions of the Town Councils Act, Cap. 329A (the "Act").

The financial statements have been prepared on a going concern basis under the historical cost convention except for certain financial assets and financial liabilities which are stated at their fair values.

The accounting policies have been consistently applied by the Town Council, and are consistent with those used in the previously years.

##### **(b) Critical Accounting Judgements and Key Sources of Estimation Uncertainty**

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, liabilities, income and expenses. 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.

##### *Critical judgements made in applying accounting policies*

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.

## JURONG TOWN COUNCIL

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

### NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2011

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### (b) Critical Accounting Judgements and Key Sources of Estimation Uncertainty (Cont'd)

#### (i) *Income taxes*

The Town Council has exposure 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 business. 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 is different from the amounts that were initially recognised, such differences will impact the income tax provisions in the period in which such determination is made.

#### *Key sources of estimations 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 discussed below.

#### (ii) *Impairment of conservancy and service fees receivable and other receivables*

The Town Council assesses at each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Town Council considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flow are estimated based on historical loss experience for assets with similar credit risk characteristics.

Allowance for doubtful conservancy and service debts amounting to S\$627,394 (2010: S\$706,453) as stated in Note 18 has been estimated on the basis of age of debts, result of recovery efforts and historical experience.

Other receivables mainly consists of grants receivables from the Citizens' Consultative Committees (CCC) for approved projects as stated in Note 19 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.

#### (iii) *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 disclosed in Note 14 to the financial statements.

## JURONG TOWN COUNCIL

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

### NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2011

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (c) Funds

###### 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 various types of properties. The types of properties under the management of the Town Council are as follows:

Residential Property

Commercial Property

Carparks are managed by the Town Council for the HDB on an agency basis.

These funds, together with Sinking Funds, Town Improvement and Project Funds and Neighbourhood Renewal Programme Fund form the Town Council Funds.

All monies received by the Town Council are paid into and related expenditure are 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 at the end of each reporting period.

###### SINKING FUNDS

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

Under the Town Councils Act, the Minister for 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.

In accordance with the Town Councils (Minimum Amount of Charges for Payment into Sinking Fund) (Amendment) Rules 2004, the minimum amount to be paid into the Sinking Funds are as follows:-

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

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

The Sinking Funds are utilised for cyclical major repainting, renewal or replacement of roofing systems, water tanks, pumps and water supply systems, lightning protection systems 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.

## JURONG TOWN COUNCIL

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

### NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2011

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (c) Funds (Cont'd)

###### TOWN IMPROVEMENT AND PROJECT FUNDS

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

The funds are set up by transfer from the Accumulated Surplus to fund specific town improvement projects, which are to be carried out. In addition, the Town Council receives payment from the Citizens' Consultative Committees (CCC) for approved projects.

###### NEIGHBOURHOOD RENEWAL PROGRAMME FUND

Neighbourhood Renewal Programme Fund is maintained as part of the Neighbourhood Renewal Programme (NRP) and is established in respect of the neighbourhood renewal programme works carried out for a group of 2 or more precincts approved by HDB. This upgrading scheme, which replaced IUP Plus, was entered into between the Town Council, HDB and the Ministry of National Development.

This programme is fully funded by the government and implemented by the Town Council.

##### (d) Allocation of General Overheads

Expenditure not relating specifically to any property type managed, for example, administrative overheads, tree planting, pruning etc is 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 or 36 Motor Cycle Lots or 4 Lorry Lots	1

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

##### (e) Government Grants

The Town Council receives four types of grants from the government: Service and Conservancy Charge operating grant, Payment from CCCs, and Goods and Services Tax ("GST") Subvention grant and Lift Upgrading Programme ("LUP") Assistance.

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

Payment from CCCs is to provide funding support for community improvement projects.

The GST Subvention grant is given as a grants-in-aid and is granted to assist Town Councils absorbing the GST increases in service and conservancy charges for HDB residential flats.

The LUP Assistance is given as a one-off subsidy and is granted to assist Town Councils co-paying the cost of LUP to make it more affordable for HDB residential flats.

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

### NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2011

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (e) Government Grants (Cont'd)

The LUP Assistance is given as a one-off subsidy and is granted to assist Town Councils co-paying the cost of LUP to make it more affordable for HDB residential flats.

Government grants are recognised at fair value when there are reasonable assurance that the conditions attaching to it will be complied with and that the grants will be received. Grants in recognition of specific expenses are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis.

##### (f) Plant and Equipment and Depreciation

Plant and equipment are stated at cost less accumulated depreciation, and impairment losses, if any. Depreciation is computed utilising the straight line method to write off the cost of the assets over their estimated useful lives as follows:

Furniture, Fixtures and Fittings	5 years
Office Equipment	5 years
Data Processing Equipment	3 years
Plant and Machinery	5 years

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items. 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 asset.

Depreciation is charged from the month of acquisition. For disposal of plant and equipment, depreciation is charged up to the month prior to disposal. Plant and equipment costing below S\$1,000 each is charged to the statement of comprehensive income in the year of purchase. Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

On disposal or retirement of an item of plant and equipment, the difference between the net proceeds and its carrying amount is taken to the statement of comprehensive income.

Depreciation methods, useful lives and residual values are reviewed and adjusted as appropriate, at each reporting date.

##### (g) Investment in Financial Assets

###### Classification

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

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

### NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2011

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (g) Investment in Financial Assets (Cont'd)

###### Classification (Cont'd)

###### (i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or are designated by the entity to be carried at fair value through profit or loss upon initial recognition. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

Funds with Fund Managers have been designated as financial assets at fair value through profit or loss. Funds with Fund Managers represent the market value of the portfolio of assets placed with Fund Managers at the beginning of each management term plus actual gains less losses (determined on a portfolio basis), net of the management fees payable during the management term.

On expiry of the management term, any surplus over and above the performance benchmark will be shared between the Town Council and certain Fund Managers on the agreed bases.

###### (ii) Held-to-maturity investments

Held-to-maturity investments 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 investments are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method, less accumulated impairment losses. Gain and losses are recognised in the statement of comprehensive income when the investments are derecognised or impaired, and through the amortisation process. The Town Council's held-to-maturity investments include investments in fixed and variable rate bonds.

###### (iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the assets within 12 months after the balance sheet date.

###### (iv) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Town Council provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except those maturing more than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are presented as "conservancy and services receivables", "other receivables" and "cash and cash equivalents" at the end of each reporting period.

## JURONG TOWN COUNCIL

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

### NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2011

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (g) Investment in Financial Assets (Cont'd)

###### Recognition and derecognition

Purchases and sales of investments are recognised on trade-date – the date on which the Town Council commits to purchase or sell the assets. Investments are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Town Council has transferred substantially all risks and rewards of ownership.

###### Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value.

###### Subsequent measurement

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” investment category are included in the statement of comprehensive income in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of investments classified as available-for-sale are recognised in the fair value reserve within equity. When investments classified as available-for-sale are sold or impaired, the accumulated fair value adjustments in the fair value reserve within equity are included in the statement of comprehensive income.

###### Determination of fair value

The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active, the Town Council establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

###### Fair value estimation

The fair value of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities) is based on quoted market prices at the end of balance sheet date. The quoted market price used for financial assets held by the Town Council is the current bid price; the appropriate quoted market price for financial liabilities is current ask price.

The carrying amount of current receivables and payables are assumed to approximate their fair value.



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

### NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2011

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (g) Investment in Financial Assets (Cont'd)

###### Impairment of financial assets

The Town Council assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of investments classified as available for sale, a significant or prolonged decline in the fair value of the investment below its cost is considered in determining whether the investments are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial assets previously recognised in the statement of comprehensive income – is removed from the fair value reserve within equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity investments are not reversed through statement of comprehensive income, 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 be determined, net of depreciation or amortisation, if no impairment loss had been recognised.

##### (h) Conservancy and Service receivables

After initial recognition at fair value, conservancy and service receivables 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 receivables 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 assets 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 statement of comprehensive income. No interest is charged on conservancy and service receivables in normal circumstance.

##### (i) Doubtful Debts

Allowance is made in the financial statements for doubtful debts in respect of arrears which are outstanding for more than 9 months (2010: 15 months) and/or where collection is doubtful. The change in the basis of age of arrears was due to the Town Council gradually adopting age of arrears as laid down in the guidelines recommended by the Ministry of National Development. (Refer to Note 18). All known bad debts are written-off in accordance with the Town Councils Financial Rules.

## **JURONG TOWN COUNCIL**

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### **NOTES TO THE FINANCIAL STATEMENTS**

For the Financial Year Ended 31 March 2011

#### **2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

##### **(j) Cash and Cash Equivalents**

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value.

Cash in hand and at bank and short-term deposits which are held to maturity are carried at cost.

##### **(k) Payables and Accrued Expenses**

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

##### **(l) Provisions**

Provision are recognised when the Town Council has a present obligation (legal or constructive) as a result of a past event and 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.

##### **(m) Taxation**

Tax is provided on the following income:

- (i) Income derived from investment 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 fee derived from acting as agents for statutory boards.

The Town Council's liability for current tax is calculated by using rates that have been enacted or substantially enacted at the balance sheet date.

The Town Council has no material deferred tax liabilities as there are no material differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income.

##### **(n) Recognition of Income**

Conservancy and service fees are recognised when due.

Interest income from fixed deposits is recognised on an accrual basis. Income from funds placed with Fund Managers is recognised when realised or upon expiry of the fund management term.

Rental income from operation of pushcarts is recognised on a cash basis.

## JURONG TOWN COUNCIL

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### NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2011

#### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

##### (o) Functional Currency and Presentation Currency

Items included in the financial statements of the Town Council are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Town Council ("the functional currency"). The financial statements of the Town Council are presented in Singapore dollars, which is also the functional currency of the Town Council.

##### (p) Operating Leases

Operating leases are accounted for in the statement of comprehensive income on a straight-line basis over the periods of the respective leases.

##### (q) 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.

##### (r) Foreign currency transactions

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. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in the statement of comprehensive income for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the statement of comprehensive income for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in Town Council funds and reserves. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in Town Council funds and reserves.

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**NOTES TO THE FINANCIAL STATEMENTS**

For the Financial Year Ended 31 March 2011

**3 ACCUMULATED SURPLUS**

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

	Note	<u>Total</u>		<u>Residential Property</u>		<u>Commercial Property</u>		<u>Carpark</u>	
		2011 S\$	2010 S\$	2011 S\$	2010 S\$	2011 S\$	2010 S\$	2011 S\$	2010 S\$
<b>Operating Income</b>									
Conservancy and Service Fees		36,156,045	34,356,893	31,992,594	30,421,911	4,163,451	3,934,982	-	-
Less: Transfer to Sinking Funds (minimum required by law)	4	(12,251,968)	(11,646,261)	(10,794,756)	(10,269,015)	(1,457,212)	(1,377,246)	-	-
		<u>23,904,077</u>	<u>22,710,632</u>	<u>21,197,838</u>	<u>20,152,896</u>	<u>2,706,239</u>	<u>2,557,736</u>	<u>-</u>	<u>-</u>
Agency Fees	7	2,142,595	2,080,714	-	-	-	-	2,142,595	2,080,714
Other Income	8	1,872,669	1,682,892	938,290	774,566	871,544	858,487	62,835	49,839
		<u>27,919,341</u>	<u>26,474,238</u>	<u>22,136,128</u>	<u>20,927,462</u>	<u>3,577,783</u>	<u>3,416,223</u>	<u>2,205,430</u>	<u>2,130,553</u>
Less:									
Operating Expenditure		(28,851,940)	(27,636,713)	(24,824,625)	(23,410,491)	(2,238,467)	(2,301,357)	(1,788,848)	(1,924,865)
Operating (Deficit)/Surplus		<u>(932,599)</u>	<u>(1,162,475)</u>	<u>(2,688,497)</u>	<u>(2,483,029)</u>	<u>1,339,316</u>	<u>1,114,866</u>	<u>416,582</u>	<u>205,688</u>
Add:									
Non-Operating Income	11	63,369	66,669	53,591	56,343	4,437	4,691	5,341	5,635
(Deficit)/Surplus before Taxation and Government Grants		<u>(869,230)</u>	<u>(1,095,806)</u>	<u>(2,634,906)</u>	<u>(2,426,686)</u>	<u>1,343,753</u>	<u>1,119,557</u>	<u>421,923</u>	<u>211,323</u>
Less:									
Taxation	12	(74,998)	(81,608)	(63,436)	(68,968)	(5,247)	(5,743)	(6,315)	(6,897)
(Deficit)/Surplus before Government Grants		<u>(944,228)</u>	<u>(1,177,414)</u>	<u>(2,698,342)</u>	<u>(2,495,654)</u>	<u>1,338,506</u>	<u>1,113,814</u>	<u>415,608</u>	<u>204,426</u>
Add:									
Government Grants	13	38,863,602	8,260,990	38,863,602	8,260,990	-	-	-	-
Less: Transfer to Sinking Funds including GST Subvention	4, 13	(33,323,304)	(1,903,976)	(33,323,304)	(1,903,976)	-	-	-	-
Transfer to Town Improvement and Project Funds	5, 13	(1,493,012)	(2,378,813)	(1,493,012)	(2,378,813)	-	-	-	-
		<u>4,047,286</u>	<u>3,978,201</u>	<u>4,047,286</u>	<u>3,978,201</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Surplus for The Year		<u>3,103,058</u>	<u>2,800,787</u>	<u>1,348,944</u>	<u>1,482,547</u>	<u>1,338,506</u>	<u>1,113,814</u>	<u>415,608</u>	<u>204,426</u>
Add:									
Accumulated Surplus on 1 April		3,547,848	3,247,061	301,960	69,413	2,534,539	2,670,725	711,349	506,923
Less:									
Appropriation to Town Improvement And Project Funds	5	(1,300,000)	(2,500,000)	(1,300,000)	(1,250,000)	(1,250,000)	-	-	-
Accumulated Surplus at 31 March		<u><u>5,350,906</u></u>	<u><u>3,547,848</u></u>	<u><u>350,904</u></u>	<u><u>301,960</u></u>	<u><u>3,873,045</u></u>	<u><u>2,534,539</u></u>	<u><u>1,126,957</u></u>	<u><u>711,349</u></u>

**JURONG TOWN COUNCIL**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
For the Financial Year Ended 31 March 2011

**4 SINKING FUNDS**

	Note	Total		Residential Property		Commercial Property	
		2011 S\$	2010 S\$	2011 S\$	2010 S\$	2011 S\$	2010 S\$
Balance at 1 April		68,393,449	75,112,816	41,287,865	48,706,519	27,105,584	26,406,297
Add:							
Interest and Investment Income	11	1,373,921	1,355,021	1,269,077	1,250,873	104,844	104,148
Fair Value Adjustments							
- Financial Assets at Fair Value through profit or loss	17	(87,000)	286,000	(80,361)	264,018	(6,639)	21,982
Penalty and Interest Incomes on Late Payment of LUP cost		301	-	301	-	-	-
Transfer from Conservancy and Service Fees (minimum required by law)	3	12,251,968	11,646,261	10,794,756	10,269,015	1,457,212	1,377,246
Transfer from Government Grants including GST Subvention	3, 13	33,323,304	1,903,976	33,323,304	1,903,976	-	-
		46,862,494	15,191,258	45,307,077	13,687,882	1,555,417	1,503,376
Less: Expenditure		(29,094,088)	(21,674,485)	(27,696,688)	(20,888,547)	(1,397,400)	(785,938)
Less: Taxation	12	(209,650)	(236,140)	(193,651)	(217,989)	(15,999)	(18,151)
Surplus/(Deficit) for The Year		17,558,756	(6,719,367)	17,416,738	(7,418,654)	142,018	699,267
Balance at 31 March		85,952,205	68,393,449	58,704,603	41,287,865	27,247,602	27,105,584
(Less) / Add: Fair Value Reserve		(40,000)	(100,000)				
		85,912,205	68,293,449				
Represented by:		2011 S\$	2010 S\$				
<b>Non-Current Assets</b>							
Held-to-Maturity Financial Assets	15	9,458,764	6,344,542				
Available-for-Sale Financial Assets	16	4,960,000	4,900,000				
<b>Current Assets</b>							
Held-to-Maturity Financial Assets	15	-	5,000,000				
Financial Assets at Fair Value Through Profit or Loss	17	5,890,120	5,606,491				
Conservancy and Service Receivables		399,387	403,652				
Government Grant Receivable		3,698	-				
Interest Receivable		363,829	302,619				
Sundry Receivables		-	265,025				
Cash and Cash Equivalents		68,166,618	47,092,656				
		74,823,652	58,670,443				
<b>Total Assets</b>		89,242,416	69,914,985				
Less:							
<b>Current Liabilities</b>							
Payables and Accrued Expenses		2,980,414	1,290,798				
Provision for Taxation		349,797	330,738				
<b>Total Liabilities</b>		3,330,211	1,621,536				
<b>Net Assets</b>		85,912,205	68,293,449				

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**5 TOWN IMPROVEMENT AND PROJECT FUNDS**

	Note	<u>Total</u>		<u>Residential Property</u>		<u>Commercial Property</u>	
		2011 S\$	2010 S\$	2011 S\$	2010 S\$	2011 S\$	2010 S\$
Balance at 1 April		2,063,182	947,272	396,764	215,487	1,666,418	731,785
Add: Transfer from Government Grants	3, 13	1,493,012	2,378,813	1,493,012	2,378,813	-	-
Other Income		-	44,387	-	44,387	-	-
Less: Expenditure		(3,118,094)	(3,807,290)	(2,935,898)	(3,491,923)	(182,196)	(315,367)
Deficit for The Year		(1,625,082)	(1,384,090)	(1,442,886)	(1,068,723)	(182,196)	(315,367)
Add: Appropriation from Accumulated Surplus	3	1,300,000	2,500,000	1,300,000	1,250,000	-	1,250,000
Balance at 31 March		<u>1,738,100</u>	<u>2,063,182</u>	<u>253,878</u>	<u>396,764</u>	<u>1,484,222</u>	<u>1,666,418</u>

Represented by:

		2011 S\$	2010 S\$
<b>Current Assets</b>			
Receivables from CCC	19	3,176,554	4,482,567
Sundry Receivables		9,092	84,066
<b>Total Assets</b>		<u>3,185,646</u>	<u>4,566,633</u>
Less:			
<b>Current Liabilities</b>			
Payables and Accrued Expenses		998,335	587,534
Amount due to Accumulated Surplus		449,211	1,915,917
<b>Net Assets</b>		<u>1,738,100</u>	<u>2,063,182</u>

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**6 NEIGHBOURHOOD RENEWAL PROGRAMME FUND**

	2011 S\$	2010 S\$
Balance at 1 April	34,275	116,111
Funding from Government	3,744,591	-
Payment to Contractors	(4,150,758)	(81,836)
Deficit for The Year	(406,167)	(81,836)
Balance at 31 March	<u>(371,892)</u>	<u>34,275</u>

The total amount of cash received from Government for the funding of Neighbourhood Renewal Projects is as follows:

	2011 S\$	2010 S\$
Cumulative Funding Received at beginning	188,685	188,685
Funding from Government for The Year	3,744,591	-
Less: Funding Receivable at end of Year	(96,611)	-
Total Funding Received for The Year	3,647,980	-
Cumulative Funding Received at end	<u>3,836,665</u>	<u>188,685</u>

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### NOTES TO THE FINANCIAL STATEMENTS

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#### 7 AGENCY FEES

These are fees received for routine maintenance of HDB's carparks in the Town.

#### 8 OTHER INCOME

	2011	2010
	S\$	S\$
Interest on Late Payment of Conservancy and Service Fees	68,506	71,564
Liquidated Damages	27,144	51,451
Removal of Debris	21,250	7,150
Sundry Fines	78,428	62,267
Temporary Occupation Licences	815,641	812,494
Usage of Void Deck, Water, Electricity and Common Property	225,663	207,238
Net profit from Push Cart Project	315,813	313,428
Grant received under BSI Early Adopters Scheme	79,303	-
Others	240,921	157,300
	<u>1,872,669</u>	<u>1,682,892</u>

#### 9 MANAGING AGENT'S FEES

The Town Council does not have any other employees on its payroll as all the management of its daily operations have been outsourced to a managing agent for a fee of S\$3,364,478 (2010: S\$3,312,569).

#### 10 GENERAL AND ADMINISTRATIVE EXPENDITURE

	Note	2011	2010
		S\$	S\$
Advertising, Publicity and Public Relations		424,164	274,913
Auditors Remuneration			
- Audit Fee		27,000	27,000
Depreciation of Plant and Equipment	14	19,743	12,095
Fees and Other Charges		112,027	80,118
Plant and Equipment not Capitalised		26,506	24,314
Plant and Equipment Written-off		23	-
Office Rental and Upkeep Expenditure		356,594	314,702
Offices Supplies and Stationery		189,718	191,872
Property Tax		77,604	77,895
Bad Debts		22,432	75,675
(Write back)/Allowance for Doubtful Debts	18	(79,059)	248,850
Town Councillors Allowance		207,000	204,900
Computing Service		300,448	328,937
Others		85,061	77,391
Irrecoverable Goods and Services Tax		206,041	305,112
		<u>1,975,302</u>	<u>2,243,774</u>



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**11 INTEREST AND INVESTMENT INCOME**

	Note	2011 S\$	2010 S\$
Current Accounts		30,141	12,831
Fixed Deposits		556,684	592,935
Held-to-Maturity Financial Assets		287,614	378,106
Available-for-Sale Financial Assets		150,000	150,000
Financial Assets at Fair Value through profit or loss		370,629	242,700
Amortisation of Bonds		42,222	45,118
		<u>1,437,290</u>	<u>1,421,690</u>
Taken up in:			
Accumulated Surplus	3	63,369	66,669
Sinking Funds	4	<u>1,373,921</u>	<u>1,355,021</u>
		<u>1,437,290</u>	<u>1,421,690</u>

**12 TAXATION**

**(a) Tax expense**

	Note	2011 S\$	2010 S\$
Taxable Income:			
Investment and Interest Income		1,308,069	1,662,573
Other Income		<u>389,257</u>	<u>427,584</u>
		<u>1,697,326</u>	<u>2,090,157</u>
Tax Calculated using Singapore Tax Rate at 17% (2010: 17%)		288,545	355,327
Over-provision of Income Tax in Prior Years		<u>(3,897)</u>	<u>(37,579)</u>
Tax Expense		<u>284,648</u>	<u>317,748</u>
Taken up in:			
Accumulated Surplus	3	74,998	81,608
Sinking Funds	4	<u>209,650</u>	<u>236,140</u>
Tax Expense		<u>284,648</u>	<u>317,748</u>

**(b) Movements in provision for current tax**

	2011 S\$	2010 S\$
Balance at beginning	492,286	556,053
Add / (less) :		
Income Tax Paid	(274,268)	(381,515)
Current Year's Income Tax Expense	<u>284,648</u>	<u>317,748</u>
Balance at end	<u>502,666</u>	<u>492,286</u>

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**NOTES TO THE FINANCIAL STATEMENTS**

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**13 GOVERNMENT GRANTS**

(i) Government Grants taken to the statement of comprehensive income during the year are as follows:

	Note	<u>Total</u>		<u>Conservancy and Services Grant</u>		<u>LUP Assistance Grant</u>		<u>Government Subvention for GST Increase</u>		<u>Payment from Citizens Consultative</u>	
		2011 S\$	2010 S\$	2011 S\$	2010 S\$	2011 S\$	2010 S\$	2011 S\$	2010 S\$	2011 S\$	2010 S\$
Government Grants Received / Receivable during The Year		38,863,602	8,260,990	4,742,666	4,702,441	31,385,749	-	1,242,175	1,179,736	1,493,012	2,378,813
3		38,863,602	8,260,990	4,742,666	4,702,441	31,385,749	-	1,242,175	1,179,736	1,493,012	2,378,813
Less: Transfer to -											
Sinking Funds	3, 4	(33,323,304)	(1,903,976)	(1,518,426)	(1,505,740)	(31,385,749)	-	(419,129)	(398,236)	-	-
Town Improvement and Project Funds	3, 5	(1,493,012)	(2,378,813)	-	-	-	-	-	-	(1,493,012)	(2,378,813)
		<u>4,047,286</u>	<u>3,978,201</u>	<u>3,224,240</u>	<u>3,196,701</u>	<u>-</u>	<u>-</u>	<u>823,046</u>	<u>781,500</u>	<u>-</u>	<u>-</u>

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

	2011 S\$	2010 S\$
Balance at beginning	71,495,266	62,789,256
Add:		
Grants Received during The Year	7,519,323	7,523,748
Government Subvention for GST Increase Received during The Year	1,225,299	1,182,262
LUP Assistance Grant Received during The Year	31,385,749	-
Total Grants Received at end	<u>111,625,637</u>	<u>71,495,266</u>

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**14 PLANT AND EQUIPMENT**

	Furniture, fixtures and fittings S\$	Office equipment S\$	Data processing equipment S\$	Plant and machinery S\$	Total S\$
<b>31 March 2011</b>					
<b>Cost</b>					
Balance at 1 April 2010	110,002	48,900	214,097	77,340	450,339
Additions	-	16,300	6,695	4,150	27,145
Written-Off	<u>(39,551)</u>	<u>(4,000)</u>	<u>(68,019)</u>	<u>(1,863)</u>	<u>(113,433)</u>
At 31 March 2011	<u>70,451</u>	<u>61,200</u>	<u>152,773</u>	<u>79,627</u>	<u>364,051</u>
<b>Accumulated Depreciation</b>					
Balance at 1 April 2010	108,798	40,155	188,878	73,451	411,282
Depreciation Charged for The Year	-	6,449	11,540	1,754	19,743
Written-Off	<u>(39,528)</u>	<u>(4,000)</u>	<u>(68,019)</u>	<u>(1,863)</u>	<u>(113,410)</u>
At 31 March 2011	<u>69,270</u>	<u>42,604</u>	<u>132,399</u>	<u>73,342</u>	<u>317,615</u>
<b>Carrying Amount</b>					
At 31 March 2011	<u>1,181</u>	<u>18,596</u>	<u>20,374</u>	<u>6,285</u>	<u>46,436</u>
<b>31 March 2010</b>					
<b>Cost</b>					
Balance at 1 April 2009	110,002	62,193	240,486	83,560	496,241
Additions	-	-	25,356	2,300	27,656
Written-Off	<u>-</u>	<u>(13,293)</u>	<u>(51,745)</u>	<u>(8,520)</u>	<u>(73,558)</u>
At 31 March 2010	<u>110,002</u>	<u>48,900</u>	<u>214,097</u>	<u>77,340</u>	<u>450,339</u>
<b>Accumulated Depreciation</b>					
Balance at 1 April 2009	108,798	49,766	233,467	80,714	472,745
Depreciation Charged for The Year	-	3,682	7,156	1,257	12,095
Written-Off	<u>-</u>	<u>(13,293)</u>	<u>(51,745)</u>	<u>(8,520)</u>	<u>(73,558)</u>
At 31 March 2010	<u>108,798</u>	<u>40,155</u>	<u>188,878</u>	<u>73,451</u>	<u>411,282</u>
<b>Carrying Amount</b>					
At 31 March 2010	<u>1,204</u>	<u>8,745</u>	<u>25,219</u>	<u>3,889</u>	<u>39,057</u>

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**15 HELD-TO-MATURITY FINANCIAL ASSETS**

This represents investments in quoted bonds issued by statutory boards and government-linked companies, initially recognised at fair value plus transaction costs and subsequently accounted for at amortised cost using the effective interest method, less accumulated impairment losses.

	2011 S\$	2010 S\$
<b>Cost</b>		
Balance at beginning	11,060,000	8,045,000
Add: New acquisition of Bonds	3,072,000	3,015,000
Less: Redemption of Bonds during The Year	(5,000,000)	-
Balance at end	<u>9,132,000</u>	<u>11,060,000</u>
<b>Add: Amortisation of Bonds</b>		
Balance at beginning	<u>284,542</u>	<u>239,424</u>
Amortisation for The Year	<u>42,222</u>	<u>45,118</u>
	<u>326,764</u>	<u>284,542</u>
Balance at end	<u><u>9,458,764</u></u>	<u><u>11,344,542</u></u>
<b>Comprising :</b>		
Amount Maturing Not Later Than One Year	-	5,000,000
Amount Maturing Later Than One Year	9,458,764	6,344,542
Balance at end	<u><u>9,458,764</u></u>	<u><u>11,344,542</u></u>
<b>Fair Value</b>	<u><u>9,675,835</u></u>	<u><u>11,627,260</u></u>

Held-to-Maturity Financial Assets are measured in accordance with the accounting policy set out in Note 2(g) only with effect from 1 April 2005.

The bonds bear interest rates per annum ranging from 2.159% to 4.300% (2010: 2.159% to 4.810%) to be received in semi-annually in arrears. The maturity period of the bonds ranges from October 2012 to August 2020.

**16 AVAILABLE-FOR-SALE FINANCIAL ASSETS**

	2011 S\$	2010 S\$
<b>Structured Deposits:</b>		
Balance at beginning	4,900,000	4,840,000
Fair Value Gain transferred to Equity	60,000	60,000
Balance at end, at Fair Value	<u><u>4,960,000</u></u>	<u><u>4,900,000</u></u>

The fair value of the Structured Deposits are determined by reference to a market-to-market valuation report issued by the bank.

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**17 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS**

This represents funds (including attributable profits) placed with 1 professional Fund Manager (2010 : 1) under protected principal schemes on the following terms:

(i) The Fund Manager protected in aggregate the principal amount of S\$5,000,000 (2010: S\$5,000,000) on the Account for the entire duration of the Fund Management Agreement.

(ii) The fund was invested in accordance with the Town Councils Act and the Trustees Act.

	2011 S\$	2010 S\$
Balance at beginning	5,606,491	5,077,791
Fair Value (Loss)/Gain included in statement of comprehensive income	(87,000)	286,000
Add / (less):		
Accrued Income	366,565	238,302
Base Fee Rebate	5,000	5,000
Miscellaneous Charges	(936)	(602)
Net Investment Income for The Year	370,629	242,700
Balance at end	<u>5,890,120</u>	<u>5,606,491</u>

As at the reporting date, the funds invested with Fund Manager comprise the following:

	2011		2010	
	<u>Cost</u> S\$	<u>Fair Value</u> S\$	<u>Cost</u> S\$	<u>Fair Value</u> S\$
Structured Notes	5,000,000	5,079,500	5,000,000	5,166,500
Cash / Deposits	810,620	810,620	439,991	439,991
Total Cost of Investments	<u>5,810,620</u>	<u>5,890,120</u>	<u>5,439,991</u>	<u>5,606,491</u>

The fair value of the funds are determined by reference to stock exchange bid prices.

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### NOTES TO THE FINANCIAL STATEMENTS

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#### 18 CONSERVANCY AND SERVICE RECEIVABLES

Conservancy and Service Receivables are stated after deducting allowance for doubtful debts of S\$627,394 (2010: S\$706,453).

The movements in allowance for doubtful debts are as follows:

	2011 S\$	2010 S\$
Balance at beginning of the year	706,453	457,603
(Write back)/Allowance for the year (Note 10)	<u>(79,059)</u>	<u>248,850</u>
Balance at end of the year	<u><u>627,394</u></u>	<u><u>706,453</u></u>

Allowance for doubtful debts was estimated on the basis of age of arrears and/or where collection is doubtful. The basis of age of arrears at the reporting date was as follows:

2011	2010
9 months or above	15 months or above

The change in the basis of age of arrears was due to the Town Council gradually adopting age of arrears as laid down in the guidelines recommended by the Ministry of National Development.

Should the basis of age of arrears remain at 15 months or above for the year 2011, the movements in allowance for doubtful debts would be as follows:

	S\$
Balance at beginning of the year	706,453
(Write back)/Allowance for the year	<u>(204,286)</u>
Balance at end of the year	<u><u>502,167</u></u>

This would be resulting an increase in the Surplus for the Financial Year amounting to \$125,227.

The ageing of Conservancy and Service Receivables at the reporting date was:

	Gross S\$	Impairment S\$
<b>2011</b>		
Not Past Due	13,093	-
Past Due 1 Month - 3 Months	449,278	-
Past Due 4 Months - 6 Months	184,021	-
More than 6 Months	518,670	423,445
Terminated Accounts	49,809	49,270
	<u>1,214,871</u>	<u>472,715</u>
Penalty Fee Receivable	60,535	29,878
Legal Fee Receivable	228,263	124,801
LUP Debtors	15,917	-
	<u><u>1,519,586</u></u>	<u><u>627,394</u></u>
<b>2010</b>		
Not Past Due	35,941	-
Past Due 1 Month - 3 Months	393,528	-
Past Due 4 Months - 6 Months	143,253	-
More than 6 Months	639,091	477,843
Terminated Accounts	76,639	76,639
	<u>1,288,452</u>	<u>554,482</u>
Penalty Fee Receivable	71,941	30,086
Legal Fee Receivable	293,848	121,885
	<u><u>1,654,241</u></u>	<u><u>706,453</u></u>

Based on historical collections experience, the Town Councils believes that no allowance for impairment is necessary in respect of certain Conservancy and Service Receivables which are past due but not impaired.

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**NOTES TO THE FINANCIAL STATEMENTS**

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**19 OTHER RECEIVABLES**

	2011 S\$	2010 S\$
Government Grant Receivable	12,533	-
GST Subvention Receivable	311,702	294,826
Interest Receivable	401,507	359,257
NRP Fund Receivable	103,374	-
Prepayments	138,658	103,793
Receivables from CCC	3,176,554	4,482,567
Sundry Receivables	266,619	440,875
	<u>4,410,947</u>	<u>5,681,318</u>

**20 CASH AND CASH EQUIVALENTS**

	2011 S\$	2010 S\$
Fixed Deposits	69,452,045	45,012,145
Cash and Bank Balances	4,826,299	5,162,481
	<u>74,278,344</u>	<u>50,174,626</u>

The fixed deposits have an average maturity of 6 months (2010: 6 months) from the end of the financial year with a weighted average effective interest rate of 0.92% (2010: 0.98%).

For the purpose of the Cash Flows Statement, the year end Cash and Cash Equivalents comprise the following:

	2011 S\$	2010 S\$
Fixed Deposits - Within 3 Months	15,130,780	19,574,053
Cash and Bank Balances	4,826,299	5,162,481
	<u>19,957,079</u>	<u>24,736,534</u>
Fixed Deposits - Pledged as Security for Banking Facility	59,235	58,911
Fixed Deposits - More Than 3 Months but Less Than 1 Year	54,262,030	25,379,181
	<u>54,321,265</u>	<u>25,438,092</u>

**21 PAYABLES AND ACCRUED EXPENSES**

	2011 S\$	2010 S\$
Accrued Operating Expenses	2,612,716	1,650,272
Government Grant received in advance	-	9,836
Other Payables	531,696	36,375
Payable to Contractors	2,903,721	1,715,632
Refundable Deposits	265,468	340,223
	<u>6,313,601</u>	<u>3,752,338</u>

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### NOTES TO THE FINANCIAL STATEMENTS

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#### 22 LEASE COMMITMENTS

At the balance sheet date, the Town Council was committed to making the following payments in respect of rental of office premises and rental of computer hardware and software with lease terms of more than one year:

	2011 S\$	2010 S\$
Not Later Than One Year	423,492	474,911
Later Than One Year but Within Five Years	<u>431,400</u>	<u>169,597</u>
	<u>854,892</u>	<u>644,508</u>

The lease payments are subject to annual revisions based on the market rates at the respective revision dates. There are no restrictions placed upon the Town Council by entering into these leases. The lease expense charged to the statement of comprehensive income during the financial year is disclosed in Note 10.

The Town Council leases its office premises under an operating lease. The lease runs for another 1 to 3 years, with an option to renew the lease for another 3 years subject to certain conditions being met.

#### 23 COMMITMENTS FOR CAPITAL EXPENDITURE

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

	2011 S\$	2010 S\$
Amount Approved and Contracted For	37,959,316	32,380,709
Amount Approved but Not Contracted For	<u>3,308,000</u>	<u>7,382,871</u>
	<u>41,267,316</u>	<u>39,763,580</u>

#### 24 FINANCIAL RISK MANAGEMENT

##### 24.1 Financial risk factors

The Town Council is exposed to market risk (including currency risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk arising in the normal course of the Town Council's activities. The Town Council does not hold or issue derivative financial instruments for trading purposes.

##### 24.2 Market risk

###### 24.2.1 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Town Council's operational activities are carried out in Singapore dollars, which is the functional currency, hence its exposure to foreign currency risk is minimal.



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### NOTES TO THE FINANCIAL STATEMENTS

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#### 24 FINANCIAL RISK MANAGEMENT (CONT'D)

##### 24.2 Market risk (cont'd)

##### 24.2.2 Cash flow and fair value 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 financial institutions. Interest rate risk is minimal.

The Town Council manages these risks by placing surplus funds with reputable financial institutions and appointing reputable fund manager under investment mandates which allow the Town Council to withdraw the funds at any time, subject to notice.

##### 24.2.3 Fair value

###### *Fair values versus carrying amount*

The fair values of financial assets and liabilities, together with the carrying amounts shown at the reporting date, are as follows:

	Carrying amounts	Fair values
	S\$	S\$
<u>2011</u>		
Financial Assets at Fair Value through profit or loss	5,890,120	5,890,120
Conservancy and Service Receivables	892,192	892,192
Other Receivables	4,410,947	4,410,947
Cash and Cash Equivalents	74,278,344	74,278,344
Conservancy and Service Fees Received-in-Advance	(491,217)	(491,217)
Payables and Accrued Expenses	<u>(6,313,601)</u>	<u>(6,313,601)</u>
	Carrying amounts	Fair values
<u>2010</u>	S\$	S\$
Financial Assets at Fair Value through profit or loss	5,606,491	5,606,491
Held-to-Maturity Financial Assets	5,000,000	5,059,550
Conservancy and Service Receivables	947,788	947,788
Other Receivables	5,681,318	5,681,318
Cash and Cash Equivalents	50,174,626	50,174,626
Conservancy and Service Fees Received-in-Advance	(510,444)	(510,444)
Payables and Accrued Expenses	<u>(3,752,338)</u>	<u>(3,752,338)</u>

The carrying amounts of the financial assets and liabilities with a maturity of less than one year approximate their fair values.

##### 24.2.4 Price risk

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Town Council holds quoted fixed income securities of statutory boards and has funds placed with Fund Managers. Funds placed with Fund Managers are under guaranteed principal schemes hence exposure to market risk is minimal.

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**24 FINANCIAL RISK MANAGEMENT (CONT'D)**

**24.3 Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. As at the balance sheet date, the Town Council has no significant concentrations of credit risk. The maximum exposure to credit risk in relation to each class of recognized financial assets is represented by the carrying amount of each financial asset as indicated in the balance sheet.

Cash and funds with Fund Managers are placed with reputable financial institutions.

None of the Conservancy and Service Debtors (2010: Nil) that individually represented more than 1% of Conservancy and Service Receivables.

*Exposure to credit risk*

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the balance sheet date was:

	2011 S\$	2010 S\$
Financial Assets at Fair Value through profit or loss	5,890,120	5,606,491
Held-to-Maturity Financial Assets	-	5,000,000
Conservancy and Service Receivables	892,192	947,788
Other Receivables	4,410,947	5,681,318
Cash and Cash Equivalents	<u>74,278,344</u>	<u>50,174,626</u>
	<u>85,471,603</u>	<u>67,410,223</u>

**24.4 Liquidity risk**

Liquidity or funding risk is the risk that the Town Council will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The following table analyses financial liabilities according to their expected payment dates (contractual and undiscounted cash flows):

	2011 S\$	2010 S\$
Payables and Accrued Expenses		
Less than 1 year	<u>6,313,601</u>	<u>3,752,338</u>

The following table summarise financial assets according to their expected payment dates (contractual undiscounted cash flows)

	2011 S\$	2010 S\$
Held-to-maturity financial assets		
Less than 1 year	-	5,000,000
More than 1 year	<u>9,458,764</u>	<u>6,344,542</u>

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

The average credit period taken to settle these payables is about 30 - 90 days (2010: 30 - 90 days). 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.

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#### 25 Changes and adoption of financial reporting standards

On 1 April 2010, the Town Council adopted the new/revised FRS and INT FRS that are effective for the year ended 31 March 2011:

<u>FRS/INT FRS</u>	<u>Title</u>	<u>Effective date on or after</u>
FRS 27 (Revised 2008) *	Consolidation and Separate Financial Statements	1.7.2009
FRS 39	Amendments to FRS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items	1.6.2009
	Amendments to INT FRS 109 and FRS 39 - Embedded Derivatives	30.6.2009
FRS 101 *	First-Time Adoption of Financial Reporting Standards	1.7.2009
FRS101 (Amendment) *	Additional Exemptions for First-time Adopters	1.1.2010
FRS 102 (Amendment) *	Group Cash-settled Share-based Payment Transactions	1.1.2010
FRS 103 (Revised 2008) *	Business Combinations	1.7.2009
INT FRS 109	Amendments to INT FRS 109 and FRS 39 – Embedded Derivatives	30.6.2009
INT FRS 117 *	Distributions of Non-cash Assets to Owners	1.7.2009
INT FRS 119 *	Transfer of Assets from Customers	1.7.2009

\* Not relevant to the Town Council's financial statements.

The above new/revised FRS or INT FRS did not have significant impact to the financial statements of the Town Council.

#### Future changes in financial reporting standards

The Town Council has not adopted the following standards and interpretations that have been issued but not yet effective:

<u>FRS/INT FRS</u>	<u>Title</u>	<u>Effective date on or after</u>
FRS 32 (Amendment) *	Financial Instruments: Presentation – Classification of Rights Issues	1 February 2010
INT FRS 119 *	Extinguishing Financial Liabilities with Equity Instruments 2	1 July 2010
FRS 24 (Revised 2010) *	Related Party Disclosures	1 January 2011
INT FRS 114 (Amendments) *	Prepayments of a Minimum Funding Requirement	1 January 2011
INT FRS 115 *	Agreements for the Construction of Real Estate	1 January 2011
	The Conceptual Framework for Financial Reporting 2010 (Chapters 1 and 3)	1 March 2011
FRS 101 (Amendments) *	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters	1 July 2011
FRS 107 (Amendments) *	Disclosures – Transfers	1 July 2011
FRS 12 (Amendments) *	Deferred Tax: Recovery of Underlying Assets	1 January 2012

\* Not relevant to the Town Council's financial statements.

#### 26 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Town Council for the financial year ended 31 March 2011 were authorised for issue on 19 August 2011.