

HOLLAND-BUKIT PANJANG TOWN COUNCIL

**Financial Statements
Established under the Town Councils Act, Cap. 329A**

HOLLAND-BUKIT PANJANG TOWN COUNCIL

31 March 2007

HOLLAND-BUKIT PANJANG TOWN COUNCIL

AUDITED FINANCIAL STATEMENTS

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBER OF
HOLLAND-BUKIT PANJANG TOWN COUNCIL**

We have audited the accompanying financial statements of Holland-Bukit Panjang Town Council, which comprise the balance sheet as at 31 March 2007, and the income and expenditure statement, statement of changes in funds and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The financial statements for the year ended 31 March 2006 were audited by other independent auditors (other than RSM Chio Lim) whose report dated 25 August 2006 expressed an unqualified opinion on those financial statements.

Responsibility for the Financial Statements

The Town Council is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Town Council Act, Cap. 329A ("the Act") and Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Independent Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 auditor considers internal control relevant to the entity'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 entity's internal control. 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 THE MEMBER OF
HOLLAND-BUKIT PANJANG TOWN COUNCIL**

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Opinion

In our opinion,

- (a) the accompanying 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 2007 and the results, changes in funds and cash flows of the Town Council for the year ended on that date; and
- (b) 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.

During the course of our audit, nothing came to our notice that 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 have not been made in accordance with the provision of the Act.

RSM Chio Lim
Certified Public Accountants
Singapore

27 August 2007

Partner-in-charge: Ng Thiam Soon

HOLLAND-BUKIT PANJANG TOWN COUNCIL

BALANCE SHEET

As at 31 March 2007

	<u>Note</u>	<u>2007</u> S\$	<u>2006</u> S\$
TOWN COUNCIL FUND			
Residential property funds			
Accumulated surplus	3	1,694,840	1,268,369
Sinking funds	4	101,358,954	81,049,510
Town improvement and project funds	5	1,460,275	3,225,945
		104,514,069	85,543,824
Commercial property funds			
Accumulated surplus	3	1,340,070	1,323,214
Sinking funds	4	9,447,662	6,122,094
Town improvement and project funds	5	213,638	1,237,103
		11,001,370	8,682,411
Car park funds			
Accumulated surplus	3	285,013	1,238,491
Fair value reserve			
Accumulated surplus	3	359,400	-
Sinking funds	4	2,190,556	194,669
		2,549,956	194,669
		<u>118,350,408</u>	<u>95,659,395</u>
<u>Represented by:</u>			
Non-current assets			
Plant and equipment	6	195,196	430,044
Available for sale investments	7	54,488,666	44,492,180
Current assets			
Conservancy and service receivables	8	1,092,988	921,372
Other receivables	9	2,852,474	4,277,987
Available for sale investments	7	5,000,000	5,010,000
Fixed deposits		-	-
Cash and cash equivalents	10	57,989,137	42,248,070
		66,934,599	52,457,429
Current liabilities			
Payables and accruals	11	2,636,390	1,166,947
Provision for income tax		631,663	553,311
		3,268,053	1,720,258
Net current assets		63,666,546	50,737,171
		<u>118,350,408</u>	<u>95,659,395</u>

Dr Teo Ho Pin
Chairman

27 August 2007

Mr Albert Teng Ann Boon
Secretary

27 August 2007

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

HOLLAND-BUKIT PANJANG TOWN COUNCIL

INCOME AND EXPENDITURE STATEMENT

Year ended 31 March 2007

	<u>Note</u>	<u>2007</u> S\$	<u>2006</u> S\$
Operating income			
Conservancy and service fees		31,336,565	26,999,799
Less: Operating transfer to sinking funds (minimum required by law)	4	<u>(11,417,164)</u>	<u>(10,532,061)</u>
		19,919,401	16,467,738
Agency fees	12	2,041,074	1,701,325
Other Income	13	<u>1,218,204</u>	<u>1,647,104</u>
		23,178,679	19,816,167
Less: Operating expenditure			
Cleaning works		(3,969,770)	(3,497,111)
Managing agent's fees	14	(3,822,483)	(3,233,484)
Lift maintenance		(3,597,640)	(3,309,132)
Other work and maintenance		(4,179,372)	(2,951,186)
Water and electricity		(8,331,687)	(6,397,483)
General and administrative expenditure	15	<u>(2,248,111)</u>	<u>(2,171,130)</u>
		<u>(26,149,063)</u>	<u>(21,559,526)</u>
Operating deficit		(2,970,384)	(1,743,359)
Add: Non-operating income			
Interest income – banks		295,525	134,720
Investment income		<u>1,142,060</u>	<u>959,473</u>
		1,437,585	1,094,193
Deficit before taxation and government grants		(1,532,799)	(649,166)
Less: Income tax	17	73,404	(147,831)
Goods and services tax	18	<u>(142,317)</u>	<u>(83,763)</u>
Deficit before government grants		(1,601,712)	(880,760)
Add: Government grants	19	<u>8,442,638</u>	<u>5,711,918</u>
Less: Transfer to sinking funds	4	(1,981,581)	(1,558,445)
Transfer to town improvement and project fund	5	<u>(3,158,470)</u>	<u>(1,497,534)</u>
		<u>3,302,587</u>	<u>2,655,939</u>
Surplus for the year		1,700,875	1,775,179
Accumulated surplus at beginning of year		3,830,074	2,054,895
Transfer from town improvement project fund		1,583,233	–
Transfer of accumulated surplus from Jurong Town Council – Bukit Timah division		192,351	–
Fair value reserves		359,400	–
Transfer to sinking fund	4	<u>(3,986,610)</u>	–
Accumulated surplus at end of year		<u>3,679,323</u>	<u>3,830,074</u>

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

HOLLAND-BUKIT PANJANG TOWN COUNCIL

STATEMENT OF CHANGES IN FUNDS

For the year ended 31 March 2007

	Residential property funds S\$	Commercial property funds S\$	Car Park funds S\$	Fair value reserve S\$	Total S\$
2007					
Balance at beginning of year	85,543,824	8,682,411	1,238,491	194,669	95,659,395
Fair value gain on available for sale investments (Note 7)	–	–	–	2,355,287	2,355,287
Surplus for the financial year	6,490,646	1,132,970	250,255	–	7,873,871
Intra-funds transfer	1,194,111	–	(1,194,111)	–	–
Transfer of funds from/(to) Jurong Town Council – Bukit Timah division	11,285,488	1,185,989	(9,622)	–	12,461,855
Balance at end of year	<u>104,514,069</u>	<u>11,001,370</u>	<u>285,013</u>	<u>2,549,956</u>	<u>118,350,408</u>

2006

Balance at beginning of year	74,159,521	7,959,450	980,570	–	83,099,541
Effect of adopting FRS 39 on 1 April 2005	–	–	–	1,948,261	1,948,261
Balance at beginning of year – restated	74,159,521	7,959,450	980,570	1,948,261	85,047,802
Fair value loss on available for sale investments (Note 7)	–	–	–	(1,753,592)	(1,753,592)
Surplus for the financial year	11,384,303	722,961	257,921	–	12,365,185
Balance at end of year	<u>85,543,824</u>	<u>8,682,411</u>	<u>1,238,491</u>	<u>194,669</u>	<u>95,659,395</u>

The surplus for the year comprises the following:

	Note	2007 S\$	2006 S\$
Accumulated surplus	3	1,700,875	1,775,179
Sinking funds	4	7,571,439	11,632,941
Town improvement and project funds	5	(1,398,443)	(1,042,935)
		<u>7,873,871</u>	<u>12,365,185</u>

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

HOLLAND-BUKIT PANJANG TOWN COUNCIL

CASH FLOW STATEMENT

Year ended 31 March 2007

	<u>Note</u>	<u>2007</u>	<u>2006</u>
Cash flows from operating activities			
Deficit before taxation and government grants		(1,532,799)	(649,166)
Adjustments for:			
Depreciation	6	264,966	274,599
Loss on disposal of plant and equipment		364	(880)
Interest income		(295,525)	(134,720)
Investment income		(1,142,060)	(959,473)
Operating transfer to sinking fund		11,417,164	10,532,061
Surplus before working capital changes		8,712,110	9,062,421
(Increase)/ decrease in conservancy and service and other receivables		2,540,843	(2,465,179)
Decrease in amount due from other town councils		–	811
Increase/ (decrease) in payables and accruals		1,469,443	140,687
Transfer of <u>funds</u> from Jurong Town Council - Bukit Timah division		12,461,855	–
Cash generated from operations		25,184,251	6,738,740
Goods and services tax paid		(142,317)	(83,763)
Sinking funds expenditure paid		(8,774,054)	(4,739,525)
Decrease in town improvement and project fund		(4,556,914)	(2,540,469)
Income tax paid		(261,655)	(237,796)
Net cash from operating activities		11,449,311	(862,813)
Cash flows from investing activities			
Purchase of plant and equipment	6	(30,816)	(19,276)
Purchase of investments	7	(38,001,870)	(23,319,079)
Proceed from disposal of plant and equipment		334	3,791
Interest income received		3,246,804	2,298,346
Proceeds from redemption/disposal of investments		31,695,489	33,465,600
Dividend income received		185,093	482,956
Net cash used in investing activities		(2,904,966)	12,912,338
Cash flows from financing activities			
Government grants received		7,196,722	5,063,541
		–	–
Net cash from financing activities		7,196,722	5,063,541
Net increase in cash and cash equivalents		15,741,067	17,113,066
Cash and cash equivalents at beginning of year		42,248,070	25,135,004
Cash and cash equivalents at end of year	10	57,989,137	42,248,070

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

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO FINANCIAL STATEMENTS

31 March 2007

1. GENERAL INFORMATION

Holland-Bukit Panjang 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.

By virtue of the writ of election issued on 20 April 2006, a general election was called for on 6 May 2006. Subsequently, the electoral boundaries were redrawn and as a result, Holland-Bukit Panjang Town Council was reformed. The Town Council is made up of the Holland-Bukit Timah Group [Representation](#) Constituency which comprises the Bukit Timah Division which was formerly under the jurisdiction of the Jurong Town Council, Buona Vista Division, Cashew Division, Ulu Pandan Division and Zhenghua Division; and a Single [Member](#) Constituency of Bukit Panjang Division.

The financial statements of the Town Council for the financial year ended 31 March 2007 were authorised for issue by the members of the Town Council on 27 August 2007.

The head office of the Town Council is situated at:

Block 256 Bangkit Road
#01-71 Singapore 670256

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention except where an FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements.

(b) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the entity's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO FINANCIAL STATEMENTS

31 March 2007

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 Housing Development Board ("HDB") on an agency basis.

These funds, together with the sinking funds and town improvement and project funds 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 in the balance sheet.

SINKING FUNDS

In accordance with the 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 of National Development may, from time to time, prescribe the minimum amounts of conservancy and service fees and grants-in-aid to be paid into the sinking funds.

In accordance with the Town Councils Act (minimum amount of charges for payment into sinking fund - Amendment Rule 2004), the minimum amounts to be paid into the sinking funds are reduced as follows:

	<u>% of Conservancy and Service Charges and Grants-in-aid</u>
1-room to 3-room	30
4-room and above	35
Executive	35
Shop with living accommodation	35
Commercial property	35

These minimum contributions are treated as operating transfer and netted off against the conservancy and service charges and government grants in the income and expenditure statement.

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO FINANCIAL STATEMENTS

31 March 2007

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

SINKING FUNDS (Cont'd)

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.

TOWN IMPROVEMENTS 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, town improvement projects are partially funded by government grants and are given through the Citizens' Consultative Committee ("CCC") for approved projects.

(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 and town improvement and project funds.

(e) GOVERNMENT GRANTS

The Town Council receives three types of grants from Government, namely, conservancy and service grant, payments from citizens' consultative committee and GST subvention grant.

Government grants are accounted for on an accruals basis. Grant to meet the current year's operating expenditure are taken to the Income and Expenditure Statement.

The GST subvention is given as a grants-in-aid and is granted to Town Council to assist them to absorb the GST increases in service and conservancy charge for HDB residential flats.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(f) PLANT AND EQUIPMENT

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts less their residual values over their estimated useful lives of each part of an item of plant and equipment. The annual rates of depreciation are as follows:

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

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the derecognition of an item of plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in the income and expenditure statement. The residual value and the useful life of an asset is reviewed at least at each financial year-end and, if expectations differ from previous estimates, the charges are accounted for the current and future periods are adjusted.

Cost also includes acquisition cost, any cost 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. Subsequent cost are recognized as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income and expenditure statement when they are incurred.

Depreciation is charged from the month of acquisition. For disposal of plant and equipment, depreciation is charged up to the month prior to the disposal. Plant and equipment costing below S\$1,000 each are charged to the income and expenditure statement in the year of purchase.

(g) LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than: (a) those that arise when the Town Council provides money, goods or services directly to a debtor with no intention of trading the receivable; (b) those that the Town Council upon initial recognition designates as available for sale; or (c) those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration and are classified as available for sale. After initial recognition such financial assets, including derivatives that are assets, are measured at their fair values, without any deduction for transaction costs that may be incurred on sale or other disposal, except for the non-current financial assets that are loans and receivables which are measured at amortised cost using the effective interest method less provision for impairment. These items are included in the balance sheet in loans and receivables as current assets or as non-current assets where the maturities are greater than 12 months after the balance sheet date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(h) HELD-TO-MATURITY INVESTMENTS

Held-to-maturity investments, such as bonds, are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the expressed intention and ability to hold to maturity are initially measured at fair value, plus directly attributable transaction costs and are classified as non-current assets unless the maturities are less than 12 months from the balance sheet date. They are subsequently measured at amortised cost using the effective interest rate method less any impairment loss recognised to reflect irrecoverable amounts. Amortised cost is calculated by taking into accounts any discount or premium on acquisition, over the period to maturity. For investments carried at amortised cost, gains and losses are recognised in income and expenditure statement when the investments are derecognised or impaired, as well as through the amortisation process. The specific identification method is used to determine the cost basis of fixed income securities being disposed of. An impairment loss is recognised in income and expenditure when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent period when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

(i) AVAILABLE-FOR-SALE INVESTMENTS

Investments are classified as available-for-sale financial assets that are non-derivatives financial assets and are designated in this category or not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through income and expenditure statement as determined by management at initial recognition and re-evaluated at every reporting date. They are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. They are classified as non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. At subsequent reporting dates they are stated at fair value by reference to the transaction price or current bid prices in an active market. If such market prices are not reliably determinable, management establishes fair value by using valuation techniques. A gain or loss on re-measuring available-for-sale financial assets to fair value (other than those relating to foreign exchange translation differences) is recognised directly in funds until the financial asset is sold, collected, or otherwise disposed of, or when determined to be impaired, at which time the cumulative gain or loss previously recognised in funds is included in net surplus for the year. Impairment losses recognised in income and expenditure statement for equity investments classified as available-for-sale are not subsequently reversed through income and expenditure statement. However for debt instruments classified as available-for-sale impairment losses recognised in income and expenditure statement are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss. The weighted average method is used when determining the cost-basis of publicly listed equities being disposed of. The transactions are recorded at the trade date method. Changes in fair value of foreign currency denominated monetary investments classified as available for sale are analysed between translation differences and other changes in the carrying amount of the investments. The translation differences on monetary investments are recognised in income and expenditure statement; translation differences on non-monetary investments are recognised in funds. Changes in the fair value of monetary and non-monetary investments classified as available for sale are recognised in funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(j) CONSERVANCY AND SERVICES RECEIVABLES

After initial recognition at fair value, conservancy and services receivables are measured at amortised cost 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. Conservancy and services receivables are stated after provision for impairment. The amount of the provision for impairment is recognised in the income and expenditure statement. A conservancy and services receivable amount is regarded as impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition and that 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 services receivables are assumed to approximate their fair value. Normally no interest is charged on conservancy and services receivables.

(k) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include bank and cash balances and any highly liquid debt instruments purchased with an original maturity of three months or less. Cash for the cash flow statement includes cash and cash equivalents less bank overdrafts payable on demand that form an integral part of cash management and cash subject to restriction.

(l) IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date an assessment is made whether there is any indication that a depreciable or amortisable asset may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the asset. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in the income and expenditure statement unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each reporting date non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) IMPAIRMENT OF FINANCIAL ASSETS

All financial assets except those measured at fair value through income and expenditure statement are subject to review for impairment. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(n) FINANCIAL LIABILITIES

Financial liabilities at fair value through income and expenditure statement when recognised initially are measured at fair value. Financial liabilities not at fair value through income and expenditure statement are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial liability. After initial recognition financial liabilities at fair value through profit or loss, including derivatives that are financial liabilities, are measured at fair value. Other financial liabilities not at fair value through income and expenditure statement are measured at amortised cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income and expenditure statement over the period of the borrowings using the effective interest method. Financial liabilities including bank and other borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. Items classified within payables and accrued expenses and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

(o) LIABILITIES AND 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. These include payables and accrued expenses and other payables 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.

(p) LEASES AS A LESSEE

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(q) INCOME TAX

Tax is provided on the following income:

- (i) Income derived from investment;
- (ii) Fees, rent and other charges received from non-residents or non-owners of properties in the Town Council;
- (iii) Donations from non-residents or non-owners of properties in the Town Council; and
- (iv) Agency fee derived from acting as agents for statutory boards.

The income taxes are 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; the effects of future changes in tax laws or rates are not anticipated. Income tax expense represents the sum of the tax currently payable and deferred tax. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each balance sheet date and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences.

(r) RECOGNITION OF INCOME

The revenue amount is 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 entity and it is shown net of related tax, estimated returns, discounts and volume rebates.

Conservancy and service [charges](#) are recognised when due.

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

Interest income from fixed deposits and bonds is recognised on a time proportion basis that takes into account the effective yield on the asset. Income from funds managed in-house is recognised when realised or upon the expiry of the fund management term.

A fair value gain or loss on a financial asset or financial liability classified as at fair value through profit or loss that is not part of a hedging relationship is recognised in profit or loss. A fair value gain or loss on an available-for-sale financial asset is recognised directly in equity, except for impairment losses and foreign exchange gains and losses until the financial asset is derecognised, at which time the cumulative gain or loss previously recognised in equity is recognised in profit or loss. However, interest calculated using the effective interest method is recognised in profit or loss. Dividends on equity instrument are recognised in profit or loss when the entity's right to receive payment is established. For financial assets and financial liabilities carried at amortised cost, a gain or loss is recognised in profit or loss when the financial asset or financial liability is derecognised or impaired, and through the amortisation process. However, hedged items are taken to equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(s) FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of current financial assets and financial liabilities including cash, accounts receivable, accounts payable approximate their fair values due to the short-term maturity of these instruments. The fair values of non-current financial instruments are not disclosed unless there are significant items at the end of the year and in that event the fair values are disclosed in the relevant notes. Disclosures of fair value are not made when the carrying amount is a reasonable approximation of fair value. The maximum exposure to credit risk is the fair value of the financial instruments at the balance sheet date.

(t) FOREIGN CURRENCY TRANSACTIONS

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each balance sheet date, recorded monetary balances and balances measured at fair value that are denominated in foreign currencies are reported at the rates ruling at the balance sheet and fair value dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in the income statement. The presentation is in the functional currency.

(u) CRITICAL JUDGEMENTS ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

There were no critical judgements made in the process of applying the entity's accounting policies that have the most significant effect on the amounts recognised in the financial statements. There were no key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(v) RISK MANAGEMENT POLICIES FOR FINANCIAL INSTRUMENTS

GENERAL RISK MANAGEMENT PRINCIPLES

The Town Council's financial instruments comprise some cash and liquid resources, and various other items, including investment in financial assets, conservancy and services debtors and other receivables, trade payables and accrued expenses and other payables. The main purpose of these financial instruments is to raise finance for the Town Council's operations. The main risks arising from the Town Council's financial instruments are credit risk and market price risk comprising interest rate. The Town Council's not exposed to any foreign exchange risk and there is no significant liquidity risk as it maintains sufficient cash. The Town Council reviews and monitors policies for managing each of these risks and they are summarised below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(v) RISK MANAGEMENT POLICIES FOR FINANCIAL INSTRUMENTS (Cont'd)

CREDIT RISK ON FINANCIAL ASSETS

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations consist principally of cash, cash equivalents and conservancy and services and other accounts receivable. Credit risk on cash balances and derivative financial instruments is limited because the counter-parties are banks with high credit ratings. An ongoing credit evaluation is performed of the debtors' financial condition and a loss from impairment is recognised in the income and expenditure statement. There is no significant concentration of credit risk, as the exposure is spread over a large number of counter-parties and customers unless otherwise disclosed in the notes to the financial statements.

OTHER RISK ON FINANCIAL INSTRUMENTS

The main risks arising from the Town Council's financial instruments are interest risk, liquidity risk and foreign currency risk. There is exposure to interest rate price risk for financial instruments with a fixed interest rate and to interest rate or cash flow risk for financial instrument with a floating rate that is reset as market rate changes. Interest rate swaps are not used to generate the desired interest profit and to manage the exposure to interest rate fluctuations. The Town Council reviews and agrees policies for managing each of these risks and they are summarised below:

(i) Interest rate risk

The Town Council's exposure to market risk for changes in interest rates relates primarily to interest-bearing deposits placed with financial institutions. The Town Council has no policy to manage its interest rate risk. Surplus funds are placed with reputable financial institutions and interest rates on these funds are at prevailing rates.

(iii) Liquidity risk

The Town Council adopts prudent liquidity risk management by maintaining sufficient cash and also ensuring the availability of funding through the government grant.

(ii) Foreign currency risk

The Town Council's operational activities are carried out in Singapore dollars. Hence its exposure to foreign currency risk is minimal.

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO FINANCIAL STATEMENTS

31 March 2007

3. ACCUMULATED SURPLUS

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

	Note	Total		Residential Property		Commercial Property		Carpark	
		2007 S\$	2006 S\$	2007 S\$	2006 S\$	2007 S\$	2006 S\$	2007 S\$	2006 S\$
Operating income									
Conservancy and service fees		31,336,565	26,999,799	29,776,434	25,515,975	1,560,131	1,483,824	-	-
Less: Operating transfer to sinking funds (minimum required by law)	4	(11,417,164)	(10,532,061)	(10,833,117)	(9,938,351)	(584,047)	(593,710)	-	-
		19,919,401	16,467,738	18,943,317	15,577,624	976,084	890,114	-	-
Agency fees and other income		3,259,278	3,348,429	610,506	1,082,628	542,110	543,935	2,106,662	1,721,866
		23,178,679	19,816,167	19,553,823	16,660,252	1,518,194	1,434,049	2,106,662	1,721,866
Less: Operating expenditure		(26,149,063)	(21,559,526)	(23,312,779)	(19,204,086)	(822,094)	(802,024)	(2,014,189)	(1,553,416)
Operating (deficit)/surplus		(2,970,384)	(1,743,359)	(3,758,956)	(2,543,834)	696,100	632,025	92,473	168,450
Add: Non-operating income		1,437,585	1,094,193	1,234,454	943,304	52,616	47,269	150,515	103,620
(Deficit)/surplus before taxation and government grants		(1,532,799)	(649,166)	(2,524,502)	(1,600,530)	748,716	679,294	242,988	272,070
Add/(Less): Income tax	17	73,404	(147,831)	63,032	(127,445)	2,687	(6,386)	7,685	(14,000)
Goods and services tax	18	(142,317)	(83,763)	(141,753)	(83,546)	(146)	(68)	(418)	(149)
(Deficit)/ surplus before government grants		(1,601,712)	(880,760)	(2,603,223)	(1,811,521)	751,256	672,840	250,255	257,921
Add: Government grants	19	8,442,638	5,711,918	8,442,638	5,711,918	-	-	-	-
Less: Transfer to sinking funds	4	1,981,581	(1,558,445)	1,981,581	1,558,445	-	-	-	-
Transfer to town improvement and project fund	5	3,158,470	(1,497,534)	(3,158,470)	1,497,534	-	-	-	-
		3,302,587	2,655,939	3,302,587	2,655,939	-	-	-	-
Surplus for the year		1,700,875	1,775,179	699,364	844,418	751,256	672,840	250,255	257,921
Accumulated surplus as at beginning of year		3,830,074	2,054,895	1,268,369	423,951	1,323,214	650,374	1,238,491	980,570
Appropriation (to)/ from town improvement project fund	5	1,583,233	-	476,298	-	1,106,935	-	-	-
Transfer of accumulated surplus from Jurong Town Council – Bukit Timah division		192,351	-	113,157	-	88,816	-	(9,622)	-
Fair value reserves		359,400	-	359,400	-	-	-	-	-
Appropriation to sinking fund	4	(3,986,610)	-	(2,056,459)	-	(1,930,151)	-	-	-
Transfer of accumulated surplus from parking places to residential activity		-	-	1,194,111	-	-	-	(1,194,111)	-
Accumulated surplus at end of year		3,679,323	3,830,074	2,054,240	1,268,369	1,340,070	1,323,214	285,013	1,238,491

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO FINANCIAL STATEMENTS

31 March 2007

4. SINKING FUNDS

	Note	Total		Residential Property		Commercial Property		Fair Value Reserves	
		2007 S\$	2006 S\$	2007 S\$	2006 S\$	2007 S\$	2006 S\$	2007 S\$	2006 S\$
Balance at beginning of year									
- As previously reported		87,366,273	75,538,663	81,049,510	69,466,690	6,122,094	6,071,973	194,669	-
- Effect of FRS39 on opening reserves		-	1,948,261	-	-	-	-	-	1,948,261
Restated		87,366,273	77,486,924	81,049,510	69,466,690	6,122,094	6,071,973	194,669	1,948,261
Investment and interest income		3,359,890	4,575,176	3,359,890	4,575,176	-	-	-	-
Add: Transfer from conservancy and service fees (minimum required by law)	3	11,417,164	10,532,061	10,833,117	9,938,351	584,047	593,710	-	-
Government grants	3,19	1,620,610	1,558,445	1,620,610	1,558,445	-	-	-	-
GST subvention	3,18	360,971	-	360,971	-	-	-	-	-
		13,398,745	12,090,506	12,814,698	11,496,796	584,047	593,710	-	-
Less: Expenditure		(8,774,054)	(4,739,525)	(8,571,721)	(4,195,936)	(202,333)	(543,589)	-	-
Less: Income tax	17	(413,142)	(293,216)	(413,142)	(293,216)	-	-	-	-
Surplus for the financial year		7,571,439	11,632,941	7,189,725	11,582,820	381,714	50,121	-	-
Balance at end of year		94,937,712	89,119,865	88,239,235	81,049,510	6,503,808	6,122,094	194,669	1,948,261
Add: Fair value reserves		1,995,887	(1,753,592)	-	-	-	-	1,995,887	(1,753,592)
Appropriation from routine fund	3	3,986,610	-	2,056,459	-	1,930,151	-	-	-
Transfer of accumulated surplus from Jurong Town Council – Bukit Timah division		12,076,963	-	11,063,260	-	1,013,703	-	-	-
		112,997,172	87,366,273	101,358,954	81,049,510	9,447,662	6,122,094	2,190,556	194,669
Represented by:									
Investments		55,492,066	44,492,180						
Current Assets:									
Conservancy and service receivable		664,405	424,765						
Other receivables		148,554	2,755,299						
Interest receivable		553,825	445,918						
Investments		-	3,010,000						
Cash and cash equivalents		57,448,578	36,816,499						
		58,815,362	43,452,481						
Less: Current Liabilities									
Payables and accruals		(806,554)	(236,451)						
Provision for taxation		(503,702)	(341,937)						
		(1,310,256)	(578,388)						
Net current assets		57,505,106	42,874,093						
		112,997,172	87,366,273						

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO FINANCIAL STATEMENTS

31 March 2007

5. TOWN IMPROVEMENT AND PROJECT FUND

	<u>Note</u>	<u>Total</u>		<u>Residential Property</u>		<u>Commercial Property</u>	
		<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
		S\$	S\$	S\$	S\$	S\$	S\$
Balance at beginning of year		4,463,048	5,505,983	3,225,945	4,268,880	1,237,103	1,237,103
Add: Transfer from							
Government grants	3, 19	3,158,470	1,497,534	3,158,470	1,497,534	—	—
Less: Expenditure		4,556,914	2,540,469	4,556,914	2,540,469	—	—
Deficit for the financial year		(1,398,443)	(1,042,935)	(1,398,443)	(1,042,935)	—	—
Add/(Less): Appropriation to accumulated surplus	3	1,583,233	—	476,298	—	1,106,935	—
Transfer of accumulated surplus from Jurong Town Council – Bukit Timah division		(192,541)	—	(109,071)	—	(83,470)	—
Balance at end of year		<u>1,673,913</u>	<u>4,463,048</u>	<u>1,460,275</u>	<u>3,225,945</u>	<u>213,638</u>	<u>1,237,103</u>

Represented By:

Current assets:

CIPC grants receivable
Cash and cash equivalent

1,894,498	648,377
638,337	3,842,935
<u>2,532,835</u>	<u>4,491,312</u>

Less: Current liabilities

Payables and accruals

(858,922)	(28,264)
<u>1,673,913</u>	<u>4,463,048</u>

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO FINANCIAL STATEMENTS

31 March 2007

6. PLANT AND EQUIPMENT

	Office equipment S\$	Data processing equipment S\$	Furniture fixtures and fittings S\$	Total S\$
Cost:				
Balance as at 1 April 2006	101,535	167,017	1,119,103	1,387,655
Additions	15,412	13,569	1,835	30,816
Disposals	(1,322)	–	–	(1,322)
Balance as at 31 March 2007	<u>115,625</u>	<u>180,586</u>	<u>1,120,938</u>	<u>1,417,149</u>
Accumulated depreciation:				
Balance as at 1 April 2006	88,906	98,280	770,425	957,611
Charge for the year	6,036	38,910	220,020	264,966
Disposals	(624)	–	–	(624)
Balance as at 31 March 2007	<u>94,318</u>	<u>137,190</u>	<u>990,445</u>	<u>1,221,953</u>
Net book value:				
Balance as at 31 March 2007	<u>21,307</u>	<u>43,396</u>	<u>130,493</u>	<u>195,196</u>
Cost:				
Balance as at 1 April 2005	89,255	238,761	1,126,248	1,454,264
Additions	12,280	6,996	–	19,276
Disposals	–	(78,740)	(7,145)	(85,885)
Balance as at 31 March 2006	<u>101,535</u>	<u>167,017</u>	<u>1,119,103</u>	<u>1,387,655</u>
Accumulated depreciation:				
Balance as at 1 April 2005	82,593	126,415	556,979	765,987
Charge for the year	6,313	47,993	220,293	274,599
Disposals	–	(76,128)	(6,847)	(82,975)
Balance as at 31 March 2006	<u>88,906</u>	<u>98,280</u>	<u>770,425</u>	<u>957,611</u>
Net book value:				
Balance as at 31 March 2006	<u>12,629</u>	<u>68,737</u>	<u>348,678</u>	<u>430,044</u>

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO FINANCIAL STATEMENTS

31 March 2007

7. AVAILABLE-FOR-SALE INVESTMENTS

Investment as at 1 April 2005 and 31 March 2006 have been reclassified into "available-for-sale financial assets" so as to conform to the presentation adopted in 2005. Available-for-sale financial assets are measured in accordance with the accounting policy as set out in Note 2(i) only with effect from 1 April 2005

	<u>2007</u> S\$	<u>2006</u> S\$
<u>Available-for-sale financial assets:</u>		
Balance at beginning of year		
- At cost:		
Bonds	34,143,650	31,107,591
Quoted equities	-	8,439,500
Unit trusts	4,050,430	3,000,000
Structured deposits	11,308,100	-
	49,502,180	42,547,091
- Effect of adoption of FRS 39 on 1 April 2005	-	1,948,261
As restated	49,502,180	44,495,352
Add: New acquisition of:		
Bonds	6,000,000	4,000,000
Quoted equities	19,370,670	19,043,890
Unit trusts	637,200	-
Structured deposits	11,994,000	199,920
	38,001,870	23,243,810
Add: Transfer of surf deposits from fixed deposits	-	7,000,000
Less: Redemption/disposal of:		
Bonds	(7,992,000)	(1,000,000)
Quoted equities	(19,370,670)	-
Units trusts	-	(27,483,390)
Structured deposits	(3,000,000)	-
	(30,362,670)	(28,483,390)
Less: Premium/(discount) on bonds		
Balance at beginning of year	-	25,109
Effect of adoption of FRS 39 on 1 April 2005	-	(25,109)
Balance at end of year	-	-
Fair value gain/(loss)	2,347,286	(1,753,592)
	59,488,666	44,502,180
Unquoted structured deposits	-	5,000,000
Balance at end of year	59,488,666	49,502,180
<u>Comprising:</u>		
- At fair value:		
Bonds	32,954,666	34,143,650
Unit trusts	6,110,600	4,050,430
Quoted structured deposits	15,423,400	6,308,100
	54,488,666	44,502,180
Unquoted structured deposits	5,000,000	5,000,000
	59,488,666	49,502,180
Amount maturing not later than one year	5,000,000	5,010,000
Amount maturing later than one year	54,488,666	44,492,180
	59,488,666	49,502,180

The fair value of bonds, unit trusts and quoted structured deposits are based on quoted market prices at the balance sheet date. Unquoted equity investments are stated at cost as there is no quoted market price in an active market, and accordingly a reasonable estimate of its fair value could not be made without incurring excessive cost. However, the members of the Town Council do not anticipate that the carrying amounts of the unquoted equity investments recorded at the balance sheet date would be significantly different from their fair value.

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO FINANCIAL STATEMENTS

31 March 2007

8. CONSERVANCY AND SERVICE RECEIVABLES

	<u>2007</u> S\$	<u>2006</u> S\$
Conservancy and service receivables	1,840,297	1,421,341
Interest receivable on late payments	698,791	591,531
	<u>2,539,088</u>	<u>2,012,872</u>
Less: Provision for impairment of receivables	<u>(1,446,100)</u>	<u>(1,091,500)</u>
	<u>1,092,988</u>	<u>921,372</u>
The movement in provision for doubtful debts is as follows:		
Balance at beginning of year	1,091,500	1,037,740
Provision for the year (Note 15)	383,785	91,190
Provision written off during the year	<u>(29,185)</u>	<u>(37,430)</u>
Balance at end of year	<u>1,446,100</u>	<u>1,091,500</u>

The average credit period generally granted to conservancy and service receivables is about 30 days (2006: 30 days).

9. OTHER RECEIVABLES

	<u>2007</u> S\$	<u>2006</u> S\$
Receivable from sale of equity	–	2,693,907
CIPC grant receivable	1,894,498	648,377
Recoverable costs from contractors	28,480	90,388
Goods and Service Tax Subvention receivable	150,974	123,809
Goods and Services Tax receivable	28,123	13,998
Deposits	40,000	40,000
Prepayments	24,597	69,390
Interest receivable	573,058	532,143
Legal fee and disbursements	69,764	61,649
Others	42,980	4,326
	<u>2,852,474</u>	<u>4,277,987</u>

Current receivables with a short duration are not discounted and the carrying amounts are assumed to be a reasonable approximation of fair values.

10. CASH AND CASH EQUIVALENTS

	<u>2007</u> S\$	<u>2006</u> S\$
Short-term bank deposits	48,469,128	34,436,180
Cash and bank balances	9,520,009	7,811,890
	<u>57,989,137</u>	<u>42,248,070</u>

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO FINANCIAL STATEMENTS

31 March 2007

10. CASH AND CASH EQUIVALENTS (Cont'd)

The exposure of the fixed deposits to interest rate changes and the maturity dates at the balance sheet dates are as follows:

	<u>2007</u> S\$	<u>2006</u> S\$
Below 3 months	12,697,605	24,082,168
Within 3 to 12 months	35,771,523	10,354,012
Total fixed deposits	<u>48,469,128</u>	<u>34,436,180</u>

The short-term bank deposits have a maturity of 1 month to 3 months (2006: 1½ months to 3 months) from the end of the final year with weighted average effective interest rate of 3.25% (2006: 2.25%) per annum.

11. PAYABLES AND ACCRUALS

	<u>2007</u> S\$	<u>2006</u> S\$
Conservancy and service fees received in advance	–	2,390
Accrued operating expenses	780,221	783,224
Accrued TIP work order expenses	814,827	26,079
Accruals for completed works/ payables to contractors	880,147	237,072
Refundable deposits	117,292	86,568
Others	43,903	31,614
	<u>2,636,390</u>	<u>1,166,947</u>

The average credit period taken to settle trade payables is about 30 days (2006: 30 days). The other payables are with short-term durations. The carrying amounts are assumed to be a reasonable approximation of fair values.

12. AGENCY FEES

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

13. OTHER INCOME - OPERATING FUND

	<u>2007</u> S\$	<u>2006</u> S\$
Administrative fees	367	9,657
Agency fees	3,634	3,668
Interest on late payment of SC/CC fees	304,530	267,332
Liquidated damages	92,660	83,385
Sale of tender documents	8,867	24,177
Sundry fines	57,038	56,122
Sundry income	3,076	9,416
TOL income	513,758	517,290
Use of common property	16,159	17,533
Use of void deck	43,700	31,600
Use of water and electricity	122,310	131,469
Recovery of SC/CC fees	2,479	–
Collection from coin operator	49,626	–
GST Subvention for GST increase	–	495,455

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO FINANCIAL STATEMENTS

31 March 2007

	<u>1,218,204</u>	<u>1,647,104</u>
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14. MANAGING AGENT'S FEES

The Town Council does not have any employees on its payroll as all its daily operations have been out-sourced to a managing agent for a fee of S\$3,822,483 (2006: S\$3,233,484).

15. GENERAL AND ADMINISTRATIVE EXPENDITURE

The general and administrative expenditure comprises the following:

	<u>2007</u> S\$	<u>2006</u> S\$
Advertising, publicity and public relations	263,604	557,184
Agency fees - HDB collection	28,548	23,091
Audit fee	33,500	21,000
Bad debts	10,751	2,732
Computer services	301,340	332,397
Depreciation of plant and equipment (Note 6)	264,966	274,599
Provision for impairment of receivables (Note 8)	383,785	91,190
Office rental and upkeep	379,450	330,849
Office supplies and stationery	61,949	52,262
Property tax	58,252	47,262
Town councillors' allowance	218,900	180,543
Telephone and postage	114,561	100,492
Loss on disposal of plant and equipment	364	(880)
Others	128,141	158,409
	<u>2,248,111</u>	<u>2,171,130</u>

16. INVESTMENT AND INTEREST INCOME ON SINKING FUNDS

	<u>2007</u> S\$	<u>2006</u> S\$
Investment income	1,619,356	2,238,130
Interest from financial institution	128,205	561,004
Interest from bonds	1,153,040	1,107,311
Interest from other investments	293,996	222,935
Dividend income	165,293	445,796
	<u>3,359,890</u>	<u>4,575,176</u>

17. INCOME TAX

	<u>2007</u> S\$	<u>2006</u> S\$
Current income tax provision	452,810	439,124
Overprovision in respect of prior year	(113,072)	1,923
	<u>339,738</u>	<u>441,047</u>
Taken up in:		
Income and expenditure statement	(73,404)	147,831
Sinking funds	413,142	293,216
	<u>339,738</u>	<u>441,047</u>

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO FINANCIAL STATEMENTS

31 March 2007

17. INCOME TAX (Cont'd)

A reconciliation between the tax expense and the product of accounting surplus multiplied by the applicable tax rate for the year ended 31 March is as follows:

	<u>2007</u> S\$	<u>2006</u> S\$
Investment and interest income	3,561,348	2,680,381
Dividend income	205,932	569,762
Other income	14,358,751	11,218,609
	<u>18,126,031</u>	<u>14,468,752</u>
Tax at the statutory rate 20% (2006: 20%)	3,623,946	2,893,750
Tax exemption	(10,500)	(10,500)
Concessionary tax relief	(150,909)	(146,785)
Remission of grant	(2,829,244)	(2,103,354)
Tax deducted at source	(988)	(79,800)
Overprovision for prior years	(292,567)	(112,264)
	<u>339,738</u>	<u>441,047</u>

In year 2007, the government enacted a change in the national income tax rate from 20% to 18%.

18. GOODS AND SERVICE TAX

Government grants received by the Town Council are considered non-taxable supplies. Therefore, input tax claimable is based on a formula determined by the Inland Revenue Authority of Singapore. The unclaimed portion is charged to the Income and Expenditure Statement during the financial year.

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO FINANCIAL STATEMENTS

31 March 2007

19. GOVERNMENT GRANTS

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

	<u>Total</u>		<u>Conservancy and services grant</u>		<u>Payments from citizens consultative committee</u>		<u>GST subvention</u>	
	<u>2007</u> S\$	<u>2006</u> S\$	<u>2007</u> S\$	<u>2006</u> S\$	<u>2007</u> S\$	<u>2006</u> S\$	<u>2007</u> S\$	<u>2006</u> S\$
Government grants received/receivable during the year	8,442,843	5,711,918	4,706,645	4,214,384	3,158,470	1,497,534	577,728	-
Transfer to sinking funds	(1,981,581)	(1,558,445)	(1,620,610)	(1,558,445)	-	-	(360,971)	-
Town improvement and project funds	(3,158,470)	(1,497,534)	-	-	(3,158,470)	(1,497,534)	-	-
	<u>3,302,792</u>	<u>2,655,939</u>	<u>3,086,035</u>	<u>2,655,939</u>	<u>-</u>	<u>-</u>	<u>216,757</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:-

	<u>2007</u> S\$	<u>2006</u> S\$
Balance at beginning of year	23,339,536	17,627,618
Grants received/receivable during the year	8,442,843	5,711,918
Total grants received/receivable at end of year	<u>31,782,379</u>	<u>23,339,536</u>

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO FINANCIAL STATEMENTS

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20. OPERATING LEASE PAYMENT COMMITMENTS

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

	<u>2007</u> S\$	<u>2006</u> S\$
Not later than one year	563,377	563,377
Later than one year and not later than five years	<u>781,390</u>	<u>1,344,767</u>
Rental expense for the year	<u>565,177</u>	<u>565,099</u>

The lease rental terms are negotiated for an average term of 3 years and rentals are subject to an escalation clause but the amount of the rent increase is not to exceed a certain percentage. Such increases are not included in the above amounts.

21. CAPITAL COMMITMENTS

Capital expenditures approved by the Town Council but not provided for in the accounts are as follows:

	<u>2007</u> S\$	<u>2006</u> S\$
Amount approved but not contracted for	24,285,000	20,497,015
Amount approved and contracted for	<u>5,907,250</u>	<u>10,414,299</u>
	<u>30,192,250</u>	<u>30,911,314</u>

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO FINANCIAL STATEMENTS

31 March 2007

22. CHANGES AND ADOPTION OF FINANCIAL REPORTING STANDARDS

For the year ended 31 March 2007 the following new or revised Singapore Financial Reporting Standards were adopted for the first time. The new or revised standards did not require any material modification of the measurement method or the presentation in the financial statements.

<u>FRS No.</u>	<u>Title</u>
FRS 1	Presentation of Financial Statements
FRS 16	Property, plant and equipment
FRS 24	Related Party Disclosures
FRS 32	Financial Instruments : Disclosure and Presentation
FRS 37	Provisions, Contingent Liabilities and Contingent Assets
INT FRS 104	Determining whether an Arrangement contains a Lease
INT FRS 109	Reassessment of Embedded Derivatives

23. FUTURE CHANGES IN ACCOUNTING STANDARDS

The following new or revised Singapore Financial Reporting Standards that have been issued will be effective in future. The transfer to the new or revised standards from the effective dates is not expected to have a material impact on the financial statements.

<u>FRS No.</u>	<u>Title</u>	Effective date for periods beginning on or after
FRS 1	Presentation of Financial Statements - Amendments relating to capital disclosures	1.1.2007
FRS 10	Events after the Balance Sheet Date	1.1.2007
FRS 12	Income Taxes	1.1.2007
FRS 17	Leases	1.1.2007
FRS 32	Financial Instruments : Presentation	1.1.2007
FRS 39	Financial Instruments : Recognition and Measurement	1.1.2007
FRS 39	Implementation Guidance	1.1.2007
FRS 107	Financial Instruments : Disclosures - Implementation Guidance	1.1.2007

24. PRIOR YEAR ADJUSTMENT

In prior years, the Town Council has treated the GST subvention grant received in the Town Council accounts without any allocation to sinking funds. In a memo date 28 November 2006 from MND, it was stated that the GST subvention should be disclosed separately under 'Government Grants' and the appropriate amount of the grants-in-aid to the Town Council should be allocated to the sinking fund of the residential property activity based on the percentage of allocation that was applicable to the Town Council in the relevant periods.

As the Town Council has not allocated the appropriate amounts to the sinking fund since 2003, they have to make the necessary adjustments in financial year 2007.

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO FINANCIAL STATEMENTS

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25. COMPARATIVE FIGURES

The financial statements for the year ended 31 March 2006 were audited by other independent auditors (other than RSM Chio Lim) whose report dated 25 August 2006 expressed an unqualified opinion on those financial statements.