

Summary of Findings and Observations in Judgement

Paragraph	Finding
10	... Rather alarmingly, FKT not only issued a Disclaimer of Opinion on AHPETC's financial statements for FY 12/13, but this time it did so on 13 grounds.
18	The serious lapses identified by the AGO merit setting out in some detail. If similar lapses occurred in the context of a public listed company or a Management Corporation Strata Title Committee ("MCST Committee"), there would have been severe consequences to the office holders. ...
19	The setting aside of sinking funds of Town Councils, or MCST Committees for that matter, is a well-recognised, mandatory and prudent measure that must be complied with. ... It is, amongst other things, the height of financial irresponsibility to ignore such obligations. They are not mere technicalities.
20	In relation to receivables from various stakeholders such as Sundry Debtors, the AGO found there was poor monitoring and lack of due diligence by AHPETC ... If these sundry debtors included owners of flats within AHPETC, then monies that are collected from those flat owners who dutifully pay their dues are used to fund those defaulting flat owners who have not paid their S&CC contributions.
21	More severely, AHPETC did not fully disclose its related party transactions in its financial statements ... To compound matters, some invoices issued by FMSS and FMSI were verified by AHPETC's General Manager and Deputy general Manager (both of whom are shareholder-directors of FMSS). ... After the release of the AGO Report, AHPETC conducted a check on the amounts actually billed by FMSS for essential maintenance and lift rescue services for the period between October 2011 to July 2012 and discovered that it had computed the rates for FMSS's services incorrectly, thereby leading to AHPETC overpaying FMSS \$122,411.98. This amount has since been credited back to AHPETC. This overpayment might have gone unnoticed if not for the AGO Report.
25	... There can be little doubt that AHPETC has breached several of its duties under the TCA and the TCFR, and continue to be in breach of some of them. I asked Mr Low over two days of oral submissions how far along the road AHPETC is to resolving the qualifications made by FKT and the only answer AHPETC could give was that "it's work in progress." Mr Low did, however, assure me that the 30 June 2015 deadline would be kept. I also asked whether AHPETC's consultant has advised them over their processes, as this was one of the major weaknesses pointed out by the AGO. Mr Terence Tan, second counsel for AHPETC said on the second day of oral submissions, "not as yet".
37	To assist the parties, and I must emphasise it is no more than that, and in an effort to further obviate further court proceedings, I will say a few words regarding the conditions as reflected in prayers 3(a) and the first part of prayer 3(b). In my view, the imposition of these conditions are reasonable in the light of the findings of the AGO Report, which was also accepted without reservation by AHPETC. As indicated above, AHPETC's management of its funds and finances have been far from satisfactory, and the problems continue to remain unrectified. Controls and measures must be put in place to ensure that the grants-in-aid for FY 14/15 and FY 15/16 are adequately

	<p>managed and payments out of these grants are correctly made and properly authorised in accordance with the law and the TCA. The Government, through the MND, have a responsibility to make payments of public money in accordance with the law and s 42 of the TCA reflects this responsibility.</p>
155	I have noted above that the MND had informed AHPETC that the MND was willing to consider releasing half of the FY 14/15 grants-in-aids, subject to conditions. However, AHPETC never accepted this offer. If AHPETC has anyone to blame for failing to make the transfers on time, it was itself.
156	Against the backdrop of these undisputed facts, it is curious that Ms Lim made the following statement in Parliament on 12 February 2015, just one day after it made the late second transfer and 12 days after the third transfer was due:
	<p style="padding-left: 40px;">The Town Council accepts that it should have transferred the full amounts due to the sinking funds each quarter and should have paid sinking fund expenses directly from the sinking fund accounts. <i>We have taken steps and made good the transfers. For [FY 11/12] and [FY 12/13], the necessary transfers have been done. We have also done the transfers for [FY 13/14] and have been making transfers for [FY 14/15]. ... [emphasis added]</i></p>
157	Ms Lim, however, insists that her statement in Parliament on 12 February 2015 was “true and correct”. While it may be “true and correct” that AHPETC had been making transfers for FY 14/15 (since they have made two out of the four transfers for that financial year), Ms Lim failed to mention that both of these transfers were late, one of which was only made the day before her said statement in Parliament. She also failed to mention that the third transfer was already due at that time but AHPETC has yet to make it. I find the Latin phrase, <i>suppressio veri, suggestio falsi</i> (suppression of the truth is equivalent to the suggestion of what is false) particularly apt to this statement of Ms Lim’s.
160	It is clear that there are grave and serious questions that have been raised regarding the state of AHPETC’s accounts and the validity and propriety of payments previously made by AHPETC to related parties or otherwise. There have also been numerous breaches of the provisions of the TCA and the TCFR. If AHPETC was a managing corporation subject to the BMSMA, I have no doubt that AHPETC or its officers would be exposed to the possibility of civil liability (...) or, in an extreme scenario, criminal liability (...). I can only say it is a travesty for AHPETC to have ignored their duties and obligations imposed on them by the TCA and TCFR. They owe a duty and a heavy responsibility to their constituents to run AHPETC properly and it is incumbent on them to put their house and finances in order.