

ANNUAL REPORT

& FINANCIAL STATEMENTS

FY2020/2021





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Chairman's Review

Our fight against COVID-19 is ongoing, and it has been a difficult year. Despite the challenges, you have shown resilience and the determination to emerge stronger. Likewise, the Town Council is committed to working harder so that you and your loved ones will enjoy a greener and more sustainable home in Tampines.

When we announced our 5-Year Master Plan last year, the mission was to transform Tampines into a model Eco-Town by 2025. We have delivered on our promise by introducing many exciting and innovative initiatives in the past year. The Town Council has worked with partners to pilot the latest solutions in sustainable developments. As a result, we have spearheaded ground-breaking projects, such as testing robotics for estate cleaning and installing smart lighting to conserve energy.

The Town Council will continue to engage residents in its projects. Last year, we launched Singapore's first community-based circular ecosystem for food production in Tampines Park. To mark the significant event, many of you joined the MPs for tree planting via Zoom, a first-ever in Tampines! We have also gathered your inputs for the projects introduced in the "Our Tampines in a Garden" campaign. Everyone can look forward to upgraded parks and the new Tampines Boulevard Park and ABC Waters @ Sungei Tampines in the next two years. I am sure that you will find a park that suits your needs.

Despite the challenges in the past year, it remains our priority to plan for the estate's infrastructural developments to fulfil your future needs. Tampines benefited from S\$0.95m in upgrading projects under the Neighbourhood Renewal Programme (NRP). The Town Council also carried out S\$12.97m worth of cyclical maintenance for re-roofing, re-wiring and re-painting works under the Repairs and Redecoration (R&R) Programme. The tighter border restrictions have affected many projects, and I would like to thank you for your patience and understanding.

Lastly, I urge everyone to stay strong and focus on all the good that lies ahead. With your support, I am confident that Tampines will become a model Eco-Town that we can all be proud of!

Be well and stay safe!

Yours Sincerely,



Cheng Li Hui
Chairman
Tampines Town Council





Financial Review

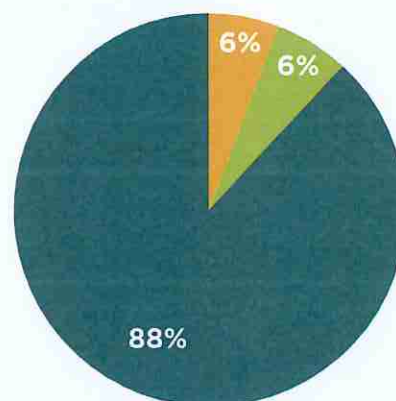
In 2020/2021, Tampines Town Council had an operating surplus of S\$5.94m after taking into account of government grants. Our sinking fund remains healthy at S\$51.81m, our Lift Replacement Fund has a balance of S\$44.30m and our total funds closed at S\$108.15m.

In accordance with the standards on lift maintenance set by the Building Construction Authority (BCA), the Town Council has also set aside a proportion of the Service & Conservancy Charges (S&CC) collection into the sinking fund for lift replacement to ensure the sustainability of our lifts in the long term.

The Town Council constantly seeks to deliver a consistently high standard of estate management through its rigorous and stringent procurement process. As a result, cost-effective contract delivery is ensured when managing all improvement projects. We will continue to explore cost-saving processes to utilise the S&CC fees in a way that serves our residents better.

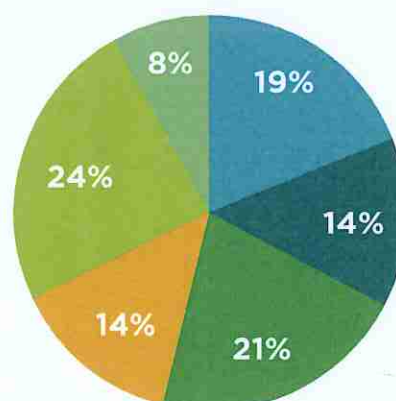
Operating Revenue

- S&CC
- Other Income
- Agency Fee



Operating Expenditure

- Cleaning works
- Managing agent's fees
- Lift maintenance
- Other works and maintenance
- Water and electricity
- General and administrative expenditure





Code of Governance

The Ministry of National Development (MND) has developed a Code of Governance to guide the Town Councils in better executing their fiduciary responsibilities and improving accountability. The Code sets out principles of good governance and highlights best practices that Town Councils are encouraged to adopt through a comply-or-explain regime.

In compliance with the Code using a checklist, the Council has implemented a comprehensive Risk Management Framework where key risks are identified and reported to the Council. An annual risk assessment has been performed and the effectiveness of internal control has been assessed. The Council is of the opinion that the Risk Management Framework and supporting internal control policies and procedures are adequate to address the risks of the Town Council.

Selection and Appointment of Town Councillors

We have established the processes in place for the selection and appointment of Town Councillors. Generally, the selection, appointment and reappointment process of Town Councillors consider the composition of the Town Council and the characteristic of the Town.

In appointing the Town Councillors, the Council considers various factors, including their relevant skills, time commitment, and prior experience. At least two-thirds of the appointed Town Councillors must be residents of the HDB housing estates within the Town. In addition, the selection and appointment process are conducted in consultation with the Town Council Chairman and the elected members as and when necessary.



Cyclical and Improvement Works

Tampines Town Council was set up in 1990 to manage and maintain common property of HDB housing estates in Tampines which consists five divisions, namely, Central, East, West, North and Changkat.

As a mature estate, Tampines saw huge developments in recent years. We grew to a bustling town with shopping malls, easily accessible public transport, healthcare facilities and schools.

Over the last 12 months, the Town Council carried out S\$12.97m worth of cyclical maintenance projects such as re-roofing and re-wiring works through the Repairs and Redecoration (R&R) Programme. The town also benefited from S\$0.95m in upgrading projects under the Neighbourhood Renewal Programme (NRP).

Repairs & Redecoration (R&R)



Completed

- Blk 140 - 151
- Blk 124 - 127
- Blk 272 - 298
- Blk 461 - 471, 485A - 499D
- Blk 510, 512A, 513, 519A - 519D, 520A - 520C, 520 (MPH), 208A and 201G

On-going

- Blk 701 - 734

Pending to start November

- Blk 494D & E

Neighbourhood Renewal Programme (NRP)

Arcadia precinct



Lift Replacement and Enhancement Projects

To ensure that our lifts function optimally, the Town Council has carried out S\$11.78m worth of lift replacements.

In 2020, we continued to enhance our lifts under the Lift Enhancement Programme. 173 lifts were enhanced with better safety features such as high-tech sensors to monitor the lift speed and emergency communication system.

Additionally, all lifts in Tampines are installed with the lift surveillance system to curb the misuse of lifts such as jamming of the doors, damaging of buttons and vandalism.

Real-time functional status of lifts is tracked by our officers and eight lift maintenance companies through a tele-monitoring system. In the event of a breakdown, our team will be notified automatically to carry out repair and rescue works. The Town Council will continue to follow stringent maintenance process to reduce incidents of breakdown.

We will also continue to work with the Housing & Development Board (HDB) and Building and Construction Authority (BCA) to ensure that the procurement process and technical specifications for new lifts achieve an efficient operating life cycle.



Lift Replacement:

Sunrise and Arcadia precincts (856B-F), partially done. 856B Lift B Turn-on: 7 Jan 2021, 856D Lift A Turn-on: 31 Mar 2021

Initiatives to Transform Tampines into a Model Eco-Town by 2025



Eco Office Plus Certification

August 2020



Tampines Town Council took the lead to get its office certified under Eco Office Plus, an eco-certification administered by the Singapore Environment Council (SEC) that assesses green practices at the workplace. Tampines Town Council became the first Town Council to lead this initiative. The Town Council has attained the Elite Tier, the highest of four categories under the Eco Office Plus certification. It is also leading the programme to get other Town Councils certified under Eco Office Plus.



Leading the Way in Smart Technology with Robotics for Facilities Management

September 2020



In partnership with Singapore University of Technology and Design (SUTD), Tampines Town Council has been spearheading smart technology initiatives to make Tampines a Model Smart Town. Tampines Round Market & Food Centre was the launch site for the testing of robotics in smart facilities management with the mission to become Asia's first robot-friendly market & food centre.

At the showcase, SUTD introduced the following robots: a reconfigurable floor cleaning robot (hTetro), a water-jet floor cleaning robot (Hornbill), an intelligent lift panel disinfection system (Emu), a false ceiling inspection robot (Falcon), and a mosquito density mapping robot (Dragonfly).

Testing Smart Lighting in Tampines Park and Block 146

December 2020

For a smarter and more sustainable town, Tampines Town Council tested state-of-the-art Smart LED lighting in Tampines Park and Block 146. The Smart LED lighting adopts a "Light on Demand" approach which enables significant energy savings of up to 80%. More significantly, the sensor data collected can be analysed to study patterns of movement and congregation for smart facilities management.



Annual Tree Planting Day

5 December 2020



In conjunction with the launch of Sustainability @ Tampines Park, Tree Planting Day with the MPs for Tampines GRC was held in Tampines Park and streamed live. Because of COVID-19, the Tampines Tree Planting Day in 2020 took on a refreshingly new format. Residents registered via Zoom to receive a complimentary DIY Gardening Kit. With the kit, residents could join the tree planting ceremony from the comfort of their homes.



The Launch of Sustainability @ Tampines Park

5 December 2020

Sustainability @ Tampines Park is the nation's first community-based circular ecosystem for sustainable food production. It includes a tilapia fish farm, a vertical high-tech farm for leafy vegetables and a Black Soldier Fly (BSF) facility. After the tree planting ceremony, the MPs proceeded with an educational walkabout to view the three stations that make up the circular ecosystem. As the walkabout was streamed live, residents of Tampines learnt about the project via Facebook Live or Zoom.



Eco Boards with Real-Time Updates on Utilities Consumption

12 December 2020



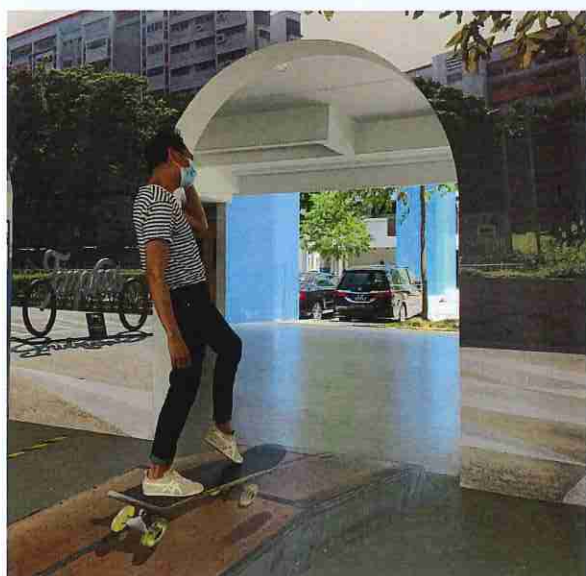
In a partnership with Singapore Power and Temasek Holdings, Tampines Town Council installed digital Eco Boards in 10 HDB blocks where residents can receive real-time updates on their blocks' electricity, water consumption, and carbon emissions via an app. There are also plans to enhance operations with an artificial intelligence-enabled anomaly detection component that will alert the Town Council to any resource wastage or inefficient consumption patterns.



Our Tampines in a Garden (OTG): Void Deck Exhibition

19 March – 18 April 2021

Residents could view OTG exhibition in five void deck locations. The exhibition featured a condensed version of the main OTG exhibition held in Our Tampines Hub. To enhance the resident's learning journey, installations like trick eye wall display and a wishing wall were added.



Financial Statements

TAMPINES TOWN COUNCIL

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

For the year ended 31 March 2021

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Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Tampines Town Council (the "Town Council"), which comprise the statement of financial position as at 31 March 2021, the income and expenditure statement, statement of comprehensive income, statement of changes in Town Council funds and statement of cash flows of the Town Council for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Town Council are properly drawn up in accordance with the provisions of the Town Councils Act, Chapter 329A (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Town Council as at 31 March 2021, and of the financial performance, changes in Town Council funds and cash flows of the Town Council for the financial year ended on that date.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the Annual Report set out on pages 1 to 15 but does not include the financial statements and our auditor's report thereon.

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

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

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

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

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

A Town Council is established under the Act and may be dissolved by the Minister's order published in the Gazette. In preparing the financial statements, management is responsible for assessing the Town Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is intention to wind up the Town Council or for the Town Council to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

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

Report on Other Legal and Regulatory Requirements

Opinion

In our opinion:

- (a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Town Council during the financial year ended 31 March 2021 are, in all material respects, in accordance with the provisions of the Act; and
- (b) proper accounting and other records have been kept, including records of all assets of the Town Council whether purchased, donated or otherwise.

Basis for Opinion

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

Responsibilities of Management for Compliance with Legal and Regulatory Requirements

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

Auditor's Responsibilities for the Compliance Audit

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
TAMPINES TOWN COUNCIL**
(Established under the Town Councils Act, Cap 329A)



Auditor's Responsibilities for the Compliance Audit (cont'd)

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

A handwritten signature in black ink that reads "AT ADLER" followed by a long, horizontal, slightly wavy line.

AT ADLER
Public Accountants and Chartered Accountants

Singapore, 28 October 2021

Statement of financial position

as at 31 March 2021

	Note	2020/2021 S\$	2019/2020 S\$
TOWN COUNCIL FUND			
RESIDENTIAL PROPERTY			
Accumulated surplus	3	5,522,816	2,277,515
Sinking fund	4	35,745,893	32,509,804
Lift Replacement fund	5	37,936,118	36,970,626
Town improvement and project fund	6	1,931,787	1,366,982
		81,136,614	73,124,927
COMMERCIAL PROPERTY			
Accumulated surplus	3	1,475,872	2,907,812
Sinking fund	4	16,059,243	14,583,096
Lift Replacement fund	5	6,360,991	5,199,006
Town improvement and project fund	6	1,001,120	1,014,752
		24,897,226	23,704,666
CARPARK			
Accumulated surplus	3	2,112,434	1,008,622
		108,146,274	97,838,215
Represented by:			
NON-CURRENT ASSETS			
Plant and equipment	8	1,217,610	778,086
Right-of-use assets	9	1,060,301	740,753
		2,277,911	1,518,839
CURRENT ASSETS			
Receivables for Neighbourhood Renewal Programme and Electrical Load Upgrading Programme	7	2,705,886	2,848,860
Conservancy and service fee receivables	10	1,671,439	1,531,746
Other receivables	11	7,182,055	6,822,994
Prepayments		235,940	300,616
Cash and cash equivalents	12	114,587,478	98,541,373
		126,382,798	110,045,589
TOTAL ASSETS		128,660,709	111,564,428
Less:			
NON-CURRENT LIABILITY			
Lease liabilities	15	911,722	570,044
CURRENT LIABILITIES			
Conservancy and service fee received in advance	13	983,389	940,533
Payables and accrued expenses	14	17,286,984	10,931,777
Lease liabilities	15	171,479	185,906
Current tax payable		1,160,861	1,097,953
		19,602,713	13,156,169
TOTAL LIABILITIES		20,514,435	13,726,213
NET ASSETS		108,146,274	97,838,215

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



MS CHENG LI HUI
Chairman



MR FRANK NGOH
Secretary

Date: 28 October 2021

Income and expenditure statement for the financial year ended 31 March 2021

	Note	2020/2021 S\$	2019/2020 S\$
OPERATING INCOME			
Conservancy and service fees	3	51,600,100	50,872,426
Less: Operating transfer to sinking fund (minimum required by law)	3, 4	(13,416,021)	(13,226,826)
Operating transfer to lift replacement fund (minimum required by law)	3, 5	(7,224,026)	(7,122,150)
		30,960,053	30,523,450
Agency fees	16	3,551,327	3,550,864
Other income	17	3,569,626	4,110,556
		38,081,006	38,184,870
Less:			
OPERATING EXPENDITURE			
Cleaning works		7,136,667	6,767,185
Managing agent's fees	18	5,412,008	4,915,442
Lift maintenance		7,713,669	7,990,870
Other works and maintenance		5,385,584	5,090,995
Water and electricity		8,887,731	10,580,469
General and administrative expenditure	19	2,884,391	2,804,795
		(37,420,050)	(38,149,756)
OPERATING SURPLUS		660,956	35,114
Add:			
NON-OPERATING INCOME			
Interest income	3	-	101,935
SURPLUS BEFORE TAXATION AND GOVERNMENT GRANTS		660,956	137,049
Less:			
Income tax	20	(392,034)	(374,314)
SURPLUS/(DEFICIT) AFTER TAXATION BUT BEFORE GOVERNMENT GRANTS		268,922	(237,265)
Add:			
Government grants	3, 25	14,489,581	16,081,768
Less: Transfer to sinking fund	3, 4, 25	(2,458,188)	(2,392,160)
Less: Transfer to lift replacement fund	3, 5, 25	(5,573,875)	(5,486,972)
Less: Transfer to town improvement and project fund	3, 6, 25	(784,772)	(2,682,264)
		5,672,746	5,520,372
SURPLUS FOR THE YEAR		5,941,668	5,283,107
Add:			
Accumulated surplus at 1 April		6,193,949	2,070,842
Less:			
Transfer of Accumulated Surplus to Sinking Fund as at 22 June 2020	3, 4	(1,445,922)	-
Transfer of Accumulated Surplus to Lift Replacement Fund as at 22 June 2020	3, 5	(778,573)	-
Appropriation to town improvement and project fund	3, 6	(800,000)	(1,160,000)
ACCUMULATED SURPLUS AT 31 MARCH		9,111,122	6,193,949

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

Statement of comprehensive income for the financial year ended 31 March 2021

Note	TOTAL		RESIDENTIAL PROPERTY		COMMERCIAL PROPERTY		CARPARK	
	2020/2021 S\$	2019/2020 S\$	2020/2021 S\$	2019/2020 S\$	2020/2021 S\$	2019/2020 S\$	2020/2021 S\$	2019/2020 S\$
Surplus/(deficit) for the year:								
- Accumulated surplus	3	5,941,668	5,283,107	4,045,301	3,135,145	792,555	1,139,340	1,008,622
- Sinking fund	4	3,266,314	(4,648,123)	3,236,089	(3,760,538)	30,225	(887,585)	-
- Lift replacement fund	5	1,348,904	4,126,865	965,492	3,871,959	383,412	254,906	-
- Town improvement and project fund	6	(248,827)	(718,007)	(235,195)	(643,469)	(13,632)	(74,538)	-
Total surplus for the year		10,308,059	4,043,842	8,011,687	2,603,097	1,192,560	432,123	1,008,622
Other comprehensive income, net of tax		-	-	-	-	-	-	-
Total comprehensive income for the year attributable to Town Council Fund		10,308,059	4,043,842	8,011,687	2,603,097	1,192,560	432,123	1,008,622

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

Statement of changes in funds for the financial year ended 31 March 2021

	TOTAL S\$	RESIDENTIAL PROPERTY S\$	COMMERCIAL PROPERTY S\$	CARPARK S\$
Balance at 1 April 2019	93,794,373	70,521,830	23,272,543	-
Total comprehensive income for the year	4,043,842	2,603,097	432,123	1,008,622
Balance at 31 March 2020	97,838,215	73,124,927	23,704,666	1,008,622
Balance at 1 April 2020	97,838,215	73,124,927	23,704,666	1,008,622
Total comprehensive income for the year	10,308,059	8,011,687	1,192,560	1,103,812
Balance at 31 March 2021	108,146,274	81,136,614	24,897,226	2,112,434

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

Statement of cash flows

for the financial year ended 31 March 2021

	Note	2020/2021 S\$	2019/2020 S\$
Cash Flows from Operating Activities			
Surplus in income and expenditure statement before taxation and government grants		660,956	137,049
Adjustments for:			
Conservancy and service fees transferred to sinking fund	3, 4	13,416,021	13,226,826
Conservancy and service fees transferred to lift replacement fund	3, 5	7,224,026	7,122,150
Depreciation of plant and equipment	8, 19	293,722	126,662
Depreciation of right-of-use assets	9, 19	193,609	191,609
Provision for impairment in conservancy and service fees	10, 19	305,822	117,046
Provision for impairment of other receivables	11	-	236,012
Lease interest expense	19	28,534	35,803
Interest income	3	-	(101,935)
Operating surplus before working capital changes		22,122,690	21,091,222
Increase in conservancy and service fee and other receivables		(1,608,794)	(38,985)
Decrease/(increase) in prepayments		64,676	(45,882)
Increase in payables and accrued expenses and conservancy and service fee received in advance		6,398,063	450,559
Decrease in Selective Lift Replacement Programme receivables		-	2,503,268
Increase in Lift Enhancement Programme receivables		(1,318,029)	(487,126)
Net movement in advances received or receivables for Neighbourhood Renewal Programme and Electrical Load Upgrading Programme		142,974	(754,823)
Cash generated from operations		25,801,580	22,718,233
Sinking fund expenditure	4	(12,971,766)	(21,029,561)
Lift replacement fund expenditure	5	(11,778,961)	(8,779,970)
Town improvement and project fund expenditure	6	(1,033,599)	(3,400,271)
Income tax paid		(470,004)	(429,169)
Net cash used in operating activities		(452,750)	(10,920,738)
Cash Flows from Investing Activities			
Purchase of plant and equipment	8	(733,246)	(800,520)
Interest received		1,034,860	1,278,421
Net cash generated from investing activities		301,614	477,901
Cash Flows from Financing Activities			
Government grants received	25	16,411,681	19,677,954
Lease payments	15	(185,906)	(176,412)
Interest paid		(28,534)	(35,803)
Net cash generated from financing activities		16,197,241	19,465,739
Net increase in cash and cash equivalents		16,046,105	9,022,902
Cash and cash equivalents at beginning of year		98,541,373	89,518,471
Cash and cash equivalents at end of year	12	114,587,478	98,541,373

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

Notes to the financial statements

for the financial year ended 31 March 2021

1 GENERAL INFORMATION

The Town Council was established on 5 August 1990 under the Town Councils Act (Chapter 329A). The functions of the Town Council are to control, manage, maintain and improve the common property of residential and commercial property in the housing estates of the Housing and the Development Board (HDB) within the Town. The town consists of the Tampines Group Representation Constituency.

The Tampines Town Council was reconstituted under Section 4(2)(j) of the Town Councils (Declaration) Order 2020 after the 2020 General Election. Although there was a change in the electoral boundaries of Tampines Group Representation Constituency, the common property of residential and commercial property in the housing estates of the Housing and the Development Board (HDB) within the Town remain unchanged. Thus, there were no handing over or taking over of properties after the 2020 General Election.

The financial statements of the Town Council for the financial year ended 31 March 2021 were authorised for issue by the members of Town Council on 28 October 2021.

The head office of the Town Council is situated at:

Blk 136 Tampines Street 11
Singapore 521136

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) ACCOUNTING CONVENTION

The financial statements have been prepared in accordance with the Financial Reporting Standards in Singapore ("FRSs") as issued by the Singapore Accounting Standards Council as well as all related interpretations to FRSs ("INT FRSs") and the Town Councils Act, Cap. 329A. The financial statements are prepared on a going concern basis 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

(i) 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 Town Council'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 in Note 2(t).

(ii) Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Town Council has adopted all the new and amended standards which are relevant to the Town Council and are effective for annual financial periods beginning on or after 1 April 2020. The adoption of these standards did not have any material effect on the financial performance or position of the Town Council.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(b) BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

(ii) Adoption of new and amended standards and interpretations (cont'd)

Early Adoption of amendment to FRS 116: Covid-19-Related Rent Concessions

The Town Council has elected to early adopt the above amendment to FRS 116 which introduced a practical expedient for a lessee to elect not to assess whether a rent concession is a lease modification, if all the following conditions are met:

- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) there is no substantive change to other terms and conditions of the lease.

The Town Council has elected to apply this practical expedient to all property leases. As a result of applying the practical expedient, rent concessions of S\$34,300 (Note 17) was recognised as other income in the profit or loss during the year.

(c) FUNDS

TOWN COUNCIL FUND

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

Car parks are maintained by the Town Council for Housing and Development Board ("HDB") on an agency basis.

These funds together with the Sinking Fund, Lift Replacement Fund and Town Improvement and Project Fund form the Town Council Fund.

All moneys received by the Town Council are paid into and related expenses 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 statement of financial position.

SINKING FUND

In accordance with Section 33(4) of the Town Councils Act, a separate Sinking Fund is established for the improvement to, management and maintenance of Residential Property and Commercial Property.

Under the Town Councils Act, the Minister for National Development may, from time to time, prescribe the minimum amount of service and conservancy charges and grants-in-aid to be paid into the Sinking Fund. The sinking fund are maintained as part of the Town Council fund.

The minimum amounts to be paid into the Sinking Fund is 26% of service and conservancy charges and grants-in-aid, excluding the LRF matching grant-in-aid for Residential Property and Commercial Property.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(c) FUNDS (CONT'D)****SINKING FUND (CONT'D)**

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

The Sinking Fund is utilised for cyclical major repainting, renewal or replacement of roofing system, water tanks, pumps and water supply system, rewiring, lightning protection system, installation of any sensor and starter controller to the time-controlled booster pumping system, 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.

LIFT REPLACEMENT FUND ("LRF")

In accordance with Section 33(4A) of the Town Councils Act, a separate Lift Replacement Fund is established to meet the cost of any capital expenditure related to the replacement of lifts or lift upgrading works on Residential Property and Commercial Property.

To assist Town Councils in building up the LRF, the Ministry of National Development ("MND") will provide a 50% matching grant to the following contributions Town Councils make to the LRF:

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

Under the Town Councils Act, the Minister for National Development may, from time to time, prescribe the minimum amount of service and conservancy charges and grants-in-aid to be paid into the Lift Replacement Fund. The lift replacement fund are maintained as part of the Town Council fund.

The minimum amounts to be paid into the Lift Replacement Fund is 14% of service and conservancy charges and grants-in-aid, excluding the LRF matching grant-in-aid for Residential Property and Commercial Property.

This minimum contribution is treated as operating transfers and netted off against the service and conservancy charges and government grants in the income and expenditure statement.

TOWN IMPROVEMENT AND PROJECT FUND

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

These funds are set up by transfer from the Accumulated Surplus based on specific projects to be carried out. In addition, the Town Council receives payments from Citizens' Consultative Committees for approved projects.

Expenditure on Town Improvement Projects is taken directly to the Town Improvement and Project Fund. Payments from Citizens' Consultative Committee ("CCC") are shown as part of Government Grants in the income and expenditure statement and then transferred to the Town Improvement and Project Fund.

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

(e) GOVERNMENT GRANTS

The Town Council receives five types of grants from the Government, namely, Service and Conservancy Charge Grant, payments from Citizens' Consultative Committees, GST Subvention Grant, Lift Maintenance Grant and LRF Matching Grant.

Service and Conservancy Charge Grants are given to meet the current year's operating expenditure are taken to the income and expenditure statement.

Payments from Citizen's Consultative Committees are given as reimbursement claims under the Community Improvement Projects Committee scheme.

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

The Lift Maintenance Grant helps Town Councils cope with the higher lift-related servicing and maintenance costs.

The LRF Matching Grant is to assist Town Councils in building up the LRF.

Government grants are recognised at their fair value where there is reasonable assurance that the grants will be received and all required conditions will be complied with. Grants to meet the current year's operating expenditure are taken to the income and expenditure statement.

(f) PLANT AND EQUIPMENT

Plant and equipment are carried at cost on initial recognition and after initial recognition 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 as a change in an accounting estimates, and the depreciation charge 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 Town Council. 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. Subsequent costs are recognized as an asset only when it is probable that future economic benefits associated with the item will flow to the Town Council 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(f) PLANT AND EQUIPMENT (CONT'D)**

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 these assets. The annual rates of depreciation are as follows:

Furniture, Fixtures and Fittings	5 years
Data Processing Equipment	3 - 6 years
Office Equipment	3 years
Renovation	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.

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

(g) IMPAIRMENT OF NON-FINANCIAL ASSETS

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on the non-financial assets. The carrying amount of non-financial assets is reviewed at each reporting date for indications of impairment and where impairment is found, the asset is written down through the income and expenditure statement to its estimated recoverable amount.

The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in the income and expenditure statement. 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.

(h) FINANCIAL ASSETS**(i) Initial recognition and measurement**

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Town Council measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Conservancy and service fee receivables are measured at the amount of consideration to which the Town Council expects to be entitled in exchange for transferring promised services, excluding amounts collected on behalf of third party, if the conservancy and service fee receivables do not contain a significant financing component at initial recognition.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(h) FINANCIAL ASSETS (CONT'D)****(ii) Subsequent measurement**

Debt instruments mainly comprise of receivables for Neighbourhood Renewal Programme and Electrical Load Upgrading Programme, conservancy and service fee receivables, other receivables, and cash and cash equivalents.

There are three subsequent measurement categories, depending on the Town Council's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost;
- Fair value through other comprehensive income; and
- Fair value through profit or loss.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

The Town Council only has debt instruments at amortised cost.

(iii) Derecognition

The Town Council derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Town Council neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(iv) Impairment

The Town Council recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Town Council expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For conservancy and service fee receivables, the Town Council applies a simplified approach in calculating ECLs. Therefore, the Town Council does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Town Council uses the practical expedient under FRS 109 in the form of allowance matrix to measure the ECL for conservancy and service fee receivables, where the loss allowance is equal to lifetime ECL.

Any subsequent changes in lifetime ECL, both positive and negative, will be recognised immediately in profit or loss.

The Town Council considers a financial asset to be in default when internal or external information indicates that the Town Council is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Town Council. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(i) CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include bank and cash balances and on demand deposits that are readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value.

(j) 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. Disclosures of fair value are not made when the carrying amount is a reasonable approximation of fair value. The fair values of non-current financial instruments may not be 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. The maximum exposure to credit risk is the fair value of the financial instruments at the end of the reporting period. The fair value of a financial instrument is derived from an active market. The appropriate quoted market price for an asset held or liability to be issued is usually the current bid price without any deduction for transaction costs that may be incurred on sale or other disposal and, for an asset to be acquired or liability held, the asking price. If there is no market, or the markets available are not active, the fair value is established by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of similar instruments and incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. As far as unquoted equity instruments are concerned, in cases where it is not possible to reliably measure the fair value, such instruments are carried at cost less accumulated allowance for impairment.

(k) FINANCIAL LIABILITIES

Initial recognition and measurement:

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

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories is as follows:

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

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

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

(m) LEASES AS A LESSEE

The Town Council assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee, the Town Council applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Town Council recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

Right-of-use assets

The Town Council recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Town Council at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2(g).

Lease liabilities

At the commencement date of the lease, the Town Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Town Council and payments of penalties for terminating the lease, if the lease term reflects the Town Council exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Town Council uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Town Council's lease liabilities are included in Note 15.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(n) INCOME TAX**

Income tax is provided on the following income:

- (i) Income derived from investments and bank deposits;
- (ii) Fees, rent and other charges received from non-residents or non-owners of properties in the Town for maintenance and use of common property, and car park where the Town Council opts to maintain and/or manage them;
- (iii) Donations from non-residents or non-owners of properties in the Town; and
- (iv) Agency fee derived from acting as agents for HDB.

The income taxes are accounted using the 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 the end of each reporting period 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.

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

(o) RECOGNITION OF INCOME

Income is measured based on the consideration to which the Town Council expects to be entitled in exchange for performance of services, excluding amounts collected on behalf of third parties. Income is recognised based on the identified performance obligations as follows:

- (i) Conservancy and service fees which measures the continuous service performance are recognised over time.
- (ii) Agency fees are fees received for routine maintenance of HDB's carparks and are recognised over time.
- (iii) Interest income from fixed deposits is recognised on a time proportion basis that takes into account the effective yield on the asset.

(p) INTER-FUND TRANSFER

The Town Council may make inter-fund transfers in accordance to Sections 33(9) and 43(1)(i) of the Town Councils Act (Cap. 329A), and Rule 11A of the Town Councils Financial Rules.

(q) FUNCTIONAL CURRENCY

Items included in the financial statements of the Town Council are measured using the currency of the primary economic environment in which the Town Council operates ("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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(r) RECEIVABLES/ADVANCES RECEIVED FOR NEIGHBOURHOOD RENEWAL PROGRAMME**

Neighbourhood Renewal Programme (NRP) was established in 2007 to upgrade the quality of HDB estates. This programme is fully funded by the Government and implemented by the Town Councils.

The funding for the programme belongs to the government which is for the specific use of projects under the programme. For projects approved prior to 2015, the Town Council received funding of S\$3,400 per dwelling unit to cover NRP construction costs, professional and consultancy fees. In addition, the Town Council was also entitled to a sum of S\$150 per dwelling unit or S\$125,000, whichever is higher, to cover miscellaneous costs relating to the NRP project. However, if the cost of project works incurred exceeds the funding provided, the Town Council has to bear the cost of excess expenditure.

From 2015, the NRP included repainting of blocks and repair works for items such as spalling concrete/crack lines, apron drains & apron floors, etc. This allows the NRP works to be better coordinated with the Town Council's routine maintenance programme, thus enabling blocks and precincts to be more comprehensively enhanced without inconveniencing residents twice. As such, the NRP budget was increased from S\$3,400 to S\$4,700 per flat to fund the additional upgrading works.

(s) RECEIVABLES/ADVANCES RECEIVED FOR ELECTRICAL LOAD UPGRADING PROGRAMME

The Electrical Load Upgrading Programme (ELU) was introduced to upgrade the incoming electrical supply for HDB apartment blocks with a 40amps main switch instead of 30amps.

This programme is fully funded by HDB and implemented by the Town Council. HDB reimburses the Town Council for the expenses incurred on behalf.

(t) CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

Estimates and judgements are continually 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.

The key assumptions and judgements concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

(i) Expected credit loss on receivables

The Town Council uses provision matrix to calculate ECLs for conservancy and service fee receivables. The provision rates are estimated based on age of debts, results recovery efforts and historical experience.

The provision matrix is based on the Town Council's historical observed default rates calibrated to adjust historical credit loss experience with forward-looking information. At every reporting date, historical defaults are updated and changes in the forward-looking estimates are analysed.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(t) CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES (CONT'D)****(i) Expected credit loss on receivables (cont'd)**

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Town Council's historical credit loss experience and forecast economic conditions may also not be representative of the actual default in the future. Where necessary, the Town Council has considered the impact of COVID-19 when making estimates on the recoverability of its conservancy and service fee receivables. The information about the ECLs on the Town Council's conservancy and service fee receivables is disclosed in Note 10.

The ECL for conservancy and service fee receivables amounted to S\$2,762,456 (2019/2020 - S\$2,456,634).

For other receivables, the allowance for ECL is based on the Town Council's assessment of the collectability of each debtor taking into consideration the credit worthiness and financial condition of those debtors. If there is deterioration of debtor's financial condition, the Town Council may have to adjust the allowance for credit losses, which would affect the profit or loss in the period that adjustments are made.

(ii) Depreciation of plant and equipment

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of plant and equipment between 3 to 6 years. The carrying amount of the plant and equipment as at 31 March 2021 was S\$1,217,610 (2019/2020 - S\$778,086). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(iii) Income tax

Significant judgement is required in determining the deductibility of certain expenses during the estimation of the provision for income tax. There are also claims for which the ultimate tax determination is uncertain during the ordinary course of operation. The Town Council recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. When 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.

(iv) Determination of lease term of contracts with renewal options

The Town Council determines the lease term as the term of the lease, together with any periods covered by an option to renew the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Town Council have significant lease contracts for office premises that included renewal options. The Town Council applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Town Council reassesses the lease term whether there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

The Town Council included the renewal option in the lease term for leases of office premises because of the leasehold improvements made and the Town Council's intention to exercise these renewal options.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(t) CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES (CONT'D)****(v) Leases - estimating the incremental borrowing rate**

The Town Council cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Town Council would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Town Council 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Town Council estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

(u) OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and liabilities are offset and the net amount reported in the financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

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

Notes to the financial statements for the financial year ended 31 March 2021

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	2020/2021 S\$	2019/2020 S\$	TOTAL 2020/2021 S\$	RESIDENTIAL PROPERTY 2020/2021 S\$	2019/2020 S\$	COMMERCIAL PROPERTY 2020/2021 S\$	2019/2020 S\$	CARPARK 2020/2021 S\$	2019/2020 S\$
OPERATING INCOME										
Conservancy and service fees		51,600,100	50,872,426	48,762,989	47,919,974	2,952,452	-	-	-	-
Less: Operating transfer to sinking fund (minimum required by law)	4	(13,416,021)	(13,226,826)	(12,678,373)	(12,459,190)	(767,636)	(737,648)	(767,636)	-	-
Operating transfer to lift replacement fund (minimum required by law)	5	(7,224,026)	(7,122,150)	(6,826,832)	(6,708,809)	(413,341)	(397,194)	(413,341)	-	-
		30,960,053	30,523,450	29,257,784	28,751,975	1,771,475	1,702,269	1,771,475	-	-
Agency fees	16	3,551,327	3,550,864	-	-	-	-	-	3,551,327	3,550,864
Other income	17	3,569,626	4,110,556	2,969,093	3,125,158	938,000	567,192	938,000	33,341	47,398
		38,081,006	38,184,870	32,226,877	31,877,133	2,709,475	2,269,461	2,709,475	3,584,668	3,598,262
Less:										
OPERATING EXPENDITURE		(37,420,050)	(38,149,756)	(33,508,536)	(34,021,729)	(1,563,102)	(1,465,586)	(1,563,102)	(2,445,928)	(2,564,925)
Operating surplus/(deficit)		660,956	35,114	(1,281,659)	(2,144,596)	1,146,373	803,875	1,146,373	1,138,740	1,033,337
Add:										
NON-OPERATING INCOME – interest income		-	101,935	-	-	89,421	-	3,284	-	9,230
SURPLUS/(DEFICIT) BEFORE TAXATION AND GOVERNMENT GRANTS		660,956	137,049	(1,281,659)	(2,055,175)	1,149,657	803,875	1,149,657	1,138,740	1,042,567
Less:										
INCOME TAX	20	(392,034)	(374,314)	(344,705)	(328,612)	(11,757)	(12,401)	(11,757)	(34,928)	(33,945)
SURPLUS/(DEFICIT) AFTER TAXATION BUT BEFORE GOVERNMENT GRANTS		268,922	(237,265)	(1,626,364)	(2,383,787)	1,137,900	791,474	1,137,900	1,103,812	1,008,622
Add:										
Government Grants		14,489,581	16,081,768	14,289,617	15,875,218	206,550	199,964	206,550	-	-
Less: Transfer to sinking fund	4	(2,458,188)	(2,392,160)	(2,457,720)	(2,391,536)	(624)	(468)	(624)	-	-
Transfer to lift replacement fund	5	(5,573,875)	(5,486,972)	(5,375,460)	(5,282,486)	(204,486)	(198,415)	(204,486)	-	-
Transfer to Town improvement and project fund	6	(784,772)	(2,682,264)	(784,772)	(2,682,264)	-	-	-	-	-
		5,672,746	5,520,372	5,671,665	5,518,932	1,081	1,081	1,440	-	-
SURPLUS FOR THE YEAR		5,941,668	5,283,107	4,045,301	3,135,145	1,139,340	792,555	1,139,340	1,103,812	1,008,622
Add:										
Accumulated surplus at 1 April		6,193,949	2,070,842	2,277,515	302,370	1,768,472	2,907,812	1,768,472	1,008,622	-
Less:										
Transfer of Accumulated Surplus to Sinking Fund as at 22 June 2020	4	(1,445,922)	-	-	-	-	(1,445,922)	-	-	-
Transfer of Accumulated Surplus to Lift Replacement Fund as at 22 June 2020	5	(778,573)	-	-	-	-	(778,573)	-	-	-
Appropriation to town improvement and project fund	6	(800,000)	(1,160,000)	(800,000)	(1,160,000)	-	-	-	-	-
Accumulated surplus at 31 March		9,111,122	6,193,949	5,522,816	2,277,515	2,907,812	1,475,872	2,907,812	2,112,434	1,008,622

TAMPINES TOWN COUNCIL

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

Notes to the financial statements for the financial year ended 31 March 2021

4 SINKING FUND

	Note	TOTAL		RESIDENTIAL PROPERTY		COMMERCIAL PROPERTY	
		2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020
		S\$	S\$	S\$	S\$	S\$	S\$
Balance at 1 April			51,741,023		36,270,342	14,583,096	15,470,681
Add:		47,092,900		32,509,804			
INCOME	22(a)	438,217	917,626	423,015	885,510	15,202	32,116
OPERATING TRANSFERS FROM:							
- Conservancy and service fees (minimum required by law)	3	13,416,021	13,226,826	12,678,373	12,459,190	737,648	767,636
- Government Grants	3, 25	2,458,188	2,392,160	2,457,720	2,391,536	468	624
		16,312,426	16,536,612	15,559,108	15,736,236	753,318	800,376
Less: EXPENDITURE	22(b)	(12,971,766)	(21,029,561)	(12,251,254)	(19,346,959)	(720,512)	(1,682,602)
Less: INCOME TAX	20	(74,346)	(155,174)	(71,765)	(149,815)	(2,581)	(5,359)
SURPLUS/(DEFICIT) FOR THE YEAR		3,266,314	(4,648,123)	3,236,089	(3,760,538)	30,225	(887,585)
Transfer from Accumulated Surplus as at 22 June 2020	3	1,445,922	-	-	-	1,445,922	-
Balance at 31 March		51,805,136	47,092,900	35,745,893	32,509,804	16,059,243	14,583,096

Represented by:

CURRENT ASSETS

Conservancy and service fee receivables

Amount due from Operating Fund

Other receivables

Cash and cash equivalents

Total assets

Less:

CURRENT LIABILITIES

Current tax payable

Payables and accrued expenses

Total liabilities

587,320	511,605
3,735,634	4,136,753
574,501	770,479
49,518,070	43,998,412
54,415,525	49,417,249

252,108	266,180
2,358,281	2,058,169
2,610,389	2,324,349

NET ASSETS

51,805,136	47,092,900
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TAMPINES TOWN COUNCIL

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

Notes to the financial statements for the financial year ended 31 March 2021

5 LIFT REPLACEMENT FUND

	Note	2020/2021 S\$	2019/2020 S\$	RESIDENTIAL PROPERTY 2020/2021 S\$	2019/2020 S\$	COMMERCIAL PROPERTY 2020/2021 S\$	2019/2020 S\$
Balance at 1 April		42,169,632	38,042,767	36,970,626	33,098,667	5,199,006	4,944,100
Add:							
INCOME		396,496	358,307	382,732	345,821	13,764	12,486
Operating transfer from Conservancy and service fees (minimum required by law)	23(a)			6,826,832	6,708,809	397,194	413,341
	3	7,224,026	7,122,150	7,209,564	7,054,630	410,958	425,827
		7,620,522	7,480,457				
Add:							
Transfer from Government Grants							
- Lift Replacement Fund (LRF) Matching Grant		4,250,233	4,198,884	4,052,070	3,994,734	198,163	204,150
- Other government grants		1,323,642	1,288,088	1,323,390	1,287,752	252	336
	3, 25	5,573,875	5,486,972	5,375,460	5,282,486	198,415	204,486
Less: EXPENDITURE	23(b)	(11,778,961)	(8,779,970)	(11,555,311)	(8,406,656)	(223,650)	(373,314)
Less: INCOME TAX	20	(66,532)	(60,594)	(64,221)	(58,501)	(2,311)	(2,093)
SURPLUS FOR THE YEAR		1,348,904	4,126,865	965,492	3,871,959	383,412	254,906
Add:							
Transfer from Accumulated Surplus as at 22 June 2020	3	778,573	-	-	-	778,573	-
		2,127,477	4,126,865	965,492	3,871,959	1,161,985	254,906
Balance at 31 March		44,297,109	42,169,632	37,936,118	36,970,626	6,360,991	5,199,006

Represented by:

CURRENT ASSETS

Conservancy and service fee receivables

Amount due from Operating Fund

Other receivables

Cash and cash equivalents

Total assets

Less:

CURRENT LIABILITIES

Current tax payable

Payables and accrued expenses

Total liabilities

NET ASSETS

316,249	275,479
1,967,792	4,202,015
3,544,067	1,449,411
45,759,353	40,781,090
51,587,461	46,707,995
127,881	84,651
7,162,471	4,453,712
7,290,352	4,538,363
44,297,109	42,169,632

TAMPINES TOWN COUNCIL

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

Notes to the financial statements for the financial year ended 31 March 2021

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6 TOWN IMPROVEMENT AND PROJECT FUND

	Note	2020/2021 S\$	TOTAL 2019/2020 S\$	RESIDENTIAL PROPERTY 2020/2021 S\$	RESIDENTIAL PROPERTY 2019/2020 S\$	COMMERCIAL PROPERTY 2020/2021 S\$	COMMERCIAL PROPERTY 2019/2020 S\$
Balance at 1 April		2,381,734	1,939,741	1,366,982	850,451	1,014,752	1,089,290
Add:							
Transfer from Government Grants	3	784,772	2,682,264	784,772	2,682,264	-	-
Less:							
Expenditure		(1,033,599)	(3,400,271)	(1,019,967)	(3,325,733)	(13,632)	(74,538)
Deficit for the year		(248,827)	(718,007)	(235,195)	(643,469)	(13,632)	(74,538)
Appropriation from accumulated surplus	3	800,000	1,160,000	800,000	1,160,000	-	-
Balance at 31 March		2,932,907	2,381,734	1,931,787	1,366,982	1,001,120	1,014,752

These projects are funded using the Town Council Fund and funds administered by the Citizens' Consultative Committee ("CCC").

Out of the total of S\$1,033,599 (2019/2020 - S\$3,400,271) spent on town improvement projects, S\$784,772 (2019/2020 - S\$2,682,264) was met by payment from CCC.

7 (RECEIVABLES) / ADVANCES RECEIVED FOR NEIGHBOURHOOD RENEWAL PROGRAMME AND ELECTRICAL LOAD UPGRADING PROGRAMME

	2020/2021 S\$	2019/2020 S\$
Balance at 1 April	(2,848,860)	(2,094,037)
Funding from government	1,353,094	3,731,783
Payment to contractors	(1,210,120)	(4,486,606)
Balance at 31 March	(2,705,886)	(2,848,860)
Represented by:		
Receivables for Neighbourhood Renewal Programme	(2,517,803)	(2,848,942)
(Receivables)/Advances received for Electrical Load Upgrading Programme	(188,083)	82
	(2,705,886)	(2,848,860)

8 PLANT AND EQUIPMENT

	<u>Total</u> S\$	<u>Furniture, fixtures and fittings</u> S\$	<u>Data processing equipment</u> S\$	<u>Office equipment</u> S\$	<u>Renovation</u> S\$
Cost					
Balance at 1 April 2020	1,509,124	375,807	223,718	197,893	711,706
Additions during the year	733,246	1,015	659,863	72,368	-
Written off	(51,910)	-	(51,910)	-	-
Balance at 31 March 2021	2,190,460	376,822	831,671	270,261	711,706

Accumulated depreciation

Balance at 1 April 2020	731,038	352,707	102,529	118,943	156,859
Depreciation for the year	293,722	16,633	97,112	55,284	124,693
Written off	(51,910)	-	(51,910)	-	-
Balance at 31 March 2021	972,850	369,340	147,731	174,227	281,552

Net book value

Balance at 31 March 2021	1,217,610	7,482	683,940	96,034	430,154
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Cost

Balance at 1 April 2019	1,270,629	529,718	168,655	224,484	347,772
Additions during the year	800,520	-	120,110	69,657	610,753
Written off	(562,025)	(153,911)	(65,047)	(96,248)	(246,819)
Balance at 31 March 2020	1,509,124	375,807	223,718	197,893	711,706

Accumulated depreciation

Balance at 1 April 2019	1,166,401	485,520	147,728	192,280	340,873
Depreciation for the year	126,662	21,098	19,848	22,911	62,805
Written off	(562,025)	(153,911)	(65,047)	(96,248)	(246,819)
Balance at 31 March 2020	731,038	352,707	102,529	118,943	156,859

Net book value

Balance at 31 March 2020	778,086	23,100	121,189	78,950	554,847
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9 RIGHT-OF-USE ASSETS

The Town Council has leases for office premises and office equipment. No renewal options were granted for the leases of the office equipment. The lease term for the office premises was 3 years with a renewal option for another 3 years.

Management exercises significant judgement in determining whether these renewal options are reasonably certain to be exercised (Note 2(t)(iv)).

Town Council has obtained quotation for office restoration costs. Town Council has assessed the impact of the cost restoration is immaterial hence provision for office restoration costs is not taken up.

	<u>Office premises</u> S\$	<u>Office equipment</u> S\$	<u>Total</u> S\$
<u>Cost</u>			
Balance at 1 April 2020	897,755	34,607	932,362
Additions during the year	513,157	-	513,157
Balance at 31 March 2021	1,410,912	34,607	1,445,519

Accumulated depreciation

Balance at 1 April 2020	185,742	5,867	191,609
Depreciation for the year	185,742	7,867	193,609
Balance at 31 March 2021	371,484	13,734	385,218

Net book value

Balance at 31 March 2021	1,039,428	20,873	1,060,301
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Cost

Balance at 1 April 2019 – Adoption of FRS 116	897,755	19,605	917,360
Additions during the year	-	15,002	15,002
Balance at 31 March 2020	897,755	34,607	932,362

Accumulated depreciation

Balance at 1 April 2019	-	-	-
Depreciation for the year	185,742	5,867	191,609
Balance at 31 March 2020	185,742	5,867	191,609

Net book value

Balance at 31 March 2020	712,013	28,740	740,753
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10 CONSERVANCY AND SERVICE FEE RECEIVABLES

	2020/2021 S\$	2019/2020 S\$
Conservancy and service fee receivables	2,707,991	2,389,294
Interest receivable on late payments	1,563,118	1,410,682
Legal fees receivable	162,449	188,047
Disbursement fees receivable	337	357
Less: Allowance for impairment	(2,762,456)	(2,456,634)
	<u>1,671,439</u>	<u>1,531,746</u>
Movements in above allowance:		
Balance at 1 April	2,456,634	2,339,588
Allowance made for the financial year (Note 19)	305,822	117,046
Balance at 31 March	<u>2,762,456</u>	<u>2,456,634</u>

Conservancy and service fee receivables are due on the first day of the month and are generally on a credit term of 30 days. Payments made within the month will not be liable for late payment penalty. Conservancy and service fee receivables with short duration are not discounted and the carrying amounts are assumed to be a reasonable approximation of fair value.

The Town Council's conservancy and service fee receivables do not have a significant financing component. In order to determine the amount of expected credit loss to be recognised in the financial statements, it has set up a provision matrix based on its historical observed default rates, adjusted for forward-looking estimates as follows:

	Current S\$	Past due				Total S\$
		Less than 6 months S\$	6 to 12 months S\$	12 to 24 months S\$	More than 24 months S\$	
2020/2021						
Conservancy and service fee receivables	325,791	540,397	555,947	911,680	2,100,080	4,433,895
Loss allowance	-	(67,549)	(138,987)	(455,840)	(2,100,080)	<u>(2,762,456)</u>
						<u>1,671,439</u>
2019/2020						
Conservancy and service fee receivables	115,657	933,471	358,180	656,666	1,924,406	3,988,380
Loss allowance	-	(114,350)	(89,545)	(328,333)	(1,924,406)	<u>(2,456,634)</u>
						<u>1,531,746</u>

11 OTHER RECEIVABLES

	2020/2021 S\$	2019/2020 S\$
Claims for Citizens' Consultative Committee Funding	1,809,034	3,686,798
Conservancy and Service Grant Receivable	8,342	78,440
Deposits	338,747	288,275
Goods and Services Tax Receivable	1,150,040	106,579
GST Subvention Grant Receivable	478,029	471,431
Interest Receivable	137,877	338,024
Lift Replacement Fund Matching Grant Receivable	946,807	927,643
Receivables from Housing & Development Board (HDB)	338,617	298,237
Recoverable from HDB for Lift Enhancement Programme (LEP)	1,805,155	487,126
Sundry Receivables	405,419	376,453
Less: Allowance for impairment for sundry receivables	(236,012)	(236,012)
	7,182,055	6,822,994

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

The Town Council assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in credit risk since the initial recognition of the financial assets except for a sundry receivable from a third party amounting to S\$236,012. The Town Council measured the impairment loss allowance using a 12-month expected credit loss and an impairment loss allowance of S\$236,012 was made.

12 CASH AND CASH EQUIVALENTS

	2020/2021 S\$	2019/2020 S\$
Fixed deposits	84,202,362	71,167,601
Cash and bank balances	30,385,116	27,373,772
	114,587,478	98,541,373

The fixed deposits mature within 12 months (2019/2020 - within 12 months) from the end of the financial year. The weighted average effective interest rate of fixed deposits as at 31 March 2021 was 0.53% (2019/2020 - 1.75%) per annum.

13 CONSERVANCY AND SERVICE FEE RECEIVED IN ADVANCE

Conservancy and service fee received in advance is a contract liability relating to the Town Council's obligation to transfer goods or services to customers for which the Town Council has received advances from customers for goods or services to be delivered. Contract liabilities are recognised as income as the Town Council performs under the contract.

Conservancy and service fee income recognised during the financial year ended 31 March 2021 included in contract liabilities at the beginning of the financial year was S\$940,533 (2019/2020 - S\$878,122).

14 PAYABLES AND ACCRUED EXPENSES

	2020/2021 S\$	2019/2020 S\$
Accrued operating expenses	3,607,358	2,600,298
Refundable deposits	278,190	478,654
Payables to contractors	12,491,162	7,672,229
Other creditors	910,274	180,596
	17,286,984	10,931,777

15 LEASE LIABILITIES

The Town Council has leases for office premises and office equipment. The carrying amount of lease liabilities are as follows:

	2020/2021 S\$	2019/2020 S\$
Current: Due within 12 months	171,479	185,906
Non-current: Due after 1 year but within 5 years	743,516	570,044
Due more than 5 years	168,206	-
	911,722	570,044
	1,083,201	755,950

Reconciliation of liabilities arising from financing activities

The table below details changes in the Town Council's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Town Council's statement of cash flows as cash flows from financing activities.

	At 1 April S\$	Additions S\$	Financing cash flows - lease payments S\$	At 31 March S\$
2020/2021				
Lease liabilities	755,950	513,157	(185,906)	1,083,201
2019/2020				
Lease liabilities	917,360	15,002	(176,412)	755,950

16 AGENCY FEES

Agency fees are for routine maintenance of HDB's car parks and common property within the Town Council.

17 OTHER INCOME

	2020/2021 S\$	2019/2020 S\$
Late Payment Penalty	271,401	303,958
Liquidated Damages	167,142	171,369
Others	10,523	221,882
Rental of Community Hall	500	5,630
Sale of Tender Documents	16,228	21,322
Sundry Fines & Income	199,833	315,227
Temporary Occupation Licence Income	2,869,699	3,071,168
Rental Relief	34,300	-
	3,569,626	4,110,556

18 MANAGING AGENT'S FEES

The Town Council does not have any employees on its payroll and all its daily operations have been outsourced to a managing agent during the financial year. The managing agent's fee for the year ended are as follows:

	2020/2021 S\$	2019/2020 S\$
Facility Management & Maintenance	4,589,294	4,301,407
Community Engagement & Communications	534,714	446,035
New Sustainability Initiatives	211,200	123,200
Community Liaison Officer	76,800	44,800
	5,412,008	4,915,442

19 GENERAL AND ADMINISTRATIVE EXPENDITURE

The general and administrative expenditure comprises the following:

	2020/2021 S\$	2019/2020 S\$
Advertising, publicity and public relations	350,300	456,113
Audit fee	64,848	34,000
Computer services fee	387,162	204,386
Depreciation of plant and equipment (Note 8)	293,722	126,662
Depreciation of right-of-use assets (Note 9)	193,609	191,609
Doubtful Debts (S&CC - Note 10)	305,822	117,046
Doubtful Debts (Others) *	-	288,866
Fees and charges **	365,010	375,423
Irrecoverable goods and services tax (Note 21)	230,339	240,282
Lease Interest Expense	28,534	35,803
Office upkeep expenses	89,585	107,760
Office supplies and stationery	183,700	175,626
Property tax	248,707	291,306
Town Councillors' allowances	113,780	130,080
Others	29,273	29,833
	2,884,391	2,804,795

* This is related to S\$52,854 written off for irrecoverable debts pertaining to the projects under the Revitalisation of Shops (ROS) Scheme that were completed in 2016, and an impairment loss allowance of S\$236,012 in relation to the amount owing by Red Dot Power Pte Ltd during the financial year ended 31 March 2020.

** Reimbursement of S\$118,218 received from MND for Safe Distancing Measures is used to partially offset against the expenses incurred.

20 INCOME TAX

	Income & Expenditure Statement S\$	Sinking Fund Statement S\$	Lift Replacement Fund Statement S\$	Total S\$
Taken up in:				
2020/2021				
Current income tax provision	374,643	73,968	66,205	514,816
Under provision in prior year	17,391	378	327	18,096
	392,034	74,346	66,532	532,912
2019/2020				
Current income tax provision	374,081	155,174	60,594	589,849
Under provision in prior year	233	-	-	233
	374,314	155,174	60,594	590,082

The income tax expense on the surplus for the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax to taxable income due to the following factors:

	2020/2021 S\$	2019/2020 S\$
Interest income received	834,713	1,377,831
Grant and other income	16,733,763	18,462,108
Allowable expenses	(266,745)	(270,214)
	17,301,731	19,569,725
Tax at statutory rate of 17%	2,941,294	3,326,853
Tax exempt income	(17,425)	(17,425)
Tax remission of government grants under section 92(2) of Singapore Income Tax	(2,409,053)	(2,719,579)
Under provision in prior year	18,096	233
	532,912	590,082

21 IRRECOVERABLE GOODS AND SERVICES TAX

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

22 SINKING FUND INCOME AND EXPENDITURE**(a) Income**

	2020/2021 S\$	2019/2020 S\$
Interest Income - Bank fixed deposits/current account	438,217	917,626
	438,217	917,626

22 SINKING FUND INCOME AND EXPENDITURE (CONT'D)**(b) Expenditure**

	2020/2021 S\$	2019/2020 S\$
Bin Chute	353,730	431,707
Centralised Refuse Chute System	-	2,633,538
Electrical Rewiring	2,390,932	3,480,014
General & Administrative Expenses/ (Income)	2,088	(361)
Irrecoverable Goods & Services Tax	119,861	150,700
Project Management Fees	535,193	763,007
Redecoration & Repainting	6,674,365	6,111,792
Replacement of Booster Pumps	162,623	1,328,826
Replacement of Transfer Pumpsets	537,976	755,731
Replacement of Water Pipes	1,185,229	2,094,101
Replacement of Water Tank Lining	-	102,293
Replacement of Alert Alarm System	227,796	-
Re-roofing Works	781,973	3,178,213
	12,971,766	21,029,561

23 LIFT REPLACEMENT FUND INCOME AND EXPENDITURE**(a) Income**

	2020/2021 S\$	2019/2020 S\$
Interest income from fixed deposits/current account	396,496	358,307
	396,496	358,307

(b) Expenditure

	2020/2021 S\$	2019/2020 S\$
General & Administrative Expenses	1,083	12,722
Irrecoverable Goods & Services Tax	284,452	617,791
Lift Enhancement Programme (LEP) *	94,780	247,785
Lift Overhaul / Total Replacement Works	4,339,361	2,672,593
Project Management Fees	602,800	427,283
Replacement of ARD Battery	304,432	230,778
Replacement of EBOPS Battery	42,509	378,405
Replacement of Inverter Units	1,994,492	1,445,958
Replacement of Lift Position Display Panel (CPI/HPI)	2,480,310	1,373,800
Replacement of Main Sheaves / Ropes	1,634,742	1,372,855
	11,778,961	8,779,970

* The LEP was introduced to help town councils modernise their existing Housing and Development Board (HDB) lifts. Under this programme, the HDB will fund 92.5% of the town council's costs to install the recommended enhancement features identified by the Building and Construction Authority (BCA).

24 SIGNIFICANT RELATED PARTY TRANSACTIONS

Related party relates to the managing agent of the Town Council which manages the operations of the Town Council and town councillors. The following significant transactions with related parties on terms mutually agreed during the financial year are as follows:

a) E M Services Pte Ltd, as managing agent

	2020/2021 S\$	2019/2020 S\$
Management agent fee	5,412,008	4,915,442
Project management fee	977,148	1,184,576
Energy saving costs *	1,871,667	3,300,704
Repairs and maintenance service fee	1,665,734	1,705,936
Essential Maintenance Service Unit Services	-	20,818

* The Town Council has entered into an agreement with the related party to supply and install Light Emitting Diode ("LED") luminaries at the HDB blocks at no costs to the Town Council. Under the terms of the agreement, certain percentage of the energy cost saved from the usage of the LED will be shared with the related party.

The balances due to E M Services Pte Ltd was S\$915,922 (2019/2020 - S\$537,337) as at 31 March 2021.

b) Town Councillors

During the financial year, the town councillors' allowances that payable to town councillors was S\$113,780 (2019/2020 - S\$130,080).

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

Notes to the financial statements for the financial year ended 31 March 2021

25 GOVERNMENT GRANTS

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

	TOTAL		SERVICE AND CONSERVANCY CHARGE GRANT		PAYMENTS FROM CITIZENS' CONSULTATIVE COMMITTEE		GST SUBVENTION GRANT		LIFT MAINTENANCE GRANT		LRF MATCHING GRANT	
	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020	2020/2021	2019/2020
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Government Grants received/receivable during the year	14,489,581	16,081,768	6,472,537	6,274,068	784,772	2,682,264	1,893,639	1,860,952	1,088,400	1,065,600	4,250,233	4,198,884
Less: Transfer to												
- Sinking fund	(2,458,188)	(2,392,160)	(1,682,860)	(1,631,258)	-	-	(492,344)	(483,846)	(282,984)	(277,056)	-	-
- Lift replacement fund	(5,573,875)	(5,486,972)	(906,155)	(878,369)	-	-	(265,111)	(260,535)	(152,376)	(149,184)	(4,250,233)	(4,198,884)
- Town improvement and project fund	(784,772)	(2,682,264)	-	-	(784,772)	(2,682,264)	-	-	-	-	-	-
	5,672,746	5,520,372	3,883,522	3,764,441	-	-	1,136,184	1,116,571	653,040	639,360	-	-

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

	2020/2021	2019/2020
	S\$	S\$
Total grants received at 1 April	247,444,817	227,766,863
Grants received during the year	16,411,681	19,677,954
Total grants received as at 31 March	263,856,498	247,444,817

26 COMMITMENTS FOR CAPITAL EXPENDITURE

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

	2020/2021 S\$	2019/2020 S\$
Amounts approved and contracted for	42,526,768	31,747,781
Amounts approved but not contracted for	38,062,884	65,898,800
	80,589,652	97,646,581

27 RISK MANAGEMENT POLICIES FOR FINANCIAL INSTRUMENTS**GENERAL RISK MANAGEMENT PRINCIPLES**

The Town Council has a system of controls in place to create an acceptable balance between the costs of risks occurring and the cost of managing the risks. The main risks arising from the Town Council's financial instruments are credit risk and market price risk comprising interest rate risk. The Town Council is not exposed to any foreign exchange risk and there is no significant liquidity risk as it maintains sufficient cash to meet its operating cash flow requirements. The Town Council reviews and monitors policies for managing each of these risks and they are summarised below.

CREDIT RISK ON FINANCIAL ASSETS

Financial assets that are potentially subject to credit risk and failures by counterparties to discharge their obligations consist principally of cash and cash equivalents, conservancy and service fee receivables and other receivables.

The carrying amount of conservancy and service fee receivables, other receivables, cash and cash equivalents represent the Town Council's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

Credit risk on bank balances is limited because the counter-parties are banks with high credit ratings.

Ongoing credit evaluation is performed on the debtors' financial condition and any loss on 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.

The Town Council considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Town Council has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which include significant difficulty of the counterparty.

Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery. Cash and cash equivalents are subject to immaterial credit loss.

INTEREST RATE RISK

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Fair value interest rate risk is the risk that the value of financial instrument will fluctuate because of changes in market interest rates.

The Town Council's exposure to movements in market interest rates relate primarily to its fixed deposits placed with financial institutions.

The Town Council's policy is to obtain the most favourable interest rates available for placement of its fixed deposits.

Surplus funds are placed with reputable banks.

27 RISK MANAGEMENT POLICIES FOR FINANCIAL INSTRUMENTS (CONT'D)**INTEREST RATE RISK (CONT'D)**

If Singapore dollar interest rates had been 25 (2019/2020 - 25) basis points lower/higher with all other variables held constant, the Town Council's surplus before government grants for the year would have been S\$296,900 (2019/2020 - S\$274,037) higher/lower, arising mainly as a result of lower/higher interest income from the Town Council's fixed deposits with banks.

LIQUIDITY RISK

The Town Council adopts prudent liquidity risk management by maintaining sufficient funds to meet its operating, sinking fund and lift replacement expenditure.

The table below analyses the maturity profile of the Town Council's financial assets and liabilities based on contractual undiscounted cash flows:

As at 31 March 2021	Carrying amount S\$	Contractual cash flows S\$	Less than 1 year S\$	Within 1 to 5 years S\$	More than 5 years S\$
Receivables for Neighbourhood Renewal Programme and Electrical Load Upgrading Programme	2,705,886	2,705,886	2,705,886	-	-
Conservancy and service fee receivables	1,671,439	1,671,439	1,671,439	-	-
Other receivables	7,182,055	7,182,055	7,182,055	-	-
Cash and cash equivalents	114,587,478	114,587,478	114,587,478	-	-
	126,146,858	126,146,858	126,146,858	-	-
Payables and accrued expenses	17,286,984	17,286,984	17,286,984	-	-
Lease liabilities	1,083,201	1,223,552	214,196	837,856	171,500
	18,370,185	18,510,536	17,501,180	837,856	171,500
As at 31 March 2020					
Receivables for Neighbourhood Renewal Programme and Electrical Load Upgrading Programme	2,848,860	2,848,860	2,848,860	-	-
Conservancy and service fee receivables	1,531,746	1,531,746	1,531,746	-	-
Other receivables	6,822,994	6,822,994	6,822,994	-	-
Cash and cash equivalents	98,541,373	98,541,373	98,541,373	-	-
	109,744,973	109,744,973	109,744,973	-	-
Payables and accrued expenses	10,931,777	10,931,777	10,931,777	-	-
Lease Liabilities	755,950	820,592	214,440	606,152	-
	11,687,727	11,752,369	11,146,217	606,152	-

28 MANAGEMENT OF TOWN COUNCIL'S FUNDS

The Town Council's objectives when managing the funds are:

- (a) To safeguard the Town Council's ability to continue as a going concern;
- (b) To support the Town Council's stability and growth; and
- (c) To provide funds for the purpose of strengthening the Town Council's risk management capability.

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

The Town Council is not subject to externally imposed requirements. As at end of the reporting date, the Town Council's total funds amounted to S\$108,146,274 (2019/2020 - S\$97,838,215).

29 IMPACT OF COVID-19

The outbreak of COVID-19 in Singapore in early 2020 has created uncertain economic outlook to the near-term global economic prospects and caused disruptions to various business. Singapore Government has implemented a series of measures to mitigate the effects of the outbreak on the economy.

The Town Council has stopped sending notices and reminder letters for outstanding S&CC since April 2020 in order not to add further stress to the residents who may be facing hardship. Where necessary, the impact of COVID-19 has been taken into consideration when making estimates and judgements on the recoverability of its conservancy and service fee receivables (Note 10).

The COVID-19 outbreak has no material adverse effect on Town Council's operating cash flows for the financial year ended 31 March 2021. The global COVID-19 situation remains fluid as at the date these financial statements were authorised for issuance. If the situation persists beyond management's current expectations, the Town Council's conservancy and service fee receivables may be subject to further write downs in the subsequent financial periods.

30 STANDARDS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following FRS and INT FRS relevant to the Town Council were issued but not yet effective and which the Town Council has not early adopted:

Description	Effective for annual periods beginning on or after
Amendment to FRS 116: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to FRS 16: Property, Plant and Equipment-Proceeds before Intended Use	1 January 2022
Amendments to FRS 37: Onerous Contracts-Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to FRSs 2018-2020	1 January 2022
Amendments to FRS 1: Classifications of Liabilities as Current or Non-current	1 January 2023
Amendments to FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to FRS 8: Definition of Accounting Estimates	1 January 2023

The Town Council has performed a preliminary assessment and the management expects that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.