

FY2019/2020

ANNUAL REPORT & FINANCIAL STATEMENTS



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Chairman's Message

It has been a year of ups and downs for Tampines. We ended 2019 on a high note when more than 1000 Tampines residents planted 100 fruit trees in Sun Plaza Park as part of our Annual Tree Planting Carnival in Oct. Everyone enjoyed a wide array of activities such as eco-seminars and workshops that drove home the importance of eco-consciousness and sustainable lifestyles.

But COVID-19 hit Singapore around Jan 2020 and affected many Singaporeans. Despite the challenging times, Tampines remained strong and shared kindness to those who needed it. I started the Sew Love SG project to gather good-hearted volunteers to produce masks for our migrant workers and children. Together, the volunteers have sewn more than 35,000 masks, which we have distributed to dormitories, shelters, hospitals and schools. Residents also showed support for our cleaners, frontline heroes who kept us safe from COVID-19, with care packs and thank you cards. The SGUnited spirit could be felt everywhere, and Tampines emerged stronger because of it!

Tampines Town Council also launched the Tampines Supports "SG Clean" campaign at the Round Market & Food Centre. The Round Market became the first Housing & Development Board-owned hawker centre to be certified "SG Clean". The campaign aimed to rally collective action from residents and the local business community to keep its public toilets, hawker centres, community spaces and other premises clean. Together, Tampines completed the "SG Clean" certification of the Round Market & Food Centre and all 40 coffee shops by the end of March this year.

Over the last 12 months, Tampines residents continue to enjoy upgrading of facilities such as fitness corners, playgrounds, link ways, senior citizen corners and drop-off porches. The town benefited from S\$4.49m in projects under the Neighborhood Renewal Programme (NRP). The Town Council also carried out S\$21.03m worth of cyclical maintenance, such as the Repair and Redecorations (R&R) Programme, re-roofing and re-wiring works.

Residents of Tampines can also look forward to many projects for the town announced in the 5-Year Master Plan (2020 - 2024). As outlined in the annual report, Tampines will become a smarter and more sustainable town with better connectivity and vibrancy for everyone to lead an active lifestyle.

Lastly, I would like to thank our residents and cleaners for keeping our estate clean and hygienic. We must continue to work together and keep Tampines safe from COVID-19. Be well and stay safe!

Yours Sincerely,



Cheng Li Hui
Chairman
Tampines Town Council



Vision

To make Tampines truly our best home where we live, work, play, bring up our children and grow old in peace, comfort and harmony.

The Main Pillars of Tampines GRC

- Learning
- Green
- Active
- Caring
- Creative



Financial Review

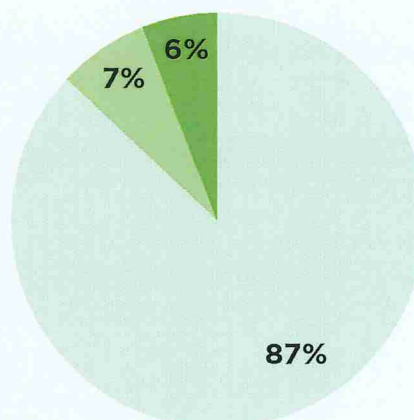
In 2019/20, Tampines Town Council had an operating surplus of S\$5.28m after taking into account of government grants. Our sinking fund remains healthy at S\$47.09m and our Lift Replacement Fund has a balance of S\$42.17m and our total funds closed at S\$97.84m.

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 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.

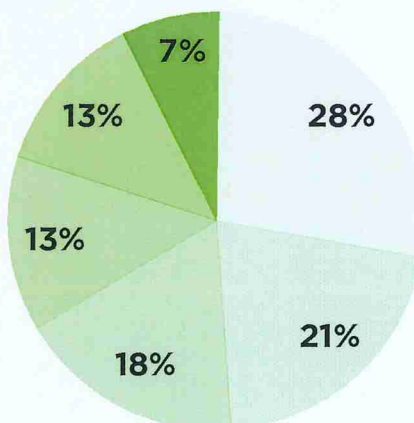
Operating Revenue

- S&CC
- Other Income
- Agency Fee



Operating Expenditure

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





Completed Projects in FY2019/2020

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\$21.03m worth of cyclical maintenance projects, such as the Repair and Redecorations (R&R) Programme, re-roofing and re-wiring works. The town also benefited from S\$3.40m in Town Improvement works.



Lift Operations and Enhancements

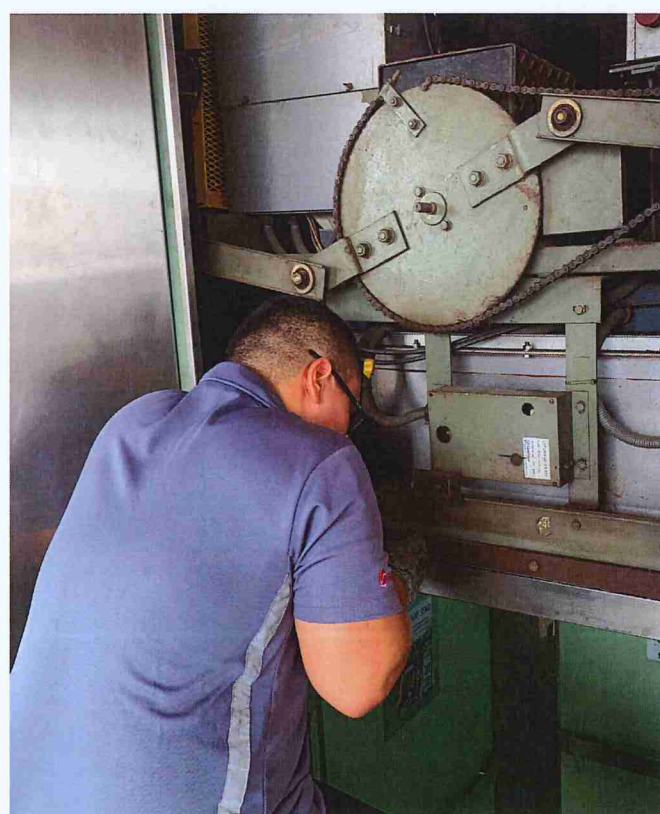
To ensure that our lifts function optimally, the Town Council has carried out S\$8.78m worth of Lift Replacement works.

In 2019, we have also begun to enhance our lifts under the Lift Enhancement Programme. 105 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 vandalism, jamming lift doors to force them to stay open, and damaged lift buttons, doors and ceilings

We will also continue to work with relevant authorities, including 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.

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.



Upgrading Our Existing Facilities

Upgraded Tampines Round Market and Food Centre

The iconic circular market and food centre at Block 137 Tampines Street 11 was officially reopened on 7 July 2019 after two months of renovation work and enhancements.

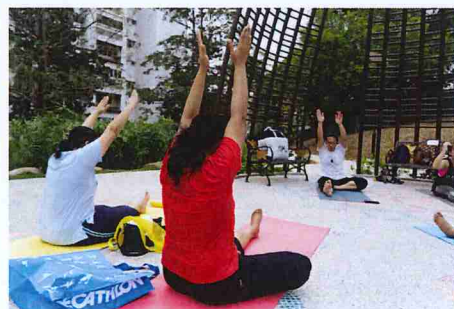
To improve residents' dining and marketing experience, new amenities were installed. These include having anti-bird spikes to keep the birds out of the eating area, new LED lights and 22 new ceiling fans for a brighter and well ventilated market, new tray return racks to encourage diners to clean up after meals, fresh coat of paint, new tables and chairs, wheelchair-friendly pathways, baby chair and diaper changing station in the public toilets, and baby chairs.



An Eco-Friendly Butterfly Paradise

A rejuvenated Tampines Changkat Butterfly Garden welcomed visitors during its reopening ceremony on 14 September. Located beside Block 124 Tampines Street 11, this garden is home to more than eight species of butterflies.

The upgraded Butterfly Garden is now bigger, covering more than 200sqm compared to the 120sqm previously. It also includes a community plaza for residents to participate in activities like yoga and qigong, new swings, more butterfly host plants, wider wheelchair-friendly pathways and energy-efficient LED lights.



Safety Management Measures to Combat COVID-19

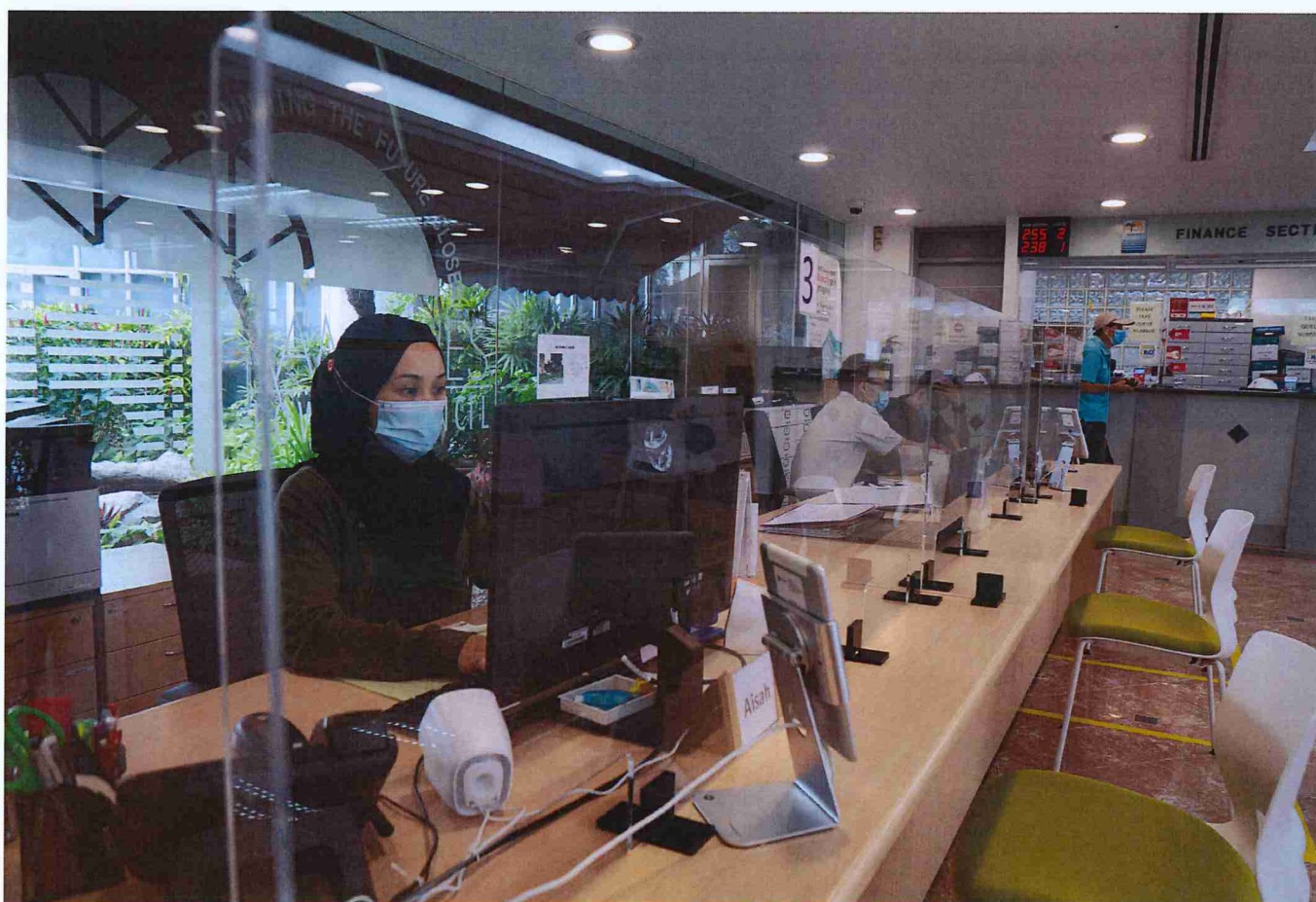
Enhanced cleaning and sanitising of common areas

Tampines Town Council responded quickly to the outbreak of COVID-19 and protocols were put in place to keep our shared spaces clean and safe for all residents. Frequently touched areas such as lift buttons, handrails, and letter boxes are cleaned and sanitised twice daily while playgrounds and fitness corners are cleaned and sanitised once a day.



Safe Management Measures at Tampines Town Council Office

The Town Council Office also stepped up on precautionary measures to protect its staff and residents. A counter has been set up for all visitors to take their body temperature and sanitise their hands. Those who are unwell are advised to visit a doctor immediately. Daily body temperature screening has been implemented among all staff too.



Managing Our Landscape and Estate

Annual Tree Planting Day

The tree planting campaign was launched in 1963 by founding Prime Minister Mr Lee Kuan Yew.

As part of the annual tree planting carnival, a total of 100 fruit trees were planted by MPs and residents at Tampines Sun Plaza Park on 26 October 2019. There were also eco-seminars and workshops to promote a greener and more sustainable lifestyle.



Tampines Supports SG Clean

The SG Clean campaign was launched nationwide in February 2020. The movement calls on the public and food stall operators to maintain cleanliness at public spaces.

Tampines Town Council supported the campaign by sharing its vision with operators to have all coffeeshops and eating places in Tampines to be certified "SG Clean". We were the first town to have all coffee shops fully certified SG Clean in March this year.

In addition to adhering to sanitation and hygiene checklists, the Town Council produced a series of print, video and social media campaigns to create greater awareness of good personal hygiene practices, and instil a more collaborative approach in keeping our shared spaces clean beyond the current outbreak of COVID-19.



Caring for the Community

Sew Love SG

In light of COVID-19 pandemic, Chairman for Tampines Town Council Ms Cheng Lihui started the support group Sew Love SG to gather volunteers to help produce masks for our migrant workers and children. Despite the challenging times, it was heartening to see the outpour of support. Many came forward to help sew masks, while others contributed by packing, washing and making deliveries.

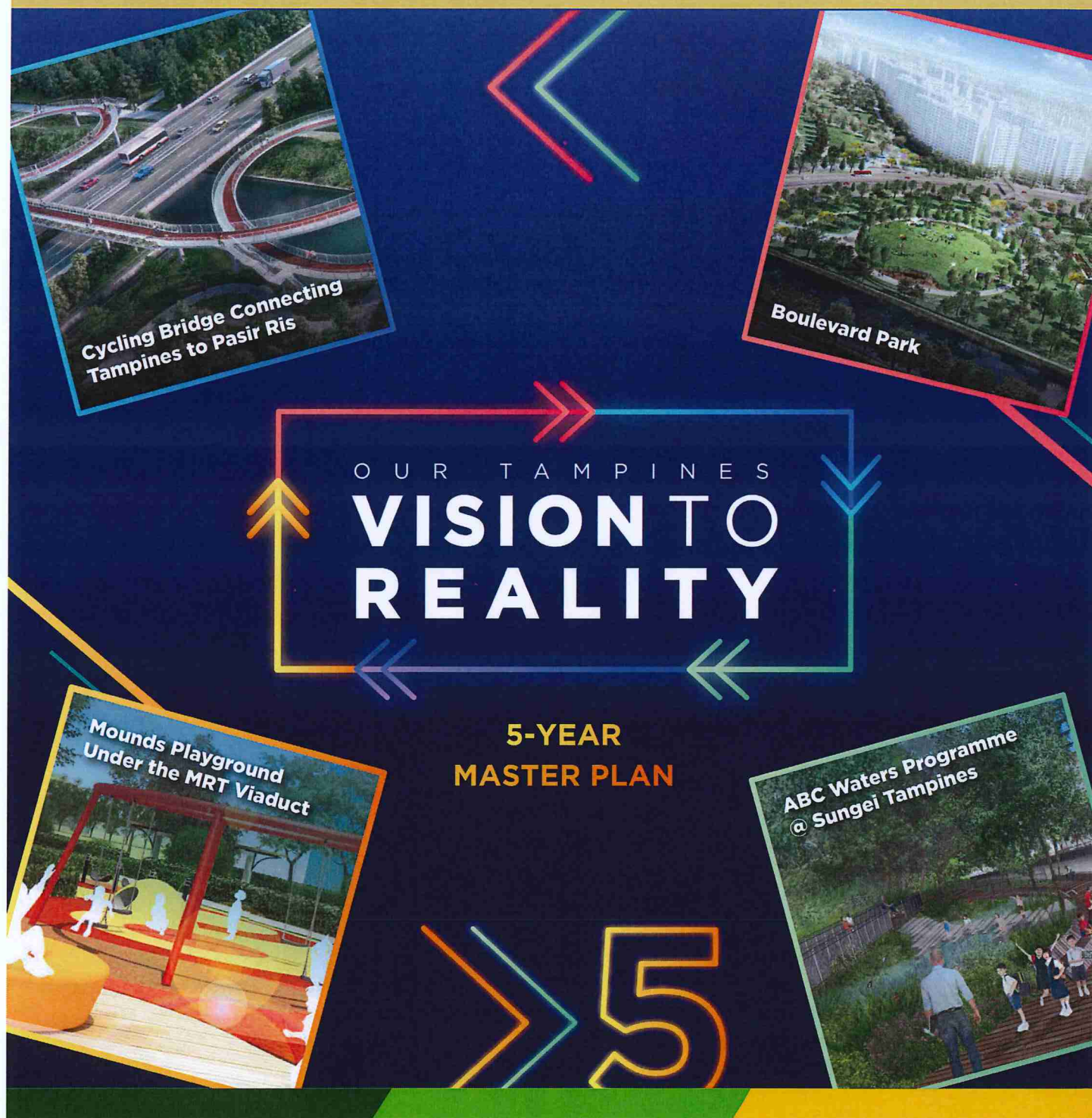
With everyone's united effort, we have produced more than 30,000 masks for schools, hospitals, dormitories and shelters.



Appreciation for Our Cleaners

To keep everyone safe from COVID-19, the cleaners have been working doubly hard to keep our public places clean and safe. Our MPs for Tampines GRC and residents thanked our frontline heroes with care packs, thank you cards and appreciation lunches.



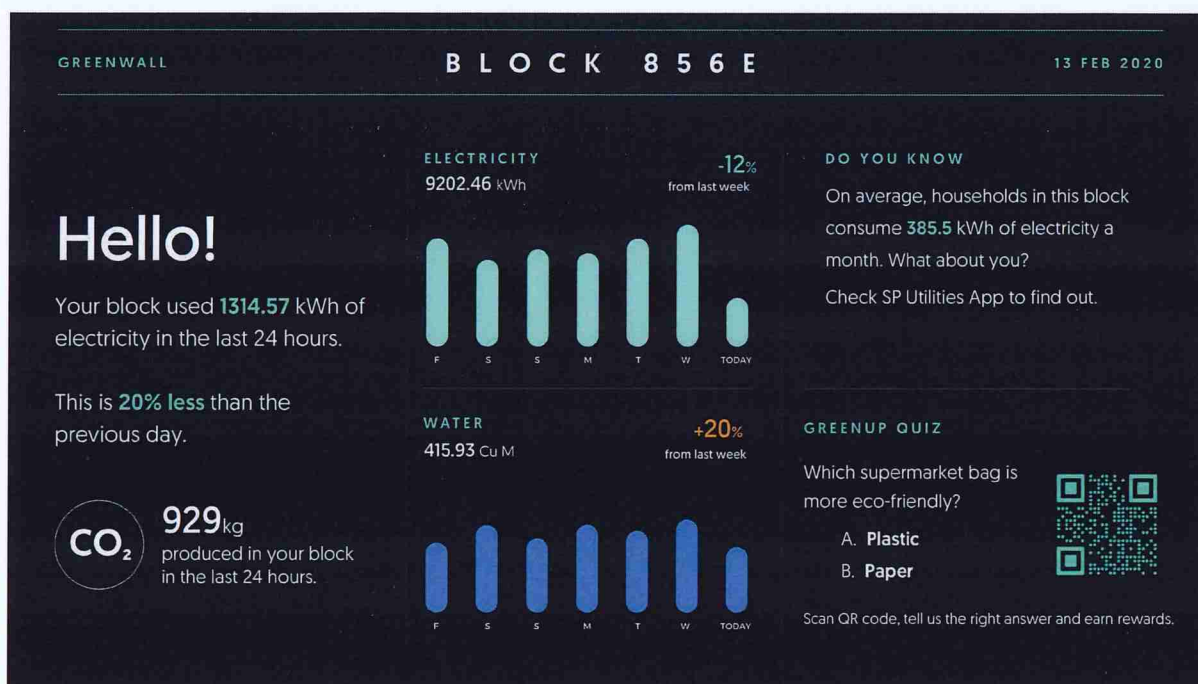


The Town Council 5-Year Master Plan (2020 – 2024)

In the next five years, the Town Council will focus on the development of an inclusive, sustainable, and green town with community spaces and amenities for everyone to enjoy. It also includes strategies that plan for the rejuvenation of our familiar places and to create the capacity to meet our future needs.

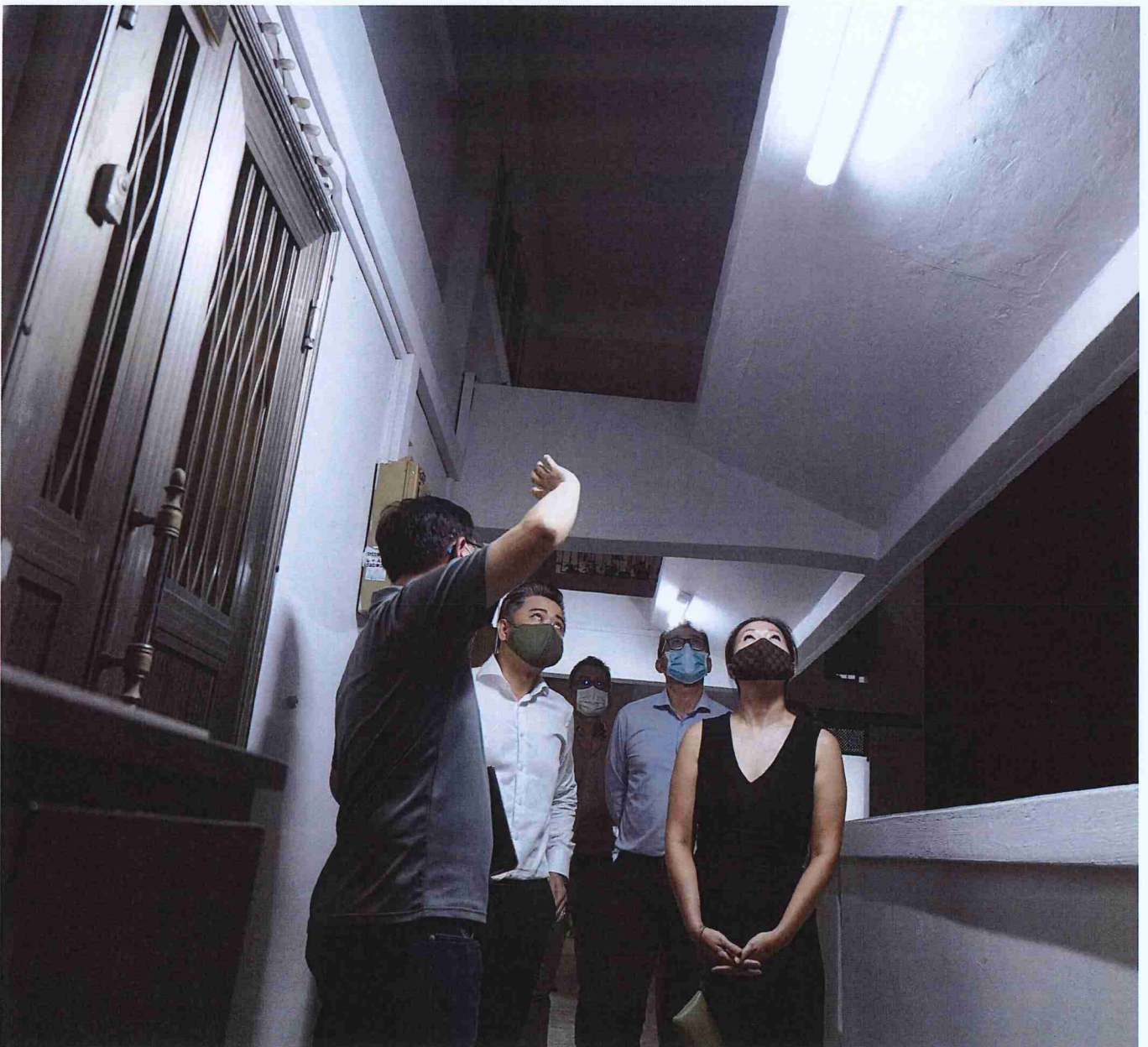
Becoming a Model Eco Town

- Installation of Eco Boards to provide block-level information on water and energy use
- Obtaining Eco-Office Plus Certificate – the first town council to get its office certified
- Sustainability @ Tampines Park – Singapore's first community-based circular ecosystem which helps to reduce food waste and strengthen the community's food resilience.



Green Towns Initiative

- More blocks to be fitted with Solar Panels and 200 blocks to be coated with cool coating to reduce heat load of the building, thereby reducing the internal temperature of our resident's home
- For blocks not suitable for solar panels, there will be more greenery planted to reduce the temperature absorbed by the building
- Renew smart LED lightings to further reduce energy consumption
- Installation of Urban Rainwater Harvesting System to reduce water wastage



Our Tampines in a Garden

Enhancing the green spaces in Tampines Town, in collaboration with NParks, PUB, SFA and MSE

- Opening of the new Tampines Boulevard Park in 2022
- Upgrading of Eco Green park
- Active, Beautiful, Clean (ABC) Waters Programme to improve drainage system and provide better experience for residents and park users at Sungei Tampines, between Tampines Avenue 7 and the Tampines Expressway, by 4th quarter of 2021
- New park connectors and enhancements to existing park connectors along Tampines Avenue 9 and 10, Boulevard Park and Bedok Reservoir Park

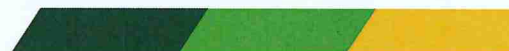


Becoming a Smart Town

In collaboration with Institutes of Higher Learning

- Tampines Round Market & Food Centre is the launch site for the testing of robotics in smart facilities management, and it aims to be Asia's first robot-friendly market & food centre.





Building a Better Home

- New community spine under MRT viaduct to enhance the park connector stretching from Tampines Town Centre to PIE Expressway with landscape features like new gardens, playgrounds and mazes.



Financial Statements

TAMPINES TOWN COUNCIL

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

For the year ended 31 March 2020

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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 2020, 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 Council's 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 2020, 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 20 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.

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

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

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

A Town Council is constituted based on its Act and its dissolution requires Minister for National Development's approval. 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 2020 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". The signature is stylized with a large "A" and a long horizontal stroke at the end.

AT ADLER
Public Accountants and Chartered Accountants

Singapore, 26 November 2020

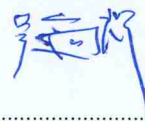
Statement of financial position as at 31 March 2020

	Note	2019/2020 S\$	2018/2019 S\$
TOWN COUNCIL FUND			
RESIDENTIAL PROPERTY			
Accumulated surplus	3	2,277,515	302,370
Sinking fund	4	32,509,804	36,270,342
Lift Replacement fund	5	36,970,626	33,098,667
Town improvement and project fund	6	1,366,982	850,451
		73,124,927	70,521,830
COMMERCIAL PROPERTY			
Accumulated surplus	3	2,907,812	1,768,472
Sinking fund	4	14,583,096	15,470,681
Lift Replacement fund	5	5,199,006	4,944,100
Town improvement and project fund	6	1,014,752	1,089,290
		23,704,666	23,272,543
CARPARK			
Accumulated surplus	3	1,008,622	-
		97,838,215	93,794,373
Represented by:			
NON-CURRENT ASSETS			
Plant and equipment	8	778,086	104,228
Right-of-use assets	9	740,753	-
		1,518,839	104,228
CURRENT ASSETS			
Receivables for Neighbourhood Renewal Programme and Electrical Load Upgrading Programme	7	2,848,860	2,094,037
Conservancy and service fee receivables	10	1,531,746	1,171,064
Other receivables	11	6,822,994	13,010,630
Prepayments		300,616	254,734
Cash and cash equivalents	12	98,541,373	89,518,471
		110,045,589	106,048,936
TOTAL ASSETS		111,564,428	106,153,164
Less:			
NON-CURRENT LIABILITY			
Lease liabilities	15	570,044	-
CURRENT LIABILITIES			
Conservancy and service fee received in advance	13	940,533	878,122
Payables and accrued expenses	14	10,931,777	10,543,629
Lease liabilities	15	185,906	-
Current tax payable		1,097,953	937,040
		13,156,169	12,358,791
TOTAL LIABILITIES		13,726,213	12,358,791
NET ASSETS		97,838,215	93,794,373

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: 26 November 2020

Income and expenditure statement for the financial year ended 31 March 2020

	Note	2019/2020 S\$	2018/2019 S\$
OPERATING INCOME			
Conservancy and service fees	3	50,872,426	48,866,911
Less: Operating transfer to sinking fund (minimum required by law)	3, 4	(13,226,826)	(12,705,397)
Operating transfer to lift replacement fund (minimum required by law)	3, 5	(7,122,150)	(6,841,379)
		30,523,450	29,320,135
Agency fees	16	3,550,864	3,389,046
Other income	17	4,110,556	3,688,112
		38,184,870	36,397,293
Less:			
OPERATING EXPENDITURE			
Cleaning works		6,767,185	6,541,785
Managing agent's fees	18	4,915,442	4,582,837
Lift maintenance		7,990,870	6,992,644
Other works and maintenance		5,090,995	5,100,616
Water and electricity		10,580,469	9,309,390
General and administrative expenditure	19	2,804,795	2,323,381
		(38,149,756)	(34,850,653)
OPERATING SURPLUS		35,114	1,546,640
Add:			
NON-OPERATING INCOME			
Interest income	3	101,935	218,425
SURPLUS BEFORE TAXATION AND GOVERNMENT GRANTS		137,049	1,765,065
Less:			
Income tax	20	(374,314)	(373,041)
(DEFICIT)/SURPLUS AFTER TAXATION BUT BEFORE GOVERNMENT GRANTS		(237,265)	1,392,024
Add:			
Government grants	3, 25	16,081,768	19,803,855
Less: Transfer to sinking fund	3, 4, 25	(2,392,160)	(2,301,122)
Less: Transfer to lift replacement fund	3, 5, 25	(5,486,972)	(11,287,440)
Less: Transfer to town improvement and project fund	3, 6, 25	(2,682,264)	(905,009)
		5,520,372	5,310,284
SURPLUS FOR THE YEAR		5,283,107	6,702,308
Add:			
Accumulated surplus at 1 April		2,070,842	8,270,534
Less:			
Voluntary contribution to lift replacement fund	3, 5	-	(12,000,000)
Appropriation to town improvement and project fund	3, 6	(1,160,000)	(902,000)
ACCUMULATED SURPLUS AT 31 MARCH		6,193,949	2,070,842

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 2020

Note	TOTAL		RESIDENTIAL PROPERTY		COMMERCIAL PROPERTY		CARPARK	
	2019/2020 S\$	2018/2019 S\$	2019/2020 S\$	2018/2019 S\$	2019/2020 S\$	2018/2019 S\$	2019/2020 S\$	2018/2019 S\$
Surplus/(deficit) for the year:								
- Accumulated surplus	3	5,283,107	6,702,308	3,135,145	4,494,406	1,139,340	1,153,174	1,008,622
- Sinking fund	4	(4,648,123)	3,613,250	(3,760,538)	3,495,720	(887,585)	117,530	-
- Lift replacement fund	5	4,126,865	13,154,301	3,871,959	12,196,852	254,906	957,449	-
- Town improvement and project fund	6	(718,007)	(583,246)	(643,469)	(540,006)	(74,538)	(43,240)	-
Total surplus for the year		4,043,842	22,886,613	2,603,097	19,646,972	432,123	2,184,913	1,008,622
Other comprehensive income, net of tax		-	-	-	-	-	-	-
Total comprehensive income for the year attributable to Town Council Fund		4,043,842	22,886,613	2,603,097	19,646,972	432,123	2,184,913	1,008,622
								1,054,728

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 2020

	TOTAL S\$	RESIDENTIAL PROPERTY S\$	COMMERCIAL PROPERTY S\$	CARPARK S\$
Balance at 1 April 2018	70,907,760	47,806,335	21,087,630	2,013,795
Total comprehensive income for the year	22,886,613	19,646,972	2,184,913	1,054,728
Add/(less):				
Inter-fund transfer	-	3,068,523	-	(3,068,523)
Balance at 31 March 2019	93,794,373	70,521,830	23,272,543	-
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

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 2020

	Note	2019/2020 S\$	2018/2019 S\$
Cash Flows from Operating Activities			
Surplus in income and expenditure statement before taxation and government grants		137,049	1,765,065
Adjustments for:			
Conservancy and service fees transferred to sinking fund	3, 4	13,226,826	12,705,397
Conservancy and service fees transferred to lift replacement fund	3, 5	7,122,150	6,841,379
Depreciation of plant and equipment	8, 19	126,662	68,383
Depreciation of right-of-use assets	9, 19	191,609	-
Provision for impairment in conservancy and service fees	10, 19	117,046	284,943
Provision for impairment of other receivables	11	236,012	-
Lease interest expense	19	35,803	-
Interest income	3	(101,935)	(218,425)
Operating surplus before working capital changes		21,091,222	21,446,742
(Increase)/decrease in conservancy and service fee and other receivables		(38,985)	2,244,580
Increase in prepayments		(45,882)	(11,729)
Increase/(decrease) in payables and accrued expenses and conservancy and service fee received in advance		450,559	(4,811,761)
Decrease/(increase) in Selective Lift Replacement Programme receivables		2,503,268	(1,112,782)
Increase in Lift Enhancement Programme receivables		(487,126)	-
Net movement in advances received or receivables for Neighbourhood Renewal Programme and Electrical Load Upgrading Programme		(754,823)	(2,794,021)
Cash generated from operations		22,718,233	14,961,029
Sinking fund expenditure	4	(21,029,561)	(11,938,303)
Lift replacement fund expenditure	5	(8,779,970)	(5,099,039)
Town improvement and project fund expenditure	6	(3,400,271)	(1,488,255)
Income tax paid		(429,169)	(497,605)
Net cash used in operating activities		(10,920,738)	(4,062,173)
Cash Flows from Investing Activities			
Purchase of plant and equipment	8	(800,520)	(68,916)
Interest received		1,278,421	888,926
Net cash generated from investing activities		477,901	820,010
Cash Flows from Financing Activities			
Government grants received	25	19,677,954	14,875,953
Lease payments	15	(176,412)	-
Interest paid		(35,803)	-
Net cash generated from financing activities		19,465,739	14,875,953
Net increase in cash and cash equivalents		9,022,902	11,633,790
Cash and cash equivalents at beginning of year		89,518,471	77,884,681
Cash and cash equivalents at end of year	12	98,541,373	89,518,471

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 2020

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 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 2019. Except for the adoption of FRS 116 *Leases* described below, 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)**FRS 116 Leases

FRS 116 supersedes FRS 17 *Leases*, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases-Incentives* and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

The Town Council adopted FRS 116 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Town Council elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 April 2019. Instead, the Town Council applied the standard only to contracts that were previously identified as leases applying FRS 17 and INT FRS 104 at the date of initial application.

The effect of adopting FRS 116 as at 1 April 2019 was as follows:

	Increase/(decrease)
Right-of-use assets	S\$917,360
Lease liabilities	S\$917,360

Before the adoption of FRS 116, the Town Council classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. The accounting policy prior to 1 April 2019 is disclosed in Note 2(m).

Upon adoption of FRS 116, the Town Council applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The accounting policy beginning on and after 1 April 2019 is disclosed in Note 2(m). The standard provides specific transition requirements and practical expedients, which have been applied by the Town Council.

Leases previously accounted for as operating leases

The Town Council recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for the leases were recognised based on the carrying amount as if the standard had always been applied, using the incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Town Council has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Town Council also applied the available practical expedients wherein it:

- used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relied on its assessment of whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review;
- applied the short-term leases exemption to leases with lease term that ends within 12 months of the date of initial application;
- excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

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)**FRS 116 Leases (cont'd)

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as of 31 March 2019, as follows:

	S\$
Operating lease commitments as at 31 March 2019	553,909
Less:	
Non-lease components	(176,609)
Add:	
Renewal option for office premises	617,400
Operating lease commitments previously not disclosed	21,428
	1,016,128
Weighted average incremental borrowing rate as at 1 April 2019	4.25%
Lease liabilities as at 1 April 2019	917,360

(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.

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.

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

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 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**POLICY APPLICABLE FROM 1 APRIL 2019**

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(m) LEASES AS A LESSEE (CONT'D)****POLICY APPLICABLE FROM 1 APRIL 2019 (CONT'D)*****Lease liabilities (cont'd)***

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

Short-term leases and leases of low-value assets

The Town Council applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

POLICY APPLICABLE BEFORE 1 APRIL 2019

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

(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:

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

- (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.

(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 \$3,400 to \$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.

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

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\$2,456,634 (2018/2019 - S\$2,339,588).

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 5 years. The carrying amount of the plant and equipment as at 31 March 2020 was S\$778,086 (2018/2019 - S\$104,228). 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(t) CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES (CONT'D)****(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.

(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.

3 ACCUMULATED SURPLUS

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

	Note	TOTAL		RESIDENTIAL PROPERTY		COMMERCIAL PROPERTY		CARPARK	
		2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019
		S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
OPERATING INCOME									
Conservancy and service fees		50,872,426	48,866,911	47,919,974	45,961,114	2,952,452	2,905,797	-	-
Less: Operating transfer to sinking fund (minimum required by law)	4	(13,226,826)	(12,705,397)	(12,459,190)	(11,949,891)	(767,636)	(755,506)	-	-
Operating transfer to lift replacement fund (minimum required by law)	5	(7,122,150)	(6,841,379)	(6,708,809)	(6,434,569)	(413,341)	(406,810)	-	-
		30,523,450	29,320,135	28,751,975	27,576,654	1,771,475	1,743,481	-	-
Agency fees	16	3,550,864	3,389,046	-	-	-	-	3,550,864	3,389,046
Other income	17	4,110,556	3,688,112	3,125,158	2,594,634	938,000	1,047,520	47,398	45,958
		38,184,870	36,397,293	31,877,133	30,171,288	2,709,475	2,791,001	3,598,262	3,435,004
Less:									
OPERATING EXPENDITURE		(38,149,756)	(34,850,653)	(34,021,729)	(30,833,400)	(1,563,102)	(1,633,631)	(2,564,925)	(2,383,622)
Operating surplus/(deficit)		35,114	1,546,640	(2,144,596)	(662,112)	1,146,373	1,157,370	1,033,337	1,051,382
Add:									
NON-OPERATING INCOME – interest income		101,935	218,425	89,421	175,092	3,284	6,301	9,230	37,032
SURPLUS/(DEFICIT) BEFORE TAXATION AND GOVERNMENT GRANTS		137,049	1,765,065	(2,055,175)	(487,020)	1,149,657	1,163,671	1,042,567	1,088,414
Less:									
INCOME TAX	20	(374,314)	(373,041)	(328,612)	(327,418)	(11,757)	(11,937)	(33,945)	(33,686)
(DEFICIT)/SURPLUS AFTER TAXATION BUT BEFORE GOVERNMENT GRANTS		(237,265)	1,392,024	(2,383,787)	(814,438)	1,137,900	1,151,734	1,008,622	1,054,728
Add:									
Government Grants		16,081,768	19,803,855	15,875,218	19,138,549	206,550	665,306	-	-
Less: Transfer to sinking fund	4	(2,392,160)	(2,301,122)	(2,391,536)	(2,300,498)	(624)	(624)	-	-
Transfer to lift replacement fund	5	(5,486,972)	(11,287,440)	(5,282,486)	(10,624,198)	(204,486)	(663,242)	-	-
Transfer to Town improvement and project fund	6	(2,682,264)	(905,009)	(2,682,264)	(905,009)	-	-	-	-
		5,520,372	5,310,284	5,518,932	5,308,844	1,440	1,440	-	-
SURPLUS FOR THE YEAR		5,283,107	6,702,308	3,135,145	4,494,406	1,139,340	1,153,174	1,008,622	1,054,728
Add:									
Accumulated surplus at 1 April		2,070,842	8,270,534	302,370	4,641,441	1,768,472	1,615,298	-	2,013,795
Inter-fund transfer		-	-	-	3,068,523	-	-	-	(3,068,523)
Less:									
Voluntary contribution to lift replacement fund	5	-	(12,000,000)	-	(11,000,000)	-	(1,000,000)	-	-
Appropriation to town improvement and project fund	6	(1,160,000)	(902,000)	(1,160,000)	(902,000)	-	-	-	-
Accumulated surplus at 31 March		6,193,949	2,070,842	2,277,515	302,370	2,907,812	1,768,472	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 2020

4 SINKING FUND

		TOTAL		RESIDENTIAL PROPERTY		COMMERCIAL PROPERTY	
	Note	2019/2020 S\$	2018/2019 S\$	2019/2020 S\$	2018/2019 S\$	2019/2020 S\$	2018/2019 S\$
Balance at 1 April		51,741,023	48,127,773	36,270,342	32,774,622	15,470,681	15,353,151
Add:							
INCOME		917,626	656,041	885,510	632,923	32,116	23,118
OPERATING TRANSFERS FROM:	22(a)						
- Conservancy and service fees (minimum required by law)	3	13,226,826	12,705,397	12,459,190	11,949,891	767,636	755,506
- Government Grants	3, 25	2,392,160	2,301,122	2,391,536	2,300,498	624	624
		16,536,612	15,662,560	15,736,236	14,883,312	800,376	779,248
Less: EXPENDITURE	22(b)	(21,029,561)	(11,938,303)	(19,346,959)	(11,280,481)	(1,682,602)	(657,822)
Less: INCOME TAX	20	(155,174)	(111,007)	(149,815)	(107,111)	(5,359)	(3,896)
(DEFICIT)/SURPLUS FOR THE YEAR		(4,648,123)	3,613,250	(3,760,538)	3,495,720	(887,585)	117,530
Balance at 31 March		47,092,900	51,741,023	32,509,804	36,270,342	14,583,096	15,470,681

Represented by:

CURRENT ASSETS

Conservancy and service fee receivables	508,361
Amount due from Operating Fund	3,742,059
Other receivables	432,062
Cash and cash equivalents	49,987,118
Total assets	54,669,600

Less:

CURRENT LIABILITIES

Current tax payable	174,506
Payables and accrued expenses	2,754,071
Total liabilities	2,928,577

NET ASSETS

NET ASSETS	47,092,900	51,741,023
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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 2020

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5 LIFT REPLACEMENT FUND

	Note	2019/2020 S\$	2018/2019 S\$	TOTAL	RESIDENTIAL PROPERTY 2019/2020 S\$	2018/2019 S\$	COMMERCIAL PROPERTY 2019/2020 S\$	2018/2019 S\$
Balance at 1 April		38,042,767	12,888,466		33,098,667	9,901,815	4,944,100	2,986,651
Add:								
INCOME								
Operating transfer from Conservancy and service fees (minimum required by law)	23(a)	358,307	148,579		345,821	143,350	12,486	5,229
	3	7,122,150	6,841,379		6,708,809	6,434,569	413,341	406,810
		7,480,457	6,989,958		7,054,630	6,577,919	425,827	412,039
Add:								
Transfer from Government Grants								
- Lift Replacement Fund (LRF) Matching Grant *		4,198,884	10,048,371		3,994,734	9,385,465	204,150	662,906
- Other government grants		1,288,088	1,239,069		1,287,752	1,238,733	336	336
	3, 25	5,486,972	11,287,440		5,282,486	10,624,198	204,486	663,242
Less: EXPENDITURE	23(b)	(8,779,970)	(5,099,039)		(8,406,656)	(4,982,051)	(373,314)	(116,988)
Less: INCOME TAX	20	(60,594)	(24,058)		(58,501)	(23,214)	(2,093)	(844)
		4,126,865	13,154,301		3,871,959	12,196,852	254,906	957,449
SURPLUS FOR THE YEAR								
Add:								
Voluntary contribution from operating fund	3	-	12,000,000		-	11,000,000	-	1,000,000
		4,126,865	25,154,301		3,871,959	23,196,852	254,906	1,957,449
Balance at 31 March		42,169,632	38,042,767		36,970,626	33,098,667	5,199,006	4,944,100

* Included in the LRF Matching Grant for 2018/2019 was a S\$6 million matching grant in relation to a S\$12 million voluntary contribution made during the financial year ended 31 March 2019. This voluntary contribution was made in accordance with Section 33(9) of the Town Councils Act.

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

275,479	273,733
4,202,015	13,858,773
1,449,411	9,542,603
40,781,090	15,596,947
46,707,995	39,272,056
84,651	26,442
4,453,712	1,202,847
4,538,363	1,229,289
42,169,632	38,042,767

6 TOWN IMPROVEMENT AND PROJECT FUND

	Note	2019/2020 S\$	TOTAL 2018/2019 S\$	RESIDENTIAL PROPERTY 2019/2020 S\$	RESIDENTIAL PROPERTY 2018/2019 S\$	COMMERCIAL PROPERTY 2019/2020 S\$	COMMERCIAL PROPERTY 2018/2019 S\$
Balance at 1 April		1,939,741	1,620,987	850,451	488,457	1,089,290	1,132,530
Add:							
Transfer from Government Grants	3	2,682,264	905,009	2,682,264	905,009	-	-
Less:							
Expenditure		(3,400,271)	(1,488,255)	(3,325,733)	(1,445,015)	(74,538)	(43,240)
Deficit for the year		(718,007)	(583,246)	(643,469)	(540,006)	(74,538)	(43,240)
Appropriation from accumulated surplus	3	1,160,000	902,000	1,160,000	902,000	-	-
Balance at 31 March		2,381,734	1,939,741	1,366,982	850,451	1,014,752	1,089,290

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

Out of the total of S\$3,400,271 (2018/2019 - S\$1,488,255) spent on town improvement projects, S\$2,682,264 (2018/2019 - S\$905,009) was met by payment from CCC.

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

	2019/2020 S\$	2018/2019 S\$
Balance at 1 April	(2,094,037)	699,984
Funding from government	3,731,783	2,501,136
Payment to contractors	(4,486,606)	(5,295,157)
Balance at 31 March	(2,848,860)	(2,094,037)
Represented by:		
Receivables for Neighbourhood Renewal Programme	(2,848,942)	(2,083,499)
Advances received/(receivables) for Electrical Load Upgrading Programme	82	(10,538)
	(2,848,860)	(2,094,037)

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 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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Cost

Balance at 1 April 2018	1,201,713	529,718	140,195	184,028	347,772
Additions during the year	68,916	-	28,460	40,456	-
Balance at 31 March 2019	1,270,629	529,718	168,655	224,484	347,772

Accumulated depreciation

Balance at 1 April 2018	1,098,018	464,305	138,667	168,702	326,344
Depreciation for the year	68,383	21,215	9,061	23,578	14,529
Balance at 31 March 2019	1,166,401	485,520	147,728	192,280	340,873

Net book value

Balance at 31 March 2019	104,228	44,198	20,927	32,204	6,899
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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)).

	<u>Office premises</u> S\$	<u>Office equipment</u> S\$	<u>Total</u> S\$
<u>Cost</u>			
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

<u>Accumulated depreciation</u>			
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

<u>Net book value</u>			
Balance at 31 March 2020	712,013	28,740	740,753

10 CONSERVANCY AND SERVICE FEE RECEIVABLES

	2019/2020 S\$	2018/2019 S\$
Conservancy and service fee receivables	2,389,294	2,113,251
Interest receivable on late payments	1,410,682	1,246,693
Legal fees receivable	188,047	150,391
Disbursement fees receivable	357	317
Less: Allowance for impairment	(2,456,634)	(2,339,588)
	1,531,746	1,171,064
Movements in above allowance:		
Balance at 1 April	2,339,588	2,057,254
Written off during the financial year	-	(2,609)
Allowance made for the financial year (Note 19)	117,046	284,943
Balance at 31 March	2,456,634	2,339,588

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.

10 CONSERVANCY AND SERVICE FEE RECEIVABLES (CONT'D)

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\$	
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)	(2,456,634)
						<u>1,531,746</u>
2018/2019						
Conservancy and service fee receivables	44,465	727,669	339,597	467,477	1,931,444	3,510,652
Loss allowance	-	(89,506)	(84,899)	(233,739)	(1,931,444)	(2,339,588)
						<u>1,171,064</u>

11 OTHER RECEIVABLES

	2019/2020 S\$	2018/2019 S\$
Claims for Citizens' Consultative Committee Funding	3,686,798	1,366,161
Conservancy and Service Grant Receivable	78,440	29,878
Deposits	288,275	279,357
Goods and Services Tax Receivable	106,579	6,121
GST Subvention Grant Receivable	471,431	458,695
Interest Receivable	338,024	238,577
Lift Replacement Fund Matching Grant Receivable	927,643	6,905,764
Receivables from Housing & Development Board (HDB)	298,237	351,642
Recoverable from HDB for Lift Enhancement Programme (LEP)	487,126	-
Recoverable from HDB for Selective Lift Replacement Programme	-	2,503,268
Revitalisation of Shops (ROS) Costs Receivable	-	736,193
Sundry Receivables	376,453	134,974
Less: Allowance for impairment for sundry receivables	(236,012)	-
	<u>6,822,994</u>	<u>13,010,630</u>

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

	2019/2020 S\$	2018/2019 S\$
Fixed deposits	71,167,601	69,450,413
Cash and bank balances	27,373,772	20,068,058
	<u>98,541,373</u>	<u>89,518,471</u>

The fixed deposits mature within 12 months (2018/2019 - within 12 months) from the end of the financial year. The weighted average effective interest rate of fixed deposits as at 31 March 2020 was 1.75% (2018/2019 - 2%) 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 2020 included in contract liabilities at the beginning of the financial year was S\$878,122 (2018/2019 - S\$810,146).

14 PAYABLES AND ACCRUED EXPENSES

	2019/2020 S\$	2018/2019 S\$
Accrued operating expenses	2,600,298	4,013,819
Refundable deposits	478,654	298,439
Payables to contractors	7,672,229	6,137,199
Other creditors	180,596	94,172
	10,931,777	10,543,629

15 LEASE LIABILITIES

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

	2019/2020 S\$
Current: Due within 12 months	185,906
Non-current: Due after 1 year but within 5 years	570,044
	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 2019 - Adoption of FRS 116 S\$	Additions S\$	Financing cash flows - lease payments S\$	At 31 March 2020 S\$
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

	2019/2020 S\$	2018/2019 S\$
Late Payment Penalty	303,958	327,447
Liquidated Damages	171,369	180,671
Others	21,774	48,676
Rental of Community Hall	5,630	15,068
Sale of Tender Documents	21,322	84,135
Sundry Fines & Income	315,227	125,907
Temporary Occupation Licence Income	3,071,168	2,731,782
Use of Common Property and Void Decks	116,790	116,222
Use of Water & Electricity in Void Decks	83,318	58,204
	4,110,556	3,688,112

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:

	2019/2020 S\$	2018/2019 S\$
Facility Management & Maintenance	4,301,407	3,922,825
Community Engagement & Communications	446,035	660,012
New Sustainability Initiatives	123,200	-
Community Liaison Officer	44,800	-
	4,915,442	4,582,837

19 GENERAL AND ADMINISTRATIVE EXPENDITURE

The general and administrative expenditure comprises the following:

	2019/2020 S\$	2018/2019 S\$
Advertising, publicity and public relations	456,113	237,541
Audit fee	34,000	34,000
Computer services fee	204,386	186,535
Depreciation of plant and equipment (Note 8)	126,662	68,383
Depreciation of right-of-use assets (Note 9)	191,609	-
Doubtful Debts (S&CC - Note 10)	117,046	284,943
Doubtful Debts (Others)*	288,866	-
Fees and charges	375,423	171,735
Irrecoverable goods and services tax (Note 21)	240,282	141,755
Lease Interest Expense	35,803	-
Low Value Assets	-	3,120
Office upkeep expenses (2018/2019 - Office rental and upkeep expenses)	107,760	320,129
Office supplies and stationery	175,626	184,100
Property tax	291,306	289,108
Town Councillors' allowances	130,080	134,080
Others	29,833	267,952
	2,804,795	2,323,381

* This included 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. The Town Council went into a deed of settlement with Red Dot Power Pte Ltd to recover the tariff differences after their exit from the energy contestable market.

20 INCOME TAX

	Income & Expenditure Statement S\$	Sinking Fund Statement S\$	Lift Replacement Fund Statement S\$	Total S\$
Taken up in:				
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
2018/2019				
Current income tax provision	373,041	111,007	24,058	508,106

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:

	2019/2020 S\$	2018/2019 S\$
Interest income received	1,377,831	1,023,008
Grant and other income	18,462,108	22,050,108
Allowable expenses	(270,214)	(262,065)
	19,569,725	22,811,051
Tax at statutory rate of 17%	3,326,853	3,877,879
Tax exempt income	(17,425)	(17,425)
Tax remission of government grants under section 92(2) of Singapore		
Income Tax	(2,719,579)	(3,352,348)
Under provision in prior year	233	-
	590,082	508,106

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**

	2019/2020 S\$	2018/2019 S\$
Interest Income - Bank fixed deposits/current account	917,626	656,041
	917,626	656,041

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

	2019/2020 S\$	2018/2019 S\$
Bin Chute	431,707	-
Centralised Refuse Chute System	2,633,538	-
Electrical Rewiring	3,480,014	147,374
General & Administrative (Income)/Expenses	(361)	852
Irrecoverable Goods & Services Tax	150,700	93,025
Project Management Fees	763,007	102,763
Redecoration & Repainting	6,111,792	7,191,301
Replacement of Booster Pumps	1,328,826	-
Replacement of Transfer Pumpsets	755,731	-
Replacement of Water Pipes	2,094,101	2,132,273
Replacement of Water Tank Lining	102,293	1,406,968
Re-roofing Works	3,178,213	863,747
	21,029,561	11,938,303

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

	2019/2020 S\$	2018/2019 S\$
Interest income from fixed deposits/current account	358,307	148,579
	358,307	148,579

(b) Expenditure

	2019/2020 S\$	2018/2019 S\$
General & Administrative Expenses	12,722	170
Irrecoverable Goods & Services Tax	617,791	331,766
Lift Enhancement Programme (LEP) *	247,785	-
Lift Overhaul / Total Replacement Works	2,672,593	1,093,845
Project Management Fees	427,283	174,348
Replacement of ARD Battery	230,778	234,293
Replacement of EBOPS Battery	378,405	216,969
Replacement of Inverter Units	1,445,958	250,739
Replacement of Lift Position Display Panel (CPI/HPI)	1,373,800	73,129
Replacement of Main Sheaves / Ropes	1,372,855	2,723,780
	8,779,970	5,099,039

* 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

	2019/2020 S\$	2018/2019 S\$
Management agent fee	4,915,442	3,922,825
Project management fee	1,184,576	463,259
Energy saving costs *	3,300,704	2,081,046
Repairs and maintenance service fee	1,705,936	1,410,437
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\$537,337 (2018/2019 - S\$770,687) as at 31 March 2020.

b) Town Councillors

During the financial year, the town councillors' allowances that payable to town councillors was S\$130,080 (2018/2019 - S\$134,080).

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	
	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019	2019/2020	2018/2019
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Government Grants received/ receivable during the year	16,081,768	19,803,855	6,274,068	6,022,195	2,682,264	905,009	1,860,952	1,784,880	1,065,600	1,043,400	4,198,884	10,048,371
Less: Transfer to												
- Sinking fund	(2,392,160)	(2,301,122)	(1,631,258)	(1,565,770)	-	-	(483,846)	(464,068)	(277,056)	(271,284)	-	-
- Lift replacement fund	(5,486,972)	(11,287,440)	(878,369)	(843,108)	-	-	(260,535)	(249,885)	(149,184)	(146,076)	(4,198,884)	(10,048,371)
- Town improvement and project fund	(2,682,264)	(905,009)	-	-	(2,682,264)	(905,009)	-	-	-	-	-	-
	5,520,372	5,310,284	3,764,441	3,613,317	-	-	1,116,571	1,070,927	639,360	626,040	-	-

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

	2019/2020	2018/2019
	S\$	S\$
Total grants received at 1 April	227,766,863	212,890,910
Grants received during the year	19,677,954	14,875,953
Total grants received as at 31 March	247,444,817	227,766,863

26 OPERATING LEASE COMMITMENTS

As at 31 March 2019, the future minimum lease payments payable under non-cancellable operating leases for office premises and computer support and maintenance services contracted for at the reporting date but not recognised as payables, are as follows:

	2018/2019 S\$
Due within 1 year	382,409
Due after 1 year but within 5 years	171,500
	<u>553,909</u>

As disclosed in Note 2(b)(ii), the Town Council has adopted FRS 116 on 1 April 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the statement of financial position as at 31 March 2020, except for non-lease components.

27 COMMITMENTS FOR CAPITAL EXPENDITURE

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

	2019/2020 S\$	2018/2019 S\$
Amounts approved and contracted for	31,747,781	22,022,745
Amounts approved but not contracted for	65,898,800	73,888,817
	<u>97,646,581</u>	<u>95,911,562</u>

28 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.

28 RISK MANAGEMENT POLICIES FOR FINANCIAL INSTRUMENTS (CONT'D)**CREDIT RISK ON FINANCIAL ASSETS (CONT'D)**

Regardless of the analysis above, an increase in credit risk is presumed if a debtor is more than 90 days past due in making contractual payment.

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.

If Singapore dollar interest rates had been 25 (2018/2019 - 25) basis points lower/higher with all other variables held constant, the Town Council's deficit before government grants for the year would have been S\$274,037 (2018/2019 - S\$265,849) 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 2020	Carrying amount S\$	Contractual cash flows S\$	Less than 1 year S\$	Within 1 to 5 years S\$
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

As at 31 March 2019

Receivables for Neighbourhood Renewal Programme and Electrical Load Upgrading Programme	2,094,037	2,094,037	2,094,037	-
Conservancy and service fee receivables	1,171,064	1,171,064	1,171,064	-
Other receivables	13,010,630	13,010,630	13,010,630	-
Cash and cash equivalents	89,518,471	89,518,471	89,518,471	-
	105,794,202	105,794,202	105,794,202	-
Payables and accrued expenses	10,543,629	10,543,629	10,543,629	-

29 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\$97,838,215 (2018/2019 - S\$93,794,373).

30 EVENTS OCCURRING AFTER THE REPORTING PERIOD

- (a) Transferable Surpluses

Under Section 34 of the Town Councils Act, where a writ of election is issued, Town Councils are required to transfer the excess of revenue over expenditure (referred to as surpluses) in any fund (other than a sinking fund) established under Section 33 of the Act to the sinking funds (which includes the Lift Replacement Fund). The Statement must be completed, audited and submitted to the MND within 90 days after the issue of the writ of election (i.e. by 21 September 2020). The audited Statement of Transferable Surpluses was submitted to the Ministry of National Development on 21 September 2020.

The surpluses are to be transferred to the respective Sinking Funds within 90 days from the date the Statement of Transferable Surpluses is audited but not later than 180 days from the date of issue of the writ of election (i.e. by 20 December 2020). The Town Council transferred S\$1,445,922 and S\$778,573 respectively to the Sinking Fund and the Lift Replacement Fund on 28 October 2020.

- (b) COVID-19 Pandemic

On March 2020, the World Health Organisation declared the outbreak of a coronavirus (COVID-19) a pandemic. On 3 April 2020 and subsequently on 21 April 2020, Singapore announced a nationwide partial lock down, known as a circuit breaker, from 7 April 2020 to 1 June 2020 to contain the spread of Covid-19 in Singapore.

The COVID-19 pandemic and the circuit breaker has affected businesses globally and in Singapore. While the disruption to the Town Council from the circuit breaker is temporary, there is considerable uncertainty around the duration of the impact of the COVID-19 pandemic.

To help cushion the economic impact of the pandemic on shop operators and hawkers, the Town Council gave a 15% S&CC rebates to all commercial, hawkers and market account holders for 4 months from July 2020 to October 2020. The rebate was estimated to be S\$158,330. In addition, the Town Council also waived the Temporary Occupancy Licence (TOL) for Outdoor Display Area (ODA) of common property from April 2020 to June 2020. The TOL waiver was estimated at S\$182,800 benefitting approximately 234 shops.

During the Circuit Breaker period, the Town Council stopped sending notices and reminder letters for outstanding S&CC from April 2020 to July 2020 so as to not add further stress to the residents who may be facing hardship. Where necessary, the Town Council has considered the impact of COVID-19 when making estimates and judgements on the recoverability of its receivables, based on currently available information. The Town Council has assessed the allowance for impairment for S&CC receivables (see Note 10) to be adequate.

As at the date of this report, we are closely monitoring our operations, liquidity and capital resources and are actively working to minimise the current and future impact of Covid-19 pandemic. Based on the information available to date, the Town Council does not foresee any significant adverse impact to the operating cash flows of the Town Council.

31 STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

Description	Effective for annual periods beginning on or after
Amendments to References to the Conceptual Framework in FRS Standards	1 January 2020
Amendments to FRS 1 and FRS 8: Definition of Material	1 January 2020
Amendments to FRS 116: Covid-19 Related Rent Concessions	1 June 2020
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

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.