

CHUA CHU KANG TOWN COUNCIL
(Established under the Town Councils Act, Cap. 329A)

FINANCIAL STATEMENTS
FOR FINANCIAL YEAR ENDED 31 MARCH 2019

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(Established under the Town Councils Act, Cap 329A)
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Chairman's Message



HIGHLIGHTS

FY 2018/2019 has indeed been a very exciting year. Firstly, Chua Chu Kang Town Council (CCKTC) has successfully clinched "Green Bands" for all four categories of Town Council operations: Estate Cleanliness, Estate Maintenance, Lift Performance, S&CC Arrears Management in FY 2018-2019. This is a "thumbs-up" for the joint effort by residents and the Town Council in keeping the estate clean and facilities in tip-top condition

To strengthen our last-mile communication with residents, CCKTC is the first Town Council to install LED information panels inside and outside of our lifts across our HDB estates. It shows residents the latest news and highlights, as well as local happenings in their neighbourhood. The cost of the panels and operations are operated at no cost to the Town Council.

ENGAGEMENT & LAST-MILE COMMUNICATION WITH RESIDENTS



As of 30 June 2019, more than 1300 LED panels have been installed in Chua Chu Kang GRC and Hong Kah North SMC. The rest of our precincts will receive their panels across 2020.

The electronic information panels also serve as platforms to alert residents of important notices, for example, on the dengue outbreak or water supply outages should the need arise.

5-Year Master Plan 2016 to 2020 Update

In August 2015, a 5-Year Master Plan for Chua Chu Kang GRC and Hong Kah North SMC Year 2016 to 2020 was launched. A major focus of the Master Plan is to improve connectivity around the estate. Other initiatives include enhancing our living environment with greenery, revitalising our residential precincts with new amenities such as parks, playgrounds and sheltered linkways, as well as improvements to existing infrastructure. The majority of these projects have been completed and the major ones are as follows:-

- 1) 491 blocks have undergone Repair & Redecoration;
- 2) 131 blocks have benefitted from Neighbourhood Renewal Programme;
- 3) 115 lifts have been replaced with new lifts;
- 4) 44 Playgrounds and 48 Fitness Corners have been upgraded.

A CONNECTED, ACTIVE AND REJUVENATED TOWN

A CONNECTED, ACTIVE AND REJUVENATED TOWN

In August 2015, we launched a **5-Year Master Plan for Chua Chu Kang GRC & Hong Kah North SMC Year 2016 to 2020**. A major focus of the Masterplan is connectivity around the estate. Other initiatives include beautifying our living environment with greenery, revitalising our residential precincts with new amenities such as parks, playgrounds and sheltered linkways, as well as improvements to existing infrastructure. The majority of these projects have been completed or are in progress.



Enhancing Inclusivity



To enhance inclusivity and promote active & healthy living and sustainability in the estates, CCKTC incorporated universal and barrier-free dementia-friendly designs and used energy efficient fittings and equipment with existing public infrastructure. As a result, new barrier-free walkways and access ramps will be constructed to connect LTA-built linkways & bus stops, new health hubs and additional fitness corners to provide more accessible connections.

Rejuvenation of older Estates



Through programmes such as Selective Lift Replacement Programme (SLRP), Neighbourhood Renewal Programme (NRP), Cyclical Programme and Repairs & Redecoration Programme (R&R) which are funded by the Government and the Town Council, residents in older estates can expect newer facilities, improved amenities and a refreshed new look to their estate.

For Financial Year 2018/2019, CCKTC has a total of six on-going Neighbourhood Renewal Programmes and 90 improvement projects at various stages of implementation. The projects and programmes were implemented based on feedback from our residents at our sharing sessions, public consultations and consensus gatherings. Your participation and patience have enabled us to upgrade our estates further.

This is in addition to the Town Council's upgrading plans of building more covered linkways, multi-generational leisure and recreational facilities for the elderly and the young, themed children's playground, fitness corners and community gardens.

In the Financial Year ended 31 March 2019, improvement works amounting to \$3.52 million were carried out.

Cyclical Works



Our Town Council undertakes a range of cyclical works to ensure that the buildings and equipment such as lifts and pumps are well maintained and in good working conditions at all times.

In Financial Year 2017/2018, a tender was called to replace 124 lifts at a cost of \$17.4 million. Residents can enjoy a smoother ride, higher lift speed, greater reliability and enhanced safety as the new lifts are progressively commissioned over the next few years.

For the same period, \$26.29 million worth of other cyclical works have also been carried out. They include repairs & redecoration, repainting, re-roofing, re-wiring and replacement of various equipment such as booster pumps/water pipes, hoisting ropes/sheaves of lifts etc. These works improve the living environment for our residents.

FINANCIAL REPORT

CCKTC had an operating surplus of \$4.66 million in the Financial Year ended 31 March 2019. Our accumulated surplus was \$4.57 million. We will continue to exercise prudence in our expenditure, as part of responsible corporate governance.

MOVING FORWARD TOGETHER



My heartfelt thanks to all Chua Chu Kang residents for their continued support, active participation and collaboration with our Town Council. I am also appreciative of the various government agencies, grassroots organisations and community partners for their dedication and co-operation. Our Town Council will continue to leverage on technologies to innovate and deliver high standards of municipal services effectively and efficiently. We will also upgrade and develop progressive infrastructure improvements around our estates to enhance our residents' quality of life.

Together, we can build a beautiful, inclusive and gracious community for all!

Low Yen Ling
Chairman
Chua Chu Kang Town Council

**INDEPENDENT AUDITOR'S REPORT TO
THE MEMBERS OF CHUA CHU KANG TOWN COUNCIL**
(Established under the Town Council Act, Cap. 329A)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Chua Chu Kang Town Council (the "Town Council"), which comprise the statement of financial position of the Town Council as at 31 March 2019, the income and expenditure statement, statement of comprehensive income, statement of changes in Town Council funds and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 47.

In our opinion, the accompanying financial statements of the Town Council are properly drawn up in accordance with the provisions of the Town Councils Act, Cap. 329A (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to present fairly, in all material respects, the financial position of the Town Council as at 31 March 2019 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.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report 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.

**INDEPENDENT AUDITOR'S REPORT TO
THE MEMBERS OF CHUA CHU KANG TOWN COUNCIL**
(Established under the Town Council Act, Cap. 329A)

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

Management is responsible for the preparation and fair presentation of the financial statements 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.

A town council is constituted based on its Act and its dissolution requires Parliament'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.

**INDEPENDENT AUDITOR'S REPORT TO
THE MEMBERS OF CHUA CHU KANG TOWN COUNCIL**
(Established under the Town Council Act, Cap. 329A)

- 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.

We communicate 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 and investment of moneys and the acquisition and disposal of assets by the Town Council during the financial year 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.

**INDEPENDENT AUDITOR'S REPORT TO
THE MEMBERS OF CHUA CHU KANG TOWN COUNCIL**
(Established under the Town Council Act, Cap. 329A)

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 the 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.

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 Town Council's internal control. Because of the inherent limitations in any accounting and internal control system, non-compliances may nevertheless occur and not be detected.

Ecovis Assurance LLP

Ecovis Assurance LLP
Public Accountants and
Chartered Accountants
Singapore

4 September 2019

CHUA CHU KANG TOWN COUNCIL
(Established under the Town Councils Act, Cap 329A)
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Note	2019 S\$	2018 S\$
TOWN COUNCIL FUNDS			
RESIDENTIAL PROPERTY			
Accumulated Surplus	4	829,338	773,604
Sinking Funds			
Ordinary Sinking Funds	5	79,617,159	80,355,379
Lift Replacement Funds	6	30,329,614	18,999,945
		109,946,773	99,355,324
Town Improvement and Project Funds	7	2,390,817	2,390,817
		113,166,928	102,519,745
COMMERCIAL PROPERTY			
Accumulated Surplus	4	266,821	3,744,255
Sinking Funds			
Ordinary Sinking Funds	5	21,823,710	21,524,274
Lift Replacement Funds	6	11,017,220	3,811,989
		32,840,930	25,336,263
Town Improvement and Project Funds	7	45,951	45,951
		33,153,702	29,126,469
CARPARK			
Accumulated Surplus	4	3,478,344	2,395,972
		149,798,974	134,042,186
Represented by:			
NON-CURRENT ASSETS			
Plant and Equipment	9	109,240	125,148
Held-to-maturity financial assets	10	-	26,000,000
Debt investments at amortised cost	10	26,000,000	-
		26,109,240	26,125,148
CURRENT ASSETS			
Held-to-maturity financial assets	10	-	5,000,000
Financial Assets at fair value through profit or loss	11	34,171,446	31,302,045
Conservancy and service fees receivables	12	1,411,308	1,299,911
Other receivables	13	14,112,092	7,946,586
Interest receivable		541,566	624,614
Receivables for Selective Lift Replacement Programme	27	219,595	-
Cash and cash equivalents	14	88,660,811	78,498,986
		139,116,818	124,672,142
Total Assets		165,226,058	150,797,290
Less:			
CURRENT LIABILITIES			
Conservancy and service fees received in advance		758,136	707,278
Advances received for Selective Lift Replacement Programme	27	-	3,101,741
Payables and accrued expenses	15	12,116,171	11,333,936
Advances received for Neighbourhood Renewal Programme/ Electrical Load Upgrading Programme, Net	8	1,480,740	403,114
Income tax payable	22	1,072,037	1,209,035
		15,427,084	16,755,104
NET ASSETS		149,798,974	134,042,186


LOW YEN LING
CHAIRMAN


CLARENCE TAN KOK CHEOW
GENERAL MANAGER / SECRETARY

Date : 4 September 2019

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

CHUA CHU KANG TOWN COUNCIL
(Established under the Town Councils Act, Cap 329A)
INCOME AND EXPENDITURE STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	<u>Note</u>	<u>2019</u> S\$	<u>2018</u> S\$
OPERATING INCOME			
Conservancy and service fees	4	53,836,400	47,356,491
Less:			
Operating income transfer to Ordinary Sinking Funds	4, 5	(13,997,468)	(12,312,689)
Operating income transfer to Lift Replacement Funds (minimum required by law)	4, 6	(7,537,099)	(6,629,918)
		32,301,833	28,413,884
Agency fees	16	4,328,603	3,873,993
Other income	17	2,628,365	2,681,247
		39,258,801	34,969,124
Less:			
OPERATING EXPENDITURE			
Cleaning works		(8,202,202)	(7,407,786)
Managing agent's fees	18	(4,781,125)	(4,393,463)
Lift maintenance		(6,733,053)	(6,406,884)
Other works and maintenance		(6,820,911)	(6,740,968)
Water and electricity		(10,415,429)	(9,936,059)
General and administrative expenditure	19	(1,969,449)	(1,861,727)
		(38,922,169)	(36,746,887)
OPERATING SURPLUS / (DEFICIT)		336,632	(1,777,763)
ADD: NON OPERATING INCOME			
Investment income	20	210,913	120,446
Less :			
Town Improvement Project Works	7	(538,609)	(697,469)
SURPLUS / (DEFICIT) BEFORE TAXATION AND GOVERNMENT GRANTS		8,936	(2,354,786)
Less:			
Goods and Services Tax	21	(462,787)	(379,905)
Income Tax Credit / (Expense)	22	41,592	(158,686)
DEFICIT BEFORE GOVERNMENT GRANTS		(412,259)	(2,893,377)
Add: Government grants	23	19,285,680	13,776,506
Less: Transfer to Ordinary Sinking Funds	5	(2,198,273)	(1,954,321)
Transfer to Lift Replacement Funds	6	(9,028,101)	(4,692,994)
Transfer to Town Improvement and Project Funds	7	(2,986,375)	(2,619,229)
		5,072,931	4,509,962
SURPLUS FOR THE FINANCIAL YEAR		4,660,672	1,616,585
ACCUMULATED SURPLUS AT 1 APRIL		6,913,831	5,297,246
Less:			
Transfer to Lift Replacement Funds - voluntary contribution	6	(7,000,000)	-
ACCUMULATED SURPLUS AT 31 MARCH		<u>4,574,503</u>	<u>6,913,831</u>

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

CHUA CHU KANG TOWN COUNCIL
 (Established under the Town Councils Act, Cap 329A)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	<u>Note</u>	<u>2019</u> S\$	<u>2018</u> S\$
SURPLUS / (DEFICIT) FOR THE FINANCIAL YEAR			
Accumulated Surplus	4	4,660,672	1,616,585
Ordinary Sinking Funds	5	(438,784)	1,390,718
Lift Replacement Funds	6	11,534,900	6,453,270
		<u>15,756,788</u>	<u>9,460,573</u>
OTHER COMPREHENSIVE INCOME		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO TOWN COUNCIL FUNDS		<u><u>15,756,788</u></u>	<u><u>9,460,573</u></u>

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

CHUA CHU KANG TOWN COUNCIL
(Established under the Town Councils Act, Cap 329A)
STATEMENT OF CHANGES IN TOWN COUNCIL FUNDS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

Balance as at 1 April 2017				
COMPREHENSIVE INCOME FOR THE YEAR				
Surplus for the year				
Other comprehensive income				
Total comprehensive income for the year				
Balance as at 31 March 2018				
Balance as at 1 April 2018				
COMPREHENSIVE INCOME FOR THE YEAR				
Surplus for the year				
Other comprehensive income				
Total comprehensive income for the year				
Balance as at 31 March 2019				

	Total S\$	Residential Property S\$	Commercial Property S\$	Carpark S\$
Balance as at 1 April 2017	124,581,613	95,458,901	27,464,496	1,658,216
COMPREHENSIVE INCOME FOR THE YEAR				
Surplus for the year	9,460,573	7,060,844	1,661,973	737,756
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	9,460,573	7,060,844	1,661,973	737,756
Balance as at 31 March 2018	134,042,186	102,519,745	29,126,469	2,395,972
Balance as at 1 April 2018	134,042,186	102,519,745	29,126,469	2,395,972
COMPREHENSIVE INCOME FOR THE YEAR				
Surplus for the year	15,756,788	10,647,183	4,027,233	1,082,372
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	15,756,788	10,647,183	4,027,233	1,082,372
Balance as at 31 March 2019	149,798,974	113,166,928	33,153,702	3,478,344

The surplus for the financial year comprises the following :

	Note	2019 S\$	2018 S\$
Accumulated Surplus	4	4,660,672	1,616,585
Ordinary Sinking Funds	5	(438,784)	1,390,718
Lift Replacement Funds	6	11,534,900	6,453,270
		15,756,788	9,460,573

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

CHUA CHU KANG TOWN COUNCIL
(Established under the Town Councils Act, Cap 329A)
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	<u>Note</u>	<u>2019</u> S\$	<u>2018</u> S\$
OPERATING ACTIVITIES			
Deficit before income tax and Government Grant (after Goods and Services Tax)		(453,851)	(2,734,691)
Adjustments for :			
Depreciation	9	42,653	32,880
Provision for doubtful debts	12	271,123	253,677
Operating transfer to Ordinary Sinking Fund		13,997,468	12,312,689
Operating transfer to Lift Replacement Fund		7,537,099	6,629,918
Investment income of operating fund (included in investing activities)	20	(210,913)	(120,446)
Operating cash inflows before movements in working capital		<u>21,183,579</u>	<u>16,374,027</u>
Receivables		(485,574)	(985,150)
Payables		833,043	675,477
Increase in advances received from Neighbourhood Renewal Programme/ Electrical Load Upgrading Programme, Net	8	1,077,626	9,490
Cash generated from operations		<u>22,608,674</u>	<u>16,073,844</u>
Income tax paid	22	(584,425)	(673,218)
Ordinary Sinking Fund expenditure inclusive of goods and services tax		(17,958,087)	(15,313,581)
Ordinary Sinking Fund other income received		2,522	8,617
Lift Replacement Fund expenditure inclusive of goods and services tax		(8,640,980)	(7,027,868)
Lift Replacement Fund other income received	6	15,403	10,867
Town Improvement and Project expenditure		(2,986,375)	(2,619,229)
Net cash used in operating activities		<u>(7,543,268)</u>	<u>(9,540,568)</u>
INVESTING ACTIVITIES			
Purchase of plant and equipment	9	(26,745)	(84,018)
Proceeds from redemption of bonds		5,000,000	-
Interest received		1,872,399	1,588,092
Net cash generated from investing activities		<u>6,845,654</u>	<u>1,504,074</u>
FINANCING ACTIVITIES			
Selective Lift Replacement Programme Fundings received		-	5,015,104
Government grants received		13,223,228	12,948,033
Net cash generated from financing activities		<u>13,223,228</u>	<u>17,963,137</u>
Net increase in cash and cash equivalents		12,525,614	9,926,643
Cash and cash equivalents at the beginning of the year		75,728,820	65,802,177
Cash and cash equivalents at the end of the year	14	<u>88,254,434</u>	<u>75,728,820</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

1. General information

Chua Chu Kang Town Council (formerly known as Hong Kah Town Council) was formed on 5 July 1989 under the Town Councils Act (Cap. 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 Development Board (HDB) within the Town. The principal place of operation is at 309 Choa Chu Kang Ave 4, #02-02 Choa Chu Kang Centre, Singapore 680309.

According to the Town Councils Act (Cap. 329A), Town Councils (Declaration of Towns) order 2011 and Town Councils (Establishment) order 2011 published on 27 May 2011, the Town Council of Hong Kah shall be known as the Town Council for the Town of Chua Chu Kang from 27 May 2011. Chua Chu Kang Town Council ("Town Council") consists of the Chua Chu Kang Group Representation Constituency and Hong Kah North Single Member Constituency.

The financial statements of the Town Council for the financial year ended 31 March 2019 were authorised for issue by the management of the Town Council on 4 September 2019.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") including all related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the provisions of the Town Councils Act, Cap. 329A.

The financial statements have been prepared on a historical cost basis, except as disclosed elsewhere in the financial statements.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Town Council takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- (a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- (b) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- (c) Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are presented in Singapore dollar which is the Town Council's functional currency. All financial information is presented in Singapore dollar, unless otherwise stated.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

2. Summary of significant accounting policies (Continued)

2.2 Adoption of new and amended standards and interpretation

Interpretations and amendments to published standards

The Town Council has adopted the new or revised FRSs and INT FRS that are mandatory for application on 1 April 2018. The adoption of these new or revised FRSs and INT FRS did not result in substantial changes to the Town Council's accounting policies and had no material effects on the financial statements for the current or prior years except as disclosed below.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) impairment of financial assets and 3) general hedge accounting. Details of these new requirements as well as their impact on the financial statements are described below.

The Town Council applied FRS 109 with an initial application date of 1 April 2018. The Town Council has not restated the comparative information, which continues to be reported under FRS 39.

The significant accounting policies for financial instruments under FRS 109 is as disclosed in Note 2.9 and 2.14.

(a) Classification and measurement of financial assets and financial liabilities

The Town Council has applied the requirements of FRS 109 to instruments that have not been derecognised as at 1 April 2018 and has not applied the requirements to instruments that have already been derecognised as at 1 April 2018. The classification of financial assets is based on two criteria: the Town Council's business model for managing the assets and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding. There are no changes in measurement of the Town Council's financial assets and financial liabilities except for changes in terminologies as presented and explained below.

	Previously reported as at 31 March 2018	Adoption of FRS 109	Adjusted as at 1 April 2018
	\$	\$	\$
Non-current assets			
Held-to-maturity debt investments (Note 1)	26,000,000	(26,000,000)	-
Debt investments at amortised cost	-	26,000,000	26,000,000
Current assets			
Held-to-maturity debt investments (Note 1)	5,000,000	(5,000,000)	-
Debt investments at amortised cost	-	5,000,000	5,000,000

Note 1: Financial assets classified as held-to-maturity investments under FRS 39 that were measured at amortised cost continue to be measured at amortised cost under FRS 109 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

2. Summary of significant accounting policies (Continued)

2.2 Adoption of new and amended standards and interpretation (Continued)

(b) Impairment of financial assets

FRS 109 requires an expected credit loss model as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires the Town Council to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. It is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, FRS 109 requires the Town Council to recognise a loss allowance for expected credit losses on all its financial assets measured at amortised cost or at fair value through other comprehensive income. The application of the FRS 109 impairment requirements did not result in a change in the loss allowance on 1 April 2018.

FRS 115 Revenue from Contracts with Customers

FRS 115 supersedes FRS 11 *Construction Contracts*, FRS 18 *Revenue* and the related Interpretations. FRS 115 introduces a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios.

FRS 115 uses the terms ‘contract asset’ and ‘contract liability’ to describe what might more commonly be known as ‘accrued revenue’ and ‘deferred revenue’, however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. Accordingly, the Town Council has continued to use “Conservancy and service fees received in advance” instead of contract liabilities.

The Town Council’s significant accounting policies for its revenue streams are disclosed in Note 2.18. Apart from providing additional disclosures on the Town Council’s revenue transactions, FRS 115 did not have any material effect.

FRS and INT FRS issued but not yet effective

At the date of authorisation of these financial statements, there are FRSs, INT FRSs and amendments to FRS that are relevant to the Town Council that were issued but are not yet effective. The management anticipates that the adoption of these FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Town Council in the period of their initial adoption except for the following:

FRS 116 Leases

FRS 116 was issued in June 2016 and it will supersede FRS 17 *Leases* and its associated interpretative guidance.

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

The Town Council is adopting FRS 116 and expects the adoption of FRS 116 will result in certain operating lease arrangements being recorded on the statement of financial position with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 April 2019.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. Summary of significant accounting policies (Continued)

2.3 Significant accounting estimates and judgements

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets 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. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis.

Apart from those involving estimations, the management has made judgements in the process of applying the Town Council's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.4 Town Council Funds

In accordance with Section 33(1) of the Town Councils Act, separate funds are established to account for the management of the different types of properties. The types of properties currently under the management of the Town Council are as follows:

- Residential Property
- Commercial Property
- Car parks managed by the Town Council for the Housing and Development Board on an agency basis

These routine funds related to properties under management, together with Ordinary Sinking Funds, Lift Replacement Funds and Town Improvement and Project Funds form the Town Council funds.

All monies received by the Town Council are paid into and related expenditure is 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.

Ordinary Sinking Funds

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

With the establishment of the Lift Replacement Fund, the minimum contribution rates for conservancy and service charges and grants-in-aid for Ordinary Sinking Funds is 26%.

Under the Town Councils Act, the Minister of National Development may, from time to time, prescribe the minimum amounts of conservancy and service fees and grants-in-aid to be paid into the Ordinary Sinking Funds. These minimum contributions are treated as operating income transfers and are deducted from conservancy and service fees and government grants in the income and expenditure statement.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. Summary of significant accounting policies (Continued)

2.4 Town Council Funds (Continued)

The minimum amounts to be paid, by property type, into the Ordinary Sinking Funds are as follows:

(i)	1-room to 3-rooms	26% (2018: 26%) of conservancy and service fees and grants-in-aid
(ii)	4-rooms	26% (2018: 26%) of conservancy and service fees and grants-in-aid
(iii)	5-rooms	26% (2018: 26%) of conservancy and service fees and grants-in-aid
(iv)	Executive	26% (2018: 26%) of conservancy and service fees and grants-in-aid
(v)	Shop with living accommodation	26% (2018: 26%) of conservancy and service fees and grants-in-aid
(vi)	Commercial property	26% (2018: 26%) of conservancy and service fees and grants-in-aid

The LRF matching grant which is grants-in-aid is not subject to the minimum contribution rates to Ordinary Sinking Funds.

The Ordinary Sinking Funds are utilised for cyclical major repainting, renewal or replacement of roofing system, water tanks, pumps and water supply system, 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 as defined under the Housing and Development Act.

Lift Replacement Funds

Under the Town Councils (Amendment) Act 2017, Town Councils are required to establish a new Lift Replacement Fund ("LRF") with effect from 1 April 2017 in accordance with Section 33(4A) of the Town Councils Act. The establishment of the LRF is a standalone fund to be carved out from the existing Sinking Funds ("SF") and ring-fenced specifically for lift replacements and other lift-related replacement works.

With the establishment of the Lift Replacement Fund, the minimum contribution rates for conservancy and service charges and grants-in-aid for Lift Replacement Funds is 14% (2018: 14%).

Under the Town Councils Act, the Minister of National Development may, from time to time, prescribe the minimum amounts of conservancy and service fees and grants-in-aid to be paid into the Lift Replacement Funds. These minimum contributions are treated as operating income transfers and are deducted from conservancy and service fees and government grants in the income and expenditure statement.

The LRF matching grant which is grants-in-aid is not subject to the minimum contribution rates to Lift Replacement Fund.

Town Improvement and Project Funds

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

The Town Improvement and Project Funds comprise the amounts set aside for projects to be carried out in the next financial year. All expenditures on town improvement and projects are appropriated from this fund.

The fund is set up by transfer of funds from the accumulated surplus to fund specific projects to be carried out. In addition, the Town Council receives funding for approved projects under the Community Improvement Projects Committee ("CIPC") scheme. These funds are paid through the Citizens' Consultative Committees ("CCC").

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. Summary of significant accounting policies (Continued)

2.5 Inter-fund transfers

The Town Council may make inter-fund transfers with the criteria as set out in Sections 33(9) and 43(1)(i) of the Town Councils Act (Chapter 329A) and Rule 11A of Town Councils Financial Rules.

2.6 Allocation of general overheads

Expenditure not specifically related to any property type managed, for example, administrative overheads, tree planting and pruning are 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	1
36 Motor Cycle Lots	1
4 Lorry Lots	1

A total of five percent of related overheads are allocated to Ordinary Sinking Funds and Lift Replacement Funds.

2.7 Government grants

The Town Council receives five types of grants from the Government, namely, Conservancy and Service Charges ("S&CC") Grant, Payment from CCC, GST Subvention Grant, Lift Replacement Fund Matching Grant ("LRF Matching Grant") and Lift Maintenance Grant ("LMG").

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to income and expenditure statement over the expected useful life of the relevant asset by equal annual instalment.

- (i) Conservancy and Service Charge operating grants to meet the current year's operating expenditure are taken to the Income and Expenditure Statement, except to the extent which is required to be transferred to Ordinary Sinking Funds and Lift Replacement Funds based on the amount prescribed.
- (ii) Payments from CCC are given as reimbursement claims under the Community Improvement Projects Committee Scheme.
- (iii) GST Subvention Grants are given as grants-in-aid to the Town Council to assist the Town Council in absorbing the GST increases in conservancy and service charges for HDB residential flats.
- (iv) Lift Replacement Fund Matching Grant ("LRF Matching Grant") is given as grant-in-aid to the Town Council by MND to match 50% of Town Council's quarterly contributions and voluntary contribution to the Lift Replacement Funds to supplement Town Council's savings.
- (v) Lift Maintenance Grant ("LMG") is given as grant-in-aid to the Town Council to cope with the higher lift-related servicing and maintenance costs. LMG will be disbursed to Town Council annually. The amount to be disbursed is S\$600 for every eligible lift maintained by the Town Council. The grant are taken to the Income and Expenditure Statement, except to the extent which is required to be transferred to Ordinary Sinking Funds and Lift Replacement Funds based on the amount prescribed.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. Summary of significant accounting policies (Continued)

2.8 Plant and equipment and depreciation

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. 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 plant and equipment.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

- | | |
|------------------------------------|------------|
| • Furniture, fixtures and fittings | 5 years |
| • Office equipment | 3- 5 years |

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of plant and equipment is recognised in income and expenditure statement.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

2.9 Financial assets

Financial assets (before 1 April 2018)

Initial recognition, measurement and derecognition of financial assets

The Town Council classifies its investments in financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and held-to-maturity financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date, with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

The initial recognition of financial assets at fair value is normally represented by the transaction price. The transaction price for financial asset 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 asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed off immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the “substance over form” based derecognition test prescribed by FRS 39 *Financial Instruments: Recognition and Measurement* relating to the transfer of risks and rewards of ownership and the transfer of control.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. Summary of significant accounting policies (Continued)

2.9 Financial assets (Continued)

Financial assets (before 1 April 2018) (Continued)

Subsequent measurement

Subsequent measurement based on the classification of financial assets of the respective categories under FRS 39 is as follows:

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

Assets are classified in this category when they are principally incurred for the purpose of selling or repurchasing in the near term (trading assets) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the “fair value option” and it is used. These assets are carried at fair value by reference to the transaction price or current bid prices in an active market. All changes in fair value are recognised directly in the income and expenditure/ordinary sinking funds/lift replacement funds statement. They are classified as non-current assets unless management intends to dispose of the investment within 12 months from the reporting date. Investments in equities and bonds are classified under this category.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account.

(iii) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Town Council’s management has the positive intention and ability to hold to maturity. Held-to-maturity financial assets are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method, less impairment losses. Gains and losses are recognised in the income and expenditure statement when the held-to-maturity investments are derecognised or impaired, and through the amortisation process. The Town Council’s held-to-maturity investments include investments in government bonds with fixed interest rate.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. Summary of significant accounting policies (Continued)

2.9 Financial assets (before 1 April 2018) (Continued)

(iv) Impairment of financial assets

The Town Council assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment losses recognised in the income and expenditure/ordinary sinking funds/lift replacement funds statement on equity investments are not reversed through income and expenditure/ordinary sinking funds/lift replacement funds statement, until the equity investments are disposed of.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would be determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets (from 1 April 2018)

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(i) Classification and measurement of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition, the Town Council may make an irrevocable election (on an instrument-by instrument basis) to designate investments in equity instruments as at fair value through other comprehensive income (FVTOCI). Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which FRS 103 applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Town Council manages together and has evidence of a recent actual pattern of short-term profit-taking

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. Summary of significant accounting policies (Continued)

2.9 Financial assets (from 1 April 2018) (Continued)

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest is recognised using the effective interest method for debt instruments measured subsequently at amortised cost.

(ii) Impairment of financial assets

The Town Council recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through Income and Expenditure Statement or the respective funds. 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. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Town Council always recognises lifetime ECL for conservancy and service 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 trade receivables, where the loss allowance is equal to lifetime ECL. The following allowance matrix is used:

	<u>Rate of Provision</u>
Live accounts with arrears in excess of 12 months	100%
Terminated accounts with arrears in excess of 12 months	100%

Any subsequent changes in lifetime ECL, both positive and negative, will be recognised immediately in Income and Expenditure Statement or respective funds.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. Summary of significant accounting policies (Continued)

2.9 Financial assets (from 1 April 2018) (Continued)

(iii) Derecognition of financial assets

The Town Council derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Town Council neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Town Council recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Town Council retains substantially all the risks and rewards of ownership of a transferred financial asset, the Town Council continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

2.10 Impairment of non-financial assets

At each reporting date, the Town Council reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Town Council estimates the recoverable amount of the cash-generating unit to which the asset belongs. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

2.11 Funds with fund managers

Funds with fund managers represent the cost of the portfolio of assets placed with fund managers at the beginning of each management term plus investment income less management fees payable during the management term.

Funds with fund managers comprise mainly of equities, bonds, cash and fixed deposits. Equities and bonds are stated on an aggregated portfolio basis.

2.12 Other receivables

Other receivables recognised initially at fair value and subsequently at amortised cost using the effective interest method, less any impairment losses.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents exclude those managed by the fund manager.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

2. Summary of significant accounting policies (Continued)

2.14 Financial liabilities

Initial recognition, measurement and derecognition of financial liabilities

A financial liability is recognised at each reporting date when, and only when, the Town Council becomes a party to the contractual provisions of the instrument. The initial recognition of financial liability at fair value is 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 are expensed off immediately. The transactions are recorded at the date of transaction.

The Town Council derecognises financial liability when, and only when, its obligations are discharged, cancelled or expired.

Subsequent measurement

Subsequent measurement based on the classification of financial liabilities of the respective categories is as follows:

- (i) Liabilities at fair value through profit or loss: As at the reporting date, there were no financial liabilities classified under this category.
- (ii) Other financial liabilities: All liabilities, which have not been classified in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Payables and borrowings are classified under 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.

2.15 Fair value of financial instruments

The carrying values of current financial assets and financial liabilities approximate their fair values due to the short-term maturity of these instruments. 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.

2.16 Payables and accrued expenses

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

2.17 Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. Summary of significant accounting policies (Continued)

2.18 Revenue recognition (before 1 April 2018)

Revenue comprises the fair value of the consideration received or receivable from the gross inflow of economic benefits during the year arising from the course of the ordinary activities of the Town Council and it is shown net of related tax, estimated returns and rebates.

Conservancy and service fees and agency fees

Conservancy and service fees and agency fees are recognised when due.

Interest income

Interest income from fixed deposits is recognised on a time proportion basis using the effective interest rates. Income from funds placed with fund managers is recognised based on fair value through profit or loss.

Investment income

Investment income from investments in held-to-maturity financial assets is recognised, in the respective funds, on a time proportion basis using the effective interest method.

Other income

Other income comprises mainly licence fees ("TOL") income, liquidated damages claims and other miscellaneous income and are recognised when earned.

Revenue recognition (from 1 April 2018)

Conservancy and service fees and agency fees

Conservancy and service fees is charged on a monthly basis to the lessees and tenants of the Housing and Development Board (HDB) flats and shops/offices towards the maintenance and upkeep of the common property under the Town Council. Conservancy and service fees are allocated between Operating Funds, Ordinary Sinking Funds and Lift Replacement Funds in accordance with the Town Councils Act, Cap. 329A. Conservancy and service fees are recognised as a performance obligation over time. Agency fees received for routine maintenance of HDB's car parks and common property within the town is recognised as a performance obligation over time.

Interest income

Interest income from fixed deposits is recognised on a time proportion basis using the effective interest rates. Income from funds placed with fund managers is recognised based on fair value through profit or loss.

Investment income

Investment income from investments at amortised cost is recognised, in the respective funds, on a time proportion basis using the effective interest method.

Other income

Other income comprises mainly licence fees ("TOL") income, liquidated damages claims and other miscellaneous income and are recognised when earned.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. Summary of significant accounting policies (Continued)

2.19 Lease as a lessee

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

2.20 Income tax

Tax is provided on the following income:

- (i) Interest 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 the use of common property; and
- (iii) Donations from non-residents or non-owners of properties in the Town

Income tax is accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws, and the effects of future changes in tax laws or rates are not anticipated. Income tax expense represents the sum of the tax currently payable and deferred tax. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each reporting date and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. Deferred taxes are recognised for all temporary differences.

In respect of government grants received, the Town Council has been granted remission under Section 92(2) of the Income Tax Act, Cap. 134. Conservancy and service charges are not subject to income tax.

2.21 Foreign currency transactions and translation

The financial statements of the Town Council are measured and presented in Singapore dollar, which is the currency of the primary economic environment in which the Town Council operates (its functional currency).

In preparing the financial statements of the Town Council, transactions in currencies other than the Town Council's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. Summary of significant accounting policies (Continued)

2.22 Neighbourhood Renewal Programme and Electrical Load Upgrading Programme

The Neighbourhood Renewal Programme (“NRP”) was introduced in Aug 2007 in response to feedback received from residents during the Forum on HDB Heartware for more active consultation on the improvements to be provided in their precincts.

The NRP, which replaces the Interim Upgrading Programme (“IUP”) Plus, focuses on block and improvements. It is implemented on a larger area basis of 2 or more contiguous precincts.

Blocks built up to 1989 and have not undergone the Main Upgrading Programme (“MUP”), Interim Upgrading Programme (“IUP”) or IUP Plus are eligible for NRP.

The funding for the NRP is provided by the government for the specified use of projects under the programme. The grant is subject to a budget allocation of S\$3,400 per dwelling unit for NRP works, as well as S\$150 per dwelling unit or S\$125,000, whichever is higher for miscellaneous expenditure. However, if the cost of project works incurred exceeds the grants provided, the Town Council will have to bear the cost of the excess expenditure.

The Electrical Load Upgrading Programme (“ELU”) was introduced to upgrade the incoming electrical supply for HDB apartment blocks from 30amps to 40amps. This programme is fully funded by HDB and administered by the Town Council.

2.23 Selective Lift Replacement Programme

The Selective Lift Replacement Programme (“SLRP”) was introduced in Sep 2014 to help replace eligible older lifts with new ones that come with updated features such as more energy-efficient motors, vision panels for added security, and doors with infra-red motion safety sensors.

Under the SLRP, the Government will co-fund 50% of the lift replacement cost capped at \$125,000 (inclusive of GST) per lift.

The co-funding amount will be disbursed to Town Councils in two stages as shown below:

<u>Stage</u>	<u>Disbursement Quantum</u>
Award of Contract	25% of Lift Replacement Cost
Completion of Lift Replacement	25% of Lift Replacement Cost

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

3. Critical accounting judgments and key sources of estimation uncertainty

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.

(a) Critical accounting estimates and assumptions

The Town Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The 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 are discussed below.

(i) Impairment of conservancy and service receivables and grants receivables

Before 1 April 2018

Allowance for doubtful conservancy and service debts and related interest charged for late payment amounting to S\$1,615,704 has been estimated on the basis of age of debts, result of recovery efforts and historical experience. The identification of doubtful receivables requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying amount of the receivables and the allowance for impairment in the financial year in which such estimate has been changed.

Other receivables mainly consists of grants receivables from the Citizens' Consultative Committees (CCC) for approved projects and no allowance has been provided for. Allowance is applied to other receivables if events or changes in circumstances indicate that the balances may not be collectible.

From 1 April 2018

Upon adoption of FRS 109 *Financial Instruments*, the Town Council measures impairment loss based on an expected credit loss (ECL) on conservancy and service debts and related interest charged for late payment. When measuring ECL, the Town Council uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. The gross amount of conservancy and service fee and related ECL are disclosed in Note 12.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

3. Critical accounting judgments and key sources of estimation uncertainty (Continued)

(a) Critical accounting estimates and assumptions (Continued)

(ii) Income tax

The Town Council is subject to income taxes in Singapore. Judgement is required in determining the deductibility of certain expenses during the estimation of the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of operations. The Town Council recognises liabilities for expected tax issues based on estimate of whether additional taxes will be due. Where the final tax outcome of these matters differs from the amounts that were initially recognised, such differences will impact the income tax provisions in the period in which such determination is made. As at 31 March 2019, the tax payable by the Town Council was S\$1,072,037 (2018: S\$1,209,035).

(iii) Financial instruments measured at amortised cost

Before 1 April 2018

The Town Council follows the guidance of FRS 39, *Financial Instruments: Recognition and Measurement*, on classifying non-derivatives financial assets with fixed or determinable payments with fixed maturity as held-to-maturity. This classification requires judgement. In making this judgement, the Town Council evaluates its intention and ability to hold such investments to maturity. If the Town Council fails to keep investments to maturity other than for specific circumstances, it will be required to reclassify these investments as available-for-sale. The investments would then be measured at fair value, and not amortised cost.

From 1 April 2018

Debt investments held by the Town Council is measured at amortised cost as both the 'business model test' and the 'contractual cash flow characteristics test' are satisfied. The business model test is whether the objective of the Town Council's is to hold the financial asset to collect the contractual cash flows rather than have the objective to sell the instrument before its contractual maturity to realise its fair value changes. The contractual cash flow characteristics test is whether the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Key sources of estimation uncertainty

Management is of the opinion that there are no key assumptions 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 amount of assets and liabilities within the next financial year, except for those as disclosed above under critical accounting estimates and assumptions.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

4. 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	2018	2019	2018	2019	2018	2019	2018
		S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
OPERATING INCOME									
Conservancy and service fees		53,836,400	47,356,491	51,358,531	45,227,508	2,477,869	2,128,983	-	-
Less: Operating transfer to Ordinary Sinking Funds (minimum required by law)	5	(13,997,468)	(12,312,689)	(13,353,221)	(11,759,153)	(644,247)	(553,536)	-	-
Operating transfer to Lift Replacement Funds (minimum required by law)	6	(7,537,099)	(6,629,918)	(7,190,197)	(6,331,860)	(346,902)	(298,058)	-	-
		32,301,833	28,413,884	30,815,113	27,136,495	1,486,720	1,277,389	-	-
Agency fees	16	4,328,603	3,873,993	-	-	-	-	4,328,603	3,873,993
Other income	17	2,628,365	2,681,247	1,889,995	1,936,330	663,952	660,738	74,418	84,179
		39,258,801	34,969,124	32,705,108	29,072,825	2,150,672	1,938,127	4,403,021	3,958,172
Less: Operating Expenditure		(38,922,169)	(36,746,887)	(34,496,168)	(32,563,536)	(1,113,063)	(1,003,941)	(3,312,938)	(3,179,410)
OPERATING SURPLUS / (DEFICIT)		336,632	(1,777,763)	(1,791,060)	(3,490,711)	1,037,609	934,186	1,090,083	778,762
Add: Investment Income	20	210,913	120,446	185,491	105,794	4,458	2,614	20,964	12,038
Less:									
Town Improvement Project Works	7	(538,609)	(697,469)	(525,409)	(685,953)	(13,200)	(11,516)	-	-
SURPLUS / (DEFICIT) BEFORE INCOME TAX AND GOVERNMENT GRANTS		8,936	(2,354,786)	(2,130,978)	(4,070,870)	1,028,867	925,284	1,111,047	790,800
Less:									
Goods & Services Tax	21	(462,787)	(379,905)	(407,040)	(333,762)	(9,761)	(8,158)	(45,986)	(37,985)
Income Tax Credit / (Expense)	22	41,592	(158,686)	22,261	(139,878)	2,020	(3,749)	17,311	(15,059)
		(412,259)	(2,893,377)	(2,515,757)	(4,544,510)	1,021,126	913,377	1,082,372	737,756
(DEFICIT) / SURPLUS BEFORE GOVERNMENT GRANTS		19,285,680	13,776,506	16,798,976	13,587,488	2,486,704	189,018	-	-
Add: Government grants	23								
Less: Transfer to									
Ordinary Sinking Funds	5, 23	(2,198,273)	(1,954,321)	(2,197,649)	(1,954,009)	(624)	(312)	-	-
Lift Replacement Funds	6, 23	(1,183,685)	(1,052,329)	(1,183,349)	(1,052,161)	(336)	(168)	-	-
Lift Replacement Funds - LRF matching grants	6, 23	(7,844,416)	(3,640,665)	(5,421,254)	(3,494,372)	(2,423,162)	(146,293)	-	-
Town Improvement and Project Funds	7, 23	(2,986,375)	(2,619,229)	(2,925,233)	(2,577,704)	(61,142)	(41,525)	-	-
		5,072,931	4,509,962	5,071,491	4,509,242	1,440	720	-	-
SURPLUS / (DEFICIT) FOR THE YEAR		4,660,672	1,616,585	2,555,734	(35,268)	1,022,566	914,097	1,082,372	737,756
ACCUMULATED SURPLUS AT 1 APRIL		6,913,831	5,297,246	773,604	808,872	3,744,255	2,830,158	2,395,972	1,658,216
Less:									
Transfer to Lift Replacement Funds - voluntary contribution	6	(7,000,000)	-	(2,500,000)	-	(4,500,000)	-	-	-
ACCUMULATED SURPLUS AT 31 MARCH		4,574,503	6,913,831	829,338	773,604	266,821	3,744,255	3,478,344	2,395,972

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5. ORDINARY SINKING FUNDS

Note	Total		Residential Property		Commercial Property	
	2019	2018	2019	2018	2019	2018
	S\$	S\$	S\$	S\$	S\$	S\$
Balance at 1 April	101,879,653	116,847,599	80,355,379	92,259,212	21,524,274	24,588,387
Amount transferred to Lift Replacement Funds	-	(16,358,664)	-	(12,916,290)	-	(3,442,374)
	101,879,653	100,488,935	80,355,379	79,342,922	21,524,274	21,146,013
Add:						
Investment Income	1,735,692	2,540,389	1,695,098	2,480,430	40,594	59,959
Other Income	2,522	8,617	2,522	8,445	-	172
Operating transfer from conservancy and services fees	13,997,468	12,312,689	13,353,221	11,759,153	644,247	553,536
Government grants	2,198,273	1,954,321	2,197,649	1,954,009	624	312
	17,933,955	16,816,016	17,248,490	16,202,037	685,465	613,979
Less:						
Expenditure	(17,757,546)	(15,148,589)	(17,386,036)	(14,919,360)	(371,510)	(229,229)
Goods and Services tax	(200,541)	(164,992)	(195,846)	(161,059)	(4,695)	(3,933)
Income tax	(414,652)	(111,717)	(404,828)	(109,161)	(9,824)	(2,556)
	(18,372,739)	(15,425,298)	(17,986,710)	(15,189,580)	(386,029)	(235,718)
(Deficit)/ Surplus for the year	(438,784)	1,390,718	(738,220)	1,012,457	299,436	378,261
Balance at 31 March	101,440,869	101,879,653	79,617,159	80,355,379	21,823,710	21,524,274
Represented by:						
	2019	2018				
	S\$	S\$				
Non-Current Assets						
Held-to-maturity financial assets	-	21,000,000				
Debt investments at amortised cost	21,000,000	-				
Current Assets						
Held-to-maturity financial assets	-	5,000,000				
Conservancy and service fees receivables	706,126	582,769				
Other receivables	859,578	1,032,578				
Interest receivable	489,883	469,556				
Financial assets at fair value through profit or loss	34,171,446	31,302,045				
Cash and cash equivalents	45,798,861	41,508,408				
Due from accumulated surplus	4,182,054	3,567,141				
	86,207,948	83,462,497				
Total Assets	107,207,948	104,462,497				
Current Liabilities						
Conservancy and services fees received in advance	192,842	176,694				
Payables and accrued expenses	5,142,428	2,052,060				
Income tax payable	431,809	354,090				
	5,767,079	2,582,844				
NET ASSETS	101,440,869	101,879,653				

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

5 (a). ORDINARY SINKING FUNDS (CONTINUED)

	2019	2018
	S\$	S\$
Reroofing works	3,283,462	1,281,834
Redecoration and repainting	7,825,166	7,851,724
Electrical rewiring	1,552,204	1,227,870
Replacement of water pipes	1,258,568	1,539,539
Replacement of water pumps & booster pumps	936,679	879,246
Others	2,901,467	2,368,376
	<u>17,757,546</u>	<u>15,148,589</u>

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6. LIFT REPLACEMENT FUNDS

	<u>Note</u>	2019	2018	Total	2019	2018	2019	2018
		\$S	\$S	\$S	\$S	\$S	\$S	\$S
Balance at 1 April	5	22,811,934	-	22,811,934	18,999,945	-	3,811,989	-
Initial transfer from Ordinary Sinking Funds		-	16,358,664	16,358,664	-	12,916,290	-	3,442,374
Add:								
Investment Income	20	348,308	240,437	588,745	340,135	234,658	8,173	5,779
Other Income		15,403	10,867	26,270	15,042	10,607	361	260
Operating transfer from conservancy and services fees	4	7,537,099	6,629,918	14,167,017	7,190,197	6,331,860	346,902	298,058
Government grants	4, 23	1,183,685	1,052,329	2,236,014	1,183,349	1,052,161	336	168
LRF matching grant *	4, 23	7,844,416	3,640,665	11,485,081	5,421,254	3,494,372	2,423,162	146,293
Fundings for Selective Lift Replacement Programme	27	3,321,336	1,913,363	5,234,699	3,300,896	1,906,300	20,440	7,063
		20,250,247	13,487,579	33,737,826	17,450,873	13,029,958	2,799,374	457,621
Less:								
Expenditure	6(a)	(8,532,997)	(6,940,137)	(15,473,134)	(8,443,107)	(6,854,370)	(89,890)	(85,767)
Goods and Services tax	21	(107,983)	(87,731)	(195,714)	(105,455)	(85,641)	(2,528)	(2,090)
Income tax	22	(74,367)	(6,441)	(81,808)	(72,642)	(6,292)	(1,725)	(149)
		(8,715,347)	(7,034,309)	(15,749,656)	(8,621,204)	(6,946,303)	(94,143)	(88,006)
Surplus for the year		11,534,900	6,453,270	17,988,170	8,829,669	6,083,655	2,705,231	369,615
Transfer from Operating Fund - voluntary contribution		7,000,000	-	7,000,000	2,500,000	-	4,500,000	-
Balance at 31 March	4	41,346,834	22,811,934	64,158,768	30,329,614	18,999,945	11,017,220	3,811,989
Represented by:		2019	2018					
		\$S	\$S					
Non-Current Assets								
Held-to-maturity financial assets	10	-	5,000,000	5,000,000	-	-	-	-
Debt investments at amortised cost	10	5,000,000	-	5,000,000	-	-	-	-
Current Assets								
Conservancy and service fees receivables		380,222	313,799	694,021				
Other receivables		4,618,394	1,057,780	5,676,174				
Interest receivable		35,216	124,110	159,326				
Receivables for Selective Lift Replacement Programme		219,595	-	219,595				
Cash and cash equivalents		23,091,505	19,478,509	42,570,014				
Due from accumulated surplus		9,231,829	2,062,276	11,294,105				
		37,576,761	23,036,474	60,613,235				
Total Assets		42,576,761	28,036,474	70,613,235				
Current Liabilities								
Conservancy and services fees received in advance		103,838	95,143	198,981				
Advances received for Selective Lift Replacement Programme		-	3,101,741	3,101,741				
Payables and accrued expenses **		1,045,281	2,021,215	3,066,496				
Income tax payable		80,808	6,441	87,249				
		1,229,927	5,224,540	6,454,467				
NET ASSETS		41,346,834	22,811,934	64,158,768				

* Included the Lift Replacement Fund Matching Grant of \$3,500,000 (FY2018: \$0) for the voluntary contribution made during the financial year ended 31 March 2019.
This voluntary contribution is made in accordance with Section 33(9) of the Town Councils Act. With the voluntary contribution of \$7,000,000 (FY2018: \$0) from the Operating Funds to the Lift Replacement Funds, the Town Council is entitled to receive a matching grant of \$3,500,000 (FY2018: \$0).

** Included amount for Selective Lift Replacement Programme of \$984,818 (2018: \$1,529,403).

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6 (a). LIFT REPLACEMENT FUNDS (CONTINUED)

	2019	2018
	S\$	S\$
Replacement of lift batteries	329,065	500,190
Lift overhauls & replacement works	1,612,771	2,404,323
Selective lift replacement works	6,542,591	3,982,943
Others	48,570	52,681
	<u>8,532,997</u>	<u>6,940,137</u>

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7. TOWN IMPROVEMENT AND PROJECT FUNDS

	Note	Total		Residential Property		Commercial Property	
		2019	2018	2019	2018	2019	2018
		S\$	S\$	S\$	S\$	S\$	S\$
Balance at 1 April		2,436,768	2,436,768	2,390,817	2,390,817	45,951	45,951
Add/(Less):							
Government grants	4, 23	2,986,375	2,619,229	2,925,233	2,577,704	61,142	41,525
Expenditure		(3,524,984)	(3,316,698)	(3,450,642)	(3,263,657)	(74,342)	(53,041)
Town Improvement Works transfer from accumulated surplus	4	538,609	697,469	525,409	685,953	13,200	11,516
Surplus for the year		-	-	-	-	-	-
Balance at 31 March		2,436,768	2,436,768	2,390,817	2,390,817	45,951	45,951
Represented by:							
		2019	2018				
		S\$	S\$				
Current assets							
Grants receivable		6,741,340	4,317,169				
Total assets		6,741,340	4,317,169				
Current liabilities							
Payables and accrued expenses		466,280	801,557				
Amount due to accumulated surplus		3,838,292	1,078,844				
Total liabilities		4,304,572	1,880,401				
NET ASSETS		2,436,768	2,436,768				

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

8. ADVANCES RECEIVED FOR NEIGHBOURHOOD RENEWAL PROGRAMME/ ELECTRICAL LOAD UPGRADING PROGRAMME, NET

The movement in the balance is as follows:

	2019	2018
	S\$	S\$
Balance at 1 April	403,114	393,624
Funding from government for Neighbourhood Renewal Programme	2,975,027	1,054,045
Reimbursement from HDB for Electrical Loading Upgrading Programme	398,713	1,183,013
Payment and/or due to contractors	(2,296,114)	(2,227,568)
Net movement during the year	1,077,626	9,490
Balance at 31 March	1,480,740	403,114

	2019	2018
	S\$	S\$
Advances received for Neighbourhood Renewal Programme	2,481,295	985,184
Less: Receivables for Electrical Loading Upgrading Programme	(1,000,555)	(582,070)
	1,480,740	403,114

9. PLANT AND EQUIPMENT

	Furniture, fixtures and fittings	Office equipment	Total
	S\$	S\$	S\$
<u>Cost</u>			
At 1 April 2017	617,187	256,959	874,146
Additions	44,160	39,858	84,018
Written off	-	(18,468)	(18,468)
At 31 March 2018	661,347	278,349	939,696
Additions	10,885	15,860	26,745
Written off	(1,019)	(17,720)	(18,739)
At 31 March 2019	671,213	276,489	947,702
<u>Accumulated Depreciation</u>			
At 1 April 2017	612,627	187,509	800,136
Depreciation	4,180	28,700	32,880
Written off	-	(18,468)	(18,468)
At 31 March 2018	616,807	197,741	814,548
Depreciation	11,331	31,322	42,653
Written off	(1,019)	(17,720)	(18,739)
At 31 March 2019	627,119	211,343	838,462
<u>Net book value</u>			
At 31 March 2018	44,540	80,608	125,148
At 31 March 2019	44,094	65,146	109,240

**NOTES TO THE FINANCIAL STATEMENTS
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10. DEBT INVESTMENTS AT AMORTISED COST (HELD-TO-MATURITY FINANCIAL ASSETS)

	2019	2018
	S\$	S\$
Quoted debt securities, at amortised cost	26,000,000	31,000,000
Quoted debt securities, at amortised cost	26,000,000	31,000,000
Less: current portion - quoted debt securities	-	(5,000,000)
Non-current portion	26,000,000	26,000,000
With maturity within 1 year : 1.83% p.a. (FY17/18 : 1.83% p.a.)	-	5,000,000
With maturity 1 to 5 years : 1.825% to 3.14% p.a. (FY17/18 : 1.825% to 3.14% p.a.)	23,000,000	23,000,000
With maturity over 5 years : 2.505% p.a. (FY17/18 : 2.505% p.a.)	3,000,000	3,000,000
At amortised cost	26,000,000	31,000,000
Market value at 31 March	26,097,500	31,060,070

Financial assets held at amortised costs are denominated in Singapore dollars.

The fair value of government bonds is based on quoted market rates at the reporting date.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The financial assets at fair value through profit or loss represent funds and related investment income placed with professional fund managers. The investments are managed by fund managers appointed by the Town Council based on terms and conditions stipulated on the respective investment agreement. As at the reporting date, the funds invested through a fund manager comprised the following:

	2019	2018
	S\$	S\$
Quoted equities	5,086,059	4,591,989
Quoted debt securities	29,085,387	26,710,056
	34,171,446	31,302,045

12. CONSERVANCY AND SERVICE FEES RECEIVABLES

The Town Council has receivables arising from the performance of its function that do not have a significant financing component. In order to determine the amount of expected credit losses (ECL) to be recognised in the financial statements, a provision matrix is applied on accounts which are considered to be credit-impaired which is adjusted for forward-looking estimates and establishes that ECL should be calculated as:

		2019	2018
		S\$	S\$
Conservancy and service fees receivables		3,263,042	2,915,615
Live accounts with arrears in excess of 12 months	Rate of provision 100%	1,797,029	1,574,724
Terminated accounts with arrears in excess of 12 months	100%	54,705	40,980
Expected credit loss as at 31 March 2019		1,851,734	1,615,704
		1,411,308	1,299,911

The movements in above provision in respect of conservancy and service fees receivables during the year are as follows:

	2019	2018
	S\$	S\$
Balance at 1 April	1,615,704	1,419,095
Additional charge during the year	271,123	253,677
Bad debt written off	(35,093)	(57,068)
Balance at 31 March	1,851,734	1,615,704

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

13. OTHER RECEIVABLES

	<u>2019</u>	<u>2018</u>
	S\$	S\$
Claims from Citizens' Consultative Committee funding receivable	6,741,340	4,317,169
Receivables from Housing Development Board	1,165,527	1,195,020
GST receivable from Inland Revenue Authority of Singapore	4,823	207,124
GST subvention receivable from Ministry of National Development	510,053	460,984
Deposits and Prepayments	912,541	499,663
Receivables from contractors	122,151	214,533
S&CC operating grant receivables	152,197	161,231
Lift Replacement Fund Matching Grant receivables	4,489,109	890,862
Others	14,351	-
	<u>14,112,092</u>	<u>7,946,586</u>

All receivables are denominated in Singapore dollars.

14. CASH AND CASH EQUIVALENTS

	<u>2019</u>	<u>2018</u>
	S\$	S\$
Cash on hand	6,303	7,500
Cash at banks	13,474,421	16,353,238
Cash with fund managers	406,377	2,770,166
	13,887,101	19,130,904
Fixed deposits	74,773,710	59,368,082
	<u>88,660,811</u>	<u>78,498,986</u>

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	<u>2019</u>	<u>2018</u>
	S\$	S\$
Cash and cash equivalents as above	88,660,811	78,498,986
Less: Cash placed with fund managers	(406,377)	(2,770,166)
	<u>88,254,434</u>	<u>75,728,820</u>

Fixed deposits are placed for varying periods from one month to one year. The interest rates range from 0.25% to 2.38% (2018: 0.25% to 2.00%) per annum.

15. PAYABLES AND ACCRUED EXPENSES

	<u>2019</u>	<u>2018</u>
	S\$	S\$
Accrued operating expenses	85,364	299,982
Deposits	1,404,051	967,715
Payables	10,626,756	10,066,239
	<u>12,116,171</u>	<u>11,333,936</u>

All payables and accrued expenses are denominated in Singapore dollars.

Included in payables are amount due to a related party amounting to S\$704,109 (2018: S\$696,405).

16. AGENCY FEES

These are fees received for routine maintenance of HDB's car parks in the Town Council.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

17. OTHER INCOME

	2019	2018
	S\$	S\$
Interest on late payment of conservancy and service fees	221,913	200,057
Liquidated damages	271,214	252,182
Temporary occupation licenses	1,638,664	1,621,872
Usage of void deck, water, electricity and common property	240,888	227,393
Income from sale of tender documents/forfeiture of tender deposits	154,570	182,474
Others	101,116	197,269
	<u>2,628,365</u>	<u>2,681,247</u>

18. MANAGING AGENT'S FEES

The Town Council's management of its operations has been outsourced to a managing agent. The managing agent's fees incurred is disclosed in Note 26.

19. GENERAL AND ADMINISTRATIVE EXPENDITURE

	Note	2019	2018
		S\$	S\$
Advertising, publicity and public relations		334,499	267,502
Audit fee		61,000	81,500
Computer services		264,088	304,709
Depreciation	9	42,653	32,880
Fixed assets not capitalised		16,075	3,657
Office rental and upkeep expenditure		389,084	389,476
Office supplies and stationery		157,550	158,728
Property tax		166,360	166,830
Town Councillors' allowance		150,300	147,896
Allowance for doubtful debts	12	271,123	253,677
Others		211,617	142,311
		<u>2,064,349</u>	<u>1,949,166</u>
		2019	2018
		S\$	S\$
This is allocated to the following expenditure:			
Operating expenditure		1,969,449	1,861,727
Ordinary Sinking fund expenditure		61,685	56,835
Lift Replacement fund expenditure		33,215	30,604
		<u>2,064,349</u>	<u>1,949,166</u>

20. INVESTMENT INCOME

	Note	2019	2018
		S\$	S\$
<u>Accumulated Surplus</u>			
Interest income from fixed deposits and bank current accounts	4	<u>210,913</u>	<u>120,446</u>
<u>Ordinary Sinking Funds</u>			
Interest income from fixed deposits and bank current accounts		630,490	492,070
Interest from quoted debt securities, at amortised cost		605,110	697,128
Gain realised arising from changes in financial assets at fair value through profit or loss		1,131,310	1,299,238
(Loss)/ Gain unrealised arising from changes in financial assets at fair value through profit or loss		(631,218)	51,953
	5	<u>1,735,692</u>	<u>2,540,389</u>
<u>Lift Replacement Funds</u>			
Interest income from fixed deposits and bank current accounts		257,058	186,437
Interest from quoted debt securities, at amortised cost		91,250	54,000
	6	<u>348,308</u>	<u>240,437</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

21. 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 unclaimable portion charged to the respective funds are as follows:-

	<u>Note</u>	<u>2019</u> S\$	<u>2018</u> S\$
Accumulated Surplus	4	462,787	379,905
Ordinary Sinking Funds	5	200,541	164,992
Lift Replacement Funds	6	107,983	87,731
		<u>771,311</u>	<u>632,628</u>

22. INCOME TAX EXPENSE

	<u>Note</u>	<u>2019</u> S\$	<u>2018</u> S\$
Current year income tax provision		530,899	541,138
Over provision in respect of prior years		(83,472)	(264,294)
		<u>447,427</u>	<u>276,844</u>
Taken up in:			
Accumulated Surplus	4	(41,592)	158,686
Ordinary Sinking Funds	5	414,652	111,717
Lift Replacement Funds	6	74,367	6,441
Tax Expense		<u>447,427</u>	<u>276,844</u>

The tax expense on taxable income differs from the amount determined by applying the Singapore standard rate of income tax due to the following:

	<u>2019</u> S\$	<u>2018</u> S\$
Interest income	2,699,138	2,628,584
Other income	1,071,319	1,297,676
	<u>3,770,457</u>	<u>3,926,260</u>
Tax calculated at Singapore tax rate of 17%	640,978	667,464
Income tax exemption	(25,925)	(25,925)
Tax effect of certain income taxed at concessionary tax rate	(106,824)	(122,744)
Over provision in respect of prior years	(83,472)	(264,294)
Others	22,670	22,343
	<u>447,427</u>	<u>276,844</u>

The movements in income tax payable are as follows:

	<u>2019</u> S\$	<u>2018</u> S\$
Balance at 1 April	1,209,035	1,605,409
Income tax paid	(584,425)	(673,218)
Provision during the year	447,427	276,844
Balance at 31 March	<u>1,072,037</u>	<u>1,209,035</u>

CHUA CHU KANG TOWN COUNCIL
(Established under the Town Councils Act, Cap 329A)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

23. GOVERNMENT GRANTS

(i) Government grants taken to the Income and Expenditure Statement during the year are as follows:

	Note	Total		Conservancy and Service		Citizens' Consultative Committee		GST Subvention Grant		Lift Maintenance Grant		LRF Matching Grant	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
		S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Government Grants received/receivable during the financial year	4	19,285,680	13,776,506	5,529,802	4,880,621	2,986,375	2,619,229	1,994,487	1,756,391	930,600	879,600	7,844,416	3,640,665
Less: Transfer to Ordinary Sinking Funds	4, 5	(2,198,273)	(1,954,321)	(1,437,748)	(1,268,962)	-	-	(518,569)	(456,663)	(241,956)	(228,696)	-	-
Transfer to Lift Replacement Funds	4, 6	(9,028,101)	(4,692,994)	(774,173)	(683,287)	-	-	(279,228)	(245,898)	(130,284)	(123,144)	(7,844,416)	(3,640,665)
Transfer to Town Improvement and Project Funds	4, 7	(2,986,375)	(2,619,229)	-	-	(2,986,375)	(2,619,229)	-	-	-	-	-	-
		<u>5,072,931</u>	<u>4,509,962</u>	<u>3,317,881</u>	<u>2,928,372</u>	<u>-</u>	<u>-</u>	<u>1,196,690</u>	<u>1,053,830</u>	<u>558,360</u>	<u>527,760</u>	<u>-</u>	<u>-</u>

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

	2019	2018
	S\$	S\$
Cumulative total grants received / receivable up to 1 April	240,530,705	226,754,199
Grants received / receivable during the financial year	<u>19,285,680</u>	<u>13,776,506</u>
Cumulative total grants received / receivable up to 31 March	<u>259,816,385</u>	<u>240,530,705</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

24. CAPITAL EXPENDITURE COMMITMENTS

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

	<u>2019</u>	<u>2018</u>
	S\$	S\$
Amount approved and contracted for	48,708,869	35,668,091
Amount approved and not contracted for	91,933,874	63,532,082
	<u>140,642,743</u>	<u>99,200,173</u>

The commitments amount included Neighbourhood Renewal Programme projects amounting to S\$27,673,440 (2018: S\$3,738,393), which is funded by HDB.

25. OPERATING LEASE COMMITMENTS

At the end of the reporting year, the Town Council was committed to making the following payments in respect of non-cancellable operating leases of office premises and computer system with an original term of more than one year.

	<u>2019</u>	<u>2018</u>
	S\$	S\$
Not later than one year	332,369	472,586
Later than one year and not later than five years	476,778	101,591
	<u>809,147</u>	<u>574,177</u>

26. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions with related party on terms mutually agreed during the financial year are as follows:

	<u>2019</u>	<u>2018</u>
	S\$	S\$
Managing agent's fees	4,781,125	4,393,463
Lift testing fees	432,000	432,000
Project management and Fire safety manager fees	<u>921,274</u>	<u>989,907</u>

Related party relates to the managing agent of the Town Council who manages the operations of the Town Council.

27. RECEIVABLES / ADVANCES RECEIVED FOR SELECTIVE LIFT REPLACEMENT PROGRAMME

This represents receivables / advances received from the HDB under the Selective Lift Replacement Programme to replace selected old lifts with new ones that come with better safety and security features on a cost-sharing basis with the Town Councils. The SLRP is a once-off programme and the advances would be spent when cyclical replacement is carried out.

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

The Town Council's financial instruments comprised mainly cash & cash equivalents, and various items including investments in financial assets, conservancy and service fees receivable and other receivables, accrued expenses and other payables that arise from its operations.

The main risks arising from the financial instruments are credit risk and market risk. The Town Council is not exposed to foreign exchange risk for the year ended 31 March 2019. There is no significant liquidity risk as sufficient cash is maintained to meet its operational requirements. The Town Council's reviews on the policies for managing these risks are disclosed below.

(a) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. Financial assets that are potentially subject to credit risk consist principally of cash equivalents, receivables and investment in financial assets, including funds with fund manager. The maximum exposure to credit risk is the carrying value of the financial instruments at the end of the financial year. Credit risk on cash and cash equivalents are limited because they are placed with financial institutions with acceptable credit ratings.

For receivables, an ongoing credit evaluation is performed on the financial conditions of the receivables and losses on impairment are recognised in the income and expenditure statement. The allowance for impairment of conservancy and service fees receivable totalling S\$1,851,734 (2018: S\$1,615,704) is determined at the reporting date.

There is no concentration of credit risk with respect to conservancy and service fees receivable, as the Town Council has a large number of household owners.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

There are no other material class of financial assets that are past due except for the conservancy and service fees receivables as disclosed below:

	<u>Note</u>	<u>2019</u> S\$	<u>2018</u> S\$
Not past due		362,463	332,302
Past due 0-12 months		865,162	767,732
Past due 12-24 months		431,165	392,509
Over 24 months		<u>1,604,252</u>	<u>1,423,072</u>
		3,263,042	2,915,615
Allowance for impairment		<u>(1,851,734)</u>	<u>(1,615,704)</u>
	12	<u>1,411,308</u>	<u>1,299,911</u>

Conservancy and service fees receivables amounting to S\$1,411,308 (2018: S\$1,299,911) are not impaired, as the management believes that it will be collectible in the foreseeable future as a result of recovery efforts and based on historical experience.

Exposures to credit risk in funds with fund managers and other investments comprises mainly debt securities, equities and exchange traded products.

Investments in debt securities, equities and exchange traded products are subject to adverse changes in the financial condition of the issuer, or in general economic conditions, or both, which may impair the ability of the issuer to make payment of interest and principal. Exposure to credit risk is monitored by the Town Council's management and the professional investment advisors (in the case of funds with fund managers) with oversight from the Town Council. In addition, the Town Council is required to comply with the requirements as stated in the Town Councils Financial Rules on investments and investment criteria.

Investments classified as debt investments at amortised cost comprised bonds issued by Statutory Boards and/or Government related agencies.

(b) Market Risk

The Town Council is exposed to market risk arising from the Town Council's financial assets held in funds with a fund manager and held-to-maturity financial assets. Market risk is the risk of potential adverse changes to the value of the financial instruments because of changes in market conditions such as interest rates and volatility in security prices.

(i) Price risk

The Town Council is exposed to market risk arising from investments which are classified on the statement of financial position at fair value through profit or loss. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investments and the general market conditions. The investment portfolio with fund manager is monitored by the fund manager on a regular basis so as to assess changes in fundamentals and valuation. Guidelines have been set by the Town Council to manage the exposure of the investment portfolio so as to reduce exposures to market volatility by diversifying the investment portfolio into equities, bonds and other financial assets and to ensure compliance with the Town Council Financial Rules on investments and investment criteria.

The Funds with Fund managers has investment in exchange traded derivatives which are used for hedging purposes.

The table below, summarises the impact to the Town Council's funds with a fund manager, stated at fair value through profit or loss as a result of a 10% increase/decrease in its fair value.

	<u>Increase/(Decrease)</u>			
	<u>Net Assets</u>		<u>Ordinary Sinking Fund Statement</u>	
	2019	2018	2019	2018
	S\$	S\$	S\$	S\$
Funds with a fund manager				
- increase by 10%	3,417,145	3,130,205	3,417,145	3,130,205
- decrease by 10%	<u>(3,417,145)</u>	<u>(3,130,205)</u>	<u>(3,417,145)</u>	<u>(3,130,205)</u>

(ii) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Town Council has interest-bearing fixed deposits placed with financial institutions, financial assets held at amortised and debt securities managed by the fund manager. As the Town Council's debt securities held by funds with a fund manager were mainly confined to trading portfolio managed by the fund manager, presentation of interest rates will not be meaningful to the users of financial statements.

The Town Council has interest-bearing fixed deposits with financial institutions and financial assets held at amortised cost. The interest rates are disclosed in Notes 10 and 14 to the financial statements. The interest-bearing fixed deposits and financial assets held at amortised cost are mainly at fixed rates at the reporting date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest had been 25 basis points higher/lower with all other variables held constant, the Town Council's surplus net of tax would have been S\$48,610 (2018 : S\$71,911) higher/lower.

(iii) Foreign Currency Risk

Town Council is not exposed to foreign currency risk as at 31 March 2019 and 2018.

(c) Liquidity Risk

Liquidity risk is the risk that the Town Council will encounter difficulty in meeting financial obligations due to shortage of funds. The Town Council manages the liquidity risk by maintaining sufficient cash, internally generated cash flows, as well as on basis of expected payment dates of the financial liabilities.

It is expected that all the liabilities will be paid when due. The Town Council expects to meet its cash commitments with cash flows from operating activities and government grants.

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

	Less than 1 year S\$	1-5 years S\$	More than 5 years S\$	Total S\$
As at 31 March 2019				
Debt investments at amortised cost	-	24,113,602	3,394,280	27,507,882
Financial assets at fair value through profit or loss	34,171,446	-	-	34,171,446
Conservancy and service fees receivables	1,411,308	-	-	1,411,308
Other receivables (exclude prepayment)	13,967,628	-	-	13,967,628
Receivables for Selective Lift Replacement Programme	219,595	-	-	219,595
Interest receivable	541,566	-	-	541,566
Cash and cash equivalents	88,660,811	-	-	88,660,811
Conservancy and service fees received in advance	758,136	-	-	758,136
Payables and accrued expenses	12,116,171	-	-	12,116,171
Advances Received for Neighbourhood Renewal Programme/ Electrical Load Upgrading Programme, Net	1,480,740	-	-	1,480,740
As at 31 March 2018				
Held-to-maturity financial assets	5,058,911	24,676,152	3,469,430	33,204,493
Financial assets at fair value through profit or loss	31,302,045	-	-	31,302,045
Conservancy and service fees receivables	1,299,911	-	-	1,299,911
Other receivables (exclude prepayment)	7,779,662	-	-	7,779,662
Interest receivable	624,614	-	-	624,614
Cash and cash equivalents	78,498,986	-	-	78,498,986
Conservancy and service fees received in advance	707,278	-	-	707,278
Advances received for Selective Lift Replacement Programme	3,101,741	-	-	3,101,741
Payables and accrued expenses	11,333,936	-	-	11,333,936
Advances Received for Neighbourhood Renewal Programme/ Electrical Load Upgrading Programme, Net	403,114	-	-	403,114

29. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair values

The carrying amount of financial assets and liabilities with a maturity of less than one year is assumed to approximate their fair values.

The Town Council does not anticipate that the carrying amounts recorded at the end of the reporting period would be significantly different from the values that would eventually be received or settled.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- (a) quoted prices in active markets for identical assets or liabilities (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (Level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

29. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

(I) Assets measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value as at 31 March 2019 and 31 March 2018.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	S\$	S\$	S\$	S\$
<u>Recurring fair value measurement</u>				
31 March 2019				
Financial assets at fair value through profit or loss (Note 11)	34,171,446	-	-	34,171,446
31 March 2018				
Financial assets at fair value through profit or loss (Note 11)	31,302,045	-	-	31,302,045

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. These instruments are included in Level 1.

(II) Assets not carried at fair value but for which fair value is disclosed

The following table shows an analysis of the Town Council's assets not measured at fair value at 31 March 2019 and 31 March 2018 but for which fair value is disclosed :

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Carrying amount</u>
	S\$	S\$	S\$	S\$	S\$
31 March 2019					
Debt investments at amortised cost (Note 10)	26,097,500	-	-	26,097,500	26,000,000
31 March 2018					
Held-to-maturity financial asset (Note 10)	31,060,070	-	-	31,060,070	31,000,000

30. FAIR VALUE OF OTHER ASSETS AND LIABILITIES

The carrying amounts of short-term assets and liabilities approximate their respective fair values due to the relatively short term maturity of these financial instruments. The fair value of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

31. FUNDS MANAGEMENT

The Town Council's objectives when managing funds are:

- (a) to safeguard the Town Council's ability to continue as going concern;
- (b) to provide resources to sustain future development; 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 funding structure through professional fund managers to ensure optimal funding structure, taking into consideration the future funding requirements, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

There were no changes in the Town Council's approach to fund management during the year.

The Town Council is not subject to externally imposed requirements.

The Town Council total funds amounted to \$149,798,974 (2018: \$134,042,186).