

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

**FINANCIAL STATEMENTS**  
**FOR FINANCIAL YEAR ENDED 31 MARCH 2020**

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## Chairman's Message

FY2019/2020 was shaping up to be an exciting year as the Chua Chu Kang Town Council (CCKTC) delivered on the projects under its 2016 5-year Masterplan and unveiled its 2020 5-year masterplan for 2020-2024 to residents. Early this year, when Covid-19 struck, the Town Council adapted quickly to the “circuit breaker” mode. It kept the estate safe with social distancing measures and maintained its cleanliness despite reduced manpower due to the pandemic. This would not have been possible without the support of our residents. These extraordinary times are when our resilience and tenacity as a community shine.



## 2020 Masterplan



The Town Council launched the 2020 Masterplan in the midst of the pandemic and despite the challenges ahead, we remain focused and committed to building a gracious community and a beautiful and inclusive home for all our residents.

### Estate and Home Improvements



- Home Improvement Programme (HIP) For 9,322 households
- Neighbourhood Renewal Programme (NRP) For 14,643 households
- Transport options for all

### Moving Around Made Easier



**Integrated Transport Hub** at Chua Chu Kang for better commute

2 New Jurong Regional Line MRT Stations: Brickland MRT Station (North-South Line); Hume MRT Station (Downtown Line)

Sheltered linkways and barrier-free paths from homes to transport nodes

New Bus Services for better intra-town connectivity

### Remaking Our Heartland

Chua Chu Kang has been selected to be part of the fourth series of the **Remaking Our Heartland (ROH)** Programme by HDB. Working closely with residents, the Town will be revitalised with refreshing facilities and design perspectives.

The Town Council also has plans to further enhance **Community & Inclusive spaces**, and have facilities to encourage **Health, Play and Fitness**.



### More gardens and community spaces for bonding and interaction. Fitness Corners & Equipment that caters to the young & old

664 Blocks will be refreshed with repairs and a fresh coat of paint (**Repair & Re-decoration Programme**)

240 Lifts to be replaced ;  
772 Lifts to be enhanced



The next 5 years hold new and exciting developments. More upgrading and infrastructure developments are in the pipeline to improve our residents' quality of life. In addition, the Masterplan will boost sustainability efforts while rejuvenating Chua Chu Kang Town and encouraging community bonding.

Our forward-looking town that is home to innovation and learning hubs also offers fresh opportunities for businesses and residents to re-imagine their future for work, play and sustainable living.

This Masterplan will take Chua Chu Kang residents into an age of healthy and active living, with opportunities to connect, work and live better.



## Neighbourhood Renewal Programme



For Financial Year 2019/2020, CCKTC oversaw a total of 7 Neighbourhood Renewal Programmes (NRPs) and 44 improvement projects at various stages of implementation. These efforts were developed based on feedback from residents who actively participated in sharing sessions, public consultations and consensus gatherings. Such improvements have kept our estate up-to-date and looking good. In addition, the Town Council has built linkways, multi-generational leisure and recreational facilities, themed children's playgrounds, fitness corners and community gardens that are closely knitted to the NRPs.

## Cyclical Works



For the safety and well-being of residents, we continually ensure that our equipment and infrastructure are well-maintained and in good working condition. For FY 2019/2020, the Town Council carried out \$20.74 million worth of cyclical works. These include works such

as repair and redecoration, repainting, re-roofing, re-wiring and replacement of various equipment including booster pumps, water pipes, total replacement of lifts, hoisting ropes and shafts of lifts.

### **Financial Report**

The Town Council had an operating surplus of \$2.32 million in the Financial Year ended 31 March 2020. Our accumulated surplus was \$6.89 million. The Town Council is able to keep S&CC affordable while maintaining a high standard of estate management by working closely with residents, community partners, grassroot organisations and relevant agencies.

We will continue to exercise prudence in our expenditure, as part of responsible corporate governance.

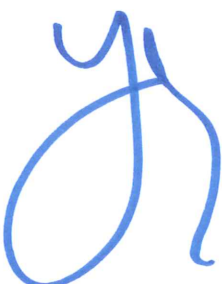
### **Moving Forward Together**

The Town Council will continue to work hard to improve service standards and our Chua Chu Kang home. With our residents' support and trust, we can make Chua Chu Kang a home we can be proud of, and emerge from this Covid-19 pandemic stronger and better together.

This is a place we can continue to build our hopes and dreams.

To create a beautiful, inclusive and gracious community.

Together, a better home 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 2020, 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 9 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 2020 and of the financial performance, changes in Town Council funds and cash flows of the Town Council for the financial year ended on that date.

*Basis for opinion*

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

*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 FRSSs, 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

25 November 2020

**CHUA CHU KANG TOWN COUNCIL**  
(Established under the Town Councils Act, Cap 329A)  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2020**

	Note	2020 S\$	2019 S\$
<b>TOWN COUNCIL FUNDS</b>			
<b>RESIDENTIAL PROPERTY</b>			
Accumulated Surplus	4	1,129,318	829,338
Sinking Funds			
Ordinary Sinking Funds	5	86,302,792	79,617,159
Lift Replacement Funds	6	37,878,634	30,329,614
		124,181,426	109,946,773
Town Improvement and Project Funds	7	2,390,817	2,390,817
		127,701,561	113,166,928
<b>COMMERCIAL PROPERTY</b>			
Accumulated Surplus	4	1,154,092	266,821
Sinking Funds			
Ordinary Sinking Funds	5	22,225,094	21,823,710
Lift Replacement Funds	6	11,478,848	11,017,220
		33,703,942	32,840,930
Town Improvement and Project Funds	7	45,951	45,951
		34,903,985	33,153,702
<b>CARPARK</b>			
Accumulated Surplus	4	4,606,664	3,478,344
		167,212,210	149,798,974
Represented by:			
<b>NON-CURRENT ASSETS</b>			
Plant and Equipment	9	2,969,691	109,240
Debt investments at amortised cost	10	13,000,000	26,000,000
		15,969,691	26,109,240
<b>CURRENT ASSETS</b>			
Debt investments at amortised cost	10	13,000,000	-
Financial Assets at fair value through profit or loss	11	33,871,254	34,171,446
Conservancy and service fees receivables	12	1,374,109	1,411,308
Other receivables	13	10,811,445	14,112,092
Interest receivable		811,837	541,566
Receivables/Advance for Selective Lift Replacement Programme and Lift Enhancement Programme	28	2,090,475	219,595
Cash and cash equivalents	14	110,277,880	88,660,811
		172,237,000	139,116,818
Total Assets		188,206,691	165,226,058
Less:			
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities	16	2,185,969	-
<b>CURRENT LIABILITIES</b>			
Conservancy and service fees received in advance		854,839	758,136
Payables and accrued expenses	15	15,766,193	12,116,171
Advances received for Neighbourhood Renewal Programme/ Electrical Load Upgrading Programme, Net	8	455,462	1,480,740
Lease liabilities	16	611,219	-
Income tax payable	23	1,120,799	1,072,037
		18,808,512	15,427,084
<b>NET ASSETS</b>		167,212,210	149,798,974

LOW YEN LING  
CHAIRMAN

Date : 25 November 2020

CLARENCE TAN KOK CHEOW  
GENERAL MANAGER / SECRETARY

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 2020**

	Note	2020 S\$	2019 S\$
<b>OPERATING INCOME</b>			
Conservancy and service fees	4	55,198,574	53,836,400
Less:			
Operating income transfer to Ordinary Sinking Funds	4, 5	(14,351,635)	(13,997,468)
Operating income transfer to Lift Replacement Funds (minimum required by law)	4, 6	<u>(7,727,803)</u>	<u>(7,537,099)</u>
		33,119,136	32,301,833
Agency fees	17	4,348,282	4,328,603
Other income	18	<u>2,974,925</u>	<u>2,628,365</u>
		40,442,343	39,258,801
Less:			
<b>OPERATING EXPENDITURE</b>			
Cleaning works		(8,740,456)	(8,202,202)
Managing agent's fees	19	(4,955,377)	(4,781,125)
Lift maintenance		(7,833,978)	(6,733,053)
Other works and maintenance		(6,335,423)	(6,820,911)
Water and electricity		(11,165,463)	(10,415,429)
Finance costs		(14,070)	(57)
General and administrative expenditure	20	<u>(2,144,264)</u>	<u>(1,969,392)</u>
		(41,189,031)	(38,922,169)
<b>OPERATING (DEFICIT) / SURPLUS</b>		(746,688)	336,632
<b>ADD: NON OPERATING INCOME</b>			
Investment income	21	275,153	210,913
Less :			
Town Improvement Project Works	7	<u>(2,263,007)</u>	<u>(538,609)</u>
<b>(DEFICIT) / SURPLUS BEFORE TAXATION AND GOVERNMENT GRANTS</b>		(2,734,542)	8,936
Less:			
Goods and Services Tax	22	(360,516)	(462,787)
Income Tax (Expense) / Credit	23	<u>(116,678)</u>	<u>41,592</u>
<b>DEFICIT BEFORE GOVERNMENT GRANTS</b>		(3,211,736)	(412,259)
Add: Government grants	24	17,869,513	19,285,680
Less: Transfer to Ordinary Sinking Funds	5	(2,395,167)	(2,198,273)
Transfer to Lift Replacement Funds	6	(5,789,320)	(9,028,101)
Transfer to Town Improvement and Project Funds	7	<u>(4,157,719)</u>	<u>(2,986,375)</u>
		5,527,307	5,072,931
<b>SURPLUS FOR THE FINANCIAL YEAR</b>		2,315,571	4,660,672
<b>ACCUMULATED SURPLUS AT 1 APRIL</b>		4,574,503	6,913,831
Less:			
Transfer to Lift Replacement Funds - voluntary contribution	6	-	(7,000,000)
<b>ACCUMULATED SURPLUS AT 31 MARCH</b>		<u><u>6,890,074</u></u>	<u><u>4,574,503</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 COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

	<u>Note</u>	<u>2020</u> S\$	<u>2019</u> S\$
<b>SURPLUS / (DEFICIT) FOR THE FINANCIAL YEAR</b>			
Accumulated Surplus	4	2,315,571	4,660,672
Ordinary Sinking Funds	5	7,087,017	(438,784)
Lift Replacement Funds	6	8,010,648	11,534,900
		<u>17,413,236</u>	<u>15,756,788</u>
<b>OTHER COMPREHENSIVE INCOME</b>		-	-
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO TOWN COUNCIL FUNDS</b>		<u><u>17,413,236</u></u>	<u><u>15,756,788</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 2020**

Balance as at 1 April 2018				
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>				
Surplus for the year				
Other comprehensive income				
<b>Total comprehensive income for the year</b>				
<b>Balance as at 31 March 2019</b>				
Balance as at 1 April 2019				
<b>COMPREHENSIVE INCOME FOR THE YEAR</b>				
Surplus for the year				
Other comprehensive income				
<b>Total comprehensive income for the year</b>				
<b>Balance as at 31 March 2020</b>				

The surplus for the financial year comprises the following :

	<u>Note</u>	<u>2020</u>	<u>2019</u>
		<u>S\$</u>	<u>S\$</u>
Accumulated Surplus	4	2,315,571	4,660,672
Ordinary Sinking Funds	5	7,087,017	(438,784)
Lift Replacement Funds	6	8,010,648	11,534,900
		<u>17,413,236</u>	<u>15,756,788</u>

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**CHUA CHU KANG TOWN COUNCIL**  
(Established under the Town Councils Act, Cap 329A)  
**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

	<u>Note</u>	<u>2020</u> S\$	<u>2019</u> S\$
<b>OPERATING ACTIVITIES</b>			
Deficit before income tax and Government Grant (after Goods and Services Tax)		(3,095,058)	(453,851)
Adjustments for :			
Depreciation	9	292,831	42,653
Interest paid for lease liabilities		14,070	-
Provision for doubtful debts	12	331,650	271,123
Operating transfer to Ordinary Sinking Fund		14,351,635	13,997,468
Operating transfer to Lift Replacement Fund		7,727,803	7,537,099
Investment income of operating fund (included in investing activities)	21	<u>(275,153)</u>	<u>(210,913)</u>
Operating cash inflows before movements in working capital		19,347,778	21,183,579
Receivables		431,773	(485,574)
Payables		3,746,228	833,043
Increase in advances received for Neighbourhood Renewal Programme/ Electrical Load Upgrading Programme, Net	8	<u>(1,025,278)</u>	<u>1,077,626</u>
<b>Cash generated from operations</b>		22,500,501	22,608,674
Income tax paid	23	(524,838)	(584,425)
Ordinary Sinking Fund expenditure inclusive of goods and services tax		(11,039,596)	(17,958,087)
Ordinary Sinking Fund other income received	5	42,831	2,522
Lift Replacement Fund expenditure inclusive of goods and services tax		(10,384,774)	(8,640,980)
Lift Replacement Fund other income received	6	19,639	15,403
Town Improvement and Project expenditure		<u>(4,157,719)</u>	<u>(2,986,375)</u>
<b>Net cash used in operating activities</b>		<u>(3,543,956)</u>	<u>(7,543,268)</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of plant and equipment	9	(24,130)	(26,745)
Proceeds from redemption of bonds		-	5,000,000
Interest paid for lease liabilities		(14,070)	-
Interest received		<u>2,006,303</u>	<u>1,872,399</u>
<b>Net cash generated from investing activities</b>		<u>1,968,103</u>	<u>6,845,654</u>
<b>FINANCING ACTIVITIES</b>			
Selective Lift Replacement Programme Fundings received		2,524,364	-
Government grants received		20,443,936	13,223,228
Repayment for lease liabilities	16	<u>(331,964)</u>	<u>-</u>
<b>Net cash generated from financing activities</b>		<u>22,636,336</u>	<u>13,223,228</u>
<b>Net increase in cash and cash equivalents</b>		21,060,483	12,525,614
<b>Cash and cash equivalents at the beginning of the year</b>		<u>88,254,434</u>	<u>75,728,820</u>
<b>Cash and cash equivalents at the end of the year</b>	14	<u><u>109,314,917</u></u>	<u><u>88,254,434</u></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 2020**

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**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 2020 were authorised for issue by the management of the Town Council on 25 November 2020.

**2. Summary of significant accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared in accordance with Financial Reporting Standards in Singapore ("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 116 *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 2020**

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**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 2019. 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 116 Leases*

FRS 116 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets when such recognition exemptions are adopted. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of FRS 116 on the Town Council's financial statements is described below.

The date of initial application of FRS 116 for the Town Council is 1 April 2019.

The Town Council has applied FRS 116 using the modified retrospective approach which:

- the amount of right-of-use asset recognised is equal to the lease liability at the date of initial application; and
- does not permit restatement of comparatives, which continue to be presented under FRS 17.

(a) Impact of the new definition of a lease

The Town Council has made use of the practical expedient available on transition to FRS 116 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with FRS 17 will continue to be applied to those leases entered or changed before 1 April 2019.

The change in definition of a lease mainly relates to the concept of control. FRS 116 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in FRS 17.

The Town Council applies the definition of a lease and related guidance set out in FRS 116 to all lease contracts entered into or modified on or after 1 April 2019 (whether it is a lessor or a lessee in the lease contract). The new definition in FRS 116 does not significantly change the scope of contracts that meet the definition of a lease for the Town Council.

(b) Impact on lessee accounting

*Former operating leases*

FRS 116 changes how the Town Council accounts for leases previously classified as operating leases under FRS 17, which were off-balance-sheet.

Applying FRS 116, for all leases, the Town Council:

- (i) Recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the remaining lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with FRS 116.C8(b)(ii), except for the right-of-use asset for property leases which were measured on a retrospective basis as if the Standard had been applied since the commencement date;

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

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**2. Summary of significant accounting policies (Continued)**

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

- (ii) Recognises depreciation of right-of-use assets and interest on lease liabilities in the income and expenditure statement; and
- (iii) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the statement of cash flows.

Lease incentives (e.g. free rent period) are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under FRS 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

Under FRS 116, right-of-use assets are tested for impairment in accordance with *FRS 36 Impairment of Assets*.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (which includes tablets and personal computers, small items of office furniture and telephones), the Town Council has opted to recognise a lease expense on a straight-line basis as permitted by FRS 116. This expense is presented within general and administrative expenditure within the income and expenditure statement.

The Town Council has used the following practical expedients when applying the modified retrospective approach to leases previously classified as operating leases applying FRS 17.

- The Town Council has applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- The Town Council has adjusted the right-of-use asset at the date of initial application by the amount of provision for onerous leases recognised under FRS 37 in the statement of financial position immediately before the date of initial application as an alternative to performing an impairment review.
- The Town Council has elected not to recognise right-of-use assets and lease liabilities to leases for which the lease term ends within 12 months of the date of initial application.
- The Town Council has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- The Town Council has used hindsight when determining the lease term when the contract contains options to extend or terminate the lease.

The right-of-use asset and the lease liability are accounted for applying FRS 116 from 1 April 2019.

**(c) Financial impact of initial application of FRS 116**

The weighted average lessee's incremental borrowing rate applied to the lease liabilities recognised in the statement of financial position on 1 April 2019 is 2.62% per annum.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

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**2. Summary of significant accounting policies (Continued)**

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

(c) Financial impact of initial application of FRS 116 (Continued)

The following table shows the operating lease commitments disclosed applying FRS 17 at 31 March 2019, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

	<u>2019</u> S\$
Operating lease commitments at 31 March 2019	809,147
Less: Service and conservancy charges previously included	(130,680)
Less: Short-term leases and leases of low value assets	(43,554)
Less: Effect of discounting the above amounts	(23,794)
Add: Others	9,978
<b>Lease liabilities recognised as at 1 April 2019</b>	<b>621,097</b>

The Town Council has assessed that there is no tax impact arising from the application of FRS 116.

Right-of-use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.

At the date of authorisation of these financial statements, the following FRSs, INT FRSs and amendments to FRS that are relevant to the Town Council were issued but not yet effective. 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 in the period of their initial adoption.

**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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

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**2. Summary of significant accounting policies (Continued)**

**2.4 Town Council Funds (Continued)**

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% (2019: 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.

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

(i)	1-room to 3-rooms	26% (2019: 26%) of conservancy and service fees and grants-in-aid
(ii)	4-rooms	26% (2019: 26%) of conservancy and service fees and grants-in-aid
(iii)	5-rooms	26% (2019: 26%) of conservancy and service fees and grants-in-aid
(iv)	Executive	26% (2019: 26%) of conservancy and service fees and grants-in-aid
(v)	Shop with living accommodation	26% (2019: 26%) of conservancy and service fees and grants-in-aid
(vi)	Commercial property	26% (2019: 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.



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

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**2. Summary of significant accounting policies (Continued)**

**2.4 Town Council Funds (Continued)**

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% (2019: 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").

**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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

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**2. Summary of significant accounting policies (Continued)**

**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.

**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
- Right of use assets over the lease term ranging from 3 to 6 years

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

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**2. Summary of significant accounting policies (Continued)**

**2.8 Plant and equipment and depreciation (Continued)**

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**

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

*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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

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**2. Summary of significant accounting policies (Continued)**

**2.9 Financial assets (Continued)**

**(i) Classification and measurement of financial assets (Continued)**

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 2020**

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**2. Summary of significant accounting policies (Continued)**

**2.9 Financial assets (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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

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**2. Summary of significant accounting policies (Continued)**

**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.

**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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

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**2. Summary of significant accounting policies (Continued)**

**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.

**2.18 Revenue recognition**

*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 2020**

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**2. Summary of significant accounting policies (Continued)**

**2.19 Leases**

**Leases as a lessee (before 1 April 2019)**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in the income and expenditure statement on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the 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.

**Leases as a lessee (from 1 April 2019)**

The Town Council assesses whether a contract is or contains a lease, at inception of the contract. The Town Council recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Town Council recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Town Council uses the incremental borrowing rate specific to the lessee.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

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**2. Summary of significant accounting policies (Continued)**

**2.19 Leases (Continued)**

**Leases as a lessee (from 1 April 2019) (Continued)**

The Town Council remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Town Council incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under FRS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated on straight-line basis over the lease term of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Town Council expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Town Council applies FRS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2.10.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in general and administrative expenditure within the income and expenditure statement.

As a practical expedient, FRS 116 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Town Council has not used this practical expedient. For a contract that contain a lease component and one or more additional lease or non-lease components, the Town Council allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

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**2. Summary of significant accounting policies (Continued)**

**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.

**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.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

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**2. Summary of significant accounting policies (Continued)**

**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

**2.24 Lift Enhancement Programme**

The Lift Enhancement Programme (“LEP”) was introduced in Sep 2016 to help Town Councils modernized their existing Housing Development Board (HDB) lifts that have been in operation for 18 years or less with installation of the recommended enhancement features. HDB will fund about 92.5% of the costs which is derived from the total of individual caps of each lift component required.

**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

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**  
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**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 2020, the tax payable by the Town Council was S\$1,120,799 (2019: S\$1,072,037).

(iii) Financial instruments measured at amortised cost

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.

(iv) Lease – estimating the incremental borrowing rate

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

The carrying amount of the Town Council’s lease liabilities as at the end of the reporting period is S\$2,797,188 (2019: nil).

(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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**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	
		2020	2019	2020	2019	2020	2019	2020	2019
		S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
<b>OPERATING INCOME</b>									
Conservancy and service fees		55,198,574	53,836,400	52,657,136	51,358,531	2,541,438	2,477,869	-	-
Less: Operating transfer to Ordinary Sinking Funds (minimum required by law)	5	(14,351,635)	(13,997,468)	(13,690,861)	(13,353,221)	(660,774)	(644,247)	-	-
Operating transfer to Lift Replacement Funds (minimum required by law)	6	(7,727,803)	(7,537,099)	(7,372,002)	(7,190,197)	(355,801)	(346,902)	-	-
		33,119,136	32,301,833	31,594,273	30,815,113	1,524,863	1,486,720	-	-
Agency fees	17	4,348,282	4,328,603	-	-	-	-	4,348,282	4,328,603
Other income	18	2,974,925	2,628,365	2,188,379	1,889,995	684,175	663,952	102,371	74,418
		40,442,343	39,258,801	33,782,652	32,705,108	2,209,038	2,150,672	4,450,653	4,403,021
Less: Operating Expenditure		(41,189,031)	(38,922,169)	(36,585,633)	(34,496,168)	(1,273,080)	(1,113,063)	(3,330,318)	(3,312,938)
<b>OPERATING (DEFICIT) / SURPLUS</b>		(746,688)	336,632	(2,802,981)	(1,791,060)	935,958	1,037,609	1,120,335	1,090,083
Add: Investment Income	21	275,153	210,913	242,189	185,491	5,782	4,458	27,182	20,964
Less:									
Town Improvement Project Works	7	(2,263,007)	(538,609)	(2,216,264)	(525,409)	(46,743)	(13,200)	-	-
<b>(DEFICIT) / SURPLUS BEFORE INCOME TAX AND GOVERNMENT GRANTS</b>		(2,734,542)	8,936	(4,777,056)	(2,130,978)	894,997	1,028,867	1,147,517	1,111,047
Less:									
Goods & Services Tax	22	(360,516)	(462,787)	(317,550)	(407,040)	(7,571)	(9,761)	(35,395)	(45,986)
Income Tax Credit / (Expense)	23	(116,678)	41,592	(131,641)	22,261	(1,235)	2,020	16,198	17,311
		(3,211,736)	(412,259)	(5,226,247)	(2,515,757)	886,191	1,021,126	1,128,320	1,082,372
<b>(DEFICIT) / SURPLUS BEFORE GOVERNMENT GRANTS</b>									
Add: Government grants	24	17,869,513	19,285,680	17,618,480	16,798,976	251,033	2,486,704	-	-
Less:									
Transfer to									
Ordinary Sinking Funds	5, 24	(2,395,167)	(2,198,273)	(2,394,699)	(2,197,649)	(468)	(624)	-	-
Lift Replacement Funds	6, 24	(1,289,703)	(1,183,685)	(1,289,451)	(1,183,349)	(252)	(336)	-	-
Lift Replacement Funds - LRF matching grants	6, 24	(4,499,617)	(7,844,416)	(4,344,192)	(5,421,254)	(155,425)	(2,423,162)	-	-
Town Improvement and Project Funds	7, 24	(4,157,719)	(2,986,375)	(4,063,911)	(2,925,233)	(93,808)	(61,142)	-	-
		5,527,307	5,072,931	5,526,227	5,071,491	1,080	1,440	-	-
<b>SURPLUS FOR THE YEAR</b>		2,315,571	4,660,672	299,980	2,555,734	887,271	1,022,566	1,128,320	1,082,372
<b>ACCUMULATED SURPLUS AT 1 APRIL</b>		4,574,503	6,913,831	829,338	773,604	266,821	3,744,255	3,478,344	2,395,972
Less:									
Transfer to Lift Replacement Funds - voluntary contribution	6	-	(7,000,000)	-	(2,500,000)	-	(4,500,000)	-	-
<b>ACCUMULATED SURPLUS AT 31 MARCH</b>		6,890,074	4,574,503	1,129,318	829,338	1,154,092	266,821	4,606,664	3,478,344

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**5. ORDINARY SINKING FUNDS**

Note	Total		Residential Property		Commercial Property	
	2020	2019	2020	2019	2020	2019
	S\$	S\$	S\$	S\$	S\$	S\$
<b>Balance at 1 April</b>	101,440,869	101,879,653	79,617,159	80,355,379	21,823,710	21,524,274
Add:						
Investment Income						
Other Income	1,708,491	1,735,692	1,668,670	1,695,098	39,821	40,594
Operating transfer from conservancy and services fees	42,831	2,522	41,483	2,522	1,348	-
Government grants	14,351,635	13,997,468	13,690,861	13,353,221	660,774	644,247
	2,395,167	2,198,273	2,394,699	2,197,649	468	624
	18,498,124	17,933,955	17,795,713	17,248,490	702,411	685,465
Less:						
Expenditure	(10,883,354)	(17,757,546)	(10,594,459)	(17,386,036)	(288,895)	(371,510)
Goods and Services tax	(156,242)	(200,541)	(152,616)	(195,846)	(3,626)	(4,695)
Income tax	(371,511)	(414,652)	(363,005)	(404,828)	(8,506)	(9,824)
	(11,411,107)	(18,372,739)	(11,110,080)	(17,986,710)	(301,027)	(386,029)
<b>Surplus / (Deficit) for the year</b>	7,087,017	(438,784)	6,685,633	(738,220)	401,384	299,436
<b>Balance at 31 March</b>	108,527,886	101,440,869	86,302,792	79,617,159	22,225,094	21,823,710
Represented by:						
	2020	2019				
	S\$	S\$				
<b>Non-Current Assets</b>						
Debt investments at amortised cost	8,000,000	21,000,000				
<b>Current Assets</b>						
Debt investments at amortised cost	13,000,000	-				
Conservancy and service fees receivables	753,552	706,126				
Other receivables	838,252	859,578				
Interest receivable	575,318	489,883				
Financial assets at fair value through profit or loss	33,871,254	34,171,446				
Cash and cash equivalents	52,628,166	45,798,861				
Due from accumulated surplus	3,707,413	4,182,054				
	105,373,955	86,207,948				
<b>Total Assets</b>	113,373,955	107,207,948				
<b>Current Liabilities</b>						
Conservancy and services fees received in advance	222,258	192,842				
Payables and accrued expenses	4,104,092	5,142,428				
Income tax payable	519,719	431,809				
	4,846,069	5,767,079				
<b>NET ASSETS</b>	108,527,886	101,440,869				



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**5 (a). ORDINARY SINKING FUNDS (CONTINUED)**

	2020	2019
	S\$	S\$
Reroofing works	2,830,617	3,283,462
Redecoration and repainting	2,192,698	7,825,166
Electrical rewiring	1,379,452	1,552,204
Replacement of water pipes	1,327,085	1,258,568
Replacement of water pumps & booster pumps	596,951	936,679
Others	2,556,551	2,901,467
	10,883,354	17,757,546

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**6. LIFT REPLACEMENT FUNDS**

	<u>Note</u>	<u>Total</u>		<u>Residential Property</u>		<u>Commercial Property</u>	
		<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
		<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>
<b>Balance at 1 April</b>		41,346,834	22,811,934	30,329,614	18,999,945	11,017,220	3,811,989
Add:							
Investment Income	21	548,827	348,308	536,024	340,135	12,803	8,173
Other Income		19,639	15,403	19,181	15,042	458	361
Operating transfer from conservancy and services fees	4	7,727,803	7,537,099	7,372,002	7,190,197	355,801	346,902
Government grants	4, 24	1,289,703	1,183,685	1,289,451	1,183,349	252	336
LRF matching grant *	4, 24	4,499,617	7,844,416	4,344,192	5,421,254	155,425	2,423,162
Fundings for Selective Lift Replacement Programme & Lift Enhancement Programme	28	4,395,244	3,321,336	4,363,058	3,300,896	32,186	20,440
		18,480,833	20,250,247	17,923,908	17,450,873	556,925	2,799,374
Less:							
Expenditure	6(a)	(9,861,825)	(8,532,997)	(9,780,657)	(8,443,107)	(81,168)	(89,890)
Goods and Services tax	22	(522,949)	(107,983)	(510,781)	(105,455)	(12,168)	(2,528)
Income tax	23	(85,411)	(74,367)	(83,450)	(72,642)	(1,961)	(1,725)
		(10,470,185)	(8,715,347)	(10,374,888)	(8,621,204)	(95,297)	(94,143)
<b>Surplus for the year</b>		8,010,648	11,534,900	7,549,020	8,829,669	461,628	2,705,231
Transfer from Operating Fund - voluntary contribution	4	-	7,000,000	-	2,500,000	-	4,500,000
<b>Balance at 31 March</b>		49,357,482	41,346,834	37,878,634	30,329,614	11,478,848	11,017,220
Represented by:		<u>2020</u>	<u>2019</u>				
		<u>S\$</u>	<u>S\$</u>				
<b>Non-Current Assets</b>							
Debt investments at amortised cost	10	5,000,000	5,000,000				
<b>Current Assets</b>							
Conservancy and service fees receivables		405,759	380,222				
Other receivables		1,001,407	4,618,394				
Interest receivable		215,490	35,216				
Receivables for Selective Lift Replacement Programme		2,090,475	219,595				
Cash and cash equivalents		40,446,924	23,091,505				
Due from accumulated surplus		1,898,282	9,231,829				
		46,058,337	37,576,761				
<b>Total Assets</b>		51,058,337	42,576,761				
<b>Current Liabilities</b>							
Conservancy and services fees received in advance		119,677	103,838				
Payables and accrued expenses **		1,442,024	1,045,281				
Income tax payable		139,154	80,808				
		1,700,855	1,229,927				
<b>NET ASSETS</b>		49,357,482	41,346,834				

\* Included the Lift Replacement Fund Matching Grant of S\$0 (FY2019: S\$3,500,000) for the voluntary contribution made during the financial year.  
This voluntary contribution is made in accordance with Section 33(9) of the Town Councils Act. With the voluntary contribution of S\$0 (FY2019: S\$7,000,000) from the Operating Funds to the Lift Replacement Funds, the Town Council is entitled to receive a matching grant of S\$0 (FY2019: S\$3,500,000).

\*\* Included amount for Selective Lift Replacement Programme of S\$1,242,429 (2019: S\$984,818).

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**6 (a). LIFT REPLACEMENT FUNDS (CONTINUED)**

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Replacement of lift batteries	628,710	329,065
Lift overhauls & replacement works	805,112	1,612,771
Selective lift replacement works	7,747,644	6,542,591
Lift Enhancement works	524,702	-
Others	155,657	48,570
	<u>9,861,825</u>	<u>8,532,997</u>

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**7. TOWN IMPROVEMENT AND PROJECT FUNDS**

	Note	Total				Residential Property		Commercial Property	
		2020	2019	2020	2019	2020	2019	2020	2019
		S\$	S\$	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	45,951	45,951
Add/(Less):									
Government grants	4, 24	4,157,719	2,986,375	4,063,911	2,925,233	93,808	61,142	93,808	61,142
Expenditure		(6,420,726)	(3,524,984)	(6,280,175)	(3,450,642)	(140,551)	(74,342)	(140,551)	(74,342)
Town Improvement Works transfer from accumulated surplus	4	2,263,007	538,609	2,216,264	525,409	46,743	13,200	46,743	13,200
Surplus for the year		-	-	-	-	-	-	-	-
Balance at 31 March		2,436,768	2,436,768	2,390,817	2,390,817	45,951	45,951	45,951	45,951
Represented by:									
		2020	2019						
		S\$	S\$						
<b>Current assets</b>									
Grants receivable		7,752,317	6,741,340						
Other receivable		193,742	-						
<b>Total assets</b>		7,946,059	6,741,340						
<b>Current liabilities</b>									
Payables and accrued expenses		1,662,315	466,280						
Amount due to accumulated surplus		3,846,976	3,838,292						
<b>Total liabilities</b>		5,509,291	4,304,572						
<b>NET ASSETS</b>		2,436,768	2,436,768						

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

The movement in the balance is as follows:

	2020 S\$	2019 S\$
Balance at 1 April	1,480,740	403,114
Funding from government for Neighbourhood Renewal Programme	5,542,581	2,975,027
Reimbursement from HDB for Electrical Loading Upgrading Programme	4,228,878	398,713
Payment and/or due to contractors	(10,796,737)	(2,296,114)
Net movement during the year	(1,025,278)	1,077,626
Balance at 31 March	455,462	1,480,740
	2020 S\$	2019 S\$
Advances received for Neighbourhood Renewal Programme	166,512	2,481,295
Advances/ (Receivables) for Electrical Loading Upgrading Programme	288,950	(1,000,555)
	455,462	1,480,740

**9. PLANT AND EQUIPMENT**

	Furniture, fixtures and fittings S\$	Office equipment S\$	Right of use - Office Space S\$	Right of use - Equipments S\$	Right of use - Computer system S\$	Total S\$
<u>Cost</u>						
At 1 April 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
Effect of adopting FRS116	-	-	597,580	23,517	-	621,097
At 1 April 2019	671,213	276,489	597,580	23,517	-	1,568,799
Additions	-	24,130	83,005	6,292	2,418,758	2,532,185
Written off	-	(1,219)	-	-	-	(1,219)
At 31 March 2020	671,213	299,400	680,585	29,809	2,418,758	4,099,765
<u>Accumulated Depreciation</u>						
At 1 April 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
Depreciation	11,381	33,702	240,659	7,089	-	292,831
Written off	-	(1,219)	-	-	-	(1,219)
At 31 March 2020	638,500	243,826	240,659	7,089	-	1,130,074
<u>Net book value</u>						
At 31 March 2019	44,094	65,146	-	-	-	109,240
At 31 March 2020	32,713	55,574	439,926	22,720	2,418,758	2,969,691

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**10. DEBT INVESTMENTS AT AMORTISED COST**

	<b>2020</b>	<b>2019</b>
	<b>S\$</b>	<b>S\$</b>
Quoted debt securities, at amortised cost	26,000,000	26,000,000
Quoted debt securities, at amortised cost	26,000,000	26,000,000
Less: current portion - quoted debt securities	(13,000,000)	-
Non-current portion	13,000,000	26,000,000
With maturity within 1 year : 2.71% to 3.14% p.a. (FY18/19 : - )	13,000,000	-
With maturity 1 to 5 years : 1.825% to 2.505% p.a. (FY18/19 : 1.825% to 3.14% p.a.)	13,000,000	23,000,000
With maturity over 5 years : - (FY18/19 : 2.505% p.a.)	-	3,000,000
At amortised cost	26,000,000	26,000,000
Market value at 31 March	26,362,190	26,097,500

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:

	<b>2020</b>	<b>2019</b>
	<b>S\$</b>	<b>S\$</b>
Quoted equities	3,599,075	5,086,059
Quoted debt securities	30,272,179	29,085,387
	33,871,254	34,171,446

**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:

	<b>2020</b>	<b>2019</b>
	<b>S\$</b>	<b>S\$</b>
Conservancy and service fees receivables	3,408,017	3,263,042
Rate of provision		
Live accounts with arrears in excess of 12 months	100% 1,966,637	1,797,029
Terminated accounts with arrears in excess of 12 months	100% 67,271	54,705
Expected credit loss as at 31 March 2020	2,033,908	1,851,734
	1,374,109	1,411,308

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

	<b>2020</b>	<b>2019</b>
	<b>S\$</b>	<b>S\$</b>
Balance at 1 April	1,851,734	1,615,704
Additional charge during the year	331,650	271,123
Bad debt written off	(149,476)	(35,093)
Balance at 31 March	2,033,908	1,851,734

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**13. OTHER RECEIVABLES**

	<b>2020</b>	<b>2019</b>
	<b>S\$</b>	<b>S\$</b>
Claims from Citizens' Consultative Committee funding receivable	7,752,317	6,741,340
Receivables from Housing Development Board	604,961	1,165,527
GST receivable from Inland Revenue Authority of Singapore	229,873	4,823
GST subvention receivable from Ministry of National Development	512,963	510,053
Deposits and Prepayments	509,544	912,541
Receivables from contractors	105,998	122,151
S&CC operating grant receivables	51,589	152,197
Lift Replacement Fund Matching Grant receivables	1,001,407	4,489,109
Others	42,793	14,351
	<u>10,811,445</u>	<u>14,112,092</u>

All receivables are denominated in Singapore dollars.

**14. CASH AND CASH EQUIVALENTS**

	<b>2020</b>	<b>2019</b>
	<b>S\$</b>	<b>S\$</b>
Cash on hand	5,828	6,303
Cash at banks	14,804,493	13,474,421
Cash with fund managers	962,963	406,377
	15,773,284	13,887,101
Fixed deposits	94,504,596	74,773,710
	<u>110,277,880</u>	<u>88,660,811</u>

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

	<b>2020</b>	<b>2019</b>
	<b>S\$</b>	<b>S\$</b>
Cash and cash equivalents as above	110,277,880	88,660,811
Less: Cash placed with fund managers	(962,963)	(406,377)
	<u>109,314,917</u>	<u>88,254,434</u>

Fixed deposits are placed for varying periods from one month to one year. The interest rates range from 0.25% to 2.00% (2019: 0.25% to 2.38%) per annum.

**15. PAYABLES AND ACCRUED EXPENSES**

	<b>2020</b>	<b>2019</b>
	<b>S\$</b>	<b>S\$</b>
Accrued operating expenses	108,345	85,364
Deposits	899,920	1,404,051
Payables	14,619,700	10,626,756
Other payables	138,228	-
	<u>15,766,193</u>	<u>12,116,171</u>

All payables and accrued expenses are denominated in Singapore dollars.

Included in payables are amount due to a related party amounting to S\$998,552 (2018: S\$704,109).



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**16. LEASE LIABILITIES**

	<u>2020</u>
	<u>S\$</u>
<u>Maturity analysis:</u>	
Year 1	645,974
Year 2	603,846
Year 3	406,629
Year 4	378,265
Year 5	378,343
Year 6	379,408
Year 7	190,256
	<u>2,982,721</u>
Less: Unearned interest	<u>(185,533)</u>
	<u>2,797,188</u>
<u>Analysed as:</u>	
Current	611,219
Non-current	2,185,969
	<u>2,797,188</u>

The lease liabilities that are denominated in Singapore dollars.

Reconciliation of liabilities arising from financing activities

	<u>Adoption of</u>	<u>Financing cash</u>	<u>New lease</u>	<u>31 March</u>
	<u>FRS 116</u>	<u>flows</u>	<u>liabilities</u>	<u>2020</u>
	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>
Lease liabilities	621,097	(331,964)	2,508,055	2,797,188

**17. AGENCY FEES**

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

**18. OTHER INCOME**

	<u>2020</u>	<u>2019</u>
	<u>S\$</u>	<u>S\$</u>
Interest on late payment of conservancy and service fees	230,574	221,913
Liquidated damages	113,356	271,214
Temporary occupation licenses	1,889,006	1,638,664
Usage of void deck, water, electricity and common property	254,553	240,888
Income from sale of tender documents/forfeiture of tender deposits	234,346	154,570
Others	253,090	101,116
	<u>2,974,925</u>	<u>2,628,365</u>

**19. 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 27.

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**20. GENERAL AND ADMINISTRATIVE EXPENDITURE**

	<u>Note</u>	<u>2020</u> S\$	<u>2019</u> S\$
Advertising, publicity and public relations		365,684	334,499
Audit fee		59,000	61,000
Computer services		205,553	264,088
Depreciation	9	292,831	42,653
Fixed assets not capitalised		3,443	16,075
Office rental		-	330,036
Short term lease expenses		20,700	-
Lease expenses for small value assets		61,454	-
Water and electricity		12,322	10,523
Cleaning costs		39,140	40,740
Upkeeps and repairs		4,477	6,635
Other office charges		700	1,150
Office supplies and stationery		139,683	157,550
Property tax		192,455	166,360
Town Councillors' allowance		162,000	150,300
Allowance for doubtful debts	12	331,650	271,123
Allowance for doubtful recoverables		178,592	-
Others		168,709	211,617
		<u>2,238,393</u>	<u>2,064,349</u>
		<b>2020</b> S\$	<b>2019</b> S\$
This is allocated to the following expenditure:			
Operating expenditure		2,144,264	1,969,449
Ordinary Sinking fund expenditure		61,184	61,685
Lift Replacement fund expenditure		32,945	33,215
		<u>2,238,393</u>	<u>2,064,349</u>

**21. INVESTMENT INCOME**

	<u>Note</u>	<u>2020</u> S\$	<u>2019</u> S\$
<u>Accumulated Surplus</u>			
Interest income from fixed deposits and bank current accounts	4	<u>275,153</u>	<u>210,913</u>
<u>Ordinary Sinking Funds</u>			
Interest income from fixed deposits and bank current accounts		914,337	630,490
Interest from quoted debt securities, at amortised cost		546,450	605,110
Gain realised arising from changes in financial assets at fair value through profit or loss		877,283	1,131,310
(Loss)/ Gain unrealised arising from changes in financial assets at fair value through profit or loss		(629,579)	(631,218)
	5	<u>1,708,491</u>	<u>1,735,692</u>
<u>Lift Replacement Funds</u>			
Interest income from fixed deposits and bank current accounts		457,577	257,058
Interest from quoted debt securities, at amortised cost		91,250	91,250
	6	<u>548,827</u>	<u>348,308</u>

**22. 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>2020</u> S\$	<u>2019</u> S\$
Accumulated Surplus	4	360,516	462,787
Ordinary Sinking Funds	5	156,242	200,541
Lift Replacement Funds	6	522,949	107,983
		<u>1,039,707</u>	<u>771,311</u>

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**23. INCOME TAX EXPENSE**

	<u>Note</u>	<u>2020</u> S\$	<u>2019</u> S\$
Current year income tax provision		589,900	530,899
Over provision in respect of prior years		(16,300)	(83,472)
		<u>573,600</u>	<u>447,427</u>
Taken up in:			
Accumulated Surplus	4	116,678	(41,592)
Ordinary Sinking Funds	5	371,511	414,652
Lift Replacement Funds	6	85,411	74,367
Tax Expense		<u>573,600</u>	<u>447,427</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>2020</u> S\$	<u>2019</u> S\$
Interest income	2,821,493	2,699,138
Other income	1,222,703	1,071,319
	<u>4,044,196</u>	<u>3,770,457</u>
Tax calculated at Singapore tax rate of 17%	687,513	640,978
Income tax exemption	(17,425)	(25,925)
Tax effect of certain income taxed at concessionary tax rate	(95,744)	(106,824)
Over provision in respect of prior years	(16,300)	(83,472)
Others	15,556	22,670
	<u>573,600</u>	<u>447,427</u>

The movements in income tax payable are as follows:

	<u>2020</u> S\$	<u>2019</u> S\$
Balance at 1 April	1,072,037	1,209,035
Income tax paid	(524,838)	(584,425)
Provision during the year	573,600	447,427
Balance at 31 March	<u>1,120,799</u>	<u>1,072,037</u>

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**24. 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	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
		S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Government Grants received/receivable during the financial year	4	17,869,513	19,285,680	6,204,259	5,529,802	4,157,719	2,986,375	2,044,918	1,994,487	963,000	930,600	4,499,617	7,844,416
Less: Transfer to Ordinary Sinking Funds	4, 5	(2,395,167)	(2,198,273)	(1,613,107)	(1,437,748)	-	-	(531,680)	(518,569)	(250,380)	(241,956)	-	-
Transfer to Lift Replacement Funds	4, 6	(5,789,320)	(9,028,101)	(868,596)	(774,173)	-	-	(286,287)	(279,228)	(134,820)	(130,284)	(4,499,617)	(7,844,416)
Transfer to Town Improvement and Project Funds	4, 7	(4,157,719)	(2,986,375)	-	-	(4,157,719)	(2,986,375)	-	-	-	-	-	-
		<u>5,527,307</u>	<u>5,072,931</u>	<u>3,722,556</u>	<u>3,317,881</u>	<u>-</u>	<u>-</u>	<u>1,226,951</u>	<u>1,196,690</u>	<u>577,800</u>	<u>558,360</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:

	2020	2019
	S\$	S\$
Cumulative total grants received / receivable up to 1 April	259,816,385	240,530,705
Grants received / receivable during the financial year	<u>17,869,513</u>	<u>19,285,680</u>
Cumulative total grants received / receivable up to 31 March	<u>277,685,898</u>	<u>259,816,385</u>

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**25. CAPITAL EXPENDITURE COMMITMENTS**

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

	2020	2019
	S\$	S\$
Amount approved and contracted for	58,836,855	48,708,869
Amount approved and not contracted for	66,917,708	91,933,874
	<u>125,754,563</u>	<u>140,642,743</u>

The commitments amount included Neighbourhood Renewal Programme projects amounting to S\$18,354,650 (2019: S\$27,673,440), which is funded by HDB.

**26. OPERATING LEASE COMMITMENTS**

As at financial year ended 31 March 2019, 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.

	2019
	S\$
Not later than one year	332,369
Later than one year and not later than five years	476,778
	<u>809,147</u>

**27. 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:

	2020	2019
	S\$	S\$
Managing agent's fees	4,955,377	4,781,125
Lift testing fees	432,000	432,000
Project management and Fire safety manager fees	<u>1,292,868</u>	<u>921,274</u>

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

**28. RECEIVABLES / ADVANCES RECEIVED FOR SELECTIVE LIFT REPLACEMENT PROGRAMME AND LIFT ENHANCEMENT PROGRAMME**

Under the Selective Lift Replacement Programme ("SLRP"), HDB on a cost-sharing basis with the Town Councils will replace selected old lifts with new ones that come with better safety and security features. The SLRP is a once-off programme and the advances would be spent when cyclical replacement is carried out.

Under the Lift Enhancement Programme, HDB on a cost-sharing basis with the Town Councils will modernise eligible lifts with new safety features.

**29. 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 2020. 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\$2,033,908 (2019: S\$1,851,734) 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.



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**29. 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>2020</u> S\$	<u>2019</u> S\$
Not past due		354,345	362,463
Past due 0-12 months		836,376	865,162
Past due 12-24 months		463,878	431,165
Over 24 months		<u>1,753,418</u>	<u>1,604,252</u>
		3,408,017	3,263,042
Allowance for impairment		<u>(2,033,908)</u>	<u>(1,851,734)</u>
	12	<u>1,374,109</u>	<u>1,411,308</u>

Conservancy and service fees receivables amounting to S\$1,374,109 (2019: S\$1,411,308) 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.

	<b>Increase/(Decrease)</b>			
	<b>Net Assets</b>		<b>Ordinary Sinking Fund Statement</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
Funds with a fund manager				
- increase by 10%	3,387,125	3,417,145	3,387,125	3,417,145
- decrease by 10%	<u>(3,387,125)</u>	<u>(3,417,145)</u>	<u>(3,387,125)</u>	<u>(3,417,145)</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, 14 and 16 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.

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**29. 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 \$77,599 (2019 : \$48,610) higher/lower.

*(iii) Foreign Currency Risk*

Town Council is not exposed to foreign currency risk as at 31 March 2020 and 2019.

**(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\$
<b>As at 31 March 2020</b>				
Debt investments at amortised cost	13,185,265	13,683,170	-	26,868,435
Financial assets at fair value through profit or loss	33,871,254	-	-	33,871,254
Conservancy and service fees receivables	1,374,109	-	-	1,374,109
Other receivables (exclude prepayment)	10,644,514	-	-	10,644,514
Receivables for Selective Lift Replacement Programme/ Lift Enhancement Programme	2,090,475	-	-	2,090,475
Interest receivable	811,837	-	-	811,837
Cash and cash equivalents	110,277,880	-	-	110,277,880
Conservancy and service fees received in advance	854,839	-	-	854,839
Payables and accrued expenses	15,766,193	-	-	15,766,193
Advances Received for Neighbourhood Renewal Programme/ Electrical Load Upgrading Programme, Net	455,462	-	-	455,462
Lease liabilities	611,219	2,185,969	-	2,797,188
<b>As at 31 March 2019</b>				
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

**30. 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).

**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 2020**

**(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 2020 and 31 March 2019.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>
<b><u>Recurring fair value measurement</u></b>				
<b>31 March 2020</b>				
Financial assets at fair value through profit or loss (Note 11)	33,871,254	-	-	33,871,254
<b>31 March 2019</b>				
Financial assets at fair value through profit or loss (Note 11)	34,171,446	-	-	34,171,446

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 2020 and 31 March 2019 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>
	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>
<b>31 March 2020</b>					
Debt investments at amortised cost (Note 10)	26,362,190	-	-	26,362,190	26,000,000
<b>31 March 2019</b>					
Debt investments at amortised cost (Note 10)	26,097,500	-	-	26,097,500	26,000,000

**31. 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.

**32. 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 S\$167,212,210 (2019: S\$149,798,974).

**33. SUBSEQUENT EVENTS**

Changes in electoral boundaries

By virtue of the writ of election issued on 23 June 2020, a general election was called for on 10 July 2020. As a result of the redrawing of the electoral boundaries after the general elections, there have been changes of Chua Chu Kang Town Council boundaries resulting in the Town Council to handover approximately 20,672 equivalent dwelling units (EDU) to West Coast Town Council on 28 October 2020.

Further, as the members elected for the constituency stood in elections for the same political party, hence there will be a transfer of 80% surpluses as at 31 March 2019 after Parliamentary election to the ordinary Sinking Funds and Lift Replacement Funds of the Town Council, in accordance with Town Council Act, Cap 329A. The surpluses as at 31 March 2019 would be reduced by approximately S\$2,654,143 for transfer to ordinary Sinking Funds and Lift Replacement Funds after taking into consideration of capital commitments of Town Improvement works and capital expenditures as at 22 June 2020, the day before the writ of election.

Impact from Novel-Coronavirus (COVID-19)

The Singapore Multi-Ministry Taskforce implemented an elevated set of safe distancing measures as a circuit breaker from 7 April 2020, to pre-empt the trend of increasing local transmission of COVID-19. Except for those providing essential services and selected economic sectors which are critical for local and global supply chains, all businesses are required to suspend all in-person activities and activities at the business location.

The outbreak of COVID-19 has affected businesses and economic activities to varying extents. The credit risk on conservancy and service fee receivables may increase due to these unprecedented circumstances.