

Financial statements

ANG MO KIO TOWN COUNCIL

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

For the financial year ended 31 March 2020

Dear Residents,

Thank you very much for your continuous support. We constantly aim to improve the quality of life and services to our residents and I am heartened by our residents' continued involvement to develop a conducive living environment for all. Indeed, active community participation is crucial in building a cohesive community.

The efforts to upkeep our estates continue. In the past year, we managed more than 103,000 residential units. I am happy to share that last year, Ang Mo Kio Town Council continued to be one of the few Town Councils to score the Green band in the FY 2018/19 TCMR released in December 2019. We did well in all areas - estate cleanliness, estate maintenance, lift performance, service and conservancy charges (S&CC) arrears management and corporate governance. The team's hard work and dedication have been instrumental and I thank them for all their good work.

Across estates, most of the eligible flats and amenities have been rejuvenated and upgraded through various upgrading programmes, such as the Neighbourhood Renewal Programme (NRP), Home Improvement Programme (HIP) and Selective Lift Upgrading Programme (SLRP). Early this year, Ang Mo Kio has also been selected as one of the next HDB towns to undergo the fourth series of the Remaking Our Heartland (ROH) programme. With the emergence of new neighbourhoods in our estates, our towns are becoming more vibrant as we cater to our population's diverse needs.

We launched our Masterplan Publication – *Putting the Hearts in Heartlands* in March this year. The book, which was given to every resident, shared the various developments and plans of the Ang Mo Kio-Sengkang West estates for the past 5 years. It also captured Ang Mo Kio Town Council's resident engagement efforts and how we put our residents' interests first as we improved and enhanced our estates.

We will continue to build on the efforts of former members Mr Ang Hin Kee, Dr Intan Azura Mokhtar, Dr Lam Pin Min and Dr Koh Poh Koon whose invaluable contributions have improved the lives of our residents. I would also like to thank our Town Council staff, committees and grassroots leaders who have worked tirelessly to ensure the smooth running and upgrading of our town.

Our Town Council mission remains integral even with the challenges of COVID-19, which has not only severely impacted the livelihood of our fellow Singaporeans but also affected estate maintenance and project development from early this year.

Nevertheless, our new team – Vice-Chairmen Mr Henry Kwek and Mr Yip Hon Weng; and elected members Mr Gan Thiam Poh, Ms Ng Ling Ling and Ms Nadia Ahmad Samdin – will continue to work hard to ensure that Ang Mo Kio Town continues to be a vibrant Community where we can all live, work and play.



Mr Darryl David
Chairman
Ang Mo Kio Town Council

Estate Maintenance and Improvement Works

The various facilities and amenities in our estates are regularly upgraded and/or replaced to ensure safety and reliability, as well as giving our older blocks a facelift. These efforts are carried out through the Repairs and Redecoration Programme, Selective Lift Replacement Programme, Lift Enhancement Programme and Neighbourhood Renewal Programme.

SLRP Lift



New lift replacement at Blk 506B Serangoon North

LEP Lift



Enhancement works for lift at Blk 625 Ang Mo Kio Ave 9



Newly painted Blk 407B Fernvale Road



Granolithic flooring coated on Blk 338 Ang Mo Kio Ave 1 open space

Enhanced Connectivity

Our HDB flats are linked to enhance accessibility to amenities, food centres, convenience stores and carparks, even as more Barrier-Free Access (BFA) ramps, drop off points and covered linkways continue to be built. The estates are now more convenient to navigate for all residents. The Large Scale Town Wide project of 12km of footpaths and shared paths to link cycling tracks and park connectors has also been completed, with safety signs and painted markings on the paths for residents to enjoy a seamless and safe journey throughout Ang Mo Kio.



Covered linkway and Barrier Free Access (BFA) ramp at Blks 212 to 214 Ang Mo Kio Ave 3



Covered linkway at Blks 611 to 620 Hougang Ave 8

Large Scale Town Wide connections for walking and cycling

- 12km of footpaths and shared paths to link cycling tracks and park connectors
- Painted markings and safety signages were installed to advise pedestrians and cyclists to commute safely



Promoting an Active Lifestyle

We support and encourage our residents to engage in healthy activities that also promote social interaction and bonding. We continue to upgrade and construct elderly fitness corners, community gardens, 3-generation playgrounds cum fitness zones, dual bike racks and barbeque pits. These social spaces promote interaction and foster community spirit amongst residents.



Integrated family playground with fitness corner at Blk 413/414 Ang Mo Kio Ave 10



Upgraded fitness corner at N4 park (Near Blk 459 Ang Mo Kio Ave 10)



Installation of dual-tier bicycle racks at Blk 315A Ang Mo Kio St 31



Construction of Pavilion at BBQ area near Blk 445B Ang Mo Kio Ave 3

Community Engagement

We conduct various activities ranging from litter picking to pest management awareness and recycling. These educational programmes help to inculcate a sense of community responsibility for public spaces and raise more awareness of what our cleaners and workers do.



210 students from Yio Chu Kang Secondary School helped raise pest control management awareness through distribution of flyers and cleaning the common areas around the neighbourhood.



Litter Picking with 34 volunteers from Habitat for Humanity at AMK Town Centre

Code of Governance Practices

Ang Mo Kio Town Council adopts best practices to execute its fiduciary responsibilities, improve accountability and disclosure. By exercising the code of governance practices, The Town Council aims to promote greater transparency and raise governance standards.

In the appointment and re-appointment of Town Councillors, the Town Council takes into consideration the composition of the Council and the relevant experience, skills and/or competencies of the members. The following factors are used as guidelines:

- The Council utilises a referral process to search for potential candidates;
- The Council considers a variety of factors, including audit and financial skills, time commitment, and prior experience; and
- At least two-thirds of the appointed Town Councillors must be residents of HDB estates under the Town Council's management

In carrying out an assessment of key risks facing the Town Council and whether internal controls in place are adequate and effective, the Town Council has implemented a comprehensive Risk Management Framework where key risks are identified and reported to the Council.

An annual risk assessment has been performed and the effectiveness of internal control has been assessed. The Council is of the opinion that the Risk Management Framework and supporting internal control policies and procedures are adequate to address the risks of the Town Council.

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Independent auditor's report to the members of ANG MO KIO TOWN COUNCIL

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

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Ang Mo Kio Town Council ("the Town Council"), which comprise the statement of financial position as at 31 March 2020, and the statement of income and expenditure and other comprehensive income, the statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Town Councils Act, Cap 329A (the "Act") and Singapore Financial Reporting Standards so as to present fairly, in all material respects, the financial position of the Town Council as at 31 March 2020 and the financial performance, changes in funds and cash flows of the Town Council for the financial year ended on that date.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information refers to the Chairman's Review included in the Annual Report, but does not include the financial statements and our auditor's report thereon, which are expected to be made available to us after the date of this auditor's report.

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 identified above 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. When we read the other information of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Independent auditor's report to the members of ANG MO KIO TOWN COUNCIL (Cont'd)

(Established under the Town Councils 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 Singapore Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

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 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 ANG MO KIO TOWN COUNCIL (Cont'd)

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

Auditor's responsibilities for the Audit of the Financial Statements (Cont'd)

- 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, 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 ANG MO KIO TOWN COUNCIL (Cont'd)

(Established under the Town Councils 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 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.



Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 26 NOV 2020

Statement of financial position

as at 31 March 2020

	Note	2020 \$	2019 \$
TOWN COUNCIL FUNDS			
Residential property			
Accumulated surplus	3	650,986	3,666,681
Sinking Funds	4	105,250,943	96,768,433
Lift Replacement Funds	5	61,966,652	44,120,089
Town Improvement and Project Funds	6	4,032,721	2,167,719
		171,901,302	146,722,922
Commercial property			
Accumulated surplus	3	7,344,695	6,150,791
Sinking Funds	4	43,561,849	42,441,390
Lift Replacement Funds	5	9,636,010	8,660,199
Town Improvement and Project Funds	6	200,662	109,297
		60,743,216	57,361,677
Carpark			
Accumulated surplus	3	10,782,260	9,080,863
		243,426,778	213,165,462
REPRESENTED BY:			
Non-current assets			
Plant and equipment	7	227,262	372,729
Right-of-use assets	8	852,422	-
Current assets			
Financial assets at fair value through profit or loss	9	5,198,490	6,982,120
Conservancy and service fees receivables	10	1,542,196	1,529,444
Receivables for Selective Lift Replacement Programme	11	2,721,314	578,090
Receivables for Lift Enhancement Programme	12	2,050,424	70,078
Receivables for Neighbourhood Renewal Programme	13	2,891,222	-
Other receivables, deposits and prepayments	14	12,848,793	13,413,108
Cash and bank balances	15	229,907,314	201,905,879
		257,159,753	224,478,719
Total assets		258,239,437	224,851,448
Less:			
Non-current liabilities			
Lease liabilities	16	427,156	-
Current liabilities			
Conservancy and service fees received in advance		1,608,605	1,303,126
Advances received for Neighbourhood Renewal Programme	13	-	619,382
Advances received for Electrical Load Upgrading Programme	17	955,309	817,439
Lease liabilities	16	434,371	-
Payables and accrued expenses	18	9,601,866	7,511,414
Income tax payable	27	1,785,352	1,434,625
Total current liabilities		14,385,503	11,685,986
Total liabilities		14,812,659	11,685,986
NET ASSETS		243,426,778	213,165,462

DAVID DARRYL WILSON
Chairman

ANG BOON PENG
General Manager/Secretary

Dated: 26 NOV 2020

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

Statement of income and expenditure and other comprehensive income for the financial year ended 31 March 2020

	Note	2020 \$	2019 \$
Operating income			
Conservancy and service fees	3	77,826,345	76,008,476
Less:			
Operating income transfer to Sinking Funds (26% transferred to Sinking Funds)	3, 4	(20,234,865)	(19,762,201)
Operating income transfer to Lift Replacement Funds (14% transferred to Lift Replacement Funds)	3, 5	(10,895,697)	(10,641,187)
		46,695,783	45,605,088
Agency fees	3, 19	6,172,506	6,034,922
Other income	3, 20	3,781,647	4,184,239
		56,649,936	55,824,249
Less:			
Operating expenditure			
Cleaning works		(11,032,457)	(10,818,462)
Managing agent's fees	21	(6,321,040)	(6,194,930)
Lift maintenance		(11,657,673)	(12,666,643)
Other works and maintenance		(8,847,789)	(9,827,123)
Water and electricity		(16,983,764)	(16,663,356)
General and administrative expenditure	22	(3,627,462)	(3,382,700)
		(58,470,185)	(59,553,214)
Operating deficit		(1,820,249)	(3,728,965)
Add: Interest income	3	575,213	450,213
Deficit before taxation and government grants		(1,245,036)	(3,278,752)
Less:			
Income tax	3, 27	(369,397)	(356,317)
Deficit before government grants		(1,614,433)	(3,635,069)
Add:			
Government grants	3, 28	30,715,049	27,818,800
Less: Transfer to			
- Sinking Funds	3, 4, 28	(4,171,217)	(4,039,334)
- Lift Replacement Funds	3, 28	(8,821,352)	(8,395,416)
- Lift Replacement Funds – voluntary contribution	3, 5, 28	(2,000,000)	(2,000,000)
- Town Improvement and Project Funds	3, 6, 28	(6,096,607)	(4,062,521)
	3, 28	9,625,873	9,321,529
SURPLUS FOR THE YEAR		8,011,440	5,686,460
Add:			
Surplus/(Deficit) for the year from:			
- Sinking Funds	4	9,602,969	10,944,695
- Lift Replacement Funds	5	14,822,374	15,063,797
- Town Improvement and Project Funds	6	(2,175,467)	(1,422,161)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		30,261,316	30,272,791

DAVID DARRYL WILSON
Chairman

ANG BOON PENG
General Manager/Secretary

Dated: 26 NOV 2020

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

Statement of changes in funds

for the financial year ended 31 March 2020

	Residential property \$	Commercial property \$	Carpark \$	Total \$
Balance as at 1 April 2018	120,500,600	54,828,733	7,563,338	182,892,671
Surplus for the year	26,222,322	2,532,944	1,517,525	30,272,791
Balance as at 31 March 2019	146,722,922	57,361,677	9,080,863	213,165,462
Surplus for the year	25,178,380	3,381,539	1,701,397	30,261,316
Balance as at 31 March 2020	171,901,302	60,743,216	10,782,260	243,426,778

The (deficit)/surplus for the year comprises the following:

	Note	2020 \$	2019 \$
Accumulated surplus	3	8,011,440	5,686,460
Sinking Funds	4	9,602,969	10,944,695
Lift Replacement Funds	5	14,822,374	15,063,797
Town Improvement and Project Funds	6	(2,175,467)	(1,422,161)
		30,261,316	30,272,791

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

Statement of cash flows

for the financial year ended 31 March 2020

	Note	2020 \$	2019 \$
Cash Flows from Operating Activities			
Deficit before taxation and government grants	3	(1,245,036)	(3,278,752)
Adjustments for:			
Depreciation of plant and equipment	7	156,532	163,041
Depreciation of right-of-use assets	8	458,409	-
Interest income	3	(575,213)	(450,213)
Interest expense	A, 16	25,057	-
Operating income transfer to Sinking Funds	4	20,234,865	19,762,201
Operating income transfer to Lift Replacement Funds	5	10,895,697	10,641,187
Operating surplus before working capital changes		29,950,311	26,837,464
Decrease/(Increase) in operating receivables		2,335,641	(2,511,872)
Increase in operating payables		2,090,452	4,377,786
Cash generated from operations before income tax		34,376,404	28,703,378
Income tax paid	27	(631,276)	(645,025)
Sinking Funds income - Other income	23	1,795	11,879
Lift Replacement Funds income from Selective Lift Replacement Programme and Lift Enhancement Programme	24	3,994,015	2,017,620
Sinking Funds expenditure	23	(17,308,341)	(14,728,681)
Lift Replacement Funds expenditure	24	(11,654,616)	(8,458,831)
Town Improvement and Project Funds expenditure	25	(8,272,074)	(5,484,682)
Selective Lift Replacement Programme expenditure	11	(2,143,224)	(1,947,542)
Lift Enhancement Programme expenditure	12	(1,980,346)	(70,078)
Neighbourhood Renewal Programme Funds expenditure	13	(3,600,164)	(901,173)
Electrical Load Upgrading Programme Funds expenditure	17	(861,484)	(704,158)
Net cash used in operations before government grants		(8,079,311)	(2,207,293)
Government grants received		29,339,141	27,525,776
Funding from Housing & Development Board for Neighbourhood Renewal Programme projects	13	89,560	1,606,418
Funding from Housing & Development Board for Electrical Load Upgrading Programme projects	17	999,354	804,048
Fixed deposit pledged		(252)	(251)
Net cash generated from operating activities		22,348,492	27,728,698
Cash Flows from Investing Activities			
Interest and investment income received		4,138,532	2,342,349
Proceeds from redemption of bonds upon maturity		2,000,000	6,000,000
Purchase of plant and equipment	7	(11,480)	(6,195)
Net cash generated from investing activities		6,127,052	8,336,154
Cash Flows from Financing Activities			
Repayment of lease liabilities	A	(474,361)	-
Net cash used in financing activities		(474,361)	-
Net increase in cash and cash equivalents		28,001,183	36,064,852
Cash and cash equivalents at beginning of year		201,805,125	165,740,273
Cash and cash equivalents at end of year	15	229,806,308	201,805,125

Note A:

	As at 1 April 2019 \$	Adoption of FRS 116 \$	Interest expense \$	Repayment \$	As at 31 March 2020 \$
Lease liabilities	-	1,310,831	25,057	(474,361)	861,527

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

Notes to the financial statements

for the financial year ended 31 March 2020

1 General

Ang Mo Kio Town Council (the "Town Council") was formed in 1989 under the Town Councils Act (Cap. 329A). The principal functions of the Town Council are to control, manage, maintain and improve the common areas of residential units, other commercial properties and market and food centres in the housing estates of the Housing & Development Board ("HDB") within the Town.

The Town Council manages the Sengkang West Single Member Constituency ("SMC") and Ang Mo Kio Group Representation Constituency ("GRC"), comprising the divisions of Cheng San-Seletar, Ang Mo Kio - Hougang, Jalan Kayu, Sengkang South, Teck Ghee and Yio Chu Kang.

The principal office of operations is situated at Block 342, Ang Mo Kio Avenue 1, #01-1561, Singapore 560342.

The financial statements of the Town Council for the financial year ended 31 March 2020 were authorised for issue by the Town Council on 26 November 2020.

2(a) Basis of preparation

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") as issued by the Singapore Accounting Standards Council as well as all related interpretations to FRS ("INT FRS") and the Town Councils Act, Cap. 329A. The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

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

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Areas involving a high degree of judgement or complexity are described below.

(a) Judgement

Income tax

Significant judgement is required in determining the provision for income taxes. There are also claims for which the ultimate tax determination is uncertain during the ordinary course of business. The Town Council recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax provisions in the period in which such determination is made.

2(a) Basis of preparation (Cont'd)

Significant accounting estimates and judgements (Cont'd)

(b) Key sources of estimationImpairment of conservancy and service fees receivables and late payment penalty receivables

Impairment for doubtful conservancy and service fees receivables and late payment penalty receivables amounting to \$935,507 (2019 - \$1,001,243) and \$219,445 (2019 - \$216,938), respectively, have been estimated using a provision matrix by evaluating historical credit loss experience, results of recovery efforts, current conditions as well as forward looking estimates.

As at 31 March 2020, the carrying amount of the Town Council's conservancy and service fees receivables and late payment penalty receivables are \$1,542,196 (2019 - \$1,529,444) in Note 10, and \$146,296 (2019 - \$144,625) in Note 14, respectively.

2(b) Adoption of new and revised standards

On 1 April 2019, the Town Council adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date.

Reference	Description
FRS 116	Leases
INT FRS 123	Uncertainty over Income Tax Treatments

The adoption of these new and amended FRSs did not result in substantial changes to Town Council's accounting policies nor any significant impact on these unaudited financial statements except FRS 116 *Leases*.

FRS 116 *Leases*Definition of a lease

The Town Council previously determined at contract inception whether an arrangement was or contained a lease under INT FRS 104 *Determining whether an Arrangement contains a Lease*. The Town Council now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in FRS 116.

The Town Council has elected to apply the practical expedient available on transition to FRS 116 not to reassess whether a contract is, or contains, a lease. Accordingly, the superseded definition of a lease under FRS 17 continues to be applied to those leases entered into, or modified, before 1 April 2019, and the Town Council applies the new definition of a lease and related guidance set out in FRS 116 only to those lease contracts entered into, or modified, on or after 1 April 2019. After the transition to FRS 116, the Town Council shall reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

For lessee accounting, FRS 116 introduces significant changes 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.

2(b) Adoption of new and revised standards (Cont'd)**FRS 116 Leases (Cont'd)**Definition of a lease (Cont'd)

The Town Council used a number of practical expedients when applying FRS 116 to leases previously classified as operating leases under FRS 17. In particular, the Town Council:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application;
- used hindsight when determining the lease term when the contract contains options to extend or terminate the lease; and
- adjust the right-of-use asset at the date of initial application by the amount of provision of onerous leases recognised under FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* in the balance sheet immediately before the date of initial application, as an alternative to performing an impairment review under FRS 36.

As a lessee

The Town Council's lease assets include office premises and office equipment. The Town Council previously classified these leases as operating or finance leases based on its assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the Town Council. Under FRS 116, the Town Council recognises right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligations to make lease payments. The Town Council has elected, as a practical expedient of FRS 116, not to separate non-lease components from lease components for all classes of underlying assets and instead account for each lease component and any associated non-lease components as a single lease component.

Leases previously classified as operating leases under FRS 17

The Town Council previously classified office premises and office equipment leases as operating leases under FRS 17. On transition, the lease liabilities of these leases were measured at the present value of the remaining lease payments, discounted at the Town Council's incremental borrowing rate applicable to the leases as at 1 April 2019. Right-of-use assets are measured at an amount equal to the lease liabilities.

For short-term leases and lease of low value assets, the Town Council has elected for exemption under FRS 116 from recognising right-of-use assets and lease liabilities, and to report their lease expenses in profit or loss on a straight-line basis.

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

Financial impact of initial adoption of FRS 116

The effects of adoption of FRS 116 on the Town Council's financial statements as at 1 April 2019 are as follows:

	Increase \$
<u>Assets</u>	
Right-of-use assets	1,310,831
<u>Liabilities</u>	
Lease liabilities	1,310,831

2(b) Adoption of new and revised standards (Cont'd)**FRS 116 Leases (Cont'd)**Financial impact of initial adoption of FRS 116 (Cont'd)

The adoption of FRS 116 as at 1 April 2019 did not have any effect on the Town Council's current subscription to the enterprise resource planning (the "ERP") system service pursuant to a service contract with the vendor. The Town Council's new version of the ERP system (the "New System") has been scheduled for implementation in the following financial year beginning 1 April 2020. The Town Council will assess whether its ownership of certain elements of the New System constitute a right-of-use asset based on the interpretation of FRS 116.

On 1 April 2019, there is no material impact on tax circumstances which give rise to temporary differences on initial recognition of both the right-of-use assets and lease liabilities.

The Town Council's weighted average incremental borrowing rate applied to measure the Town Council's lease liabilities recognised in the balance sheet on 1 April 2019 was 2.35% per annum.

A reconciliation of the differences between the Town Council's operating lease commitments previously disclosed in the financial statements as at 31 March 2019 and the Town Council's lease liabilities recognised in the balance sheet on 1 April 2019 is as follows:

	\$
Operating lease commitments disclosed at 31 March 2019	1,612,104
Less effects of:	
Discounting based on the weighted average incremental borrowing rate	(276,047)
Short-term leases exempted from recognition	-
Leases of low-value assets exempted from recognition	(25,226)
<u>Lease liabilities recognised on 1 April 2019</u>	<u>1,310,831</u>
Of which are:	
Current lease liabilities	449,304
Non-current lease liabilities	861,527
	<u>1,310,831</u>

2(c) FRS not yet effective

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

Reference	Description	Effective date (Annual periods beginning on or after)
Amendment to FRS 116	Covid-19-Related Rent Concessions	1 June 2020
FRS 117	Insurance Contracts	1 January 2021
Amendment to FRS 103	Reference to the Conceptual Framework	1 January 2022
Amendments to FRS 16	Property, Plant and Equipment—Proceeds before Intended Use	1 January 2022
Amendments to FRS 37	Onerous Contracts – Costs of Fulfilling a Contract	1 January 2022
Amendment to FRS 1	Classification of Liabilities as Current or Non- current	1 January 2023
Amendments to FRS 110 and FRS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Town Council does not anticipate that the adoption of the above FRSs in future periods will have a material impact on the financial statements of the Town Council in the period of their initial adoption.

2(d) Summary of significant accounting policies**(a) Funds****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 various types of properties. The types of properties under the management of the Town Council are as follows:

- Residential property
- Commercial property

Carparks are managed by the Town Council for the HDB on an agency basis.

The routine funds related to properties under management, together with 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 expenditures are paid out of the appropriate funds set up for each property type managed.

Assets and liabilities of the various funds of the Town Council are pooled in the statement of financial position.

Sinking Funds

In accordance with section 33(4) of the Town Councils Act, separate Sinking Funds are established for the improvement to, management and maintenance of residential property and commercial property. The Sinking Funds are maintained as part of the Town Council funds.

Under the Town Councils Act, the Minister for 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 Sinking Funds.

The minimum amounts that are paid by each property type into the Sinking Funds for every quarter of the financial year starting 1 April 2017, and for every quarter of any subsequent financial year end, are as follows:

- (a) At least 26% of all conservancy and service charges which are levied by the Town Council for residential property and for commercial property, respectively, and are paid or due and payable, or both, to the Town Council in that quarter; and
- (b) At least 26% of -
 - (i) the total grants-in-aid received by the Town Council in that relevant quarter for residential property and commercial property, respectively; less
 - (ii) the Lift Replacement Funds matching grant-in-aid received by the Town Council in that same relevant quarter for that same property.

These minimum contributions are treated as operating income transfers and are deducted from conservancy and service fees and government grants in the statement of income and expenditure and other comprehensive income.

2(d) Summary of significant accounting policies (Cont'd)**(a) Funds (Cont'd)****Sinking Funds (Cont'd)**

The Sinking Funds are utilised for cyclical major repainting, renewal or replacement of roofing system, water tanks, pumps and water supply system, lightning protection 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

Lift Replacement Funds ("LRF") are established and maintained from financial year starting 1 April 2017 as part of the Town Council Funds. The Lift Replacement Funds are utilised for all lift-related expenses, which were previously incurred under the Sinking Funds.

Under the Town Councils Act, the Minister for 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.

14% of the closing balance shown in the Town Council's audited accounts for financial year ended 31 March 2017 in respect of each ordinary sinking fund established for residential property and commercial property, respectively, has been paid by the Town Council into every lift replacement fund established by the Town Council for that residential property and commercial property, respectively.

The minimum amounts that are paid by each property type into the Lift Replacement Funds for every quarter of the financial year starting 1 April 2017, and for every quarter of any subsequent financial year end, are as follows:

- (a) At least 14% of all conservancy and service charges which are levied by the Town Council for residential property and for commercial property, respectively, and are paid or due and payable, or both, to the Town Council in that quarter; and
- (b) At least 14% of -
 - (i) the total grants-in-aid received by the Town Council in that relevant quarter for residential property and commercial property, respectively; less
 - (ii) the Lift Replacement Funds matching grant-in-aid received by the Town Council in that same relevant quarter for that same property.

2(d) Summary of significant accounting policies (Cont'd)**(a) Funds (Cont'd)****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 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 these reserves.

The funds are set up by transfer 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").

(b) Inter-funds transfer

Under Section 33(9) of the Town Councils Act and Rule 11A(1) of the Town Council Financial Rules, if there is a surplus in an operating fund or a surplus in an ordinary sinking fund of the Town Council at the end of the financial year, the Town Council may transfer the whole or part of the surplus in the operating fund to a lift replacement fund or an ordinary sinking fund, or transfer the whole or part of the surplus in an ordinary sinking fund to a lift replacement fund, but only to make good any deficit in the lift replacement fund.

Under Section 43(1)(i) of the Town Councils Act, the Minister may make rules for the circumstances under which a surplus in an operating fund, sinking fund or lift replacement fund established for residential property, may be transferred to the same fund established for commercial property, and vice versa.

Under Rule 11A(2) and (3) of the Town Council Financial Rules, a surplus in an operating fund, sinking fund or lift replacement fund established for residential property, may be transferred to the same fund established for commercial property, and vice versa, to make good any deficit.

(c) Allocation of General Overheads

Expenditure not relating specifically to any property type managed, for example, administrative overheads, tree planting and pruning, is allocated to the various property types using equivalent dwelling units ("EDU") as follows:

<u>Property Type</u>	<u>Equivalent Dwelling Unit(s)</u>
1 Residential Property Unit	1
1 Commercial Property Unit	2
6 Car Lots or 36 Motor Cycle Lots or 4 Lorry Lots	1

Such allocation by EDU is not applied to the Sinking Funds, Town Improvement and Project Funds and Lift Replacement Funds.

2(d) Summary of significant accounting policies (Cont'd)**(d) Government grants**

The Town Council receives five types of grants from the government: Service and Conservancy Charge operating grant, payments from Citizens' Consultative Committees, Goods and Services Tax ("GST") subvention grant, Lift Maintenance grant and Lift Replacement Funds ("LRF") matching grant.

- (i) Service and Conservancy Charge operating grant to meet the current year's operating expenditure are taken to income or expenditure.
- (ii) Payments from Citizens' Consultative Committees are granted to provide funding support for community improvement projects under the CIPC scheme.
- (iii) The GST subvention is given as grants-in-aid and is granted to assist the Town Councils for absorbing the GST increases in service and conservancy charges for HDB residential flats.
- (iv) The Lift Maintenance grant is given to help the Town Councils cope with higher lift-related servicing and maintenance costs, with a disbursement of \$600 annually for each lift maintained by the Town Council.
- (v) The Lift Replacement Funds matching grant is given to encourage Town Councils to set aside sufficient funds for the replacement of their existing lifts and lift parts, with disbursements to Town Councils made every quarter, matching 50% of the Town Council's quarterly contribution to its LRF.

Government grants are recognised at fair value when there are reasonable assurance that the attached conditions will be complied with and that the grants will be received. Grants in recognition of specific expenditures are recognised as income over the periods necessary to match them with the related expenditure that they are intended to compensate, on a systematic basis unless the accounting treatment is specified.

2(d) Summary of significant accounting policies (Cont'd)**(e) Plant and equipment and depreciation**

Plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. Depreciation is computed utilising the straight-line method to allocate their depreciable amount over their estimated useful lives as follows:

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

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent expenditure relating to plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits in excess of the standard of performance of the asset before the expenditure was made will flow to the Town Council and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal, respectively. Fully depreciated plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

(f) Impairment of non-financial assets

The Town Council assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Town Council makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value-in-use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value-in-use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

2(d) Summary of significant accounting policies (Cont'd)**(f) Impairment of non-financial assets (Cont'd)**

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously.

(g) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(I) Financial assets**Measurement****Initial recognition and measurement**

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Town Council's business model for managing them. With the exception of conservancy and service fee receivables that do not contain a significant financing component or for which the Town Council has applied the practical expedient, the Town Council initially measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs. Conservancy and service fee receivables are measured at the amount of consideration to which the Town Council expects to be entitled in exchange for transferring promised services to a resident. Refer to the accounting policies in this section *Revenue Recognition*.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income ("OCI"), it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Town Council's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchase or sales of financial assets that required delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Town Council commits to purchase or sell the asset.

2(d) Summary of significant accounting policies (Cont'd)**(g) Financial instruments (Cont'd)****(I) Financial assets (Cont'd)****Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments).
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated as fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

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

Subsequent measurement of debt instruments depends on the Town Council's business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual cash 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.

The Town Council's financial assets at amortised cost include conservancy and service fee receivables, receivables for Selective Lift Replacement Programme, receivables for Lift Enhancement Programme, receivables for Neighbourhood Renewal Programme, other receivables, deposits and prepayments and cash and bank balances.

Financial assets designated as fair value through other comprehensive income ("FVOCI") (debt instruments)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in income and expenditure statement and computed in the same manner as for financial assets measured at amortised cost. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to income and expenditure statement as a reclassification adjustment when the financial asset is de-recognised. The Town Council does not hold such financial assets.

2(d) Summary of significant accounting policies (Cont'd)**(g) Financial instruments (Cont'd)****(I) Financial assets (Cont'd)****Subsequent measurement (Cont'd)****Financial assets designated as fair value through other comprehensive income ("FVOCI") (equity instruments)**

The Town Council subsequently measures all equity instruments at fair value. On initial recognition of an equity instrument that is not held-for-trading, the Town Council may irrevocably elect to present subsequent changes in fair value in OCI. The classification is determined on an instrument-by-instrument basis. Dividends from such investments are to be recognised in income and expenditure statement when the Town Council's right to receive payments is established.

Changes in fair value of financial assets at fair value through profit or loss are recognised in income and expenditure statement. Changes in fair value of financial assets at FVOCI recognised in OCI are never recycled to income and expenditure statement. Dividends are recognised as other income in the income and expenditure statement when the right of payment has been established, except when the Town Council benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment. The Town Council does not hold such financial assets.

Financial assets at fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in income and expenditure statement in the period in which it arises. Interest income from these financial assets is included in the finance income. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of income and expenditure and other comprehensive income.

2(d) Summary of significant accounting policies (Cont'd)**(g) Financial instruments (Cont'd)****(I) Financial assets (Cont'd)****Derecognition**

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Town Council has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Town Council has transferred substantially all the risks and rewards of the asset, or (b) the Town Council has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Town Council has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Town Council continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Town Council also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Town Council has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Town Council could be required to repay.

Impairment of financial assets

The Town Council assesses on a forward-looking basis the expected credit losses (“ECL”) associated with its debt instrument assets carried at amortised cost and FVOCI. ECL 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.

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

For conservancy and service fee receivables and late payment penalty receivables, the Town Council measures the loss allowance at an amount equal to the lifetime expected credit losses. 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 has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2(d) Summary of significant accounting policies (Cont'd)**(g) Financial instruments (Cont'd)****(II) Financial liabilities****Initial recognition and measurement**

Financial liabilities are recognised initially at fair value less directly attributable transaction costs. These financial liabilities comprise loans and borrowings and trade and other payables. Borrowings which are due to be settled within 12 months after the end of reporting period are included in current borrowings in the statement of financial position even though the original terms was for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of reporting period. Borrowings to be settled within the Town Council's operating cycle are classified as current. Other borrowings due to be settled more than twelve months after the end of reporting period are included in non-current borrowings in the statement of financial position.

Subsequent measurement

They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in income and expenditure statement.

Derecognition

The Town Council derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Town Council also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in income and expenditure statement.

(h) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less allowance for doubtful debts. An allowance for doubtful receivables is established when there is objective evidence that the Town Council will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in income or expenditure. When a receivable becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in income or expenditure.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and fixed deposits.

(j) Payables

Payables are initially measured at fair value (net of transaction costs), and subsequently measured at amortised cost, using the effective interest method.

2(d) Summary of significant accounting policies (Cont'd)**(k) Provisions**

Provisions are recognised when the Town Council has a present obligation (legal or constructive) as a result of a past event, where 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 income or expenditure in the period they occur.

(l) Employee benefitsDefined contribution plan

The Town Council contributes to the Central Provident Fund ("CPF"), a defined contribution plan regulated and managed by the Government of Singapore. The Town Council contributes to the CPF for its sole employee. Other personnel are under the direct payroll of its managing agent. The contributions to CPF are charged to income or expenditure in the period to which the contributions relate.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Key management personnel consist of Town Councillors.

(m) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable from the gross inflow of economic benefits during the year arising from the course of the ordinary activities of the Town Council.

(i) Conservancy and service fees

Conservancy and service fees are recognised when due.

(ii) Agency fees

Agency fees for routine maintenance of HDB's carparks are recognised when due.

(iii) Interest and investment income

Interest income from fixed deposits is recognised on a time-proportion basis using the effective interest method.

Interest income from bonds is recognised using the effective interest method.

(iv) Other income

Other income comprises mainly temporary occupation licences, liquidated damages claims and other miscellaneous income, and are recognised when due.

2(d) Summary of significant accounting policies (Cont'd)**(n) Income tax**

Income tax is provided on the following income:

- (i) Income derived from investments and bank deposits;
- (ii) Agency fee derived from acting as agents for HDB;
- (iii) Fees, rents and other charges received from non-residents or non-owners of properties in the Town; and
- (iv) Donations from non-residents or non-owners of properties in the Town.

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

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

Tax shall be payable at the rate of 10% on interest income derived from qualifying debt securities which have been approved under Section 13 of the Income Tax Act, Cap. 134.

(o) Leases (from 1 April 2019)The Town Council as lessee

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 twelve 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.

(a) Lease liability

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. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

2(d) Summary of significant accounting policies (Cont'd)**(o) Leases (from 1 April 2019) (Cont'd)**The Town Council as lessee (Cont'd)*(a) Lease liability (Cont'd)*

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;
- 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 Town Council has elected the exemption to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Town Council shall recognise those lease payments in profit or loss in the periods that trigger those lease payments.

For all contracts that contain both lease and non-lease components, the Town Council has elected to not separate lease and non-lease components and account these as one single lease component.

The lease liabilities are presented as a separate line item in the balance sheet.

The lease liability is subsequently measured at amortised cost, 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.

The Town Council remeasures the lease liability (with a corresponding adjustment to the related right-of-use asset or to profit or loss if the carrying amount of the right-of-use asset has already been reduced to nil) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in 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

2(d) Summary of significant accounting policies (Cont'd)**(o) Leases (from 1 April 2019) (Cont'd)**The Town Council as lessee (Cont'd)*(a) Lease liability (Cont'd)*

- 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 at the effective date of the modification.

(b) Right-of-use asset

Depreciation on right-of-use assets is calculated using the straight-line method to allocate their depreciable amounts over the shorter period of lease term and useful life of the underlying asset, as follows:

Office premises: over lease term of 3 years

Office equipment: over lease term of 5 years

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 item in the balance sheet.

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

(p) Leases (before 1 April 2019)**Operating lease**

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

(q) Functional currency

Items included in the financial statements of the Town Council are measured using the currency of the primary economic environment in which the Town Council operates (the "functional currency"). The functional currency is Singapore dollar.

ANG MO KIO TOWN COUNCIL

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

Notes to the financial statements for the financial year ended 31 March 2020

3 Accumulated surplus

The surplus for the year attributable to the various activities is carried forward as accumulated surplus in the respective funds as follows:

	Note	Residential property 2020 \$	Residential property 2019 \$	Commercial property 2020 \$	Commercial property 2019 \$	Carpark 2020 \$	Carpark 2019 \$	2020 \$	2019 \$	Total 2020 \$	Total 2019 \$
ACCUMULATED SURPLUS AT 1 APRIL											
Add/(Less):		3,666,681	6,635,768	6,150,791	4,898,001	9,080,863	7,563,338	18,898,335	19,097,107		
Transfer to Lift Replacement Fund	5	(3,996,528)	(3,996,370)	(3,472)	(3,630)	-	-	(4,000,000)	(4,000,000)		
Transfer from Town Improvement and Project Funds	6	92,256	349,705	9,293	42,079	-	-	101,549	391,784		
Appropriation to Town Improvement and Project Funds	6	(4,032,721)	(2,167,719)	(200,662)	(109,297)	-	-	(4,233,383)	(2,277,016)		
		(4,270,312)	821,384	5,955,950	4,827,153	9,080,863	7,563,338	10,766,501	13,211,875		
OPERATING INCOME											
Conservancy and service fees		72,392,938	70,750,301	5,433,407	5,258,175	-	-	77,826,345	76,008,476		
Less:											
Operating income transfer to Sinking Funds (26% transferred to Sinking Funds)	4	(18,822,178)	(18,395,074)	(1,412,687)	(1,367,127)	-	-	(20,234,865)	(19,762,201)		
Operating income transfer to Lift Replacement Funds (14% transferred to Lift Replacement Funds)	5	(10,135,020)	(9,905,042)	(760,677)	(736,145)	-	-	(10,895,697)	(10,641,187)		
Agency fees	19	43,435,740	42,450,185	3,260,043	3,154,903	-	-	46,695,783	45,605,088		
Other income	20	2,473,225	2,921,748	1,211,845	1,173,474	6,172,506	6,034,922	6,172,506	6,034,922		
		45,908,965	45,371,933	4,471,888	4,328,377	96,577	89,017	3,781,647	4,184,239		
Less: Operating expenditure		(50,793,210)	(51,928,624)	(3,067,367)	(2,986,586)	6,269,083	6,123,939	56,649,936	55,824,249		
OPERATING (DEFICIT)/SURPLUS		(4,884,245)	(6,556,691)	1,404,521	1,341,791	(4,609,608)	(4,638,004)	(58,470,185)	(59,553,214)		
Add: Interest income		497,267	388,721	24,811	19,636	1,659,475	1,485,935	(1,820,249)	(3,728,965)		
(DEFICIT)/SURPLUS BEFORE INCOME TAX						53,135	41,856	575,213	450,213		
AND GOVERNMENT GRANTS		(4,386,978)	(6,167,970)	1,429,332	1,361,427	1,712,610	1,527,791	(1,245,036)	(3,278,752)		
Less: Income tax	27	(316,878)	(307,543)	(41,306)	(38,508)	(11,213)	(10,266)	(369,397)	(356,317)		
(DEFICIT)/SURPLUS BEFORE GOVERNMENT GRANTS		(4,703,856)	(6,475,513)	1,388,026	1,322,919	1,701,397	1,517,525	(1,614,433)	(3,635,069)		
Add: Government grants	28	30,041,073	27,234,524	673,976	584,276	-	-	30,715,049	27,818,800		
Less: Transfer to Sinking Funds	4,28	(4,170,905)	(4,039,022)	(312)	(312)	-	-	(4,171,217)	(4,039,334)		
Lift Replacement Funds	5,28	(8,442,235)	(8,030,446)	(379,117)	(364,970)	-	-	(8,821,352)	(8,395,416)		
Lift Replacement Funds – Voluntary	5,28	(1,998,264)	(1,998,185)	(1,736)	(1,815)	-	-	(2,000,000)	(2,000,000)		
Town Improvement and Project Funds	6,28	(5,804,515)	(3,846,061)	(292,092)	(216,460)	-	-	(6,096,607)	(4,062,521)		
		9,625,154	9,320,810	719	719	-	-	9,625,873	9,321,529		
SURPLUS FOR THE YEAR		4,921,298	2,845,297	1,388,745	1,323,638	1,701,397	1,517,525	8,011,440	5,686,460		
ACCUMULATED SURPLUS AT 31 MARCH		650,986	3,666,681	7,344,695	6,150,791	10,782,260	9,080,863	18,777,941	18,898,335		

ANG MO KIO TOWN COUNCIL
(Established under the Town Councils Act, Cap. 329A)

Notes to the financial statements for the financial year ended 31 March 2020

4 Sinking Funds

	Note	Residential property		Commercial property		Total	
		2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$
Balance as at 1 April		96,768,433	86,029,245	42,441,390	42,235,883	139,209,823	128,265,128
Add:							
Income	23	2,060,202	1,891,883	900,966	331,203	2,961,168	2,223,086
Operating income transfer from conservancy and service fees	3	18,822,178	18,395,074	1,412,687	1,367,127	20,234,865	19,762,201
Transfer from government grants	3,28	4,170,905	4,039,022	312	312	4,171,217	4,039,334
		25,053,285	24,325,979	2,313,965	1,698,642	27,367,250	26,024,621
Less:							
Expenditure	23	(16,267,718)	(13,290,042)	(1,040,623)	(1,438,639)	(17,308,341)	(14,728,681)
Income tax	27	(303,057)	(296,749)	(152,883)	(54,496)	(455,940)	(351,245)
Surplus for the year		8,482,510	10,739,188	1,120,459	205,507	9,602,969	10,944,695
Balance as at 31 March		105,250,943	96,768,433	43,561,849	42,441,390	148,812,792	139,209,823

Represented by:

Current assets

Financial assets at fair value through profit or loss	9	5,198,490	6,982,120
Conservancy and service fees receivables	10	400,971	397,655
Other receivables, deposits and prepayments	14	1,083,973	1,326,038
Due from accumulated surplus		5,957,668	5,938,121
Cash and cash equivalents	15	138,379,286	128,452,643
Total assets		151,020,388	143,096,577

Less:

Current liabilities

Payables and accrued expenses	18	1,400,411	3,275,802
Income tax payable	27	807,185	610,952
Total liabilities		2,207,596	3,886,754
NET ASSETS		148,812,792	139,209,823

ANG MO KIO TOWN COUNCIL
(Established under the Town Councils Act, Cap. 329A)
Notes to the financial statements for the financial year ended 31 March 2020

5 Lift Replacement Funds

	Note	Residential property 2020 \$	2019 \$	Commercial property 2020 \$	2019 \$	Total 2020 \$	2019 \$
Balance as at 1 April		44,120,089	26,110,525	8,660,199	7,605,966	52,780,288	33,716,491
Add:							
Income	24	4,796,699	2,473,520	119,908	108,292	4,916,607	2,581,812
Operating income transfer from conservancy and service fees	3	10,135,020	9,905,042	760,677	736,145	10,895,697	10,641,187
Transfer from government grants (excluding Lift Replacement Funds matching grant)	3.28	2,245,877	2,174,862	168	169	2,246,045	2,175,031
Lift Replacement Funds matching grant	3.28	6,196,358	5,855,584	378,949	364,801	6,575,307	6,220,385
Lift Replacement Funds matching grant - Voluntary	3.28	1,998,264	1,998,185	1,736	1,815	2,000,000	2,000,000
		25,372,218	22,407,193	1,261,438	1,211,222	26,633,656	23,618,415
Less:							
Expenditure	24	(11,385,901)	(8,316,517)	(268,715)	(142,314)	(11,654,616)	(8,458,831)
Income tax	27	(136,282)	(77,482)	(20,384)	(18,305)	(156,666)	(95,787)
Surplus for the year		13,850,035	14,013,194	972,339	1,050,603	14,822,374	15,063,797
Transfer from Operating Fund – voluntary contribution*	3	3,996,528	3,996,370	3,472	3,630	4,000,000	4,000,000
Balance as at 31 March		61,966,652	44,120,089	9,636,010	8,660,199	71,602,662	52,780,288
* This voluntary contribution is made in accordance with Section 33(9) of the Town Councils Act. With the voluntary contribution of \$4M (FY2019 - \$4M) from the Operating Fund to Lift Replacement Fund during the financial year ended 31 March 2020, the Town Council is entitled to receive a matching grant of \$2M (FY2019 - \$2M).							
Represented by:							
Current assets							
Conservancy and service fees receivables	10			215,907		215,907	214,122
Other receivables, deposits and prepayments	14			3,720,610		3,720,610	3,741,069
Receivables for Selective Lift Replacement Programme	11			2,721,314		2,721,314	578,090
Receivables for Lift Enhancement Programme	12			2,050,424		2,050,424	70,078
Due from accumulated surplus				7,134,725		7,134,725	7,197,381
Cash and cash equivalents	15			58,402,713		58,402,713	41,809,754
Total assets				74,245,693		74,245,693	53,610,494
Less:							
Current liabilities							
Payables and accrued expenses	18			2,390,577		2,390,577	691,069
Income tax payable	27			252,454		252,454	139,137
Total liabilities				2,643,031		2,643,031	830,206
NET ASSETS				71,602,662		71,602,662	52,780,288

ANG MO KIO TOWN COUNCIL

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

Notes to the financial statements for the financial year ended 31 March 2020

6 Town Improvement and Project Funds

	Note	Residential property 2020 \$	Residential property 2019 \$	Commercial property 2020 \$	Commercial property 2019 \$	Total 2020 \$	Total 2019 \$
Balance as at 1 April		2,167,719	1,725,062	109,297	88,883	2,277,016	1,813,945
Add/(Less):							
Transfer from government grants	3, 28	5,804,515	3,846,061	292,092	216,460	6,096,607	4,062,521
Expenditure	25	(7,879,978)	(5,221,418)	(392,096)	(263,264)	(8,272,074)	(5,484,682)
Deficit for the year		(2,075,463)	(1,375,357)	(100,004)	(46,804)	(2,175,467)	(1,422,161)
		92,256	349,705	9,293	42,079	101,549	391,784
Add/(Less):							
Transfer to accumulated surplus *	3	(92,256)	(349,705)	(9,293)	(42,079)	(101,549)	(391,784)
		-	-	-	-	-	-
Appropriation from accumulated surplus **	3	4,032,721	2,167,719	200,662	109,297	4,233,383	2,277,016
Balance as at 31 March		4,032,721	2,167,719	200,662	109,297	4,233,383	2,277,016

Represented by:

Current assets

Other receivables, deposits and prepayments

Amount due from accumulated surplus**

Total assets

Less:

Current liabilities

Payables and accrued expenses

Amount due to accumulated surplus**

Total liabilities

NET ASSETS

14

18

4,866,112
434,403

5,300,515

1,067,132

1,067,132

4,233,383

* At the end of each financial year, the Town Council would transfer any surplus or deficit from the Town Improvement and Project Funds to the accumulated surplus.

** The amount required by the Town Improvement and Project Funds for the following financial year would then be appropriated from the accumulated surplus.

7 Plant and equipment

	Furniture, fixtures and fittings \$	Office equipment \$	Total \$
<u>Cost</u>			
At 1 April 2018	1,333,350	190,706	1,524,056
Additions	-	6,195	6,195
Disposals	(35,309)	(6,046)	(41,355)
At 31 March 2019	1,298,041	190,855	1,488,896
Additions	-	11,480	11,480
Disposals	-	(6,556)	(6,556)
At 31 March 2020	1,298,041	195,779	1,493,820
<u>Accumulated depreciation</u>			
At 1 April 2018	826,154	168,327	994,481
Depreciation	151,610	11,431	163,041
Disposals	(35,309)	(6,046)	(41,355)
At 31 March 2019	942,455	173,712	1,116,167
Depreciation	146,530	10,002	156,532
Disposals	-	(6,141)	(6,141)
At 31 March 2020	1,088,985	177,573	1,266,558
<u>Net book value</u>			
At 31 March 2020	209,056	18,206	227,262
At 31 March 2019	355,586	17,143	372,729

8 Right-of-use assets

	Office equipment \$	Office premises \$	Total \$
<u>Cost</u>			
Adoption of FRS 116			
- Initial recognition	18,545	1,292,286	1,310,831
At 1 April 2019 and 31 March 2020	18,545	1,292,286	1,310,831
<u>Accumulated depreciation</u>			
At 1 April 2019	-	-	-
Depreciation	3,742	454,667	458,409
At 31 March 2020	3,742	454,667	458,409
<u>Carrying amount</u>			
At 31 March 2020	14,803	837,619	852,422
At 1 April 2019	18,545	1,292,286	1,310,831

9 Financial assets at fair value through profit or loss

	2020 \$	2019 \$
Represented by:		
Quoted corporate bond	1,006,970	1,006,200
Quoted bonds issued by a statutory board	4,191,520	5,975,920
	5,198,490	6,982,120

Quoted corporate bond bears fixed interest rate of 2.72% per annum with a maturity date of 3 September 2021. Quoted bonds issued by a statutory board bear weighted average fixed interest rates of 2.21% per annum with maturity dates ending on 28 August 2022 and 30 October 2029.

10 Conservancy and service fees receivables

	Note	2020 \$	2019 \$
Conservancy and service fees receivables	33	2,477,703	2,530,687
Less: Impairment	33	(935,507)	(1,001,243)
	33	1,542,196	1,529,444
Recorded in:			
Accumulated surplus		925,318	917,667
Sinking Funds	4	400,971	397,655
Lift Replacement Funds	5	215,907	214,122
		1,542,196	1,529,444

Conservancy and service fees receivables are denominated in Singapore dollars.

The Town Council generally extends 30-day (2019 - 30-day) credit term to its conservancy and service fees customers.

The movements in allowance for impairment are as follows:

	Note	2020 \$	2019 \$
Balance as at 1 April		1,001,243	880,925
Amount written off		(87,115)	(22,323)
Amount recognised	22	21,379	142,641
Balance as at 31 March		935,507	1,001,243

11 (Receivables) / Advances received for Selective Lift Replacement Programme

	2020 \$	2019 \$
Balance as at 1 April	(578,090)	1,369,452
Payment to contractors	(2,143,224)	(1,947,542)
Balance as at 30 March	(2,721,314)	(578,090)

Selective Lift Replacement Programme ("SLRP") was introduced to help replace old lifts with modern lifts that come with more energy-efficient motors, vision panels and infra-red doors with motion safety sensors for added energy efficiency, safety and security. These lifts were installed between 1987 and 1997, and are in blocks that are already barrier-free and do not need upgrading under the Lift Upgrading Programme ("LUP"). However, they lack certain safety and security features that come with modern lifts. HDB will help co-pay 50% for the replacement of these lifts when the Town Council is ready to replace them.

12 Receivables for Lift Enhancement Programme

	2020 \$	2019 \$
Balance as at 1 April	(70,078)	-
Payment to contractors	(1,980,346)	(70,078)
Balance as at 30 March	(2,050,424)	(70,078)

Lift Enhancement Programme ("LEP") was introduced in response to feedback received from residents after a spate of lift accidents. Due to technological advancements, existing lifts may not be equipped with modern features which enhance their safety, reliability and performance. Under the LEP, HDB will fund about 90% of Town Council's costs to install the recommended enhancement features.

13 (Receivables)/Advances received for Neighbourhood Renewal Programme

	2020 \$	2019 \$
Balance as at 1 April	619,382	(85,863)
Add/(Less):		
Amount received in advance from Housing & Development Board	89,560	1,606,418
Payment to contractors	(3,600,164)	(901,173)
	(3,510,604)	705,245
Advances received/(Receivables) for Neighbourhood Renewal Programme	(2,891,222)	619,382

Neighbourhood Renewal Programme ("NRP"), fully funded by the government, was introduced in August 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. Blocks built up to 1989 and have not undergone the Main Upgrading Programme ("MUP") or Interim Upgrading Programme ("IUP") are eligible for NRP.

14 Other receivables, deposits and prepayments

	Note	2020 \$	2019 \$
Grant receivables			
- Citizens' Consultative Committees		4,806,084	3,396,475
- GST Subvention		710,587	695,679
- Lift Replacement Funds Matching Grant		1,425,539	1,403,026
- Lift Replacement Funds Matching Grant - voluntary		2,000,000	2,000,000
- Service and Conservancy Charges		204,211	275,333
		9,146,421	7,770,513
Other receivables			
- Interest on fixed deposits and government bonds		2,219,960	1,833,481
- Late payment penalty receivables		365,741	361,563
- Less: Impairment		(219,445)	(216,938)
		146,296	144,625
- Claimable GST	26	-	15,766
- Recoverable from Housing & Development Board		82,680	2,199,605
- Recoverable from National Environment Agency		107,243	133,095
- Recoverable from contractors		441,419	122,970
- Recoverable from Pasir Ris-Punggol Town Council		-	605
- Recoverable from Public Utilities Board		-	682,425
Deposits		302,428	280,796
Others		36,378	37,449
		3,336,404	5,450,817
Prepayments		365,968	191,778
		12,848,793	13,413,108
Recorded in:			
Accumulated surplus		3,178,098	5,120,441
Sinking Funds	4	1,083,973	1,326,038
Lift Replacement Funds	5	3,720,610	3,741,069
Town Improvement and Project Funds	6	4,866,112	3,225,560
		12,848,793	13,413,108

Other receivables and deposits are denominated in Singapore dollars.

14 Other receivables, deposits and prepayments (Cont'd)

Movements in allowance for impairment loss on late payment penalty receivables are as follows:

	Note	2020 \$	2019 \$
Balance as at 1 April		216,938	212,791
Amount written off		(8,392)	(3,679)
Amount recognised	22	10,899	7,826
Balance as at 31 March		219,445	216,938

15 Cash and bank balances

		2020 \$	2019 \$
Cash on hand		13,500	13,454
Cash at bank		16,165,965	19,658,245
		16,179,465	19,671,699
Fixed deposits		213,727,849	182,234,180
		229,907,314	201,905,879

	Note	2020 \$	2019 \$
Recorded in:			
Accumulated surplus		33,125,315	31,643,482
Sinking Funds	4	138,379,286	128,452,643
Lift Replacement Funds	5	58,402,713	41,809,754
		229,907,314	201,905,879

Cash and bank balances are denominated in Singapore dollars.

The interest rates for fixed deposits range from 0.25% to 2.24% (2019 - 0.25% and 2.25%) per annum, receivable one year in arrears. The weighted average effective interest rates is 2.02% (2019 - 1.11%) per annum.

A fixed deposit of \$101,006 (2019 - \$100,754) is pledged to a bank to secure a performance guarantee issued by the bank.

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

	2020 \$	2019 \$
Cash and bank balances as above	229,907,314	201,905,879
Less:		
Fixed deposit pledged	(101,006)	(100,754)
Cash and bank balances per statement of cash flows	229,806,308	201,805,125

16 Lease liabilities

	2020 \$
Maturity analysis	
- Year 1	434,371
- Year 2	369,416
- Year 3	49,854
- Year 4	7,064
- Year 5	822
	861,527
Analysed as:	
- Current	434,371
- Non-current	427,156
	861,527

Interest expense on lease liabilities of \$25,057 is recognised in profit or loss.

Rental expenses not capitalised in lease liabilities but recognised within “general and administrative expenditure” in the statement of income and expenditure and other comprehensive income are set out below:

	2020 \$
Leases of low-value assets	8,389

17 Advances received for Electrical Load Upgrading Programme

	2020 \$	2019 \$
Balance as at 1 April	817,439	717,549
Add/(Less):		
Funding from Housing & Development Board	999,354	804,048
Payment to contractors	(861,484)	(704,158)
	137,870	99,890
Balance as at 31 March	955,309	817,439

The Electrical Load Upgrading (“ELU”) was introduced to upgrade the incoming electrical supply for HDB apartment blocks with a 40amps main switch instead of 30amps. The ELU works include supply and installation of new main switchboard including all accessories, connection, authority testing, commissioning and LEW licensing; replacement of all electrical sub-main risers including all tap-off boxes, accessories and connections; as well as replacement of all meter boards for residential units including authority testing and commissioning.

Blocks completed on or after 1 January 1994 and have undergone the Main Upgrading Programme (“MUP”) are not eligible for ELU as they are already provided with a higher electrical loading of 40 amps main switch.

This programme is fully funded by HDB and implemented by the Town Council.

18 Payables and accrued expenses

	Note	2020 \$	2019 \$
Accounts payable		4,584,421	3,240,051
Accrued expenses		4,379,589	3,440,214
GST payable		141,809	-
Deposits received		462,779	714,549
Payable to HDB		12,449	37,170
Others		20,819	79,430
		9,601,866	7,511,414
Recorded in:			
Accumulated surplus		4,743,746	3,158,079
Sinking Funds	4	1,400,411	3,275,802
Lift Replacement Funds	5	2,390,577	691,069
Town Improvement and Project Funds	6	1,067,132	386,464
		9,601,866	7,511,414

Included in accounts payable is amount owing to the managing agent of \$165,506 (2019 - \$161,226).

Payables and accrued expenses are denominated in Singapore dollars.

19 Agency fees

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

20 Other income

	2020 \$	2019 \$
Community hall rental	25,791	26,975
Late payment penalty	287,628	297,292
Liquidated damages	346,209	320,942
Sale of tender documents	23,000	69,850
Sundry fines	52,443	59,095
Sundry income	125,831	156,804
Temporary Occupation Licence charges	2,247,370	2,392,575
Use of common property	94,251	119,060
Use of void decks	46,595	56,970
Use of water and electricity	309,495	414,128
Use of roof top access	215,850	261,535
Others	7,184	9,013
	3,781,647	4,184,239

21 Managing agent's fees

The Town Council's management of its daily operations has been outsourced to a managing agent.

22 General and administrative expenditure

	Note	2020 \$	2019 \$
Advertising, publicity and public relations		319,832	309,320
Computer services		324,842	321,535
Depreciation of plant and equipment	7	156,532	163,041
Depreciation of right-of-use assets	8	458,409	-
Impairment conservancy and service fees receivables	10	21,379	142,641
Impairment loss on late payment penalty receivables	14	10,899	7,826
Office rental and upkeep expenditure		82,576	537,583
Office supplies and stationery		67,765	65,411
Plant and equipment not capitalised		959	1,120
Professional fees		103,487	63,948
Property tax		247,434	249,528
Key management personnel compensation			
- Town Councillors' allowances	29	305,700	306,000
Repairs and maintenance		21,706	18,906
Staff salary & related costs		55,495	59,056
Telephone, postage and courier expenditure		175,575	158,762
Unclaimable GST	26	971,087	720,623
Others		303,785	257,400
		3,627,462	3,382,700

23 Sinking Funds income and expenditure**(i) Income**

	2020 \$	2019 \$
Interest income from bank accounts and fixed deposits	2,619,820	1,936,792
Interest income from bonds	123,183	229,195
Fair value gain on financial assets at fair value through profit or loss	216,370	45,220
Other income	1,795	11,879
	2,961,168	2,223,086

(ii) Expenditure

	Note	2020 \$	2019 \$
Electrical rewiring		3,103,562	4,237
General and administrative charges		205	1,100
Project management fees		477,522	433,202
Re-decoration and repairing		9,776,202	13,053,025
Re-roofing works		2,888,395	924,847
Replacement of booster pumps		128,800	-
Replacement of fire protection system		45,340	-
Replacement of Refuse Chute Flushing System ("RCFS")		151,079	-
Replacement of water pumps		316,432	-
Unclaimable GST	26	420,804	312,270
		17,308,341	14,728,681

24 Lift Replacement Funds income and expenditure**(i) Income**

	2020 \$	2019 \$
Interest income from bank accounts and fixed deposits	922,592	564,192
Income recognised from Selective Lift Replacement Programme	2,143,224	1,947,542
Income recognised from Lift Enhancement Programme	1,850,791	70,078
	4,916,607	2,581,812

(ii) Expenditure

	Note	2020 \$	2019 \$
Lift overhaul/upgrading		154,083	84,120
Lift Enhancement Programme's contractor claims		2,108,001	73,375
Lift position display panels		1,799,800	509,410
Lift inverter units		431,811	586,462
Project management fees		338,385	267,478
Replacement of hoisting ropes		1,512,360	2,381,292
Replacement of ARD batteries		430,704	340,891
Replacement of EBOP batteries		258,619	262,904
Replacement of encoders		3,449	2,800
Retrofitting Elevator Energy Regeneration System			
Selective Lift Replacement Programme's contractor claims		230,213	-
Unclaimable GST	26	4,158,061	3,781,635
General and administrative expenses		226,587	168,145
		2,543	319
		11,654,616	8,458,831

25 Town Improvement and Project Funds expenditure

	2020 \$	2019 \$
Consultancy fees and architectural fees	857,952	429,335
Town improvement works	7,414,122	5,055,347
	8,272,074	5,484,682

26 Goods and Services Tax ("GST")

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 is charged to the statement of income and expenditure and other comprehensive income during the year.

27 Income tax

	Note	2020 \$	2019 \$
Current tax expense		982,003	803,349
Recorded in:			
Accumulated surplus	3	369,397	356,317
Sinking Funds	4	455,940	351,245
Lift Replacement Funds	5	156,666	95,787
		982,003	803,349

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

	2020 \$	2019 \$
Interest income	4,240,809	3,180,392
Government grants and other income	32,709,420	29,937,158
Allowable expenses	(391,877)	(464,233)
	36,558,352	32,653,317
Tax calculated at a tax rate of 17% (2019 - 17%)	6,214,920	5,551,064
Tax exempt income	(17,425)	(17,425)
Tax remission of government grants under section 92(2) of Singapore Income Tax Act	(5,206,869)	(4,714,246)
Tax effect of certain income taxed at concessionary tax rate	(8,623)	(16,044)
	982,003	803,349

The Town Council enjoys a concessionary tax rate of 10% for the income earned on investment in bonds.

Movements in income tax payable are as follows:

	Note	2020 \$	2019 \$
Balance as at 1 April		1,434,625	1,276,301
Current financial year's income tax expense		982,003	803,349
Payments during the year		(631,276)	(645,025)
Balance as at 31 March		1,785,352	1,434,625
Recorded in:			
Accumulated surplus		725,713	684,536
Sinking Funds	4	807,185	610,952
Lift Replacement Funds	5	252,454	139,137
Balance as at 31 March		1,785,352	1,434,625

28 Government grants

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

Note		Service and Conservancy charge operating grant		GST subvention grant		Payment from Citizens' Consultative Committee		Lift Maintenance grant		Lift Replacement Funds matching grant		Total	
		2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$
3	Government grants received/receivable during the year	11,878,786	11,465,936	2,811,349	2,747,558	6,096,607	4,062,521	1,353,000	1,322,400	8,575,307	8,220,385	30,715,049	27,818,800
3, 4	Less: Transfer to Sinking Funds	(3,088,484)	(2,981,143)	(730,953)	(714,367)	-	-	(351,780)	(343,824)	-	-	(4,171,217)	(4,039,334)
3, 5	Transfer to Lift Replacement Funds	(1,663,030)	(1,605,232)	(393,595)	(384,663)	-	-	(189,420)	(185,136)	(6,575,307)	(6,220,385)	(8,821,352)	(8,395,416)
3, 5	Transfer to Lift Replacement Funds - Voluntary	-	-	-	-	-	-	-	-	(2,000,000)	(2,000,000)	(2,000,000)	(2,000,000)
3, 6	Transfer to Town Improvement and Project Funds	7,127,272	6,879,561	1,686,801	1,648,528	(6,096,607)	(4,062,521)	-	-	-	-	(6,096,607)	(4,062,521)
								811,800	793,440	-	-	9,625,873	9,321,529

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

	2020 \$	2019 \$
Total grants received/receivable at 1 April	384,251,461	356,432,661
Grants received/receivable during the year	30,715,049	27,818,800
Total grants received/receivable at 31 March	414,966,510	384,251,461

29 Key management remuneration

	2020 \$	2019 \$
Town Councillors' allowances (Note 22)	305,700	306,000

30 Significant related party transactions

Related party relates to the managing agent, CPG Facilities Management Pte Ltd, who manages the operations of the Town Council.

Apart from the disclosures made elsewhere in these financial statements, the following transactions took place between the Town Council and its related party on terms agreed between the parties during the financial year:

	2020 \$	2019 \$
Expenditure paid to Managing Agent in relation to:		
- Managing Agent Fees (Note 19)	6,321,040	6,194,930
- Project Management Fees	1,100,642	889,403
	7,421,682	7,084,333

31 Capital commitments

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

	2020 \$	2019 \$
Amount approved and contracted for	21,690,288	27,809,567
Amount approved but not contracted for	88,691,257	77,407,370
	110,381,545	105,216,937

32 Operating lease payment commitments

As at 31 March 2019, the Town Council was committed to making the following rental payments in respect of non-cancellable operating leases of office premises and office equipment with an original term of more than one year:

	2019 \$
Not later than one year	763,607
Later than one year and not later than five years	848,497
Later than five years	-
	1,612,104

On adoption of FRS 116 *Leases* on 1 April 2019, the Town Council's operating lease's commitment related to the office premises and office equipment previously disclosed in the financial statements as at 31 March 2019 were recognised as a lease liability with a corresponding right-of-use asset in the statement of financial position (Note 2(b)), except for low value leases.

33 Financial instruments and financial risks

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

The main risks arising from the Town Council's financial instruments are credit risk and market risk. The Town Council is not exposed to foreign exchange risk. There is no significant liquidity risk as sufficient cash is maintained. Risks management policies and systems are reviewed to reflect changes in the operational environment and market conditions.

33.1 Credit risk

Credit risk is the potential financial loss resulting from the failure of a counterparty to settle its contractual obligations to the Town Council when they fall due. Financial assets that potentially subject to concentrations of credit risk consist principally of fixed deposits and bank balances, conservancy and service fees receivables and other. The maximum exposure to credit risk is the fair value of the financial instruments at the end of the reporting year.

Fixed and bank deposits are placed with Singapore-regulated financial institutions.

Investment in bonds comprising bonds issued by a statutory board and a government-linked company with a good credit standing.

Receivables for Selective Lift Replacement Programme, receivables for Lift Enhancement Programme, receivables for Neighbourhood Renewal Programme and grant receivables from statutory boards and the government are considered to have a low credit risk. At the reporting date, no loss allowance for these receivables was required.

For conservancy and service fees receivable, an ongoing credit evaluation is performed on the financial conditions of the receivables and losses on impairment are recognised in the statement of income and expenditure and other comprehensive income. The impairment of conservancy and service fees receivable totalling \$935,507 (2019 - \$1,001,243) is determined at the reporting date (Note 10).

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

The class of financial asset with material past due balances related to conservancy and service fees receivables as disclosed below:

	Note	2020 \$	2019 \$
Not past due (Less than 30 days)		431,414	422,551
Past due 30 to 90 days		500,945	404,018
Past due 91 to 180 days		343,400	257,281
Past due 181 to 360 days		287,950	360,866
Past due over 360 days		913,994	1,085,971
		2,477,703	2,530,687
Less: Impairment		(935,507)	(1,001,243)
	10	1,542,196	1,529,444

Conservancy and service fees receivables amounting to \$1,110,782 (2019 - \$1,106,893) are past due at the financial year end but not impaired, as management believes that it will be collectible in the foreseeable future as a result of recovery efforts and historical experience.

33 Financial instruments and financial risks (Cont'd)**33.1 Credit risk (Cont'd)**Exposure to credit risk

The tables below provides information about the Town Council's exposure to credit risk and ECLs at the reporting date:

	12-month/ Lifetime ECL	Gross carrying amount \$	Loss allowance \$	Net carrying amount \$
2020				
Conservancy and service fee receivables	Lifetime ECL	2,477,703	(935,507)	1,542,196
Late payment penalty receivables	Lifetime ECL	365,741	(219,445)	146,296
2019				
Conservancy and service fee receivables	Lifetime ECL	2,530,687	(1,001,243)	1,529,444
Late payment penalty receivables	Lifetime ECL	361,563	(216,938)	144,625

At each reporting date, the Town Council evaluates the recoverability of conservancy and service fees receivables and late payment penalty receivables and records allowances for expected credit losses which are measured using a provision matrix by evaluating historical credit loss experience, results of recovery efforts, current conditions as well as forward looking estimates.

33.2 Market riskInterest rate risk

The Town Council's exposure interest rate risk relates primarily to interest-earning fixed deposits with financial institutions and investments in bonds.

33.3 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. Besides, the Town Council's operations are partially supported by various grants from statutory boards and the government. The Town Council is satisfied that funds for operations are available as and when required.

The credit period for settlement of payables and accrued expenses is between 30 and 90 days (2019 – 30 and 90 days). It is expected that all the liabilities will be paid when due with cash inflows from operating activities and grants.

The contractual undiscounted cash flows of financial assets and financial liabilities due within 12 months approximate their carrying amounts as the impact of discounting is not significant.

33 Financial instruments and financial risks (Cont'd)**33.4 Accounting classifications of financial assets and financial liabilities**

The carrying amounts of financial instruments by category other than those disclosed on the face of the statement of financial position and in notes to the financial statements are as follows:

	Financial assets at fair value through profit or loss \$	Financial assets at amortised cost \$	Total \$
2020			
Financial assets			
Financial assets at fair value through profit or loss	5,198,490	-	5,198,490
Conservancy and service fees receivables	-	1,542,196	1,542,196
Receivables for Selective Lift Replacement Programme	-	2,721,314	2,721,314
Receivables for Lift Enhancement Programme	-	2,050,424	2,050,424
Receivables for Neighbourhood Renewal Programme	-	2,891,222	2,891,222
Other receivables and deposits #	-	12,482,825	12,482,825
Cash and bank balances	-	229,907,314	229,907,314
	5,198,490	251,595,295	256,793,785
		Financial liabilities (at amortised cost) \$	Total \$
2020			
Financial liabilities			
Advances received for Electrical Load Upgrading Programme		955,309	955,309
Lease liabilities		861,527	861,527
Payables and accrued expenses*		9,460,057	9,460,057
		11,276,893	11,276,893

Exclude claimable GST and prepayments

* Exclude GST payable

33 Financial instruments and financial risks (Cont'd)**33.4 Accounting classifications of financial assets and financial liabilities (Cont'd)**

	Financial assets at fair value through profit or loss \$	Financial assets at amortised cost \$	Total \$
2019			
Financial assets			
Financial assets at fair value through profit or loss	6,982,120	-	6,982,120
Conservancy and service fees receivables	-	1,529,444	1,529,444
Receivables for Selective Lift Replacement Programme	-	578,090	578,090
Receivables for Lift Enhancement Programme	-	70,078	70,078
Other receivables and deposits #	-	13,205,564	13,205,564
Cash and bank balances	-	201,905,879	201,905,879
	6,982,120	217,289,055	224,271,175
		Financial liabilities (at amortised cost) \$	Total \$
2019			
Financial liabilities			
Advances received for Neighbourhood Renewal Programme		619,382	619,382
Advances received for Electrical Load Upgrading Programme		817,439	817,439
Payables and accrued expenses*		7,511,414	7,511,414
		8,948,235	8,948,235

Exclude claimable GST and prepayments

* Exclude GST payable

34 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 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 funds management during the year. The Town Council is not subject to externally imposed capital requirements. At the end of the reporting year, the Town Council's total funds amounted to \$243,426,778 (2019 - \$213,165,462).

35 Fair value measurements

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

The Town Council classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. There are three fair value hierarchy levels, as follows:

- (i) Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2 - 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); and
- (iii) Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The financial assets at fair value through profit or loss in Note 9 are categorised as Level 1.

36 Events after reporting period

- a) The Multi-Ministry Taskforce implemented an elevated set of safe distancing measures, as a circuit breaker from 7 April 2020 until 4 May 2020 (inclusive) to pre-empt the trend of increasing local transmission of COVID-19. The circuit breaker period was subsequently extended by another 4 weeks until 1 June 2020 (inclusive).

With the stricter measures introduced by the government to stem the community spread of COVID-19, the Town Council closed all payment collection and customer service counters at all offices until 1 June 2020. During the circuit breaker period, there were no face-to-face Meet the People sessions at all divisions. Counter services subsequently resumed on 2 June 2020.

To help owners and tenants of commercial shops, offices, market and food stalls to cushion the economic impact of the coronavirus pandemic, the Town Council gave the following:

- 3 months waiver of tagging of penalty fees for late payment of service and conservancy charge to residential and commercial properties owners.
- 2 months waiver of Temporary Occupation Licence fees for outdoor display area, signboard advertisements, etc. (excluding antenna and ATM machines) for shops tenants.
- a 15% rebate for 4 months on service and conservancy charges to market stallholders, hawkers and shops tenants.

Additional expected credit losses on receivables may need to be recognised due to a decline in the repayment ability of service and conservancy debtors.

- b) As required under the Town Councils Act, the Ministry of National Development issued the Town Councils (Declaration) Order 2020 on 30 July 2020 to put into effect the formation of 17 Town Councils following General Election 2020.

Ang Mo Kio Town Council had been reconstituted as Sengkang West SMC under its purview became part of the newly established Sengkang Town Council due to changes in electoral boundaries or changes in the grouping of constituencies for a town.

Following the reconstitution, the constituencies under the Town Council are Ang Mo Kio GRC, Kebun Baru SMC and Yio Chu Kang SMC.

There is no change to the name of the Town Council following the reconstitution.