

Financial statements

ANG MO KIO TOWN COUNCIL

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

For the year ended 31 March 2019

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Chairman's Message FY 2018/2019



Dear Residents

We at the Ang Mo Kio Town Council continue to manage and administer the estate to ensure that it is clean and safe for residents to live in. We completed a total of 117 Community Improvement Projects and initiated more than 20 Repairs and Redecoration works in the past year. To make it more convenient and safer to commute, we have also completed our Large Scale Town Wide project to bridge first mile - last mile gap within Ang Mo Kio GRC and Sengkang West SMC. A total of 12 km of shared path was created to facilitate connectivity between blocks. For cyclists, the town offers a total of 12,636 bicycle racks and 322 QR code parking system for shared bike commuters.

Amenities for residents continued to be upgraded or rejuvenated in the past year. Under the Selective Lift Replacement Programme, 55 lifts were replaced with newer lift models and 79 more are being replaced. Under the Lift Enhancement Programme, 172 lifts were enhanced with better door sensors and a wider lift space allowing easier access for wheel-chair bound residents.

In the past year, we collaborated with various agencies and schools on litter-picking programmes to build a culture of cleanliness in the estate. Several schools and organisations came forward to pick litter in the estate. Through these activities, participants came to realise how much rubbish our cleaners have to clean every day.

On this note, I am pleased to share that the town council has once again attained the 'Green Band' for Estate Cleanliness in the Town Council Management Report. I would like to take this opportunity to thank our Town Councillors, grassroots leaders and staff for working closely together to ensure the smooth running of our Town. And to our residents, we appreciate your valuable feedback and support. Through our joint efforts, we have managed to meet the stringent standards for seven consecutive years. Together with all of you, we will continue to maintain the cleanliness standard.

Here's looking forward to all of us working together to make Ang Mo Kio GRC-Sengkang West SMC town a place we call home.

Yours sincerely

A handwritten signature in blue ink, which appears to read 'Ang Hin Kee'. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Mr Ang Hin Kee
Chairman
Ang Mo Kio Town Council

Estate Maintenance and Town Improvement Works

Rejuvenating the Estate

The Town Council improves facilities and amenities in our estates through various programmes, such as Repairs and Redecoration Programme, Re-roofing works, Selective Lift Replacement Programme, Lift Enhancement Programme, Cyclical Works and Neighbourhood Renewal Programme.



New Lift at Blk 526 Serangoon North Ave 4



Repainted Blk 217 Ang Mo Kio Ave 1



Re-roofing works, Blk 312 Ang Mo Kio Ave 3



Repainted Badminton Court, Blk 327 Ang Mo Kio Ave 1

Seamless Connectivity for All

To improve connectivity around the neighbourhood, the Town Council has constructed shared footpaths, Barrier-Free Access (BFA) ramps and covered linkways linking the blocks to nearby amenities. The estate is now more accessible and connected for residents especially the seniors. The improvised structure helps to facilitate and ease mobility for the elderly, families with young children and handicapped residents. These amenities improve the walking experience within towns as well as make life more convenient for all residents.



Drop Off Porch,
Blk 627 Hougang Ave 4



Footpath, Blk 447A,
Jalan Kayu



Shared path, Blk 324 Ang Mo Kio Ave 3

Active and Gracious Living

To encourage active lifestyle and gracious living within town, the Town Council constructed and upgraded social amenities such as the elderly fitness corners, resident corners, children playgrounds and BBQ pits. The amenities are social gathering points that provide opportunities for residents to foster ties and lead active lifestyle.



3-Generation Playground with Fitness Corner



Dual Bicycle Rack -Blk 309A to 312B Anchorvale Road

Outreach Activities

During the year, we collaborated with several schools and organisations on our Educational and Outreach programmes to raise awareness on what Town Council does. Some of the activities included litter picking around the estate to Keep Singapore Clean.



Litter Picking with audit firm, KPMG

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 2019, 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 2019 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

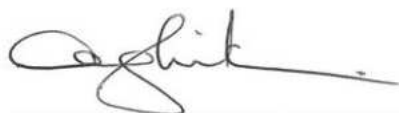
Public Accountants and
Chartered Accountants

Singapore,
25 September 2019

Statement of financial position

as at 31 March 2019

	Note	2019 \$	2018 \$
TOWN COUNCIL FUNDS			
Residential property			
Accumulated surplus	3	3,666,681	6,635,768
Sinking Funds	4	96,768,433	86,029,245
Lift Replacement Funds	5	44,120,089	26,110,525
Town Improvement and Project Funds	6	2,167,719	1,725,062
		146,722,922	120,500,600
Commercial property			
Accumulated surplus	3	6,150,791	4,898,001
Sinking Funds	4	42,441,390	42,235,883
Lift Replacement Funds	5	8,660,199	7,605,966
Town Improvement and Project Funds	6	109,297	88,883
		57,361,677	54,828,733
Carpark			
Accumulated surplus	3	9,080,863	7,563,338
		213,165,462	182,892,671
REPRESENTED BY:			
Non-current assets			
Plant and equipment	7	372,729	529,575
Current assets			
Financial assets at fair value through profit or loss	8	6,982,120	12,936,900
Conservancy and service fees receivables	9	1,529,444	1,501,951
Receivables for Selective Lift Replacement Programme	10	578,090	-
Receivables for Lift Enhancement Programme	11	70,078	-
Receivables for Neighbourhood Renewal Programme	12	-	85,863
Other receivables, deposits and prepayments	13	13,413,108	9,797,662
Cash and bank balances	14	201,905,879	165,840,776
		224,478,719	190,163,152
Total assets		224,851,448	190,692,727
Less:			
Current liabilities			
Conservancy and service fees received in advance		1,303,126	1,303,004
Advances received for Selective Lift Replacement Programme	10	-	1,369,452
Advances received for Neighbourhood Renewal Programme	12	619,382	-
Advances received for Electrical Load Upgrading Programme	15	817,439	717,549
Payables and accrued expenses	16	7,511,414	3,133,750
Income tax payable	25	1,434,625	1,276,301
Total liabilities		11,685,986	7,800,056
NET ASSETS		213,165,462	182,892,671



ANG HIN KEE
Chairman



ANG BOON PENG
General Manager/Secretary

Dated: 25 September 2019

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 2019

	Note	2019 \$	2018 \$
Operating income			
Conservancy and service fees	3	76,008,476	70,920,255
Less:			
Operating income transfer to Sinking Funds (26% transferred to Sinking Funds)	3, 4	(19,762,201)	(18,439,266)
Operating income transfer to Lift Replacement Funds (14% transferred to Lift Replacement Funds)	3, 5	(10,641,187)	(9,928,841)
		45,605,088	42,552,148
Agency fees	3, 17	6,034,922	5,749,018
Other income	3, 18	4,184,239	4,294,945
		55,824,249	52,596,111
Less:			
Operating expenditure			
Cleaning works		(10,818,462)	(10,768,506)
Managing agent's fees	19	(6,194,930)	(6,381,888)
Lift maintenance		(12,666,643)	(10,181,034)
Other works and maintenance		(9,827,123)	(10,118,418)
Water and electricity		(16,663,356)	(16,298,470)
General and administrative expenditure	20	(3,382,700)	(3,242,007)
		(59,553,214)	(56,990,323)
Operating deficit		(3,728,965)	(4,394,212)
Add: Interest income	3	450,213	314,536
Deficit before taxation and government grants		(3,278,752)	(4,079,676)
Less:			
Income tax	3, 25	(356,317)	(327,525)
Deficit before government grants		(3,635,069)	(4,407,201)
Add:			
Government grants	3, 26	27,818,800	21,718,797
Less: Transfer to			
- Sinking Funds	3, 4	(4,039,334)	(3,872,638)
- Lift Replacement Funds	3, 26	(8,395,416)	(8,084,381)
- Lift Replacement Funds – voluntary contribution	3, 5	(2,000,000)	-
- Town Improvement and Project Funds	3, 6	(4,062,521)	(824,933)
		9,321,529	8,936,845
SURPLUS FOR THE YEAR		5,686,460	4,529,644
Add:			
Surplus/(Deficit) for the year from:			
- Sinking Funds	4	10,944,695	6,383,328
- Lift Replacement Funds	5	15,063,797	13,875,267
- Town Improvement and Project Funds	6	(1,422,161)	(702,992)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		30,272,791	24,085,247



ANG HIN KEE
Chairman



ANG BOON PENG
General Manager/Secretary

Dated: 25 September 2019

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 2019

	Residential property \$	Commercial property \$	Carpark \$	Total \$
Balance at 1 April 2017	101,239,422	51,555,100	6,012,902	158,807,424
Surplus for the year	19,261,178	3,273,633	1,550,436	24,085,247
Balance at 31 March 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 at 31 March 2019	146,722,922	57,361,677	9,080,863	213,165,462

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

	Note	2019 \$	2018 \$
Accumulated surplus	3	5,686,460	4,529,644
Sinking Funds	4	10,944,695	6,383,328
Lift Replacement Funds	5	15,063,797	13,875,267
Town Improvement and Project Funds	6	(1,422,161)	(702,992)
		30,272,791	24,085,247

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 2019

	Note	2019 \$	2018 \$
Cash Flows from Operating Activities			
Deficit before taxation and government grants	3	(3,278,752)	(4,079,676)
Adjustments for:			
Depreciation of plant and equipment	7	163,041	171,848
Interest income	3	(450,213)	(314,536)
Fair value gain arising from fair value through profit and loss investments		(45,220)	-
Operating income transfer to Sinking Funds	4	19,762,201	18,439,266
Operating income transfer to Lift Replacement Funds	5	10,641,187	9,928,841
Operating surplus before working capital changes		26,792,244	24,145,743
(Decrease)/Increase in operating receivables		(437,153)	7,463,980
Increase/(Decrease) in operating payables		4,377,786	(4,233,979)
Cash generated from operations before income tax		30,732,877	27,375,744
Income tax paid	25	(645,025)	(584,408)
Sinking Funds expenditure (Note A)	21	(14,728,681)	(17,117,001)
Lift Replacement Funds expenditure	22	(8,458,831)	(4,922,056)
Town Improvement and Project Funds expenditure	23	(5,484,682)	(1,527,925)
Selective Lift Replacement Programme expenditure	10	(1,947,542)	(571,798)
Lift Enhancement Programme expenditure	11	(70,078)	-
Neighbourhood Renewal Programme Funds expenditure	12	(901,173)	(1,466,892)
Electrical Load Upgrading Programme Funds expenditure	15	(704,158)	(1,155,577)
Net cash (used in)/generated from operations before government grants		(2,207,293)	30,087
Government grants received		27,525,776	14,199,871
Funding from Housing & Development Board for Selective Lift Replacement Programme projects	10	-	1,941,250
Funding from Housing & Development Board for Neighbourhood Renewal Programme projects	12	1,606,418	648,932
Funding from Housing & Development Board for Electrical Load Upgrading Programme projects	15	804,048	1,477,592
Fixed deposit pledged		(251)	(251)
Net cash generated from operating activities		27,728,698	18,297,481
Cash Flows from Investing Activities			
Interest and investment income received		2,342,349	2,507,091
Proceeds from redemption of bonds upon maturity		6,000,000	3,000,000
Purchase of plant and equipment	7	(6,195)	(21,655)
Net cash generated from investing activities		8,336,154	5,485,436
Net increase in cash and cash equivalents		36,064,852	23,782,917
Cash and cash equivalents at beginning of year		165,740,273	141,957,356
Cash and cash equivalents at end of year	14	201,805,125	165,740,273

Non-cash transactions

The following are non-cash transactions for the respective financial year ended 31 March:

		2019 \$	2018 \$
Note A			
Sinking Funds expenditure	21	(14,728,681)	(17,330,851)
Adjustment:			
Fair value loss arising from fair value through profit and loss investments	21	-	213,850
Sinking Funds expenditure paid		(14,728,681)	(17,117,001)

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 2019

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 2019 were authorised for issue by the Town Council on 25 September 2019.

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.

2(a) Basis of preparation (Cont'd)**Significant accounting estimates and judgements (Cont'd)**

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

(a) Judgement

(i) 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.

(b) Key sources of estimation

(i) Allowance for bad and doubtful debts

Allowance for doubtful conservancy and service debts and late payment penalty receivables amounting to \$1,001,243 (2018 - \$880,925) and \$216,938 (2018 - \$212,791), respectively, have been estimated on the basis of age of debts, results of recovery efforts and historical experience, adjusted by forward-looking estimates.

As at 31 March 2019, the carrying amount of the Town Council's conservancy and service fees receivables and late payment penalty receivables are \$1,529,444 (2018 - \$1,501,951) in Note 9, and \$144,625 (2018 - \$141,860) in Note 13, respectively.

(ii) Depreciation of plant and equipment

The cost of plant and equipment for the Town Council is depreciated on the straight-line basis over the plant and equipment's estimated economic useful lives. Changes in the expected useful lives and the technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Town Council's plant and equipment as at 31 March 2019 was \$372,729 (2018 - \$529,575) in Note 7.

2(b) Adoption of new and revised standards

On 1 April 2018, 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 115	Revenue from Contracts with Customers
FRS 109	Financial Instruments
INT FRS 122	Foreign Currency Transaction and Advance Consideration

FRS 115 Revenue Contracts with Customers

FRS 115 *Revenue from Contracts with Customers* establishes a framework for determining when and how to recognise revenue. The objective of the standard is to establish the principles that an entity shall apply to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. It established a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods and services to a customer.

The standard replaces FRS 11 *Construction Contracts*, FRS 18 *Revenue*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for Construction of Real Estate*, INT FRS 118 *Transfer of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*. The new standard applies to contracts with customers. However, it does not apply to insurance contracts, financial instruments or lease contracts, which fall into the scope of other standards.

It also clarifies on how to:

- Identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract
- Determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided)
- Determine whether the revenue from granting a licence should be recognised at a point in time or over time.

The amendments did not have any impact on the Town Council's financial statements.

FRS 109 Financial Instruments

FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It is a package of improvements introduced which includes:

- Classification and measurement;
- A single, forward-looking expected credit loss model for calculating impairment on financial assets; and
- A new general hedge accounting requirements

It also carries forward the guidance on recognition and derecognition of financial instruments from FRS 39.

Overall, there was no significant change to the measurement basis arising from adoption the new classification and measurement model under FRS 109.

Loans and receivables currently accounted for at amortised cost will continue to be accounted for using amortised cost model under FRS 109.

2(b) Adoption of new and revised standards (Cont'd)**FRS 109 Financial Instruments (Cont'd)**

In the assessment of impairment on financial assets, the Town Council applied the expected credit loss model on all of its financial assets using either the 12-month or lifetime basis which is dependent on whether there has been a significant increase in the credit risk of the assets from initial recognition to the date of initial application of FRS 109.

The amendments did not have any impact on the Town Council's financial statements.

INT FRS 122 Foreign Currency Transactions and Advance Consideration

This Interpretation provides requirements about which exchange rate to use in reporting foreign currency transactions (such as revenue transactions) when payment is made or received in advance.

The amendments did not have any impact on the Town Council's financial statements.

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)
FRS 116	Leases	1 January 2019
INT FRS 123	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to FRS 109	Prepayment Features with Negative Compensation	1 January 2019
Amendments to FRS 28	Long-term Interests in Associates and Joint Ventures	1 January 2019
	Annual Improvements to FRSs (March 2018)	1 January 2019
Amendments to FRS 110	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined
Amendments to FRS 103	Definition of a Business	1 January 2020
Amendments to FRS 1 and FRS 8	Definition of Material	1 January 2020

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, except for the following:

FRS 116 Leases

FRS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

2(c) FRS not yet effective (Cont'd)FRS 116 Leases (Cont'd)

There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. FRS 116 replaces existing lease accounting guidance, including FRS 17 *Leases*, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives* and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Town Council has performed a preliminary assessment of the new standard on its existing operating lease arrangements as a lessee. The Town Council expects these operating leases to be recognised as right-of-use assets with corresponding lease liabilities under the new standard. Management does not plan to early adopt the above new FRS 116.

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.

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

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.

2(d) Summary of significant accounting policies (Cont'd)**(a) Funds (Cont'd)****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 2018 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.

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").

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

(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.

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

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 carrying amount of non-financial assets is reviewed at each reporting date for indications of impairment and where impairment is found, the asset is written down through the income and expenditure statement to its estimated recoverable amount.

The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in the income and expenditure statement. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

At each reporting date, non-financial assets other than goodwill with impairment loss recognised in prior periods, are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

2(d) Summary of significant accounting policies (Cont'd)**(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, 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.

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

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 at amortised cost (debt instruments) (Cont'd)**

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.

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.

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 at fair value through profit and 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.

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 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.

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

(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.

2(d) Summary of significant accounting policies (Cont'd)**(g) Financial instruments (Cont'd)****(II) Financial liabilities (Cont'd)****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.

(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.

2(d) Summary of significant accounting policies (Cont'd)**(l) Employee benefits**Defined 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) 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.

(p) 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").

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 2019 \$	Commercial property 2019 \$	Carpark 2019 \$	2018 \$	Total 2019 \$	2018 \$
ACCUMULATED SURPLUS AT 1 APRIL							
Add/(Less):		6,635,768	4,898,001	7,563,338	6,012,902	19,097,107	16,096,291
Transfer (to)/from Lift Replacement Fund	5	(3,996,370)	(3,630)	-	-	(4,000,000)	-
Transfer (to)/from Town Improvement and Project Funds	6	349,705	42,079	-	-	391,784	285,117
Appropriation to Town Improvement and Project Funds	6	(2,167,719)	(109,297)	-	-	(2,277,016)	(1,813,945)
		821,384	4,827,153	7,563,338	6,012,902	13,211,875	14,567,463
OPERATING INCOME							
Conservancy and service fees		70,750,301	5,258,175	-	-	76,008,476	70,920,255
Less:							
Operating income transfer to Sinking Funds (26% transferred to Sinking Funds)	4	(18,395,074)	(1,367,127)	-	-	(19,762,201)	(18,439,266)
Operating income transfer to Lift Replacement Funds (14% transferred to Lift Replacement Funds)	5	(9,905,042)	(736,145)	-	-	(10,641,187)	(9,928,841)
Agency fees	17	42,450,185	3,154,903	-	-	45,605,088	42,552,148
Other income	18	2,921,748	1,173,474	89,017	5,749,018	6,034,922	5,749,018
		45,371,933	4,328,377	6,123,939	104,613	4,294,945	4,294,945
Less: Operating expenditure		(51,928,624)	(2,986,586)	(4,638,004)	(4,324,494)	(59,553,214)	(56,990,323)
OPERATING (DEFICIT)/SURPLUS		(6,556,691)	1,341,791	1,485,935	1,529,137	(3,728,965)	(4,394,212)
Add: Interest income		388,721	19,636	41,856	29,417	450,213	314,536
(DEFICIT)/SURPLUS BEFORE INCOME TAX AND GOVERNMENT GRANTS		(6,167,970)	1,361,427	1,527,791	1,558,554	(3,278,752)	(4,079,676)
Less: Income tax	25	(307,543)	(38,508)	(10,266)	(8,118)	(356,317)	(327,525)
(DEFICIT)/SURPLUS BEFORE GOVERNMENT GRANTS		(6,475,513)	1,322,919	1,517,525	1,550,436	(3,635,069)	(4,407,201)
Add: Government grants	26	27,234,524	584,276	-	-	27,818,800	21,718,797
Less: Transfer to Sinking Funds	4,26	(4,039,022)	(312)	-	-	(4,039,334)	(3,872,638)
Lift Replacement Funds	5,26	(8,030,446)	(364,970)	-	-	(8,395,416)	(8,084,381)
Lift Replacement Funds – Voluntary	5,26	(1,998,185)	(1,815)	-	-	(2,000,000)	-
Town Improvement and Project Funds	6,26	(3,846,061)	(216,460)	-	-	(4,062,521)	(824,933)
		9,320,810	719	-	720	9,321,529	8,936,845
SURPLUS FOR THE YEAR		2,845,297	1,323,638	1,517,525	1,550,436	5,686,460	4,529,644
ACCUMULATED SURPLUS AT 31 MARCH		3,666,681	6,150,791	9,080,863	7,563,338	18,898,335	19,097,107

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 2019

4 Sinking Funds

	Note	Residential property 2019 \$	Residential property 2018 \$	Commercial property 2019 \$	Commercial property 2018 \$	2019 \$	2018 \$	Total
Balance at 1 April								
Mandatory transfer to Lift Replacement Funds	5	86,029,245	93,834,407 (13,136,817)	42,235,883	47,888,617 (6,704,407)	128,265,128	141,723,024 (19,841,224)	121,881,800
		86,029,245	80,697,590	42,235,883	41,184,210	128,265,128		
Add:								
Income								
Operating income transfer from conservancy and service fees	21	1,891,883	1,595,065	331,203	66,917	2,223,086	1,661,982	
Transfer from government grants	3 3.26	18,395,074 4,039,022	17,143,891 3,872,326	1,367,127 312	1,295,375 312	19,762,201 4,039,334	18,439,266 3,872,638	
		24,325,979	22,611,282	1,698,642	1,362,604	26,024,621	23,973,886	
Less:								
Expenditure								
Income tax	21	(13,290,042)	(17,031,296)	(1,438,639)	(299,555)	(14,728,681)	(17,330,851)	
Surplus for the year	25	10,739,188	5,331,655	205,507	1,051,673	10,944,695	6,383,328	
		96,768,433	86,029,245	42,441,390	42,235,883	139,209,823	128,265,128	
Balance at 31 March								

Represented by:

Current assets

Financial assets at fair value through profit or loss	8	6,982,120	12,936,900
Conservancy and service fees receivables	9	397,655	390,507
Other receivables, deposits and prepayments	13	1,326,038	344,373
Due from accumulated surplus		5,938,121	6,426,994
Cash and cash equivalents	14	128,452,643	108,899,820
Total assets		143,096,577	128,998,594

Less:

Current liabilities

Payables and accrued expenses	16	3,275,802	164,353
Income tax payable	25	610,952	569,113
Total liabilities		3,886,754	733,466
NET ASSETS		139,209,823	128,265,128

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 2019

5 Lift Replacement Funds

	Note	Residential property 2019 \$	Residential property 2018 \$	Commercial property 2019 \$	Commercial property 2018 \$	2019 \$	2018 \$	Total
Balance at 1 April		26,110,525	-	7,605,966	-	33,716,491	-	19,841,224
Mandatory transfer from Sinking Funds		-	13,136,817	-	6,704,407	-	-	19,841,224
		26,110,525	13,136,817	7,605,966	6,704,407	33,716,491	-	19,841,224
Add:								
Income								
Operating income transfer from conservancy and service fees	22	2,473,520	822,044	108,292	5,407	2,581,812	827,451	9,928,841
Transfer from government grants (excluding Lift Replacement Funds matching grant)	3	9,905,042	9,231,329	736,145	697,512	10,641,187	2,085,269	5,999,112
Lift Replacement Funds matching grant	3,26	2,174,862	2,085,101	169	168	2,175,031	2,085,269	2,000,000
Lift Replacement Funds matching grant - Voluntary	3,26	5,855,584	5,650,273	364,801	348,839	6,220,385	5,999,112	18,840,673
Lift Replacement Funds matching grant - Voluntary	3,26	1,998,185	-	1,815	-	2,000,000	-	23,618,415
		22,407,193	17,788,747	1,211,222	1,051,926	23,618,415	18,840,673	
Less:								
Expenditure								
Income tax	22	(8,316,517)	(4,772,608)	(142,314)	(149,448)	(8,458,831)	(4,922,056)	(4,922,056)
Surplus for the year	25	(77,482)	(42,431)	(18,305)	(919)	(95,787)	(43,350)	(43,350)
Transfer from Operating Fund – voluntary contribution*		14,013,194	12,973,708	1,050,603	901,559	15,063,797	13,875,267	13,875,267
		3,996,370	-	3,630	-	4,000,000	-	-
Balance at 31 March		44,120,089	26,110,525	8,660,199	7,605,966	52,780,288	33,716,491	

* This voluntary contribution is made in accordance with Section 33(9) of the Town Councils Act. With the voluntary contribution of \$4M (FY2018: \$0) from the Operating Fund to Lift Replacement Fund during the financial year ended 31 March 2019, the Town Council is entitled to receive a matching grant of \$2M (FY2018: \$0).

Current assets

Conservancy and service fees receivables	9	214,122	210,273
Other receivables, deposits and prepayments	13	3,741,069	1,236,074
Receivables for Selective Lift Replacement Programme	10	578,090	-
Receivables for Lift Enhancement Programme	11	70,078	-
Due from accumulated surplus		7,197,381	2,628,266
Cash and cash equivalents	14	41,809,754	31,203,595
Total assets		53,610,494	35,278,208

Less:

Current liabilities

Advances for Selective Lift Replacement Programme	10	-	1,369,452
Payables and accrued expenses	16	691,069	148,915
Income tax payable	25	139,137	43,350
Total liabilities		830,206	1,561,717
NET ASSETS		52,780,288	33,716,491

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 2019

6 Town Improvement and Project Funds

	Note	Residential property 2019 \$	Residential property 2018 \$	Commercial property 2019 \$	Commercial property 2018 \$	Total 2019 \$	Total 2018 \$
Balance at 1 April		1,725,062	935,344	88,883	52,765	1,813,945	988,109
Add/(Less):							
Transfer from government grants	3,26	3,846,061	815,239	216,460	9,694	4,062,521	824,933
Expenditure	23	(5,221,418)	(1,453,057)	(263,264)	(74,868)	(5,484,682)	(1,527,925)
Deficit for the year		(1,375,357)	(637,818)	(46,804)	(65,174)	(1,422,161)	(702,992)
		349,705	297,526	42,079	(12,409)	391,784	285,117
Add/(Less):							
Transfer from/(to) accumulated surplus *	3	(349,705)	(297,526)	(42,079)	12,409	(391,784)	(285,117)
		-	-	-	-	-	-
Appropriation from accumulated surplus **	3	2,167,719	1,725,062	109,297	88,883	2,277,016	1,813,945
Balance at 31 March		2,167,719	1,725,062	109,297	88,883	2,277,016	1,813,945

Represented by:

Current assets			
Other receivables, deposits and prepayments	13	3,225,560	5,449,605
Total assets		3,225,560	5,449,605
Less:			
Current liabilities			
Payables and accrued expenses	16	386,464	589,936
Amount due to accumulated surplus**		562,080	3,045,724
Total liabilities		948,544	3,635,660
NET ASSETS		2,277,016	1,813,945

* 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

	<u>Furniture, fixtures and fittings</u>	<u>Office equipment</u>	<u>Total</u>
	\$	\$	\$
<u>Cost</u>			
At 1 April 2017	1,325,966	180,491	1,506,457
Additions	7,384	14,271	21,655
Disposals	-	(4,056)	(4,056)
At 31 March 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
<u>Accumulated depreciation</u>			
At 1 April 2017	662,496	164,193	826,689
Depreciation	163,658	8,190	171,848
Disposals	-	(4,056)	(4,056)
At 31 March 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
<u>Net book value</u>			
At 31 March 2019	355,586	17,143	372,729
At 31 March 2018	507,196	22,379	529,575

8 Financial assets at fair value through profit or loss

	Note	2019 \$	2018 \$
<i>Financial assets at fair value through profit or loss:</i>			
Debt securities in listed corporations, government and other public debentures	4	6,982,120	12,936,900
Represented by:			
Bonds in corporations		1,006,200	2,013,200
Government and statutory board securities		5,975,920	10,923,700
		6,982,120	12,936,900

The funds are denominated in Singapore dollars. These funds are invested in accordance with The Town Councils Act (Cap. 329A).

These investments are designated at fair value through profit or loss on adoption of FRS 109 *Financial Instruments* on 1 April 2018, as they represent an identified portfolio of investments which the Town Council manages with the intention of profit taking when the opportunity arises. As at 31 March 2018, these investments were classified as financial assets at fair value through profit or loss under FRS 39 *Financial Instrument: Recognition and Measurement*.

9 Conservancy and service fees receivables

	Note	2019 \$	2018 \$
Conservancy and service fees receivables	31	2,530,687	2,382,876
Less: Impairment	31	(1,001,243)	(880,925)
		1,529,444	1,501,951
Recorded in:			
Accumulated surplus		917,667	901,171
Sinking Funds	4	397,655	390,507
Lift Replacement Funds	5	214,122	210,273
		1,529,444	1,501,951

Conservancy and service fees receivables are denominated in Singapore dollars.

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

The movements in allowance for impairment in respect of conservancy and service fees receivables during the year are as follows:

	Note	2019 \$	2018 \$
Balance at 1 April		880,925	922,494
Allowance written off		(22,323)	(5,009)
Allowance written back	18	-	(36,560)
Allowance for the year	20	142,641	-
Balance at 31 March		1,001,243	880,925

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

	2019 \$	2018 \$
Balance at 1 April	1,369,452	-
Add/(Less):		
Amount received in advance from Housing & Development Board	-	1,941,250
Payment to contractors	(1,947,542)	(571,798)
	(1,947,542)	1,369,452
(Receivables) / Advances received for Selective Lift Replacement Programme	(578,090)	1,369,452

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.

11 Receivables for Lift Enhancement Programme

	2019 \$	2018 \$
Balance at 1 April	-	-
Add/(Less):		
Amount received in advance from Housing & Development Board	-	-
Payment to contractors	(70,078)	-
	(70,078)	-
Receivables for Lift Enhancement Programme	(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.

12 Advances received / (Receivables) for Neighbourhood Renewal Programme

	2019 \$	2018 \$
Balance at 1 April	(85,863)	732,097
Add/(Less):		
Amount received in advance from Housing & Development Board	1,606,418	648,932
Payment to contractors	(901,173)	(1,466,892)
	705,245	(817,960)
Advances received / (Receivables) for Neighbourhood Renewal Programme	619,382	(85,863)

Neighbourhood Renewal Programme ("NRP") 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.

13 Other receivables, deposits and prepayments

	Note	2019 \$	2018 \$
Grant receivables			
- Citizens' Consultative Committees		3,396,475	5,449,605
- GST Subvention		695,679	649,888
- Lift Replacement Funds Matching Grant		1,403,026	1,305,989
- Lift Replacement Funds Matching Grant – voluntary		2,000,000	-
- Service and Conservancy Charges		275,333	113,444
		7,770,513	7,518,926
Other receivables			
- Interest on fixed deposits and government bonds		1,833,481	989,034
- Late payment penalty		361,563	354,651
- Less: Impairment		(216,938)	(212,791)
		144,625	141,860
- Claimable GST	24	15,766	-
- Recoverable from Housing & Development Board		2,199,605	294,526
- Recoverable from National Environment Agency		133,095	97,283
- Recoverable from contractors		122,970	149,857
- Recoverable from Pasir Ris-Punggol Town Council		605	74
- Recoverable from Public Utilities Board		682,425	-
		5,132,572	1,672,634
Deposits		280,796	375,667
Prepayments		191,778	220,560
Others		37,449	9,875
		13,413,108	9,797,662
Recorded in:			
Accumulated surplus		5,120,441	2,767,610
Sinking Funds	4	1,326,038	344,373
Lift Replacement Funds	5	3,741,069	1,236,074
Town Improvement and Project Funds	6	3,225,560	5,449,605
		13,413,108	9,797,662

Other receivables, deposits and prepayments are denominated in Singapore dollars.

The movements in allowance for impairment in respect of other receivables from penalty imposed on customers for late payment of service and conservancy charges during the year is as follows:

	Note	2019 \$	2018 \$
Balance at 1 April		212,791	224,610
Allowance written off		(3,679)	(676)
Allowance written back	18	-	(11,143)
Allowance for the year	20	7,826	-
Balance at 31 March		216,938	212,791

14 Cash and bank balances

	2019 \$	2018 \$
Cash on hand	13,454	13,500
Cash at bank	19,658,245	10,543,974
	19,671,699	10,557,474
Fixed deposits	182,234,180	155,283,302
	201,905,879	165,840,776

14 Cash and bank balances (Cont'd)

	Note	2019 \$	2018 \$
Recorded in:			
Accumulated surplus		31,643,482	25,737,361
Sinking Funds	4	128,452,643	108,899,820
Lift Replacement Funds	5	41,809,754	31,203,595
		201,905,879	165,840,776

Cash and bank balances are denominated in Singapore dollars.

The interest rate for the fixed deposits ranges between 0.25% and 2.25% (2018 - 0.25% and 1.56%) per annum, receivable one year in arrears. The effective interest rate is 1.11% (2018 - 1.32%) per annum.

A fixed deposit of \$100,754 (2018 - \$100,503) 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:

	2019 \$	2018 \$
Cash and bank balances as above	201,905,879	165,840,776
Less:		
Fixed deposit pledged	(100,754)	(100,503)
Cash and bank balances per statement of cash flows	201,805,125	165,740,273

15 Advances received for Electrical Load Upgrading Programme

	2019 \$	2018 \$
Balance at 1 April	717,549	395,534
Add/(Less):		
Funding from Housing & Development Board	804,048	1,477,592
Payment to contractors	(704,158)	(1,155,577)
	99,890	322,015
Advances received for Electrical Load Upgrading Programme	817,439	717,549

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.

16 Payables and accrued expenses

	Note	2019 \$	2018 \$
Accounts payable		3,240,051	1,208,030
Accrued expenses		3,440,214	1,025,775
GST payable		-	276,369
Deposits received		714,549	591,115
Payable to HDB		37,170	-
Others		79,430	32,461
		7,511,414	3,133,750
Recorded in:			
Accumulated surplus		3,158,079	2,230,546
Sinking Funds	4	3,275,802	164,353
Lift Replacement Funds	5	691,069	148,915
Town Improvement and Project Funds	6	386,464	589,936
		7,511,414	3,133,750

Included in accounts payable is amount owing to managing agent of \$161,226 (2018 - \$22,448).

Payables and accrued expenses are denominated in Singapore dollars.

17 Agency fees

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

18 Other income

	Note	2019 \$	2018 \$
Community hall rental		26,975	26,150
Late payment penalty		297,292	235,147
Liquidated damages		320,942	464,997
Sale of tender documents		69,850	32,100
Sundry fines		59,095	56,583
Sundry income		156,804	150,928
Temporary Occupation Licence ("TOL") charges		2,392,575	2,325,366
Use of common property		119,060	240,952
Use of void decks		56,970	58,800
Use of water and electricity		414,128	372,849
Use of roof top access		261,535	272,758
Impairment loss reversed:			
- conservancy and service fees	9	-	36,560
- late payment penalty receivables	13	-	11,143
Others		9,013	10,612
		4,184,239	4,294,945

19 Managing agent's fees

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

20 General and administrative expenditure

	Note	2019 \$	2018 \$
Advertising, publicity and public relations		309,320	343,683
Computer service		321,535	319,776
Depreciation of plant and equipment	7	163,041	171,848
Impairment of conservancy and service fees receivable	9	142,641	-
Impairment of late payment penalty receivables	13	7,826	-
Office rental and upkeep expenditure		537,583	550,366
Office supplies and stationery		65,411	73,863
Plant and equipment not capitalised		1,120	2,262
Professional fees		63,948	81,231
Property tax		249,528	245,636
Key management personnel compensation			
- Town Councillors' allowances	27	306,000	305,700
Repairs and maintenance		18,906	14,955
Staff's salary & related costs		59,056	58,763
Telephone, postage and courier expenditure		158,762	199,420
Unclaimable GST	24	720,623	658,495
Others		257,400	216,009
		3,382,700	3,242,007

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

	2019 \$	2018 \$
Interest income from bank accounts and fixed deposits	1,936,792	1,361,414
Interest income from bonds	229,195	300,199
Fair value gain on financial assets at fair value through profit or loss	45,220	-
Other income	11,879	369
	2,223,086	1,661,982

(ii) Expenditure

	Note	2019 \$	2018 \$
Electrical rewiring		4,237	2,575,539
Fair value loss on financial assets at fair value through profit or loss		-	213,850
General and administrative charges		1,100	660
Lift replacement of inverters		-	7,970
Project management fees		433,202	487,669
Re-decoration and repairing		13,053,025	6,179,037
Re-roofing works		924,847	3,525,375
Replacement of EBOP batteries		-	350
Replacement of booster pumps		-	574,970
Replacement of fire protection system		-	798,910
Replacement of FRP/GRP sectional water tanks		-	1,004,215
Replacement of hoisting ropes		-	74,791
Replacement of Refuse Chute Flushing System (RCFS)		-	770,775
Replacement of water pipes		-	255,630
Replacement of water pumps		-	577,180
Unclaimable GST	24	312,270	283,930
		14,728,681	17,330,851

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

	2019 \$	2018 \$
Interest income from bank accounts and fixed deposits	564,192	255,653
Income recognised from Selective Lift Replacement Programme	1,947,542	571,798
Income recognised from Lift Enhancement Programme	70,078	-
	2,581,812	827,451

(ii) Expenditure

	Note	2019 \$	2018 \$
Lift overhaul/upgrading		84,120	86,020
Lift modernisation and enhancement works		-	32,184
Lift Enhancement Programme's contractor claims		73,375	-
Lift position display panel		509,410	31,362
Lift replacement of inverters		586,462	425,331
Project management fees		267,478	98,016
Replacement of hoisting ropes		2,381,292	2,286,709
Replacement of ARD batteries		340,891	470,407
Replacement of EBOP batteries		262,904	212,044
Replacement of encoders		2,800	5,463
Selective Lift Replacement Programme's contractor claims		3,781,635	1,110,288
Unclaimable GST	24	168,145	164,030
General and administrative expenses		319	202
		8,458,831	4,922,056

23 Town Improvement and Project Funds expenditure

	2019 \$	2018 \$
Consultancy fees and architectural fees	429,335	379,174
Town improvement works	5,055,347	1,148,751
	5,484,682	1,527,925

24 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.

25 Income tax

	Note	2019 \$	2018 \$
Current tax expense		803,349	631,276
Over-provision of tax in previous financial years		-	(694)
		803,349	630,582
Recorded in:			
Accumulated surplus		356,317	328,219
Over-provision of tax in previous financial years		-	(694)
	3	356,317	327,525
Sinking Funds	4	351,245	259,707
Lift Replacement Funds	5	95,787	43,350
		803,349	630,582

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

	2019 \$	2018 \$
Interest income	3,180,392	2,231,803
Government grants and other income	29,937,158	23,808,568
Allowable expenses	(464,233)	(463,109)
	32,653,317	25,577,262
Tax calculated at a tax rate of 17% (2018 - 17%)	5,551,064	4,348,135
Tax exempt income	(17,425)	(25,925)
Tax remission of government grants under section 92(2) of Singapore Income Tax Act	(4,714,246)	(3,669,920)
Tax effect of certain income taxed at concessionary tax rate	(16,044)	(21,014)
Over-provision of tax in previous financial years	-	(694)
	803,349	630,582

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

Movements in provision for income taxes are as follows:

	Note	2019 \$	2018 \$
Balance as at 1 April		1,276,301	1,230,127
Current financial year's income tax expense		803,349	631,276
Payments during the year		(645,025)	(584,408)
Over-provision of tax in previous financial years		-	(694)
Balance as at 31 March		1,434,625	1,276,301
Recorded in:			
Accumulated surplus		684,536	663,838
Sinking Funds	4	610,952	569,113
Lift Replacement Funds	5	139,137	43,350
Balance at 31 March		1,434,625	1,276,301

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

Notes to the financial statements for the financial year ended 31 March 2019

26 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
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Government grants received/receivable during the year	3	11,485,936	11,035,676	2,747,558	2,560,676	4,062,521	824,933	1,322,400	1,298,400	8,220,385	5,999,112	27,818,800
Less:												
Transfer to Sinking Funds	3, 4	(2,981,143)	(2,869,276)	(714,367)	(665,778)	-	-	(343,824)	(337,584)	-	-	(3,872,638)
Transfer to Lift Replacement Funds	3, 5	(1,605,232)	(1,544,996)	(384,663)	(358,497)	-	-	(185,136)	(181,776)	(6,220,385)	(5,999,112)	(8,084,381)
Transfer to Lift Replacement Funds - Voluntary Transfer to Town Improvement and Project Funds	3, 5 3, 6	-	-	-	-	-	-	-	-	(2,000,000)	-	-
		6,879,561	6,621,404	1,648,528	1,536,401	(4,062,521)	(824,933)	793,440	779,040	(4,062,521)	-	(824,933)
						-	-	-	-	9,321,529	-	8,936,845

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

	2019	2018
	\$	\$
Total grants received/receivable at 1 April	356,432,661	334,713,864
Grants received/receivable during the year	27,818,800	21,718,797
Total grants received/receivable at 31 March	384,251,461	356,432,661

27 Key management remuneration

	2019 \$	2018 \$
Town Councillors' allowances (Note 20)	306,000	305,700

28 Significant related party transactions

Ang Mo Kio Town Council is managed by the managing agent, CPG Facilities Management Pte Ltd. Related party relates to the managing agent 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:

	2019 \$	2018 \$
Expenditure paid to Managing Agent in relation to:		
- Managing Agent Fees (Note 19)	6,194,930	6,381,888
- Project Management Fees	889,403	741,564
	7,084,333	7,123,452

29 Capital commitments

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

	2019 \$	2018 \$
Amount approved and contracted for	27,809,567	18,990,782
Amount approved but not contracted for	77,407,370	82,210,018
	105,216,937	101,200,800

30 Operating lease payment commitments

At the end of the reporting period, 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 \$	2018 \$
Not later than one year	763,607	768,640
Later than one year and not later than five years	848,497	538,764
Later than five years	-	-
	1,612,104	1,307,404

30 Operating lease payment commitments (Cont'd)

The leases on the Town Council's office premises from the Housing & Development Board expire in June 2020, December 2020 and April 2022 subject to option to renew for another three years. Rental terms are renegotiated on renewal.

The Town Council entered into an agreement for a contract sum of S\$1,651,295 with NEC Asia Pacific Pte Ltd for the supply, delivery, design, development, installation, configuration, testing, commissioning of a fully operational integrated Town Council Management System with operation support and maintenance for the period 1 May 2013 to 30 April 2020.

31 Financial instruments and financial risks

The Town Council's financial instruments comprise certain 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.

31.1 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 as at the end of the reporting period.

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

Investment in bonds comprising bonds issued by statutory boards and government-related agencies, as well as listed corporate bonds that are considered to be of good credit standing.

For receivables, 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 \$1,001,243 (2018 - \$880,925) is determined at the reporting date (Note 9).

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.

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

31 Financial instruments and financial risks (Cont'd)**31.1 Credit risk (Cont'd)**

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

	Note	2019 \$	2018 \$
Not past due (Less than 30 days)		422,551	389,351
Past due 30 to 90 days		404,018	358,843
Past due 91 to 180 days		257,281	335,269
Past due 181 to 360 days		360,866	323,455
Past due over 360 days		1,085,971	975,958
		2,530,687	2,382,876
Less: Impairment		(1,001,243)	(880,925)
	9	1,529,444	1,501,951

Conservancy and service fees receivables amounting to \$1,106,893 (2018 - \$1,112,600) are past due at the financial year end but not impaired, as the management believes that it will be collectible in the foreseeable future as a result of recovery efforts and historical experience.

Exposure to credit risk

The tables below detail the credit quality of the Town Council's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Internal credit rating	12-month / Lifetime ECL	Gross carrying amount \$	Loss allowance \$	Net carrying amount \$
2019					
Conservancy and service fee receivables	(1)	Lifetime ECL	2,530,687	(1,001,243)	1,529,444
Receivables for Selective Lift Replacement Programme	(2)	Lifetime ECL	578,090	-	578,090
Receivables for Lift Enhancement Programme	(2)	Lifetime ECL	70,078	-	70,078
Other receivables and deposits	(3)	Lifetime ECL	13,438,268	(216,938)	13,221,330
2018					
Conservancy and service fee receivables	(1)	Lifetime ECL	2,382,876	(880,925)	1,501,951
Receivables for Neighbourhood Renewal Programme	(2)	Lifetime ECL	85,863	-	85,863
Other receivables and deposits	(3)	Lifetime ECL	9,789,893	(212,791)	9,577,102

The carrying amount of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Town Council's maximum exposure to credit risk without taking into account of the value of any collateral obtained.

31 Financial instruments and financial risks (Cont'd)**31.1 Credit risk (Cont'd)**Exposure to credit risk (Cont'd)**(1) Conservancy and service fee receivables**

The ECL on conservancy and service fee receivables are estimated by reference to the age of debts, results of recovery efforts and historical experience, adjusted by forward-looking estimates. At the reporting date, loss allowance for conservancy and service fee receivables was disclosed in Note 9.

(2) Receivables for Selective Lift Replacement Programme, receivables for Lift Enhancement Programme and receivables for Neighbourhood Renewal Programme

Receivables for these three Programmes are to be received from Housing & Development Board ("HDB")- a statutory board of the Singapore Government. No default of funding was noted in prior years and HDB is a government agency considered to be of high credit rating. At the reporting date, no loss allowance for other receivables was required.

(3) Other receivables, deposits and prepayments (excluding prepayments)

The ECL on other receivables, deposits and prepayments (excluding prepayments) are estimated by reference to the age of debts, results of recovery efforts and historical experience, adjusted by forward-looking estimates. At the reporting date, loss allowance for other receivables, deposits and prepayments (excluding prepayments) was disclosed in Note 13.

31.2 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 government and corporate bonds. The Town Council's surplus funds are placed with reputable financial institutions or invested in Singapore government bonds.

31.3 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 the government and the Town Council is satisfied that funds for operations are available as and when required.

The average credit period for settlement of payables and accrued expenses is 30 - 90 days (2018 - 30 - 90 days). It is expected that all the liabilities will be paid when due with cash inflows from operating activities and government 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.

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

31 Financial instruments and financial risks (Cont'd)**31.4 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 \$
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 \$
Financial liabilities			
Conservancy and service fees received in advance		1,303,126	1,303,126
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
		10,251,361	10,251,361
	Financial assets at fair value through profit or loss \$	Loans and receivables \$	Total \$
2018			
Financial assets			
Financial assets at fair value through profit or loss	12,936,900	-	12,936,900
Conservancy and service fees receivables	-	1,501,951	1,501,951
Receivables for Neighbourhood Renewal Programme	-	85,863	85,863
Other receivables and deposits #	-	9,577,102	9,577,102
Cash and bank balances	-	165,840,776	165,840,776
	12,936,900	177,005,692	189,942,592

31 Financial instruments and financial risks (Cont'd)**31.4 Accounting classifications of financial assets and financial liabilities (Cont'd)**

	Financial liabilities (at amortised cost) \$	Total \$
2018		
Financial liabilities		
Conservancy and service fees received in advance	1,303,004	1,303,004
Advances received for Selective Lift Replacement Programme	1,369,452	1,369,452
Advances received for Electrical Load Upgrading Programme	717,549	717,549
Payables and accrued expenses*	2,857,381	2,857,381
	6,247,386	6,247,386

* Exclude claimable GST and prepayments

* Exclude GST payable

32 Funds management

The Town Council's objectives when managing funds are:

- (a) to safeguard the Town Council's ability to continue as going concern;
- (b) to provide resources to sustain future development; and
- (c) to provide funds for the purpose of strengthening the Town Council's risk management capability.

The Town Council actively and regularly reviews and manages its funding structure 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. As at the end of the reporting period, the Town Council's total funds amounted to \$213,165,462 (2018 - \$182,892,671).

33 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 8 are categorised as Level 1.