

Marsiling-Yew Tee

Town Council



ANNUAL REPORT

FY2019-2020



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Our TOWN MPS



Mr Lawrence Wong
Minister for Education
Second Minister for Finance
MP for Marsiling-Yew Tee GRC
(Limbang)



Mr Zaqy Mohamad
Senior Minister of State for
Manpower and Defence
MP for Marsiling-Yew Tee GRC
(Marsiling)



Mr Alex Yam Ziming
Mayor of North West District
MP for Marsiling-Yew Tee GRC
(Yew Tee)
Chairman of Marsiling-Yew Tee
Town Council



Ms Hany Soh
MP for Marsiling-Yew Tee GRC
(Woodgrove)
Vice-Chairman of Marsiling-Yew Tee
Town Council

Our TOWN COUNCILLORS

AUDIT COMMITTEE



Mr Chew Boon Yeow
Chairman



**Mr Alex
Teo Kim Slah**
PBM
Member



**Ms Jessica
Lim Chul Lan**
Member



Mr Ng Si Hlong
PBM
Member



Mr Soh Klen Peng
Member

COMMUNICATIONS AND SERVICE QUALITY COMMITTEE



Ms Noor Banu Bte Mohamed Elias
PBM
Chairman



**Mdm Ann
Wee Yoke Leong**
PBM
Member



Mr Hazman Ali Hakamall
Member



Ms Jenny Chen Beng Lan
Member



Ms Jerlynn Soh Chu Yen
Member



Mr Jimmy Wong Chlam Yew
Member



Ms Stephanle Tan Sok Hoon
PBM
Member

COMMUNITY IMPROVEMENT PROJECT COMMITTEE



**Mr Corwin
Chew Huang Jia**
Chairman



Mr Abdul Ghani Bin Fathli
PBM
Member



**Mr Aloysius
Kwan Weng Tat**
Member



**Mr Desmond
Tan Peng Yaow**
Member



Mr Eric Lim Chin Heng
PBM
Member



Ms Lee Loo Loo
Member



Mr Tay Boon Sin
Member

ESTATE AMENITIES COMMITTEE



Llew Wei Keong
Chairman



**Mr Dickson
Chua Teck Seng**
Member



**Mr Gilbert
Lee Gee Teck**
Member



Ms Lim Geok Kheng
Member



Mr Ng Poh Wah
PBM
Member



**Mdm Noor Rita
Mohd Rajab**
Member

FINANCE COMMITTEE



**Mr Ben
Chong Zheng Yean**
Chairman



**Mr Alvin
Tan Choon Hwa**
PBM
Member



**Mr Bob
Shaw Kar Seng**
BBM
Member



Mr David Neo
PBM
Member



**Mr Johnny
Lim Peng Siah**
PBM
Member



**Mr Kenny
Chua Kok Choo**
PBM
Member

TENDERS & CONTRACTS COMMITTEE



Mr Lim Tai Sun
BBM
Chairman



**Mr Michael N
Kelyvanan**
Member



**Mr Ray
Ang Chin Chiat**
Member



**Mdm Rohini
Ravichandran**
Member



**Mr Steven
Tan Yong Cheng**
PBM
Member



Mr Yong Wee Huat
Member



Chairman's *Review*

FY 19/20 has been both a fulfilling and challenging year for Marsiling-Yew Tee Town as we completed both major and minor improvements for each of the divisions in the midst of this unprecedented COVID-19 situation.

As we welcome the new team of Councillors & show our heartfelt appreciation to the outgoing members, residents can be assured that we will continue to steer the Town Council in providing good estate maintenance, carry out town improvements, diligently handle procurement & finance and facilitate communications on the ground with integrity as we welcome the new normal.

We have commenced our advanced lift replacement programme for some 216 lifts since November 2020. Exciting developments such as the Yew Tee Integrated Hub, further opening of the Thomson-East Coast Line, re-establishing accessibility for Marsiling residents to easily reach the new Town Centre and the rejuvenation of Sungei Kadut are just a handful of the many improvements that residents can look forward to.

We will continue to exercise financial prudence, and speed up our energy saving programmes, to keep our operating costs low.



Finance

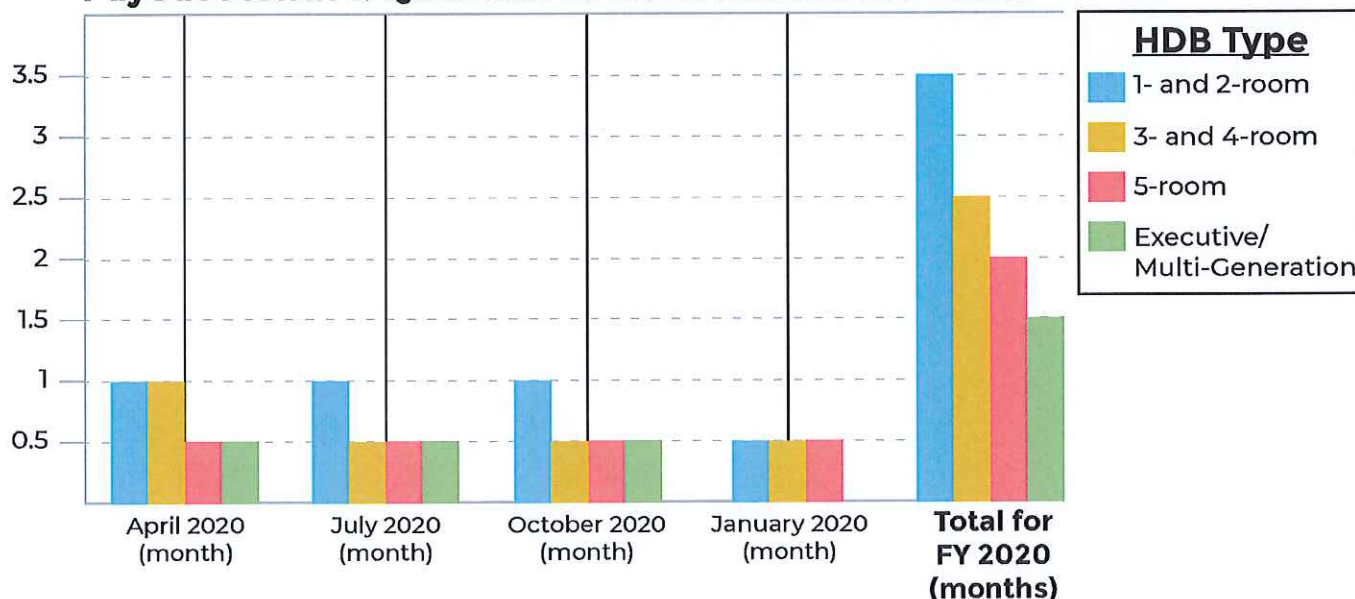
The Town Council prides itself on prudent planning and stringent guidelines to ensure that our funds are well managed.

For FY 19/20, the Town Council reports a modest surplus of \$3.31 million, after mandatory fund transfers. As of 31 March 2020, we have registered a sinking fund of \$91.78 million, a lift replacement fund of \$35.85 million and an accumulated surplus of \$6.26 million.

Having worked hard to keep the number of arrears cases low, we will continue to render assistance to households with financial difficulties. It is important that we stay united and continue to help one another, especially in such challenging times, as we work towards emerging stronger together post COVID-19.



Payout Month & Quantum of S&CC Rebate in FY2020



Town Council Management Report (TCMR)

The Town Council not only ensures that the Towns are well-maintained and clean for our residents to enjoy but we are stepping up by adding a balanced tapestry of flora and fauna while working towards 'zero-waste' living with the introduction of technology such as Solar Panels and LED lights. This will continue to remain at the core of what we do as we continuously explore new options to better improve our services we well as bring about a balanced use of technology to enhance services.

Our efforts were reflected in the Town Council Management Report (TCMR) for this Financial Year. Marsiling-Yew Tee Town Council has achieved Green Bands across all five categories in the TCMR. The five categories are namely:

01

Estate Cleanliness

Estate Maintenance

02

03

Lift Performance

S&CC Arrears Management

04

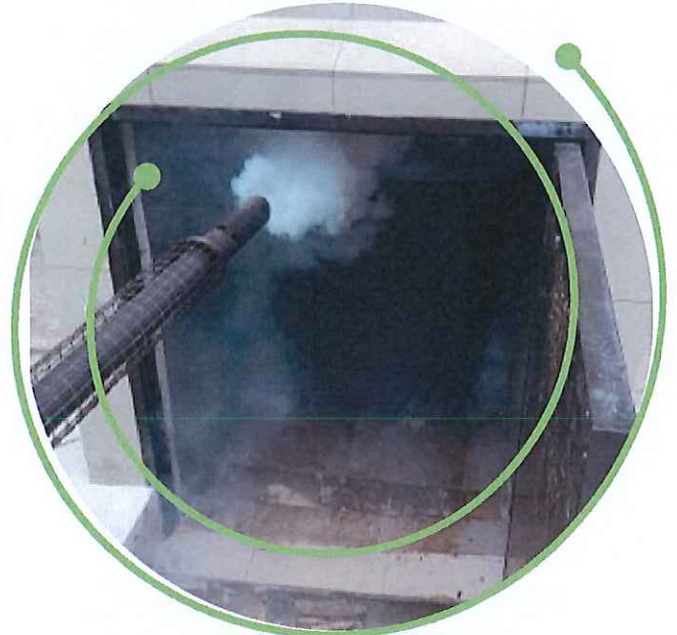
05

Corporate Governance



Estate *Maintenance*

Estate Maintenance is a pivotal part of our work as we have to ensure the safety of our residents while providing a balanced tapestry of practical living with care towards the environment so that residents would be proud to call Marsiling-Yew Tee their home. With the support of our dedicated operational team, essential maintenance and cleaning works can continue to be carried out seamlessly and on schedule.





Cyclical Works

Over time, the estates and facilities will face prolonged wear and tear issues. Cyclical work projects identified through meaningful consultative discussions with the Residents' Committee and residents enables the Town Council to further improve or refresh these amenities for our residents to enjoy.

In the reported period, we invested a total of \$4.14 million in cyclical lift works. Another \$8.92 million was used for other cyclical works such as repainting, rewiring, reroofing and replacing of water pump sets, water pipes, water tanks and refuse chute flushing system/handling equipment.



Town Improvement Projects

With the evolving needs of our residents, the incumbent team has adopted a consultative approach in identifying large scale improvement works to physically alter and improve the Town's general amenities and environment.



Further expanding on the development of the Green Spine and identifying chronic lifts for advance lift replacement, we also completed new link-ways, sheltered walkways, new drop-off porches, barrier-free access, community pavilions, new playgrounds and fitness corners.

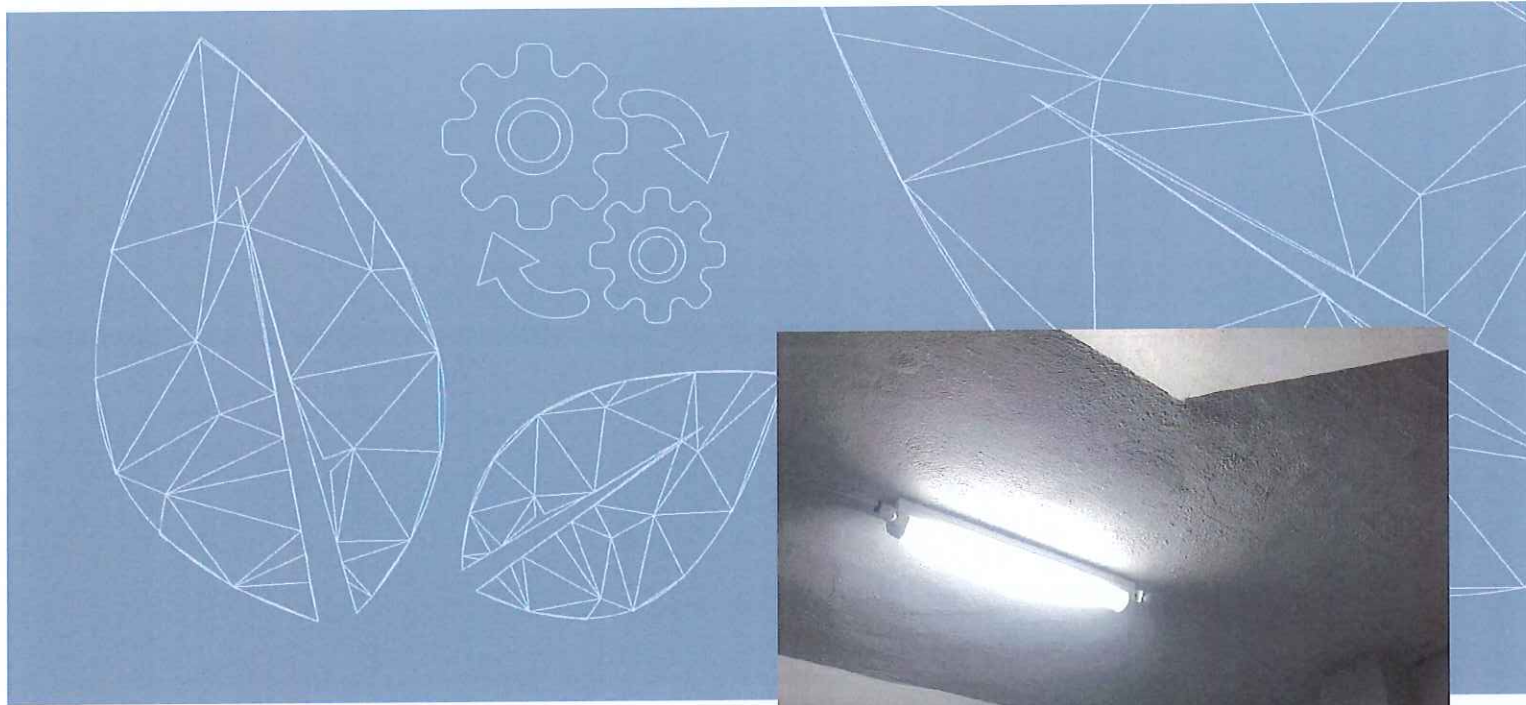


Neighbourhood *Renewal Programme*

The Neighbourhood Renewal Programmes (NRP) not only enable us to rejuvenate and upgrade the old amenities, but also to incorporate new and exciting amenities that provide even more convenience and accessibility for our residents right to their doorstep.

Neighbourhood Renewal Programmes are also fully funded by the Government and residents do not incur any out of pocket expenses brought about by this programme.





Clean *and* Green Energy

Having identified practical and efficient cost savings measures, the Town Council continues to expand upon the solar panel installation at the rooftops of our estates. Coupled with the reduction of electricity consumption from our LED lighting programme, the Town Council is able to offset the rising operator costs while striving towards a “zero-waste” and environmentally friendly ecosystem.

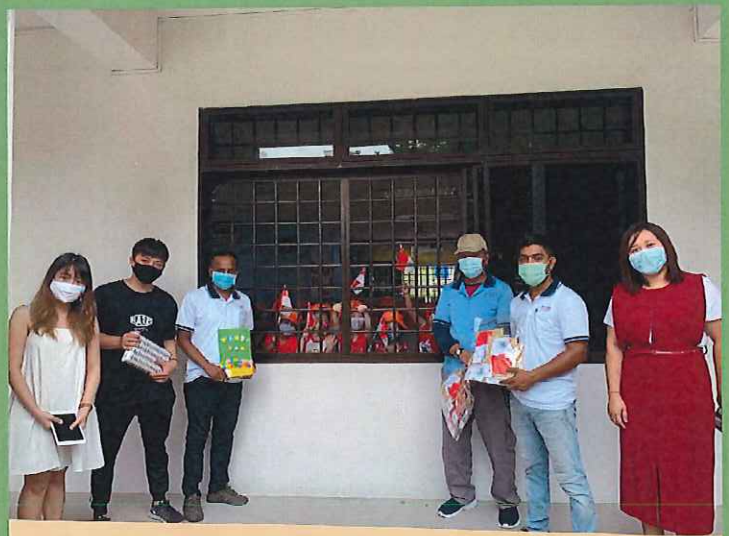


Estate Cleanliness

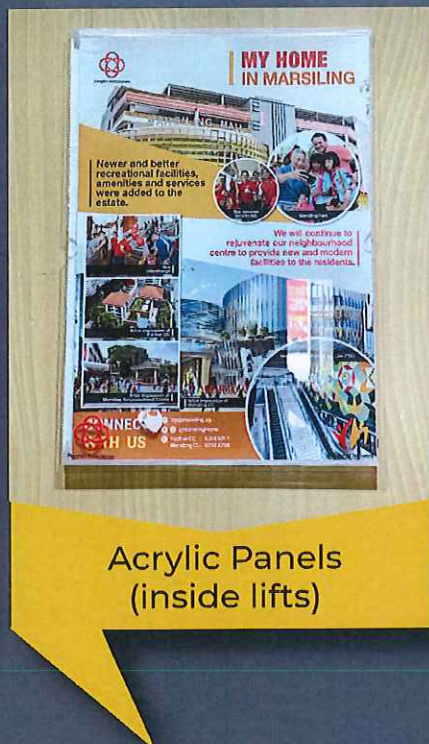
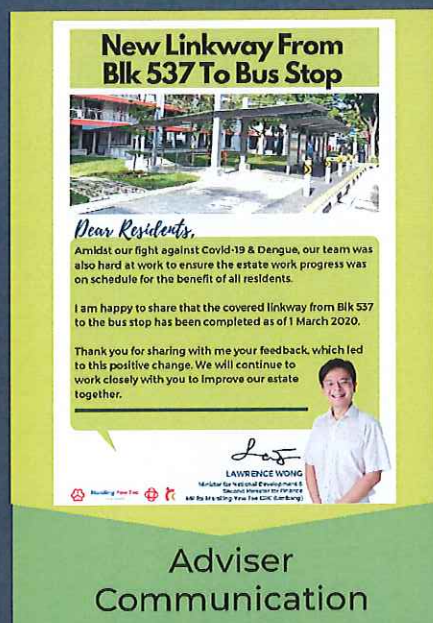
Behind every clean estate, is a hardworking team of cleaners. More so with this pandemic adding onto the frequency of regular cleaning, the Town Council showed its appreciation to our cleaners along with valuable community partners such as neighbourhood schools and respective Government agencies.

Beyond just issuance of masks, facial shields, sanitising liquid and equipment, care packs were distributed to them while observing safe distancing measures.

Additionally, the Town Council also continues to find opportunities to educate and remind residents that they too have an important part to play in keeping our estates clean and green.



Communication with Residents



Having adopted a more digital approach on our engagement with residents, we are able to receive and identify feedback and pain points with a quicker turnaround. However, the team will continue to engage on the ground periodically.

Adopting the “no wrong door” policy, we assist residents in forwarding their feedback to the relevant Government agencies when required. Look out for our MY Kampung newsletter and informative posters/info-graphics on our Facebook page from time to time!

We look forward to identifying and sharing real and relatable issues with our residents while also engaging in meaningful discussions both offline and online.

Vision Ahead

Building on our vision of “Our Home, Our Hope, Our Heart”, we strive to transform Marsiling-Yew Tee Town into a tight-knit community of friends and family that will care and look after one another.

The Town Council will continue to work closely with our residents and grassroots partners. Even as we start to see the various improvements become a reality, we appreciate the contributions of our various stakeholders and the ongoing conversations that act as catalysts for bringing about these changes and more.

As we adapt to our “new normal”, the Town Council continues to remain fully committed to serving our residents with a spirit of excellence. Additionally, families that have been affected by this COVID-19 and are struggling to make ends meet may approach the Town Council for financial assistance or alternative payment arrangements.

I look forward to continue transforming our Town positively together with all our residents.

Yours Sincerely,

Mr Alex Yam Ziming

Chairman

Marsiling-Yew Tee Town Council



Marsiling-Yew Tee Town Council

(Established under the Town Council Act, Chapter 329 A)

Financial Statements

(For the period of 1 April 2019 to 31 March 2020)

Financial statements

MARSILING-YEW TEE TOWN COUNCIL

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

For the year ended 31 March 2020

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Independent auditor's report to the members of MARSILING-YEW TEE 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 Marsiling-Yew Tee Town Council ("the Town Council"), which comprise the statement of financial position as at 31 March 2020, and the statement of income and expenditure and other comprehensive income, the statement of changes in Town Council 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 Financial Reporting Standards in Singapore ("FRSs") so as to present fairly, in all material respects, the financial position of the Town Council as at 31 March 2020 and 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 MARSILING-YEW TEE 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 FRSs, 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 MARSILING-YEW TEE 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 MARSILING-YEW TEE 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 monitoring related compliance requirements relevant to the Town Council, and implementing 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 internal control system, non-compliances may nevertheless occur and not be detected.



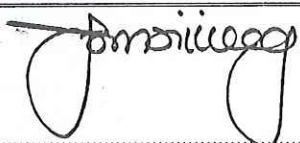
Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore,
16 November 2020

Statement of financial position

as at 31 March 2020

	Note	2020 \$	2019 \$
TOWN COUNCIL FUNDS			
Residential property			
Accumulated surplus	3	2,381,809	1,340,838
Sinking Funds	4	69,953,811	66,185,860
Lift Replacement Funds	5	31,461,081	25,719,792
Town Improvement and Project Funds	6	917,770	261,597
		104,714,471	93,508,087
Commercial property			
Accumulated surplus	3	3,182,603	2,885,081
Sinking Funds	4	21,825,294	21,633,771
Lift Replacement Funds	5	4,392,479	4,192,626
Town Improvement and Project Funds	6	46,416	53,266
		29,446,792	28,764,744
Carpark			
Accumulated surplus	3	696,879	428,478
		134,858,142	122,701,309
REPRESENTED BY:			
Non-current assets			
Plant and equipment	7	196,487	281,303
Right-of-use assets	8	624,520	-
Investments at amortised cost	9	30,000,000	30,000,000
		30,821,007	30,281,303
Current assets			
Conservancy and service fees receivables	10	1,092,479	1,086,292
Receivables for Neighbourhood Renewal Programme	11	-	7,756,237
Other receivables	12	5,101,786	6,661,683
Cash and bank balances	13	111,640,376	88,563,015
		117,834,641	104,067,227
Total assets		148,655,648	134,348,530
Less:			
Non-current liabilities			
Lease Liabilities	14	416,804	-
Current liabilities			
Lease liabilities	14	206,026	-
Conservancy and service fees received in advance	15	695,763	554,946
Advances received for Neighbourhood Renewal Programme	11	498,762	-
Other payables	16	10,724,109	10,155,658
Income tax payable	21	1,256,042	936,617
		13,380,702	11,647,221
Total liabilities		13,797,506	11,647,221
NET ASSETS		134,858,142	122,701,309



MR ALEX YAM ZIMING
Chairman



MR YEO JIN KIAT
Secretary

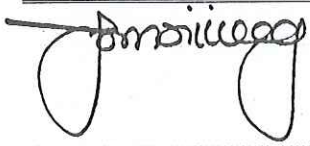
Dated: 16 November 2020


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

Statement of income and expenditure and other comprehensive income

for the financial year ended 31 March 2020

	Note	2020 \$	2019 \$
Operating income			
Conservancy and service fees	3	37,685,351	37,152,583
Less:			
Operating income transfer to Sinking Funds (26% transferred to Sinking Funds)	3, 4	(9,798,205)	(9,659,684)
Operating income transfer to Lift Replacement Funds (14% transferred to Lift Replacement Funds)	3, 5	(5,275,965)	(5,201,376)
		22,611,181	22,291,523
Agency fees	3, 17	3,188,766	3,180,931
Other income	3, 18	2,583,201	2,824,518
		28,383,148	28,296,972
Less:			
Operating expenditure			
Cleaning works	20	(5,332,548)	(5,304,896)
Managing agent's fees		(4,012,717)	(3,688,605)
Lift maintenance		(6,116,259)	(6,215,194)
Other works and maintenance		(3,822,285)	(3,396,470)
Water and electricity		(7,670,521)	(7,604,669)
General and administrative expenditure	19	(1,627,100)	(1,769,613)
		(28,581,430)	(27,979,447)
Operating (deficit)/surplus		(198,282)	317,525
Add: Interest income	3	185,629	118,416
(Deficit)/Surplus before taxation and government grants		(12,653)	435,941
Less: Income tax	3, 21	(292,996)	(259,810)
(Deficit)/Surplus before government grants		(305,649)	176,131
Add: Government grants	3, 26	11,203,572	11,692,316
Less: Transfer to			
- Sinking Funds	3, 4	(1,565,653)	(1,537,296)
- Lift Replacement Funds	3, 5	(3,908,300)	(6,333,900)
- Town Improvement and Project Funds	3, 6	(2,116,582)	(273,523)
		3,613,037	3,547,597
SURPLUS FOR THE YEAR UNDER ACCUMULATED SURPLUS		3,307,388	3,723,728
Add:			
Surplus/(Deficit) for the year from:			
- Sinking Funds	4	3,959,474	5,615,053
- Lift Replacement Funds	5	5,941,142	7,965,901
- Town Improvement and Project Funds	6	(1,051,171)	(573,628)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		12,156,833	16,731,054


MR ALEX YAM ZIMING
Chairman


MR YEO JIN KIAT
Secretary

Dated: 16 November 2020

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

Statement of changes in Town Council funds for the financial year ended 31 March 2020

	Note	Residential property \$	Commercial property \$	Carpark \$	Total \$
Balance at 1 April 2018		76,381,555	27,895,984	1,692,716	105,970,255
Accumulated Surplus	3	2,817,763	477,487	428,478	3,723,728
Sinking Funds	4	5,481,479	133,574	-	5,615,053
Lift Replacement Funds	5	7,695,971	269,930	-	7,965,901
Town Improvement and Project Funds	6	(561,397)	(12,231)	-	(573,628)
Surplus/(deficit) for the year, representing total comprehensive income for the year		15,433,816	868,760	428,478	16,731,054
Transfer to Lift Replacement Funds		(4,876,500)	(123,500)	-	(5,000,000)
Transfer from Accumulated Surplus		4,876,500	123,500	-	5,000,000
Net transfers between Accumulated Surplus		1,692,716	-	(1,692,716)	-
Appropriation to Town Improvement and Project Funds		(334,582)	(12,927)	-	(347,509)
Appropriation from Accumulated Surplus		334,582	12,927	-	347,509
Balance at 31 March 2019		93,508,087	28,764,744	428,478	122,701,309
Accumulated Surplus	3	2,699,293	339,694	268,401	3,307,388
Sinking Funds	4	3,767,951	191,523	-	3,959,474
Lift Replacement Funds	5	5,741,289	199,853	-	5,941,142
Town Improvement and Project Funds	6	(1,002,149)	(49,022)	-	(1,051,171)
Surplus/(deficit) for the year, representing total comprehensive income for the year		11,206,384	682,048	268,401	12,156,833
Appropriation to Town Improvement and Project Funds		(1,658,322)	(42,172)	-	(1,700,494)
Appropriation from Accumulated Surplus		1,658,322	42,172	-	1,700,494
Balance at 31 March 2020		104,714,471	29,446,792	696,879	134,858,142

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

Statement of cash flows

for the financial year ended 31 March 2020

	Note	2020 \$	2019 \$
Cash Flows from Operating Activities			
(Deficit)/surplus before taxation and government grants	3	(12,653)	435,941
Adjustments for:			
Allowance for impairment of conservancy and service fees receivables	10	13,422	185,046
Depreciation of plant and equipment	7	105,633	130,925
Depreciation of right-of-use asset	8	17,844	-
Interest expense	18	1,972	-
Interest income	3	(185,629)	(118,416)
Operating income transfer to Sinking Funds	4	9,798,205	9,659,684
Operating income transfer to Lift Replacement Funds	5	5,275,965	5,201,376
Operating surplus before working capital changes		15,014,759	15,494,556
Changes in conservancy and service fees receivables		121,208	(160,683)
Changes in other receivables		(261,255)	904,180
Changes in other payables		566,612	3,452,008
Cash generated from operations before income tax		15,441,324	19,690,061
Government grants received		13,118,179	12,151,387
Funding received for Neighbourhood Renewal Programme	11	12,804,437	3,820,896
Funding received for Lift Enhancement Programme	24	455,672	-
Sinking Funds expenditure	23	(8,924,020)	(6,749,246)
Lift Replacement Funds expenditure	22	(4,137,093)	(3,843,912)
Town Improvement and Project Funds expenditure	25	(3,167,753)	(847,151)
Neighbourhood Renewal Programme Funds expenditure	11	(4,549,438)	(12,384,144)
Goods and services tax received/(paid)		47,156	(428,458)
Income tax paid	21	(398,964)	(325,126)
Net cash generated from operating activities		20,689,500	11,084,307
Cash Flows from Investing Activities			
Purchase of plant and equipment	7	(20,817)	(31,270)
Proceeds from sale of plant and equipment		-	225
Purchase of investments at amortised cost		-	(20,000,000)
(Placement)/withdrawal of fixed deposits		(23,365,368)	17,166,112
Interest and investment income received		2,430,184	1,910,684
Net cash used in investing activities		(20,956,001)	(954,249)
Cash Flows from Financing Activities			
Principal repayment of lease liabilities (Note A)		(19,534)	-
Interest expense paid (Note A)		(1,972)	-
Net cash used in financing activities		(21,506)	-
Net (decrease)/increase in cash and cash equivalents		(288,007)	10,130,058
Cash and cash equivalents at beginning of year		13,718,405	3,588,347
Cash and cash equivalents at end of year	13	13,430,398	13,718,405

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

Statement of cash flows

for the financial year ended 31 March 2020 (Cont'd)

Note A

The table below details changes in the Town Council's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Town Council's statement of cash flows as cash flows from financing activities.

		Cash flows			Non-cash flows			At 31 March 2020 \$
		At 1 April 2019 \$	Principal repayment \$	Interest paid \$	Adoption of FRS 116 \$	New leases \$	Interest expenses \$	
2020								
Liabilities								
Lease liabilities	14	-	(19,534)	(1,972)	-	642,364	1,972	622,830

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

Notes to the financial statements

for the financial year ended 31 March 2020

1 General

Marsiling-Yew Tee Town Council (the “Town Council”) was formed on 1 October 2015 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 registered office is at Blk 306A Woodlands Street 31, #02-00, Singapore 731306.

The financial statements of the Town Council for the financial year ended 31 March 2020 were authorised for issue by the Town Council on 16 November 2020.

2(a) Basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Standards in Singapore (“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 Dollar which is the Town Council’s functional currency. All financial information is presented in Singapore Dollar, unless otherwise stated.

Significant accounting estimates and judgements

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

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

(a) Significant judgements in applying accounting policies

(i) Income tax (Note 21)

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

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

Significant accounting estimates and judgements (Cont'd)

(a) Significant judgements in applying accounting policies (Cont'd)(ii) Determination of the lease term (Note 14)

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Town Council becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects the assessment, and that is within the control of the lessee. For leases of office premises, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Town Council is typically reasonably certain to extend (or not terminate);
- If any leasehold improvements are expected to have a significant remaining value, the Town Council is typically reasonably certain to extend (or not terminate); and
- Otherwise, the Town Council considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

(b) Critical assumptions and accounting estimates used in applying accounting policies(i) Allowance for expected credit losses (ECL) of conservancy and service fees receivables (Note 10) and other receivables (Note 12)

The Town Council assesses at the end of each reporting period whether there is any expected credit loss of conservancy and service fees and other receivables based on assumptions about risk of default and expected loss rates. The Town Council considers factors such as past collection history, existing market conditions as well as forward looking estimates at each reporting period. The assessment of the correlation between historical observed default, economic conditions and expected credit loss is a significant estimate. Notwithstanding the above, the Town Council evaluates the expected credit loss on receivables in financial difficulties separately. The carrying amount of the Town Council's conservancy and service fees receivables and other receivables as at 31 March 2020 were \$1,092,479 (2019 - \$1,086,292) and \$5,101,786 (2019 - \$6,661,683) respectively. The decrease of 10% in the estimated future cash flows will not lead to further allowance for impairment on the Town Council's conservancy and service fees receivables and other receivables.

(ii) Depreciation of plant and equipment (Note 7)

The cost of plant and equipment for the Town Council is depreciated on the straight-line basis over the their estimated economic useful lives. Management estimates the useful lives of plant and equipment to be within 3 to 5 years. 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 2020 was \$196,487 (2019 - \$281,303). If depreciation on plant and equipment increase/decrease by 10% from management's estimate, the Town Council's surplus for the year will decrease/increase by approximately \$10,563 (2019 - \$13,093).

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

Significant accounting estimates and judgements (Cont'd)

(b) Critical assumptions and accounting estimates used in applying accounting policies (Cont'd)(iii) Estimation of the incremental borrowing rate ("IBR") (Note 14)

For the purpose of calculating the right-of-use asset and lease liability, the Town Council applies the interest rate implicit in the lease ("IRIL") and, if the IRIL is not readily determinable, the Town Council shall use its IBR applicable to the lease asset. The IBR is the rate of interest that the Town Council would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. For most of the leases whereby the Town Council is the lessee, the IRIL is not readily determinable. Therefore, the Town Council estimates the IBR relevant to each lease asset by using observable inputs (such as market interest rate and asset yield) when available, and then making certain lessee specific adjustments (such as Town Council's credit rating). The carrying amount of the Town Council's right-of-use assets and lease liabilities are disclosed in Note 8 and 14 respectively.

An increase/decrease of 50 basis points in the estimated IBR will decrease/increase the Town Council's right-of-use assets and lease liabilities by approximately \$4,853 respectively.

2(b) Adoption of new and revised standards

On 1 April 2019, the Town Council has applied the following standards and amendments for the first time for their annual reporting period commencing 1 April 2019.

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):		
- Amendments to FRS 23	Borrowing Costs Eligible for Capitalisation	1 January 2019

The adoption of these new or amended FRSs and INT FRS did not result in substantial changes to the Town Council's accounting policies and had no material effect on the amounts reported for the current or prior financial years, except as discussed below:

FRS 116 Leases

FRS 116 supersedes FRS 17 Leases, INT FRS 104 Determining whether an Arrangement contains a Lease, INT FRS 15 Operating Leases-Incentives and INT FRS 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. and pronounces new or amended requirements with respect to lease accounting.

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

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

The date of initial application of FRS 116 for the Town Council is 1 April 2019. The Town Council has elected to transition to FRS 116 using the cumulative catch-up (or modified retrospective) approach which requires the Town Council to recognise the cumulative effect of initially applying FRS 116 at the date of initial application, without restatement of comparatives under FRS 17.

(a) Definition of a lease

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

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

The new requirements for identifying a lease under FRS 116 do not change significantly the scope of contracts that will meet the definition of a lease for the Town Council.

(b) Lessee accounting(i) Former operating leases

Before the adoption of FRS 116, the Town Council's non-cancellable operating lease payments in future reporting periods for office premises were not recognised as liabilities in the statement of financial position but were disclosed as commitments in the notes to the financial statements, and these lease payments were reported as rental expenses in income and expenditure over the lease term on a straight-line basis and presented under operating activities in the statement of cash flows. Under FRS 116, the Town Council recognises right-of-use assets and lease liabilities in the statement of financial position for these outstanding lease payments, reports depreciation of right-of-use assets and interest expense on lease liabilities in income and expenditure, and presents these lease payments as principal repayment and interest paid separately under financing activities in the statement of cash flows.

Under FRS 116, lease incentives are recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under FRS 17, they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expenses on a straight-line basis.

The Town Council has elected, as a practical expedient of FRS 116, not to separate non-lease components from lease components for all classes of underlying assets and instead account for each lease component and any associated non-lease components as a single lease component, except if the non-lease component is an embedded derivative according to FRS 109.

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

2(b) Adoption of new and revised standards (Cont'd)FRS 116 Leases (Cont'd)(b) Lessee accounting (Cont'd)(i) Former operating leases (Cont'd)

On 1 April 2019, the Town Council has applied the following FRS 116 transition provisions under the cumulative catch-up approach for each lease, or each portfolio of leases with reasonably similar characteristics, formerly classified as operating lease under FRS 17:

- recognises a lease liability at the present value of the remaining lease payments using the lessee's incremental borrowing rate for the underlying lease asset;
- recognises a right-of-use asset, on a lease-by-lease basis, for office premises at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application; and
- applies FRS 36 *Impairment of Assets* to perform an impairment review of the right-of-use asset.

The Town Council has adopted the following FRS 116 practical expedients when applying the cumulative catch-up transition approach to leases formerly classified as operating lease under FRS 17:

- applies a single discount rate to a portfolio of leases with reasonably similar characteristics;
- elects not to recognise the right-of-use asset and lease liability for a lease with lease term ending within twelve months of the date of initial application;
- includes initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- uses hindsight for determining the lease term when the contract contains options to extend or terminate the lease.

(c) Financial impact of initial application of FRS 116

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

	\$
Operating lease commitments disclosed at 31 March 2019	206,800
Less effects of:	
Leases with lease term ending within twelve months from the date of initial application	(206,800)
Lease liabilities recognised on 1 April 2019	-

There are no effects from the adoption of FRS 116 on the Town Council's financial statements as at 1 April as the leases are exempted from recognition under FRS 116 transition provision for short-term leases.

INT FRS 123 Uncertainty over Income Tax Treatments

This Interpretation provides guidance on how to determine an entity's taxable profits (or tax losses), tax bases, unused tax losses, unused tax credits and tax rates where there is uncertainty over income tax to be accounted for under FRS 12. The Interpretation is effective for annual reporting periods beginning on or after 1 January 2019. Management has reassessed all deferred and current income tax assets and liabilities and there is no material impact on the financial statements of the Town Council.

2(c) FRS issued but not yet effective

At the date of authorisation of these financial statements, the following FRSs 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)
Amendments to FRS 103	Definition of a Business	1 January 2020
Amendments to FRS 1 and FRS 8	Definition of Material	1 January 2020
Amendments to FRS 109, FRS 39 and FRS 107	Interest Rate Benchmark Reform	1 January 2020
Revised Conceptual Framework for Financial Reporting		1 January 2020
Amendments to FRS 116	Covid-19 Related Rent Concessions	1 June 2020
FRS 117	Insurance Contracts	1 January 2021
Amendments to FRS 103	Reference to the Conceptual Framework	1 January 2022
Amendments to FRS 16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to FRS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
<i>Annual Improvements to FRS Standards 2018-2020</i>		
Amendments to FRS 109	Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities	1 January 2022
Amendments to FRS 116	Lease Incentives	1 January 2022
Amendments to FRS 1	Presentation of Financial Statements	1 January 2023

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. The nature of some new standards which may be relevant to the Town Council is described below:

Amendments to FRS 1 and FRS 8 Definition of Material

The amendments are intended to make the definition of ‘material’ in FRS 1 easier to understand and are not intended to alter the underlying concept of materiality in FRS. The concept of ‘obscuring’ material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from ‘could influence’ to ‘could reasonably be expected to influence’. The definition of ‘material’ in FRS 1 and FRS 8 has been replaced by a reference to the definition of ‘material’ in FRS 1. In addition, the other FRS and the Conceptual Framework, which contain a definition of ‘material’ or refer to the term ‘material’, have been updated to ensure consistency.

The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted.

Amendments to FRS 116 Covid-19 Related Rent Concessions

The amendments in Covid-19 Related Rent Concessions (Amendments to FRS 116) are such that as a practical expedient, a lessee may elect not to assess whether a rent concession that meets the conditions below is a lease modification:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021 (for example, a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- there is no substantive change to other terms and conditions of the lease.

The amendments are effective for annual reporting periods beginning on or after 1 June 2020.

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 Housing and Development Board (“HDB”) on an agency basis.

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

All monies received by the Town Council are paid into and related expenditures are paid out of the appropriate funds set up for each property type managed.

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

Sinking Funds

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

Under the Town Councils Act, the Minister for National Development may, from time to time, prescribe the minimum amounts of conservancy and service fees and grants-in-aid to be paid into the Sinking Funds.

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

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

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

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

The Sinking Funds are utilised for cyclical works, including major repainting, renewal or replacement of roofing system, water tanks, pumps and water supply system, lightning protection system, major repairs and maintenance of the common area and contributions to the HDB in respect of general upgrading works carried out on the common property as defined under the Housing and Development Act.

Lift Replacement Funds

Lift Replacement Funds ("LRF") are established and maintained as part of the Town Council Funds to meet the cost of any capital expenditure related to the replacement of lifts in the town for lift upgrading works, 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.

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.

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.

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) Neighbourhood Renewal Programme

Neighbourhood Renewal Programme (NRP) is established in respect of the neighbourhood renewal programme works carried out on the qualifying properties. This upgrading scheme was entered into between the Town Council and HDB. The funding for the programme comes from the Government and is for the specific use of projects under the programme.

(d) 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 Town Improvement and Project Funds.

(e) Government grants

The Town Council receives five types of grants from the government:

- (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.

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

- (iii) The Goods and Service Tax ("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 ("LRF") 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.

(f) 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:

Office equipment	3 years
Data processing equipment	3 years
Furniture, fixtures and fittings	5 years
Office renovation	5 years

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

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

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

Depreciation methods, useful lives and residual lives are reviewed and adjusted as appropriate at the end of each reporting period as a change in estimates.

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

(h) Financial instruments

Financial instruments carried on the statements of financial position include cash and bank balances, financial assets and financial liabilities. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Financial assets and financial liabilities are recognised when, only when the entity becomes party to the contractual provisions of the instruments. They are derecognised if the entity's rights or obligations specified in the contract expire or are discharged or cancelled.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Town Council currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Disclosures on financial risk management are provided in Note 31.

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

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 fees 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**.

2(d) Summary of significant accounting policies (Cont'd)**(h) Financial instruments (Cont'd)****(i) Financial assets (Cont'd)****Measurement (Cont'd)****Initial recognition and measurement (Cont'd)**

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 when the assets are derecognised or impaired, and through the amortisation process.

The Town Council's financial assets at amortised cost include investments at amortised cost, conservancy and service fees receivables, receivables for Neighbourhood Renewal Programme, other receivables, and cash and bank balances.

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

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

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

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

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

Financial assets at fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

A gain or loss on a debt instruments that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in income and expenditure statement in the period in which it arises. Interest income from these financial assets is included in the finance income. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of income and expenditure and other comprehensive income. The Town Council does not hold such financial assets.

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.

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

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.

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. 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, 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.

The Town Council considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Town Council may also consider a financial asset to be in default when internal or external information indicates that the Town Council is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Town Council. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(ii) Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition.

2(d) Summary of significant accounting policies (Cont'd)**(h) Financial instruments (Cont'd)****(ii) Financial liabilities (Cont'd)**Financial liabilities

Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis. The Town Council's financial liabilities include other payables.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and bank deposits which are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(j) 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.

(k) Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Town Council have received consideration (or an amount of consideration is due) from customer. If a customer pays consideration before the Town Council transfer good or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Town Council perform under the contract. Contract liabilities include conservancy and service fee received in advance.

(l) Employee benefitsKey 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 and certain managers.

(m) Revenue recognition

Revenue is measured on the consideration to which the Town Council expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Town Council satisfied a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount collected to the satisfied performance obligation.

2(d) Summary of significant accounting policies (Cont'd)**(m) Revenue recognition (Cont'd)****(i) Conservancy and service fees**

Conservancy and service fees are recognised when due, i.e. when the service is rendered.

(ii) Agency fees

Agency fees for routine maintenance of HDB's carparks are recognised when due, i.e. when the service is rendered.

(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 ("TOL"), liquidated damages claims and other miscellaneous income, and are recognised when due.

(n) Income tax

Income tax is provided on the following income:

- (i) Income derived from investments and bank deposits;
- (ii) Agency fees 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 income derived from the operation of its approved Finance and Treasury Centre in respect of the provision of qualifying services and activities which have been approved under Section 43G(2) of the Income Tax Act, Cap. 134.

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

(p) Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Town Council; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Town Council.

Contingent liabilities and assets are not recognised on the balance sheet of the Town Council, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

(q) Leases

These accounting policies are applied on and after the initial application date of FRS 116, 1 April 2019:

(i) The Town Council as lessee

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

(a) Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Town Council use the incremental borrowing rate specific to the lessee. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

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

These accounting policies are applied on and after the initial application date of FRS 116, 1 April 2019 (Cont'd):

(i) The Town Council as lessee (Cont'd)**(a) Lease liability (Cont'd)**

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

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

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

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

The lease liabilities are presented as a separate line item in the statement of financial position.

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

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

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

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

These accounting policies are applied on and after the initial application date of FRS 116, 1 April 2019 (Cont'd):

(i) The Town Council as lessee (Cont'd)

(b) Right-of-use asset

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

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

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

Office premises	over lease term of 3 years
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If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Town Council expect to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

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

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

These accounting policies are applied before the initial application date of FRS 116, 1 April 2019:

Operating leases

The Town Council as lessee

Lease 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.

MARSILING-YEW TEE TOWN COUNCIL
(Established under the Town Councils Act, Cap. 329A)
Notes to the financial statements for the financial year ended 31 March 2020

3 Accumulated surplus

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

Note	Residential property 2020 \$	Residential property 2019 \$	Commercial property 2020 \$	Commercial property 2019 \$	Carparks 2020 \$	Carparks 2019 \$	Total 2020 \$	Total 2019 \$
OPERATING INCOME								
Conservancy and service fees	36,285,641	35,750,329	1,399,710	1,402,254	-	-	37,685,351	37,152,583
Less:								
Operating income transfer to Sinking Funds	(9,434,279)	(9,295,097)	(363,926)	(364,587)	-	-	(9,798,205)	(9,659,684)
Operating income transfer to Lift Replacement Funds	(5,080,005)	(5,005,059)	(195,960)	(196,317)	-	-	(5,275,965)	(5,201,376)
	21,771,357	21,450,173	839,824	841,350	-	-	22,611,181	22,291,523
Agency fees					3,188,766	3,180,931	3,188,766	3,180,931
Other income	2,184,571	2,366,123	318,638	339,830	79,992	118,565	2,583,201	2,824,518
	23,955,928	23,816,296	1,158,462	1,181,180	3,268,758	3,299,496	28,383,148	28,296,972
Less: Operating expenditure	(24,873,299)	(24,421,806)	(718,194)	(700,912)	(2,989,937)	(2,856,729)	(28,581,430)	(27,979,447)
OPERATING (DEFICIT)/SURPLUS	(917,371)	(605,510)	440,268	480,268	278,821	442,767	(198,282)	317,525
Add: Interest income	162,766	103,781	4,147	2,626	18,716	12,009	185,629	118,416
(DEFICIT)/SURPLUS BEFORE TAXATION AND GOVERNMENT GRANTS	(754,605)	(501,729)	444,415	482,894	297,537	454,776	(12,653)	435,941
Less: Income tax	(257,281)	(227,745)	(6,579)	(5,767)	(29,136)	(26,298)	(292,996)	(259,810)
(DEFICIT)/SURPLUS AFTER TAXATION BUT BEFORE GOVERNMENT GRANTS	(1,011,886)	(729,474)	437,836	477,127	268,401	428,478	(305,649)	176,131
Add: Government grants	11,202,888	11,531,842	684	160,474	-	-	11,203,572	11,692,316
Less: Transfer to Sinking Funds	(1,565,497)	(1,537,140)	(156)	(156)	-	-	(1,565,653)	(1,537,296)
Lift Replacement Funds	(3,809,630)	(6,173,942)	(98,670)	(159,958)	-	-	(3,908,300)	(6,333,900)
Town Improvement and Project Funds	(2,116,582)	(273,523)	-	-	-	-	(2,116,582)	(273,523)
	3,711,179	3,547,237	(98,142)	360	-	-	3,613,037	3,547,597
SURPLUS FOR THE YEAR	2,699,293	2,817,763	339,694	477,487	268,401	428,478	3,307,388	3,723,728
ACCUMULATED SURPLUS AT 1 APRIL	1,340,838	2,041,441	2,885,081	2,544,021	428,478	1,692,716	4,654,397	6,278,178
Less:								
Transfer to Lift Replacement Fund	-	(4,876,500)	-	(123,500)	-	-	-	(5,000,000)
Transfer of Accumulated Surplus from Carpark to Residential Property	-	1,692,716	-	-	-	(1,692,716)	-	-
Appropriation to Town Improvement and Project Funds	(1,658,322)	(334,582)	(42,172)	(12,927)	-	-	(1,700,494)	(347,509)
	2,381,809	1,340,838	3,182,603	2,885,081	696,879	428,478	6,261,291	4,654,397
Accumulated surplus at end of year								

MARSILING-YEW TEE TOWN COUNCIL

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

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

4 Sinking Funds

	Note	Residential property 2020 \$	Residential property 2019 \$	Commercial property 2020 \$	Commercial property 2019 \$	Total 2020 \$	Total 2019 \$
Balance at 1 April		66,185,860	60,704,381	21,633,771	21,500,197	87,819,631	82,204,578
Add:							
Other income	23	1,867,525	1,482,858	-	-	1,867,525	1,482,858
Operating income transfer from conservancy and service fees (minimum required by law)	3	9,434,279	9,295,097	363,926	364,587	9,798,205	9,659,684
Transfer from government grants	3, 26	1,565,497	1,537,140	156	156	1,565,653	1,537,296
		12,867,301	12,315,095	364,082	364,743	13,231,383	12,679,838
Less:							
Expenditure	23	(8,837,146)	(6,595,573)	(86,874)	(153,673)	(8,924,020)	(6,749,246)
Income tax	21	(262,204)	(238,043)	(85,685)	(77,496)	(347,889)	(315,539)
Surplus for the year		3,767,951	5,481,479	191,523	133,574	3,959,474	5,615,053
Balance at 31 March		69,953,811	66,185,860	21,825,294	21,633,771	91,779,105	87,819,631

Represented by:

Non-Current assets	9	24,000,000	24,000,000
Investments at amortised cost			
Current assets		265,462	339,647
Conservancy and service fees receivables	10	274,525	316,215
Other receivables		575,588	533,070
Accrued interest		850,113	849,285
Amount due from accumulated surplus	12	2,830,668	1,681,411
Cash and bank balances	13	66,471,966	62,413,210
		70,418,209	65,283,553
Total assets		94,418,209	89,283,553
Less:			
Current liabilities		169,064	134,847
Conservancy and service fees received in advance	15	1,883,718	954,005
Other payables	16	586,322	375,070
Income tax payable	21	2,639,104	1,463,922
Total liabilities		91,779,105	87,819,631
NET ASSETS			

MARSILING-YEW TEE TOWN COUNCIL

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

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

5 Lift Replacement Funds

	Note	Residential property 2020 \$	Residential property 2019 \$	Commercial property 2020 \$	Commercial property 2019 \$	2020 \$	2019 \$	Total
Balance at 1 April		25,719,792	13,147,321	4,192,626	3,799,196	29,912,418	16,946,517	
Add:								
Other income	24	970,419	331,122	1,055	-	971,474	331,122	
Operating income transfer from conservancy and service fees (minimum required by law)	3	5,080,005	5,005,059	195,960	196,317	5,275,965	5,201,376	
Transfer from government grants		842,960	827,690	84	84	843,044	827,774	
Lift Replacement Funds matching grant		2,966,670	5,346,252	98,586	159,874	3,065,256	5,506,126	
	3, 26	3,809,630	6,173,942	98,670	159,958	3,908,300	6,333,900	
		9,860,054	11,510,123	295,685	356,275	10,155,739	11,866,398	
Less:								
Expenditure	24	(4,052,127)	(3,767,667)	(84,966)	(76,245)	(4,137,093)	(3,843,912)	
Income tax	21	(66,638)	(46,485)	(10,866)	(10,100)	(77,504)	(56,585)	
Surplus for the year		5,741,289	7,695,971	199,853	269,930	5,941,142	7,965,901	
Transfer from Accumulated Surplus – voluntary contribution*	3	-	4,876,500	-	123,500	-	5,000,000	
Balance at 31 March		31,461,081	25,719,792	4,392,479	4,192,626	35,853,560	29,912,418	
* This voluntary contribution is made in accordance with Section 33(9) of the Town Councils Act. With the voluntary contribution of \$Nil (FY2019 - \$5M) from the Accumulated Surplus to Lift Replacement Fund during the financial year ended 31 March 2019, the Town Council is entitled to receive a matching grant of \$Nil (FY2019 - \$2.5M).								
Represented by:								
Non-Current assets								
Investments at amortised cost	9					6,000,000	6,000,000	
Current assets								
Conservancy and service fees receivables	10					142,941	182,887	
Other receivables						750,763	3,290,100	
Accrued interest						170,005	77,439	
Amount due from accumulated surplus	12					920,768	3,367,539	
Cash and bank balances	13					1,650,556	6,442,483	
						30,023,757	15,811,783	
						32,738,022	25,804,692	
						38,738,022	31,804,692	
Total assets								
Less:								
Current liabilities								
Conservancy and service fees received in advance	15					91,034	72,610	
Other payables	16					2,659,364	1,744,101	
Income tax payable	21					134,064	75,563	
Total liabilities						2,884,462	1,892,274	
NET ASSETS						35,853,560	29,912,418	

MARSILING-YEW TEE TOWN COUNCIL

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

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

6 Town Improvement and Project Funds

	Note	Residential property 2020 \$	Residential property 2019 \$	Commercial property 2020 \$	Commercial property 2019 \$	Total 2020 \$	Total 2019 \$
Balance at 1 April		261,597	488,412	53,266	52,570	314,863	540,982
Add/(Less):							
Transfer from government grants	3, 26	2,116,582	273,523	-	-	2,116,582	273,523
Expenditure	25	(3,118,731)	(834,920)	(49,022)	(12,231)	(3,167,753)	(847,151)
Deficit for the year		(1,002,149)	(561,397)	(49,022)	(12,231)	(1,051,171)	(573,628)
		(740,552)	(72,985)	4,244	40,339	(736,308)	(32,646)
Add:							
Appropriation from Accumulated Surplus	3	1,658,322	334,582	42,172	12,927	1,700,494	347,509
Balance at 31 March		917,770	261,597	46,416	53,266	964,186	314,863

Represented by:

Current assets			
Other receivables	12	2,212,818	1,435,301
Total assets		<u>2,212,818</u>	<u>1,435,301</u>
Less:			
Current liabilities			
Other payables	16	620,825	181,266
Amount due to accumulated surplus		627,807	939,172
Total liabilities		<u>1,248,632</u>	<u>1,120,438</u>
NET ASSETS		<u>964,186</u>	<u>314,863</u>

7 Plant and equipment

	Office equipment \$	Furniture, fixtures and fittings \$	Data processing equipment \$	Office renovation \$	Total \$
Cost					
At 1 April 2018	232,540	602,757	99,327	403,665	1,338,289
Additions	12,546	16,716	2,008	-	31,270
Disposals	(9,129)	(6,519)	-	-	(15,648)
At 31 March 2019	235,957	612,954	101,335	403,665	1,353,911
Additions	-	-	10,687	10,130	20,817
At 31 March 2020	235,957	612,954	112,022	413,795	1,374,728
Accumulated depreciation					
At 1 April 2018	202,478	595,125	72,042	87,461	957,106
Depreciation for the year (Note 19)	23,718	4,642	21,832	80,733	130,925
Disposals	(8,904)	(6,519)	-	-	(15,423)
At 31 March 2019	217,292	593,248	93,874	168,194	1,072,608
Depreciation for the year (Note 19)	11,480	5,721	7,361	81,071	105,633
At 31 March 2020	228,772	598,969	101,235	249,265	1,178,241
Net book value					
At 31 March 2020	7,185	13,985	10,787	164,530	196,487
At 31 March 2019	18,665	19,706	7,461	235,471	281,303

8 Right-of-use assets

The Town Council has lease contracts for office premises.

The Town Council applies the 'short-term lease' recognition exemptions for certain leases with lease terms of 12 months or less.

	Office premises \$	Total \$
Cost		
At 1 April 2019	-	-
Additions	642,364	642,364
At 31 March 2020	642,364	642,364
Accumulated depreciation		
At 1 April 2019	-	-
Depreciation for the year (Note 19)	17,844	17,844
At 31 March 2020	17,844	17,844
Net book value		
At 31 March 2020	624,520	624,520
At 1 April 2019	-	-

9 Investments at amortised cost

	Note	2020 \$	2019 \$
Investments in bonds classified as financial assets at amortised cost:			
- Quoted bonds issued by statutory boards		30,000,000	30,000,000
Maturing:			
Within 1 year		-	-
After one year but within five years		20,000,000	20,000,000
Later than five 5 years		10,000,000	10,000,000
		30,000,000	30,000,000
Recorded in:			
Sinking Funds	4	24,000,000	20,000,000
Lift Replacement Funds	5	6,000,000	10,000,000
		30,000,000	30,000,000

The fair value of investments at amortised cost based on the closing bid price at the end of the financial year as follows:

	2020 \$	2019 \$
Quoted bonds	30,617,000	30,780,000

The fair value of the quoted bonds are within Level 1 of the fair value hierarchy.

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

Investments in quoted bonds issued by statutory boards, with a fixed interest rate of 2.30% to 2.63% (2019: 2.30% to 2.63%) per annum and maturity date of March 2023 to July 2025 (2019: March 2023 to July 2025) as at reporting date.

10 Conservancy and service fees receivables

	Note	2020 \$	2019 \$
Conservancy and service fees receivables		1,942,170	1,922,912
Less: Allowance for impairment		(849,691)	(836,620)
		1,092,479	1,086,292
Recorded in:			
Accumulated surplus		684,076	563,758
Sinking Funds	4	265,462	339,647
Lift Replacement Funds	5	142,941	182,887
		1,092,479	1,086,292

Conservancy and service fees receivables are denominated in Singapore Dollar.

10 Conservancy and service fees receivables (Cont'd)Receivables that are impaired

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

	Note	2020 \$	2019 \$
Balance at 1 April		836,620	680,779
Allowance provided for the year	19	13,422	185,046
Allowance written off		(351)	(29,205)
Balance at 31 March		849,691	836,620

Conservancy and service fees receivables that are individually determined to be impaired at the end of the reporting year relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

11 Advances received/(receivables) for Neighbourhood Renewal Programme

	2020 \$	2019 \$
Balance at 1 April	(7,756,237)	807,011
Add/(Less):		
Funding from Government	12,804,437	3,820,896
Payments to contractors	(4,549,438)	(12,384,144)
	8,254,999	(8,563,248)
Balance at 31 March	498,762	(7,756,237)

Neighbourhood Renewal Programme ("NRP") is established in respect of the neighbourhood renewal programme works carried out on the qualifying properties. This upgrading scheme was entered into between the Town Council and HDB. The funding for the programme comes from the Government and is for the specific use of projects under the programme.

12 Other receivables

	2020 \$	2019 \$
GST subvention receivable	351,918	352,623
Lift Replacement Funds Matching Grant	684,793	685,096
Lift Replacement Funds Matching Grant-Voluntary	-	2,500,000
Conservancy and service grant receivable	-	99,118
Receivables from Citizens' Consultative Committees	2,161,903	1,474,545
	3,198,614	5,111,382
Recoverable from contractors	258,294	4,459
Deposits	267,494	310,948
Accrued interest on investments at amortised cost	65,848	64,465
Accrued interest on fixed deposits	712,933	575,544
Others	7,737	29,114
At amortised cost	4,510,920	6,095,912
GST receivables	411,516	458,672
Prepayments	179,350	107,099
	5,101,786	6,661,683

12 Other receivables (Cont'd)

	Note	2020 \$	2019 \$
Recorded in:			
Accumulated surplus		1,118,087	1,009,558
Sinking Funds	4	850,113	849,285
Lift Replacement Funds	5	920,768	3,367,539
Town Improvement and Project Funds	6	2,212,818	1,435,301
		<u>5,101,786</u>	<u>6,661,683</u>

Other receivables are denominated in Singapore Dollar.

13 Cash and bank balances

	Note	2020 \$	2019 \$
Cash and bank balances		13,430,398	11,718,405
Fixed deposits		98,209,978	76,844,610
		<u>111,640,376</u>	<u>88,563,015</u>

Recorded in:

Accumulated surplus:

Cash and bank balances	5,108,631	6,289,705
Fixed deposits	10,036,022	4,048,317
	<u>15,144,653</u>	<u>10,338,022</u>

Sinking Funds:

Cash and bank balances	2,466,889	1,994,665
Fixed deposits	64,005,077	60,418,545
	<u>66,471,966</u>	<u>62,413,210</u>

Lift Replacement Funds:

Cash and bank balances	5,854,877	3,434,035
Fixed deposits	24,168,880	12,377,748
	<u>30,023,757</u>	<u>15,811,783</u>

	5	<u>111,640,376</u>	<u>88,563,015</u>
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Cash and bank balances are denominated in Singapore Dollar.

The interest rate for the fixed deposits ranges between 1.15% and 2.05% (2019 - 1.69% and 2.16%) per annum, receivable one year in arrears. The effective interest rate is 1.53% (2019 - 1.52%) per annum.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at the end of the financial year:

	2020 \$	2019 \$
Cash and bank balances	111,640,376	88,563,015
Less:		
Short term fixed deposits with maturity more than 3 months	(98,209,978)	(74,844,610)
Cash and cash equivalents as per statement of cash flows	<u>13,430,398</u>	<u>13,718,405</u>

14 Lease Liabilities

	2020 \$
Undiscounted lease payments due:	
- Year 1	225,600
- Year 2	225,600
- Year 3	206,800
	658,000
Less: Unearned interest cost	(35,170)
Lease liabilities	622,830
Presented as:	
- Non-current	416,804
- Current	206,026
	622,830

Interest expense on lease liabilities of \$1,972 is recognised within general and administrative expenditure in the income and expenditure (Note 18).

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

	2020 \$
Short-term leases	206,800
Variable lease payments not dependent on an index or rate	20,355
	227,155

Total cash outflows for all leases (including interest paid) in the year amount to \$21,506.

As at 31 March 2020, the Town Council’s short-term lease commitments at the reporting date are not substantially dissimilar to those giving rise to the Town Council’s short-term lease expense for the year.

The lease liabilities are denominated in Singapore Dollar.

15 Conservancy and service fees received in advance

		2020 \$	2019 \$
Contract liabilities	Note	695,763	554,946
Recorded in:			
Accumulated surplus		435,665	347,489
Sinking Funds	4	169,064	134,847
Lift Replacement Funds	5	91,034	72,610
		695,763	554,946

15 Conservancy and service fees received in advance (Cont'd)

The contract liabilities primarily relate to the advance consideration received from customers for conservancy and service fees. The contract liabilities are recognised as revenue when the Town Council fulfils its performance obligation under the contract with the customers. The details are as follows:

	2020 \$	2019 \$
Revenue recognised that was included in contract liabilities at beginning of year	125,870	238,667
Increase due to cash received, excluding amounts recognised as revenue during the year	(266,687)	(248,218)

Contract liabilities are denominated in Singapore Dollar.

16 Other payables

	Note	2020 \$	2019 \$
Payables to contractors		7,114,879	6,564,181
Other creditors		981,412	1,528,118
Accrued operating expenses		2,448,874	1,883,226
Conservancy and service grant received-in-advance		1,839	-
Refundable deposits		177,105	180,133
		<u>10,724,109</u>	<u>10,155,658</u>
Recorded in:			
Accumulated surplus		5,560,202	7,276,286
Sinking Funds	4	1,883,718	954,005
Lift Replacement Funds	5	2,659,364	1,744,101
Town Improvement and Project Funds	6	620,825	181,266
		<u>10,724,109</u>	<u>10,155,658</u>

Included in payables to contractors is an amount of \$665,339 (2019 - \$1,238,184) due to managing agent of the Town Council.

Other payables are generally on 30 to 90 (2019: 30 to 90) days' credit terms.

Other payables are denominated in Singapore Dollar.

17 Agency fees

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

18 Other income

	2020 \$	2019 \$
Late payment penalty	157,346	153,356
Liquidated damages	276,279	357,680
Sale of tender documents	16,093	24,833
Sundry fines	25,193	22,767
Sundry income	147,380	162,311
Sundry income – computing services	-	197,805
Temporary Occupational Licence ("TOL") income	1,411,532	1,447,031
Use of common property income	30,050	27,740
Use of void decks	36,150	34,950
Use of water and electricity at void decks	368,218	249,892
Others	114,960	146,153
	2,583,201	2,824,518

19 General and administrative expenditure

	Note	2020 \$	2019 \$
Advertising and public relations		205,593	220,948
Audit fee		39,000	32,210
Bad debts written off		9,168	2
Computer service		147,403	136,065
Depreciation of plant and equipment	7	105,633	130,925
Depreciation of right-of-use asset	8	17,844	-
Fees and charges		376,971	363,834
Interest expenses – lease liabilities	14	1,972	-
Impairment of conservancy and service fees receivables	10	13,422	185,046
Office rental and upkeep expenditure		303,804	297,608
Office supplies and stationery		121,074	135,338
Plant and equipment not capitalised		1,309	6,537
Property tax		141,880	133,076
Penalty fee written off		22,481	16,801
Town Councillors' allowance	29	103,841	103,558
Unclaimable goods and services tax	22	87,007	131,770
Others		22,419	37,209
		1,720,821	1,930,927
Expenses allocated to Sinking Funds			
- Provision for impairment of receivables and bad debts written-off	23	(5,705)	(48,113)
- General and administrative expenses	23	(55,214)	(56,741)
Expenses allocated to Lift Replacement Funds			
- Provision for impairment of receivables and bad debts written-off	24	(3,072)	(25,907)
- General and administrative expenses	24	(29,730)	(30,553)
		1,627,100	1,769,613

20 Managing agent's fees

The Town Council does not have any other employees on its payroll as management of its daily operations have been outsourced to a managing agent for a fee of \$4,012,717 (2019 - \$3,688,605) for the financial year ended 31 March 2020.

21 Income tax

	Note	2020 \$	2019 \$
Current tax expense		631,897	624,146
Under-provision of tax in previous financial years		86,492	7,788
		<u>718,389</u>	<u>631,934</u>
Recorded in:			
Accumulated surplus	3	292,996	259,810
Sinking Funds	4	347,889	315,539
Lift Replacement Funds	5	77,504	56,585
		<u>718,389</u>	<u>631,934</u>

The tax expense on the results of the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax on the Town Council's (deficit)/surplus as a result of the following:

	2020 \$	2019 \$
Investment and interest income	2,569,258	2,550,202
Government grants and other income	13,088,139	10,709,707
Allowable expenses	(209,012)	(242,265)
	<u>15,448,385</u>	<u>13,017,644</u>
Tax calculated at a tax rate of 17% (2019 - 17%)	2,626,225	2,213,000
Tax effect of certain income taxed at concessionary tax rate	(51,532)	(38,290)
Tax remission of government grants under section 92(2) of Singapore Income Tax Act	(1,925,371)	(1,533,139)
Tax exempt income	(17,425)	(17,425)
Under-provision of tax in previous financial years	86,492	7,788
	<u>718,389</u>	<u>631,934</u>

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	2020 \$	2019 \$
Balance as at 1 April		936,617	629,809
Current financial year's income tax expense		631,897	624,146
Under-provision of tax in previous financial years		86,492	7,788
		<u>718,389</u>	<u>631,934</u>
Payments during the year		(398,964)	(325,126)
Balance as at 31 March		<u>1,256,042</u>	<u>936,617</u>
Recorded in:			
Accumulated surplus		535,656	485,984
Sinking Funds	4	586,322	375,070
Lift Replacement Funds	5	134,064	75,563
		<u>1,256,042</u>	<u>936,617</u>

22 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 unclaimed portion is charged to the Statement of Income and Expenditure and Other Comprehensive Income, Sinking Funds Statement and Lift Replacement Funds Statement, respectively, during the financial year.

23 Sinking Funds income and expenditure**(a) Other income**

	2020 \$	2019 \$
Interest income	1,867,525	1,481,858
Others	-	1,000
	1,867,525	1,482,858

(b) Expenditure

	Note	2020 \$	2019 \$
External wall facade		-	22,328
Reproofing works		141,385	158,238
Repairs and redecoration works		3,724,175	1,124,599
Replacement of water tank		172,182	-
Project management Fees		352,199	280,359
Unclaimable GST		88,818	132,646
Electrical rewiring		3,989,724	2,121,257
Replacement of water pumpsets		274,257	455,383
Replacement of booster pumpsets		120,361	519,760
Replacement of refuse handling equipment		-	1,829,822
<u>Expenses allocated from Accumulated Surplus</u>			
- Provision for impairment of receivables and bad debts written off	19	5,705	48,113
- General and administrative expenses	19	55,214	56,741
		8,924,020	6,749,246

24 Lift Replacement Funds income and expenditure

(a) Other income

	2020	2019
	\$	\$
Funding from Lift Enhancement programme	455,672	-
Interest income	515,802	331,122
	971,474	331,122

(b) Expenditure

	Note	2020	2019
		\$	\$
Replacement of main sheaves/ropes		737,474	1,006,009
Replacement of ARD battery		183,110	198,560
Replacement of EBOPS battery		123,074	89,823
Lift overhauls/total replacement works		91,364	275,690
Replacement of video lift monitoring device		-	278,824
- Current year		-	-
- Overprovided in prior year – reclassified to Town Improvement and Project Funds	25	(168,116)	-
Replacement of lift position display panel		1,326,433	1,215,371
Replacement of inverter units		831,565	379,647
Project management fees		311,172	195,021
Unclaimable GST		194,817	148,507
HDB Lift Upgrading Programme expenses		473,398	-
<u>Expenses allocated from Accumulated Surplus</u>			
- Provision for impairment of receivables and bad debts written off	19	3,072	25,907
- General and administrative expenses	19	29,730	30,553
		4,137,093	3,843,912

25 Town Improvement and Project Funds expenditure

	Note	2020	2019
		\$	\$
Installation of Lift Surveillance system		179,824	-
Construction of covered linkway		1,572,643	575,606
Replacement of video lift monitoring device		-	-
- Underprovided in prior year – reclassified from Lift Replacement Funds	24	168,116	-
Minor improvements		444,601	28,496
Construction/upgrading of playgrounds/fitness corners		439,459	44,412
Consultancy fees and project management fees		350,425	191,624
General and administrative expenses		12,685	7,013
		3,167,753	847,151

MARSILING-YEW TEE TOWN COUNCIL
(Established under the Town Councils Act, Cap. 329A)
Notes to the financial statements for the financial year ended 31 March 2020

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		Replacement Funds matching grant		Total
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Government grants received/receivable during the year	3	3,891,388	3,820,478	1,409,145	1,387,789	2,116,582	273,523	721,200	704,400	3,065,257	5,506,126	11,203,572
Less:												
Transfer to Sinking Funds	3, 4	(1,011,761)	(993,324)	(366,380)	(360,828)	-	-	(187,512)	(183,144)	-	-	(1,565,653)
Transfer to Lift Replacement Funds	3, 5	(544,794)	(534,867)	(197,281)	(194,291)	-	-	(100,968)	(98,616)	(3,065,257)	(5,506,126)	(6,333,900)
Transfer to Town Improvement and Project Funds	3, 6	-	-	-	-	(2,116,582)	(273,523)	-	-	-	-	(2,116,582)
		2,334,833	2,292,287	845,484	832,670	-	-	432,720	422,640	-	-	3,613,037
												(273,523)
												3,547,597

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

	2020	2019
	\$	\$
Total grants received/receivable to date at 1 April	30,267,114	18,115,727
Grants received during the year	13,118,179	12,151,387
Total grants received/receivable to date at 31 March	43,385,293	30,267,114

27 Capital commitments

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

	2020 \$	2019 \$
Amount approved and contracted for	46,368,513	14,509,179
Amount approved but not contracted for	33,826,567	63,724,262
	<u>80,195,080</u>	<u>78,233,441</u>

28 Operating lease payment commitments

As at 31 March 2019, the Town Council was committed to making the following rental payments in respect of non-cancellable operating leases of office premises.

The future minimum lease payables under non-cancellable operating lease contracted for but not recognised as liabilities, are as follows:

	2019 \$
Future minimum lease payments:	
Not later than one year	206,800
Later than one year and not later than five years	-
Later than five years	-

As disclosed in Note 2(b), the Town Council has adopted FRS 116 on 1 April 2019. These lease payments have been recognised as right-of-use assets (Note 8) and lease liabilities (Note 14) on the statement of financial position as at 31 March 2020, except for short-term leases.

29 Key management remuneration

Key management refers to the Town Councillors. The remuneration paid to the Town Councillors are disclosed in Note 19 to the financial statements.

30 Significant related party transactions

The Town Council is managed by the managing agent, E M Services Pte Ltd. Related party relates to the managing agent who manages the operations of the Town Council and provides key management personnel services to the Town Council.

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Town Council and the managing agent took place during the financial year.

	2020 \$	2019 \$
Managing Agent Fees	4,012,717	3,688,572
Energy Saving Project	2,493,164	1,523,453
Upgrading and Construction of Playground/Fitness Equipment	659,956	-
Project Management Fees	706,106	921,247
Lift Repairs and Servicing	213,503	191,460
Others	228,448	202,670

31 Financial instruments and financial risks

The Town Council's financial instruments comprise certain cash and bank balances, and various items including investment in financial assets, conservancy and service fees receivables, 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 regularly 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. The financial assets of the Town Council comprise mainly conservancy and service fees receivables, other receivables, receivables for Neighbourhood Renewal Programme and cash and bank balances.

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

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

Concentration of credit risk relating to conservancy and service fees receivables is limited due to the exposure is spread over a large number of households. The Town Council's historical experience in the collection of conservancy and service fees receivables indicates that no additional credit risk beyond amounts provided for collection losses is inherent in the Town Council's conservancy and service fee receivables.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

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	2020 \$	2019 \$
Not past due (Less than 30 days)		242,966	245,978
Past due 30 to 90 days		204,464	218,916
Past due 91 to 180 days		102,311	112,752
Past due 181 to 360 days		217,862	201,681
Past due over 360 days		1,174,567	1,143,585
		<u>1,942,170</u>	<u>1,922,912</u>
Less: Impairment losses		(849,691)	(836,620)
	10	<u>1,092,479</u>	<u>1,086,292</u>

Conservancy and service fees receivables amounting to \$849,513 (2019 - \$840,314) 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.

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

The analysis of other receivables (excluding prepayments and GST receivables) and receivables for Neighbourhood Renewal Programme is as follows:

	2020 \$	2019 \$
Not past due (Less than 30 days)		
- Other receivables	4,371,565	6,095,270
- Receivables for Neighbourhood Renewal Programme	-	7,756,237
Past due 30 to 90 days – other receivables	71,093	642
Past due 91 to 180 days – other receivables	68,262	-
	4,510,920	13,852,149

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 \$
2020					
Conservancy and service fee receivables	(1)	Lifetime ECL	1,942,170	(849,691)	1,092,479
Other receivables*	(3)	Lifetime ECL	4,510,920	-	4,510,920
2019					
Conservancy and service fee receivables	(1)	Lifetime ECL	1,922,912	(836,620)	1,086,292
Receivables for Neighbourhood Renewal Programme	(2)	Lifetime ECL	7,756,237	-	7,756,237
Other receivables*	(3)	Lifetime ECL	6,095,912	-	6,095,912

* Exclude prepayments and GST receivables

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.

(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 10.

(2) Receivables for Neighbourhood Renewal Programme

Receivables for this Programme 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 was required.

(3) Other receivables (excluding prepayments and GST receivables)

The ECL on other receivables (excluding prepayments and GST 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, no loss allowance was required.

31 Financial instruments and financial risks (Cont'd)**31.2 Market risk**Interest rate risk

The Town Council's exposure interest rate risk relates primarily to interest-earning fixed deposits with financial institutions and investments in government 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 refer to the risks in which the Town Council encounters difficulties in meeting its short-term obligations. 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.

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

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.

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.

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:

	Note	Financial assets at amortised cost \$	Total \$
2020			
Financial assets			
Investments at amortised cost	9	30,000,000	30,000,000
Conservancy and service fees receivables	10	1,092,479	1,092,479
Other receivables*	12	4,510,920	4,510,920
Cash and bank balances	13	111,640,376	111,640,376
		147,243,775	147,243,775
<hr/>			
	Note	Financial liabilities at amortised cost \$	Total \$
Financial liabilities			
Lease liabilities	14	622,830	622,830
Other payables	16	10,724,109	10,724,109
		11,346,939	11,346,939

* Exclude prepayments and GST receivables

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

	Note	Financial assets at amortised cost \$	Total \$
2019			
Financial assets			
Investments at amortised cost	9	30,000,000	30,000,000
Conservancy and service fees receivables	10	1,086,292	1,086,292
Receivables for Neighbourhood Renewal Programme	11	7,756,237	7,756,237
Other receivables*	12	6,095,912	6,095,912
Cash and bank balances	13	88,563,015	88,563,015
		133,501,456	133,501,456
	Note	Financial liabilities at amortised cost \$	Total \$
Financial liabilities			
Other payables	16	10,155,658	10,155,658
		10,155,658	10,155,658

* Exclude prepayments and GST receivables

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 \$134,858,142 (2019 - \$122,701,309).

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 fair value of investments at amortised cost in Note 9 are categorised as Level 1.

34 Reclassification of comparative figures

The following table reflect the reclassification on the affected line items in the previously issues financial statements as of and for the year ended 31 March to conform with current year's presentation.

Statement of cash flows (Extract)

	2019 as reported \$	Reclassification \$	2019 as restated \$
<u>Cash Flows from Investing Activities</u>			
(Placement)/withdrawal of fixed deposits	-	17,166,112	17,166,112
Cash and cash equivalents at beginning of the year	95,599,069	(92,010,722)	3,588,347
Cash and cash equivalents at end of the year	88,563,015	(74,844,610)	13,718,405

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