

Marsiling-Yew Tee

Town Council



Annual Report

FY 2018-2019



MARSILING HEIGHTS



Contents

- 02 Town MPs
 - 03 Town Councillors
 - 04 Chairman's Review
 - 05 Finance
 - 06 Estate Maintenance
 - 07 Cyclical Works
 - 08 Town Improvement Projects
 - 09 Neighbourhood Renewal Programme
 - 10 Clean and Green Energy
 - 11 Estate Cleanliness
 - 12 Communication with Residents
 - 13 Vision Ahead
 - 14 Financial Statements
-

OUR TOWN MP_s



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



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



Mr Ong Teng Koon
MP for Marsiling-Yew Tee GRC
(Woodgrove)
Vice-chairman of Marsiling-Yew
Tee Town Council

OUR TOWN COUNCILLORS

Term of 01 October 2017 to 30 September 2019

Communications and Service Quality Committee



Mr Adrian Lim Kim Hoe
JP, BBM
Chairman



Ms Jenny Chen Beng Lan
Member



Mr Martin Yong Keng Jeow
PBM
Member



Mr Mohd Noh Bin Tahir
PBS
Member



Ms Priscilla Yeong
Member



Mr Soh Kien Peng
Member



Ms Yeo Keng Lee
PBM
Member

Estate Amenities Committee



Mr Bob Shaw Kar Seng
BBM
Chairman



Mr Alex Teo Kim Siah
PBM
Member



Mr Alvin Tan Choon Hwa
PBM
Member



Mr Corwin Chew Huang Jia
Member



Mr Desmond Tan Peng Yaow
Member



Mr Jimmy Wong Chiam Yew
Member



Mr Kelvin Khoo Lam Beng
PBM
Member



Ms Lim Geok Kheng
Member



Mr Raymond Ouh Yew Thiam
PBM
Member

OUR TOWN COUNCILLORS

Term of 01 October 2017 to 30 September 2019

Community Improvement Project Committee



Mr Ng Poh Wah
PBM
Chairman



Mr Addy Soon Tawn Tawin
PBM
Member



Mdm Ann Wee Yoke Leong
PBM
Member



Ms Cincelia Tan Chiew Pheng
Member



Mr Dickson Chua Teck Seng
Member



Mr Dominic Wu Dong Qin
PBM
Member



Mr Jeremy Tham Yeu Kuen
Member



Mr Michael N Kelyvanan
Member



Ms Noor Banu Bte
Mohamed Elias
PBM
Member



Mr Steven Tan Yong Cheng
PBM
Member



Mr Tay Boon Sin
Member

Finance Committee



Mr Patrick Teo Chong Chai
BBM(L)
Chairman



Ms Elena Lim Beng Goh
Member



Mr Kenny Chua Kok Choo
Member



Mr Kwan Jih Leong
PBM
Member



Mr Omer Farook s/o
Sevatha Maricar
BBM
Member



Ms Zarina Bte Amo'in
Member

Tenders and Contracts Committee



Mr Lim Tai Sun
BBM
Chairman



Mr Abdul Ghani Bin Fathli
PBM
Member



Mr Adrian Ooi
Member



Mr Eric Lim Chin Heng
PBM
Member



Mr Johnny Lim Peng Siah
PBM
Member



Mr Malik Bin Maksudi
JP, BBM
Member



Mr Ng Si Hiong
PBM
Member

CHAIRMAN'S REVIEW

FY 18/19 has been an exciting year for Marsiling-Yew Tee Town as we embarked on new initiatives while continuing to upkeep a clean and conducive living environment for all residents. We are grateful to our team of dedicated Councillors coming from different professional backgrounds to share their knowledge and experience, to guide the Town Council in estate maintenance, town improvements, procurement & finance and residents' communications.



During the year, we completed the installation of Lift Surveillance Systems in all our lifts. As we continue to enhance our estates with new town improvement facilities such as covered linkways and drop-off porches, barrier-free access and community pavilions, we set out to transform the Town in the South (Limbang and Yew Tee) to catch up with the upgraded developments in the North (Marsiling and Woodgrove). The empty spaces below the MRT viaduct north and south of Yew Tee Station has been conceptualised as the Green Spine where recreational facilities will be provided to promote community bonding and healthy family lifestyles. In addition, the 3 Neighbourhood parks of Yew Tee, Stagmont and Limbang will be upgraded to adventure playgrounds to provide vibrant activities for our young.

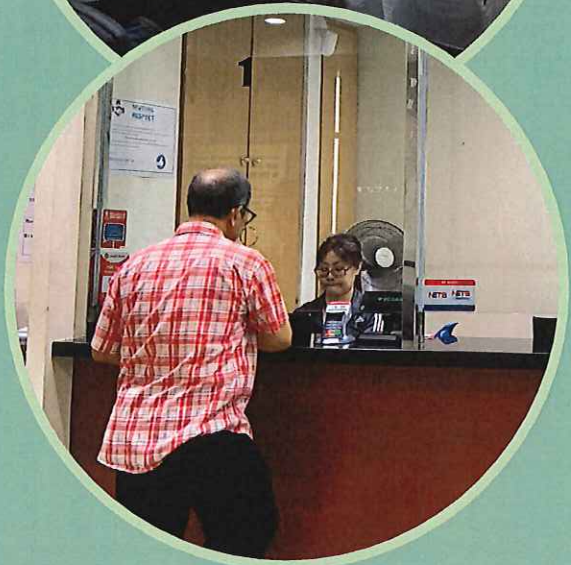
We are mindful in keeping the operating cost down through financial prudence in our procurement exercise and continuous effort in energy saving programmes.

FINANCE

Stringent financial planning and prudent practices are the guiding principles in our financial management.

For FY18/19, the Town Council reports a modest surplus of \$3.72 million, after mandatory fund transfers. As at 31 March 2019, we have registered a sinking fund of \$87.82 million, a lift replacement fund of \$29.91 million and an accumulated operating surplus of \$4.65 million.

We have worked hard to keep the arrears cases low. We will continue to render assistance and guidance for households with financial difficulties through house visits.



ESTATE MAINTENANCE



Estate Maintenance is often understated but it is the core priority of our job. With the support of a dedicated operational team, essential maintenance and cleaning can be carried out regularly and smoothly. The operational teams' hard work and contributions are critical to maintaining the estates for the comfort and safety of our residents.

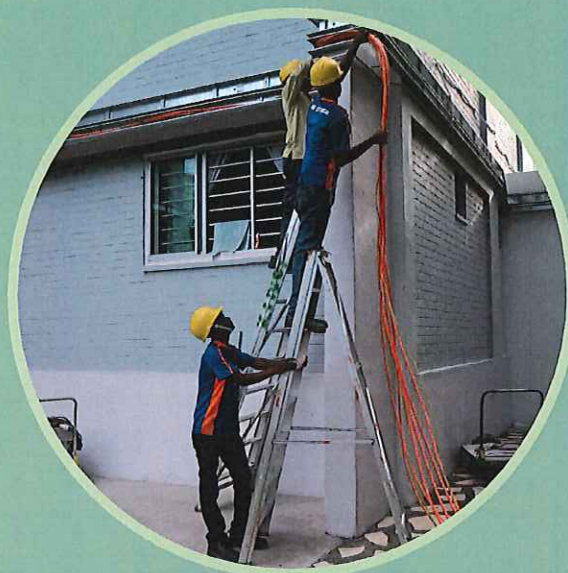


CYCLICAL WORKS



It is inevitable that estates and their facilities will have wear and tear over time. It is through the comprehensive cyclical work programme that we ensure all buildings and facilities in our estates are kept in a good and serviceable condition.

In the reported period, we invested a total of \$3.84 million in cyclical lift works. Another \$6.75 million in other cyclical works such as repainting, rewiring, reroofing, and replacing water pump sets, water pipes, water tanks and refuse chute flushing system / handling equipment.



TOWN IMPROVEMENT PROJECTS

New Town Improvement amenities are added yearly to meet the evolving needs of our residents and their lifestyles. The team takes on a consultative approach in identifying the improvement works needed to augment the physical environment of our Town.

In addition to the development of the Green Spine below the MRT viaduct and completing the installation of Surveillance System in all our lifts, new linkways, drop-off porches, barrier-free access, community pavilions were added, while exciting playgrounds and fitness corners are being upgraded in various pockets of the Town.



NEIGHBOURHOOD RENEWAL PROGRAMME



Neighbourhood Renewal Programmes (NRP) help to ensure that old estates are invigorated.

It is not just an opportunity to upgrade old facilities but also to add new amenities to meet the evolving needs of the residents.



CLEAN AND GREEN ENERGY

The Town Council continues to extend the programme to install solar panels at the rooftops of more blocks of flats. The electricity generated from the solar panels together with the reduction in electricity consumption from our LED lighting programme have helped to offset the rising operating costs for upkeep of the Town.



ESTATE CLEANLINESS



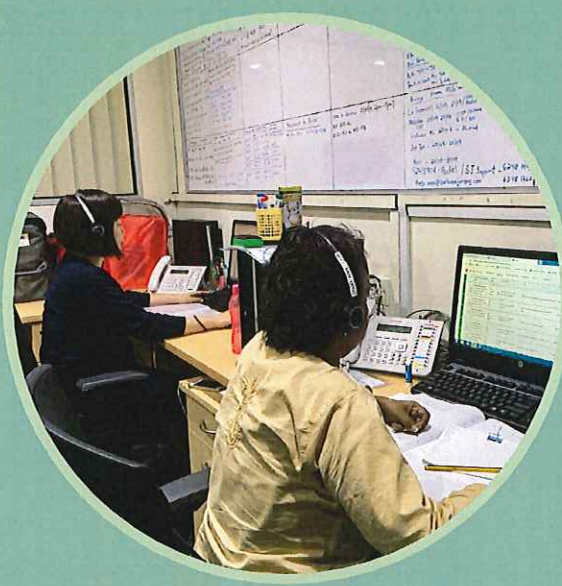
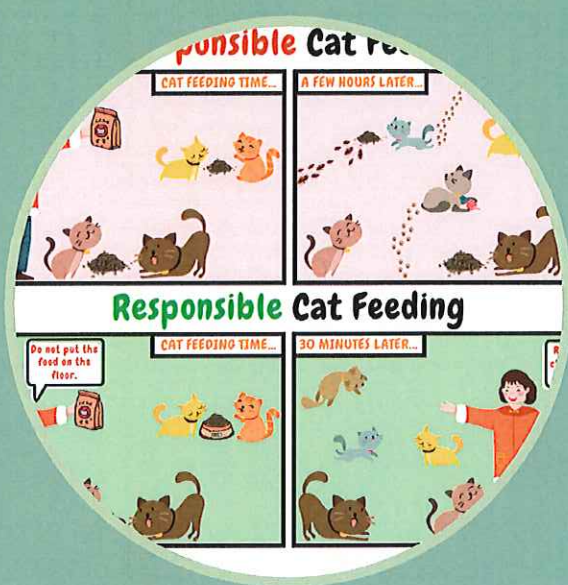
Cleaners are the unsung heroes behind every clean estate. As with previous years, Cleaners' Appreciation Day was held across the four divisions to show appreciation to our cleaners for their efforts in sustaining the cleanliness of our Town. We thanked them with a hearty meal and a token of appreciation. Best Cleaners award were handed out to encourage the entire cleaning workforce.

In conjunction with the event, residents were joined by pre-schoolers in litter picking activity. The Town Council continues to find every opportunity to educate and remind residents that it is every residents' responsibility to keep our estate clean.

COMMUNICATIONS WITH RESIDENTS

The Town Council continues to work on the engagement and relationship between our staff and residents, be it online or offline.

Adopting the “no wrong door” policy, we assist residents in forwarding their feedback and concerns to the other relevant agencies when required. Our MY Kampung newsletter and Facebook page helps to educate and inform residents on the types of work that Town Council does. Touching on real and relatable issues such as proper cat feeding and responsible incense burning are just examples of how we have been able to engage and connect with our residents.



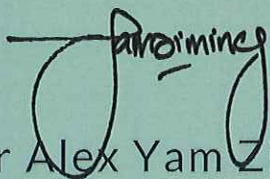
VISION AHEAD

Beyond bricks and mortars, we want to build a community that is proud to call Marsiling-Yew Tee “Our Home”. To achieve this, it takes many of us, along with a community of various stakeholders, umpteen ongoing conversations and hard work. Nonetheless, it is possible, and we can witness its transformation every step of the way if we do it together.

The team at the Town Council will continue to work closely with our residents and grassroots partners. Leveraging on technologies and new ideas, the ideal blueprint for this GRC will address the needs of our residents and their families.

I would like to take this opportunity to thank all our councillors, partners and staff for their contributions and dedication. There will be challenges ahead, but through our unceasing effort and close rapport with our residents, I am confident that we will continuously have better homes and lives for all of our residents.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'Alex Yam Ziming', written over a faint, stylized circular graphic.

Mr Alex Yam Ziming

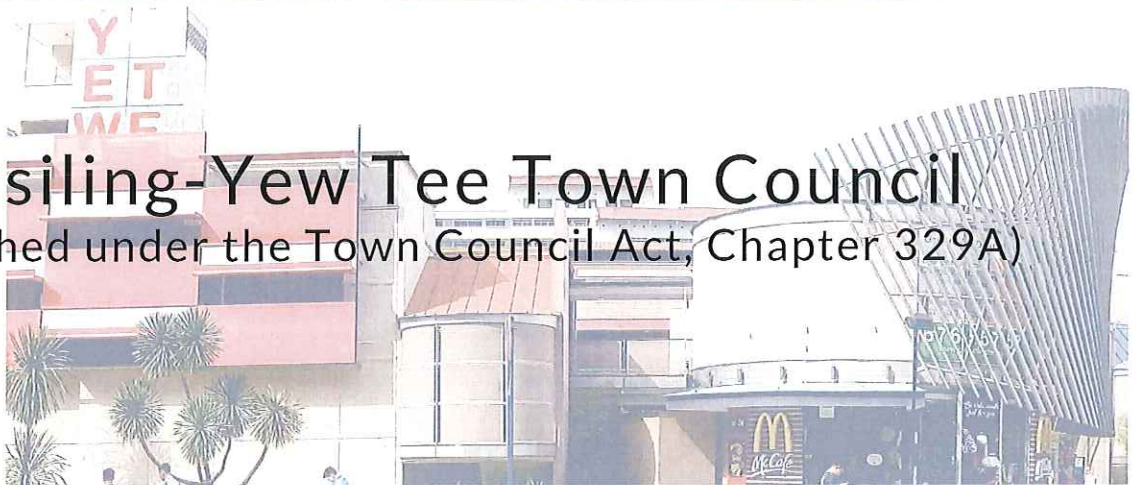
Chairman

Marsiling-Yew Tee Town Council



Marsiling-Yew Tee Town Council

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



Financial statements

MARSILING-YEW TEE TOWN COUNCIL

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

For the year ended 31 March 2019

Contents

	Page
Independent auditor's report	1
Statement of financial position	5
Statement of income and expenditure	6
Statement of other comprehensive income	7
Statement of changes in funds	8
Statement of cash flows	9
Notes to the financial statements	10

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 2019, and the statement of income and expenditure and other comprehensive income, the statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Town Councils Act, Cap 329A (the "Act") and Singapore Financial Reporting Standards so as to present fairly, in all material respects, the financial position of the Town Council as at 31 March 2019 and the financial performance, changes in funds and cash flows of the Town Council for the financial year ended on that date.

Basis for Opinion

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

Other Information

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the other information of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Independent auditor's report to the members of 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 Singapore Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

A Town Council is constituted based on its Act and its dissolution requires Parliament's approval. In preparing the financial statements, management is responsible for assessing the Town Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is intention to wind up the Town Council or for the Town Council to cease operations.

Those charged with governance are responsible for overseeing the Town Council's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Independent auditor's report to the members of 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 implementing accounting and internal controls as management determines are necessary to enable compliance with the provisions of the Act.

Auditor's Responsibilities for the Compliance Audit

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act.

Our compliance audit includes obtaining an understanding of the internal control relevant to the receipts, expenditure, investment of moneys and the acquisition and disposal of assets; and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for the purpose of expressing an opinion on the effectiveness of the Town Council's internal control. Because of the inherent limitations in any accounting and internal control system, non-compliances may nevertheless occur and not be detected.

Other Matter

The financial statements for the financial year ended 31 March 2018 were audited by another firm of auditors whose report dated 24 September 2018 expressed an unmodified opinion on those financial statements.


Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore,
25 September 2019

Statement of financial position

as at 31 March 2019

	Note	2019 \$	2018 \$
TOWN COUNCIL FUNDS			
Residential property			
Accumulated surplus	3	1,340,838	2,041,441
Sinking Funds	4	66,185,860	60,704,381
Lift Replacement Funds	5	25,719,792	13,147,321
Town Improvement and Project Funds	6	261,597	488,412
		93,508,087	76,381,555
Commercial property			
Accumulated surplus	3	2,885,081	2,544,021
Sinking Funds	4	21,633,771	21,500,197
Lift Replacement Funds	5	4,192,626	3,799,196
Town Improvement and Project Funds	6	53,266	52,570
		28,764,744	27,895,984
Carpark			
Accumulated surplus	3	428,478	1,692,716
		122,701,309	105,970,255
REPRESENTED BY:			
Non-current assets			
Plant and equipment	7	281,303	381,183
Financial assets	8	30,000,000	10,000,000
		30,281,303	10,381,183
Current assets			
Conservancy and service fees receivables	9	1,086,292	1,110,655
Receivables for Neighbourhood Renewal Programme	10	7,756,237	-
Other receivables	11	6,661,683	7,579,836
Cash and cash equivalents	12	88,563,015	95,599,069
		104,067,227	104,289,560
Total assets		134,348,530	114,670,743
Less:			
Current liabilities			
Conservancy and service fees received in advance		554,946	545,395
Advances received for Neighbourhood Renewal Programme	10	-	807,011
Other payables	13	10,155,658	6,718,273
Income tax payable	18	936,617	629,809
Total liabilities		11,647,221	8,700,488
NET ASSETS		122,701,309	105,970,255

MR ALEX YAM ZIMING
Chairman

MR YEO JIN KIAT
Secretary

Dated: 25 September 2019

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

Statement of income and expenditure for the financial year ended 31 March 2019

	Note	2019 \$	2018 \$
Operating income			
Conservancy and service fees	3	37,152,583	34,747,094
Less:			
Operating income transfer to Sinking Funds (26% transferred to Sinking Funds)	3, 4	(9,659,684)	(9,034,247)
Operating income transfer to Lift Replacement Funds (14% transferred to Lift Replacement Funds)	3, 5	(5,201,376)	(4,864,598)
		22,291,523	20,848,249
Agency fees	3, 14	3,180,931	3,042,324
Other income	3, 15	2,824,518	2,573,460
		28,296,972	26,464,033
Less:			
Operating expenditure			
Cleaning works		(5,304,896)	(5,265,437)
Managing agent's fees	17	(3,688,605)	(3,510,827)
Lift maintenance		(6,215,194)	(5,892,400)
Other works and maintenance		(3,396,470)	(3,783,330)
Water and electricity		(7,604,669)	(7,819,713)
General and administrative expenditure	16	(1,769,613)	(1,477,898)
		(27,979,447)	(27,749,605)
Operating surplus/(deficit)		317,525	(1,285,572)
Add: Interest income	3	118,416	72,169
Surplus/(Deficit) before taxation and government grants		435,941	(1,213,403)
Less: Income tax	3, 18	(259,810)	(246,290)
Surplus/(Deficit) before government grants		176,131	(1,459,693)
Add: Government grants	3, 23	11,692,316	10,557,754
Less: Transfer to			
- Sinking Funds	3, 4	(1,537,296)	(1,491,354)
- Lift Replacement Funds	3, 5	(6,333,900)	(3,535,353)
- Town Improvement and Project Funds	3, 6	(273,523)	(2,089,471)
		3,547,597	3,441,576
SURPLUS FOR THE YEAR		3,723,728	1,981,883
ACCUMULATED SURPLUS AS AT 1 APRIL		6,278,178	4,775,297
Less:			
Voluntary Contribution to Lift Replacement Funds		(5,000,000)	-
Accumulated surplus transferred to Town Improvement & Project Funds		(347,509)	(479,002)
ACCUMULATED SURPLUS AS AT 31 MARCH		4,654,397	6,278,178

MR ALEX YAM ZIMING
Chairman

MR YEO JIN KIAT
Secretary

Dated: 25 September 2019

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

Statement of other comprehensive income

for the financial year ended 31 March 2019

	Note	2019 \$	2018 \$
Surplus/(Deficit) for the year from:			
Accumulated Surplus	3	3,723,728	1,981,883
Sinking Funds	4	5,615,053	5,364,491
Lift Replacement Funds	5	7,965,901	4,437,666
Town Improvement and Project Funds	6	(573,628)	(752,809)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		16,731,054	11,031,231

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

Statement of changes in funds for the financial year ended 31 March 2019

	Residential property \$	Commercial property \$	Carpark \$	Total \$
Balance at 1 April 2017	66,543,211	26,962,759	1,433,054	94,939,024
Surplus for the year, representing total comprehensive income for the year	9,838,344	933,225	259,662	11,031,231
Balance at 31 March 2018	76,381,555	27,895,984	1,692,716	105,970,255
Surplus for the year, representing total comprehensive income for the year	17,126,532	868,760	(1,264,238)	16,731,054
Balance at 31 March 2019	93,508,087	28,764,744	428,478	122,701,309

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

	Note	2019 \$	2018 \$
Accumulated surplus	3	3,723,728	1,981,883
Sinking Funds	4	5,615,053	5,364,491
Lift Replacement Funds	5	7,965,901	4,437,666
Town Improvement and Project Funds	6	(573,628)	(752,809)
		16,731,054	11,031,231

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

Statement of cash flows

for the financial year ended 31 March 2019

	Note	2019 \$	2018 \$ (Restated)
Cash Flows from Operating Activities			
Surplus/(Deficit) before taxation and government grants	3	435,941	(1,213,403)
Adjustments for:			
Depreciation of plant and equipment	7	130,925	137,450
Gain on disposal of plant and equipment		-	(505)
Interest income	3	(118,416)	(72,169)
Operating income transfer to Sinking Funds	4	9,659,684	9,034,247
Operating income transfer to Lift Replacement Funds	5	5,201,376	4,864,598
Operating surplus before working capital changes		15,309,510	12,750,218
Changes in conservancy and service fee receivables		24,363	301,349
Changes in operating receivables		904,180	(3,650,953)
Changes in payables and accrued expenses		3,452,008	(2,504,343)
Cash generated from operations before income tax		19,690,061	6,896,271
Government grants received		12,151,387	10,266,586
Funding received for Neighbourhood Renewal Programme	10	3,820,896	6,174,688
Sinking Funds expenditure	20	(6,749,246)	(6,224,257)
Lift Replacement Funds expenditure	21	(3,843,912)	(4,103,984)
Town Improvement and Project Funds expenditure	22	(847,151)	(2,842,280)
Neighbourhood Renewal Programme Funds expenditure	10	(12,384,144)	(4,400,895)
Goods and services tax (paid)/received		(428,458)	655,841
Income tax paid	18	(325,126)	(182,291)
Net cash generated from operating activities		11,084,307	6,239,679
Cash Flows from Investing Activities			
Purchase of plant and equipment	7	(31,270)	(22,239)
Proceeds from sale of plant and equipment		225	505
Purchase of financial assets		(20,000,000)	(10,000,000)
Withdrawal of funds with fund managers		-	23,683,149
Interest and investment income received		1,910,684	992,610
Net cash (used in)/generated from investing activities		(18,120,361)	14,654,025
Net (decrease)/increase in cash and cash equivalents		(7,036,054)	20,893,704
Cash and cash equivalents at beginning of year		95,599,069	74,705,365
Cash and cash equivalents at end of year	12	88,563,015	95,599,069

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

Notes to the financial statements

for the financial year ended 31 March 2019

1 General

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 at Blk 306A Woodlands Street 31, #02-00, Singapore 731306.

The financial statements of the Town Council for the financial year ended 31 March 2019 were authorised for issue by the Town Council on 25 September 2019.

2(a) Basis of preparation

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

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

Significant accounting estimates and judgements

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

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

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

(a) Judgement**(i) Income tax**

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

(b) Key sources of estimation**(i) Allowance for bad and doubtful debts**

Allowance for doubtful conservancy and service debts amounting to \$836,620 (2018 - \$680,779), respectively, have been estimated on the basis of age of debts, results of recovery efforts and historical experience, adjusted by forward-looking estimates.

As at 31 March 2019, the carrying amount of the Town Council's conservancy and service fees receivables is \$1,086,292 (2018 - \$1,110,655) in Note 9, respectively.

(ii) Depreciation of plant and equipment

The cost of plant and equipment for the Town Council is depreciated on the straight-line basis over the plant and equipment's estimated economic useful lives. Changes in the expected useful lives and the technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Town Council's plant and equipment as at 31 March 2019 was \$281,303 (2018 - \$381,183) in Note 7.

2(b) Adoption of new and revised standards

On 1 April 2018, the Town Council adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date.

Reference	Description
FRS 115	Revenue from Contracts with Customers
FRS 109	Financial Instruments
INT FRS 122	Foreign Currency Transaction and Advance Consideration

FRS 115 Revenue Contracts with Customers

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

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

It also clarifies on how to:

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

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

FRS 109 Financial Instruments

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

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

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

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

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

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

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

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

INT FRS 122 Foreign Currency Transactions and Advance Consideration

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

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

2(c) FRS not yet effective

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

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

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

FRS 116 Leases

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

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

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

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

2(d) Summary of significant accounting policies**(a) Funds****Town Council Funds**

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

- Residential property
- Commercial property

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

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

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

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

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.

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

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

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

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

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

The Town Council apportions 3.25% of general and administrative expenses and 26% of allowance for impairment from Accumulated Surplus to Sinking Funds.

Lift Replacement Funds

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

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

14% of the closing balance shown in the Town Council's audited accounts for financial year ended 31 March 2018 in respect of each ordinary sinking fund established for residential property and commercial property, respectively, has been paid by the Town Council into every lift replacement fund established by the Town Council for that residential property and commercial property, respectively.

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

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

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

Town Improvement and Project Funds

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

The funds comprise the amounts set aside for projects to be carried out in the next financial year. All expenditures on town improvement and projects are appropriated from these reserves.

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

(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.

2(d) Summary of significant accounting policies (Cont'd)**(b) Inter-funds transfer (Cont'd)**

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: Service and Conservancy Charge operating grant, payments from Citizens' Consultative Committees, Goods and Services Tax ("GST") subvention grant, Lift Maintenance grant and Lift Replacement Funds ("LRF") matching grant.

- (i) Service and Conservancy Charge operating grant to meet the current year's operating expenditure are taken to income or expenditure.
- (ii) Payments from Citizens' Consultative Committees are granted to provide funding support for community improvement projects under the CIPC scheme.
- (iii) The GST subvention is given as grants-in-aid and is granted to assist the Town Councils for absorbing the GST increases in service and conservancy charges for HDB residential flats.
- (iv) The Lift Maintenance grant is given to help the Town Councils cope with higher lift-related servicing and maintenance costs, with a disbursement of \$600 annually for each lift maintained by the Town Council.

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

- (v) The Lift Replacement Funds matching grant is given to encourage Town Councils to set aside sufficient funds for the replacement of their existing lifts and lift parts, with disbursements to Town Councils made every quarter, matching 50% of the Town Council's quarterly contribution to its LRF.

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

(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

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

Plant and equipment costing below \$1,000 each are charged to the Income and Expenditure Statement in the financial year of purchase. 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.

(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).

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

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

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

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

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Town Council's business model for managing them. With the exception of conservancy and service fee receivables that do not contain a significant financing component or for which the Town Council has applied the practical expedient, the Town Council initially measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs. Conservancy and service 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**.

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.

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

Subsequent measurement of debt instruments depends on the Town Council's business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual cash terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

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

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

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

Derecognition

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

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

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

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

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

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

(III) Impairment of financial assets

The Town Council assesses on a forward looking basis the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised cost and FVOCI. ECL are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Town Council expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

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

For conservancy and service fee receivables, 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.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Town Council considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. 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.

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

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

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(k) Payables

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

(l) 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.

(m) 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.

2(d) Summary of significant accounting policies (Cont'd)**(n) Revenue recognition**

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

(i) Conservancy and service fees

Conservancy and service fees are recognised when due.

(ii) Agency fees

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

(iii) Interest and investment income

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

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

(iv) Other income

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

(o) Income tax

Income tax is provided on the following income:

- (i) Income derived from investments;
- (ii) Fees, rents and other charges received from non-residents or non-owners of properties in the Town; and
- (iii) 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.

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

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

(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) Operating lease

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

(r) 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").

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 2019

3 Accumulated surplus

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

	Note	Residential property 2019 \$	Residential property 2018 \$	Commercial property 2019 \$	Commercial property 2018 \$	Carparks 2019 \$	Carparks 2018 \$	Total 2019 \$	Total 2018 \$
OPERATING INCOME									
Conservancy and service fees		35,750,329	33,023,738	1,402,254	1,723,356	-	-	37,152,583	34,747,094
Less:									
Operating income transfer to Sinking Funds	4	(9,295,097)	(8,586,175)	(364,587)	(448,072)	-	-	(9,659,684)	(9,034,247)
Operating income transfer to Lift Replacement Funds	5	(5,005,059)	(4,623,327)	(196,317)	(241,271)	-	-	(5,201,376)	(4,864,598)
Agency fees		21,450,173	19,814,236	841,350	1,034,013	-	-	22,291,523	20,848,249
Other income		2,366,123	2,075,475	339,830	422,077	3,180,931	3,042,324	3,180,931	3,042,324
						118,565	75,908	2,824,518	2,573,460
Less: Operating expenditure		23,816,296	21,889,711	1,181,180	1,456,090	3,299,496	3,118,232	28,296,972	26,464,033
		(24,421,806)	(24,075,884)	(700,912)	(832,950)	(2,856,729)	(2,840,771)	(27,979,447)	(27,749,605)
OPERATING (DEFICIT)/SURPLUS		(605,510)	(2,186,173)	480,268	623,140	442,767	277,461	317,525	(1,285,572)
Add: Interest income		103,781	62,803	2,626	2,010	12,009	7,356	118,416	72,169
(DEFICIT)/SURPLUS BEFORE TAXATION AND GOVERNMENT GRANTS		(501,729)	(2,123,370)	482,894	625,150	454,776	284,817	435,941	(1,213,403)
Less: Income tax	18	(227,745)	(215,582)	(5,767)	(5,553)	(26,298)	(25,155)	(259,810)	(246,290)
(DEFICIT)/SURPLUS AFTER TAXATION BEFORE GOVERNMENT GRANTS		(729,474)	(2,338,952)	477,127	619,597	428,478	259,662	176,131	(1,459,693)
Add: Government grants	23	11,531,842	10,434,818	160,474	122,936	-	-	11,692,316	10,557,754
Less: Transfer to Sinking Funds	4,23	(1,537,140)	(1,490,574)	(156)	(780)	-	-	(1,537,296)	(1,491,354)
Lift Replacement Funds	5,23	(6,173,942)	(3,414,997)	(159,958)	(120,356)	-	-	(6,333,900)	(3,535,353)
Town Improvement and Project Funds	6,23	(273,523)	(2,089,471)	-	-	-	-	(273,523)	(2,089,471)
		3,547,237	3,439,776	360	1,800	-	-	3,547,597	3,441,576
SURPLUS FOR THE YEAR		2,817,763	1,100,824	477,487	621,397	428,478	259,662	3,723,728	1,981,883
ACCUMULATED SURPLUS AT 1 APRIL		2,041,441	1,407,596	2,544,021	1,934,647	1,692,716	1,433,054	6,278,178	4,775,297
Less:									
Transfer (to)/from Lift Replacement Fund	5	(4,876,500)	-	(123,500)	-	-	-	(5,000,000)	-
Transfer of Accumulated Surplus from Carpark to Residential Activity		1,692,716	-	-	-	(1,692,716)	-	-	-
Appropriation to Town Improvement and Project Funds	6	(334,582)	(466,979)	(12,927)	(12,023)	-	-	(347,509)	(479,002)
ACCUMULATED SURPLUS AT 31 MARCH		1,340,838	2,041,441	2,885,081	2,544,021	428,478	1,692,716	4,654,397	6,278,178

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 2019

4 Sinking Funds

	Note	Residential property		Commercial property		Total	
		2019	2018	2019	2018	2019	2018
		\$	\$	\$	\$	\$	\$
Balance at 1 April		60,704,381	64,468,405	21,500,197	24,880,533	82,204,578	89,348,938
Funds transferred to Lift Replacement Funds	5	-	(9,025,577)	-	(3,483,274)	-	(12,508,851)
		60,704,381	55,442,828	21,500,197	21,397,259	82,204,578	76,840,087
Add:							
Other income	20	1,482,858	1,125,772	-	-	1,482,858	1,125,772
Operating income transfer from conservancy and service fees (minimum required by law)	3	9,295,097	8,586,175	364,587	448,072	9,659,684	9,034,247
Transfer from government grants	3,23	1,537,140	1,490,574	156	780	1,537,296	1,491,354
		12,315,095	11,202,521	364,743	448,852	12,679,838	11,651,373
Less:							
Expenditure	20	(6,595,573)	(5,894,838)	(153,673)	(329,419)	(6,749,246)	(6,224,257)
Income tax	18	(238,043)	(46,130)	(77,496)	(16,495)	(315,539)	(62,625)
Surplus for the year		5,481,479	5,261,553	133,574	102,938	5,615,053	5,364,491
Balance at 31 March		66,185,860	60,704,381	21,633,771	21,500,197	87,819,631	82,204,578

Represented by:

Non-Current assets	8	24,000,000	2,000,000
Financial assets at amortised cost			
Current assets			
Conservancy and service fees receivables	9	339,647	331,771
Other receivables		316,215	347,007
Accrued interest		533,070	544,486
		849,285	891,493
Amount due from accumulated surplus	11	1,681,411	2,628,973
Cash and cash equivalents	12	62,413,210	76,840,914
		65,283,553	80,693,151
Total assets		89,283,553	82,693,151
Less:			
Current liabilities			
Conservancy and service fees received-in-advance	13	134,847	144,140
Other payables		954,005	218,406
Income tax payable	18	375,070	126,027
Total liabilities		1,463,922	488,573
NET ASSETS		87,819,631	82,204,578

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

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

5 Lift Replacement Funds

	Note	Residential property 2019 \$	Residential property 2018 \$	Commercial property 2019 \$	Commercial property 2018 \$	Total 2019 \$	Total 2018 \$
Balance at 1 April		13,147,321	-	3,799,196	-	16,946,517	-
Funds transferred from Sinking Funds	4	13,147,321	9,025,577	3,799,196	3,483,274	16,946,517	12,508,851
Add:							
Other income	21	331,122	160,677	-	-	331,122	160,677
Operating income transfer from conservancy and service fees (minimum required by law)	3	5,005,059	4,623,327	196,317	241,271	5,201,376	4,864,598
Transfer from government grants	3,23	827,690	802,616	84	420	827,774	803,036
Lift Replacement Funds matching grant	3,23	5,346,252	2,612,381	159,874	119,936	5,506,126	2,732,317
		11,510,123	8,199,001	356,275	361,627	11,866,398	8,560,628
Less:							
Expenditure	21	(3,767,667)	(4,062,634)	(76,245)	(41,350)	(3,843,912)	(4,103,984)
Income tax	18	(46,485)	(14,623)	(10,100)	(4,355)	(56,585)	(18,978)
Surplus for the year		7,695,971	4,121,744	269,930	315,922	7,965,901	4,437,666
Transfer from Operating Fund – voluntary contribution*	3	4,876,500	-	123,500	-	5,000,000	-
Balance at 31 March		25,719,792	13,147,321	4,192,626	3,799,196	29,912,418	16,946,517

* This voluntary contribution is made in accordance with Section 33(9) of the Town Councils Act. With the voluntary contribution of \$5M (FY2018 - nil) from the Operating Fund to Lift Replacement Fund during the financial year ended 31 March 2019, the Town Council is entitled to receive a matching grant of \$2.5M (FY2018 - nil).

Represented by:

Non-Current assets	8	6,000,000	2,000,000
Financial assets at amortised cost			
Current assets			
Conservancy and service fees receivables	9	182,887	178,646
Other receivables		3,290,100	694,346
Accrued interest		77,439	47,561
Due from accumulated surplus	11	3,367,539	741,907
Cash and cash equivalents	12	6,442,483	1,479,279
		15,811,783	14,329,264
Total assets		25,804,692	16,729,096
		31,804,692	18,729,096
Less:			
Current liabilities			
Conservancy and service fees received-in-advance	13	72,610	77,614
Other payables		1,744,101	1,685,987
Income tax payable	18	75,563	18,978
Total liabilities		1,892,274	1,782,579
NET ASSETS		29,912,418	16,946,517

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 2019

6 Town Improvement and Project Funds

	Note	Residential property 2019 \$	Residential property 2018 \$	Commercial property 2019 \$	Commercial property 2018 \$	Total 2019 \$	Total 2018 \$
Balance at 1 April		488,412	667,210	52,570	147,579	540,982	814,789
Add/(Less):							
Transfer from government grants	3,23	273,523	2,089,471	-	-	273,523	2,089,471
Expenditure	22	(834,920)	(2,735,248)	(12,231)	(107,032)	(847,151)	(2,842,280)
Deficit for the year		(561,397)	(645,777)	(12,231)	(107,032)	(573,628)	(752,809)
		(72,985)	21,433	40,339	40,547	(32,646)	61,980
Add:							
Appropriation from accumulated surplus	3	334,582	466,979	12,927	12,023	347,509	479,002
Balance at 31 March		261,597	488,412	53,266	52,570	314,863	540,982

Represented by:

Current assets		1,435,301	2,180,669
Other receivables	11	1,435,301	2,180,669
Total assets			
Less:			
Current liabilities		181,266	1,328,670
Other payables	13	939,172	311,017
Amount due to accumulated surplus		1,120,438	1,639,687
Total liabilities		314,863	540,982
NET ASSETS			

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

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

7 Plant and equipment

	Office equipment \$	Furniture, fixtures and fittings \$	Data processing equipment \$	Renovation- in-progress \$	Office renovation \$	Total \$
Cost						
At 1 April 2017	227,037	599,688	99,327	391,429	-	1,317,481
Additions	5,503	4,500	-	12,236	-	22,239
Transfer	-	-	-	(403,665)	403,665	-
Disposals	-	(1,431)	-	-	-	(1,431)
At 31 March 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
Accumulated depreciation						
At 1 April 2017	178,689	593,194	49,204	-	-	821,087
Depreciation	23,789	3,362	22,838	-	87,461	137,450
Disposals	-	(1,431)	-	-	-	(1,431)
At 31 March 2018	202,478	595,125	72,042	-	87,461	957,106
Depreciation	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
Net book value						
At 31 March 2019	18,665	19,706	7,461	-	235,471	281,303
At 31 March 2018	30,062	7,632	27,285	-	316,204	381,183

8 Financial assets

	Note	\$	
Financial assets at amortised cost			
Quoted bonds with fixed interest			
At 1 April 2018, reclassification from held-to-maturity financial assets on adoption of FRS 109		10,000,000	
Additions		20,000,000	
At 31 March 2019		30,000,000	
Held-to-maturity financial assets			
Quoted bonds with fixed interest			
At 1 April 2017		-	
Additions		10,000,000	
At 31 March 2018		10,000,000	
		2019	2018
		\$	\$
Recorded in:			
Accumulated surplus		-	6,000,000
Sinking Funds	4	24,000,000	2,000,000
Lift Replacement Funds	5	6,000,000	2,000,000
		30,000,000	10,000,000

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

These quoted bonds are designated at amortised cost in accordance with FRS 109 *Financial Instruments* on 1 April 2018. As at 31 March 2018, these quoted bonds were classified as held-to-maturity financial assets under FRS 39 *Financial Instrument: Recognition and Measurement*.

9 Conservancy and service fees receivables

	Note	2019 \$	2018 \$
Conservancy and service fees receivables		1,922,912	1,791,434
Less: Impairment		(836,620)	(680,779)
		<u>1,086,292</u>	<u>1,110,655</u>
Recorded in:			
Accumulated surplus		563,758	600,238
Sinking Funds	4	339,647	331,771
Lift Replacement Funds	5	182,887	178,646
		<u>1,086,292</u>	<u>1,110,655</u>

Analysis of credit risk is set out in Note 28.1.

Conservancy and service fees receivables are denominated in Singapore dollars.

Receivables that are impaired

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

	Note	2019 \$	2018 \$
Balance at 1 April		680,779	661,541
Allowance provided for the year	16	185,046	24,933
Allowance written off		(29,205)	(5,695)
Balance at 31 March		<u>836,620</u>	<u>680,779</u>

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.

10 (Receivables) / Advances received for Neighbourhood Renewal Programme

	2019 \$	2018 \$
Balance at 1 April	807,011	(966,782)
Add/(Less):		
Funding from Government	3,820,896	6,174,688
Payments to contractors	(12,384,144)	(4,400,895)
	(8,563,248)	1,773,793
(Receivables) / Advances received for Neighbourhood Renewal Programme	(7,756,237)	807,011

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.

11 Other receivables

	Note	2019 \$	2018 \$
GST subvention receivable		352,623	323,725
Lift Replacement Funds Matching Grant		685,096	630,993
Lift Replacement Funds Matching Grant-Voluntary		2,500,000	-
Conservancy and service grant receivable		99,118	-
Receivables from Citizens' Consultative Committees		1,474,545	2,120,807
Recoverable from contractors		4,459	3,460,339
GST receivables		458,672	30,214
Deposits		310,948	255,788
Prepayments		107,099	109,003
Others		29,114	30,670
		6,021,674	6,961,539
Accrued interest on financial assets		64,465	11,357
Accrued interest on fixed deposits		575,544	606,940
		640,009	618,297
		6,661,683	7,579,836
Recorded in:			
Accumulated surplus		1,009,558	3,765,767
Sinking Funds	4	849,285	891,493
Lift Replacement Funds	5	3,367,539	741,907
Town Improvement and Project Funds	6	1,435,301	2,180,669
		6,661,683	7,579,836

Other receivables are denominated in Singapore dollars.

Analysis of credit risk is set out in Note 28.1.

12 Cash and cash equivalents

	2019 \$	2018 \$
Cash and bank balances	11,718,405	3,588,347
Fixed deposits	76,844,610	92,010,722
	88,563,015	95,599,069

12 Cash and cash equivalents (Cont'd)

	Note	2019 \$	2018 \$
Recorded in:			
Accumulated surplus:			
Cash and bank balances		6,289,705	1,385,843
Fixed deposits		4,048,317	3,043,048
		10,338,022	4,428,891
Sinking Funds:			
Cash and bank balances		1,994,665	67,474
Fixed deposits		60,418,545	76,773,440
	4	62,413,210	76,840,914
Lift Replacement Funds:			
Cash and bank balances		3,434,035	2,135,030
Fixed deposits		12,377,748	12,194,234
	5	15,811,783	14,329,264
		88,563,015	95,599,069

Cash and cash equivalents are denominated in Singapore dollars.

The interest rate for the fixed deposits ranges between 1.69% and 2.16% (2018 - 1.00% and 1.56%) per annum, receivable one year in arrears. The effective interest rate is 1.52% (2018 - 1.31%) per annum.

13 Other payables

	Note	2019 \$	2018 \$
Payables to contractors		6,564,181	3,233,349
Other creditors		1,528,118	814,219
Accrued operating expenses		1,883,226	2,417,991
Conservancy and service grant received-in-advance		-	5,072
Amount due to a related party		-	104,068
Refundable deposits		180,133	143,574
		10,155,658	6,718,273
Less: Conservancy and service grant received-in-advance		-	(5,072)
		10,155,658	6,713,201
Recorded in:			
Accumulated surplus		7,276,286	3,480,138
Sinking Funds	4	954,005	218,406
Lift Replacement Funds	5	1,744,101	1,685,987
Town Improvement and Project Funds	6	181,266	1,328,670
		10,155,658	6,713,201

Other payables are denominated in Singapore dollars.

The contractual undiscounted cash outflows on creditors and accrued expenses are expected to approximate their carrying amounts and settled within one year except for refundable deposits that are repayable on demand.

14 Agency fees

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

15 Other income

	2019 \$	2018 \$
Late payment penalty	153,356	155,918
Liquidated damages	357,680	190,573
Sale of tender documents	24,833	23,317
Sundry fines	22,767	23,942
Sundry income	162,311	137,753
Sundry income – computing services	197,805	-
Temporary Occupational Licence ("TOL") income	1,447,031	1,538,132
Use of common property income	27,740	23,610
Use of void decks	34,950	56,350
Use of water and electricity at void decks	249,892	334,730
Gain on sale of plant and equipment	2,855	505
Others	143,298	88,630
	2,824,518	2,573,460

16 General and administrative expenditure

	Note	2019 \$	2018 \$
Advertising and public relations		220,948	155,740
Audit fee		32,210	56,500
Bad debts written off/(recovered)		2	(184,477)
Computer service		136,065	143,745
Depreciation of plant and equipment	7	130,925	137,450
Fees and charges		363,834	325,928
Impairment of conservancy and service fees receivables	9	185,046	24,933
Office rental and upkeep expenditure		297,608	312,056
Office supplies and stationery		135,338	146,084
Plant and equipment not capitalised		6,537	2,507
Property tax		133,076	174,390
Penalty fee written off		16,801	13,092
Town Councillors' allowance	26	103,558	99,769
Unclaimable goods and services tax	19	131,770	62,126
Others		37,209	27,060
		1,930,927	1,496,903
Expenses allocated to Sinking Funds			
- Provision for impairment of receivables and bad debts(written-off)/recovered		(48,113)	41,482
- General and administrative expenses		(56,741)	(53,835)
Expenses allocated to Lift Replacement Funds			
- Provision for impairment of receivables and bad debts (written-off)/recovered		(25,907)	22,336
- General and administrative expenses		(30,553)	(28,988)
		1,769,613	1,477,898

17 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 \$3,688,605 (2018 - \$3,510,827) for the financial year ended 31 March 2019.

18 Income tax

	Note	2019 \$	2018 \$
Current tax expense		624,146	312,471
Under-provision of tax in previous financial years		7,788	15,422
		631,934	327,893
Recorded in:			
Accumulated surplus	3	259,810	246,290
Sinking Funds	4	315,539	62,625
Lift Replacement Funds	5	56,585	18,978
		631,934	327,893

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:

	2019 \$	2018 \$
Investment and interest income	2,550,202	545,085
Government grants and other income	10,709,707	11,332,409
Allowable expenses	(242,265)	(159,287)
	13,017,644	11,718,207
Tax calculated at a tax rate of 17% (2018 - 17%)	2,213,000	1,992,095
Tax effect of certain income taxed at concessionary tax rate	(38,290)	(2,334)
Tax remission of government grants under section 92(2) of Singapore Income Tax Act	(1,533,139)	(1,651,365)
Tax exempt income	(17,425)	(25,925)
Under-provision of tax in previous financial years	7,788	15,422
	631,934	327,893

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

Movements in provision for income taxes are as follows:

	Note	2019 \$	2018 \$
Balance as at 1 April		629,809	484,207
Current financial year's income tax expense		624,146	312,471
Payments during the year		(325,126)	(182,291)
Under-provision of tax in previous financial years		7,788	15,422
Balance as at 31 March		936,617	629,809
Recorded in:			
Accumulated surplus		485,984	484,804
Sinking Funds	4	375,070	126,027
Lift Replacement Funds	5	75,563	18,978
		936,617	629,809

19 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.

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

	2019 \$	2018 \$
Gain in financial assets at fair value through profit or loss	-	229,899
Interest income	1,481,858	894,873
Others	1,000	1,000
	1,482,858	1,125,772

(b) Expenditure

	2019 \$	2018 \$
External wall facade	22,328	1,067
Reproofing works	158,238	118,062
Repairs and redecoration works	1,124,599	5,742,301
Replacement of water tank	-	132,000
Project management Fees	280,359	286,378
Unclaimable GST	132,596	(58,337)
Electrical rewiring	2,121,257	-
Replacement of water pumpsets	455,383	-
Replacement of booster pumpsets	519,760	-
Replacement of refuse handling equipment	1,829,822	-
General and administrative expenses	104,904	2,786
	6,749,246	6,224,257

21 Lift Replacement Funds income and expenditure

(a) Other income

	2019	2018
	\$	\$
Interest income	331,122	160,677
	331,122	160,677

(b) Expenditure

	2019	2018
	\$	\$
Replacement of main sheaves/ropes	1,006,009	1,043,745
Replacement of ARD battery	198,560	228,989
Replacement of EBOPS battery	89,823	169,160
Lift overhauls/total replacement works	275,690	174,261
Replacement of video lift monitoring device	278,824	670,943
Replacement of lift position display panel	1,215,371	409,913
Replacement of inverter units	379,647	1,060,022
Project management fees	195,021	138,101
Unclaimable GST	148,442	116,294
HDB Lift Upgrading Programme expenses	-	87,850
General and administrative expenses	56,525	4,706
	3,843,912	4,103,984

22 Town Improvement and Project Funds expenditure

	2019	2018
	\$	\$
Construction of covered linkway	575,606	1,512,269
Minor improvements	28,496	552,736
Construction/upgrading of playgrounds/fitness corners	44,412	549,565
Consultancy fees and project management fees	191,624	227,710
General and administrative expenses	7,013	-
	847,151	2,842,280

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 2019

38

23 Government grants

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

	Note	Service and Conservancy charge operating grant		GST Subvention grant		Payment from Citizens' Consultative Committee		Lift Maintenance grant		Lift Replacement Funds matching grant		Total
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Government grants received/receivable during the year	3	3,820,478	3,746,291	1,387,789	1,281,675	273,523	2,089,471	704,400	708,000	5,506,126	2,732,317	11,692,316
Less:												
Transfer to Sinking Funds	3, 4	(993,324)	(974,035)	(360,828)	(333,239)	-	-	(183,144)	(184,080)	-	-	(1,537,296)
Transfer to Lift Replacement Funds	3, 5	(534,867)	(524,481)	(194,291)	(179,435)	-	-	(98,616)	(99,120)	(5,506,126)	(2,732,317)	(6,333,900)
Transfer to Town Improvement and Project Funds	3, 6	-	-	-	-	(273,523)	(2,089,471)	-	-	-	-	(273,523)
		2,292,287	2,247,775	832,670	769,001	-	-	422,640	424,800	-	-	3,547,597
												2,089,471
												3,441,576

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

	2019	2018
	\$	\$
Total grants received/receivable at 1 April	18,115,727	7,849,141
Grants received during the year	12,151,387	10,266,586
Total grants received/receivable at 31 March	30,267,114	18,115,727

24 Capital commitments

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

	2019 \$	2018 \$
Amount approved and contracted for	14,509,179	20,593,093
Amount approved but not contracted for	63,724,262	24,445,203
	78,233,441	45,038,296

25 Operating lease payment commitments

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

	2019 \$	2018 \$
Not later than one year	342,864	361,665
Later than one year and not later than five years	11,339	354,203
Later than five years	-	-

The leases have an average tenure of between three and seven years. The Town Council is restricted from subleasing the leased office and space, computer and software to third parties.

26 Key management remuneration

Key management refers to the Town Councillors. The remuneration paid to the Town Councillors are disclosed in Note 16 to the financial statements.

27 Significant related party transactions

The managing agent appointed by the Town Council is classified as a related party as the managing agent 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.

	2019 \$	2018 \$
Managing Agent Fees	3,688,572	3,510,827
Energy Saving Project	1,523,453	1,445,622
Essential Maintenance Services Expenses	-	597,225
Upgrading and Construction of Playgrounds	-	3,154
Project Management Fees	921,247	752,774
Lift Repairs and Servicing	191,460	297,824
Others	202,670	143,920

28 Financial instruments and financial risks

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

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

28.1 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. For conservancy and service receivables, at the end of the reporting year, there were no significant concentrations of credit risk. The financial assets of the Town Council comprise mainly conservancy and service fees receivables, other receivables, receivables for Neighbourhood Renewal Programme and cash and cash equivalents.

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 Town Council's many varied customers. These customers are widely dispersed. 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 Town Council manages credit risk through the setting of guidelines for its investments. The guidelines are reviewed and approved by the Finance Committee. Ongoing monitoring is undertaken by management to ensure that all investment activities are in compliance with the guidelines.

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

Financial assets that are neither past due nor impaired

Conservancy and service fee receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Town Council. Credit risk on cash and cash equivalents are limited because the counterparties are Singapore's financial institutions. An ongoing credit evaluation is performed on the conservancy and service fees receivables' financial condition and loss from impairment is recognised in the Income and Expenditure, Sinking Fund and Lift Replacement Fund Statements. There is no significant concentration risk as the exposure is spread over a large number of households.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 9.

28 Financial instruments and financial risks (Cont'd)**28.1 Credit risk (Cont'd)**

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

	Note	2019 \$	2018 \$
Not past due (Less than 30 days)		245,978	214,604
Past due 30 to 90 days		218,916	149,402
Past due 91 to 180 days		112,752	87,232
Past due 181 to 360 days		201,681	190,842
Past due over 360 days		1,143,585	1,149,354
		1,922,912	1,791,434
Less: Impairment		(836,620)	(680,779)
	9	1,086,292	1,110,655

Conservancy and service fees receivables amounting to \$1,086,292 (2018 - \$1,110,655) are past due at the financial year end but not impaired, as the management believes that it will be collectible in the foreseeable future as a result of recovery efforts and historical experience.

Exposure to credit risk

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

	Internal credit rating	12-month / Lifetime ECL	Gross carrying amount \$	Loss allowance \$	Net carrying amount \$
2019					
Conservancy and service fee receivables	(1)	Lifetime ECL	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
2018					
Conservancy and service fee receivables	(1)	Lifetime ECL	1,791,434	(680,779)	1,110,655
Other receivables*	(3)	Lifetime ECL	7,440,619	-	7,440,619

* 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 9.

(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.

28 Financial instruments and financial risks (Cont'd)**28.1 Credit risk (Cont'd)****(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.

28.2 Market riskInterest rate risk

The Town Council's exposure interest rate risk relates primarily to interest-earning fixed deposits with financial institutions and investments in government bonds. The Town Council's surplus funds are placed with reputable financial institutions or invested in Singapore government bonds.

28.3 Liquidity risk

Liquidity risk is the risk that the Town Council will encounter difficulty in meeting financial obligations due to shortage of funds. The Town Council's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Town Council's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Town Council adopts prudent liquidity risk management by maintaining sufficient cash to meet its routine, sinking and lift replacement fund expenditure.

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

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

28.4 Accounting classifications of financial assets and financial liabilities

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

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

* Exclude prepayments and GST receivables

28 Financial instruments and financial risks (Cont'd)**28.4 Accounting classifications of financial assets and financial liabilities (Cont'd)**

	Loans and receivables \$	Total \$
2018		
Financial assets		
Held-to-maturity financial assets	10,000,000	10,000,000
Conservancy and service fees receivables	1,110,655	1,110,655
Other receivables*	7,440,619	7,440,619
Cash and cash equivalents	95,599,069	95,599,069
	114,150,343	114,150,343
	Financial liabilities at amortised cost \$	Total \$
Financial liabilities		
Advances received for Neighbourhood Renewal Programme	807,011	807,011
Other payables	6,718,273	6,718,273
	7,525,284	7,525,284

* Exclude prepayments and GST receivables

29 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 \$122,701,309 (2018 - \$105,970,255).

30 Fair value measurements

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

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

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

The financial assets at amortised cost in Note 8 are categorised as Level 1.

31 Reclassification of previously issued financial statements

During the financial year ended 31 March 2019, the Town Council reclassified government grants received and funding received for Neighbourhood Renewal Programme, from cash flows from Financing Activities to cash flows from Operating Activities, for the Statement of Cash Flows pertaining to financial year ended 31 March 2018. This is to reflect more appropriately the nature of the funds received from Housing & Development Board and Ministry of National Development.

The following tables reflect the reclassification on the affected line items in the previously issued financial statements as of and for the year ended 31 March.

Statement of cash flows (Extract)

	As reclassified 31 March 2018 \$	As reported 31 March 2018 \$
Cash Flows from Operating Activities		
Cash generated from operations before income tax	6,896,271	6,896,271
Government grants received	10,266,586	-
Funding received for Neighbourhood Renewal Programme	6,174,688	-
Sinking Funds expenditure	(6,224,257)	(6,224,257)
Lift Replacement Funds expenditure	(4,103,984)	(4,103,984)
Town Improvement and Project Funds expenditure	(2,842,280)	(2,842,280)
Neighbourhood Renewal Programme Funds expenditure	(4,400,895)	(4,400,895)
Goods and Services Tax received	655,841	655,841
Income tax paid	(182,291)	(182,291)
Net cash generated from / (used in) operating activities	6,239,679	(10,201,595)
Cash Flows from Financing Activities		
Government grants received	-	10,266,586
Funding received for Neighbourhood Renewal Programme	-	6,174,688
Net cash generated from financing activities	-	16,441,274

32 Comparative information

The corresponding figures relating to the financial statements for the year ended 31 March 2018 were audited by another firm of chartered accountants.

Main Office

Blk 360A Woodlands Street 31, #02-00, Singapore 731306

Branch Office

Blk 563 Choa Chu Kang Street 52, #01-198, Singapore 680563

Tel	: 6430 7800
Fax	: 6362 4822
Website	: www.myttc.org.sg
Email	: feedback@myttc.org.sg
Facebook	: marsilingyewteetc
Mobile App	: iTown@SG

