



Sembawang Town Council  
**Annual Report**  
**2018/2019**

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*Our Sembawang*  
*Our Home*

*Together as a community*





# *Sayang Sembawang*

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TOGETHER, WE MAKE  
*Sembawang a Better Place*





# Our Town Councilors

FROM 01 OCTOBER 2017 TO 30 SEPTEMBER 2019



**Mr Khaw Boon Wan**  
Coordinating Minister for Infrastructure  
Minister for Transport  
MP For Sembawang GRC



**Mr Ong Ye Kung**  
Minister for Education  
MP For Sembawang GRC (Gambas)



**Mr Amrin Amin**  
Senior Parliamentary Secretary  
For Ministry of Home Affairs & Ministry of Health  
MP For Sembawang GRC (Woodlands)



**Mr Vikram Nair**  
MP For Sembawang GRC (Admiralty)  
Chairman of Sembawang Town Council



**Dr Lim Wee Kiak, PBM**  
MP For Sembawang GRC (Canberra)  
Vice-Chairman of Sembawang Town Council

## CONTRACTS AND LEGAL COMMITTEE



**Mr Law Shun Yong, BBM(L)**  
Chairman



**Mr Sim Kin Chye, BBM**  
Co-Chairman



**Mr Bakerche Bin Mohamed, BBM**  
Member



**Mr Alex Tan Yan Boon, PBM**  
Member



**Mr Allen Wong Kok Wye, PBM**  
Member



**Er Lu Qi Min, PBM**  
Member



**Mr Peter Lo Shui Sung, PBM**  
Member



**Ms Irene Tang Lee Keow, PBM**  
Member

## ESTATE MAINTENANCE COMMITTEE



**Mr Norman Aw Kai Aik, BBM**  
Chairman



**Mr Loh Wee Seng, BBM**  
Member



**Mr Lim Seng Min, PBM**  
Member



**Mr Thor Wan Kwee, PBM**  
Member



**Mr Steve Poh Gim Hong, PBM**  
Member



**Ms Annie Wong Woon Yoke**  
Member



**Mr Edmund Tan Liang Ti**  
Member

## FINANCE COMMITTEE



**Dr Ting Seng Kiong**  
Chairman



**Mr Wong Hao, BBM**  
Member



**Mr Michael Ling Leong Sing, PBM**  
Member



**Mr Sam Koh Hock Thye, BBM**  
Member



**Mr Ahmad Subronto Bin Awang, PBM**  
Member



**Mr Tay Tze Chuan**  
Member



**Mr Jordan Ang Jeok Khoo, PBM**  
Member



**Ms Emily Chin Bee Lay**  
Member

## PROJECTS AND DEVELOPMENT COMMITTEE



**Mr David Sim Yeow Kwee, BBM**  
Chairman



**Mr Eric Toh Siaw Hua, PBM**  
Member



**Ms Gay Meng Choo, PBM, PB**  
Member



**Mr Frank Seah Pit San, PBM**  
Member



**Mr Kuppuswamy Srinivasan Bhaskar, PBM**  
Member



**Mr Alvin Tan Phuay Heng**  
Member



**Mr Eric Ng Xu Yong, PBM**  
Member



**Mr Kyaw Lynn Myat**  
Member



**Mr Muhamed Rizal Bin Rasudin**  
Member

## PUBLICITY AND PUBLIC RELATIONS COMMITTEE



**Mdm Lee Tee Choon, BBM, PBS, PPA**  
Chairman



**Mr Goh Peng Hong, BBM**  
Co-Chairman



**Mdm Kalyani D/O Sinnakkalai Ramasamy, PBM**  
Member



**Mr George Iskandar**  
Member



**Mdm Lalithama Nair**  
Member



**Ms Marianne Yam Wylin**  
Member



**Mr Muhammad Faiz Bin Kamari**  
Member



**Mr Tan Hong Lim**  
Member



# Chairman Review

MR VIKRAM NAIR

FY2018/19 is an exciting and eventful year for Sembawang Town Council.

We launched our Lift Replacement Programme in August 2018 for the replacement of 280 lifts, benefitting 12,600 households. In January 2019, we celebrated with our residents the completion of the first 50 brand new lifts, and by 2020, when all the 280 lifts are completed, residents can look forward to the new lifts that provide a smoother ride, higher lift speed, greater reliability and enhanced safety.

In the same financial year, we saw the completion of the rejuvenated Jelutung Harbour Park. This is the first park in Sembawang GRC which comes with an exciting children's play equipment featuring water play. We are glad that the upgraded park is very well utilised by residents of all age groups.

Sembawang Town Council is honoured to receive two Awards in FY2018/19 – the NTUC Innovative Breakthrough Award and the Singapore Facility Management Award (Community Excellence) for our efforts in innovation and community outreach. On this note, I am pleased to present our report on the various aspects of our operations.





# Finance

In FY 2018/2019, Sembawang Town Council had an operating surplus of \$8.52 million. As of 31 March 2019, our Town Council's Sinking Funds, Lift Replacement Funds and Accumulated Surplus stood at \$187.75 million, \$60.60 million and \$5.45 million respectively.

The arrears cases for three months and above form 2.69% of the total residential units under our management. This would not have been possible if not for the strong partnership and support from our Town Councillors, Grassroots Leaders, agencies and staff in conducting house visits and offering assistance to households in arrears.





# Town Council Management Report (TCMR)

The Town Council's key role is to ensure that the Towns are kept clean and well-maintained for our residents. This will continue to remain as one of our top priorities as we continually explore and enhance our services through various means.

Our efforts were reflected in our performance in the Town Council Management Report (TCMR) for this financial year. Sembawang Town Council has achieved Green Bands across all five categories in the TCMR. The five categories are Lift Performance, Estate Cleanliness, Estate Maintenance, S&CC Arrears Management and Corporate Governance.





# Cyclical Works

The Town Council also undertakes a range of cyclical works, ensuring that our estates are kept in good working conditions for our residents. Examples of cyclical works include repairs and redecoration (R&R), re-roofing, replacement of lift parts, pumps and pipes.

Since the last financial year, a dedicated Lift Replacement Fund had been set up to ensure that adequate funds are set aside for the replacement of old lifts. In addition to the replacement of the 200 ageing lifts in FY 2017/2018, an additional 80 lifts were called through a tender in FY 2018/2019 at a cost of \$8.95 million.

Of the total sum of \$21.82 million spent on cyclical works in FY 18/19, \$14.82 million was used for the lift replacement works, and another \$2.63 million was expended on R&R projects. With these works done to vastly enhance our estates, residents are able to enjoy the upgraded facilities around their homes.





# Town Improvement Works



Town Improvement Projects are vital in every Town so as to meet the needs of residents through the provision of essential amenities or recreational facilities. Such projects commence after consulting grassroots organisations and gathering feedback from residents on the kind of facilities necessary to uplift the Town.



Sembawang Town Council spent a total of \$4.22 million in town improvement projects in FY 2018/2019. Of this expenditure, \$1.35 million was spent on upgrading of playgrounds and fitness corners, and another \$0.59 million was spent on Large-Scale Town-Wide (LSTW) projects. Other improvement works include construction of covered walkways, barrier-free access facilities, enhancement of lift surveillance system, etc.



Additionally, Jelutung Harbour Park was completed in September 2018, carried out under the LSTW project in Canberra Division. This is the first park in Sembawang GRC that comes with an exciting children's playground featuring water play. Other facilities in the park include a basketball court, fitness corner, integrated children's playground, along with barbecue facilities and an open lawn for picnics.



Residents can also look forward to many other large-scale town-wide projects taking place, such as the upgrading of Vista Park which will offer residents with refurbished facilities for residents of all ages. The upgraded Montreal Green Park will also boast a heritage corner, butterfly garden and interactive playgrounds. We all look forward to enjoying the rejuvenated parks in our neighbourhood!





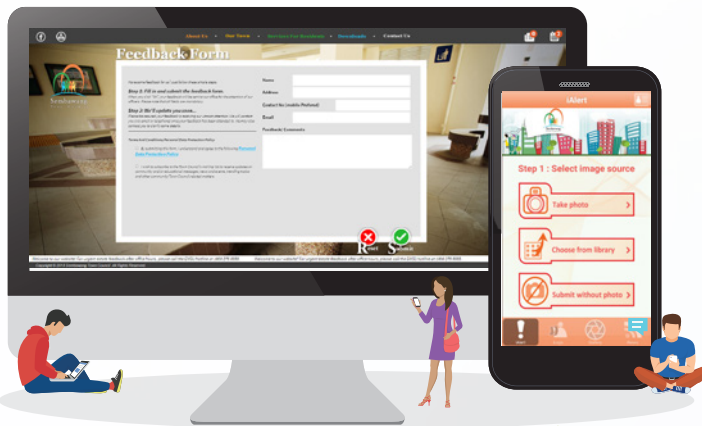
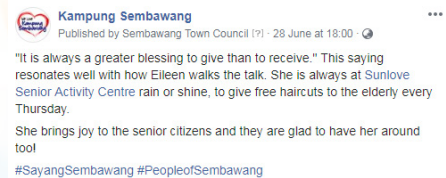
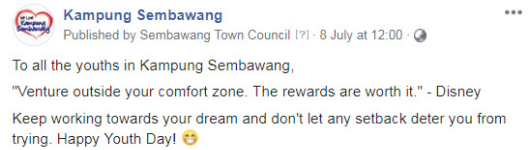
# Engaging With Our Residents



@sembawangtowncouncil  
@kampungsembawang

As part of our efforts to seamlessly engage with our residents, Sembawang Town Council has been intentional in strengthening our existing communications channels in FY2018/19. Residents can provide their feedback promptly via our iTown app, website, email or even our Sembawang Town Council Facebook Page.

We also leverage on our strong social media presence to reach out to our residents. Our Facebook Pages --- Kampung Sembawang Facebook Page and Sembawang Town Council Facebook Page --- have a combined fan base of 46,144 and are updated frequently to share important updates and town news to our residents. In addition, we also reach out to our residents via our fortnightly digital newsletter, keeping residents updated on the latest town happenings and developments. These platforms help us to continuously engage with residents in Sembawang GRC, keep their opinions in view and remain receptive to new ideas and feedback.





# Clean and Green

## To A Greener Sembawang

Ensuring that Sembawang remains clean and green for our residents require teamwork. Sembawang Town Council, together with its community partners and residents, has continued to initiate annual clean and green events such as Keep Clean Singapore and Tree Planting Day to encourage efforts of sustaining the cleanliness and greenery of our neighbourhood as a community.

Residents and grassroots volunteers of all ages gathered at various events to clean up the neighbourhoods in litter picking exercises. We also took the opportunity to show appreciation to our conservancy partners who have worked tirelessly to ensure that our estates remain a pleasant environment for all to live in. We can continue to make Sembawang a clean home for everyone.









# Sayang Our Future



Woodlands Health Campus



Sembawang Hot Spring Park



Woodlands Sports-In-Precinct

Indeed, Sembawang GRC is constantly going through huge transformations, with new developments springing up in many parts of the Town. Upcoming plans and developments are underway to make Sembawang an even more enriched Town.

Residents can also keep an eye out on the opening of the Sembawang Hot Spring Park in January 2020!

All these will not be made possible without the help of the Town Councillors, Grassroots Leaders and the staff. Credits have to be given to residents for their invaluable inputs to better our town, and also for their unwavering support.

Let us continue to work together for a better home, a better Sembawang.

**Vikram Nair**  
*Chairman, Sembawang Town Council*



Sembawang Sports-In-Precinct



Bukit Canberra



Bukit Canberra Swimming Complex



# Sembawang Town Council

## *Financial Statements*

31 MARCH 2019





# SEMBAWANG TOWN COUNCIL

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

ANNUAL FINANCIAL STATEMENTS  
31 MARCH 2019

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### Address

Block 504C Canberra Link  
#01-63  
Singapore 753504

### Auditor

Ecovis Assurance LLP



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEMBAWANG TOWN COUNCIL

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

## Report on the Audit of the Financial Statements



### **Opinion**

We have audited the accompanying financial statements of Sembawang Town Council (the "Town Council"), which comprise the statement of financial position of the Town Council as at 31 March 2019, the income and expenditure statement, statement of comprehensive income, statement of changes in Town Council funds and cash flow statement for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 55.

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

### **Basis of 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 comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibility of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

A Town Council is constituted based on its Act and its dissolution requires Parliament's approval. In preparing the financial statements, management is responsible for assessing the Town Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is intention to wind up the Town Council or for the Town Council to cease operations, or has no realistic alternative but to do so.

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



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEMBAWANG TOWN COUNCIL

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

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## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEMBAWANG TOWN COUNCIL

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



## Report on Other Legal and Regulatory Requirements

### *Opinion*

In our opinion:

- (a) the receipts, expenditure and investment of moneys and the acquisition and disposal of assets by the Town Council during the financial year are, in all material respects, in accordance with the provisions of the Act; and
- (b) proper accounting and other records have been kept, including records of all assets of the Town Council whether purchased, donated or otherwise.

### *Basis of 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.

### *Responsibilities of Management for compliance with legal and regulatory requirements*

Management is responsible for ensuring that the receipts, expenditure, investment of moneys and the acquisition and disposal of assets, are in accordance with the provisions of the Act. This responsibility includes implementing accounting and internal controls as management determines are necessary to enable compliance with the provisions of the Act.

### *Auditor's responsibilities for the Compliance Audit*

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

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

A handwritten signature in blue ink that reads 'Edwin Assura Cap'.

**Ecovis Assurance LLP**  
Public Accountants and  
Chartered Accountants  
Singapore

3 September 2019



# INCOME AND EXPENDITURE STATEMENT

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	2019	2018
		S\$'000	S\$'000
<b>OPERATING INCOME</b>			
Conservancy and service fees		61,080	55,015
Less: Operating Income transfer to Sinking Funds		(15,881)	(14,304)
Operating Income transfer to Lift Replacement Funds		(8,551)	(7,702)
		36,648	33,009
Agency Fees	6	6,082	5,787
Other Income	10(a)	3,284	3,412
		46,014	42,208
<b>Less: OPERATING EXPENDITURE</b>			
Cleaning Work		(9,536)	(9,016)
Managing Agents' Fees	5	(5,998)	(5,332)
Lift Maintenance		(6,534)	(6,872)
Other Works and Maintenance		(5,416)	(4,935)
Water and Electricity		(12,879)	(12,094)
General and Administrative Expenditure	7	(2,392)	(2,054)
		(42,755)	(40,303)
		3,259	1,905
<b>OPERATING SURPLUS</b>			
<b>NON-OPERATING INCOME</b>			
Add: Interest Income		159	103
		3,418	2,008
<b>SURPLUS BEFORE TAXATION AND GRANTS</b>			
Less: Income tax expense	8(a)	(343)	(338)
		3,075	1,670
<b>SURPLUS BEFORE GOVERNMENT GRANTS</b>			
Add: Government Grants	9	23,922	17,185
Less: Transfer to Sinking Funds	9,11	(2,360)	(2,086)
Transfer to Lift Replacement Funds	9,12	(12,462)	(7,656)
Transfer to Town Improvement and Project Funds	9,13	(3,654)	(2,630)
		5,446	4,813
<b>SURPLUS FOR THE FINANCIAL YEAR</b>			
Add: Accumulated Surplus at 1 April		3,979	9,571
Less: Transfer from accumulated surplus to Lift Replacement Funds	12	(6,000)	(11,148)
Less: Transfer from accumulated surplus to Town Improvement and Project Funds	13	(1,054)	(927)
		5,446	3,979
<b>ACCUMULATED SURPLUS AT 31 MARCH</b>			



Vikram Nair  
**Chairman**

Singapore  
3 September 2019



Soon Min Sin  
**Secretary**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

	Note	2019	2018
		S\$'000	S\$'000
<b>SURPLUS FOR THE FINANCIAL YEAR</b>	10	8,521	6,483
<b>MOVEMENT OF VARIOUS FUNDS</b>			
Sinking Funds	11	15,108	13,586
Lift Replacement Funds	12	6,218	11,545
Town Improvement and Project Funds	13	(561)	(483)
		29,286	31,131
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Item that will not be reclassified to income and expenditure statement</b>			
Fair value gain on equity investments	20	164	-
<b>Item that may be reclassified subsequently to income and expenditure statement</b>			
Fair value gain on equity investments	20	-	139
<b>OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR, NET OF INCOME TAX</b>		164	139
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ATTRIBUTABLE TO TOWN COUNCIL FUNDS</b>		29,450	31,270



Vikram Nair  
**Chairman**

Singapore  
3 September 2019



Soon Min Sin  
**Secretary**



**STATEMENT OF FINANCIAL POSITION**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

	Note	2019	2018
		S\$'000	S\$'000
<b>TOWN COUNCIL FUNDS</b>			
<b>Residential Property</b>			
Accumulated surplus	10	4,268	2,611
Sinking Funds	11	175,028	160,268
Lift Replacement Funds	12	57,111	45,587
Town Improvement and Project Funds	13	2,069	1,583
		238,476	210,049
<b>Commercial Property</b>			
Accumulated surplus	10	1,910	1,814
Sinking Funds	11	11,472	11,124
Lift Replacement Funds	12	3,489	2,795
Town Improvement and Project Funds	13	26	19
		16,897	15,752
<b>Carpark</b>			
Accumulated losses	10	(732)	(446)
<b>Fair Value Reserve</b>			
Sinking Funds	11	1,250	1,086
		255,891	226,441
<b>Total Town Council Funds</b>			
<b>Represented by:</b>			
<b>Current Assets</b>			
Cash and cash equivalents	15	181,420	146,497
Interest receivables		1,648	817
Financial assets at fair value through profit or loss	16	63,240	62,263
Conservancy and service fee receivables	18	1,592	1,455
Other receivables and prepayments	19	11,405	6,958
Debt investments at amortised cost	21	4,723	-
Held-to maturity financial assets	21	-	4,519
		264,028	222,509
<b>Non-Current Assets</b>			
Equity investments at fair value through other comprehensive income	20	3,153	-
Available-for-sale financial assets	20	-	7,331
Debt investments at amortised cost	21	3,829	-
Held-to maturity financial assets	21	-	8,584
Plant and equipment	22	456	676
		7,438	16,591
<b>Total assets</b>		271,466	239,100



**STATEMENT OF FINANCIAL POSITION**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

	Note	2019	2018
		S\$'000	S\$'000
<b>Current Liabilities</b>			
Conservancy and service fees received in advance		904	814
Creditors and accrued expenses	24	12,143	9,380
Current income tax liabilities	8(b)	1,744	1,612
Advances received for Neighbourhood Renewal Programme and Electrical Load Upgrading Programme	25	784	853
<b>Total liabilities</b>		15,575	12,659
<b>Net assets</b>		255,891	226,441



Vikram Nair  
**Chairman**

Singapore  
 3 September 2019



Soon Min Sin  
**Secretary**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



## STATEMENT OF CHANGES IN TOWN COUNCIL FUNDS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	Residential property	Commercial property	Carpark	Fair value reserve	Total
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 April 2017		179,806	14,741	(323)	947	195,171
Surplus/(deficit) for the financial year		30,243	1,011	(123)	-	31,131
<b>Other comprehensive income</b>						
Fair value gain on available-for-sale financial assets		-	-	-	139	139
<b>Total comprehensive income for the financial year</b>		30,243	1,011	(123)	139	31,270
Balance as at 31 March 2018		210,049	15,752	(446)	1,086	226,441
Balance as at 1 April 2018		210,049	15,752	(446)	1,086	226,441
Surplus/(deficit) for the financial year		28,427	1,145	(286)	-	29,286
<b>Other comprehensive income</b>						
Fair value gain on equity investment	23	-	-	-	164	164
<b>Total comprehensive income for the financial year</b>		28,427	1,145	(286)	164	29,450
Balance as at 31 March 2019		238,476	16,897	(732)	1,250	255,891

## CASH FLOW STATEMENT

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	Note	2019	2018
		S\$'000	S\$'000
<b>Operating activities</b>			
Surplus before taxation and government grants	10	3,418	2,008
Adjustments:			
Operating income transfer to Sinking Funds	10,11	15,881	14,304
Operating income transfer to Lift Replacement Funds	10,12	8,551	7,702
Gain in financial assets at fair value through profit or loss	11(a)	(1,108)	(2,295)
Interest income		(159)	(103)
Provision for impairment losses on available-for-sale financial assets		-	43
Depreciation of plant and equipment	22	235	212
<b>Operating surplus before changes in working capital changes</b>		26,818	21,871
Increase/(decrease) in receivables		856	(423)
Increase in payables		2,854	774
<b>Cash flows generated from operations</b>		30,528	22,222
Sinking Funds expenditure	11	(5,760)	(6,400)
Town Improvement and Project Funds expenditure	13	(4,215)	(3,113)
Lift Replacement Funds expenditure	12	(16,063)	(4,108)
Neighbourhood Renewal Programme and Electrical Load Upgrading Programme expenditure	25	(5,634)	(4,023)
Taxes paid		(792)	(688)
<b>Net cash flows (used in)/ generated from operating activities</b>		(1,936)	3,890
<b>Investing activities</b>			
Purchase of plant and equipment	22	(15)	(215)
Return of capital from equity investments	20	19	15
Purchase of available-for-sale assets	20	-	(34)
Proceed from redemption of equity investments	20	4,323	-
Proceeds from debt investments		4,508	4,975
Investment and interest income received		3,096	4,379
<b>Net cash flows generated from investing activities</b>		11,931	9,120
<b>Financing activities</b>			
Government grants received	9	19,203	17,102
Funding received from HDB for Neighbourhood Renewal Programme and Electrical Load Upgrading Programme, net	25	5,565	3,034
<b>Cash flows generated from financing activities</b>		24,768	20,136
<b>Net increase in cash and cash equivalents</b>		34,763	33,146
Cash and cash equivalents at the beginning of financial year		142,532	109,386
<b>Cash and cash equivalents at the end of financial year</b>	15	177,295	142,532

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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### 1. General information

Sembawang Town Council was formed on 1 September 1990 under the Town Councils Act (Chapter 329A) and has its registered office at Block 504C Canberra Link, #01-63, Singapore 753504.

The main functions of the Town Council are to control, manage, maintain and improve the common property of residential and commercial property in the housing estates of the Housing and Development Board (“HDB”) within the Town.

### 2. Summary of significant accounting policies

#### 2.1 Basis of preparation

The financial statements of the Town Council have been prepared in accordance with the provisions of the Town Councils Act, Chapter 329A (the “Act”) and Financial Reporting Standards in Singapore (“FRSs”).

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Town Council takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net reliable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3, based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entity, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The financial statements are presented in Singapore dollar which is the Town Council’s functional currency. All financial information presented in Singapore dollar has been rounded to the nearest thousand (“\$’000”), unless otherwise stated.

#### 2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Town Council has adopted all the new and amended standards which are effective for annual financial periods beginning on or after 1 April 2018. The adoption of these standards did not have any significant effect on the financial statements of the Town Council for the current or prior years except as disclosed below.

##### **FRS 109 Financial Instruments**

FRS 109 replaces FRS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 April 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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### 2. Summary of significant accounting policies (continued)

#### 2.2 Adoption of new and amended standards and interpretations (continued)

The Town Council applied FRS 109 with an initial application date of 1 April 2018. The Town Council has not restated comparative information which continues to be reported under FRS 39 and the disclosure requirements of FRS 107 *Financial Instruments*: Disclosures relating to items within the scope of FRS 39 as it has no material effect on amounts reported for the current and prior years.

##### (a) Classification and measurement of financial assets and financial liabilities

Under FRS 109, debt instruments are subsequently measured either at fair value through profit or loss (FVPL), amortised cost or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Town Council's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Town Council's business model was made as of the date of initial application, 1 April 2018. The assessment of whether contractual cash flows on debt instruments solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

There are no material changes in measurement of the Town Council's financial assets and financial liabilities except for changes in terminologies as explained below.

- (i) Quoted equity securities classified as available-for-sale financial assets as at 31 March 2018 were classified and measured as equity instruments designated at FVOCI on 1 April 2018. The Town Council elected to classify irrevocably its quoted equity securities under this category at the date of initial application as it intends to hold these investments for long-term appreciation. Any gains or losses from changes in fair value of the equity securities are recognised in other comprehensive income.
- (ii) Financial assets classified as held-to-maturity investments under FRS 39 that were measured at amortised cost continue to be measured at amortised cost under FRS 109 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

##### (b) Impairment of financial assets

FRS 109 requires an expected credit loss (ECL) model as opposed to an incurred credit loss model under FRS 39. The ECL model requires the Town Council to account for ECL and changes in credit risk since initial recognition of the financial assets. It is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, FRS 109 requires the Town Council to recognise a loss allowance for ECL on (i) debt investments subsequently measured at amortised cost or at fair value through other comprehensive income (FVTOCI), (ii) lease receivables, (iii) contract assets and (iv) loan commitments and financial guarantee contracts to which the impairment requirements of FRS 109 apply. The Town Council has not restated the comparative information as it has no material effect on amounts reported for the current and prior years.

#### **FRS 115 Revenue from Contracts with Customers**

FRS 115 supersedes FRS 11 *Construction Contracts*, FRS 18 *Revenue* and related interpretations for annual periods beginning on or after 1 April 2018. FRS 115 introduces a five step approach to revenue recognition. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios.

FRS 115 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. Accordingly, the Town Council has continued to use "Conservancy and service fees received in advance" instead of contract liabilities.

The Town Council's significant accounting policies for its revenue streams are disclosed in Note 2.13. The adoption of the FRS 115 did not have a significant impact to the Town Council.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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### 2. Summary of significant accounting policies (continued)

#### 2.3 *Standards issued but not yet effective*

At the date of authorisation of these financial statements, there are FRSs, INT FRSs and amendments to FRS that are relevant to the Town Council that were issued but are not yet effective. The management anticipates that the adoption of these FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Town Council in the period of their initial adoption except for the following:

##### **FRS 116 Leases**

FRS 116 was issued in June 2016 and it will supersede FRS 17 Leases and its associated interpretative guidance effective for annual periods beginning on or after 1 April 2019.

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts are determined on the basis of whether there is an identified asset controlled by the customer.

FRS 116 requires lessees to recognise most leases on the statement of financial position to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases.

The Town Council is adopting FRS 116 and expects the adoption of FRS 116 will result in certain operating lease arrangements being recorded on the statement of financial position with the cumulative effect of initially applying the standard as an adjustment to the opening Town Councils' funds at the date of initial application, 1 April 2019.

#### 2.4 *Plant and equipment*

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses, if any.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Furniture, fixtures and fittings	-	5 years
Office equipment	-	2 to 3 years
Data processing equipment	-	3 years
Leasehold improvement	-	5 years

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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 income and expenditure statement 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.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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### 2. Summary of significant accounting policies (continued)

#### 2.5 Funds

##### (a) Town Council Funds

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

- Residential Property;
- Commercial Property.

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

These funds, together with the Sinking Funds, Lift Replacement Funds and Town Improvement and Project Funds form the Town Council Funds.

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

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

##### (b) Sinking Funds

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

With the establishment of the Lift Replacement Funds, the minimum contribution rates for service and conservancy charges and grants-in-aid for Sinking Funds and Lift Replacement Funds would be 26% and 14% respectively.

Under the Town Councils Act, the Ministry of National Development (“MND”) may, from time-to-time, prescribe the minimum amounts of conservancy and service fees and grants-in-aid (Note 9), to be paid into the Sinking Fund. The Lift Replacement Fund Matching Grant, which is a grants-in-aid, is not subject to the minimum contribution rates.

Currently, the amounts to be paid into the Sinking Funds are as follows:

- (i) 26% (2018: 26%) for 1-room to 3-rooms and 26% (2018: 14%) for 4-rooms to executive flats respectively of conservancy and service charges and grants-in-aid for residential property.
- (ii) 26% (2018: 26%) of conservancy and service charges and grants-in-aid for commercial property.

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

The Sinking Funds are utilised for major cyclical works such as repair and redecoration, re-roofing, rewiring and replacement of pumps, water tanks and water pipes.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

### 2. Summary of significant accounting policies (continued)

#### 2.5 Funds (continued)

##### (c) Lift Replacement Funds

In accordance with Section 33(4A) of the Town Councils Act, Town Councils are required to establish a new Lift Replacement Funds with effective from 1 April 2017. The establishment of the Lift Replacement Funds are standalone fund, carved out from the Sinking Funds specifically for lift-related replacements and lift upgrading works of residential property and commercial property. These Lift Replacement Funds are maintained as part of the Town Council Funds.

Under the Town Councils Act, the Ministry of National Development (“MND”) may, from time-to-time, prescribe the minimum amounts of conservancy and service fees and grants-in-aid (Note 9) to be paid into the Lift Replacement Funds. The Lift Replacement Fund Matching Grant, which is a grants-in-aid, is not subject to the minimum contribution rates.

Currently, the amounts to be paid into the Lift Replacement Funds is 14% of conservancy and service charges and grants-in-aid for residential property and commercial property.

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

##### (d) Town Improvement and Project Funds

Town Improvement and Project Funds 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 are set up by transfer from the accumulated surplus to fund specific town improvement projects, which are to be carried out. In addition, the Town Council receives funds under Community Improvement Projects Committee scheme and are given through the Citizens’ Consultative Committees (“CCC”) for the approved projects.

#### 2.6 Allocation of general overheads

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

Property type	Equivalent Dwelling Unit(s)	
	2019	2018
1 Residential Property Unit	1	1
1 Commercial Property Unit	2	2
6 Car lots or 36 Motorcycle lots or 4 Lorry lots	1	1

3.5% (2018: 3.5%) of general overheads are allocated to the Lift Replacement Funds and 6.5% (2018: 6.5%) of general overheads are allocated to the Sinking Funds.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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### 2. Summary of significant accounting policies (continued)

#### 2.7 *Government grants*

The Town Council receives from the Government, namely, Conservancy and Service Charges Grant, Lift Maintenance Grant, Lift Replacement Fund Matching Grant, payments from CCC and GST subvention grant.

Government grants are accounted in the income and expenditure statement on an accrual basis. Conservancy and Service Charges Grant, Lift Maintenance Grant and GST Subvention Grant are transferred to Sinking Funds and Lift Replacement Funds based on the amount prescribed in Note 2.5(b) and Note 2.5(c) to the financial statements.

The Lift Maintenance Grant and Lift Replacement Fund Matching Grant are given as additional support to help Town Council with the operating needs and to ensure sufficient funds are set aside for long-term capital expenditure requirements for lift replacements and lift-related works.

The payment from CCC is given as reimbursement claims under the Community Improvement Projects Committee scheme.

The GST subvention is given as grants-in-aid and is granted to Town Councils to assist them to absorb the GST increases in Conservancy and Service Charge for HDB residential flats.

#### 2.8 *Funds with fund managers*

Funds with fund managers represent the cost of the portfolio of assets placed with fund managers at the beginning of each management term plus investment income less management fees payable during the management term.

Funds with fund managers comprise mainly of equities, bonds, cash and fixed deposits. Equities and bonds are stated on an aggregate portfolio basis and are classified as financial assets at fair value through profit or loss (FVPL) in the statement of financial position.

On expiry of the management term, any surplus over and above the performance benchmark will be shared between the Town Council and the fund managers on the agreed basis.

#### 2.9 *Financial instruments*

##### *(a) Financial assets (before 1 April 2018)*

###### **Initial recognition and measurement**

Financial assets are recognised when, and only when, the Town Council becomes a party to the contractual provisions of the financial instrument. The Town Council determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss (FVPL), directly attributable transaction costs.

###### **Subsequent measurement**

The subsequent measurement of financial assets depends on their classification as follows:

##### **(i) Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in income and expenditure statement or the respective funds. Net gains or net losses on financial assets at fair value through profit or loss includes interest and dividend income.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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### 2. Summary of significant accounting policies (continued)

#### 2.9 Financial instruments (continued)

##### (a) Financial assets (before 1 April 2018) (continued)

###### Subsequent measurement (continued)

###### (ii) Loans and receivables (including conservancy and service fees receivables)

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loan and receivables. Subsequent to initial recognition, loan and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in income and expenditure statement or the respective funds when the loan and receivables are derecognised or impaired, and through the amortisation process.

###### (iii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Town Council has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in income and expenditure statement when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available for sale. It would also prevent the Town Council from classifying investment securities as held-to-maturity for the current and the following two years.

###### (iv) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets 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 that impairment losses and interest calculated using the effective interest method are recognised in income and expenditure statement or the respective funds. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

###### De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in income and expenditure statement or the respective funds.

##### (a) Financial assets (after 1 April 2018)

###### Classification

The Town Council classifies its financial assets in the following measurement categories: (1) Amortised cost; (2) Fair value through other comprehensive income (FVTOCI); and (3) Fair value through profit or loss (FVPL).

The classification depends on the Town Council's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Town Council reclassifies debt instruments when and only when its business model for managing those assets changes.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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### 2. Summary of significant accounting policies (continued)

#### 2.9 Financial instruments (continued)

##### (a) Financial assets (after 1 April 2018) (continued)

###### Initial recognition

At initial recognition, the Town Council measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in Income and Expenditure Statement or the respective funds.

###### Subsequent measurement

###### (i) Debt instruments

Debt instruments mainly comprise bank balances, conservancy and service fee receivables, debt investments and other receivables.

There are three prescribed subsequent measurement categories, depending on the Town Council's business model in managing the assets and the cash flow characteristic of the assets:

- **Amortised cost:** Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in Income and Expenditure Statement or the respective funds when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.
- **FVOCI:** Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in Income and Expenditure Statement or the respective funds. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from fair value reserve to Income and Expenditure Statement or the respective funds. Interest income from these financial assets is recognised using the effective interest rate method and presented under "bond interest income" in Sinking funds.
- **FVPL:** Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in Income and Expenditure Statement or the respective funds in the period in which it arises.

###### (ii) Funds with fund managers

The Town Council subsequently measures its equities and bonds with fund managers at their fair values. These instruments are classified as FVPL with movements in their fair values recognised in Income and Expenditure Statement or the respective funds in the period in which the changes arise and presented in "Gain in financial assets at fair value through profit or loss" in Sinking Funds. Dividends and interest income from fund with fund managers are included in the changes in the FVPL.

###### (iii) Equity Investments

The Town Council subsequently measures all its equity investments at their fair values. Changes in fair values of equity investments which are not held for trading are recognised in other comprehensive income as these are strategic investments and the Town Council considers this to be more relevant. Movements in fair values of equity investments classified as FVOCI are presented as "fair value gain on equity investments" in other comprehensive income. Dividends from equity investments are recognised in Sinking Funds as "Income from other investments".



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

### 2. Summary of significant accounting policies (continued)

#### 2.9 Financial instruments (continued)

##### (a) Financial assets (after 1 April 2018) (continued)

###### Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest is recognised using the effective interest method for debt instruments measured subsequently at amortised cost.

###### Impairment of financial assets

The Town Council recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through Income and Expenditure Statement or the respective funds. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Town Council expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Town Council always recognises lifetime ECL for conservancy and service fee receivables and penalty on late payment receivables.

The Town Council applies a simplified approach in calculating ECLs. Therefore, the Town Council does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Town Council uses the practical expedient under FRS 109 in the form of allowance matrix to measure the ECL for conservancy and service fee receivables and penalty on late payment receivables (Note 18 and Note 19) where the loss allowance is equal to lifetime ECL. The following allowance matrix is used:

	Rate of Provision
Live accounts with arrears 12 months and above	100%
Terminated accounts with arrears	100%

Any subsequent changes in lifetime ECL, both positive and negative, will be recognised immediately in Income and Expenditure Statement or respective funds.

For all other financial instruments (including cash at banks, other receivables - exclude penalty on late payment receivables and interest receivables) the Town Council recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instruments since inception, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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### 2. Summary of significant accounting policies (continued)

#### 2.9 Financial instruments (continued)

##### (a) Financial assets (after 1 April 2018) (continued)

###### **Amortised cost and effective interest method (continued)**

For debt instruments carried at amortised cost, the Town Council applies the low credit risk simplification. At every reporting date, the Town Council evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Town Council reassesses for any deterioration in the credit ratings of the debt instrument.

The Town Council considers a financial asset to be in default when internal or external information indicates that the Town Council is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Town Council. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

###### De-recognition of financial assets

The Town Council derecognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another party. If the Town Council neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred financial asset, the Town Council recognises its retained interest in the financial asset and an associated liability for amounts it may have to pay. If the Town Council retains substantially all the risks and rewards of ownership of a transferred financial asset, the Town Council continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

##### (b) Financial liabilities

###### **Initial recognition and measurement**

Financial liabilities are recognised when, and only when, the Town Council becomes a party to the contractual provisions of the financial instrument. The Town Council determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of other financial liabilities not at FVPL, directly attributable transaction costs.

###### **Subsequent measurement**

###### **Other financial liabilities**

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in Income and Expenditure statement when the liabilities are derecognised, and through the amortisation process.

###### **De-recognition**

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in income and expenditure statement or the respective funds.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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### 2. Summary of significant accounting policies (continued)

#### 2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, call deposits and fixed deposits, less cash and fixed deposits with fund managers that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

#### 2.11 Provisions

Provisions are recognised when the Town Council has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### 2.12 Lease

Operating lease payments are recognised as an expense in the income and expenditure statement on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

#### 2.13 Revenue recognition (before 1 April 2018)

Conservancy and service fees and agency fees are recognised on a time-proportion basis for the period when the service is rendered.

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

Investment income from investments in financial assets held at fair value through profit or loss and available-for-sale instruments is recognised in the Sinking Funds while investment income from investments in held-to-maturity financial assets is recognised on a time-proportion basis, using the effective interest method, in the Sinking Funds.

#### Revenue recognition (after 1 April 2018)

Conservancy and service fees is charged on a monthly to the lessees and tenants of the Housing and Development Board (HDB) flats and other commercial properties towards the maintenance and upkeep of the common property under the Town Council. Conservancy and service fees are allocated between operating income, Sinking Funds and Lift Replacement Funds in accordance with the Town Councils Act, Cap. 329A. Conservancy and service fees are recognised as a performance obligation over time.

Agency fees received for routine maintenance of HDB's car parks within the town is recognised as a performance obligation over time.

Investment income from financial assets designated at fair value through other comprehensive income is recognised as income, in the respective funds, when right to receive the income is established, unless such income clearly represent a recovery of part of the cost of the investment.

Investment income from other financial assets at amortised costs financial assets is recognised in the respective funds, on a time proportion basis using the effective interest method.

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

Income from temporary occupation licenses is recognised over the passage of time.

Usage of void deck or other common property is recognised at point of receipt.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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### 2. Summary of significant accounting policies (continued)

#### 2.14 *Income tax*

Tax is provided on the following income:

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

In respect of Government grants received, the Town Council has been granted remission under Section 92(2) of the Income Tax Act (Chapter 134). Conservancy and service charges and agency fees are not subject to tax.

Income tax expense comprises current tax. Current tax is recognised in the income and expenditure statement or Sinking Funds or Lift Replacement Funds, except to the extent that it relates to items recognised directly in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the end of the reporting period and any adjustment to tax payable in respect of previous financial years.

#### 2.15 *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 statement of financial position 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.

### 3. Significant accounting judgements and estimates

The preparation of the Town Council's financial statements requires management to exercise its judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future period.

#### 3.1 *Judgements made in applying accounting policies*

In the process of applying the Town Council's accounting policies, management has not made any significant judgements, apart from those involving estimations.

#### 3.2 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying value amounts of assets and liabilities within the next financial year are discussed below. The Town Council based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Town Council. Such changes are reflected in the assumptions when they occur.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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### 3. Significant accounting judgements and estimates (continued)

#### 3.2 Key sources of estimation uncertainty (continued)

##### (a) Classification of held-to-maturity investments

###### Before 1 April 2018

The Town Council previously followed the guidance of FRS 39 *Financial Instruments: Recognition and Measurement* ("FRS 39") on classifying non-derivatives financial assets with fixed or determinable payments and fixed maturity as held-to-maturity, and has measured and designated as investments at amortised cost for annual periods beginning on or after 1 April 2018. This classification requires significant judgement. In making this judgement, the Town Council evaluates its intention and ability to hold such investments to maturity.

If the Town Council is unable to keep these investments to maturity other than for specific circumstances, it will be required to reclassify the whole class as available-for-sale. The investments would therefore be measured at fair value and not amortised cost.

If the class of held-to-maturity investments is tainted, the fair value would increase by approximately \$31,100, with a corresponding entry in the fair value reserve in Town Council Funds.

###### After 1 April 2018

Debt investments held by the Town Council is measured at amortised cost as both the 'business model test' and the 'contractual cash flow characteristics test' are satisfied. The business model test is whether the objective of the Town Council's is to hold the financial asset to collect the contractual cash flows rather than have the objective to sell the instrument before its contractual maturity to realise its fair value changes. The contractual cash flow characteristics test is whether the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### (b) Provision for expected credit losses ("ECLs") of conservancy and services fees receivables

###### Before 1 April 2018

The Town Council assesses at the end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For the case conservancy and service fees receivables, 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 to determine whether there is objective evidence of impairment.

###### After 1 April 2018

The Town Council uses a provision matrix to calculate ECLs for conservancy and service fee receivables. The provision matrix is initially based on the historical observed default rates. The Town Council will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The Town Council assesses at the end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For the case of conservancy and service fees receivables, 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 to determine whether there is objective evidence of impairment.

Allowance for impairment is made in the financial statements for amount in arrears that are outstanding for twelve months and above and/or where collection is doubtful. All known bad debts are written-off in accordance with the Town Council Financial Rules.

The carrying amount and the information about the ECLs of the Town Council's conservancy and service fee receivables at the end of the reporting period is disclosed in Note 18 to the financial statements. If the present value of estimated future cash flows decrease by 10% from management's estimates, the Town Council's allowance for impairment will increase by \$151,200.



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

### 4. Inter-fund transfer

The Town Council may transfer funds in accordance to the Section 33(9) and Section 43(1)(i) of the Town Council Act (Chapter 329A), and Rule 11A of Town Council Financial Rules.

### 5. Managing agents' fees

The Town Council does not have any other employees on its payroll as management of its daily operations have been outsourced to managing agents for a total fee of \$6,582,453 (2018: S\$5,849,784) for the financial year ended 31 March 2019. Included in the managing agents' fee, there is a total allocation of 10% managing agents' fee of \$584,729 (2018: \$517,843), for which \$380,074 (2018: S\$336,598) and \$204,655 (2018: \$181,245) allocated to Sinking Funds and Lift Replacement Funds respectively, during the financial year 2019 (Note 11b, 12b).

Total managing agent fee to a related party (Note 27) amounting \$6,577,425 (2018: \$5,846,013) in year 2019.

### 6. Agency fees

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

### 7. General and administrative expenditure

The general and administrative expenditure comprise the following:

	2019	2018
	S\$'000	S\$'000
Office rental and upkeep expenditure	369	364
Computer services	200	285
Advertising, publicity and public relations	437	318
Office supplies and stationery	222	233
Town Councillors' allowances	181	183
Property tax	223	202
Legal fee	54	61
Depreciation of plant and equipment	235	213
Insurance premium	25	22
Plant and equipment not capitalised	3	3
Staff Costs	-	1
Non-claimable goods and services tax (Note 14)	180	44
Others	482	326
Allocation of 6.5% (2018: 6.5%) general and administrative expenditure to Sinking Funds	(142)	(131)
Allocation of 3.5% (2018: 3.5%) general and administrative expenditure to Lift Replacement Funds	(77)	(70)
	2,392	2,054

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

#### 8. Income tax expense

(a) Income tax expense	2019	2018
	S\$'000	S\$'000
Income tax expense attributable to income is made up of:		
- Current income tax	930	821
- Over provision in respect of previous years	(6)	(8)
	924	813
Accumulated surplus:		
- Current income tax	346	340
- Over provision in respect of previous years	(3)	(2)
	343	338
Sinking Funds:		
- Current income tax	469	420
- Over provision in respect of previous years	(3)	(6)
	466	414
Lift Replacement Funds:		
- Current income tax	115	61
Current income tax expense	924	813

The tax expense on surplus differs from the amount that would arise using the Singapore standard rate of income tax is explained below:

	2019	2018
	S\$'000	S\$'000
Investment and interest income received	3,795	3,590
Other income	2,118	2,124
Allowable expenses	(245)	(228)
	5,668	5,486
Tax calculated at a tax rate of 17% (2018: 17%)	964	933
Tax effect of certain income taxed at concessionary tax rate	(34)	(112)
Over provision in respect of previous years	(6)	(8)
	924	813

#### (b) Current income tax liabilities

	2019	2018
	S\$'000	S\$'000
Taken up in:		
Accumulated surplus	682	661
Sinking Funds (Note 11)	886	890
Lift Replacement Funds (Note 12)	176	61
	1,744	1,612

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

### 9. Government grants

Government grants recognised in the Income and Expenditure Statement and the transfer to the respective funds during the financial year are as follows:

	Note	Total		Conservancy and Service Charges Grant		Lift Maintenance Grant		Lift Replacement Fund Matching Grant		Payment from Citizens' Consultative Committee		GST Subvention Grant	
		2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Government Grants received / receivable during the financial year	10	23,922	17,185	5,815	5,057	945	873	11,191	6,533	3,654	2,630	2,317	2,092
Less: Transfer to -													
Sinking Funds	11	(2,360)	(2,086)	(1,512)	(1,315)	(246)	(227)	-	-	-	-	(602)	(544)
Lift Replacement Funds	12	(12,462)	(7,656)	(815)	(708)	(132)	(122)	(11,191)	(6,533)	-	-	(324)	(293)
Town Improvement and Project Funds	13	(3,654)	(2,630)	-	-	-	-	-	-	(3,654)	(2,630)	-	-
		5,446	4,813	3,488	3,034	567	524	-	-	-	-	1,391	1,255

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

	2019	2018
Total grants received as at 1 April	\$'000	\$'000
Add: Grants received during the financial year	380,449	363,347
Total grants received as at 31 March	19,203	17,102
	399,652	380,449



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

### 10. Accumulated surplus/(deficit)

The surplus/(deficit) for the financial year attributable to the various activities is carried forward as accumulated surplus/(deficit) in the respective funds as follows:

	Note	Total		Residential		Commercial		Carpark	
		2019	2018	2019	2018	2019	2018	2019	2018
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Operating income		61,080	55,015	59,677	53,874	1,403	1,141	-	-
Conservancy and service fees		(15,881)	(14,304)	(15,516)	(14,007)	(365)	(297)	-	-
Less: Operating transfer to Sinking Funds	11	(8,551)	(7,702)	(8,355)	(7,542)	(196)	(160)	-	-
Operating transfer to Lift Replacement Funds	12	36,648	33,009	35,806	32,325	842	684	-	-
Agency fee		6,082	5,787	-	-	-	-	6,082	5,787
Other income	10(a)	3,284	3,412	2,951	3,092	230	214	103	106
Less: Operating expenditure		46,014	42,208	38,757	35,417	1,072	898	6,185	5,893
Operating Surplus/(Deficit)		(42,755)	(40,303)	(35,575)	(33,816)	(729)	(498)	(6,451)	(5,989)
Add: Interest income		3,259	1,905	3,182	1,601	343	400	(266)	(96)
Surplus/(Deficit) before Taxation and Grants		159	103	140	91	1	1	18	11
Less: Income tax expense	8(a)	3,418	2,008	3,322	1,692	344	401	(248)	(85)
Surplus/(Deficit) before Grants		(343)	(338)	(301)	(296)	(4)	(4)	(38)	(38)
Add: Government Grants	9	3,075	1,670	3,021	1,396	340	397	(286)	(123)
Less: Transfer to Sinking Funds	11	23,922	17,185	23,455	16,925	467	260	-	-
Transfer to Lift Replacement Funds	12	(2,360)	(2,086)	(2,357)	(2,084)	(3)	(2)	-	-
Transfer to Town Improvement and Project Funds	13	(12,462)	(7,656)	(12,045)	(7,432)	(417)	(224)	-	-
		(3,654)	(2,630)	(3,615)	(2,601)	(39)	(29)	-	-
		5,446	4,813	5,438	4,808	8	5	-	-

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

**10. Accumulated surplus/(deficit)(continued)**

	Note	Total		Residential		Commercial		Carpark	
		2019	2018	2019	2018	2019	2018	2019	2018
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Surplus/(deficit) for the financial year		8,521	6,483	8,459	6,204	348	402	(286)	(123)
Add: Accumulated surplus/(deficit) at 1 April		3,979	9,571	2,611	7,787	1,814	2,107	(446)	(323)
Less: Transfer to Lift Replacement Funds ^	12	(6,000)	(11,148)	(5,763)	(10,465)	(237)	(683)	-	-
Less: Appropriation to Town Improvement and Project Funds	13	(1,054)	(927)	(1,039)	(915)	(15)	(12)	-	-
Accumulated surplus at 31 March		5,446	3,979	4,268	2,611	1,910	1,814	(732)	(446)

^ The transfer is a voluntary contribution made in accordance with Section 33(9) of the Town Council Act (Chapter 329A).

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

**10. Accumulated surplus/(deficit) (continued)**

**10 a. Other income**

	2019	2018
	S\$'000	S\$'000
Late payment penalty	296	274
Liquidated damages	159	190
Sale of tender documents	25	26
Sundry fines	45	39
Sundry income	165	175
Temporary Occupational Licence income	2,121	2,100
Use of common property income	6	8
Use of void decks	47	46
Use of water and electricity at void decks	420	554
	3,284	3,412

**11. Sinking Funds**

	Note	Total		Residential Property		Commercial Property	
		2019	2018	2019	2018	2019	2018
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 April		171,392	183,495	160,268	170,874	11,124	12,621
Appropriation to Lift Replacement Funds	12	-	(25,689)	-	(23,922)	-	(1,767)
		171,392	157,806	160,268	146,952	11,124	10,854
Add:							
Income	11(a)	3,093	4,010	3,053	3,961	40	49
Operating income transfer from conservancy and service fees	10	15,881	14,304	15,516	14,007	365	297
Transfer from government grants	9,10	2,360	2,086	2,357	2,084	3	2
		21,334	20,400	20,926	20,052	408	348
Less: Expenditure	11(b)	(5,760)	(6,400)	(5,706)	(6,327)	(54)	(73)
Income tax expense	8(a)	(466)	(414)	(460)	(409)	(6)	(5)
Surplus for the financial year		15,108	13,586	14,760	13,316	348	270
		186,500	171,392	175,028	160,268	11,472	11,124
Add: Fair value reserves		1,250	1,086				
At 31 March		187,750	172,478				



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

**11. Sinking Funds (continued)**

	Note	2019	2018
		S\$'000	S\$'000
Represented by:			
<b>Current assets</b>			
Cash and cash equivalents	15	109,490	86,053
Amount due from accumulated surplus		4,200	4,101
Interest receivables		1,097	577
Financial assets at fair value through profit or loss	16	63,240	62,263
Conservancy and service fee receivables		217	295
Debt Investments	21	4,723	4,519
Other receivables		643	462
		183,610	158,270
<b>Non-current assets</b>			
Equity investments	20	3,153	7,331
	21	3,829	8,584
<b>Total assets</b>		190,592	174,185
<b>Current liabilities</b>			
Creditors and accrued expenses		(1,956)	(817)
Current income tax liabilities	8(b)	(886)	(890)
<b>Total liabilities</b>		(2,842)	(1,707)
<b>Net assets</b>		187,750	172,478
<b>(a) Income</b>			
Fixed deposit interest income		1,494	982
Gain in financial assets at fair value through profit or loss		1,108	2,295
Bond interest income		253	360
Income from other investments		238	373
		3,093	4,010

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

**11. Sinking Funds (continued)**

	Note	2019	2018
		S\$'000	S\$'000
<b>(b) Expenditure</b>			
Reroofing works		176	332
Redecoration & repainting		2,629	3,411
Replacement of			
- transfer & booster pumpsets		95	537
- water pipes & stainless steel water tank lining		42	90
- refuse handling plant & chute flushing system		1,929	1,544
Replacement of fire pump		-	6
Consultancy fee & other charges		365	325
Provision for impairment loss on available-for-sale assets		-	43
Non-claimable goods and services tax (Note 14)		144	(225)
Allocation of 6.5% (2018: 6.5%) managing agents' fee	5	380	337
		5,760	6,400

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

#### 12. Lift Replacement Funds

	Note	Total		Residential Property		Commercial Property	
		2019	2018	2019	2018	2019	2018
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 April		48,382	-	45,587	-	2,795	-
Appropriation from Sinking Funds at 1 April	11	-	25,689	-	23,922	-	1,767
Add :							
Income	12(a)	675	356	666	352	9	4
Operating income transfer from Conservancy and Service Charges	10	8,551	7,702	8,355	7,542	196	160
Transfer from government grants	9,10	1,271	1,123	1,269	1,122	2	1
Lift Replacement Fund Matching Grant <sup>^</sup>	9	11,191	6,533	10,776	6,310	415	223
Funding for Selective Lift Replacement Programme <sup>^^</sup>		708	-	675	-	33	-
		22,396	15,714	21,741	15,326	655	388
Less: Expenditure	12(b)	(16,063)	(4,108)	(15,866)	(4,066)	(197)	(42)
Income tax expense	8 (a)	(115)	(61)	(114)	(60)	(1)	(1)
Suplus for the financial year		6,218	11,545	5,761	11,200	457	345
Transfer from Accumulated Surplus <sup>^</sup>	10	6,000	11,148	5,763	10,465	237	683
At 31 March		60,600	48,382	57,111	45,587	3,489	2,795

Represented by:

#### Current asset

Cash and cash equivalents	15	50,125	40,634
Amount due from accumulated surplus		8,227	8,499
Interest receivables		464	180
Conservancy and service fee receivables		281	260
Selective Lift Replacement Programme funding receivables		354	-
Other receivables		4,419	1,114
		63,870	50,687

#### Current liabilities

Creditors and accrued expenses		(3,094)	(2,244)
Current income tax liabilities	8(b)	(176)	(61)
<b>Total liabilities</b>		<b>(3,270)</b>	<b>(2,305)</b>

#### Net assets

		60,600	48,382
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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

### 12. Lift Replacement Funds (continued)

<sup>^</sup> Lift Replacement Fund Matching Grant of \$11,191,000 included voluntary contribution made during the financial year ended 31 March 2019 and 2018 totalling \$6,241,500. With the voluntary contribution of \$6,000,000 (2018: \$6,483,000) from the Accumulated Surplus to the Lift Replacement Funds, the Town Council is entitled to receive a matching grant of \$3,000,000 and \$3,241,500 for voluntary contribution respectively. This voluntary contribution is made in accordance with Section 33(9) of the Town Council Act (Chapter 329A).

<sup>^^</sup> HDB introduced the Selective Lift Replacement Programme (“SLRP”) in September 2014 to help Town Councils replace about 750 old lifts that did not come with key safety and security features as those in modern lifts, such as vision panels and doors with infra-red motion sensors. HDB will co-fund 50% of the lift replacement cost (capped at \$125,000 per lift). For Sembawang Town Council, 12 lifts were eligible to carry out the lift replacement under the SLRP.

#### (a) Income

	2019	2018
	S\$'000	S\$'000
Bank & fixed deposit interest income	675	356

#### (b) Expenditure

	2019	2018
	S\$'000	S\$'000
Replacement of hoisting ropes and sheaves of lifts	911	1,305
Replacement of batteries for ARD	288	114
Replacement of batteries for EBOPS	170	138
Overhauling and upgrading of lifts	11,013	1
Selective Lift Replacement works <sup>^^</sup>	1,362	-
Replacement of lift position display panel	738	365
Replacement of lift inverter drive	341	1,549
Consultancy fee and other charges	670	258
Non-claimable goods and services tax (Note 14)	365	197
Allocation of 3.5% managing agents' fee	205	181
	16,063	4,108

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

**13. Town Improvement and Project Funds**

	Note	Total		Residential Property		Commercial Property	
		2019	2018	2019	2018	2019	2018
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 April		1,602	1,158	1,583	1,145	19	13
Transfer from government grants	9	3,654	2,630	3,614	2,601	40	29
Less : Expenditure	13(a)	(4,215)	(3,113)	(4,167)	(3,078)	(48)	(35)
Deficit for the financial year		(561)	(483)	(553)	(477)	(8)	(6)
		1,041	675	1,030	668	11	7
Appropriation from accumulated surplus	10	1,054	927	1,039	915	15	12
At 31 March		2,095	1,602	2,069	1,583	26	19

Represented by:

**Current asset**

Other receivables	4,177	2,260
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**Current liabilities**

Creditors and accrued expenses	(253)	(542)
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Amount due to accumulated surplus	(1,829)	(116)
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	2,095	1,602
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**(a) Expenditure**

	2019	2018
	S\$'000	S\$'000
Construction of covered walkways	436	581
Upgrading of open spaces	56	427
Construction/upgrading of playgrounds / fitness corners etc	1,352	137
Lift surveillance system	3	-
General and administrative charges	28	2
Consultancy fees and project management fees	261	384
Other amenities	1,428	381
Construction of barrier free access facilities	65	9
Large Scale Town Wide (LSTW) Projects	586	1,192
	4,215	3,113

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

#### 14. Non-claimable goods and services tax

Government grants received by the Town Council are considered non-taxable supplies. Therefore, input tax claimable is based on a formula determined by the Inland Revenue Authority of Singapore (“IRAS”). The non-claimable portion is charged to the respective funds.

#### 15. Cash and cash equivalents

	Note	2019	2018
		S\$'000	S\$'000
Cash and bank balances		17,684	22,346
Fixed deposits		159,611	120,186
Cash and fixed deposits held in trust by fund managers	17	4,125	3,965
		181,420	146,497
Taken up in:			
Accumulated surplus:			
- Cash and bank balances		12,159	12,707
- Fixed deposits		9,646	7,103
		21,805	19,810
Sinking Funds:			
- Cash and bank balances		2,112	2,802
- Fixed deposits		103,253	79,286
- Cash and fixed deposits held in trust by fund managers	17	4,125	3,965
	11	109,490	86,053
Lift Replacement Funds:			
- Cash and bank balances		3,414	6,837
- Fixed deposits		46,711	33,797
	12	50,125	40,634
Total cash and bank balances		181,420	146,497

At the end of the reporting period, the carrying amounts of cash and cash equivalents approximate their fair values.

The fixed deposits with financial institutions mature between one month to eleven months (2018: between two months to eleven months) after the financial year end. The interest rate as at 31 March 2019 was between 1.63% and 2.05% (2018: between 1.19% and 1.63%).

For the purposes of the cash flow statement, the cash and cash equivalents comprise the following:

	2019	2018
	S\$'000	S\$'000
Total cash and bank equivalents	181,420	146,497
Less: Cash and fixed deposits held in trust by fund managers (Note 17)	(4,125)	(3,965)
Cash and cash equivalents per cash flow statement	177,295	142,532



**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

**16. Financial assets at fair value through profit or loss**

	Note	2019	2018
		S\$'000	S\$'000
Sinking Funds:			
- Listed Equities		14,882	15,732
- Bonds Securities		48,358	46,531
	11,17, 30(a)	63,240	62,263

The financial assets at fair value through profit or loss have been designated to be held for trading purposes.

**17. Funds with fund managers**

At the end of the reporting period, the funds with fund managers comprise the followings:

	Note	2019	2018
		S\$'000	S\$'000
Financial assets at fair value through profit or loss	11,16, 30(a)	63,240	62,263
Cash and fixed deposits	15	4,125	3,965
Accrued interest	19	213	242
Management fees payable to fund managers		(22)	(22)
		67,556	66,448

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

### 18. Conservancy and service fee receivables

	2019	2018
	S\$'000	S\$'000
Conservancy and service fee receivables	2,450	2,290
Less: Allowance for impairment losses	(858)	(835)
	1,592	1,455

Concentration of credit risk relating to conservancy and service fee receivables is limited due to the Town Council's large base of residents. Town Council's historical experience in the non-collection of conservancy and service fee receivables shows 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 applies a simplified approach in calculating expected credit loss (ECL). Therefore, the Town Council does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Town Council uses the practical expedient under FRS 109 in the form of allowance matrix to measure the ECL for conservancy and service fee receivables and penalty on late payment receivables (Note 19) where the loss allowance is equal to lifetime ECL. The following allowance matrix is used:

	Rate of Provision
Live accounts with arrears 12 months and above	100%
Terminated accounts with arrears	100%

Based on its historical observed default rates which is adjusted for forward-looking estimates and establishes that ECL for the conservancy and service fee receivables would be calculated as follows:

	Gross conservancy and service fee receivables		Allowance for impairment losses	
	2019	2018	2019	2018
	S\$'000	S\$'000	S\$'000	S\$'000
Not past due	88	74	-	-
Past due 0 - 30 days	507	437	8	-
Past due 31 - 120 days	372	321	2	-
Past due 121 -364 days	637	515	2	-
Past due 365 days and above	846	943	846	835
	2,450	2,290	858	835

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

#### 18. Conservancy and service fee receivables (continued)

Movement in allowance for impairment is as follows:

	2019	2018
	S\$'000	S\$'000
At 1 April	835	981
Charge/(Written-off) for the financial year	23	(146)
At 31 March	858	835

Based on historical experience, the Town Council believes that no impairment allowance is necessary in respect of conservancy and service fee receivables not past due or past due but not impaired.

#### 19. Other receivables and prepayments

	Note	2019	2018
		S\$'000	S\$'000
Penalty on late payment		396	389
Less: Allowance for impairment losses		(158)	(158)
		238	231
Citizens' Consultative Committee grant receivables		4,165	2,241
Lift Replacement Fund Matching grant receivables		4,122	1,032
Conservancy and service charges grant receivables		168	457
Selective Lift Replacement Programme funding receivables		354	-
Neighbourhood Renewal Programme funding receivables		-	1,413
GST subvention grant		586	540
Agency fees receivables		546	22
Accrued interest	17	213	242
Others		842	593
		11,234	6,771
Prepayments		171	187
Other receivables and prepayments		11,405	6,958

The credit risk for penalty on late payment receivables is further disclosed in Note 18.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

### 19. Other receivables and prepayments (continued)

The ageing of other receivables (excluding prepayments) at the end of the reporting period is as follows:

	Gross other receivables		Allowance for impairment losses	
	2019	2018	2019	2018
	S\$'000	S\$'000	S\$'000	S\$'000
Not past due	10,561	6,470	-	-
Past due 0 - 30 days	427	67	-	-
Past due 31 - 120 days	76	98	-	-
Past due 121 -364 days	154	123	-	-
Past due 365 days and above	174	171	158	158
	11,392	6,929	158	158

The change in impairment losses in respect of other receivable during the financial year is as follows:

	2019	2018
	S\$'000	S\$'000
At 1 April	158	173
Written-off for the financial year	-	(15)
At 31 March	158	158

Based on historical default rates, the Town Council believes that no impairment allowance is necessary in respect of other receivables not past due or past due but not impaired.

### 20. Equity investments at fair value through other comprehensive income/ Available-for-sale financial assets

Note	2019	2018	
	S\$'000	S\$'000	
At 1 April	7,331	7,216	
(Redemption)/Additions	(4,323)	34	
Return of capital	(19)	(15)	
Provision for impairment loss	-	(43)	
Fair value gain recorded in fair value reserve	23	164	
At 31 March	30(a)	3,153	7,331
Taken up in:			
Sinking Funds	11	3,153	7,331

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

**20. Equity investments at fair value through other comprehensive income/  
 Available-for-sale financial assets (continued)**

Equity investments comprise of the following:

	2019	2018
	S\$'000	S\$'000
Quoted equities	-	4,372
Quoted real estate investment trusts	3,153	2,959
	3,153	7,331

**21. Debt investments at amortised cost/Held-to-maturity financial assets**

Included in below are the assets at carrying amounts, categorised by the earlier of contractual repricing or maturity dates:

	Note	2019	2018
		S\$'000	S\$'000
Quoted bonds with fixed interest of 1.52% to 3.50% (2018: 1.368% to 4.00%)			
- Current		4,723	4,519
- Non-current		3,829	8,584
		8,552	13,103
Taken up in:			
Sinking Funds	11	8,552	13,103

The effective interest rates for the bonds are as follows:

	2019	2018
	%	%
Quoted bonds with fixed interest	1.48 to 2.64	1.32 to 2.64

The fair value for the investment in government and statutory board bonds are as follows:

	Fair Value	
	2019	2018
	S\$'000	S\$'000
Quoted bonds with fixed interest	8,631	13,133

The investment in government and statutory board bonds are denominated in Singapore dollar.

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

**22. Plant and equipment**

	Furniture, fixtures and fittings	Office equipment	Data processing equipment	Leasehold improvement	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cost</b>					
At 1 April 2017	67	124	113	685	989
Additions	20	9	9	177	215
Written off	(42)	(6)	(2)	-	(50)
At 31 March 2018 and 1 April 2018	45	127	120	862	1,154
Additions	-	9	6	-	15
Written off	-	(3)	(1)	-	(4)
At 31 March 2019	45	133	125	862	1,165
<b>Accumulated depreciation</b>					
At 1 April 2017	54	63	73	126	316
Depreciation charge for the financial year	6	29	22	155	212
Written off	(42)	(6)	(2)	-	(50)
At 31 March 2018 and 1 April 2018	18	86	93	281	478
Depreciation charge for the financial year	8	33	22	172	235
Written off	-	(3)	(1)	-	(4)
At 31 March 2019	26	116	114	453	709
<b>Net carrying amount</b>					
At 31 March 2018	27	41	27	581	676
At 31 March 2019	19	17	11	409	456

**23. Fair value reserve**

	Note	2019	2018
		S\$'000	S\$'000
At 1 April		1,086	947
Fair value gain on equity investments at fair value through other comprehensive income for the financial year	20	164	139
At 31 March		1,250	1,086

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

**24. Creditors and accrued expenses**

	2019	2018
	S\$'000	S\$'000
Accounts payable	6,176	5,195
Work order accruals	228	675
Project expenditure accruals	3,815	1,576
Other accruals	217	319
Sundry creditors - utilities	1,514	1,027
Sundry deposits	129	115
Others	64	473
<b>Total creditors and accrued expenses</b>	<b>12,143</b>	<b>9,380</b>

Total amount of \$4.006 million (2018: \$1.269 million) is related to amount due to a related party (managing agent), which is unsecured, interest-free and is expected to be repaid in cash or settled within twelve months from the end of the reporting period.

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

**25. Advances received for Neighbourhood Renewal Programme and Electrical Load Upgrading Programme**

	2019	2018
	S\$'000	S\$'000
At 1 April	853	1,842
Funding from HDB	5,677	3,034
Refund of excess to HDB	(112)	-
Payments to contractors	(5,634)	(4,023)
<b>At 31 March</b>	<b>784</b>	<b>853</b>
<u>Represented by:</u>		
Advances received for Neighbourhood Renewal Programme	693	853
Advances received for Electrical Load Upgrading Programme	91	-
	<b>784</b>	<b>853</b>



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

### 26. Commitments

#### (a) Expenditure commitments

Expenditure commitments approved by the Town Council but not provided for in the financial statements:

	2019	2018
	S\$'000	S\$'000
Amount approved and contracted for	37,013	34,981
Amount approved but not contracted for	4,543	3,678
	41,556	38,659

#### (b) Operating lease commitments

The Town Council has various operating lease agreements for office premises, office equipment, computer hardware and software that are non-cancellable. These leases have an average lease tenure three to seven years.

Future minimum lease payments recognised by the Town Council as expense for the financial year ended 31 March 2019 amounted to \$459,000 (2018: \$445,000).

Future minimum lease payable under the non-cancellable operating lease at the end of the reporting period are as follows:

	2019	2018
	S\$'000	S\$'000
Not later than one year	458	459
Later than one year but not later than five years	502	302
	960	761

### 27. Related party transactions

EM Services Pte Ltd, 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
	S\$'000	S\$'000
Managing agent's fees	6,577	5,846
Energy saving project	3,234	3,236
Essential maintenance services expenses	-	860
Project management fees	1,087	687
Upgrading and construction of playgrounds	91	-
Lift replacements	11,013	-
Lift repairs and servicing	1,027	1,007
Others	271	80

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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### 28. Management of Town Council's funds

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 funds structure to ensure optimal structure, taking into consideration the future funds requirements of the Town Council, prevailing and projected service and conservancy charges, 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.

The Town Council total funds amounted to \$255.891 million (2018: \$226.441 million).

### 29. Financial risk management objectives and policies

#### Overview

The Town Council has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Town Council's risk management process to ensure that an appropriate balance between risk and control is achieved.

The Town Council is exposed to credit, interest rate and other market risk in the normal course of the Town Council's operations.

#### (a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting from financial loss to the Town Council. For conservancy and service receivables, at the end of the reporting period, there were no significant concentrations of credit risk. Cash with banks are held with regulated banks which have high credit ratings assigned by international credit rating agencies.

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 Town Council's conservancy and service fee receivable comprise mainly from conservancy and service fee collections. The credit risk for conservancy and service fee receivables arise mainly from residents who are facing significant financial hardship and have difficulties paying their conservancy and service fees despite letter of demand sent. Procedures are in place for collecting the outstanding conservancy and service fee including prosecution orders.

An allowance for impairment is made in respect of overdue conservancy and service fee receivable and penalty on late payment receivable from residents where the amount is still outstanding after all collection procedures are adhered. The allowance represents the aggregate amount by which management considers it necessary to write down its receivable in order to state it in the balance sheet at its estimated recoverable value.

Although the Town Council's credit exposure is concentrated mainly in Singapore, it has no significant concentration of credit risk with any single resident or category of resident as the Town Council has a large number of residential and commercial households.

Cash and fixed deposits are placed with banks and financial institutions which are regulated.

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

#### (b) Liquidity risk

The Town Council adopts prudent liquidity risk management by maintaining sufficient cash to meet its routine, Sinking and Lift Replacement Funds expenditure.

The financial assets and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations have a maturity of less than one year other than investment in government bonds as disclosed in Note 21 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

#### 29. Financial risk management objectives and policies (continued)

(c) **Market risk**

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices, will affect the Town Council's income or the value of its holdings of financial instruments:

(i) **Interest rate risk**

The Town Council's exposure to market risk for changes in interest rates relate to interest-bearing fixed deposits with financial institutions. The Town Council's surplus funds are placed with reputable financial institutions. The interest rates on these funds are at prevailing rates.

*Sensitivity analysis*

A 1% change in interest rate at the reporting date would increase or decrease investment income by the amount shown below. The analysis assumed that all other variables remain constant.

	2019	2018
	\$'000	\$'000
Fixed deposits	1,596	1,202

(ii) **Price risk**

*Sensitivity analysis-equity price risk*

The Town Council's equity instruments are quoted. A 10% increase/(decrease) in the underlying equity prices at the reporting date would increase/(decrease) fair value reserve and sinking funds by the following amount:

	2019	2018
	\$'000	\$'000
Fair value reserves	315	733
Fair value through sinking fund	1,488	1,573

This analysis assumes that all other variables remain constant.

(d) **Financial instruments by category**

The carrying amounts of the different categories of financial instruments are as follows:

	2019	2018
	\$'000	\$'000
Financial assets at fair value through profit or loss	63,240	62,263
Available-for-sale financial assets	-	7,331
Held-to maturity financial assets	-	13,103
Financial assets at fair value through other comprehensive income	3,153	-
Financial assets at amortised cost	204,446	155,540
Less: financial liabilities at amortised cost	(12,143)	(9,380)
	258,696	228,857

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

### 30. Fair value of financial instruments

**(a) Financial instruments carried at fair value**

The table below analyses financial instruments carried at fair value, by valuation method. Level 1: quoted prices (unadjusted) in active markets for identical assets are as follows:

	Note	2019	2018
		\$'000	\$'000
Financial assets at fair value through profit or loss	16	63,240	62,263
Equity investments at fair value through other comprehensive income	20	3,153	7,331
		66,393	69,594

**Determination of fair values**

The fair value of financial assets at fair value through profit or loss and equity investments are determined by reference to their quoted bid prices at the end of the reporting date.

**(b) Financial instruments not carried at fair value and whose carrying amount are reasonable approximation of fair value**

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including cash and cash equivalents, interest receivables, conservancy and service fee receivables, other receivables, conservancy and service fees received-in-advance, creditors and accrued expenses and government grant received-in-advance) are assumed to approximate their fair values because of the short period to maturity.

The aggregate net fair values of financial assets and liabilities which are not carried at fair value in the statement of financial position as at 31 March are represented in the following table:

	2019		2018	
	Carrying amount	Fair value	Carrying amount	Fair value
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Financial assets</b>				
Debt investments at amortised cost	8,552	8,631	13,103	13,133
Unrecognised gain		79		30

**Determination of fair values**

The fair value of debt investments at amortised cost are determined by reference to their quoted bid prices at the end of the reporting period.

### 31. Authorisation of financial statements for issue

The financial statements of the Town Council for the financial year ended 31 March 2019 were authorized for issue by the members of the Town Council on 3 September 2019.





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