

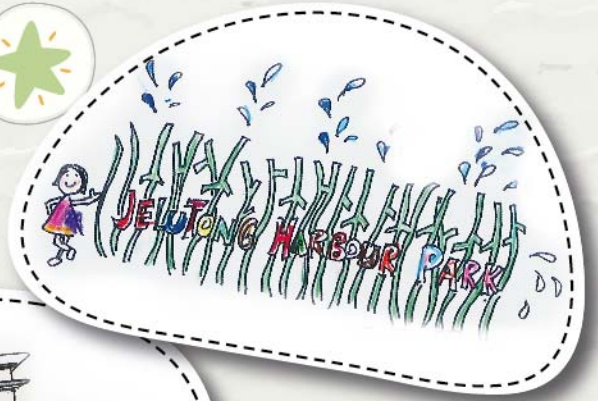
MAKE SEMBAWANG *Special*

ANNUAL REPORT
2020/2021

SAYANG SEMBAWANG

三巴旺 心希望

அன்தூடற செம்பவாங்



Our Sembawang
Our Home

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Sayang Our Future, **Sembawang** *Our Home*





Chairman's Review

The fight against the global-wide Covid-19 pandemic continue to persist throughout the year for the nation. There were many ups and downs, but Singapore has done our utmost to keep the situation well under control.

Like others, we had to adapt to new norms such as holding virtual events and meeting our residents online. For precautionary measures, Sembawang Town Council also intensified cleaning and sanitising of common areas to ensure that our estates remain safe for our residents. Covid-19 support measures and grants by the Government are also provided to aid affected businesses and individuals financially.

However, this pandemic did not stop us from being progressive in our continuous efforts to enhance our sustainability plans.

Some of the efforts by Sembawang Town Council include initiatives such as the water saving through high-pressure Hydrojet Washers and energy saving through LED lights and Solar Panel Project. We will continue to innovate and explore possibilities to make Sembawang GRC a greener and more energy efficient home for us and our future generations. On this note, I am pleased to present our report on the various aspects of our operations.



Finance

In FY2020/2021, Sembawang Town Council had an operating surplus of \$11.23 million. As of 31 March 2021, our Town Council's Sinking Funds, Lift Replacement Funds and Accumulated Surplus stood at \$182.98 million, \$54.43 million, and \$12.14 million respectively.

The arrears cases for three months and above form 2.38% 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.



Code of Governance

The Code of Governance consists of four parts:

- Risk Management Framework is an important feature in the Code of Governance. The Council had implemented a comprehensive Risk Management Framework where key risks are identified and reported to the Council. An annual risk assessment has been

On the selection and appointment of Town Councillors, the elected members nominated candidates based on their relevant experience, skills, understanding of the residents' needs, involvement and contributions to the community. They would then be appointed and placed in the five standing committees ensuring that each committee has the necessary core skills and competencies to carry out the duties and responsibilities of the respective committees. In addition, two-thirds of members must be residents staying in HDB housing estates within the town in accordance with Town Council Act.



OUR TOWN COUNCILLORS



Mr Ong Ye Kung
Minister for Health
MP for Sembawang GRC
(Sembawang Central)



Dr Lim Wee Kiak, PBM
MP for Sembawang GRC
(Canberra)



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



Ms Poh Li San
MP for Sembawang GRC
(Sembawang West)
Vice-Chairman of
Sembawang Town Council



Ms Mariam Jaafar
MP for Sembawang GRC
(Woodlands)
Vice-Chairman of
Sembawang Town Council

AUDIT COMMITTEE



Dr Ting Seng Kiong
Secretary
Sembawang Town Council



**Mr Jordan Ang
Jeok Khoon, PBM**
Chairman



Mr Ho Kok Yong
Co-Chairman



**Mr Abdul Ghani Bin
Abdul Jabar, PBM**
Member



**Ms Emily Chin
Bee Lay**
Member



**Mr Eugene Ng
Chew Chin**
Member



**Mr Greg Tay
Choong Meng**
Member



Mr Lee Weng Khor
Member



**Mr Raymond Pan
Guorong**
Member



**Mr Richard Toh
Chye Beng**
Member

FINANCE COMMITTEE



**Mr Alex Toh
Wee Keong**
Chairman



**Mr Chung
See Fook, PBM**
Member



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



**Mr Haluman
Panday**
Member



**Mr Ho Kok Khun,
PBM**
Member



**Mr Markus Koo
Pheng Kim, PBM**
Member



**Mr Muhamed Rizal
Bin Rasudin, PBM**
Member



**Mr Roy Loi
Heok Kia**
Member

COMMUNICATIONS AND COMMUNITY ENGAGEMENT COMMITTEE



Mr Goh Peng Hong,
BBM
Chairman



**Mdm Kalyani d/o
Sinnakkalai
Ramasamy, BBM**
Co-Chairman



Mr Isson Jacob
Member



**Mr Christopher Wang
Junqiang**
Member



**Mr Daniel Tan
Hong Lim**
Member



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



**Ms Helen Leow
Gek Woo, PBM**
Member



Mr Kelvin Ong Yanto
Member



**Ms Nur Zatul Ezza
Bte Zainal**
Member

ESTATE MANAGEMENT COMMITTEE



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



**Mr Norman Aw
Kai Aik, BBM(L)**
Co-Chairman



Mr Wong Hao,
BBM
Member



**Mr Edmund Tan
Liang Ti**
Member



**Mr Mark Tan
Bak Yieh**
Member



**Ms Serene Tok
Geok Choo**
Member



**Mr Simon Ling
You Shing, PBM**
Member



Mr Thor Wan Kwee,
PBM
Member



Ms Yip Kwai Heng
Member

PROCUREMENT COMMITTEE



Mr Sim Kin Chye,
BBM
Chairman



Er Lu Qi Min, BBM
Co-Chairman



Mr Chen Yee Leng,
PPA
Member



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



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



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



**Mr Joseph Tan
Yong Siang, PBM**
Member



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

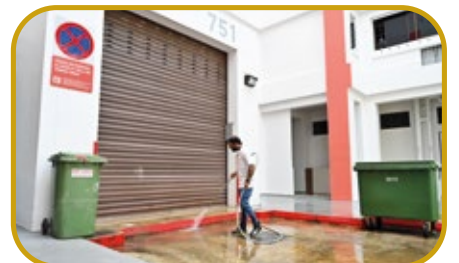
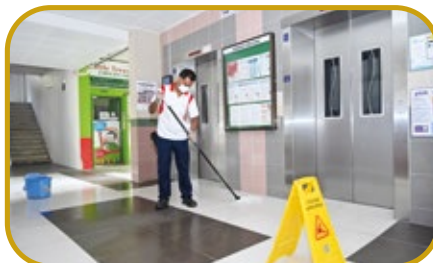


**Mr Steve Poh
Gim Hong, BBM**
Member

Town Council Management Report (TCMR)

The key role of the Town Council is to ensure that the Towns are kept clean and well-maintained for our residents to live in. This remains our priority especially during the Covid-19 pandemic where cleaning frequency has been increased in high usage spaces in our common areas.

Our efforts were reflected in our performance in the Town Council Management Report (TCMR) for this financial year. Sembawang Town Council achieved Green Bands across all five categories in the TCMR, which includes 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 condition for our residents. Examples of cyclical works include repairs and redecoration (R&R), re-roofing, replacement of lift parts, pumps and pipes.

Of the total sum of \$19.28 million spent on cyclical works in FY2020/21, \$9.59 million was used for lift replacement works, and another \$3.75 million was expended on R&R projects.

We saw the completion of the 336 brand new lifts installed under the Lift Replacement Programme (LRP) in FY2020/2021. These new lifts come with

gearless motor which have resulted in energy saving by 34% or 1.07 million kwh, and is energy efficient as LED lights have been fitted. Other benefits of these new lifts include faster lift speed, bigger lift space, brighter lights, and compiles with safety guidelines.

In addition, it is also the first time life-cycle costing approach has been adopted in the tender for the lift replacement project. This new approach, which combines lift replacement works and subsequent maintenance work, has enabled Town Council to achieve greater cost savings while encouraging lift companies to supply and install lifts which are sustainable in the long term. This LRP has benefitted more than 18,000 residents in our GRC.



Town Improvement Projects (TIP)

Town improvements projects are important in every Town as to meet the needs of residents through upgrading and new amenities. Such projects commence after consulting with grassroots organizations and gathering feedback from residents on the facilities necessary to enhance our Town.

Sembawang Town Council spent a total of \$6.37 million in town improvement projects in FY 2020/2021. Of this expenditure, \$1.76 million was spent on upgrading of playgrounds and fitness corners, and another \$1.11 million 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.

In the same financial year, the Neighbourhood Renewal Programme (NRP) was launched in Woodlands and Sembawang West divisions

respectively. Unlike previous years, consensus gatherings and public consultations were conducted through exhibitions remotely, instead of the usual gatherings due to Covid-19. Through these exercises, we were still able to receive feedback and suggestions on the improvement works to shape our ideal neighbourhood. New improvements under the NRP include covered walkways, multi-generational playgrounds, fitness corners, and upgrading of activity plazas among others.

On 6 February 2021, we witnessed the official opening of the East Canberra Sports Park. This addition of the multi-purpose sports court has been beneficial for residents living in East Canberra estates.

Residents can also look forward to another large-scale upgrading project taking place at Montreal Green Park, which will boast a heritage corner, butterfly garden and interactive playgrounds.



Sembawang Cares

In the continuing Covid-19 situation, Sembawang Town Council has also taken precautionary measures in preventing the further spread of the virus. Measures include increased frequency of cleaning and sanitizing of lifts and common facilities, especially at high-touch surfaces. To increase the safety of residents, a special antimicrobial coating is also used in cleaning efforts, which is effective in controlling and rupturing the target organisms upon contact. With a single application, this protective coating will be effective on treated surfaces for up to 90 days.

Hand sanitisers have also been placed and refilled regularly in all our lifts for residents' use.

During this period, we have continually given support to the Sayang Sembawang community. Media platforms remain key avenues for us to stay in touch with our residents as we continually engage and reach out to residents during this pandemic.







Sembawang West Recycling event

Clean and Green Sembawang

Making Sembawang a clean and green home is a shared effort by our cleaners and residents. Together with its community partners and residents, Sembawang Town Council continued to hold our “Keep Clean, Singapore” initiative this year in Sembawang GRC, albeit at a smaller scale.

Groups of residents and grassroot volunteers came together to clean the neighbourhood. We also took the chance to recognise cleaners who have worked hard to upkeep the cleanliness of the estate.

Recycling campaigns are also being held regularly in Sembawang GRC, encouraging residents to recycle items that they no longer need or use. Residents are being educated on what can and cannot be recycled through publicity materials and regular recycling drives. We are also working closely with SembWaste to educate our residents on recycling right.

Moving forward, we are looking into the possibilities



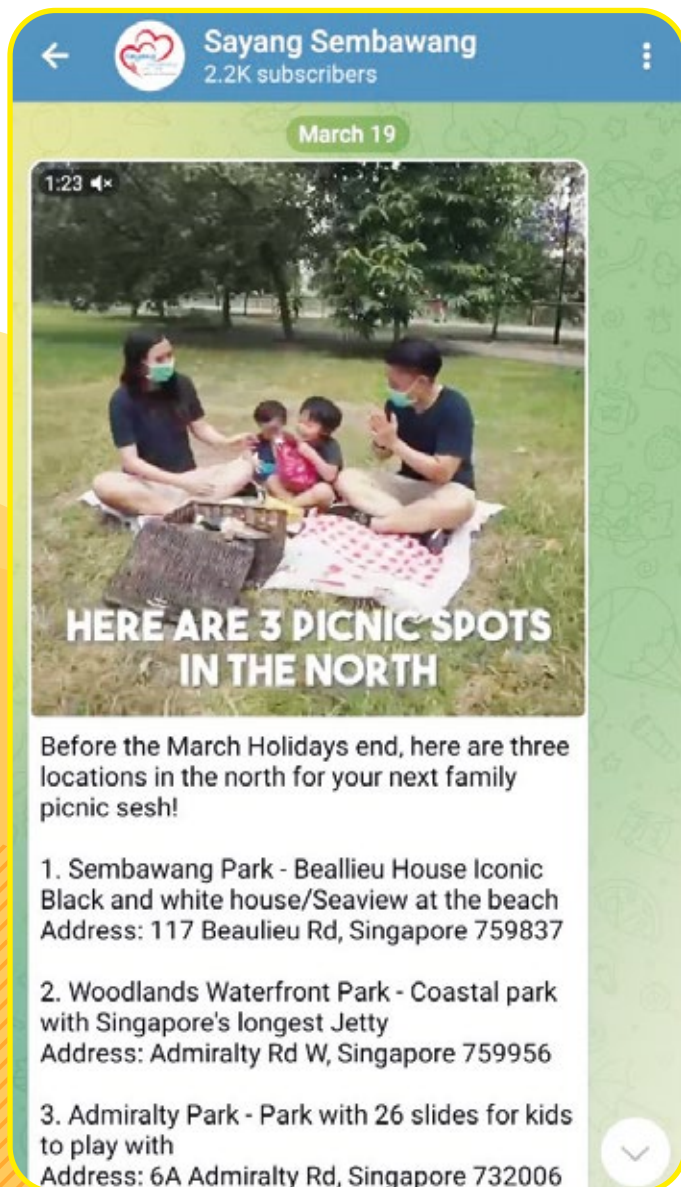
of e-waste collection in our Town and recycling garden waste. Together as a community, we can continue to make Sembawang GRC a clean and green place for everyone.



Sembawang Central Tree Planting Day



Engaging with Residents



@sembawangtowncouncil

@sayangsembawang



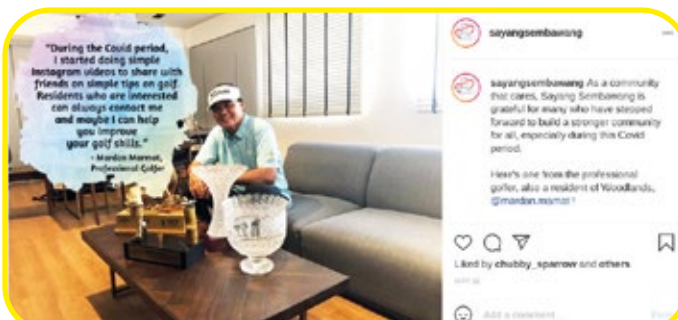
@sayangsembawang

As part of our efforts to continually engage our residents, Sembawang Town Council has further strengthened our existing communications channels in FY2020/2021. Residents can promptly submit their feedback through our website, iTown app and our Facebook page.

We leverage on our strong social media presence to reach out to our residents. Our Facebook pages — Sayang Sembawang Facebook page and Sembawang Town Council Facebook page — have a combined fan base of 55,000 as of 31 March 2021. We also reach out to residents in Sembawang GRC via our fortnightly digital newsletter and our newly launched Telegram channel, Sayang Sembawang. Our Telegram channel serves as a complementary platform to help better engage our residents and share up-to-date information instantly.

Our pages are frequently updated to share important updates and town news to our residents. These platforms help us to continuously engage with residents, keep their opinions in view and stay receptive to new ideas and constructive feedback.

Do also check out our newly re-launched website that features a fresh new look and a more user-friendly experience for residents looking for services and information from the Town Council.





Sayang Our Future

Sembawang GRC continues to transform with new developments springing up in many parts of the Town.

The long-awaited Canberra Plaza has opened its door to the public in December 2020. With new amenities and F&B outlets in the vicinity, residents were excited to visit the new mall, especially those who live nearby. Residents can also continue to look forward to upcoming developments in Sembawang GRC such as Bukit Canberra and the Canberra House Library.

In line with Singapore Green Plan 2030, the Action Green Town Plan across 15 Town Councils was launched on 15 May 2021. This initiative among the 15 town councils and residents aims to enhance sustainability plans and efforts nationwide. We will continue to work closely with various agencies to make Sembawang GRC a zero waste, energy efficient and greener Town, yet maintaining the high level of cleanliness in our estates.

I would like to take this opportunity to thank the Town Councillors, Grassroot Leaders and the staff, as all these will not be made possible without their help. We also thank our residents for their valuable feedback to continually better our Town, and also for their unwavering support during this period.

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

#MakeSembawangSpecial

Vikram Nair
Chairman
Sembawang Town Council



Annual Financial Statements

31 March 2021





Momentary Monument

Blk 313 Sembawang Drive Singapore 750313

Sembawang Town Council

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

ADDRESS

Block 504C Canberra Link
#01-63
Singapore 753504

INDEPENDENT AUDITOR

Ecovis Assurance LLP

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

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Sembawang Town Council (the "Town Council"), which comprise the statement of financial position of the Town Council as at 31 March 2021, 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 2021 and of the financial performance, changes in funds and cash flows of the Town Council for the financial year ended on that date.

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report Thereon

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.

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Act and FRSs, and for 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 established under the Act and may be dissolved by the Minister's order published in the Gazette. 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.

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.

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

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

- 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.

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 for Opinion

We conducted our audit in accordance with SSAs. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Compliance Audit* section of our report. We are independent of the Town Council in accordance with the ACRA Code together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on management's compliance.

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

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

Responsibilities of Management for Compliance with Legal and Regulatory Requirements

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

Auditor's responsibilities for the Compliance Audit

Our responsibility is to express an opinion on 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.



Ecovis Assurance LLP
Public Accountants and
Chartered Accountants
Singapore

14 October 2021

INCOME AND EXPENDITURE STATEMENT

For the financial year ended 31 March 2021

	Note	2021 \$'000	2020 \$'000
OPERATING INCOME			
Conservancy and service fees		59,303	62,739
Less: Operating income transfer to Sinking Funds		(15,419)	(16,312)
Operating income transfer to Lift Replacement Funds		(8,303)	(8,783)
		<u>35,581</u>	<u>37,644</u>
Agency fees	6	5,716	6,163
Other income	10(a)	2,689	3,398
		<u>43,986</u>	<u>47,205</u>
Less: Operating expenditure			
Cleaning work		(8,821)	(9,567)
Managing agents' fees	5	(6,417)	(6,473)
Lift maintenance		(5,599)	(6,338)
Other works and maintenance		(5,394)	(5,984)
Water and electricity		(9,447)	(12,952)
General and administrative expenditure	7	(2,621)	(2,480)
		<u>(38,299)</u>	<u>(43,794)</u>
OPERATING SURPLUS		5,687	3,411
NON-OPERATING INCOME			
Add: Interest income		<u>125</u>	<u>181</u>
SURPLUS BEFORE TAXATION AND GRANTS		5,812	3,592
Less: Income tax expense	8(a)	<u>(293)</u>	<u>(356)</u>
SURPLUS BEFORE GOVERNMENT GRANTS		5,519	3,236
Add: Government Grants	9	23,240	21,410
Less: Transfer to Sinking Funds	9,11	(2,475)	(2,582)
Transfer to Lift Replacement Funds	12	(9,681)	(6,464)
Transfer to Town Improvement and Project Funds	9,13	(5,373)	(6,407)
		<u>5,711</u>	<u>5,957</u>

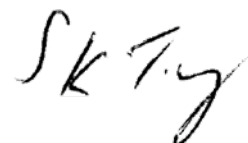
INCOME AND EXPENDITURE STATEMENT

For the financial year ended 31 March 2021

	Note	2021 \$'000	2020 \$'000
SURPLUS FOR THE FINANCIAL YEAR		11,230	9,193
Add: Accumulated Surplus at 1 April		13,653	5,446
Less: Voluntary Contribution to Lift Replacement Funds	12	(7,000)	-
Less: Surpluses transfer to Sinking Funds	11	(1,368)	-
Surpluses transfer to Lift Replacement Funds	12	(737)	-
Less: Transfer to Marsiling-Yew Tee Town Council	15	(433)	-
Transfer to Nee Soon Town Council	15	(2,217)	-
Less: Transfer from Accumulated Surplus to Town Improvement and Project Funds	13	(989)	(986)
ACCUMULATED SURPLUS AT 31 MARCH		12,139	13,653



Vikram Nair
Chairman



Dr. Ting Seng Kiong
Secretary

Singapore
14 October 2021

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

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2021

	Note	2021 \$'000	2020 \$'000
SURPLUS FOR THE FINANCIAL YEAR	10	11,230	9,193
MOVEMENT OF VARIOUS FUNDS			
Sinking Funds	11	16,556	9,138
Lift Replacement Funds	12	9,275	(11,593)
Town Improvement and Project Funds	13	(999)	(1,201)
		<u>36,062</u>	<u>5,537</u>
OTHER COMPREHENSIVE INCOME			
Item that may not be reclassified to income and expenditure statement			
Fair value gain (loss) on equity investments	21	<u>563</u>	<u>(768)</u>
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ATTRIBUTABLE TO TOWN COUNCIL FUNDS		<u><u>36,625</u></u>	<u><u>4,769</u></u>



Vikram Nair
Chairman



Dr. Ting Seng Kiong
Secretary

Singapore
14 October 2021

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

STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Note	2021 \$'000	2020 \$'000
TOWN COUNCIL FUNDS			
Residential Property			
Accumulated surplus	10	10,253	12,109
Sinking Funds	11	169,920	184,096
Lift Replacement Funds	12	50,431	45,467
Town Improvement and Project Funds	13	1,567	1,856
		<u>232,171</u>	<u>243,528</u>
Commercial Property			
Accumulated surplus	10	908	2,227
Sinking Funds	11	12,018	11,542
Lift Replacement Funds	12	4,003	3,540
Town Improvement and Project Funds	13	17	24
		<u>16,946</u>	<u>17,333</u>
Carpark			
Accumulated surplus (losses)	10	978	(683)
Fair Value Reserve			
Sinking Funds	11	1,045	482
Total Town Council Funds		<u>251,140</u>	<u>260,660</u>
Represented by:			
Current Assets			
Cash and cash equivalents	16	176,699	192,941
Interest receivables		942	2,062
Financial assets at fair value through profit or loss	17	50,495	63,063
Conservancy and service fee receivables	19	1,311	1,789
Other receivables and prepayments	20	14,788	14,233
Debt investments at amortised cost	22	1,514	-
Receivables from Sport-in-Precinct Programme	29	125	-
		<u>245,874</u>	<u>274,088</u>
Non-Current Assets			
Equity investments at fair value through other comprehensive income	21	2,946	2,408
Debt investments at amortised cost	22	12,075	3,808
Plant and equipment	23	166	269
Right-of-use assets	24	2,344	2,723
		<u>17,531</u>	<u>9,208</u>
Total Assets		<u>263,405</u>	<u>283,296</u>

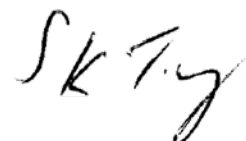
STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	Note	2021 \$'000	2020 \$'000
Current Liabilities			
Conservancy and service fee received in advance		935	1,157
Creditors and accrued expenses	26	7,076	15,839
Current income tax liabilities	8(b)	2,018	2,008
Lease liabilities	27	585	433
Advances received for Neighbourhood Renewal Programme and Electrical Load Upgrading Programme	28	112	327
Advances received for Sport-in-Precinct Programme	29	-	583
		10,726	20,347
Non-Current Liabilities			
Creditors and accrued expenses	26	94	91
Lease liabilities	27	1,445	2,198
		1,539	2,289
Total liabilities		12,265	22,636
Net Assets		251,140	260,660



Vikram Nair
Chairman



Dr. Ting Seng Kiong
Secretary

Singapore
14 October 2021

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

STATEMENT OF CHANGES IN TOWN COUNCIL FUNDS

For the financial year ended 31 March 2021

	Note	Residential property \$'000	Commercial property \$'000	Carpark \$'000	Fair value reserve \$'000	Total \$'000
Balance as at 1 April 2019		238,476	16,897	(732)	1,250	255,891
Surplus for the financial year		5,052	436	49	-	5,537
Other comprehensive loss						
Fair value loss on equity investments	25	-	-	-	(768)	(768)
Total comprehensive income for the financial year						
Balance as at 31 March 2020		243,528	17,333	(683)	482	260,660
Balance as at 1 April 2020		243,528	17,333	(683)	482	260,660
Surplus for the financial year		33,472	923	1,667	-	36,062
Other comprehensive income						
Fair value gain on equity investments	25	-	-	-	563	563
Total comprehensive income for the financial year						
Funds transferred to Marsiling-Yew Tee Town Council	15	(9,736)	(189)	(1)	-	(9,926)
Funds transferred to Nee Soon Town Council	15	(35,093)	(1,121)	(5)	-	(36,219)
Balance as at 31 March 2021		232,171	16,946	978	1,045	251,140

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

CASH FLOW STATEMENT

For the financial year ended 31 March 2021

	Note	2021 \$'000	2020 \$'000
Operating activities			
Surplus before taxation and government grants	10	5,812	3,592
Adjustments:			
Operating income transfer to Sinking Funds	10,11	15,419	16,312
Operating income transfer to Lift Replacement Funds	10,12	8,303	8,783
Interest income		(125)	(181)
Allowance for impairment loss on receivables		276	-
Loss from disposal of plant and equipment	23	-	1
Depreciation of plant and equipment	23	217	200
Depreciation of Right-of-use assets	24	323	224
Lease interest expenses	7	25	27
Operating surplus before changes in working capital		30,250	28,958
Decrease (Increase) in receivables		1,298	(1,197)
(Decrease) Increase in payables		(7,751)	4,039
Cash flows generated from operations		23,797	31,800
 Sinking Funds expenditure	11	(8,804)	(11,732)
Town Improvement and Project Funds expenditure	13	(6,372)	(7,608)
Lift Replacement Funds expenditure	12	(10,476)	(29,021)
Neighbourhood Renewal Programme and Electrical Load Upgrading Programme expenditure	28	(573)	(4,795)
Sport-in-Precinct Programme expenditure	29	(1,380)	(1,193)
Taxes paid		(924)	(814)
Net cash flows used in operating activities		(4,732)	(23,363)
 Investing activities			
Purchase of plant and equipment	23	(158)	(14)
Return of capital from equity investments	21	52	17
Purchase of equity investments	21	(27)	(40)
Proceeds from debt investments		-	4,713
Proceeds from financial assets at fair value through profit or loss		12	-
Investment and interest income received		3,941	5,256
Direct cost and payment related to right-of-use assets		(224)	(104)
Net cash flows generated from investing activities		3,596	9,828
 Financing activities			
Government grants received	9	21,377	21,057
Funding received for Neighbourhood Renewal Programme and Electrical Load Upgrading Programme	28	473	4,338
Funding received for Lift Enhancement Programme	12	1,268	1,381
Funding received for Sport-in-Precinct Programme	29	672	355
Repayment of lease liabilities	27	(347)	(239)
Cash flows generated from financing activities		23,443	26,892
 Net increase in cash and cash equivalents		22,307	13,357
Funds transferred to Marsiling-Yew Tee Town Council	15	(10,066)	-
Funds transferred to Nee Soon Town Council	15	(37,119)	-
Cash and cash equivalents at the beginning of financial year		190,652	177,295
Cash and cash equivalents at the end of financial year	16	165,774	190,652

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 2021

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. The HDB estates within Admiralty, Canberra, Sembawang Centre, Sembawang West and Woodlands divisions of Sembawang Group Representation Constituency ("GRC") make up the Sembawang Town. Prior to the Town Councils (Declaration) Order 2020 effected on 30 July 2020, the Sembawang Town was made up of Admiralty, Canberra, Gambas, Sembawang and Woodlands division.

Following the General Election 2020, the electoral boundaries of Sembawang Town have been redrawn. In accordance with the Town Councils (Declaration) Order 2020, Sembawang Town Council had transferred the assets and liabilities for the properties transferred to Marsiling-Yew Tee Town Council and Nee Soon Town Council on 28 October 2020, after the 90-days caretaker period. The affected properties are as follows:

- (i) 33 blocks of properties from Admiralty Division at Woodlands Avenue 1, Woodlands Drive 14 and Champions Way to Marsiling-Yew Tee Town Council;
- (ii) 123 blocks of properties from former Gambas Division at Yishun Ring Road, Yishun Avenue 1, 6, 11 and Yishun Street 31, 41 to 44 to Nee Soon Town Council.

Following the 2020 General Elections, the Town Council transferred 80% of its surpluses as at 22 June 2020 (the day before the issue of Writ of Election) to the ordinary sinking funds and lift replacement funds of the Town Council, in accordance with Section 34 of the Town Councils Act and Rule 4A of the Town Councils Financial rules. Refer Note 10, 11 and 12 for the amount transferred.

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 leasing transactions that are within the scope of FRS 116 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as value in use in FRS 36 *Impairment of Assets*.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Summary of significant accounting policies (cont'd)

2.1 *Basis of preparation (cont'd)*

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 2020. 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.

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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Summary of significant accounting policies (cont'd)

2.4 *Plant and equipment (cont'd)*

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.

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 fees 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 Funds. The Lift Replacement Fund Matching Grant, which is a grants-in-aid, is not subject to the minimum contribution rates.

The minimum amounts to be paid into the Sinking Funds is 26% (2020: 26%) of conservancy and service fees 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.

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 2021

2. Summary of significant accounting policies (cont'd)

2.5 Funds (cont'd)

(c) Lift Replacement Funds

In accordance with Section 33(4A) of the Town Councils Act, the Lift Replacement Funds is established 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.

The minimum amounts to be paid into the Lift Replacement Funds is 14% (2020: 14%) of conservancy and service fees 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)	
	2021	2020
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% (2020: 3.5%) of general overheads are allocated to the Lift Replacement Funds and 6.5% (2020: 6.5%) of general overheads are allocated to the Sinking Funds.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Summary of significant accounting policies (cont'd)

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 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 to help Town Councils in absorbing 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, treasury bills, 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**

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 2021

2. Summary of significant accounting policies (cont'd)

2.9 Financial instruments (cont'd)

(a) Financial assets (cont'd)

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.
- **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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Summary of significant accounting policies (cont'd)

2.9 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement (cont'd)

(ii) Funds with fund managers

The Town Council 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 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".

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Summary of significant accounting policies (cont'd)

2.9 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Amortised cost and effective interest method (cont'd)

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 19 and Note 20) where the loss allowance is equal to lifetime ECL. The following allowance matrix is used:

	<u>Rate of Provision</u>
Live accounts with arrears 12 months and above	100%
Terminated accounts with arrears	100%

The Town Council has reviewed and assessed the allowance matrix based on the conservancy and service fee arrears report as at 31 March 2021 and opined that the rate of provision as stated above remains appropriate and sufficient.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Summary of significant accounting policies (cont'd)

2.9 *Financial instruments (cont'd)*

(a) Financial assets (cont'd)

Impairment of financial assets (cont'd)

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 2021

2. Summary of significant accounting policies (cont'd)

2.10 *Impairment of non-financial assets*

The Town Council assesses at the end of each reporting period whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Town Council estimates the recoverable amount of the cash-generating unit to which the asset belongs. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount and the impairment losses are recognised as an expense in income and expenditure statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income in income and expenditure statement.

2.11 *Cash and cash equivalents*

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

2.12 *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.

2.13 *Leases*

The Town Council assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Town Council applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Town Council recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Summary of significant accounting policies (cont'd)

2.13 Leases (cont'd)

Right-of-use assets

The Town Council recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are amortised on a straight-line basis over the lease term, as disclosed below.

Data management system	-	6 years
Office premises	-	3 years
Office equipment	-	5 years

The Town Council's right-of-use assets are presented in Note 24.

Lease liabilities

At the commencement date of the lease, the Town Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Town Council uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset. The Town Council's lease liabilities are presented in Note 27.

Short-term leases and leases of low-value assets

The Town Council applies the short-term lease recognition exemption to its short-term leases of office premises and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

2.14 Revenue recognition

Conservancy and service fee 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, net of operating transfer to Sinking Funds and Lift Replacement Funds, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Summary of significant accounting policies (cont'd)

2.14 *Revenue recognition (cont'd)*

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 that are of short duration is recognised at point of receipt.

2.15 *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 fees 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.

2.16 *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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

2. Summary of significant accounting policies (cont'd)

2.16 *Contingencies (cont'd)*

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.

(a) *Classification of debt investments at amortised cost*

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 fee receivables*

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(b) *Provision for expected credit losses ("ECLs") of conservancy and services fee receivables (cont'd)*

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 fee 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 19 to the financial statements. If the present value of estimated future cash flows decreases by 10% from management's estimates, the Town Council's allowance for impairment will increase by \$126,400 (2020: \$171,400).

(c) *Leases – estimating the incremental borrowing rate*

The Town Council cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Town Council would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Town Council 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Town Council estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

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 \$7,044,522 (2020: \$7,105,428) for the financial year ended 31 March 2021. Included in the managing agents' fee, there is a total allocation of 10% managing agents' fee of \$627,389 (2020: \$632,402), for which \$407,803 (2020: \$411,061) and \$219,586 (2020: \$221,341) allocated to Sinking Funds and Lift Replacement Funds respectively, during the financial year (Note 11b, 12b).

Total managing agent fee to a related party (Note 31) amounting to \$7,025,100 (2020: \$7,100,400) in year 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

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:

	2021 \$'000	2020 \$'000
Office rental and upkeep expenditure	110	131
Computer services	418	219
Advertising, publicity and public relations	305	592
Office supplies and stationery	178	209
Town Councillors' allowances	202	193
Property tax	190	215
Legal fee	5	17
Depreciation of plant and equipment	217	200
Depreciation of right-of-use assets	323	224
Insurance premium	30	27
Lease interest expense	25	27
Plant and equipment not capitalised	34	2
Staff costs	3	2
Non-claimable goods and services tax (Note 14)	162	209
Others	671	439
Allocation of 6.5% (2020: 6.5%) general and administrative expenditure to Sinking Funds	(164)	(147)
Allocation of 3.5% (2020: 3.5%) general and administrative expenditure to Lift Replacement Funds	(88)	(79)
	<u>2,621</u>	<u>2,480</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

8. Income tax expense

(a) *Income tax expense*

	2021 \$'000	2020 \$'000
Income tax expense attributable to income is made up of:		
- Current income tax	882	1,083
- Under (Over) provision in respect of previous years	51	(5)
	933	1,078
Accumulated surplus:		
- Current income tax	294	358
- Over provision in respect of previous years	(1)	(2)
	293	356
Sinking Funds:		
- Current income tax	487	561
- Under (Over) provision in respect of previous years	52	(3)
	539	558
Lift Replacement Funds:		
- Current income tax	101	164
Current income tax expense	933	1,078

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

	2021 \$'000	2020 \$'000
Investment and interest income received	4,115	5,008
Other income	1,801	2,177
Allowable expenses	(194)	(247)
	5,722	6,938
Tax calculated at a tax rate of 17% (2020: 17%)	973	1,179
Tax effect of certain income taxed at concessionary tax rate	(91)	(96)
Under (Over) provision in respect of previous years	51	(5)
	933	1,078

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

8. Income tax expense (cont'd)

(b) *Current income tax liabilities*

	2021 \$'000	2020 \$'000
Taken up in:		
Accumulated surplus	653	701
Sinking Funds (Note 11)	1,099	1,028
Lift Replacement Funds (Note 12)	266	279
	2,018	2,008

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

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 Citizen's Consultative Committee		GST Subvention Grant	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Government Grants received/receivable during the financial year	10	23,240	21,410	6,335	6,612	930	941	8,348	5,073	5,373	6,407	2,254	2,377
Less: Transfer to -													
Sinking Funds	11	(2,475)	(2,582)	(1,647)	(1,719)	(242)	(245)	-	-	-	-	(586)	(618)
Lift Replacement Funds	12	(9,681)	(6,464)	(887)	(926)	(130)	(132)	(8,348)	(5,073)	-	-	(316)	(333)
Town Improvement and Project Funds	13	(5,373)	(6,407)	-	-	-	-	-	-	(5,373)	(6,407)	-	-
		5,711	5,957	3,801	3,967	558	564	-	-	-	-	1,352	1,426

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

	2021	2020
	\$'000	\$'000
Total grants received at 1 April	420,709	399,652
Add: Grants received during the financial year	21,377	21,057
Total grants received at 31 March	442,086	420,709

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

10. Accumulated surplus

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		Car park	
		2021	2020	2021	2020	2021	2020	2021	2020
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating income									
Conservancy and Service Fees		59,303	62,739	58,041	61,225	1,262	1,514	-	-
Less: Operating transfer to Sinking Funds	11	(15,419)	(16,312)	(15,091)	(15,918)	(328)	(394)	-	-
Operating transfer to Lift Replacement Funds	12	(8,303)	(8,783)	(8,126)	(8,571)	(177)	(212)	-	-
		35,581	37,644	34,824	36,736	757	908	-	-
Agency Fee		5,716	6,163	-	-	-	-	5,716	6,163
Other Income	10(a)	2,689	3,398	2,339	3,176	178	128	172	94
		43,986	47,205	37,163	39,912	935	1,036	5,888	6,257
Less: Operating Expenditure		(38,299)	(43,794)	(33,536)	(36,892)	(561)	(713)	(4,202)	(6,189)
Operating Surplus		5,687	3,411	3,627	3,020	374	323	1,686	68
Add: Interest Income		125	181	110	159	1	2	14	20
Surplus before Taxation and Grants		5,812	3,592	3,737	3,179	375	325	1,700	88
Less: Income tax expense	8(a)	(293)	(356)	(257)	(313)	(3)	(4)	(33)	(39)
Surplus before Government Grants		5,519	3,236	3,480	2,866	372	321	1,667	49
Add: Government Grants	9	23,240	21,410	23,036	21,220	204	190	-	-
Less: Transfer to Sinking Funds	11	(2,475)	(2,582)	(2,472)	(2,579)	(3)	(3)	-	-
Transfer to Lift Replacement Funds	12	(9,681)	(6,464)	(9,550)	(6,356)	(131)	(108)	-	-
Transfer to Town Improvement and Project Funds	13	(5,373)	(6,407)	(5,310)	(6,336)	(63)	(71)	-	-
		5,711	5,957	5,704	5,949	7	8	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

10. Accumulated surplus (cont'd)

	Note	Total		Residential		Commercial		Car park	
		2021	2020	2021	2020	2021	2020	2021	2020
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Surplus for the financial year		11,230	9,193	9,184	8,815	379	329	1,667	49
Add: Accumulated Surplus (Deficit) at 1 April		13,653	5,446	12,109	4,268	2,227	1,910	(683)	(732)
Less: Voluntary Contribution to Lift Replacement Funds [^]	12	(7,000)	-	(6,917)	-	(83)	-	-	-
Less: Surpluses transfer to Sinking Funds	11	(1,368)	-	(399)	-	(969)	-	-	-
Surpluses transfer to Lift Replacement Funds	12	(737)	-	(215)	-	(522)	-	-	-
Less: Transfer to Marsling-Yew Tee Town Council	15	(433)	-	(406)	-	(26)	-	(1)	-
Transfer to Nee Soon Town Council	15	(2,217)	-	(2,122)	-	(90)	-	(5)	-
Less: Appropriation to Town Improvement and Project Funds	13	(989)	(986)	(981)	(974)	(8)	(12)	-	-
Accumulated surplus (deficit) at 31 March		12,139	13,653	10,253	12,109	908	2,227	978	(683)

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

(a) Other income

	2021	2020
	\$'000	\$'000
Late payment penalty	167	295
Liquidated damages	51	84
Sale of tender documents	18	24
Sundry fines	49	41
Sundry income	239	172
Government Grant income:		
Safe Distancing Measures One-Off Grant	8	-
Rental related rebates	46	-
Temporary Occupational Licence income	1,905	2,032
Use of common property income	1	5
Use of void decks	(3)	42
Use of water and electricity at void decks	208	703
	2,689	3,398

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

11. Sinking Funds

	Note	2021 \$'000	Total 2020 \$'000	Residential property 2021 \$'000	Residential property 2020 \$'000	Commercial property 2021 \$'000	Commercial property 2020 \$'000
At 1 April		195,638	186,500	184,096	175,028	11,542	11,472
Transfer from Accumulated Surpluses	10	1,368	-	399	-	969	-
		197,006	186,500	184,495	175,028	12,511	11,472
Add:							
Income	11(a)	8,005	2,534	7,905	2,501	100	33
Operating income transfer from conservancy and service fees	10	15,419	16,312	15,091	15,918	328	394
Transfer from government grants	9,10	2,475	2,582	2,472	2,579	3	3
		25,899	21,428	25,468	20,998	431	430
Less: Expenditure	11(b)	(8,804)	(11,732)	(8,720)	(11,379)	(84)	(353)
Income tax expense	8(a)	(539)	(558)	(532)	(551)	(7)	(7)
		16,556	9,138	16,216	9,068	340	70
Surplus for the financial year	15	(7,197)	-	(7,079)	-	(118)	-
Less: Transfer to Marsiling-Yew Tee Town Council	15	(24,427)	-	(23,712)	-	(715)	-
Less: Transfer to Nee Soon Town Council		181,938	195,638	169,920	184,096	12,018	11,542
Add: Fair value reserves	25	1,045	482				
At 31 March		182,983	196,120				

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

11. Sinking Funds (cont'd)

	Note	2021 \$'000	2020 \$'000
Represented by:			
Current assets			
Cash and cash equivalents	16	113,747	121,032
Amount due from accumulated surplus		2,733	5,385
Interest receivables		716	1,412
Financial assets at fair value through profit or loss	17,18	50,495	63,063
Conservancy and service fee receivables		182	263
Debt investments	22	1,514	-
Other receivables		660	541
		<u>170,047</u>	<u>191,696</u>
Non-current assets			
Equity investments	21	2,946	2,408
Debt investments	22	12,075	3,808
		<u>15,021</u>	<u>6,216</u>
Total assets		<u>185,068</u>	<u>197,912</u>
Current liabilities			
Creditors and accrued expenses		(986)	(764)
Current income tax liabilities	8(b)	(1,099)	(1,028)
Total liabilities		<u>(2,085)</u>	<u>(1,792)</u>
Net assets		<u>182,983</u>	<u>196,120</u>
(a) Income			
		2021 \$'000	2020 \$'000
Fixed deposit interest income		1,683	2,270
Gain on financial assets at fair value through profit or loss		5,992	-
Bonds interest income		199	132
Income from other investments		131	132
		<u>8,005</u>	<u>2,534</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

11. Sinking Funds (cont'd)

	Note	2021 \$'000	2020 \$'000
(b) Expenditure			
Reroofing works		114	-
Electrical rewiring		1,195	2,848
Redecoration and repainting		3,750	4,562
Replacement of			
- transfer and booster pumpsets		359	474
- water pipes and stainless steel water tank lining		319	21
- refuse handling plant and chute flushing system		1,379	760
Modification of rooftop water tank overflow pipes		95	-
Replacement of fire pumps		26	-
Safety provisions at rooftops		458	-
Consultancy fee and other charges		567	474
Loss in financial assets at fair value through profit or loss		-	1,991
Non-claimable goods and services tax	14	134	191
Allocation of 6.5% (2020: 6.5%) managing agents' fee	5	408	411
		8,804	11,732

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

12. Lift Replacement Funds

	Note	2021 \$'000	Total 2020 \$'000	Residential property 2021 \$'000	Residential property 2020 \$'000	Commercial property 2021 \$'000	Commercial property 2020 \$'000
At 1 April		49,007	60,600	45,467	57,111	3,540	3,489
Transfer from Accumulated Surplus	10	737	-	215	-	522	-
		49,744	60,600	45,682	57,111	4,062	3,489
Add:							
Income	12(a)	600	964	592	952	8	12
Operating income transfer from Conservancy and Service Fees	10	8,303	8,783	8,126	8,571	177	212
Transfer from government grants	9, 10	1,333	1,391	1,331	1,389	2	2
Lift Replacement Fund Matching Grant [^]	9	8,348	5,073	8,219	4,967	129	106
Funding for Lift Enhancement Programme ^{^^}		1,268	1,381	1,258	1,365	10	16
		19,852	17,592	19,526	17,244	326	348
Less: Expenditure	12(b)	(10,476)	(29,021)	(10,367)	(28,726)	(109)	(295)
Income tax expense	8(a)	(101)	(164)	(99)	(162)	(2)	(2)
Surplus (Deficit) for the financial year		9,275	(11,593)	9,060	(11,644)	215	51
Transfer from Accumulated Surplus – Voluntary Contribution [^]	10	7,000	-	6,917	-	83	-
Transfer to Marsiling-Yew Tee Town Council	15	(2,262)	-	(2,218)	-	(44)	-
Transfer to Nee Soon Town Council	15	(9,323)	-	(9,010)	-	(313)	-
At 31 March		54,434	49,007	50,431	45,467	4,003	3,540
Represented by:							
Current assets							
Cash and cash equivalents	16	41,281	50,886				
Amount due from accumulated surplus		8,887	1,239				
Interest receivables		180	563				
Conservancy and service fee receivables		199	243				
Lift Enhancement Programme funding receivables		-	627				
Other receivables		4,682	1,771				
		55,229	55,329				
Current liabilities							
Creditors and accrued expenses		(529)	(6,043)				
Current income tax liabilities	8(b)	(266)	(279)				
Total liabilities		(795)	(6,322)				
Net assets		54,434	49,007				

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

12. Lift Replacement Funds (cont'd)

^The total Lift Replacement Matching Grant of \$8,348,200 included \$3,500,000 from voluntary contribution during the financial year ended 31 March 2021. With the voluntary contribution of \$7,000,000, the Town Council is entitled to receive a matching grant of \$3,500,000 for the voluntary contribution respectively. The voluntary contribution was made in accordance with Section 33(9) of the Town Council Act (Chapter 329A).

^^HDB announced a new Lift Enhancement Programme in September 2016 to help Town Councils modernised their existing Housing Development Board (HDB) lifts that have been in operation for 18 years or less. Town Council will have 10 years to carry out the modernisation works progressively. HDB will fund about 92.5% of the costs. During current financial year, Sembawang Town Council had carried out the enhancement programme for a total of 71 lifts (2020: 64 lifts). 514 lifts of the Town Council are eligible for the Lift Enhancement Programme. Of which, 135 lifts had been enhanced through the Programme.

(a) Income

	Note	2021 \$'000	2020 \$'000
Bank and fixed deposit interest income		600	964

(b) Expenditure

		2021 \$'000	2020 \$'000
Replacement of hoisting ropes and sheaves of lifts		1,583	1,148
Replacement of batteries for ARD		212	493
Replacement of batteries for EBOPS		98	101
Overhauling and upgrading of lifts		5,126	22,666
Replacement of lift position display panel		756	823
Replacement of lift inverter drive		357	690
Lift Enhancement Programme ^		1,458	1,461
Consultancy fees and other charges		436	976
Non-claimable goods and services tax	14	230	442
Allocation of 3.5% managing agents' fee	5	220	221
		<u>10,476</u>	<u>29,021</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

13. Town Improvement and Project Funds

	Note	Total		Residential property		Commercial property	
		2021	2020	2021	2020	2021	2020
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 April		1,880	2,095	1,856	2,069	24	26
Transfer from government grants	9	5,373	6,407	5,310	6,336	63	71
Less: Expenditure	13(a)	(6,372)	(7,608)	(6,298)	(7,523)	(74)	(85)
Deficit for the financial year		(999)	(1,201)	(988)	(1,187)	(11)	(14)
Transfer to Marsiling-Yew Tee Town Council	15	881	894	868	882	13	12
Transfer to Nee Soon Town Council	15	(34)	-	(33)	-	(1)	-
Appropriation from accumulated surplus	10	(252)	-	(249)	-	(3)	-
At 31 March		989	986	981	974	8	12
		1,584	1,880	1,567	1,856	17	24
Represented by:							
Current asset							
Other receivables		7,094	7,514				
Current liabilities							
Creditors and accrued expenses		(2,194)	(1,244)				
Amount due to accumulated surplus		(3,316)	(4,390)				
Total liabilities		(5,510)	(5,634)				
Net assets		1,584	1,880				

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

13. Town Improvement and Project Funds (cont'd)

(a) *Expenditure*

	2021 \$'000	2020 \$'000
Construction of covered walkways	1,617	908
Upgrading of open spaces	907	872
Construction/Upgrading of playgrounds/fitness corners etc.	1,760	1,963
Residents'/Senior citizens' corners	48	517
Lift Surveillance System	51	6
General and administrative charges	14	12
Consultancy fees and project management fees	557	605
Other amenities	282	726
Construction of barrier free access facilities	20	174
Large Scale Town Wide (LSTW) Projects	1,116	1,825
	6,372	7,608

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

15. Funds transferred to Town Councils after the General Election 2020

Following the General Election on 10 July 2020 and the gazetting of the Town Councils (Declaration of Towns) Order 2020 on 30 July 2020, Sembawang Town Council was reconstituted. Following this reconstitution, the following are funds transferred to Marsiling-Yew Tee Town Council and Nee Soon Town Council:

(a) Funds transferred to Marsiling-Yew Tee Town Council

	Note	Residential Property Funds \$'000	Commercial Property Funds \$'000	Carpark Fund \$'000	Total \$'000
Accumulated surplus	10	406	26	1	433
Sinking funds	11	7,079	118	-	7,197
Lift Replacement Funds	12	2,218	44	-	2,262
Town Improvement Project Funds	13	33	1	-	34
Net funds transferred as at 27 October 2020		9,736	189	1	9,926

Represented by:

Current assets

Cash and cash equivalents	10,066
Conservancy and service fee receivables	26
Other receivable and prepayment	20
	<u>10,112</u>

Current liabilities

Conservancy and service fee received-in-advance	28
Sundry refundable deposits	1
Government grants received in advanced	157
	<u>186</u>
Net assets	<u>9,926</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

15. Funds transferred to Town Councils after the General Election 2020 (cont'd)

(b) Funds transferred to Nee Soon Town Council

	Note	Residential Property Funds \$'000	Commercial Property Funds \$'000	Carpark Fund \$'000	Total \$'000
Accumulated surplus	10	2,122	90	5	2,217
Sinking funds	11	23,712	715	-	24,427
Lift Replacement Funds	12	9,010	313	-	9,323
Town Improvement Project Funds	13	249	3	-	252
Net funds transferred as at 27 October 2020		35,093	1,121	5	36,219
Represented by:					
Non-current asset					
Plant and equipment	23				44
Current assets					
Cash and cash equivalents					37,119
Conservancy and service fee receivables					141
Other receivable and prepayment					71
					37,331
Total assets					37,375
Current liabilities					
Conservancy and service fee received-in-advance					127
Other payable					176
Government grants received in advanced					738
Advances received for Neighbourhood Renewal Programme	28				115
					1,156
Net assets					36,219

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

16. Cash and cash equivalents

	Note	2021 \$'000	2020 \$'000
Cash and bank balances		10,861	21,106
Fixed deposits		154,913	169,546
Treasury bills held in trust by fund managers	18	8,696	-
Cash and fixed deposits held in trust by fund managers	18	2,229	2,289
		<u>176,699</u>	<u>192,941</u>
Taken up in:			
Accumulated surplus:			
- Cash and bank balances		7,947	14,464
- Fixed deposits		13,724	6,559
		<u>21,671</u>	<u>21,023</u>
Sinking Funds:			
- Cash and bank balances		2,282	3,083
- Fixed deposits		100,540	115,660
- Treasury bills held in trust by fund managers	18	8,696	-
- Cash and fixed deposits held in trust by fund managers	18	2,229	2,289
	11	<u>113,747</u>	<u>121,032</u>
Lift Replacement Funds:			
- Cash and bank balances		632	3,559
- Fixed deposits		40,649	47,327
	12	<u>41,281</u>	<u>50,886</u>
Total cash and bank balances		<u>176,699</u>	<u>192,941</u>

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 twenty six days to eleven months (2020: between one month to eleven months) after the financial year end. The interest rate as at 31 March 2021 was between 0.3% and 1.21% (2020: between 1.70% and 2.29%) per annum.

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

	2021 \$'000	2020 \$'000
Total cash and bank equivalents	176,699	192,941
Less: Treasury bills held in trust by fund managers (Note 18)	(8,696)	-
Less: Cash and fixed deposits held in trust by fund managers (Note 18)	(2,229)	(2,289)
Cash and cash equivalents per cash flow statement	<u>165,774</u>	<u>190,652</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

17. Financial assets at fair value through profit or loss

	Note	2021 \$'000	2020 \$'000
Sinking Funds:			
- Listed Equities		18,986	12,528
- Bonds Securities		31,509	50,535
	11, 18, 34(a)	50,495	63,063

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

18. Funds with fund managers

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

	Note	2021 \$'000	2020 \$'000
Financial assets at fair value through profit or loss	11, 17, 34(a)	50,495	63,063
Treasury bills	16, 34(a)	8,696	-
Cash and fixed deposits	16	2,229	2,289
Accrued interest	20	155	235
Management fees payable to fund managers		(19)	(23)
		61,556	65,564

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

19. Conservancy and service fee receivables

	2021 \$'000	2020 \$'000
Conservancy and service fee receivables	2,172	2,627
Less: Allowance for impairment losses	(861)	(838)
	1,311	1,789

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 20) where the loss allowance is equal to lifetime ECL. The following allowance matrix is used:

	<u>Rate of Provision</u>
Arrears in 12 months and above – live accounts	100%
Arrears - terminated accounts	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
	2021	2020	2021
	\$'000	\$'000	\$'000
Not past due	47	73	-
Past due 0 - 30 days	378	534	-
Past due 31 - 120 days	404	544	1
Past due 121 -364 days	486	646	3
Past due 365 days and above	857	830	857
	2,172	2,627	861
			838

Movement in allowance for impairment is as follows:

	2021 \$'000	2020 \$'000
At 1 April	838	858
Transfer to Marsiling-Yew Tee Town Council	(30)	-
Transfer from Nee Soon Town Council	(179)	-
Charge (Reversal) for the financial year	232	(20)
At 31 March	861	838

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

20. Other receivables and prepayments

	Note	2021 \$'000	2020 \$'000
Penalty on late payment		349	403
Less: Allowance for impairment losses		(130)	(151)
		219	252
Citizens' Consultative Committee grant receivables		7,094	7,476
Lift Replacement Fund Matching grant receivables		4,487	1,155
Conservancy and service charges grant receivables		-	222
Lift Enhancement Programme funding receivables		-	627
Neighbourhood Renewal Programme funding receivables		779	463
Sport-in-Precinct Programme funding receivables	29	414	1,520
GST subvention grant		510	604
Accrued interest	18	155	235
Others		1,285	1,501
		14,943	14,055
Less: Allowance for impairment losses		(274)	-
		14,669	14,055
Prepayments		119	178
Other receivables and prepayments		14,788	14,233

The credit risk for penalty on late payment receivables is further disclosed in Note 19.

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

	Gross other receivables		Allowance for impairment losses	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Not past due	11,958	10,439	-	-
Past due 0 - 30 days	49	59	-	-
Past due 31 - 120 days	105	119	-	-
Past due 121 - 364 days	1,937	3,402	-	-
Past due 365 days and above	1,024	187	404	151
	15,073	14,206	404	151

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

	2021 \$'000	2020 \$'000
At 1 April	151	158
Transfer to Marsiling-Yew Tee Town Council	(13)	-
Transfer to Nee Soon Town Council	(81)	-
Charge (Reversal) for the financial year	347	(7)
At 31 March	404	151

Based on historical default rates, the Town Council believes that no impairment allowance is necessary in respect of other receivables beyond what has been set up.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

21. Equity investments at fair value through other comprehensive income

	Note	2021 \$'000	2020 \$'000
At 1 April		2,408	3,153
Additions		27	40
Return of capital		(52)	(17)
Fair value gain (loss) recorded in fair value reserve	25	563	(768)
At 31 March	34(a)	2,946	2,408
Taken up in: Sinking Funds	11	2,946	2,408
Equity investments comprise of the following:			
		2021 \$'000	2020 \$'000
Quoted real estate investment trusts		2,946	2,408

22. Debt investments at amortised cost

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

	Note	2021 \$'000	2020 \$'000
Quoted bonds with fixed interest of 0.93% to 2.75% (2020: 2.38% to 2.64%) per annum			
- Current		1,514	-
- Non-current		12,075	3,808
		13,589	3,808
Taken up in: Sinking Funds	11	13,589	3,808

The effective interest rates per annum for the bonds are as follows:

	2021 %	2020 %
Quoted bonds with fixed interest	0.93 to 2.75	2.38 to 2.64

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

	Fair value 2021 \$'000	2020 \$'000
Quoted bonds with fixed interest	13,818	4,056

The debt investments are denominated in Singapore dollar.

Cost	
At 31 March 2019 and 1 April 2019	
Additions	
Written off	
At 31 March 2020 and 1 April 2020	
Additions	
Written off	
Transfer to Nee Soon Town Council	
As at 31 March 2021	

At 31 March 2019 and 1 April 2019	At 31 March 2020 and 1 April 2020
Depreciation charge for the year	Depreciation charge for the year
Written off	Written off

As at 31 March 2021

	Furniture, fixtures and fittings \$'000	Office equipment \$'000	Data processing equipment \$'000	Leasehold improvement \$'000	Total \$'000
	45	133	125	862	1,165
	3	8	3	-	14
	-	(3)	(6)	(3)	(12)
	48	138	122	859	1,167
	-	14	144	-	158
	-	(4)	(73)	-	(77)
	48	148	193	859	1,248
	-	-	(7)	(111)	(118)
	48	148	186	748	1,130
	26	116	114	453	709
	7	14	7	172	200
	-	(3)	(6)	(2)	(11)
	33	127	115	623	898
	7	10	38	162	217
	-	(4)	(73)	-	(77)
	40	133	80	785	1,038
	-	-	(6)	(68)	(74)
	40	133	74	717	964
	15	11	7	236	269
	8	15	112	31	166

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

24. Right-of-use assets

	Data management system \$'000	Office Premises \$'000	Office Equipment \$'000	Total \$'000
Cost				
At 31 March 2019	-	-	-	-
Effect of adopting FRS 116	-	56	-	56
At 1 April 2019	-	56	-	56
Additions	2,282	601	8	2,891
At 31 March 2020 and 1 April 2020	2,282	657	8	2,947
Additions	223	65	-	288
Adjustment for re-measurement	(344)	-	-	(344)
Written off	-	(25)	-	(25)
As at 31 March 2021	2,161	697	8	2,866
Accumulated amortisation				
At 31 March 2019 and 1 April 2019	-	-	-	-
Additions	-	223	1	224
At 31 March 2020 and 1 April 2020	-	223	1	224
Additions	90	232	1	323
Written off	-	(25)	-	(25)
As at 31 March 2021	90	430	2	522
Net carrying amount				
As at 31 March 2020	2,282	434	7	2,723
As at 31 March 2021	2,071	267	6	2,344

With the redrawing of electoral boundaries after the General Election 2020, the right-of-use assets of data management system has been re-measured based on the property units managed by the Town Council, according to an apportionment agreement in relation to Town Council Management System which is made for all Town Councils collectively.

25. Fair value reserve

	Note	2021 \$'000	2020 \$'000
At 1 April		482	1,250
Fair value gain (loss) on equity investments at fair value through other comprehensive income for the financial year	21	563	(768)
At 31 March		1,045	482

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

26. Creditors and accrued expenses

	2021 \$'000	2020 \$'000
Accounts payable	3,209	10,900
Work order accruals	112	191
Project expenditure accruals	996	3,056
Other accruals	1,342	223
Sundry creditors – utilities	1,242	1,303
Sundry deposits	125	177
Others	144	80
Total creditors and accrued expenses	<u>7,170</u>	<u>15,930</u>
	2021 \$'000	2020 \$'000
Total creditors and accrued expenses	7,170	15,930
Less: Sundry deposits due after 12 months	(94)	(91)
Total creditors and accrued expenses (within 12 months)	<u>7,076</u>	<u>15,839</u>

Total amount of \$0.826 million (2020: \$5.379 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.

27. Lease liabilities

	2021 \$'000	2020 \$'000
<u>Lease liabilities</u>		
- Current	585	433
- Non-current	1,445	2,198
Total	<u>2,030</u>	<u>2,631</u>
<u>Contractual cash flows</u>		
- Within 1 year	618	462
- Between two and five years	1,495	1,964
- More than five years	272	645
	<u>2,385</u>	<u>3,071</u>
Less: Future interest expense	(355)	(440)
Present value of lease liabilities	<u>2,030</u>	<u>2,631</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

27. Lease liabilities (cont'd)

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	2021 \$'000	2020 \$'000
At 31 March 2019	-	-
Effect of adopting FRS 116	-	56
At 1 April	2,631	56
New leases during the year	65	2,787
Adjustment for re-measurement	(344)	-
<u>Changes from financing cash flows</u>		
Repayment of lease liabilities	(347)	(239)
<u>Non-cash changes</u>		
Interest expense	25	27
At 31 March 2021	2,030	2,631

Amount recognised in Income and Expenditure

	2021 \$'000	2020 \$'000
<u>Leases under FRS 116</u>		
Interest expense on lease liabilities	25	27
Expenses relating to short-term and low-value leases	363	244

The Town Council has entered into lease contracts for its office premises, office equipment and data management system. The lease for office premises typically run for a period of 3 years, with an option to renew the lease after that date. Lease payments are renegotiated upon renewal based on prevailing market conditions.

The lease term for the data management system is 6 years, with an option to enter for the maintenance services after that date. The Town Council reserves the right to exercise for the option years and there are uncertainties on execution the option as of this reporting date.

28. Advances for Neighbourhood Renewal Programme and Electrical Load Upgrading Programme

	2021 \$'000	2020 \$'000
At 1 April	327	784
Funding from HDB	473	4,338
Payments to contractors	(573)	(4,795)
	227	327
Transfer to Nee Soon Town Council (Note 15)	(115)	-
At 31 March	112	327
<u>Represented by:</u>		
Receivables for Neighbourhood Renewal Programme	(215)	(239)
Advances received for Electrical Load Upgrading Programme	327	566
	112	327

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

29. (Receivables) Advances for Sport-in-Precinct Programme

	2021 \$'000	2020 \$'000
At 1 April	583	-
Funding from Sport Singapore	672	1,776
Payments to contractors	(1,380)	(1,193)
At 31 March	<u>(125)</u>	<u>583</u>

Sport-in precinct programme is an initiative of the Vision 2030 sports master plan, aiming to provide the community with a wider range of sport facilities that are easily accessible and create common spaces for interaction and bonding in HDB neighbourhoods.

The programme is funded by Sport Singapore. The funding from Sport Singapore comprised of fund receivables of \$386,715 (2020: \$1,420,561) and fund received of \$1,824,800 (2020: \$355,140) as at 31 March 2021. The fund receivables inclusive of GST amounting \$413,785 (2020: \$1,520,000), is included in other receivables and prepayments (Note 20).

30. Commitments

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

	2021 \$'000	2020 \$'000
Amount approved and contracted for	21,267	29,601
Amount approved but not contracted for	5,883	2,755
	<u>27,150</u>	<u>32,356</u>

31. 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.

	2021 \$'000	2020 \$'000
Managing agent's fees	7,025	7,100
Energy saving project	1,764	3,733
Project management fees	726	1,346
Lift replacements	5,127	22,666
Lift Enhancement Programme	344	97
Lift repairs and servicing	494	1,237
Others	<u>170</u>	<u>158</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

32. 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 fees, 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 \$251.140 million (2020: \$260.660 million).

33. Financial risk management

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. Financial assets that are subject to credit risk consist of fixed deposits and bank balances, conservancy and service fee receivables, other receivables and investment in financial assets.

Cash and fixed deposits with banks are held with regulated banks which have high credit ratings assigned by international credit rating agencies.

For conservancy and service fee receivables, at the end of the reporting period, there were no significant concentrations of credit risk.

Other receivables mainly comprises of receivables from government agencies with low credit risk.

For debt investments, the Town Council considered it to be low risk investments as the debt investments are largely with government agencies.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

33. Financial risk management (cont'd)

(a) *Credit risk (cont'd)*

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 receivables 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 statement of financial position 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.

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*

Liquidity risk is the risk that the Town Council may not be able to meet its financial obligations. The Town Council adopts prudent liquidity risk management by maintaining sufficient cash to meet its operating, 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 equity investments at fair value through other comprehensive income, debt investments at amortised costs, sundry deposits payables and lease liabilities as disclosed in Notes 21, 22, 26 and 27 respectively to the financial statements.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

33. Financial risk management (cont'd)

(c) Market risk (cont'd)

(i) Interest rate risk (cont'd)

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.

	2021 \$ \$'000	2020 \$ \$'000
Fixed deposits	1,549	1,695

(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:

	2021 \$'000	2020 \$'000
Fair value reserves	295	241
Fair value through sinking fund	1,899	1,253

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:

	Note	2021 \$'000	2020 \$'000
Financial assets at fair value through profit or loss	17	50,495	63,063
Financial assets at fair value through other comprehensive income	21	2,946	2,408
Financial assets at amortised cost		207,335	214,655
Less: financial liabilities at amortised cost		(9,200)	(18,561)
		<u>251,576</u>	<u>261,565</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

34. 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	2021 \$'000	2020 \$'000
Financial assets at fair value through profit or loss	17	50,495	63,063
Treasury bills carried at fair value through profit or loss	18	8,696	-
Equity investments at fair value through other comprehensive income	21	2,946	2,408
		62,137	65,471

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, creditors and accrued expenses) 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:

	2021		2020	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial assets				
Debt investments at amortised cost	13,589	13,818	3,808	4,056
		229		248
Unrecognised gain				

Determination of fair values

The fair value of held-to-maturity financial assets is determined by reference to their quoted bid prices at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2021

35. Authorisation of financial statements for issue

The financial statements of the Town Council for the financial year ended 31 March 2021 were authorised for issue by the members of the Town Council on 14 October 2021.



Photo by Sembawang GRC resident, Tarzan Park.
Taken at Sembawang Crescent

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