

JURONG-CLEMENTI TOWN COUNCIL
(Established under the Town Councils Act, Cap 329 A)

FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 MARCH 2018

MAZARS LLP
Public Accountants and
Chartered Accountants
Singapore

JURONG-CLEMENTI TOWN COUNCIL

FINANCIAL STATEMENTS

FINANCIAL YEAR ENDED 31 MARCH 2018

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**INDEPENDENT AUDITORS' REPORT TO MEMBERS OF
JURONG-CLEMENTI TOWN COUNCIL**

Report on the Audit of Financial Statements*Opinion*

We have audited the financial statements of Jurong-Clementi Town Council (the "Town Council"), which comprise the statement of financial position of the Town Council as at 31 March 2018, and the statements of income and expenditure, comprehensive income, changes in funds and cash flows of the Town Council for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 give a true and fair view of the financial position of the Town Council as at 31 March 2018 and of the financial performance, changes in funds and cash flows of the Town Council for the financial year ended on that date.

Basis of Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditors' 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* (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 of our opinion.

Other Information

Management is responsible for the other information. The other information relates to the Chairman's Message included in the annual report, which we obtained prior to the date of this report.

Our opinion on the financial statements does not cover the other information and we do not and will 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide 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.

INDEPENDENT AUDITORS' REPORT TO MEMBERS OF JURONG-CLEMENTI TOWN COUNCIL

Report on the Audit of Financial Statements (Continued)

Responsibilities of Management for the Financial Statements (Continued)

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 going concern basis of accounting.

The Town Councillors' responsibilities include overseeing the Town Council's financial reporting process.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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 the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**INDEPENDENT AUDITORS' REPORT TO MEMBERS OF
JURONG-CLEMENTI TOWN COUNCIL**

Report on Other Legal and Regulatory Requirements*Management's Responsibilities 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.

Auditors' Responsibilities for the Compliance Audit

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We conducted our audit in accordance with SSAs. 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.

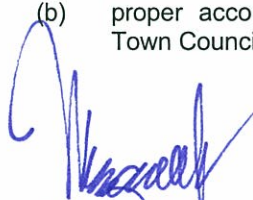
Our compliance audit includes obtaining an understanding of the internal controls relevant to the receipts, expenditure, investment of moneys and the acquisition and disposal of assets; and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on management's compliance.

Opinion

In our opinion:

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


MAZARS LLP
Public Accountants and
Chartered Accountants

Singapore
10 September 2018

JURONG-CLEMENTI TOWN COUNCIL

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2018**

	<u>Note</u>	<u>2018</u> <u>S\$</u>	<u>2017</u> <u>S\$</u>
TOWN COUNCIL FUNDS			
Residential Property			
Accumulated surplus	4	2,870,407	2,383,024
Sinking fund	5	28,911,422	24,598,289
Lift replacement fund	6	12,802,938	-
Town improvement and project fund	7	1,877,885	1,500,638
		46,462,652	28,481,951
Commercial Property			
Accumulated surplus	4	3,346,435	2,962,925
Sinking fund	5	38,548,962	44,387,649
Lift replacement fund	6	7,660,796	-
Town improvement and project fund	7	1,535,433	1,138,320
		51,091,626	48,488,894
Carpark			
Accumulated surplus	4	3,225,647	2,129,230
Fair value reserve			
Sinking fund	8	(39,000)	(132,000)
Total Town Council funds		<u>100,740,925</u>	<u>78,968,075</u>
REPRESENTED BY:			
Non-current assets			
Plant and equipment	9	45,077	64,339
Held-to-maturity financial assets	10	21,000,601	9,053,433
Available-for-sale financial assets	11	-	5,868,000
		21,045,678	14,985,772
Current assets			
Held-to-maturity financial assets	10	-	5,781,481
Available-for-sale financial assets	11	5,961,000	-
Conservancy and service fees receivables	12	1,118,022	1,082,030
Other receivables	13	5,189,726	6,385,632
Neighbourhood Renewal Programme funding receivables	14	1,909,080	820,275
Cash and bank balances	15	75,468,140	57,210,723
		89,645,968	71,280,141
Total assets		<u>110,691,646</u>	<u>86,265,913</u>
Less:			
Current liabilities			
Conservancy and service fees received in advance		1,391,217	892,661
Payables and accrued expenses	16	7,803,964	5,725,677
Income tax payable	17	755,540	679,500
Total liabilities		<u>9,950,721</u>	<u>7,297,838</u>
Net assets		<u>100,740,925</u>	<u>78,968,075</u>

Mr Ang Wei Neng
Chairman

Mr Ho Thian Poh
Secretary

Date: **10 SEP 2018**

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

JURONG-CLEMENTI TOWN COUNCIL

**STATEMENT OF INCOME AND EXPENDITURE
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

	Note	2018 S\$	2017 S\$
Operating income			
Conservancy and service fees	4	58,836,003	53,896,442
Less: Operating income transfer to			
- Sinking fund (minimum required by law)	4, 5	(15,297,356)	(18,223,634)
- Lift replacement fund (minimum required by law)	4, 6	(8,237,043)	-
		35,301,604	35,672,808
Agency fees	4, 18	3,911,802	3,586,539
Other income	4, 19	3,343,618	3,334,707
		42,557,024	42,594,054
Less: Operating expenditure			
Cleaning works		(8,346,201)	(8,219,038)
Managing agent's fees	20	(3,885,491)	(4,993,083)
Lift maintenance		(8,707,193)	(8,353,081)
Other works and maintenance		(8,922,708)	(8,652,696)
Water and electricity		(11,046,651)	(10,278,597)
General and administrative expenditure	21	(3,955,142)	(2,879,736)
		(44,863,386)	(43,376,231)
Operating deficit		(2,306,362)	(782,177)
Add: Investment and interest income	22	179,631	81,278
Deficit before government grants and income tax		(2,126,731)	(700,899)
Less: Income tax	17	(293,260)	(265,657)
Deficit before government grants		(2,419,991)	(966,556)
Government grants	23	17,718,768	14,162,249
Less: Transfer to			
- Sinking fund including lift maintenance grant and GST subvention	5	(2,984,503)	(3,159,493)
- Lift replacement fund including lift maintenance grant and GST subvention	6	(1,607,041)	-
- Lift replacement fund - LRF matching grant	6	(5,230,408)	-
- Town improvement and project fund	7	(1,009,515)	(4,304,101)
		6,887,301	6,698,655
Surplus before voluntary contribution at 31 March		4,467,310	5,732,099
Less: Voluntary contribution to Lift Replacement Fund	6	(1,000,000)	-
SURPLUS FOR THE FINANCIAL YEAR		3,467,310	5,732,099
Add: Accumulated surplus at 1 April		7,475,179	3,274,590
Transfer to Sinking fund		-	(331,510)
Less: Appropriation to Town improvement and project fund	7	(1,500,000)	(1,200,000)
ACCUMULATED SURPLUS AT 31 MARCH		<u>9,442,489</u>	<u>7,475,179</u>

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

JURONG-CLEMENTI TOWN COUNCIL

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

	<u>Note</u>	<u>2018</u> S\$	<u>2017</u> S\$
Surplus/(Deficit) for the financial year			
– Accumulated surplus	4	3,467,310	5,732,099
– Sinking fund	5	8,132,477	(3,286,266)
– Lift replacement fund	6	10,805,703	-
– Town improvement and project fund	7	(725,640)	(1,228,632)
		<u>21,679,850</u>	<u>1,217,201</u>
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Net gain on fair value changes of available-for-sale financial assets	11	<u>93,000</u>	<u>63,000</u>
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ATTRIBUTABLE TO TOWN COUNCIL FUNDS		<u>21,772,850</u>	<u>1,280,201</u>

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

JURONG-CLEMENTI TOWN COUNCIL

**STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

	<u>Residential Property S\$</u>	<u>Commercial Property S\$</u>	<u>Carpark S\$</u>	<u>Fair value reserve S\$</u>	<u>Total S\$</u>
Balance at 1 April 2016	29,132,265	47,602,974	1,147,635	(195,000)	77,687,874
(Deficit)/Surplus for the financial year	(839,074)	885,920	1,170,355	-	1,217,201
Other comprehensive income:					
Net gain on fair value changes of available-for-sale financial assets	-	-	-	63,000	63,000
Total comprehensive income for the financial year attributable to Town Council funds	(839,074)	885,920	1,170,355	63,000	1,280,201
Transfer from Carpark to Residential Property (Note 4)	188,760	-	(188,760)	-	-
Balance at 31 March 2017	28,481,951	48,488,894	2,129,230	(132,000)	78,968,075
Surplus for the financial year	17,980,701	2,602,732	1,096,417	-	21,679,850
Other comprehensive income:					
Net gain on fair value changes of available-for-sale financial assets	-	-	-	93,000	93,000
Total comprehensive income for the financial year attributable to Town Council funds	17,980,701	2,602,732	1,096,417	93,000	21,772,850
Balance at 31 March 2018	46,462,652	51,091,626	3,225,647	(39,000)	100,740,925

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

JURONG-CLEMENTI TOWN COUNCIL

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

	<u>Note</u>	<u>2018</u> S\$	<u>2017</u> S\$
Operating activities			
Deficit before government grants and income tax	4	(2,126,731)	(700,899)
Adjustments for:			
Allowance made for doubtful receivables	12	(1,815)	253,459
Conservancy and service fees transferred to Sinking fund	4	15,297,356	18,223,634
Conservancy and service fees transferred to Lift replacement fund	4	8,237,043	-
Depreciation of plant and equipment	9	34,113	51,663
Interest income	4, 22	(179,631)	(81,278)
Operating cash flows before movements in working capital		21,260,335	17,746,579
Movements in working capital:			
Receivables		(435,877)	(274,227)
Payables		2,504,285	(4,492,900)
Cash generated from operations		23,328,743	12,979,452
Income tax paid	17	(377,896)	(311,083)
Sinking fund expenditure		(10,989,255)	(25,579,705)
Lift replacement fund expenditure	6	(5,402,531)	-
Town improvement and project fund expenditure	7	(1,735,155)	(5,532,733)
Neighbourhood Renewal Programme expenditure	14	(8,400,366)	(11,542,938)
Net cash used in operating activities		(3,576,460)	(29,987,007)
Investing activities			
Interest and investment income received		1,243,899	1,011,064
Investment in bonds		(11,960,500)	(4,801,875)
Proceeds from Maturity of Investments		5,750,000	-
Purchase of plant and equipment	9	(14,851)	(14,840)
(Placement)/Release of fixed deposits		(1,139,965)	(8,936,674)
Net cash used in investing activities		(6,121,417)	(12,742,325)
Financing activities			
Government grants received	23	19,400,113	12,662,690
Funding received from West Coast Town Council		-	24,878,336
Selective Lift Replacement Programme disbursement		103,655	-
Funding received for Neighbourhood Renewal Programme	14	7,311,561	11,928,873
Net cash generated from financing activities		26,815,329	49,469,899
Net increase in cash and cash equivalents		17,117,452	6,740,567
Cash and cash equivalents at beginning of financial year		33,064,936	26,324,369
Cash and cash equivalents at the end of financial year	15	50,182,388	33,064,936

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

JURONG-CLEMENTI TOWN COUNCIL

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

Reconciliation of assets arising from financing activities

	<u>1 Apr 2017</u>	<u>Financing cash</u> <u>inflows</u>	<u>Expenditure</u> <u>claimable</u>	<u>31 Mar 2018</u>
	S\$	S\$	S\$	S\$
<u>Assets</u>				
Neighbourhood Renewal Programme funding receivables	820,275	(7,311,561)	8,400,366	1,909,080

Other financing cash flows relate to movements in funds of the Town Council.

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

JURONG-CLEMENTI TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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

1. General information

Jurong-Clementi Town Council (the "Town Council") was formed on 13 November 2001 under the Town Councils Act, Chapter 329A (the "Act"). The registered office and principal place of operations is at Block 255 Jurong East St 24 #01-303 Singapore 600255.

The principle functions of the Town Council are to control, manage, maintain and improve the common property of residential, other commercial property and market and food centres in the housing estates of the Housing and Development Board ("HDB") within the Town.

By virtue of the writ of election issued on 25 August 2015, a general election was called on 11 September 2015. Subsequently, the electoral boundaries were redrawn and the Clementi Division of West Coast Group Representation Constituency became part of Jurong Group Representation Constituency. By virtue of the Town Councils (Declaration of Towns) Order 2015, the Jurong Town Council has been renamed as Jurong-Clementi Town Council on 1 October 2015 and the Clementi housing estates of the HDB became part of the Jurong-Clementi Town on 1 December 2015.

The financial statements for the financial year ended 31 March 2018 were authorised for issue in accordance with a resolution of the Town Council on 10 September 2018.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("FRS") including all related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the provisions of the Act and are prepared on a historical cost basis, except as disclosed in the accounting policies below.

The financial statements of the Town Council are measured and presented in the currency of the primary economic environment in which the Town Council operates (its functional currency). The financial statements of the Town Council are presented in Singapore dollars ("S\$ or SGD"), which is also the functional currency of the Town Council.

In the current financial year, the Town Council has adopted all the new and revised FRS and INT FRS that are relevant to its operations and effective for annual periods beginning on or after 1 April 2017. The adoption of these new or revised FRS and INT FRS did not result in changes to the Town Council's accounting policies and has no material effect on the amounts reported for the current or prior financial years.

FRS 7 Amendments to FRS 7: Disclosure Initiative

Consequent to the adoption of these amendments, the Town Council has disclosed additional information to enable users of the financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. Comparative information has not been presented. This disclosure has been included in the Statement of Cash Flows.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

2. Summary of significant accounting policies

2.1 Basis of preparation (Continued)

FRS and INT FRS issued but not yet effective

At the date of authorisation of these financial statements, the following new FRSs and amendments to FRS were issued but not yet effective:

	Description	Effective date (annual periods beginning on or after)
FRS 28	Amendments to FRS 28: <i>Long-term interests in Associates and Joint Ventures</i>	1 January 2019
FRS 40	Amendments to FRS 40: <i>Transfers of Investment Property</i>	1 January 2018
FRS 102	Amendments to FRS 102: <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
FRS 104	Amendments to FRS 104: <i>Applying FRS 109 Financial Instruments with FRS 104 Insurance Contracts</i>	1 January 2018
FRS 109	<i>Financial Instruments</i>	1 January 2018
FRS 109	Amendments to FRS 109: <i>Prepayment Features with Negative Compensation</i>	1 January 2019
FRS 110, 28	Amendments to FRS 110 and FRS 28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined
FRS 28	Amendments to FRS 28: <i>Long-term interests in Associates and Joint Ventures</i>	1 January 2019
FRS 115	<i>Revenue from Contracts with Customers</i>	1 January 2018
FRS 115	Amendments to FRS 115: <i>Effective Date of FRS 115</i>	1 January 2018
FRS 115	Amendments to FRS 115: <i>Clarifications to FRS 115 Revenue from Contracts with Customers</i>	1 January 2018
FRS 116	<i>Leases</i>	1 January 2019
	<i>Improvements to FRSs (December 2016)</i>	
	<i>FRS 28 Investments in Associates and Joint Ventures</i>	1 January 2018
INT FRS 122	<i>Foreign Currency Transactions and Advance Considerations</i>	1 January 2018
INT FRS 123	<i>Uncertainty over Income Tax Treatments</i>	1 January 2019

Consequential amendments were also made to various standards as a result of these new or revised standards.

The Town Council has not early adopted any of the above new or revised standards, interpretations and amendments to the existing standards in the financial year ended 31 March 2018. Other than the following standards, management anticipates that the adoption of the aforementioned new or revised standards will not have a material impact on the financial statements of the Town Council in the period of their initial adoption.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

FRS 109 Financial Instruments

FRS 109 supersedes FRS 39 *Financial Instruments: Recognition and Measurement* with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Financial assets are classified into financial assets measured at (i) fair value through profit or loss; (ii) amortised cost; or (iii) fair value through other comprehensive income, depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, or as otherwise designated as such upon initial recognition, if allowed.

Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the entity will have a choice to recognise the gains and losses in other comprehensive income if the financial assets are measured at fair value through other comprehensive income.

There have been no changes in the de-recognition requirements of financial assets and liabilities, nor the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch.

A new forward-looking impairment model based on expected credit losses, which replaces the incurred loss model in FRS 39, determines the recognition of impairment provisions as well as interest revenue. An entity will recognise (at a minimum of) 12 months of expected credit losses in profit or loss for financial assets measured at amortised cost or fair value through other comprehensive income, unless in the circumstance when there is a significant increase in credit risk after initial recognition which requires the entity to recognise lifetime expected credit losses on the affected assets.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. The Town Council is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the date of initial application in the opening funds.

FRS 115 Revenue from Contracts with Customers

FRS 115 supersedes FRS 11 *Construction Contracts*, FRS 18 *Revenue*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services* to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

Entities are required to adopt a five-step model which requires (i) their identification of the contract; (ii) their identification of the performance obligations in the contract; (iii) the determination of transaction price; (iv) allocation of the transaction price; and (v) recognition of revenue when (i.e. at a point in time) or as (i.e. over time) each performance obligation is satisfied.

The core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration which the entity expects to be entitled in exchange for those goods or services.

Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. The Town Council is currently assessing the impact of FRS 115.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

FRS 116 Leases

FRS 116 supersedes FRS 17 *Leases*, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*, and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease* to set out the principles for the recognition, measurement, presentation and disclosure of leases. The changes introduced by FRS 116 will primarily affect the financial statements of the lessees.

FRS 116 requires, with limited exceptions, the lessee to recognise, at initial recognition, lease liabilities, measured at the present value of lease payments that are not paid as of that date to reflect the present value of the future lease payments, and right-of-use assets at cost, comprising elements including the amount of the initial measurement of the lease liabilities, initial direct costs incurred by the lessee and estimates of other contracted costs to be incurred by the lessee, for its lease contracts. Leases of "low-value" assets and qualifying short term leases entered into by lessees can be exempted from the new recognition criteria.

The Town Council does not intend to early adopt FRS 116. The Town Council is still assessing the potential impact of FRS 116 on its financial statements in the initial year of adoption.

2.2 Town Council funds

In accordance with Section 33(1) of the Act, separate funds are established to account for the management of the different 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 operating funds related to properties under management, together with Sinking fund, Town Improvement and Project fund, and Lift Replacement fund form the Town Council funds.

All moneys received by the Town Council are paid into and related expenditure is 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.

Sinking fund

In accordance with Section 33(4) of the Act, Sinking fund is established for improvement to, management and maintenance of residential and commercial properties. This fund is maintained as part of the Town Council funds.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. Summary of significant accounting policies (Continued)

2.2 Town Council funds (Continued)

Sinking fund (Continued)

With effect from 1 April 2017, the amounts to be paid into the Sinking funds were revised and the minimum amounts to be paid, by property type, into the sinking fund are as follows:

- | | |
|--|---|
| (i) Residential property (1-room to Executive) | 26% of the conservancy and service fees and grants-in-aid |
| (ii) Commercial property | 26% of the conservancy and service fees and grants-in-aid |

Prior to 1 April 2017, the amounts to be paid into the Sinking Funds were as follows:

- | | |
|---|---|
| (i) Residential property (1-room to 3-room) | 30% of the conservancy and service fees and grants-in-aid |
| (ii) Residential property (4-room to Executive) | 35% of the conservancy and service fees and grants-in-aid |
| (iii) Commercial property | 35% of the conservancy and service fees |

These minimum contributions are treated as operating income transfers and are deducted from conservancy and service fees and government grants in the statement of income and expenditure and other comprehensive income. Government grants which are subject to the minimum contribution rates to Sinking fund and Lift replacement fund are service and conservancy charges operating grant, GST subvention grant and Lift maintenance grant.

The Sinking fund is utilised for cyclical works, including major repainting, renewal or replacement of roofing system, water tanks, pumps and water supply system, lightning protection system, installation of any sensor and starter controller to the time-controlled booster pumping system, major repairs and maintenance of the common area and contributions to the HDB in respect of general upgrading works carried out on the common property as defined under the Housing and Development Act.

Lift Replacement fund

In accordance with Section 33(4A) of the Act, Lift Replacement fund ("LRF") is established from 1 April 2017, to meet the cost of lift replacements and lift-related replacement works. This fund is maintained as part of the Town Council funds.

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

The minimum amounts to be paid, by property type, into the LRF is as follows:

- | | |
|--|---|
| (i) Residential property (1-room to Executive) | 14% of the conservancy and service fees and grants-in-aid |
| (ii) Commercial property | 14% of the conservancy and service fees and grants-in-aid |

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

The LRF is utilised for cyclical works, including major lift upgrading and lift renewal, installation or replacement of any video monitoring devices in lifts, major lift replacements and lift-related replacement works.

JURONG-CLEMENTI TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. Summary of significant accounting policies (Continued)

2.2 Town Council funds (Continued)

Lift Replacement fund (Continued)

To help Town Councils to cope with the operating need and long-term capital expenditure requirement for lift replacements and lift-related works, the Ministry of National Development will provide two additional grants-in-aids, namely Lift Maintenance Grant (LMG) and LRF Matching Grant, from 1 April 2017.

Town Improvement and Project fund

Town Improvement and Project fund ("TIPF") is established and maintained as part of the Town Council funds. This fund is utilised for improvement and development works in the Town.

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

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

2.3 Inter-funds transfers

Under Section 33(9) and 43(1)(i) of the TC Act and Rule 11A of the Town Councils Financial Rules (TCFR), the Town Council may do the following at the end of a financial year, whichever is applicable:

- (a) Transfer the whole or part of the surplus in Operating fund to Lift replacement fund or Sinking fund;
- (b) Transfer the whole or part of the surplus in Sinking fund to Lift replacement fund, only to make good any deficit in the Lift replacement fund;
- (c) Transfer the whole or part of the surplus in Operating fund established for residential property to Operating fund established for commercial property, only to make good any deficit in the Operating fund established for commercial property;
- (d) Transfer the whole or part of the surplus in Operating fund established for commercial property to Operating fund established for residential property, only to make good any deficit in the Operating fund established for residential property;
- (e) Transfer the whole or part of the surplus in Sinking fund established for residential property to Sinking fund established for commercial property, only to make good any deficit in the Sinking fund established for commercial property;
- (f) Transfer the whole or part of the surplus in Sinking fund established for commercial property to Sinking fund established for residential property, only to make good any deficit in the Sinking fund established for residential property;
- (g) Transfer the whole or part of the surplus in Lift replacement fund established for residential property to Lift replacement fund established for commercial property, only to make good any deficit in the Lift replacement fund established for commercial property; or
- (h) Transfer the whole or part of the surplus in Lift replacement fund established for commercial property to Lift replacement fund established for residential property, only to make good any deficit in the Lift replacement fund established for residential property.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

2. Summary of significant accounting policies (Continued)

2.4 Allocation of general overheads

Expenditure not specifically related to any property type managed, for example, administrative overheads, tree planting and pruning are allocated to the various property types using equivalent dwelling units as follows:

<u>Property Type</u>	<u>Equivalent Dwelling Unit(s)</u>
1 Residential Property Unit	1
1 Commercial Property Unit	2
6 Car Lots or 36 Motor Cycle Lots or 4 Lorry Lots	1

No overheads are allocated to the Sinking fund, Town Improvement and Project fund and Lift Replacement fund.

2.5 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

Subsequent costs recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the asset will flow to the Town Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when incurred.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

• Furniture, fixtures and fittings	5 years
• Office equipment	5 years
• Data processing equipment	3 years
• Plant and machinery	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.

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of plant and equipment is recognised in profit or loss.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

2.6 Impairment of tangible assets

The Town Council reviews the carrying amounts of its tangible assets as at each reporting date to assess for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. Summary of significant accounting policies (Continued)

2.6 Impairment of tangible assets (Continued)

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

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 so 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 financial years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.7 Financial instruments

Financial assets and financial liabilities are recognised when the Town Council becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Financial assets

All financial assets are recognised on a trade date – the date on which the Town Council commits to purchase or sell the asset. They are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: loans and receivables, available-for-sale financial assets and held-to-maturity financial assets. The classification depends on the nature and purpose for which these financial assets were acquired and is determined at the time of initial recognition.

Held-to-maturity investments

Bonds with fixed or determinable payments and fixed maturity dates where the Town Council has a positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

2. Summary of significant accounting policies (Continued)

2.7 Financial instruments (Continued)

Financial assets (Continued)

Available-for-sale financial assets ("AFS")

Certain equity instruments and debt securities held by the Town Council are classified as AFS if they are not classified in any of the other categories. Subsequent to initial recognition, with the exception of unquoted equity instruments that are not carried at fair value as the fair value cannot be reliably measured, AFS are measured at fair value and changes therein are recognised directly in the available-for-sale reserve with the exception of impairment losses, interests calculated using the effective interest method and foreign exchange gains and losses arising from monetary items. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the available-for-sale reserve is included in profit or loss for the financial year.

Loans and receivables

The Town Council's loans and receivables comprise conservancy and service fees receivables, other receivables, and cash and bank balances.

Such loans and receivables are non-derivatives with fixed or determinable payments that are not quoted in an active market. They are measured at amortised cost, using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amounts of all financial assets are reduced by the impairment loss directly with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in fair value reserve.

2. Summary of significant accounting policies (Continued)

2.7 Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Town Council derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Town Council neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Town Council recognises its retained interest in the 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 receivables.

Financial liabilities

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

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

Payables and accrued expenses

Payables and accrued expenses are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities

The Town Council derecognises financial liabilities when, and only when, the Town Council's obligations are discharged, cancelled or they expire.

2.8 Cash and bank balances

Cash and bank balances comprise cash on hand and demand deposits with financial institutions that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents exclude deposits pledged with the financial institutions as collateral and which form an integral part of the Town Council's cash management.

2.9 Operating leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. Summary of significant accounting policies (Continued)

2.10 Provisions

Provisions are recognised when the Town Council has a present legal or constructive obligation as a result of a past event, it is probable that the Town Council will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, which is discounted using a pre-tax discount rate.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss as they arise.

2.11 Government grants

For the past years, The Town Council receives three types of grants from the government; namely; Service and Conservancy Charges ("S&CC") operating grant, payments from Citizens' Consultation Committee ("CCC") and GST Subvention Grant. From 1 April 2017, the Ministry of National Development (MND) provided two additional grants-in-aids, namely Lift Maintenance Grant (LMG) and Lift Replacement Fund (LRF) Matching Grant to the Town Council.

- (i) S&CC operating grants to meet the current financial year's operating expenditure are taken to the statement of income and expenditure and other comprehensive income.
- (ii) Payments from CCCs are granted to provide funding support for community improvement projects under the CIPC scheme.
- (iii) The GST Subvention is given as grants-in-aid to the Town Council to assist the Town Council in absorbing the GST increases in service and conservancy charges for HDB residential flats.
- (iv) LMG is given as grants-in-aid to help the Town Council in coping with higher lift-related servicing and maintenance costs
- (v) LRF Matching Grant given as grants-in-aid to assist the Town Council to supplement its savings in the LRF. The government provides a 50% matching grant to the following contributions the Town Council makes to the LRF:-
 - Quarterly contributions to the LRF from S&CC collections and other grants-in-aids, including voluntary contributions beyond the minimum LRF contribution rate (i.e. beyond the minimum 14%); and
 - Voluntary contribution of operating fund surpluses to the LRF at the end of a financial year, as allowed under Section 33(9) of the Town Council Act.

LRF Matching Grant is directly disbursed to the Town Council's Lift replacement fund and is not subject to the minimum contribution rates to Sinking fund and Lift Replacement Fund.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

2. Summary of significant accounting policies (Continued)

2.11 Government grants (Continued)

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment.

2.12 Revenue recognition

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

Conservancy and service fees

Conservancy and service fees are recognised when due.

Agency fees

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

Interest income

Interest income from fixed deposits is recognised on a time proportion basis using the effective interest rates. Income from funds placed with fund managers is recognised based on fair value through profit or loss.

Other income

Other income comprises mainly temporary occupation licenses ("TOL"), liquidated damages claims and other miscellaneous income and are recognised when due.

2.13 Retirement benefit costs

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Town Council's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

2.14 Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the financial year.

2.15 Income tax

Tax is provided on the following income:

- (i) Income derived from investments and bank deposits;
- (ii) Fees, rent and other charges received from non-residents or non-owners of properties in the Town for the use of common property and maintenance of carparks where the Town Council opts to manage and maintain them; and
- (iii) Agency fees derived from acting as agent for the HDB.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

2. Summary of significant accounting policies (Continued)

2.15 Income tax (Continued)

Income tax is accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current financial year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws, and the effects of future changes in tax laws or rates are not anticipated. Income tax expense represents the sum of the tax currently payable and deferred tax. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority.

In respect of government grants received, the Town Council has been granted remission under Section 92(2) of the Income Tax Act (Cap. 134).

3. Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS requires Town Council to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources in the application of the Town Council's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results could differ from those estimates.

3.1 Critical judgements made in applying the Town Council's accounting policies

Available-for-sale financial assets

At the end of each financial year, the Town Council assesses the available-for-sale equity investments for any objective evidence that they are impaired. A significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the investment is impaired. Judgement is used in determining what a significant or prolonged decline is. As a Town Council policy, available-for-sale investments in equity securities are assessed for impairment when the market value as at the end of the financial year is below cost, or the market value remained below cost for the previous 12 months or longer. Refer to Note 11 to the financial statements.

3.2 Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follow.

Depreciation of plant and equipment

The Town Council depreciates the plant and equipment over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Town Council intends to derive future economic benefits from the use of the Town Council's plant and equipment. The residual value reflects management's estimated amount that the Town Council would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amount of the Town Council's plant and equipment as at 31 March 2018 was S\$45,077 (2017: S\$64,339) (Note 9).

3. Critical accounting judgments and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

Held-to-maturity financial assets

The Town Council follows the guidance of FRS 39 *Financial Instruments: Recognition and Measurement* ("FRS 39") on classifying non-derivatives financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, the Town Council evaluates its intention and ability to hold such investments to maturity.

If the Town Council is unable to keep these investments to maturity other than for specific circumstances explained in FRS 39, it will be required to reclassify the whole class as available-for-sale financial assets. The investments would therefore be measured at fair value and not amortised cost. The carrying amount of the Town Council's held-to-maturity financial assets as at 31 March 2018 is S\$21,000,601 (2017: S\$14,834,914) (Note 10).

Allowance for doubtful conservancy and service fees receivables

Allowance for doubtful conservancy and service fees receivables amounting to S\$1,668,766 (2017: S\$1,695,514) has been estimated on the basis of age of debts, result of recovery efforts and historical experience (Note 12). Other receivables mainly consists of grants receivables from the Citizens' Consultative Committees ("CCC") for approved projects and no allowance has been provided for. Allowance is applied to other receivables if events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful of other receivables requires the use of judgment and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying amount of other receivables and the allowance for impairment in the financial year in which such estimate has been changed. The carrying amount of the Town Council's conservancy and service fees receivables as at 31 March 2018 was S\$1,118,022 (2017: S\$1,082,030) (Note 12). The carrying amount of the Town Council's other receivables as at 31 March 2018 was S\$5,189,726 (2017: S\$6,385,632) (Note 13).

Provision for income tax

The Town Council is subject to income taxes in Singapore. Judgement is required in determining the deductibility of certain expenses during the estimation of the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of operations. The Town Council recognises liabilities for expected tax issues based on estimate of whether additional taxes will be due. Where the final tax outcome of these matters differs from the amounts that were initially recognised, such differences will impact the income tax provisions in the period in which such determination is made. The carrying amount of the Town Council's current tax payable as at 31 March 2018 is S\$755,540 (2017: S\$679,500) (Note 17).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

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

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JURONG-CLEMENTI TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

5. Sinking fund

	Note	Total	Residential Property	Commercial Property
		2018 S\$	2018 S\$	2017 S\$
Balance at 1 April	6	68,985,938	24,598,289	44,387,649
Less: Initial one-time transfer to Lift replacement fund at 1 April 2017		(9,658,031)	(3,443,760)	(6,214,271)
		59,327,907	21,154,529	38,173,378
Add:				
Operating income transfer from conservancy and service fees (minimum required by law)	4	15,297,356	13,716,535	1,580,821
Investment and interest income	5(i), 22	986,536	921,957	64,579
Other Income		375,857	375,857	-
Penalty and interest income on late payment of LUP cost		(4,307)	(4,307)	-
Transfer from Government grants including lift maintenance grant and GST subvention	23	2,984,503	2,967,676	16,827
Less: Expenditure	5(ii)	19,639,945	17,977,718	1,662,227
Less: Income tax	17	(11,365,112)	(10,087,786)	(1,277,326)
Surplus/(Deficit) for the financial year		(142,356)	(133,039)	(9,317)
Add: Transfer from Accumulated surplus	4	8,132,477	7,756,893	375,584
		-	-	(75,796)
Less: Fair value reserve	4	67,460,384	28,911,422	67,184
Balance at 31 March	8	(39,000)	24,598,289	284,326
Represented by:		67,421,384	38,548,962	44,387,649
Non-current assets				
Held-to-maturity financial assets	10	17,000,601	9,053,433	
Available-for-sale financial assets	11	-	5,868,000	
		17,000,601	14,921,433	
Current assets				
Held-to-maturity financial assets	10	-	5,781,481	
Available-for-sale financial assets	11	5,961,000	-	
Conservancy and service receivables		598,067	734,127	
Interest receivable		399,640	398,270	
Other receivables		158,387	376,960	
Cash and bank balances		41,663,612	48,535,990	
Due from accumulated surplus		4,298,500	4,736	
		53,079,206	55,831,564	
Total assets		70,079,807	70,752,997	
Current liabilities				
Payables and accrued expenses		2,474,132	1,713,129	
Income tax payable		184,291	185,930	
Total liabilities		2,658,423	1,899,059	
NET ASSETS		67,421,384	68,853,938	

JURONG-CLEMENTI TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

5. Sinking fund (Continued)

(i) Investment and interest income

	<u>2018</u> S\$	<u>2017</u> S\$
Interest from banks	11,169	9,341
Interest from bonds	497,943	469,725
Interest from fixed deposits	490,329	609,502
Interest from other investments	31,908	24,000
Amortisation of bonds	(44,813)	(45,382)
	<u>986,536</u>	<u>1,067,186</u>

(ii) Expenditure

	<u>2018</u> S\$	<u>2017</u> S\$
Irrecoverable goods and services tax	145,474	270,262
Lift works	-	10,402,735
Reroofing works	1,576,777	1,792,832
Repairs and redecoration	8,046,433	12,357,205
Replacement of water tank, pipes and booster pump	1,622,105	478,335
Rewiring works	1,894	279,312
Others	(27,571)	2,807
	<u>11,365,112</u>	<u>25,583,488</u>

JURONG-CLEMENTI TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

6. Lift replacement fund

	<u>Note</u>	<u>Total</u> <u>2018</u> <u>S\$</u>	<u>Residential</u> <u>Property</u> <u>2018</u> <u>S\$</u>	<u>Commercial</u> <u>Property</u> <u>2018</u> <u>S\$</u>
Initial one-time transfer from Sinking Fund as at 1 April 2017	5	9,658,031	3,443,760	6,214,271
Add:				
Operating income transfer from conservancy and service fees (minimum required by law)	4	8,237,043	7,385,837	851,206
Voluntary contribution from Accumulated Surplus	2.3(a), 4	1,000,000	500,000	500,000
Investment and interest income	6(i), 22	120,965	113,093	7,872
Selective Lift Replacement Programme disbursement		31,097	29,481	1,616
Transfer from Government grants including LRF maintenance grant and GST subvention	23	1,607,041	1,597,981	9,060
Transfer from Government grants – LRF matching grant	23	5,230,408	4,561,038	669,370
		16,226,554	14,187,430	2,039,124
Less: Expenditure	6(ii)	(5,402,531)	(4,811,125)	(591,406)
Less: Income tax	17	(18,320)	(17,127)	(1,193)
Surplus for the financial year		10,805,703	9,359,178	1,446,525
Balance at 31 March		20,463,734	12,802,938	7,660,796
<i>Represented by:</i>				
Non-current assets				
Held-to-maturity financial assets	10	4,000,000		
Current assets				
Conservancy and service receivables		318,838		
Interest receivable		84,366		
Other receivables		1,668,874		
Cash and bank balances		12,153,864		
Due from accumulated surplus		3,424,653		
		17,650,595		
Total assets		21,650,595		
Current liabilities				
Payables and accrued expenses		1,168,541		
Income tax payable		18,320		
Total liabilities		1,186,861		
NET ASSETS		20,463,734		

JURONG-CLEMENTI TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

6. Lift replacement fund (Continued)

(i) Investment and interest income

	<u>2018</u> <u>S\$</u>
Interest from banks	7,097
Interest from bonds	32,055
Interest from fixed deposits	81,813
	<u>120,965</u>

(ii) Expenditure

	<u>2018</u> <u>S\$</u>
Irrecoverable goods and services tax	66,657
Lift works	5,335,874
	<u>5,402,531</u>

Ministry of National Development ("MND"), on 23 January 2017, announced that all Town Councils will have to set up dedicated Lift Replacement Funds ("LRF"). 14% of the Sinking fund amount as at 31 March 2017, will be carved out as initial fund amount for LRF. The LRF will be designated for future lift replacements and other lift-related replacement works. The effective date for the LRF was set on 1 April 2017.

Subsequent to the initial set up of the LRF, the minimum quarterly transfer to Sinking fund and LRF will be 26% and 14%, respectively, from the Service and Conservancy Income and grants-in-aid.

Consequently, initial amounts from Sinking fund were transferred to LRF of S\$3.4 million for the Residential Property and S\$6.2 million for the Commercial Property.

JURONG-CLEMENTI TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

7. Town improvement and project fund

	Note	Total		Residential Property		Commercial Property	
		2018	2017	2018	2017	2018	2017
		S\$	S\$	S\$	S\$	S\$	S\$
Balance at 1 April		2,638,958	2,667,590	1,500,638	1,134,109	1,138,320	1,533,481
Add/(Less):							
Transfer from government grants	4, 23	1,009,515	4,304,101	1,009,515	4,235,905	-	68,196
Expenditure	7(i)	(1,735,155)	(5,532,733)	(1,632,268)	(5,069,376)	(102,887)	(463,357)
Deficit for the financial year		(725,640)	(1,228,632)	(622,753)	(833,471)	(102,887)	(395,161)
Appropriation from accumulated surplus *		1,500,000	1,200,000	1,000,000	1,200,000	500,000	-
Balance at 31 March		3,413,318	2,638,958	1,877,885	1,500,638	1,535,433	1,138,320
Represented by:							
Current assets							
Receivables from CCC		696,558	4,090,913				
Other receivables		125,019	136,143				
Due from accumulated surplus		2,767,154	-				
Total assets		3,588,731	4,227,056				
Current liabilities							
Payables and accrued expenses		175,413	1,588,098				
Total liabilities		175,413	1,588,098				
NET ASSETS		3,413,318	2,638,958				

* The amount required by the Town improvement and project fund for the following financial year would then be appropriated from the accumulated surplus.

JURONG-CLEMENTI TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

7. Town improvement and project funds (Continued)

(i) Expenditure

	<u>2018</u> S\$	<u>2017</u> S\$
Construction of covered link way/drop-off point	910,032	1,634,630
Construction of pavilion shelter	-	7,367
Construction/Upgrading playground or fitness centre	61,034	773,529
Large scale town wide project	260,884	1,783,585
Improvement works and other amenities	503,205	1,333,622
	<u>1,735,155</u>	<u>5,532,733</u>

8. Fair value reserve

	<u>2018</u> S\$	<u>2017</u> S\$
Fair value reserve from available-for-sale financial assets	<u>(39,000)</u>	<u>(132,000)</u>
Movements:		
Balance at 1 April	(132,000)	(195,000)
Fair value gain on available-for-sale financial assets recognised in other comprehensive income	93,000	63,000
Balance at 31 March	<u>(39,000)</u>	<u>(132,000)</u>
Taken up in:		
Sinking fund (Note 5)	<u>(39,000)</u>	<u>(132,000)</u>

JURONG-CLEMENTI TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

9. Plant and equipment

	Furniture, fixtures and fittings S\$	Office equipment S\$	Data processing equipment S\$	Plant and machinery S\$	Total S\$
Cost					
At 1 April 2016	24,373	96,533	152,978	95,427	369,311
Additions	-	12,000	2,840	-	14,840
Written-off	-	(16,300)	(1,395)	-	(17,695)
At 31 March 2017	24,373	92,233	154,423	95,427	366,456
Additions	-	-	14,851	-	14,851
Written-off	(5,037)	(3,300)	(11,375)	-	(19,712)
At 31 March 2018	19,336	88,933	157,899	95,427	361,595
Accumulated depreciation					
At 1 April 2016	23,192	78,081	79,825	87,051	268,149
Depreciation	-	6,275	41,928	3,460	51,663
Written-off	-	(16,300)	(1,395)	-	(17,695)
At 31 March 2017	23,192	68,056	120,358	90,511	302,117
Depreciation	-	6,296	24,356	3,461	34,113
Written-off	(5,037)	(3,300)	(11,375)	-	(19,712)
At 31 March 2018	18,155	71,052	133,339	93,972	316,518
Carrying amount					
At 31 March 2017	1,181	24,177	34,065	4,916	64,339
At 31 March 2018	1,181	17,881	24,560	1,455	45,077

10. Held-to-maturity financial assets

	2018 S\$	2017 S\$
At amortised cost		
Quoted bonds	21,062,500	14,917,875
Less: Amortisation of bonds	(61,899)	(82,961)
	<u>21,000,601</u>	<u>14,834,914</u>
Maturing:		
Within 1 year	-	5,781,481
After one year but within five years	21,000,601	9,053,433
	<u>21,000,601</u>	<u>14,834,914</u>

Held-to-maturity financial assets represents investments in quoted bonds issued by statutory boards and government-linked companies, with a fixed interest rate of 2.223% to 4.300% (2017: 2.223% to 4.300%) per annum and maturity date of 28 May 2019 to 24 January 2028 (2017: 17 January 2018 to 18 May 2021), and are denominated in Singapore dollar as at reporting date.

JURONG-CLEMENTI TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

10. Held-to-maturity financial assets (Continued)

The change in amortisation is as follows:

	<u>2018</u> S\$	<u>2017</u> S\$
Balance at 1 April	82,961	37,579
Amortisation charged to profit or loss	44,813	45,382
Less: Realisation of Amortisation	<u>(65,875)</u>	<u>-</u>
Balance at 31 March	<u>61,899</u>	<u>82,961</u>

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

	<u>2018</u> %	<u>2017</u> %
Quoted bonds	<u>2.95</u>	<u>3.75</u>

The fair value of held-to-maturity financial assets is based on the closing bid price at the end of the financial year as follows:

	<u>2018</u> S\$	<u>2017</u> S\$
Quoted bonds	<u>20,930,520</u>	<u>15,120,188</u>

11. Available-for-sale financial assets

	<u>2018</u> S\$	<u>2017</u> S\$
<i>Structured deposits at fair value</i>		
Balance at 1 April	5,868,000	5,805,000
Fair value changes recognised in other comprehensive income	<u>93,000</u>	<u>63,000</u>
Balance at 31 March	<u>5,961,000</u>	<u>5,868,000</u>

The fair value of available-for-sale financial assets is based on the published indicative net asset value as provided by the bank at the end of the reporting period. The underlying assets of the structured deposits consist of investment in equity shares in 5 companies listed in Singapore Exchange Securities Trading Limited.

The structured deposits have matured on 7 May 2018 and were denominated in Singapore dollar.

JURONG-CLEMENTI TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

12. Conservancy and service receivables

	<u>2018</u> S\$	<u>2017</u> S\$
Conservancy and service fees receivables	2,680,878	2,675,284
Add: Interest receivable on late payments	105,910	102,260
	<u>2,786,788</u>	<u>2,777,544</u>
Less: Allowance for doubtful receivables	<u>(1,668,766)</u>	<u>(1,695,514)</u>
	<u>1,118,022</u>	<u>1,082,030</u>

Conservancy and service fees receivables are generally on 30 (2017: 30) days' credit terms. Penalty fee is charged on the outstanding balances.

Allowances are made in respect of estimated irrecoverable amounts are determined by reference to past default experience. If repeated reminders and letters of demand to settle overdue payments fail to yield results, the Town Council will write off the debts on a case-by-case basis.

The carrying amount of conservancy and service fees receivables individually determined to be impaired is as follows:

	<u>2018</u> S\$	<u>2017</u> S\$
Past due for more than 8 months	<u>1,668,766</u>	<u>1,695,514</u>

Movements in the allowance for doubtful receivables are as follows:

	<u>2018</u> S\$	<u>2017</u> S\$
Balance at 1 April	1,695,514	1,439,248
Allowance charged to profit or loss (Note 21)	(1,815)	253,459
Charge to Sinking fund – LUP debtors	<u>(24,933)</u>	<u>2,807</u>
Balance at 31 March	<u>1,668,766</u>	<u>1,695,514</u>

Conservancy and service fees receivables are denominated in Singapore dollar as at reporting date.

13. Other receivables

	<u>2018</u> S\$	<u>2017</u> S\$
Deposits	934,435	740,238
GST subvention receivable	524,798	469,581
Interest receivable	536,934	448,888
LRF matching grant receivable	1,583,588	-
Prepayments	290,855	268,081
Receivables from CCC	696,558	4,090,913
Service and conservancy charge operating grant receivable	84,377	17,233
Other receivables	<u>538,181</u>	<u>350,698</u>
	<u>5,189,726</u>	<u>6,385,632</u>

Other receivables are denominated in Singapore dollar as at reporting date.

JURONG-CLEMENTI TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

14. Neighbourhood Renewal Programme ("NRP") funding receivables

	<u>2018</u> S\$	<u>2017</u> S\$
Balance at 1 April	820,275	1,201,157
Funding from government	(7,311,561)	(11,923,820)
Payment to contractors	8,400,366	11,542,938
Movement during the financial year	1,088,805	(380,882)
Balance at 31 March	<u>1,909,080</u>	<u>820,275</u>

NRP funding receivables are denominated in Singapore dollar as at reporting date.

15. Cash and bank balances

	<u>2018</u> S\$	<u>2017</u> S\$
Cash and bank balances	9,994,820	4,667,050
Fixed deposits with financial institutions	65,473,320	52,543,673
	<u>75,468,140</u>	<u>57,210,723</u>
Fixed deposits maturing:		
– Within 3 months	40,248,091	28,458,258
– Between 3 to 12 months	25,225,229	24,085,415
	<u>65,473,320</u>	<u>52,543,673</u>

Fixed deposits are placed for varying periods from one to nine (2017: one to ten) months, bear interest rates ranging from 0.25% to 1.56% (2017: 0.25% to 1.80%) per annum. The weighted average effective interest rates per annum relating to fixed deposits is 1.26% (2017: 1.22%).

Pledged fixed deposits were in favour of a lessor in respect of certain leased premises as stipulated in the lease agreement.

Cash and bank balances are denominated in Singapore dollar as at reporting date.

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

	<u>2018</u> S\$	<u>2017</u> S\$
Cash and fixed deposits	75,468,140	57,210,723
Fixed deposits pledged	(60,523)	(60,372)
Short term fixed deposits with maturity more than 3 months	(25,225,229)	(24,085,415)
Cash and cash equivalents	<u>50,182,388</u>	<u>33,064,936</u>

JURONG-CLEMENTI TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

16. Payables and accrued expenses

	<u>2018</u> S\$	<u>2017</u> S\$
Accrued operating expense	1,080,824	991,197
Amount payable to managing agent	564,734	143,221
Payable to contractors	5,207,259	4,288,626
Refundable deposits	187,231	231,633
Selective Lift Replacement Programme funding received in advance	72,558	-
Other payables	691,358	71,000
	<u>7,803,964</u>	<u>5,725,677</u>

Payables are generally on 30 to 90 (2017: 30 to 90) days' credit terms.

Payables and accruals expenses are denominated in Singapore dollar as at reporting date.

17. Income tax

	<u>2018</u> S\$	<u>2017</u> S\$
Current income tax		
– Current	458,011	427,374
– Over-provision in prior financial years	(4,075)	(4,843)
Tax expense	<u>453,936</u>	<u>422,531</u>
Taken up in:		
Accumulated surplus (Note 4)	293,260	265,657
Sinking fund (Note 5)	142,356	156,874
Lift replacement fund (Note 6)	18,320	-
	<u>453,936</u>	<u>422,531</u>

The Town Council is incorporated in Singapore and accordingly is subject to income tax rate of 17% (2017: 17%). There were no changes in the enterprise income tax of the difference applicable jurisdictions in the current financial year from the last financial year.

The Town Council enjoys a concessionary tax rate of 10% (2017: 10%) for the interest income earned from qualifying debt securities determined by Monetary Authority of Singapore.

Reconciliation of effective tax rate is as follows:

	<u>2018</u> S\$	<u>2017</u> S\$
Taxable income:		
Investment and interest income	1,331,945	1,193,846
Government grant income	17,718,768	14,162,249
Other income	1,558,552	1,490,714
	<u>20,609,265</u>	<u>16,846,809</u>

JURONG-CLEMENTI TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

17. Income tax (Continued)

Reconciliation of effective tax rate is as follows (Continued):

	<u>2018</u> S\$	<u>2017</u> S\$
Income tax at statutory rate	3,503,575	2,863,958
Tax effect on concessionary income	(33,180)	(29,001)
Singapore statutory stepped income exemption	(25,925)	(25,925)
Tax remission of government grants under Section 92 (2) of Singapore Income Tax Act	(2,989,377)	(2,385,239)
Over-provision in prior financial years	(4,075)	(4,843)
Others	2,918	3,581
Tax expense	<u>453,936</u>	<u>422,531</u>

Movements in the income tax payable are as follows:

	<u>2018</u> S\$	<u>2017</u> S\$
Balance at 1 April	679,500	568,052
Payments made during the financial year	(377,896)	(311,083)
Current financial year's income tax expense	458,011	427,374
Over-provision in prior financial years	(4,075)	(4,843)
Balance at 31 March	<u>755,540</u>	<u>679,500</u>

18. Agency fees

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

19. Other income

	<u>2018</u> S\$	<u>2017</u> S\$
Interest on late payment of conservancy and service fees	81,125	84,127
Liquidated damages	19,476	3,150
Net profit from push cart project	122,517	125,972
Sundry fines	47,814	49,638
Temporary occupation licences	2,525,758	2,510,302
Usage of void deck, water, electricity and common property	398,566	411,182
Others	148,362	150,336
	<u>3,343,618</u>	<u>3,334,707</u>

20. Managing agent's fees

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

JURONG-CLEMENTI TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

21. General and administrative expenditure

	<u>2018</u> S\$	<u>2017</u> S\$
Advertising, publicity and public relations	343,072	385,437
Allowance made for doubtful receivables (Note 12)	(1,815)	253,459
Audit fee	40,000	45,500
Bad debts written-off	12,580	27,221
Computing service	269,021	272,978
Depreciation of plant and equipment	34,113	51,663
Fees and other charges	117,162	100,336
Irrecoverable goods and services tax *	574,850	440,840
Office rental and upkeep expenditure	360,998	254,236
Offices supplies and stationery	228,571	182,164
Plant and equipment not capitalised	5,924	6,554
Property tax	261,179	263,161
Staff costs (including key management personnel remuneration disclosed in Note 26)		
– Salaries and related costs	1,176,167	163,826
– Employers' contribution defined contribution plan	105,594	15,508
Town Councillors' allowances	306,697	306,019
Others	121,029	110,834
	<u>3,955,142</u>	<u>2,879,736</u>

* Government grant received by the Town Council are considered non-taxable supplies. Therefore, input tax claimable is based on a formula determined by the Inland Revenue Authority of Singapore. The unclaimable portion is charged to profit or loss during the financial year.

22. Investment and interest income

	<u>2018</u> S\$	<u>2017</u> S\$
Current accounts	38,287	30,682
Available-for-sale financial assets	31,908	24,000
Held-to-maturity financial assets	529,998	469,725
Fixed deposits	731,752	669,439
Amortisation of bonds	(44,813)	(45,382)
	<u>1,287,132</u>	<u>1,148,464</u>
Taken up in:		
Accumulated surplus (Note 4)	179,631	81,278
Sinking fund (Note 5)	986,536	1,067,186
Lift replacement fund (Note 6)	120,965	-
	<u>1,287,132</u>	<u>1,148,464</u>

JURONG-CLEMENTI TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

23. Government grants

(i) Government grants taken to profit or loss during the financial year are as follows:

	<u>Note</u>	<u>2018</u> S\$	<u>2017</u> S\$
Government grants received/receivable			
Service and conservancy charges operating grant		8,176,922	7,989,767
Payment from Citizen's Consultative Committee		1,009,515	4,304,101
GST subvention		2,048,523	1,868,381
Lift maintenance grant		1,253,400	-
LRF Matching grant		5,230,408	-
	4	17,718,768	14,162,249
Less: Transfers to Sinking fund			
Service and conservancy charges operating grant		(2,126,000)	(2,530,400)
GST subvention		(532,619)	(629,093)
Lift maintenance grant		(325,884)	-
	4, 5	(2,984,503)	(3,159,493)
Less: Transfers to Lift replacement fund			
Service and conservancy charges operating grant		(1,144,769)	-
GST subvention		(286,795)	-
Lift maintenance grant		(175,477)	-
	4, 6	(1,607,041)	-
LRF Matching Grant	4, 6	(5,230,408)	-
		(6,837,449)	-
Less: Transfers to Town improvement and project fund			
Payment from Citizen's Consultative Committee	4, 7	(1,009,515)	(4,304,101)
		6,887,301	6,698,655

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

	<u>2018</u> S\$	<u>2017</u> S\$
Total grants received at 1 April	174,617,597	161,954,907
Add: Grants received during the financial year		
Service and conservancy charges operating grant	8,109,778	7,966,683
Payment from Citizen's Consultative Committee	4,396,810	2,832,997
GST subvention	1,993,305	1,863,010
Lift maintenance grant	1,253,400	-
LRF matching grant	3,646,820	-
	19,400,113	12,662,690
Total grants received at 31 March	194,017,710	174,617,597

JURONG-CLEMENTI TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

24. Capital commitments

Capital expenditures approved by the Town Council but not provided for in the financial statements as at reporting date are as follows:

	<u>2018</u> S\$	<u>2017</u> S\$
Amount approved and contracted for	34,810,234	22,696,809
Amount approved but not contracted for	<u>21,597,292</u>	<u>21,779,503</u>
	<u>56,407,526</u>	<u>44,476,312</u>

Included in the amount approved and contracted for is the cost of Neighbourhood Renewal Programme works amounting to S\$16,814,723 (2017: S\$13,248,928).

25. Operating lease commitments

At the end of the reporting date, the Town Council has commitments for future minimum lease payments under non-cancellable operating leases in respect of the office premises and rental of computer hardware and software with an original term of more than one year as follows:

	<u>2018</u> S\$	<u>2017</u> S\$
Future minimum lease payments payable:		
Within one year	532,704	531,624
After one year but within five years	<u>482,476</u>	<u>979,300</u>
	<u>1,015,180</u>	<u>1,510,924</u>

The lease for office premises has a tenure of 1 to 3 years, with an option to renew the lease for another 3 years subject to certain conditions being met. There are no restrictions placed upon the Town Council by entering into these leases. The lease expenditure charged to profit or loss during the financial year is disclosed in Note 21 to the financial statements.

26. Significant related party transactions

Jurong-Clementi Town Council is managed by the managing agent, C&W Services Township Pte Ltd (formerly known as Cushman & Wakefield Township Pte Ltd). Related party relates to the managing agent who manages the operations of the Town Council and provides key management personnel services to the Town Council.

During the financial year, in addition to those disclosed elsewhere in these financial statements, the Town Council entered into the following transactions with the managing agent:

	<u>2018</u> S\$	<u>2017</u> S\$
Expenditure paid to managing agent in relation to:		
Managing agent's fee	3,885,491	4,993,083
Project management fee	906,654	1,168,137
Reimbursement for advertising fee and other expenses	<u>150</u>	<u>5,411</u>
Expenditure paid to entities related to the managing agent:		
Enforcement service fee	172,228	168,753
Lift, pump and fire protection maintenance fee	228,240	253,937
LED project fee	-	88
Reimbursement for advertising fee	<u>15,016</u>	<u>12,310</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

26. Significant related party transactions (Continued)

Entities related to the management agent in these financial statements refer to those entities that are under the same common control as the management agent.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Town Council, directly or indirectly, including any Town Councillors (whether executive or otherwise) of that Town Council.

The Town Council pays the monthly fees to C&W Services Township Pte Ltd and does not incur any manpower and related costs except for Town Councillors' allowances and others as disclosed in Note 21.

During the current financial year, the Town Council has employed General Manager and Deputy General Manager directly who are key management personnel of Town Council.

The allowances paid to the Town Councillors and the compensation paid to the General Manager and Deputy General Manager is disclosed as below.

	<u>2018</u> S\$	<u>2017</u> S\$
Town Councillors' allowance (Note 21)	306,697	306,019
Salaries and related costs	440,688	59,600
Employers' contribution defined contribution plan	24,653	3,681
	<u>772,038</u>	<u>369,300</u>

27. Financial instruments and financial risks

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

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

There have been no changes since the last financial year to the Town Council's exposure to these financial risk or the manner in which it manages and measures the risk.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Town Council. Town Council performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

Town Council's major classes of financial assets are bank deposits, conservancy and service fee receivables and other receivables.

Bank deposits are mainly deposits with banks with high credit-ratings assigned by international credit rating agencies.

Conservancy and service fee receivables consist of a large number of household owners, thus Town Council do not have any significant credit exposure to any single counterparty or any groups of counterparties having similar characteristics.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

27. Financial instruments and financial risks (Continued)***Credit risk (Continued)***

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

The age analysis of conservancy and service fee receivables past due but not impaired is as follows:

	<u>2018</u> S\$	<u>2017</u> S\$
Not past due	352,766	338,362
Past due for 1 to 3 months	302,340	280,865
Past due for 4 to 6 months	272,662	219,779
Past due for more than 6 months	190,254	243,024
	<u>1,118,022</u>	<u>1,082,030</u>

The movements in the allowance for impairment in respect of conservancy and service fee receivables during the financial year are disclosed in Note 12 to the financial statements.

Based on past experience, except for certain conservancy and service fee receivables balances that impaired, the management believes that it will be collectible in the foreseeable future as a result of recovery efforts and based on historical experience.

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. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Foreign currency risk

The Town Council is not exposed to foreign currency risk as the transactions are denominated in Singapore dollar, which is the functional currency of the Town Council.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Town Council's exposure interest rate risk relates primarily to interest-earning fixed deposits with financial institutions and investments in government and corporate bonds. The Town Council's surplus funds are placed with reputable financial institutions or invested in Singapore government bonds. The exposure to interest rate risk is minimal since the deposits are with fixed rate of interest throughout the term.

Equity price risk

Equity price risk is applicable to investments in equity shares or similar instruments. As equities are invested through fund managers under guaranteed principal schemes, the exposure to equity price risk is minimal.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018**

27. Financial instruments and financial risks (Continued)***Liquidity risk***

Liquidity risks refer to the risks in which the Town Council encounters difficulties in meeting its short-term obligations. The Town Council manages the liquidity risk by maintaining sufficient cash, internally generated cash flows, as well as on basis of expected payment dates of the financial liabilities.

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

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

The contractual undiscounted cash flows of the non-derivative financial instruments due within 12 months equal their carrying amounts as the impact of discounting is not significant, except for held-to-maturity financial assets disclosed in Note 10.

Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statement of financial position and as follows:

	<u>2018</u> S\$	<u>2017</u> S\$
<i>Held-to-maturity financial assets</i>	<u>21,000,601</u>	<u>14,834,914</u>
<i>Available-for-sale financial assets</i>	<u>5,961,000</u>	<u>5,868,000</u>
<i>Loans and receivables</i>		
Conservancy and service fees receivables	1,118,022	1,082,030
Other receivables	5,189,726	6,385,632
Less: Prepayments	(290,855)	(268,081)
Neighbourhood Renewal Programme funding receivables	1,909,080	820,275
Cash and bank balances	75,468,140	57,210,723
Total	<u>83,394,113</u>	<u>65,230,579</u>
<i>Financial liabilities at amortised cost</i>		
Payables and accrued expenses	<u>7,803,964</u>	<u>5,725,677</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

28. Fair value of financial assets and liabilities

The carrying amounts of cash and bank balances, conservancy and service fees receivables and other current receivables and payables approximate their respective fair values due to the relative short term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

The fair values of applicable assets and liabilities are determined and categorised using a fair value hierarchy as follows:

- (a) Level 1 – the fair values of assets and liabilities with standard terms and conditions and which trade in active markets that the Town Council can access at the measurement date are determined with reference to quoted market prices (unadjusted).
- (b) Level 2 – in the absence of quoted market prices, the fair values of the assets and liabilities are determined using the other observable, either directly or indirectly, inputs such as quoted prices for similar assets or liabilities in active markets or included within Level 1, quoted prices for identical or similar assets or liabilities in non-active markets.
- (c) Level 3 – in the absence of quoted market prices included within Level 1 and observable inputs included within Level 2, the fair values of the remaining assets and liabilities are determined in accordance with generally accepted pricing models.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Town Council holds its financial assets and financial liabilities carried at fair value or at valuation (Level 1) as follows:

	<u>2018</u> S\$	<u>2017</u> S\$
<i>Financial assets</i>		
Held-to-maturity financial assets (Note 10)	20,930,520	15,120,188
Available-for-sale financial assets (Note 11)	<u>5,961,000</u>	<u>5,868,000</u>

Valuation policies and techniques

At least on an annual basis, the Town Council evaluates all significant changes in fair value measurements for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources, if necessary and appropriate.

During the financial year, there is no change in the applicable valuation technique.

JURONG-CLEMENTI TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2018

29. Funds management

The Town Council's objectives when managing funds are:

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

The Town Council actively and regularly reviews and manages its funding structure to ensure optimal funding structure, taking into consideration the future funding requirements, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

There were no changes in the Town Council's approach to funds management from 31 March 2017.

The Town Council is not subjected to any externally imposed capital requirements during the financial years ended 31 March 2018 and 2017.

As at the end of the reporting period, the Town Council's total funds amounted to \$100,740,925 (2017: \$78,968,075).