

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

**FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 MARCH 2019**

**JURONG-CLEMENTI TOWN COUNCIL**

**FINANCIAL STATEMENTS**

**FINANCIAL YEAR ENDED 31 MARCH 2019**

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## **INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF JURONG-CLEMENTI TOWN COUNCIL**

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### **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 as at 31 March 2019, and the statements of income and expenditure, comprehensive income, changes in funds and cash flows 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 are properly drawn up in accordance with the provisions of the Town Councils Act, Cap 329A (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to present fairly, in all material respects, the financial position of the Town Council as at 31 March 2019 and 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Town Council in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Other Information***

Management is responsible for the other information. The other information relates to the Chairman's Message included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

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

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

Management is responsible for the preparation and fair presentation of financial statements in accordance with the provisions of the Act and FRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

## **INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF JURONG-CLEMENTI TOWN COUNCIL**

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### **Report on the Audit of Financial Statements (Continued)**

#### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements (Continued)***

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



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

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**Report on Other Legal and Regulatory Requirements**

***Opinion***

In our opinion:

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

***Basis of Opinion***

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

***Responsibilities of Management for Compliance with Legal and Regulatory Requirements***

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

***Auditor's Responsibilities for the Compliance Audit***

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

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



**Foo Kon Tan LLP**

Public Accountants and  
Chartered Accountants

Singapore  
24 September 2019



# JURONG-CLEMENTI TOWN COUNCIL

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	Note	31 March 2019 S\$	31 March 2018 (Restated) S\$	1 April 2017 (Restated) S\$
<b>TOWN COUNCIL FUNDS</b>				
<b>Residential Property</b>				
Accumulated Surplus	4	2,119,994	2,870,407	2,383,024
Sinking Fund	5	39,895,426	28,884,552	24,478,976
Lift Replacement Fund	6	23,707,450	12,802,938	-
Town Improvement and Project Fund	7	1,703,737	1,877,885	1,500,638
		67,426,607	46,435,782	28,362,638
<b>Commercial Property</b>				
Accumulated Surplus	4	1,776,389	3,346,435	2,962,925
Sinking Fund	5	38,995,249	38,547,108	44,379,414
Lift Replacement Fund	6	10,239,109	7,660,796	-
Town Improvement and Project Fund	7	524,238	1,535,433	1,138,320
		51,534,985	51,089,772	48,480,659
<b>Carpark</b>				
Accumulated Surplus	4	4,470,030	3,225,647	2,129,230
<b>Fair value reserve</b>				
Sinking Fund	8	-	25,260	31,110
<b>Total Town Council funds</b>		<b>123,431,622</b>	<b>100,776,461</b>	<b>79,003,637</b>
<b>REPRESENTED BY:</b>				
<b>Non-current assets</b>				
Plant and equipment	9	70,568	45,077	64,339
Held-to-maturity financial assets	10	-	17,980,877	6,027,885
Investments at amortised cost	10	14,978,320	-	-
Available-for-sale financial assets	11	-	3,055,260	3,061,110
Investments at fair value through profit or loss	11	3,061,680	-	-
Financial assets at fair value through profit or loss	12	-	-	5,868,000
		18,110,568	21,081,214	15,021,334
<b>Current assets</b>				
Held-to-maturity financial assets	10	-	-	5,781,481
Investments at amortised cost	10	3,000,000	-	-
Financial assets at fair value through profit or loss	12	-	5,961,000	-
Conservancy and service fees receivables	13	1,207,876	1,118,022	1,082,030
Other receivables	14	10,601,472	5,714,201	6,385,632
Neighbourhood Renewal Programme funding receivables	15	2,202,898	1,598,706	494,227
Sport-in-Precinct Programme funding receivables	16	923,890	991,460	522,173
Cash and bank balances	17	101,406,198	75,468,140	57,210,723
		119,342,334	90,851,529	71,476,266
<b>Total assets</b>		<b>137,452,902</b>	<b>111,932,743</b>	<b>86,497,600</b>
<b>Less:</b>				
<b>Current liabilities</b>				
Conservancy and service fees received in advance		1,441,502	1,391,217	892,661
Advances received/billed in advance for Electrical Load Upgrading Programme	18	958,432	681,086	196,125
Payables and accrued expenses	19	10,732,966	8,328,439	5,725,677
Income tax payable	20	888,380	755,540	679,500
<b>Total liabilities</b>		<b>14,021,280</b>	<b>11,156,282</b>	<b>7,493,963</b>
<b>Net assets</b>		<b>123,431,622</b>	<b>100,776,461</b>	<b>79,003,637</b>

Mr Ang Wei Neng  
Chairman

Date: 24 SEP 2019

Mr Ho Thian Poh  
Secretary

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 2019

	<u>Note</u>	<u>2019</u> <u>S\$</u>	<u>2018</u> <u>S\$</u>
<b>Operating Income</b>			
Conservancy and service fees	4	63,881,044	58,836,003
Less: Operating income transfer to			
- Sinking Fund (minimum required by law)	4, 5	(16,609,073)	(15,297,356)
- Lift Replacement Fund (minimum required by law)	4, 6	(8,943,350)	(8,237,043)
		<u>38,328,621</u>	<u>35,301,604</u>
Agency fees	4, 21	4,210,550	3,911,802
Other income	4, 22	3,713,857	3,343,618
		<u>46,253,028</u>	<u>42,557,024</u>
<b>Less: Operating expenditure</b>			
Cleaning works		(8,374,496)	(8,346,201)
Managing agent's fees	23	(4,153,312)	(3,885,491)
Lift maintenance		(10,539,634)	(8,707,193)
Other works and maintenance		(10,108,276)	(8,922,708)
Water and electricity		(11,565,729)	(11,046,651)
General and administrative expenditure	24	(4,244,990)	(3,955,142)
		<u>(48,986,437)</u>	<u>(44,863,386)</u>
<b>Operating deficit</b>		<u>(2,733,409)</u>	<u>(2,306,362)</u>
Add: Investment and interest income	25	296,766	179,631
<b>Deficit before government grants and income tax</b>		<u>(2,436,643)</u>	<u>(2,126,731)</u>
Less: Income tax	20	(332,803)	(293,260)
<b>Deficit before government grants</b>		<u>(2,769,446)</u>	<u>(2,419,991)</u>
Government grants	26	22,584,321	17,718,768
Less: Transfer to			
- Sinking Fund including Lift Maintenance Grant and GST Subvention	5	(3,117,133)	(2,984,503)
- Lift Replacement Fund including Lift Maintenance Grant and GST Subvention	6	(1,678,457)	(1,607,041)
- Lift Replacement Fund - LRF Matching Grant	6	(7,297,139)	(5,230,408)
- Town Improvement and Project Fund	7	(3,298,222)	(1,009,515)
		<u>7,193,370</u>	<u>6,887,301</u>
<b>SURPLUS FOR THE FINANCIAL YEAR</b>		<u>4,423,924</u>	<u>4,467,310</u>
Add: Accumulated Surplus at 1 April		9,442,489	7,475,179
Less: Appropriation to Town Improvement and Project Fund	7	(1,500,000)	(1,500,000)
Less: Voluntary contribution to Lift Replacement Fund	6	(4,000,000)	(1,000,000)
<b>ACCUMULATED SURPLUS AT 31 MARCH</b>		<u><u>8,366,413</u></u>	<u><u>9,442,489</u></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 2019

	<u>Note</u>	<u>2019</u> <u>S\$</u>	<u>2018</u> <u>S\$</u>
<b>Surplus/(Deficit) for the financial year</b>			
- Accumulated Surplus	4	4,423,924	4,467,310
- Sinking Fund	5	11,433,755	8,231,301
- Lift Replacement Fund	6	9,482,825	9,805,703
- Town Improvement and Project Fund	7	(2,685,343)	(725,640)
		<u>22,655,161</u>	<u>21,778,674</u>
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to income and expenditure</i>			
Net loss on fair value changes of available-for-sale financial assets	8	-	(5,850)
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>			
<b>ATTRIBUTABLE TO TOWN COUNCIL FUNDS</b>		<u><u>22,655,161</u></u>	<u><u>21,772,824</u></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 TOWN COUNCIL FUNDS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

	<u>Residential Property</u> S\$	<u>Commercial Property</u> S\$	<u>Carpark</u> S\$	<u>Fair value reserve</u> S\$	<u>Total</u> S\$
Balance at 1 April 2017 as previously reported	28,481,951	48,488,894	2,129,230	(132,000)	78,968,075
Prior year adjustments (Note 33)	(119,313)	(8,235)	-	163,110	35,562
Balance at 1 April 2017 as restated	28,362,638	48,480,659	2,129,230	31,110	79,003,637
Surplus for the financial year	18,073,144	2,609,113	1,096,417	-	21,778,674
Other comprehensive income	-	-	-	(5,850)	(5,850)
Net loss on fair value changes of available-for-sale financial assets	-	-	-	(5,850)	(5,850)
Total comprehensive income for the financial year attributable to Town Council funds	18,073,144	2,609,113	1,096,417	(5,850)	21,772,824
<b>Balance at 31 March 2018</b>	<b>46,435,782</b>	<b>51,089,772</b>	<b>3,225,647</b>	<b>25,260</b>	<b>100,776,461</b>
Balance at 31 March 2018 as previously reported	46,462,652	51,091,626	3,225,647	(39,000)	100,740,925
Prior year adjustments (Note 33)	(26,870)	(1,854)	-	64,260	35,536
Balance at 31 March 2018 as restated	46,435,782	51,089,772	3,225,647	25,260	100,776,461
Adoption of FRS 109 (Note 2.1)	23,629	1,631	-	(25,260)	-
Balance as at 1 April 2018	46,459,411	51,091,403	3,225,647	-	100,776,461
Surplus for the financial year	20,967,196	443,582	1,244,383	-	22,655,161
Total comprehensive income for the financial year attributable to Town Council funds	20,967,196	443,582	1,244,383	-	22,655,161
<b>Balance at 31 March 2019</b>	<b>67,426,607</b>	<b>51,534,985</b>	<b>4,470,030</b>	<b>-</b>	<b>123,431,622</b>

*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 2019

	<u>Note</u>	<u>2019</u> <u>S\$</u>	<u>2018</u> <u>S\$</u>
<b>Operating activities</b>			
Deficit before government grants and income tax	4	(2,436,643)	(2,126,731)
Adjustments for:			
Allowance made for doubtful receivables	13	94,767	10,765
Conservancy and service fees transferred to Sinking Fund	4	16,609,073	15,297,356
Conservancy and service fees transferred to Lift Replacement Fund	4	8,943,350	8,237,043
Depreciation of plant and equipment	9	29,408	34,113
Interest income	4, 25	(296,766)	(179,631)
Administrative fees earned on ELUP completed projects	22	(410,240)	-
Improvement works on NRP completed projects included in other works and maintenance		367,961	-
Improvement works on ELUP completed projects included in other works and maintenance		11,938	-
Gain on disposal of plant and equipment	24	(1,000)	-
<b>Operating cash flows before movements in working capital</b>		<u>22,911,848</u>	<u>21,272,915</u>
Movements in working capital:			
Receivables		(1,021,077)	(968,625)
Payables		<u>2,527,370</u>	<u>3,028,760</u>
<b>Cash generated from operations before income tax</b>		<u>24,418,141</u>	<u>23,333,050</u>
Income tax paid	20	(437,637)	(377,896)
Sinking Fund income	5	1,135	375,857
Sinking Fund expenditure	5	(9,470,874)	(11,369,419)
Lift Replacement Fund expenditure	6	(8,899,008)	(5,402,531)
Town Improvement and Project Fund expenditure	7	(5,983,565)	(1,735,155)
Neighbourhood Renewal Programme expenditure	15	(7,225,073)	(4,983,781)
Sport-in-Precinct Programme expenditure	16	(1,813,336)	(469,287)
Electrical Load Upgrading Programme expenditure	18	(2,884,684)	(2,947,298)
<b>Cash used in operations before government grants</b>		<u>(12,294,901)</u>	<u>(3,576,460)</u>
Government grants received	26	18,796,897	19,400,113
Selective Lift Replacement Programme disbursement		-	103,655
Funding received for Neighbourhood Renewal Programme	15	6,252,920	3,879,302
Funding received for Sport-in-Precinct Programme	16	1,880,906	-
Funding received for Electrical Load Upgrading Programme	18	<u>3,560,332</u>	<u>3,432,259</u>
<b>Net cash generated from operating activities</b>		<u>18,196,154</u>	<u>23,238,869</u>
<b>Investing activities</b>			
Interest and investment income received		1,795,803	1,243,899
Investment in bonds		-	(11,960,500)
Proceeds from Maturity of Investments		6,000,000	5,750,000
Purchase of plant and equipment	9	(54,899)	(14,851)
Proceeds from disposal of plant and equipment		1,000	-
Placement of fixed deposits		<u>(31,856,573)</u>	<u>(1,139,965)</u>
<b>Net cash used in investing activities</b>		<u>(24,114,669)</u>	<u>(6,121,417)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<u>(5,918,515)</u>	<u>17,117,452</u>
Cash and cash equivalents at beginning of financial year		<u>50,182,388</u>	<u>33,064,936</u>
<b>Cash and cash equivalents at the end of financial year</b>	17	<u>44,263,873</u>	<u>50,182,388</u>

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 2019**

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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 2019 were authorised for issue in accordance with a resolution of the Town Council on 24 September 2019.

#### **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.

##### **Adoption of new and revised standards**

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 2018. 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.

The changes arising from the adoption of FRS 109 and FRS 115 are described below:

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

On 1 April 2018, the Town Council adopted FRS 109 Financial instruments, which is effective for annual periods beginning on or after 1 January 2018.

The changes arising from the adoption of FRS 109 have been applied retrospectively and did not have a significant impact on the comparative information in the year of initial application. The comparative information was prepared in accordance with the requirement of FRS 39.

## JURONG-CLEMENTI TOWN COUNCIL

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

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#### 2. Summary of significant accounting policies

##### 2.1 Basis of preparation (Continued)

###### FRS 109 Financial Instruments (Continued)

###### Classification and measurement

For financial assets held by the Town Council on 1 April 2018, management has assessed the business models that are applicable on that date to these assets so as to classify them into the appropriate categories under FRS 109. Other than as disclosed below, there are no material reclassification resulting from management's assessment.

###### Reclassification from held-to-maturity to amortised cost

Investment in quoted bonds of \$17,980,877 previously classified as "Held-to-maturity financial assets" were reclassified to "Investments at amortised cost" on 1 April 2018. The Town Council intends to hold these assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest ("SPPI"). There was no difference between the previous carrying amount and the revised carrying amount of these financial assets at 1 April 2018.

The Town Council has elected not to adjust the comparative information as permitted under FRS 109 transitional provision.

###### Reclassification from available-for-sale ("AFS") to fair value through profit or loss ("FVPL")

FRS 109 requires all equity instruments to be carried at FVPL, unless the Town Council chooses on initial recognition, to present fair value changes in other comprehensive income.

Investments in non cumulative non-convertible perpetual capital securities previously classified as "Available-for-sale financial assets" were reclassified to "Investments at fair value through profit or loss" on 1 April 2018.

As a result of the change in measurement from AFS to FVPL, the fair value gain of \$25,260 related to these investments that was previously presented under fair value reserve under Sinking Fund was transferred to Sinking Fund Accumulated Surplus as at 1 April 2018.

The Town Council has elected not to adjust the comparative information as permitted under FRS 109 transitional provision.

###### Impairment

FRS 109 replaces the current "incurred loss" model in FRS 39 with a forward-looking expected credit loss (ECL) model. This impairment model applies to financial assets measured at amortised cost or fair value through other comprehensive income, except for investments in equity instruments, and certain loan commitments and financial guarantee contracts.

The application of FRS 109 impairment requirements at 1 April 2018 did not result in material difference in the allowance for impairment.

Impairment loss on conservancy and service fees receivables is presented under "General and administrative expenditure" and is not presented separately in the statement of income and expenditure due to immateriality.

Additional information about how the Town Council measure allowance for impairment is described in Note 2.7 under the accounting policy for impairment of financial assets.



## JURONG-CLEMENTI TOWN COUNCIL

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

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

### 2.1 Basis of preparation (Continued)

#### FRS 115 Revenue from Contracts with Customers

FRS 115 Revenue from Contracts with Customers, establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The adoption of FRS 115 in its financial statements for the year ended 31 March 2019 using the retrospective approach did not have any significant impact on the financial statements.

#### *FRS and INT FRS issued but not yet effective*

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

	<i>Description</i>	<i>Effective date (annual periods beginning on or after)</i>
FRS 109	Amendments to FRS 109: <i>Prepayment Features with Negative Compensation</i>	1 January 2019
FRS 116	<i>Leases</i>	1 January 2019
INT FRS 123	<i>Uncertainty over Income Tax Treatments</i>	1 January 2019

The Town Council has not early adopted any of the above new standards, interpretations and amendments to the existing standards in the financial year ended 31 March 2019. Other than FRS 116, 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.

#### 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

## JURONG-CLEMENTI TOWN COUNCIL

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

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

##### 2.2 Town Council funds (Continued)

Car parks are managed by the Town Council for the Housing and Development Board ("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 are met out of the appropriate funds set up for each property type managed.

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

##### Sinking Funds

In accordance with Section 33(4) of the Act, separate Sinking Funds are established for improvement to, management and maintenance of residential and commercial properties. These Sinking Funds are 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.

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 |

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. 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") was 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 |

## JURONG-CLEMENTI TOWN COUNCIL

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

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

##### 2.2 Town Council funds (Continued)

###### Lift Replacement Fund (Continued)

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.

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.

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 provides two additional grants-in-aids, namely Lift Maintenance Grant (LMG) and LRF Matching Grant, from 1 April 2017.

LRF Matching Grant is not subject to the minimum contribution rates.

###### 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 subsequent financial years. 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 Act; and Rule 11A of the Town Councils Financial Rules, 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.

## JURONG-CLEMENTI TOWN COUNCIL

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

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

##### 2.4 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 income and expenditure when incurred.

Depreciation is charged so as to write off the depreciable amounts 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 income and expenditure.

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.

## JURONG-CLEMENTI TOWN COUNCIL

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

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

##### 2.6 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 income and expenditure, 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 income and expenditure, 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

###### Initial recognition and measurement

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

At initial recognition, the Town Council measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of income and expenditure.

###### Subsequent measurement

###### Investments in debt instruments

Subsequent measurement of debt instruments depends on the Town Council's business model and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

## JURONG-CLEMENTI TOWN COUNCIL

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

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

##### 2.7 Financial instruments (Continued)

###### Financial assets (Continued)

###### Subsequent measurement (Continued)

###### Investments in debt instruments (Continued)

###### (i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in income or expenditure when assets are derecognised or impaired, and through amortisation process.

###### (ii) Fair value through other comprehensive income ("FVOCI")

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in income or expenditure. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to income or expenditure as a reclassification adjustment when the financial asset is de-recognised.

###### (iii) Fair value through profit or loss ("FVPL")

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss and is not part of a hedging relationship is recognised in statement of income and expenditure in the period in which it arises.

###### Investment in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Town Council may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in income and expenditure when the Town Council's right to receive payments is established. Amount presented in OCI shall not be subsequently transferred to income and expenditure. However, the Town Council may transfer the cumulative gain or loss within equity. For investments in equity instruments which the Town Council has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in income and expenditure.

###### Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in income and expenditure.

###### Impairment of financial assets

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

## JURONG-CLEMENTI TOWN COUNCIL

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

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

##### 2.7 Financial instruments (Continued)

###### Financial assets (Continued)

###### Impairment of financial assets (Continued)

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

For conservancy and service fees receivables, the Town Council applies a simplified approach in calculating ECLs. Therefore, the Town Council does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Town Council has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

###### 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 received.

###### 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. Gains and losses are recognised in the statement of income and expenditure when the liabilities are derecognised, and through the amortisation process.

## JURONG-CLEMENTI TOWN COUNCIL

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

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

##### 2.8 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 income and expenditure 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.

##### 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 income and expenditure as they arise.

##### 2.11 Government grants

The Town Council receives five types of grants from the government; namely; Service and Conservancy Charges ("S&CC") Operating Grant, payments from Citizens' Consultative Committee ("CCC"), GST Subvention Grant, Lift Maintenance Grant (LMG) and Lift Replacement Fund (LRF) Matching Grant.

- (i) S&CC Operating Grant to meet the current financial year's operating expenditure are taken to the statement of income and expenditure.
- (ii) Payments from CCC are granted to provide funding support for community improvement projects under the CIPC scheme.
- (iii) GST Subvention is given as grants-in-aid 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.



## JURONG-CLEMENTI TOWN COUNCIL

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

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

##### 2.11 Government grants (Continued)

- (v) LRF Matching Grant is 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:-
  - (a) 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
  - (b) Voluntary contributions 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.

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 income and expenditure over the expected useful life of the relevant asset by equal annual instalment.

##### 2.12 Revenue recognition

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

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

###### Conservancy and service fees

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

###### Agency fees

Agency fees for routine maintenance of HDB's carparks are recognised on a time-proportion basis for the period when the service is rendered.

###### Interest income

Interest income from fixed deposits and investment in debt instruments are recognised on a time proportion basis using the effective interest rates.

###### Other income

Other income comprises mainly temporary occupation licenses ("TOL"), liquidated damages claims and other miscellaneous incomes 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.

## JURONG-CLEMENTI TOWN COUNCIL

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

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

### 2.14 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.

Income tax is accounted using the 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).

Tax shall be payable at the rate of 10% on the income derived from certain investments which have been approved under Section 43G(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 financial year ended 31 March 2018, 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.

#### Classification and measurement of financial assets

Classification and measurement of financial assets depends on the contractual cash flow characteristics of the financial assets and the business model of the Town Council. The Town Council determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed.

## JURONG-CLEMENTI TOWN COUNCIL

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

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

##### 3.1 Critical judgements made in applying the Town Council's accounting policies (Continued)

###### Classification and measurement of financial assets (Continued)

As stated in Note 10, the Town Council has investment in quoted bonds with specific maturity. These investments were classified as financial assets at amortised cost as the Town Council intends to hold these bonds to maturity to collect contractual cash flows which consist solely of payments of principal and interest.

##### 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 2019 was S\$70,568 (2018: S\$45,077) (Note 9).

###### Allowance for doubtful conservancy and service fees receivables and other receivables

The Town Council assesses at the end of each reporting period whether there is any expected credit loss of conservancy and service fees and other receivables based on assumptions about risk of default and expected loss rates. The Town Council considers factors such as past collection history, existing market conditions as well as forward looking estimates at each reporting period. The assessment of the correlation between historical observed default, economic conditions and expected credit loss is a significant estimate. Notwithstanding the above, the Town Council evaluates the expected credit loss on receivables in financial difficulties separately. The carrying amount of the Town Council's conservancy and service fees receivables as at 31 March 2019 was S\$1,207,876 (2018: S\$1,118,022) (Note 13). The carrying amount of the Town Council's other receivables as at 31 March 2019 was S\$10,601,472 (2018: S\$5,714,201) (Note 14).

###### 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 2019 is S\$888,380 (2018: S\$755,540) (Note 20).

JURONG-CLEMENTI TOWN COUNCIL

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

4. Accumulated Surplus

The surplus for the financial year attributable to the various activities is carried forward as Accumulated Surplus in the respective property types as follows:

		<u>Total</u>		<u>Residential Property</u>		<u>Commercial Property</u>		<u>Carpark</u>	
	<u>Note</u>	<u>2019</u> <u>S\$</u>	<u>2018</u> <u>S\$</u>	<u>2019</u> <u>S\$</u>	<u>2018</u> <u>S\$</u>	<u>2019</u> <u>S\$</u>	<u>2018</u> <u>S\$</u>	<u>2019</u> <u>S\$</u>	<u>2018</u> <u>S\$</u>
<b>OPERATING INCOME</b>									
Conservancy and service fees		63,881,044	58,836,003	57,420,621	52,755,935	6,460,423	6,080,068	-	-
Less: Operating income transfer to									
- Sinking Fund (minimum required by law)	5	(16,609,073)	(15,297,356)	(14,929,365)	(13,716,535)	(1,679,708)	(1,580,821)	-	-
- Lift Replacement Fund (minimum required by law)	6	(8,943,350)	(8,237,043)	(8,038,892)	(7,385,837)	(904,458)	(851,206)	-	-
		<u>38,328,621</u>	<u>35,301,604</u>	<u>34,452,364</u>	<u>31,653,563</u>	<u>3,876,257</u>	<u>3,648,041</u>	<u>-</u>	<u>-</u>
Agency fee	21	4,210,550	3,911,802	-	-	-	-	4,210,550	3,911,802
Other income	22	<u>3,713,857</u>	<u>3,343,618</u>	<u>2,874,283</u>	<u>2,422,378</u>	<u>808,711</u>	<u>894,899</u>	<u>30,863</u>	<u>26,341</u>
		<u>46,253,028</u>	<u>42,557,024</u>	<u>37,326,647</u>	<u>34,075,941</u>	<u>4,684,968</u>	<u>4,542,940</u>	<u>4,241,413</u>	<u>3,938,143</u>
Less: Operating expenditure		<u>(48,986,437)</u>	<u>(44,863,386)</u>	<u>(42,178,621)</u>	<u>(38,835,047)</u>	<u>(3,791,695)</u>	<u>(3,174,641)</u>	<u>(3,016,121)</u>	<u>(2,853,698)</u>
		<u>(2,733,409)</u>	<u>(2,306,362)</u>	<u>(4,851,974)</u>	<u>(4,759,106)</u>	<u>893,273</u>	<u>1,368,299</u>	<u>1,225,292</u>	<u>1,084,445</u>
Add: Investment and interest income	25	<u>296,766</u>	<u>179,631</u>	<u>253,588</u>	<u>153,407</u>	<u>17,481</u>	<u>10,718</u>	<u>25,697</u>	<u>15,506</u>
<b>Operating (deficit)/surplus before government grants and income tax</b>		<u>(2,436,643)</u>	<u>(2,126,731)</u>	<u>(4,598,386)</u>	<u>(4,605,699)</u>	<u>910,754</u>	<u>1,379,017</u>	<u>1,250,989</u>	<u>1,099,951</u>
Less: Income tax	20	<u>(332,803)</u>	<u>(293,260)</u>	<u>(306,390)</u>	<u>(255,408)</u>	<u>(19,807)</u>	<u>(34,318)</u>	<u>(6,606)</u>	<u>(3,534)</u>
<b>(Deficit)/Surplus before government grants</b>		<u>(2,769,446)</u>	<u>(2,419,991)</u>	<u>(4,904,776)</u>	<u>(4,861,107)</u>	<u>890,947</u>	<u>1,344,699</u>	<u>1,244,383</u>	<u>1,096,417</u>
Add: Government grants	26	<u>22,584,321</u>	<u>17,718,768</u>	<u>21,562,414</u>	<u>16,984,700</u>	<u>1,021,907</u>	<u>734,068</u>	<u>-</u>	<u>-</u>
Less: Transfers to									
- Sinking Fund including Lift Maintenance Grant and GST Subvention	5, 26	<u>(3,117,133)</u>	<u>(2,984,503)</u>	<u>(3,100,229)</u>	<u>(2,967,676)</u>	<u>(16,904)</u>	<u>(16,827)</u>	<u>-</u>	<u>-</u>
- Lift Replacement Fund including Lift Maintenance Grant and GST Subvention	6, 26	<u>(1,678,457)</u>	<u>(1,607,041)</u>	<u>(1,669,356)</u>	<u>(1,597,981)</u>	<u>(9,101)</u>	<u>(9,060)</u>	<u>-</u>	<u>-</u>
- Lift Replacement Fund - LRF Matching Grant	6, 26	<u>(7,297,139)</u>	<u>(5,230,408)</u>	<u>(6,340,244)</u>	<u>(4,561,038)</u>	<u>(956,895)</u>	<u>(669,370)</u>	<u>-</u>	<u>-</u>
- Town Improvement and Project Fund	7, 26	<u>(3,298,222)</u>	<u>(1,009,515)</u>	<u>(3,298,222)</u>	<u>(1,009,515)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>7,193,370</u>	<u>6,887,301</u>	<u>7,154,363</u>	<u>6,848,490</u>	<u>39,007</u>	<u>38,811</u>	<u>-</u>	<u>-</u>
<b>SURPLUS FOR THE FINANCIAL YEAR</b>		<u>4,423,924</u>	<u>4,467,310</u>	<u>2,249,587</u>	<u>1,987,383</u>	<u>929,954</u>	<u>1,383,510</u>	<u>1,244,383</u>	<u>1,096,417</u>
Add: Accumulated Surplus at 1 April		<u>9,442,489</u>	<u>7,475,179</u>	<u>2,870,407</u>	<u>2,383,024</u>	<u>3,346,435</u>	<u>2,962,925</u>	<u>3,225,647</u>	<u>2,129,230</u>
Less: Appropriation to Town Improvement and Project Fund	7	<u>(1,500,000)</u>	<u>(1,500,000)</u>	<u>-</u>	<u>(1,000,000)</u>	<u>(1,500,000)</u>	<u>(500,000)</u>	<u>-</u>	<u>-</u>
Less: Voluntary contribution to Lift Replacement Fund	2.3(a), 6	<u>(4,000,000)</u>	<u>(1,000,000)</u>	<u>(3,000,000)</u>	<u>(500,000)</u>	<u>(1,000,000)</u>	<u>(500,000)</u>	<u>-</u>	<u>-</u>
<b>ACCUMULATED SURPLUS AT 31 MARCH</b>		<u>8,366,413</u>	<u>9,442,489</u>	<u>2,119,994</u>	<u>2,870,407</u>	<u>1,776,389</u>	<u>3,346,435</u>	<u>4,470,030</u>	<u>3,225,647</u>

JURONG-CLEMENTI TOWN COUNCIL

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

5. Sinking Fund

	Note	Total		Residential Property		Commercial Property	
		2019 S\$	2018 S\$	2019 S\$	2018 S\$	2019 S\$	2018 S\$
Balance at 1 April as previously reported		67,460,384	68,985,938	28,911,422	24,598,289	38,548,962	44,387,649
Prior year adjustments	33	(28,724)	(127,548)	(26,870)	(119,313)	(1,854)	(8,235)
Balance at 1 April as restated		67,431,660	68,858,390	28,884,552	24,478,976	38,547,108	44,379,414
Less: Initial one-time transfer to Lift Replacement Fund at 1 April 2017	6	-	(9,658,031)	-	(3,443,760)	-	(6,214,271)
Adoption of FRS 109	2.1	25,260	-	23,629	-	1,631	-
		67,456,920	59,200,359	28,908,181	21,035,216	38,548,739	38,165,143
Add:							
Operating income transfer from conservancy and service fees (minimum required by law)	4	16,609,073	15,297,356	14,929,365	13,716,535	1,679,708	1,580,821
Investment and interest income	5(i), 25	1,365,510	1,085,360	1,277,415	1,014,400	88,095	70,960
Other income		-	375,857	-	375,857	-	-
Penalty and interest income on late payment of LUP cost		1,135	(4,307)	1,135	(4,307)	-	-
Transfer from Government grants including Lift Maintenance Grant and GST Subvention	4, 26	3,117,133	2,984,503	3,100,229	2,967,676	16,904	16,827
		21,092,851	19,738,769	19,308,144	18,070,161	1,784,707	1,668,608
Less: Expenditure	5(ii)	(9,470,874)	(11,365,112)	(8,144,820)	(10,087,786)	(1,326,054)	(1,277,326)
Less: Income tax	20	(188,222)	(142,356)	(176,079)	(133,039)	(12,143)	(9,317)
Surplus for the financial year		11,433,755	8,231,301	10,987,245	7,849,336	446,510	381,965
		78,890,675	67,431,660	39,895,426	28,884,552	38,995,249	38,547,108
Less: Fair value reserve	8	-	25,260				
Balance at 31 March		78,890,675	67,456,920				
Represented by:							
Non-current assets							
Held-to-maturity financial assets	10	-	13,980,877				
Investments at amortised cost	10	10,978,320	-				
Available-for-sale financial assets	11	-	3,055,260				
Investments at fair value through profit or loss	11	3,061,680	-				
		14,040,000	17,036,137				
Current assets							
Investments at amortised cost	10	3,000,000	-				
Financial assets at fair value through profit or loss	12	-	5,961,000				
Conservancy and service receivables		632,206	598,067				
Interest receivable		464,196	399,640				
Other receivables		175,193	158,387				
Cash and bank balances		58,114,840	41,663,612				
Due from Accumulated Surplus		4,631,211	4,298,500				
		67,017,646	53,079,206				
Total assets		81,057,646	70,115,343				
Current liabilities							
Payables and accrued expenses		1,943,233	2,474,132				
Income tax payable		223,738	184,291				
Total liabilities		2,166,971	2,658,423				
NET ASSETS		78,890,675	67,456,920				

# JURONG-CLEMENTI TOWN COUNCIL

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

### 5. Sinking Fund (Continued)

#### (i) Investment and interest income

	<u>2019</u> S\$	<u>2018</u> S\$
Interest from banks	18,903	11,169
Interest from bonds and capital securities		
- Investments at amortised costs/Held-to-maturity financial assets	377,792	377,943
- Investments at fair value through profit or loss/ Available-for-sale financial assets	120,000	120,000
Interest from fixed deposits	781,952	490,329
Interest from structured deposits	24,000	31,908
Amortisation of bonds	(2,557)	(38,989)
Net gain on fair value changes		
- Investments at fair value through profit or loss	6,420	-
- Financial assets at fair value through profit or loss	39,000	93,000
	<u>1,365,510</u>	<u>1,085,360</u>

#### (ii) Expenditure

	<u>2019</u> S\$	<u>2018</u> S\$
Irrecoverable goods and services tax	159,441	145,474
Reroofing works	1,396,905	1,576,777
Repairs and redecoration	7,810,336	8,046,433
Replacement of water tank, pipes and booster pump	-	1,622,105
Rewiring works	104,845	1,894
Others	(653)	(27,571)
	<u>9,470,874</u>	<u>11,365,112</u>

JURONG-CLEMENTI TOWN COUNCIL

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

6. Lift Replacement Fund

Note	Total		Residential Property		Commercial Property	
	2019 S\$	2018 S\$	2019 S\$	2018 S\$	2019 S\$	2018 S\$
Balance at 1 April	20,463,734	-	12,802,938	-	7,660,796	-
Add: Initial one-time transfer from Sinking Fund at 1 April 2017	5	-	-	3,443,760	-	6,214,271
Adjusted balance at 1 April	20,463,734	9,658,031	12,802,938	3,443,760	7,660,796	6,214,271
Add:						
Operating income transfer from conservancy and service fees (minimum required by law)	4	8,943,350	8,237,043	7,385,837	904,458	851,206
Investment and interest income	6(i), 25	336,126	120,965	314,442	113,093	21,684
Selective Lift Replacement Programme funding	6(iv)	176,213	31,097	167,055	29,481	9,158
Transfer from government grants including LRF Maintenance Grant and GST Subvention	4, 26	1,678,457	1,607,041	1,669,356	1,597,981	9,101
Transfer from government grants - LRF Matching Grant *	4, 26	7,297,139	5,230,408	6,340,244	4,561,038	956,895
		18,431,285	15,226,554	16,529,989	13,687,430	1,901,296
Less: Expenditure	6(ii)	(8,899,008)	(5,402,531)	(8,579,215)	(4,811,125)	(319,793)
Less: Income tax	20	(49,452)	(18,320)	(46,262)	(17,127)	(3,190)
Surplus for the financial year		9,482,825	9,805,703	7,904,512	8,859,178	1,578,313
Voluntary contribution from Accumulated Surplus	2.3(a), 4	4,000,000	1,000,000	3,000,000	500,000	1,000,000
Balance at 31 March		33,946,559	20,463,734	23,707,450	12,802,938	10,239,109
Represented by:						
Non-current assets						
Held-to-maturity financial assets	10	-	4,000,000			
Investments at amortised cost	10	4,000,000	-			
		4,000,000	4,000,000			
Current assets						
Conservancy and service receivables		338,611	318,838			
Interest receivable		164,688	84,366			
Selective Lift Replacement Programme funding receivable		103,655	-			
Other receivables		3,309,771	1,668,874			
Cash and bank balances		20,801,104	12,153,864			
Due from Accumulated Surplus		6,492,875	3,424,653			
		31,210,704	17,650,595			
Total assets		35,210,704	21,650,595			
Current liabilities						
Payables and accrued expenses		1,182,023	1,033,790			
Payable to contractors under Selective Lift Replacement Programme		24,535	62,193			
Selective Lift Replacement Programme funding received in advance		-	72,558			
Income tax payable		57,587	18,320			
Total liabilities		1,264,145	1,186,861			
NET ASSETS		33,946,559	20,463,734			

\* Included the LRF Matching Grant of S\$2,000,000 (2018: S\$500,000) for the voluntary contribution made during the financial year ended 31 March 2019. This voluntary contribution is made in accordance with Section 33(9) of the Town Councils Act. With the voluntary contribution of S\$4,000,000 (2018: S\$1,000,000) from the Accumulated Surplus to the Lift Replacement Fund, the Town Council is entitled to receive a matching grant of S\$2,000,000 (2018: S\$500,000).

## JURONG-CLEMENTI TOWN COUNCIL

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

#### 6. Lift Replacement Fund (Continued)

(i) Investment and interest income

	<u>2019</u> S\$	<u>2018</u> S\$
Interest from banks	11,478	7,097
Interest from bonds	90,000	32,055
Interest from fixed deposits	234,648	81,813
	<u>336,126</u>	<u>120,965</u>

(ii) Expenditure

	<u>2019</u> S\$	<u>2018</u> S\$
Irrecoverable goods and services tax	127,063	66,657
Lift modernisation / overhauls / total replacement works	3,459,122	821,019
Selective Lift Replacement Programme expenditure	352,428	62,193
Other lift works	4,960,395	4,452,662
	<u>8,899,008</u>	<u>5,402,531</u>

(iii) Initial one-time transfer from Sinking Fund at 1 April 2017

Ministry of National Development ("MND"), on 23 January 2017, announced that all Town Councils would have to set up dedicated Lift Replacement Funds ("LRF"). 14% of the Sinking Fund amount as at 31 March 2017, would be carved out as initial fund amount for LRF. The LRF is 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 of \$3,443,760 and \$6,214,271 from Sinking Funds were transferred to LRF for the Residential Property and for the Commercial Property, respectively.

(iv) Selective Lift Replacement Programme funding

MND, on 10 Sep 2014, announced the introduction of the Selective Lift Replacement Programme ("SLRP"). Under the SLRP, older lifts in the HDB blocks will be replaced with new ones that come with updated features such as more energy-efficient motors, vision panels for added security, and doors with infra-red motion safety sensors. The programme will replace older lifts built between 1987 and 1997, and which have not been upgraded under the Lift Upgrading Programme ("LUP").

The Town Council carries out cyclical replacement of lifts when they are around 28 years of age. With the SLRP, Government will co-fund 50% of the lift replacement cost (capped at \$125,000 per lift) to enable the Town Council to incorporate the following features when cyclical replacement is carried out:

- (a) Compliance to the Code on Accessibility in the Built Environment;
- (b) Energy-efficient VVVF motors equipped with regenerative drives;
- (c) Infra-red and motion safety door sensors; and
- (d) Vision panels to the lift and landing doors



# JURONG-CLEMENTI TOWN COUNCIL

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

### 7. Town Improvement and Project Fund

	Note	<u>Total</u>		<u>Residential Property</u>		<u>Commercial Property</u>	
		<u>2019</u> S\$	<u>2018</u> S\$	<u>2019</u> S\$	<u>2018</u> S\$	<u>2019</u> S\$	<u>2018</u> S\$
<b>Balance at 1 April</b>		3,413,318	2,638,958	1,877,885	1,500,638	1,535,433	1,138,320
Add/(Less):							
Transfer from government grants	4, 26	3,298,222	1,009,515	3,298,222	1,009,515	-	-
Expenditure	7(i)	(5,983,565)	(1,735,155)	(3,472,370)	(1,632,268)	(2,511,195)	(102,887)
<b>Deficit for the financial year</b>		(2,685,343)	(725,640)	(174,148)	(622,753)	(2,511,195)	(102,887)
Appropriation from Accumulated Surplus *	4	1,500,000	1,500,000	-	1,000,000	1,500,000	500,000
<b>Balance at 31 March</b>		<u>2,227,975</u>	<u>3,413,318</u>	<u>1,703,737</u>	<u>1,877,885</u>	<u>524,238</u>	<u>1,535,433</u>
<i>Represented by:</i>							
<b>Current assets</b>							
Receivables from CCC		2,931,816	696,558				
Other receivables		-	125,019				
Due from Accumulated Surplus		12,290	2,767,154				
<b>Total assets</b>		<u>2,944,106</u>	<u>3,588,731</u>				
<b>Current liabilities</b>							
Payables and accrued expenses		716,131	175,413				
<b>Total liabilities</b>		<u>716,131</u>	<u>175,413</u>				
<b>NET ASSETS</b>		<u>2,227,975</u>	<u>3,413,318</u>				

\* 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 2019

### 7. Town Improvement and Project Funds (Continued)

#### (i) Expenditure

	<u>2019</u> S\$	<u>2018</u> S\$
Construction of covered link way/drop-off point	1,855,511	910,032
Construction of pavilion shelter	22,067	-
Construction/Upgrading playground or fitness centre	665,382	61,034
Large scale town wide project	116,037	260,884
Improvement works and other amenities	3,324,568	503,205
	<u>5,983,565</u>	<u>1,735,155</u>

### 8. Fair value reserve

	<u>2019</u> S\$	<u>2018</u> S\$
Fair value reserve from available-for-sale financial assets	<u>-</u>	<u>25,260</u>
Movements:		
Balance at 1 April as previously reported	(39,000)	(132,000)
Prior year adjustments (Note 33)	<u>64,260</u>	<u>163,110</u>
Balance at 1 April as restated	25,260	31,110
Adoption of FRS 109 (Note 2.1)	(25,260)	-
Fair value loss on available-for-sale financial assets recognised in other comprehensive income	<u>-</u>	<u>(5,850)</u>
Balance at 31 March	<u>-</u>	<u>25,260</u>
Taken up in:		
Sinking Fund (Note 5)	<u>-</u>	<u>25,260</u>

# JURONG-CLEMENTI TOWN COUNCIL

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

### 9. Plant and equipment

	<u>Furniture, fixtures and fittings</u> S\$	<u>Office equipment</u> S\$	<u>Data processing equipment</u> S\$	<u>Plant and machinery</u> S\$	<u>Total</u> S\$
<b>Cost</b>					
At 1 April 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
Additions	9,090	36,335	4,374	5,100	54,899
Written-off	(4,610)	(36,149)	(2,368)	(5,900)	(49,027)
At 31 March 2019	<u>23,816</u>	<u>89,119</u>	<u>159,905</u>	<u>94,627</u>	<u>367,467</u>
<b>Accumulated depreciation</b>					
At 1 April 2017	23,192	68,056	120,358	90,511	302,117
Depreciation (Note 24)	-	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
Depreciation (Note 24)	986	8,946	17,256	2,220	29,408
Written-off	(4,610)	(36,149)	(2,368)	(5,900)	(49,027)
At 31 March 2019	<u>14,531</u>	<u>43,849</u>	<u>148,227</u>	<u>90,292</u>	<u>296,899</u>
<b>Carrying amount</b>					
At 31 March 2018	<u>1,181</u>	<u>17,881</u>	<u>24,560</u>	<u>1,455</u>	<u>45,077</u>
At 31 March 2019	<u>9,285</u>	<u>45,270</u>	<u>11,678</u>	<u>4,335</u>	<u>70,568</u>

### 10. Investments at amortised cost / Held-to-maturity financial assets

	<u>2019</u> S\$	<u>2018</u> S\$
Investments at amortised cost	17,978,320	-
Held-to-maturity financial assets	-	17,980,877
	<u>17,978,320</u>	<u>17,980,877</u>
Comprising:		
<b>At amortised cost</b>		
Quoted bonds	18,032,500	18,032,500
Less: Amortisation of bonds	(54,180)	(51,623)
	<u>17,978,320</u>	<u>17,980,877</u>
Maturing:		
Within 1 year	3,000,000	-
After one year but within five years	3,012,045	6,020,122
Later than five years	11,966,275	11,960,755
	<u>14,978,320</u>	<u>17,980,877</u>
	<u>17,978,320</u>	<u>17,980,877</u>

Investments at amortised cost / 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% (2018: 2.223% to 4.300%) per annum and maturity date of 28 May 2019 to 24 January 2028 (2018: 28 May 2019 to 24 January 2028), 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 2019

### 10. Investments at amortised cost / Held-to-maturity financial assets (Continued)

The change in amortisation is as follows:

	<u>2019</u> S\$	<u>2018</u> S\$
Balance at 1 April	51,623	78,509
Amortisation charged to income and expenditure (Note 25)	2,557	38,989
Less: Realisation of amortisation	-	(65,875)
Balance at 31 March	<u>54,180</u>	<u>51,623</u>

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

	<u>2019</u> %	<u>2018</u> %
Quoted bonds	<u>2.59</u>	<u>2.74</u>

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

	<u>2019</u> S\$	<u>2018</u> S\$
Quoted bonds	<u>18,022,950</u>	<u>17,875,260</u>

### 11. Investments at fair value through profit or loss ("FVPL") / Available-for-sale financial assets

	<u>2019</u> S\$	<u>2018</u> S\$
Investments at FVPL	3,061,680	-
Available-for-sale financial assets	<u>-</u>	<u>3,055,260</u>
	<u>3,061,680</u>	<u>3,055,260</u>

These represent investment in non-cumulative non-convertible perpetual capital securities issued by a bank but may be redeemed at the option of the bank on 18 May 2021 or any distribution payment date thereafter or upon the occurrence of a tax event or certain redemption events.

The capital securities bear a fixed distribution rate of 4% per annum, subject to a reset on 18 May 2021 (and every five years thereafter) to a rate equal to the prevailing five-year Singapore Dollar SOR plus the initial margin of 2.035%. Distributions are payable semi-annually on 18 May and 18 November of each year, unless cancelled by the bank at its sole discretion or unless the bank has no obligation to pay the distributions.

The fair value of these capital securities is based on the published indicative value as provided by the bank at the end of the reporting period. The underlying assets of these capital securities consist of investment in equity instruments with a bank listed in Singapore Exchange Securities Trading Limited.

Investment in FVPL/Available-for-sale financial assets are denominated in Singapore dollar as at reporting date.

Investment in capital securities have been mandatorily measured at FVPL upon adoption of FRS 109 on 1 April 2018.

### 12. Financial assets at fair value through profit or loss

	<u>2019</u> S\$	<u>2018</u> S\$
<b>Structured deposits at fair value</b>		
Balance at 1 April	5,961,000	5,868,000
Fair value changes recognised in income and expenditure	39,000	93,000
Proceeds from redemption of structured deposits	(6,000,000)	-
Balance at 31 March	<u>-</u>	<u>5,961,000</u>

The fair value of financial assets at fair value through profit or loss 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 matured on 7 May 2018 and were denominated in Singapore dollar as at reporting date.

## JURONG-CLEMENTI TOWN COUNCIL

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

#### 13. Conservancy and service fees receivables

	<u>2019</u> S\$	<u>2018</u> S\$
Conservancy and service fees receivables	2,837,407	2,680,878
Add: Interest receivable on late payments	109,828	105,910
	<u>2,947,235</u>	<u>2,786,788</u>
Less: Allowance for doubtful receivables	<u>(1,739,359)</u>	<u>(1,668,766)</u>
	<u>1,207,876</u>	<u>1,118,022</u>

Conservancy and service fees receivables are generally on 30 (2018: 30) days' credit terms. Penalty fee is charged on the outstanding balances.

Allowances 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>2019</u> S\$	<u>2018</u> S\$
Past due for 9 months or above	<u>1,739,359</u>	<u>1,668,766</u>

Movements in the allowance for doubtful receivables are as follows:

	<u>2019</u> S\$	<u>2018</u> S\$
Balance at 1 April	1,668,766	1,695,514
Allowance charged to income and expenditure (Note 24)	94,767	10,765
Allowance utilised	(23,521)	(12,580)
Charge to Sinking Fund – LUP debtors	(653)	(24,933)
Balance at 31 March	<u>1,739,359</u>	<u>1,668,766</u>

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

#### 14. Other receivables

	<u>2019</u> S\$	<u>2018</u> S\$
Deposits	543,905	934,435
GST Subvention receivable	562,633	524,798
Interest receivable	696,670	536,934
LRF Matching Grant receivable	3,167,466	1,583,588
Prepayments	359,525	290,855
Receivables from CCC	2,931,816	696,558
Receivables from HDB	511,139	357,391
Receivables from SP Services	1,598,134	524,475
Selective Lift Replacement Programme funding receivables (Note 6(iv)) *	103,655	-
Service and Conservancy Charges Operating Grant receivable	111,180	84,377
Other receivables	15,349	180,790
	<u>10,601,472</u>	<u>5,714,201</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 2019

### 14. Other receivables (Continued)

\* Selective Lift Replacement Programme funding receivables / (advances) comprise the following:

	<u>2019</u> S\$	<u>2018</u> S\$ (Note 19)
Balance at 1 April	(72,558)	-
Funding from government	-	(103,655)
Selective Lift Replacement Programme expenditure at 50%	176,213	31,097
Movement during the financial year	176,213	(72,558)
Balance at 31 March	<u>103,655</u>	<u>(72,558)</u>

### 15. Neighbourhood Renewal Programme ("NRP") funding receivables

	<u>2019</u> S\$	<u>2018</u> S\$
Balance at 1 April	1,598,706	494,227
Funding from government	(6,252,920)	(3,879,302)
Payment to contractors	7,225,073	4,983,781
Improvement works on NRP completed projects transferred to statement of income and expenditure	(367,961)	-
Movement during the financial year	604,192	1,104,479
Balance at 31 March	<u>2,202,898</u>	<u>1,598,706</u>

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

### 16. Sport-in-Precinct Programme ("SIP") funding receivables

	<u>2019</u> S\$	<u>2018</u> S\$
Balance at 1 April	991,460	522,173
Funding from government	(1,880,906)	-
Payment to contractors	1,813,336	469,287
Movement during the financial year	(67,570)	469,287
Balance at 31 March	<u>923,890</u>	<u>991,460</u>

SIP funding 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 2019

### 17. Cash and bank balances

	<u>2019</u> S\$	<u>2018</u> S\$
Cash and bank balances	12,426,097	9,994,820
Fixed deposits with financial institutions	88,980,101	65,473,320
	<u>101,406,198</u>	<u>75,468,140</u>
Fixed deposits maturing:		
- Within 3 months	31,898,451	40,248,091
- Between 3 to 12 months	57,081,650	25,225,229
	<u>88,980,101</u>	<u>65,473,320</u>

Fixed deposits are placed for varying periods from one to eleven (2018: one to nine) months, bear interest rates ranging from 0.25% to 2.30% (2018: 0.25% to 1.56%) per annum. The weighted average effective interest rates per annum relating to fixed deposits is 1.87% (2018: 1.26%).

Pledged fixed deposit was made 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>2019</u> S\$	<u>2018</u> S\$
Cash and fixed deposits	101,406,198	75,468,140
Fixed deposits pledged	(60,675)	(60,523)
Short term fixed deposits with maturity more than 3 months	(57,081,650)	(25,225,229)
Cash and cash equivalents	<u>44,263,873</u>	<u>50,182,388</u>

### 18. Advances received/billed in advance for Electrical Load Upgrading Programme ("ELUP")

	<u>2019</u> S\$	<u>2018</u> S\$
Balance at 1 April	681,086	196,125
Funding from government	3,560,332	3,432,259
Payment to contractors	(2,884,684)	(2,947,298)
Improvement works on ELUP completed projects transferred to statement of income and expenditure	11,938	-
Administrative fees earned on ELUP completed projects transferred to statement of income and expenditure (Note 22)	(410,240)	-
Movement during the financial year	277,346	484,961
Balance at 31 March	<u>958,432</u>	<u>681,086</u>

Advances received/billed in advance for ELUP 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 2019

### 19. Payables and accrued expenses

	<u>2019</u> S\$	<u>2018</u> S\$
Accrued operating expense	2,155,443	1,811,473
Amount payable to managing agent	761,588	564,734
Goods and services tax payable	171,612	321,946
Payable to contractors	7,061,283	4,954,331
Payable to contractors under Selective Lift Replacement Programme	24,535	62,193
Refundable deposits	201,041	187,231
Selective Lift Replacement Programme funding received in advance (Note 6(iv) & Note 14)	-	72,558
Other payables	357,464	353,973
	<u>10,732,966</u>	<u>8,328,439</u>

Payables are generally on 30 to 90 (2018: 30 to 90) days' credit terms.

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

### 20. Income tax

	<u>2019</u> S\$	<u>2018</u> S\$
Current income tax		
- Current	574,143	458,011
- Overprovision in prior financial years	(3,666)	(4,075)
Tax expense	<u>570,477</u>	<u>453,936</u>
Taken up in:		
Accumulated Surplus (Note 4)	332,803	293,260
Sinking Fund (Note 5)	188,222	142,356
Lift Replacement Fund (Note 6)	49,452	18,320
	<u>570,477</u>	<u>453,936</u>

The Town Council is incorporated in Singapore and accordingly is subject to income tax rate of 17% (2018: 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% (2018: 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>2019</u> S\$	<u>2018</u> S\$
Taxable income:		
Investment and interest income	1,955,539	1,331,945
Government grant income	22,584,321	17,718,768
Other income	1,675,976	1,558,552
	<u>26,215,836</u>	<u>20,609,265</u>



## JURONG-CLEMENTI TOWN COUNCIL

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

#### 20. Income tax (Continued)

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

	<u>2019</u> S\$	<u>2018</u> S\$
Income tax at statutory rate	4,456,692	3,503,575
Tax effect on concessionary income	(41,145)	(33,180)
Singapore statutory stepped income exemption	(17,425)	(25,925)
Tax remission of government grants under Section 92 (2) of Singapore Income Tax Act	(3,823,979)	(2,989,377)
Over-provision in prior financial years	(3,666)	(4,075)
Others	-	2,918
Tax expense	<u>570,477</u>	<u>453,936</u>

Movements in the income tax payable are as follows:

	<u>2019</u> S\$	<u>2018</u> S\$
Balance at 1 April	755,540	679,500
Payments made during the financial year	(437,637)	(377,896)
Current financial year's income tax expense	574,143	458,011
Overprovision in prior financial years	(3,666)	(4,075)
Balance at 31 March	<u>888,380</u>	<u>755,540</u>

#### 21. Agency fees

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

#### 22. Other Income

	<u>2019</u> S\$	<u>2018</u> S\$
Interest on late payment of conservancy and service fees	86,429	81,125
Administrative fees earned on ELUP completed projects (Note 18)	410,240	-
Liquidated damages	120,669	19,476
Net profit from push cart project	30,284	122,517
Sundry fines	61,529	47,814
Temporary occupation licences	2,501,447	2,525,758
Usage of void deck, water, electricity and common property	346,424	398,566
Others	156,835	148,362
	<u>3,713,857</u>	<u>3,343,618</u>

#### 23. 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 2019

#### 24. General and administrative expenditure

	<u>2019</u> S\$	<u>2018</u> S\$
Advertising, publicity and public relations	259,877	343,072
Allowance made for doubtful receivables (Note 13)	94,767	10,765
Computing service	249,324	269,021
Depreciation of plant and equipment (Note 9)	29,408	34,113
Fees and other charges	147,004	117,162
Irrecoverable goods and services tax *	680,416	574,850
Office rental and upkeep expenditure	385,641	360,998
Offices supplies and stationery	187,255	228,571
Plant and equipment not capitalised	19,152	5,924
Gain on disposal of plant and equipment	(1,000)	-
Professional fee	39,000	40,000
Property tax	258,758	261,179
Staff costs (including key management personnel remuneration disclosed in Note 29)		
- Salaries and related costs	1,332,965	1,176,167
- Employers' contribution defined contribution plan	118,884	105,594
Town Councillors' allowances (Note 29)	307,200	306,697
Others	136,339	121,029
	<u>4,244,990</u>	<u>3,955,142</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 income and expenditure during the financial year.

#### 25. Investment and interest income

	<u>2019</u> S\$	<u>2018</u> S\$
Current accounts	63,279	38,287
Structured deposits	24,000	31,908
Investments at amortised cost / Held-to-maturity financial assets	467,792	409,998
Investments at fair value through profit or loss/		
Available-for-sale financial assets	120,000	120,000
Fixed deposits	1,280,468	731,752
Amortisation of bonds (Note 10)	(2,557)	(38,989)
Net gain on fair value changes		
- Investments at fair value through profit or loss	6,420	-
- Financial assets at fair value through profit or loss	39,000	93,000
	<u>1,998,402</u>	<u>1,385,956</u>
Taken up in:		
Accumulated Surplus (Note 4)	296,766	179,631
Sinking Fund (Note 5)	1,365,510	1,085,360
Lift Replacement Fund (Note 6)	336,126	120,965
	<u>1,998,402</u>	<u>1,385,956</u>

# JURONG-CLEMENTI TOWN COUNCIL

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

### 26. Government grants

(i) Government grants taken to income and expenditure during the financial year are as follows:

	<u>Note</u>	<u>2019</u> S\$	<u>Total</u> <u>2018</u> S\$
<b>Government grants received/receivable</b>			
Service and Conservancy Charges Operating Grant		8,471,800	8,176,922
Payments from Citizens' Consultative Committee		3,298,222	1,009,515
GST Subvention		2,229,560	2,048,523
Lift Maintenance Grant		1,287,600	1,253,400
LRF Matching Grant		7,297,139	5,230,408
	4	22,584,321	17,718,768
<b>Less: Transfers to Sinking Fund</b>			
Service and Conservancy Charges Operating Grant		(2,202,668)	(2,126,000)
GST Subvention		(579,688)	(532,619)
Lift Maintenance Grant		(334,777)	(325,884)
	4, 5	(3,117,133)	(2,984,503)
<b>Less: Transfers to Lift Replacement Fund</b>			
Service and Conservancy Charges Operating Grant		(1,186,052)	(1,144,769)
GST Subvention		(312,140)	(286,795)
Lift Maintenance Grant		(180,265)	(175,477)
	4, 6	(1,678,457)	(1,607,041)
LRF Matching Grant	4, 6	(7,297,139)	(5,230,408)
		(8,975,596)	(6,837,449)
<b>Less: Transfers to Town Improvement and Project Fund</b>			
Payments from Citizens' Consultative Committee	4, 7	(3,298,222)	(1,009,515)
		<u>7,193,370</u>	<u>6,887,301</u>

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

	<u>2019</u> S\$	<u>2018</u> S\$
Total grants received at 1 April	194,017,710	174,617,597
<b>Add: Grants received during the financial year</b>		
Service and Conservancy Charges Operating Grant	8,444,997	8,109,778
Payments from Citizens' Consultative Committee	1,159,314	4,396,810
GST Subvention	2,191,725	1,993,305
Lift Maintenance Grant	1,287,600	1,253,400
LRF Matching Grant	5,713,261	3,646,820
	18,796,897	19,400,113
Total grants received at 31 March	<u>212,814,607</u>	<u>194,017,710</u>

## JURONG-CLEMENTI TOWN COUNCIL

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

#### 27. 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>2019</u> S\$	<u>2018</u> S\$
Amount approved and contracted for	30,729,968	34,810,234
Amount approved but not contracted for	42,557,940	21,597,292
	<u>73,287,908</u>	<u>56,407,526</u>

Included in the amount approved and contracted for is the cost of Neighbourhood Renewal Programme works amounting to S\$8,255,908 (2018: S\$16,814,723).

#### 28. 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>2019</u> S\$	<u>2018</u> S\$
Future minimum lease payments payable:		
Within one year	451,574	532,704
After one year but within five years	30,902	482,476
	<u>482,476</u>	<u>1,015,180</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 income and expenditure during the financial year is disclosed in Note 24 to the financial statements.

#### 29. Significant related party transactions

The Town Council is managed by the managing agent, C&W Services 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>2019</u> S\$	<u>2018</u> S\$
Expenditure paid to managing agent in relation to:		
Managing agent's fee	4,153,312	3,885,491
Project management fee	1,111,648	906,654
Reimbursement for advertising fee & other expenses	4,735	150
Expenditure paid to entities related to the managing agent:		
Enforcement service fee	177,996	172,228
Lift, pump and fire protection maintenance fee	341,544	228,240
Essential Maintenance Service Unit (EMSU) fee	959,692	-
Reimbursement for advertising fee	1,759	15,016



## JURONG-CLEMENTI TOWN COUNCIL

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

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#### 29. 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 monthly fees to C&W Services Township Pte Ltd and incurs manpower and related costs such as Town Councillors' allowances and staff costs as disclosed in Note 24.

The General Manager and Deputy General Manager employed directly by the Town Council are key management personnel of the Town Council.

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

	<u>2019</u> S\$	<u>2018</u> S\$
Town Councillors' allowance (Note 24)	307,200	306,697
Salaries and related costs	456,212	440,688
Employers' contribution defined contribution plan	20,974	24,653
	<u>784,386</u>	<u>772,038</u>

#### 30. Financial instruments and financial risks

The Town Council's financial instruments comprise cash and bank balances, and various items including investment in financial assets, conservancy and service fees receivables, other receivables, Neighbourhood Renewal Programme funding 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 investments in financial assets, bank deposits, conservancy and service fee receivables and other receivables.

Investment in bonds issued by statutory boards and corporate bonds are of good credit standing.

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 the Town Council do not have any significant credit exposure to any single counterparty or any groups of counterparties having similar characteristics.

## JURONG-CLEMENTI TOWN COUNCIL

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

#### 30. Financial instruments and financial risks (Continued)

##### *Credit risk (Continued)*

The maximum exposure 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>2019</u> S\$	<u>2018</u> S\$
Not past due	416,454	352,766
Past due for 1 to 2 months	313,660	302,340
Past due for 3 to 5 months	220,784	272,662
Past due for 6 months and above	256,978	190,254
	<u>1,207,876</u>	<u>1,118,022</u>

The movements in the allowance for impairment in respect of conservancy and service fee receivables during the financial year are disclosed in Note 13 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, adjusted for forward-looking factors specific to the receivables and the economic conditions.

For receivables, an ongoing credit evaluation is performed on the financial conditions of the receivables and losses on impairment are recognised in income or expenditure. The allowance for doubtful conservancy and service fees receivables totalling \$1,739,359 (2018: \$1,668,766) has been determined at the reporting date.

The tables below detail the credit quality of the Town Council's receivables as well as maximum exposure to credit risk by credit risk rating grades:

Town Council	Internal credit rating	12-month / Lifetime ECL	Gross carrying amount S\$	Loss allowance S\$	Net carrying amount S\$
<b>31 March 2019</b>					
Conservancy and service fees receivables (Note 13)	(1)	Lifetime ECL (Simplified approach)	2,947,235	(1,739,359)	1,207,876
Other receivables (Note 14)	(2)	Performing	10,601,472	-	10,601,472
NRP funding receivable (Note 15)	(2)	Performing	2,202,898	-	2,202,898
SIP funding receivable (Note 16)	(2)	Performing	923,890	-	923,890
<b>31 March 2018</b>					
Conservancy and service fees receivables (Note 13)	(1)	Lifetime ECL (Simplified approach)	2,786,788	(1,668,766)	1,118,022
Other receivables (Note 14)	(2)	Performing	5,714,201	-	5,714,201
NRP funding receivable (Note 15)	(2)	Performing	1,598,706	-	1,598,706
SIP funding receivable (Note 16)	(2)	Performing	991,460	-	991,460

## JURONG-CLEMENTI TOWN COUNCIL

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

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#### 30. Financial instruments and financial risks (Continued)

##### *Credit risk (Continued)*

- (1) For conservancy and service fees receivable, the Town Council has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL. The Town Council determines the expected credit losses on these receivables by reference to their historical credit loss experience based on the past due status of the debtors, adjusted for forward looking factors specific to the receivables and the economics conditions.
- (2) The counterparty has a low risk of default.

##### *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. The Town Council is exposed to equity price risk arising from its investments in non-cumulative non-convertible perpetual capital securities classified as Investments at fair value through profit or loss (2018: Available-for-sale financial assets).

If the fair value had been 2% (2018: 2%) lower/higher with all other variables held constant, the Town Council's Sinking Fund balance for the year would have been \$61,234 (2018: \$61,105) higher/lower, arising as a result of higher/lower fair value gain/losses on investments.

##### *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 investments at amortised cost / held-to-maturity financial assets disclosed in Note 10.



## JURONG-CLEMENTI TOWN COUNCIL

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

#### 30. Financial instruments and financial risks (Continued)

##### *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:

	Note	2019 S\$	2018 S\$
<b>Held-to-maturity financial assets</b>	10	-	17,980,877
<b>Available-for-sale financial assets</b>	11	-	3,055,260
<b>Investments at fair value through profit or loss</b>	11	3,061,680	-
<b>Financial assets at fair value through profit or loss</b>	12	-	5,961,000
<b>Financial assets at amortised cost / Loans and receivables</b>			
Investments at amortised cost	10	17,978,320	-
Conservancy and service fees receivables	13	1,207,876	1,118,022
Other receivables	14	10,601,472	5,714,201
Less: Prepayments	14	(359,525)	(290,855)
Neighbourhood Renewal Programme funding receivables	15	2,202,898	1,598,706
Sport-in-Precinct Programme funding receivables	16	923,890	991,460
Cash and bank balances	17	101,406,198	75,468,140
Total		133,961,129	84,599,674
<b>Financial liabilities at amortised cost</b>			
Advances received/billed in advance for Electrical Load Upgrading Programme	18	958,432	681,086
Payables and accrued expenses	19	10,732,966	8,328,439
Less: Goods and services tax payable	19	(171,612)	(321,946)
Total		11,519,786	8,687,579

#### 31. 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:

- 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).
- 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.
- 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.



## JURONG-CLEMENTI TOWN COUNCIL

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

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#### 31. Fair value of financial assets and liabilities (Continued)

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.

Financial assets carried at fair value or at amortised cost for which fair value is disclosed are as follows:

	<u>2019</u> S\$	<u>2018</u> S\$
Financial assets		
Investments at amortised cost (Note 10)	18,022,950	-
Held-to-maturity financial assets (Note 10)	-	17,875,260
Investments at fair value through profit or loss (Note 11)	3,061,680	-
Available-for-sale financial assets (Note 11)	-	3,055,260
Financial assets at fair value through profit or loss (Note 12)	<u>-</u>	<u>5,961,000</u>

The fair value of the above investments are categorised as Level 1.

#### 32. 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 2018.

The Town Council is not subjected to any externally imposed capital requirements during the financial years ended 31 March 2019 and 2018.

As at the end of the reporting period, the Town Council's total funds amounted to \$123,431,622 (2018: \$100,776,461).

## JURONG-CLEMENTI TOWN COUNCIL

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

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#### 33. Prior year adjustments

In prior years, the Town Council had classified investment in non-cumulative non-convertible perpetual capital securities as held-to-maturity financial assets and investment in structured deposits as available-for-sale financial assets. These classifications do not comply with the FRS 39 prior to 1 April 2018.

Accordingly, the following prior year adjustments were made:

- (i) Reclassification of non-cumulative non-convertible perpetual capital securities as available-for-sale financial assets

The terms of the non-cumulative non-convertible perpetual capital securities provide for interest payments for an indefinite period and therefore does not meet the criteria for the classification as held-to-maturity financial assets. These investments are thus classified as available-for-sale financial assets as they are not held for trading.

- (ii) Reclassification of structured deposit as financial assets at fair value through profit or loss

The structured deposit is an equity linked investment that satisfies the definition as a derivative. Derivatives are accounted for at fair value with fair value movements recorded in income and expenditure. The structured deposits matured on 7 May 2018.

The correction of the above errors have been accounted for retrospectively in accordance with FRS 8 and they are disclosed below:

#### Statement of Financial Position as at 31 March 2018

	As previously reported \$	Prior year adjustments \$	As restated \$
<b>TOWN COUNCIL FUNDS</b>			
<b>Residential Property</b>			
Sinking Fund	28,911,422	(26,870)	28,884,552
<b>Commercial Property</b>			
Sinking Fund	38,548,962	(1,854)	38,547,108
<b>Fair value reserve</b>			
Sinking Fund	(39,000)	64,260	25,260
<b>Non-current assets</b>			
Held-to-maturity financial assets	21,000,601	(3,019,724)	17,980,877
Available-for-sale financial assets	-	3,055,260	3,055,260
<b>Current assets</b>			
Available-for-sale financial assets	5,961,000	(5,961,000)	-
Financial assets at fair value through profit or loss	-	5,961,000	5,961,000

# JURONG-CLEMENTI TOWN COUNCIL

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

### 33. Prior year adjustments (Continued)

#### Statement of Financial Position as at 1 April 2017

	As previously reported \$	Prior year adjustments \$	As restated \$
<b>TOWN COUNCIL FUNDS</b>			
<b>Residential Property</b>			
Sinking Fund	24,598,289	(119,313)	24,478,976
<b>Commercial Property</b>			
Sinking Fund	44,387,649	(8,235)	44,379,414
<b>Fair value reserve</b>			
Sinking Fund	(132,000)	163,110	31,110
<b>Non-current assets</b>			
Held-to-maturity financial assets	9,053,433	(3,025,548)	6,027,885
Available-for-sale financial assets	5,868,000	(2,806,890)	3,061,110
Financial assets at fair value through profit or loss	-	5,868,000	5,868,000

#### Statement of comprehensive income for the financial year ended 31 March 2018

<b>Surplus for the financial year</b>			
- Sinking Fund	8,132,477	98,824	8,231,301
<b>Other comprehensive income:</b>			
<i>Items that may reclassified subsequently to income and expenditure</i>			
Net gain/(loss) on fair value changes of available-for-sale financial assets	93,000	(98,850)	(5,850)

#### Note 5 - Sinking Fund

Investment and interest income			
- Residential Property	921,957	92,443	1,014,400
- Commercial Property	64,579	6,381	70,960