



Bishan - Toa Payoh Town Council

Annual Report

2020 / 2021



BISHAN-TOA PAYOH ANNUAL REPORT 2020/2021

Chairman's Review



Mr Chong Kee Hiong

Chairman, Bishan-Toa Payoh Town Council
MP for Bishan-Toa Payoh GRC

Reviewing 2020/2021

It was an extraordinary fiscal year for the Bishan-Toa Payoh Town Council for the period 1 April 2020 to 31 March 2021. Amidst the evolving COVID-19 pandemic situation, we had adjusted processes and redeployed resources to continually serve the community well. We had made significant progress with many new projects within Bishan-Toa Payoh GRC and Marymount SMC, completing various infrastructural projects at a total expenditure of \$25.1m during this period.

Bishan-Toa Payoh Town Council has also carried out an assessment of key risks facing the Town Council and ensured that the internal controls in place are adequate and effective.

During the selection, appointment and re-appointment of the 14th Term of Office of Town Councillors, which runs from August 2020 to July 2022, the Town Council had taken into consideration the relevant experience, skills, competencies and time commitment of the members. The Council used a referral process to search for potential candidates and ensured that at least two-thirds of the appointed Town Councillors are residents of the HDB housing estates within the Town.

Safety & Accessibility

In striving to improve public facilities, we have completed 22 projects across the GRC/SMC, with another seven projects ongoing, which include barrier-free access ramps, covered linkways, sheltered drop-off points and lifts. Embarking on the Lift Renewal Programme (LRP), we have completed the installation of 32 lifts, with another 21 lifts to be installed, bringing better accessibility and convenience to our residents. With the safety of residents at heart, we had also stepped up on cleanliness and safe management measures at all HDB residential blocks, commercial blocks and hawker centres to ensure a safe estate for all.

Fitness & Recreation

In creating community spaces for active living, we have completed 12 projects with another six projects on-going. It is indeed heartening to see our residents benefiting from these recreational facilities, encompassing elderly fitness stations, children's playgrounds and refurbished barbecue pits. In the new normal lifestyle of Work-From-Home and Home-Based-Learning, these recreational facilities are welcomed by residents, as they provide a nearby escape to relax and unwind, stay active and bond with families.

Repairs & Redecoration

In refreshing the neighbourhood, we have completed 104 blocks under five batches of Repairs and Redecoration (R&R) programmes, with on-going works at another 119 blocks across six batches. Our continuous R&R efforts have rejuvenated our estates as well as kept our town vibrant and welcoming for residents.

Welcoming 2022



Facilities & Infrastructure

In 2022, residents may look forward to 23 new projects and developments by the Bishan-Toa Payoh Town Council coming your way. In our continual efforts to provide better public facilities, common spaces will be further enhanced with more barrier-free access ramps, covered linkways, sheltered drop-off points, lifts, playgrounds, fitness stations and R&R works to scheduled blocks.

Greenery & Sustainability

In building a Green Town together with Bishan-Toa Payoh Town Council, we invite you to embark on this meaningful journey with us, as we transform our housing estates into better living environment for every resident. Together with our Go Green sustainability committees, community partners and residents, a series of green plans will be progressively implemented in achieving:



**Energy
Efficiency**



**Zero
Waste**



**Greener
Environment**

As we reach the end of an extraordinary year, I wish to extend my heartfelt appreciation to all residents, frontline conservancy workers and community partners who have worked together to maintain a clean and safe estate. I would like to thank the Bishan-Toa Payoh Town Council team of dedicated staff for upholding delivery standards and service and going the extra mile for residents during these difficult times.

On behalf of my fellow MPs and Town Councillors, I thank all residents for the understanding and support in the past year. We have overcome many challenges as one community, and will continue to do our best to safeguard the interest and well-being of our residents. We look forward to your participation and support of our "Action for Green Towns" sustainability plans and efforts. Our collective action will make a difference, let us build a greener and more liveable home together!

Financial statements

BISHAN-TOA PAYOH TOWN COUNCIL

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

For the year ended 31 March 2021

Contents

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

**Independent auditor's report to the members of
BISHAN-TOA PAYOH TOWN COUNCIL**
(Established under the Town Councils Act, Cap. 329A)

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Bishan-Toa Payoh Town Council ("the Town Council"), which comprise the statement of financial position as at 31 March 2021, and the statement of income and expenditure and other comprehensive income, the statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Town Councils Act, Cap 329A (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Town Council as at 31 March 2021 and the financial performance, changes in funds and cash flows of the Town Council for the financial year ended on that date.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information refers to the Chairman's Review included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

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

**Independent auditor's report to the members of
BISHAN-TOA PAYOH TOWN COUNCIL (Cont'd)**
(Established under the Town Councils Act, Cap. 329A)

Responsibilities of Management and Those Charged with Governance for the financial statements

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

A Town Council is established under the Town Councils Act and may be dissolved by the Minister's order published in the Gazette. In preparing the financial statements, management is responsible for assessing the Town Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is intention to wind up the Town Council or for the Town Council to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the Audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

**Independent auditor's report to the members of
BISHAN-TOA PAYOH TOWN COUNCIL (Cont'd)**
(Established under the Town Councils Act, Cap. 329A)

Auditor's responsibilities for the Audit of the financial statements (Cont'd)

- 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.

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.

**Independent auditor's report to the members of
BISHAN-TOA PAYOH TOWN COUNCIL (Cont'd)**
(Established under the Town Councils Act, Cap. 329A)

Basis for Opinion

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

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.



AT ADLER
Public Accountants and
Chartered Accountants


Singapore, 27 October 2021

Statement of financial position

as at 31 March 2021

		31 March 2021	31 March 2020
	Note	\$	\$
TOWN COUNCIL FUND			
Residential Property			
Accumulated surplus	3	4,153,158	3,364,712
Sinking Fund	4	84,441,551	82,203,113
Town Improvement and Project Fund	5	866,027	1,988,665
Lift Replacement Fund	6	28,948,300	23,964,641
		118,409,036	111,521,131
Commercial Property			
Accumulated surplus	3	2,458,160	5,876,379
Sinking Fund	4	35,026,879	33,334,381
Town Improvement and Project Fund	5	146,999	165,824
Lift Replacement Fund	6	9,862,322	7,514,194
		47,494,360	46,890,778
Carpark			
Accumulated surplus	3	1,476,862	1,138,867
		167,380,258	159,550,776
REPRESENTED BY:			
Non-Current Assets			
Property, plant and equipment	7	1,475,028	1,316,381
Investments at amortised cost	8	29,774,511	29,781,382
		31,249,539	31,097,763
Current Assets			
Conservancy and service fees receivables	9	1,002,777	733,317
Other receivables	10	1,722,070	646,877
Interest receivable		747,622	660,982
Grants receivable	11	5,234,256	6,352,499
Receivable for Electrical Load Upgrading Programme	12	83,961	152,681
Receivables for Neighbourhood Renewal Programme	13	3,157,415	981,458
Receivables for Selective Lift Replacement and Lift Enhancement Programme	14	4,955,421	3,372,610
Fixed deposits with financial institutions	15	115,274,087	112,026,623
Cash and bank balances	16	27,631,578	16,145,572
		159,809,187	141,072,619
Total Assets		191,058,726	172,170,382
Less:			
Non-Current Liabilities			
Payables and accrued expenses	17	184,679	-
Lease liabilities	18	678,481	931,792
		863,160	931,792
Current Liabilities			
Conservancy and service fees received in advance	19	874,618	672,392
Advances for Electrical Load Upgrading Programme	12	375,363	451,141
Advances for Neighbourhood Renewal Programme	13	1,289,205	1,151,715
Payables and accrued expenses	17	19,088,099	8,141,366
Lease liabilities	18	253,159	245,833
Income tax payable	23	934,864	1,025,367
		22,815,308	11,687,814
Total Liabilities		23,678,468	12,619,606
NET ASSETS		167,380,258	159,550,776


CHONG KEE HIONG
Chairman
Date: 27 OCT 2021

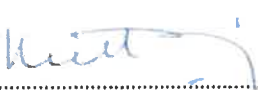

NG KHENG HEONG, ERNEST
Secretary

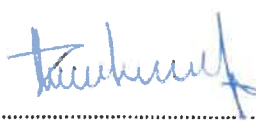
The accompanying notes form an integral part of and should be read in conjunction with the financial statements.

Statement of income and expenditure and other comprehensive income

for the financial year ended 31 March 2021

		2021	2020
	Note	\$	\$
Operating income			
Conservancy and service fees	3	41,726,803	41,371,606
Less: Operating transfer to sinking fund (minimum required by law)	3,4	(10,848,945)	(10,756,620)
Less: Operating transfer to lift replacement fund (minimum required by law)	3,6	(5,841,743)	(5,792,028)
		25,036,115	24,822,958
Agency fees	20	2,833,070	2,861,354
Other income	21	2,136,049	2,086,204
		30,005,234	29,770,516
Less: Operating expenditure			
Cleaning works		6,024,985	5,874,728
Lift maintenance		5,557,867	5,800,523
Other works and maintenance		5,175,617	4,956,591
Water and electricity		6,969,602	8,088,590
General and administrative expenditure	22	7,654,230	7,892,305
		(31,382,301)	(32,612,737)
Operating deficit		(1,377,067)	(2,842,221)
Add: Interest income	3	50,262	147,772
Deficit before taxation and government grants		(1,326,805)	(2,694,449)
Less: Income tax	3, 23	(137,645)	(91,366)
Deficit before government grants		(1,464,450)	(2,785,815)
Add:			
Government grants	24	14,858,386	14,357,613
Less: Transfer to			
- Sinking fund	3,4,24	(2,199,487)	(2,198,594)
- Town Improvement and Project fund	3,5,24	(2,946,230)	(2,429,473)
- Lift Replacement fund	3,6,24	(4,634,609)	(4,655,876)
		5,078,060	5,073,670
SURPLUS FOR THE YEAR FROM ROUTINE FUND		3,613,610	2,287,855
Add: Surplus/(deficit) for the year			
- Sinking fund	4	(901,967)	(1,899,079)
- Town Improvement and Project fund	5	(1,110,708)	(1,196,796)
- Lift Replacement fund	6	4,590,809	3,163,799
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		6,191,744	2,355,779


CHONG KEE HIONG
Chairman
Date: 27 OCT 2021


NG KHENG HEONG, ERNEST
Secretary

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

Statement of changes in funds

for the financial year ended 31 March 2021

	Residential property \$	Commercial property \$	Carpark \$	Total \$
31 March 2021				
Balance at 1 April 2020	111,521,131	46,890,778	1,138,867	159,550,776
Total comprehensive income for the year	3,728,870	1,586,771	876,103	6,191,744
Accumulated Surplus transfer from carpark to residential property	592,516	-	(592,516)	-
Transfers from Jalan Besar Town Council due to Boundary Change	3,743,617	3,484,798	79,480	7,307,895
Transfers to Jalan Besar Town Council due to boundary change	(1,177,098)	(4,467,987)	(25,072)	(5,670,157)
Balance at 31 March 2021	118,409,036	47,494,360	1,476,862	167,380,258
31 March 2020				
Balance at 1 April 2019	110,311,763	46,083,768	799,466	157,194,997
Total comprehensive income for the year	1,209,368	807,010	339,401	2,355,779
Balance at 31 March 2020	111,521,131	46,890,778	1,138,867	159,550,776

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

Statement of cash flows

for the financial year ended 31 March 2021

	Note	2021 \$	2020 \$
Cash Flows from Operating Activities			
Deficit before taxation and government grants	3	(1,326,805)	(2,694,449)
Adjustments for:			
Operating income transfer to Sinking Fund	3,4	10,848,945	10,756,620
Operating income transfer to Lift Replacement Fund	3,6	5,841,743	5,792,028
Depreciation of property, plant and equipment	7,22	348,160	279,278
Loss on plant and equipment written off	22	36	-
Amortisation of investments - Bonds		6,871	3,883
Allowance for impairment in conservancy and service fee receivables	9,22	233,690	86,649
Allowance for impairment in other receivables	10	-	267,746
Interest expenses on lease liabilities	22	31,815	35,683
Interest income	3	(50,262)	(147,772)
Operating surplus before working capital changes		15,934,193	14,379,666
Decrease/(increase) in operating receivables		115,098	(324,887)
Increase/(decrease) in operating payables		11,316,754	(40,427)
Cash generated from operations before income tax		27,366,045	14,014,352
Sinking Fund expenditure	4	(15,075,072)	(16,701,333)
Town Improvement and Project Fund expenditure	5	(4,056,938)	(3,626,269)
Lift Replacement Fund expenditure	6	(5,992,881)	(7,626,144)
Electrical Load Upgrading expenditure	12	(711,457)	(514,301)
Neighbourhood Renewal Programme expenditure	13	(2,739,909)	(1,323,236)
Selective Lift Replacement Programme expenditure	14(a)	(686,801)	(3,980,845)
Lift Enhancement Programme expenditure	14(b)	(896,010)	(922,481)
Income tax paid	23	(479,170)	(321,464)
Net cash used in operations before government grants		(3,272,193)	(21,001,721)
Lift Replacement Fund Matching Grant received		3,426,736	3,472,911
Selective Lift Replacement Programme fund received	14(a)	-	315,995
Lift Enhancement Programme fund received	14(b)	-	914,768
Government grants received		11,083,176	9,741,246
GST subvention received		1,427,898	1,419,903
Government funds received for Electrical Load Upgrading Programme projects	12	704,399	844,464
Government funds received for Neighbourhood Renewal Programme projects		701,442	3,473,804
Net cash generated from/(used in) operating activities		14,071,458	(818,630)
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	7	(506,843)	(144,872)
Interest and investment income received		1,446,655	2,847,767
Net cash generated from investing activities		939,812	2,702,895
Cash Flows used in Financing Activities			
Repayment of lease liabilities	18	(245,985)	(242,117)
Interest paid on lease liabilities	18	(31,815)	(35,683)
Net cash used in financing activities		(277,800)	(277,800)
Net increase in cash and cash equivalents		14,733,470	1,606,465
Cash and cash equivalents at beginning of year		128,172,195	126,565,730
Cash and cash equivalents at end of year	16	142,905,665	128,172,195

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

Notes to the financial statements

for the financial year ended 31 March 2021

1 General

Bishan-Toa Payoh Town Council (the "Town Council") was formed on 13 January 1997 under the Town Councils Act (Cap. 329A). The principal functions of the Town Council are to control, manage, maintain and improve the common areas of residential and commercial property in the housing estates of the Housing and Development Board ("HDB") within the Town.

The principal office of operations is situated at Blk 125A #01-134, Lorong 2 Toa Payoh, Singapore 311125.

Prior to the General Elections in July 2020, the Town consisted of the Bishan-Toa Payoh Group Representation Constituency ("GRC") which comprised of the Bishan East-Thomson, Bishan North, Toa Payoh West-Balestier, Toa Payoh Central and Toa Payoh East-Novena divisions.

Due to the redrawing of the electoral boundaries, part of Bishan North was carved out to form the new Marymount Single Member Constituency ("SMC"). The Town Council now manages the HDB residential estates in Bishan-Toa Payoh GRC and the new Marymount Single Member Constituency ("SMC"). The Town Council also handed over 10 blocks to Jalan Besar Town Council and took over 15 Blocks from Jalan Besar Town Council ("JBTC") with effect from 28 October 2020. The related assets and liabilities were also transferred over with payments and receipts for settlements made subsequent to the financial year.

Pursuant to Section 34 of the Town Councils Act, where a writ of election is issued, Town Councils are required to transfer the excess of revenue over expenditure (referred to as surpluses) in any fund (other than a sinking fund) established under Section 33 of the Act to the sinking funds of that Town Council in accordance with the Guidelines issued for the preparation of the Statement of Transferable Surplus.

In accordance with this requirement, during the financial year, the Town Council transferred \$3,854,364 and \$2,075,427 respectively to the sinking fund and the lift replacement fund based on the number of residential and commercial units under the management of the Town Council as at 22 June 2020.

These financial statements for the financial year ended 31 March 2021 were authorized for issue in accordance with a resolution of the Town Council on 27 October 2021.

2(i) Basis of preparation

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

2(i) Basis of preparation (Cont'd)**Adoption of new and revised standards**

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Town Council has adopted all the new and amended standards which are relevant to the Town Council and are effective for annual financial periods beginning on 1 April 2020. The adoption of these standards did not have any material effect on the financial performance or position of the Town Council.

Early adoption of amendments to FRS 116 : Covid-19 - Related Rent Concessions

The Town Council has elected to early adopt the amendments to FRS 116 which introduced a practical expedient for a lessee to elect not to assess whether a rent concession is a lease modification, if all the following conditions are met:

- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) there is no substantive change to other terms and conditions of the lease.

The Town Council has elected to apply this practical expedient to the office lease. As a result of applying the practical expedient, rent concessions of \$46,300 (Note 21) was recognised as other income in the statement of income and expenditure.

2(ii) Significant accounting estimates and judgements

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

Areas involving a high degree of judgement and estimates are described below:

(a) Income tax

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

(b) Determination of lease term of contracts with renewal options

The Town Council has significant lease contracts for office premises that included renewal options. The Town Council applies judgement in evaluating whether it is reasonably certain that the option to renew these leases will be exercised. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Town Council reassesses the lease term whether there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

The Town Council included the lease renewal in the recognition of right-of-use assets and lease liabilities for office premises because of the Town Council's intention to exercise these renewal option.

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

2(ii) Significant accounting estimates and judgements (cont'd)**(c) Leases – estimating the incremental borrowing rate**

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

(d) Depreciation of plant and equipment

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of plant and equipment to be between 3 to 5 years. The right-of-use for office premises are included in property, plant and equipment and depreciated over the remaining lease term of 62 months and 68 months. The carrying amount of plant and equipment as at 31 March 2021 was S\$1,475,028 (2020: S\$1,316,381). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(e) Town Improvement Project Grants

The Town Council receives grants under Community Improvement Projects Committee ("CIPC") scheme for approved improvement and development works in the Town. Such grants are pre-approved in principle. Accruals for grants are made at year end based on the lower of the value of work completed that is eligible for CIPC funding or the approved CIPC funding for each specific project. Judgement is required for such accrual, which are made based on the Town Council's assessment of the value of work completed and the claims made for each town improvement project.

(f) Legal action, contingent assets and contingent liabilities

As disclosed in Note 33 to the financial statements, the Town Council received a letter of demand in July 2019 from a contractor seeking compensation of \$1.06 million. The Town Council has responded to the contractor in August 2019 to deny the basis of the claim and made a counter claim of \$560,000 for the failure on the part of the contractor to meet the terms of the contract. Since then, the Town Council has not received any further communication from the said contractor. No provision in respect of the claim liability has been made in the financial statements as it was assessed that there was no merit and/or basis for the claim made by the contractor based on the Town Council's review and assessment. Pending a response from the contractor, the Town Council has also not recognised the contingent asset arising from the counter claim made.

(g) Expected credit loss on receivables

The Town Council uses provision matrix to calculate ECLs for conservancy and service fee receivables. The provision rates are based on estimated on the basis of age of debts, results recovery efforts and historical experience. The provision matrix is initially based on the Town Council's historical observed default rates. At every reporting date, historical default is updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Town Council's historical credit loss experience and forecast economic conditions may also not be representative of the actual default in the future.

2(ii) Significant accounting estimates and judgements (cont'd)**(g) Expected credit loss on receivables (cont'd)**

The Town Council has also considered the impact of coronavirus ("Covid-19") when making estimates on the recoverability of its conservancy and service fee receivables based on currently available information. During the year ended 31 March 2021, the Town Council provided a 50% conservancy and service fee rebate for April 2020 and 25% conservancy and service fee rebate for the months from July 2020 to October 2020 to the commercial properties managed by the Town Council, totaling \$590,230 (2020: \$212,568). This has helped to cushion the adverse economic impact arising from the Covid-19 pandemic to the shop operators and hawkers in the Town Council.

Additional ECL of S\$95,000 (2020: Nil) has been made by the Town Council on the recoverability of the conservancy and service fee receivables as at 31 March 2021, taking into consideration the impact of Covid-19. The information about the ECLs on the Town Council's conservancy and service fee receivables are disclosed in Note 9 to the financial statements.

Together with the rebates, the Town Council has assessed the allowance for impairment for conservancy and service fee receivables as at 31 March 2021 to be adequate. The ECLs for conservancy and service fees receivables amounted to \$1,458,082 (2020: \$1,182,509). The carrying amount of the Town Council's conservancy and service fees receivables as at 31 March 2021 is \$1,002,777 (2020: \$733,317).

For other receivables, the allowance for ECL is based on the Town Council's assessment of the collectability of each debtor taking into consideration the financial condition of those debtors. If there is deterioration in the debtors' financial condition, the Town Council makes allowance for credit losses, which would affect the profit or loss in the period when such adjustments are made.

As disclosed in Note 10 to the financial statements, a loss allowance of \$267,746 (2020: \$267,746) was made for other receivables measured using a 12-month expected credit loss.

2(iii) Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendment to FRS 116: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to FRS 16: Property, Plant and Equipment—Proceeds before Intended Use	1 January 2022
Amendments to FRS 37: Onerous Contracts—Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to FRSs 2018-2020	1 January 2022
Amendments to FRS 1: Classifications of Liabilities as Current or Non-Current	1 January 2023
Amendments to FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to FRS 8: Definition of Accounting Estimates	1 January 2023

The Town Council has performed a preliminary assessment and the management expects that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

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

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

- Residential property
- Commercial property
- Carparks are managed by the Town Council for the Housing and Development Board ("HDB") on an agency basis.

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

All moneys received by the Town Council are paid into and related expenditures 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 Fund

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

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

The minimum amounts to be transferred to Sinking Fund are at least 26% of the conservancy and service fees and grants-in-aid for all residential flat types and commercial property.

These contributions are treated as operating income transfers and are deducted from the conservancy and service fees and government grants in income or expenditure. The Lift Replacement Fund Matching Grant is not subject to the minimum contribution rate, even though it is a grant-in-aid.

The Sinking Fund are utilised for cyclical works, including major repainting, renewal or replacement of roofing systems, water tanks, pumps and water supply systems, lightning protection systems, 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 under the Housing and Development Act.

Town Improvement and Project Fund

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

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

2(iv) Summary of significant accounting policies (cont'd)**(a) Funds (Cont'd)****Town Improvement and Project Fund (cont'd)**

Expenditure on Town Improvement Projects is taken directly to the TIPF. Payments from CCC are shown as part of Government Grants in the Statement of Income and Expenditure and then transferred to the TIPF.

Lift Replacement Fund

Lift Replacement Fund ("LRF") are established and maintained as part of the Town Council Funds to meet the cost of any capital expenditure related to the replacement of lifts in the town for lift upgrading works, which were previously incurred under the Sinking Fund.

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

The minimum amounts to be transferred to Lift Replacement Fund are at least 14% of the conservancy and service fees and grants-in-aid for all residential flat types and commercial property. These contributions are treated as operating income transfers and are deducted from the conservancy and service fees and government grants in income or expenditure.

The Lift Replacement Fund Matching Grant is not subject to the minimum contribution rate, even though it is a grant-in-aid.

(b) Allocation of General Overheads

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

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

Such allocation by EDU is applied to all Town Council Funds.

Remuneration of certain employees are allocated to Sinking Fund, Town Improvement and Project Fund and Lift Replacement Fund in proportion to the expenditure incurred for the respective Funds during the year. (2020: Allocated based on the time spent by employees in projects related to the respective Funds during the year).

(c) Government grants

The Town Council receives five types of grants from the government: Service and Conservancy Charge Operating Grant, payments from Citizens' Consultative Committees, Goods and Services Tax ("GST") Subvention Grant, Lift Maintenance Grant and Lift Replacement Fund Matching Grant.

- (i) Service and Conservancy Charge Operating Grants to meet current year's operating expenditure are taken to income or expenditure.

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

- (ii) Payments from Citizens' Consultative Committees are granted to provide funding support for community improvement projects under the CIPC scheme.
- (iii) The GST Subvention Grant is given as grants-in-aid and is granted to assist town councils for absorbing the GST increases in service and conservancy charges for HDB residential flats.
- (iv) Lift Maintenance Grant is disbursed at \$600 annually for each lift maintained by the Town Council. This is to cope with higher lift-related servicing and maintenance costs.
- (v) Lift Replacement Fund Matching Grant is given at 50% of the Town Council's quarterly contribution to its LRF for the replacement of their existing lifts and lift parts.

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

(d) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. Depreciation is computed utilising the straight-line method to allocate their depreciable amount over their estimated useful lives as follows:

Furniture, fixtures and fittings	5 years
Office equipment	3 years
Data processing equipment/software	3 years

The right-of-use of office premises has been included in property, plant and equipment and depreciated over the remaining lease term of 62 months and 68 months.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits in excess of the standard of performance of the asset before the expenditure was made will flow to the Town Council and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

Property, plant and equipment costing below \$1,000 each are charged to income or expenditure in the year of purchase.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

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

The carrying amount of non-financial assets is reviewed at each reporting date for indications of impairment and where impairment is found, the asset is written down through the income and expenditure statement to its estimated recoverable amount.

The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in the income and expenditure statement. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value-in-use.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

At each reporting date, non-financial assets other than goodwill with impairment loss recognised in prior periods, are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

(f) 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 income or expenditure.

Conservancy and service fee receivables are measured at the amount of consideration to which the Town Council expects to be entitled in exchange for transferring promised services, excluding amounts collected on behalf of third party, if the conservancy and service fee receivables do not contain a significant financing component at initial recognition.

Subsequent measurement**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:

(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 the assets are derecognised or impaired, and through amortisation process.

2(iv) Summary of significant accounting policies (Cont'd)**(f) Financial assets (Cont'd)**Subsequent measurement (Cont'd)Debt instruments (Cont'd)**(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 income or expenditure in the period in which it arises.

The Town Council only has debt instruments at amortised cost.

Equity instruments

The Town Council does not have investments in equity instruments.

Derecognition

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

(g) 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.

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).

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

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 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.

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and fixed deposits that are readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value.

(i) Financial liabilities**Initial recognition and measurement**

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

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit and loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in income or expenditure when the liabilities are derecognised, and through the amortisation process.

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in income or expenditure.

(j) Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2(iv) Summary of significant accounting policies (Cont'd)**(k) Provisions**

Provisions are recognised when the Town Council has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in income or expenditure in the period they occur.

(l) Employee benefitsDefined contribution plan

The Town Council contributes to the Central Provident Fund ("CPF"), a defined contribution plan regulated and managed by the Government of Singapore, which applies to majority of the employees. The contributions to CPF are charged to income or expenditure in the period to which the contributions relate.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the end of reporting period.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Town Council has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Key management personnel consist of Town Councillors and certain managers.

(m) 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.

2(iv) Summary of significant accounting policies (Cont'd)**(m) Revenue recognition (Cont'd)****(i) Conservancy and service fees**

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

(ii) Agency fees

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

(iii) Interest and investment income

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

(iv) Other income

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

(n) Income tax

Income tax is provided on the following income:

- (i) Income derived from investments and bank deposits;
- (ii) Agency fee derived from acting as agents for HDB;
- (iii) Fees, rents and other charges received from non-residents or non-owners of properties in the Town; and
- (iv) Donations from non-residents or non-owners of properties in the Town.

The income taxes are accounted using the liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Income tax expense represents the sum of the tax currently payable and deferred tax. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each reporting date and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences.

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

2(iv) Summary of significant accounting policies (Cont'd)**(o) Leases**

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

Town Council as lessee

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

Right-of-use assets

The Town Council recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date plus an estimate of costs of dismantle and remove the underlying assets or to restore the underlying assets or site on which it located less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2(iv)(e).

The Town Council's right-of-use assets are presented within property, plant and equipment (Note 7).

Lease liabilities

At the commencement date of the lease, the Town Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments).

In calculating the present value of lease payments, the Town Council uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

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

2(iv) Summary of significant accounting policies (Cont'd)**(p) Inter-fund transfer**

Under Section 33(9) and 43(1)(i) of the Town Councils Act, Cap. 329A, and Rule 11A of Town Councils Financial Rules ("TCFR"), the Town Council may transfer an amount not exceeding the surplus from operating fund to sinking fund or lift replacement fund, and from sinking fund to lift replacement fund to make good for any deficit in that fund. The Town Council may also transfer an amount not exceeding the surplus from any of its funds established for residential property to the commercial property under the same fund, only to make good any deficit and vice versa.

(q) Functional currency

Items included in the financial statements of the Town Council are measured using the currency of the primary economic environment in which the Town Council operates (the "functional currency"). The financial statements of the Town Council are presented in Singapore Dollars, which is also the functional currency of the Town Council.

BISHAN-TOA PAYOH TOWN COUNCIL
(Established under the Town Councils Act, Cap. 329A)

23

Notes to the financial statements for the financial year ended 31 March 2021

3 Accumulated surplus

	Note	Residential property		Commercial property		Carpark		Total	
		2021 \$	2020 \$	2021 \$	2020 \$	2021 \$	2020 \$	2021 \$	2020 \$
OPERATING INCOME									
Conservancy and service fees									
Less:									
Operating income transfer to Sinking Fund	4	36,901,441	36,563,019	4,825,362	4,808,587	-	-	41,726,803	41,371,606
Operating income transfer to Lift Replacement Fund	6	(9,594,347)	(9,506,387)	(1,254,598)	(1,250,233)	-	-	(10,848,945)	(10,756,620)
		(5,166,189)	(5,118,826)	(675,554)	(673,202)	-	-	(5,841,743)	(5,792,028)
Agency fees and other income	20.21	22,140,905	21,937,806	2,895,210	2,885,152	-	-	25,036,115	24,822,958
		983,992	1,392,907	1,077,399	620,407	2,907,728	2,934,244	4,989,119	4,947,558
Less:									
Operating Expenditure		23,124,897	23,330,713	3,972,609	3,505,559	2,907,728	2,934,244	30,005,234	29,770,516
Operating (Deficit)/Surplus		(26,138,796)	(27,198,745)	(3,220,040)	(2,813,228)	(2,023,465)	(2,599,764)	(31,382,301)	(32,612,737)
Add:		(3,013,899)	(3,869,032)	752,569	692,331	884,263	334,480	(1,377,067)	(2,842,221)
Non-Operating Income - Interest income and government grants		42,711	125,926	3,017	8,956	4,534	12,890	50,262	147,772
(Deficit)/Surplus before taxation		(2,971,188)	(3,743,106)	755,586	701,287	888,797	347,370	(1,326,805)	(2,694,449)
Less:									
Income Tax	23	(116,710)	(77,866)	(8,241)	(5,531)	(12,694)	(7,969)	(137,645)	(91,366)
(Deficit)/Surplus after taxation but before government grants		(3,087,898)	(3,820,972)	747,345	695,756	876,103	339,401	(1,464,450)	(2,785,815)
Add:									
Government grants	24	14,329,755	13,788,353	528,631	569,260	-	-	14,858,386	14,357,613
Less: Transfer to:									
Sinking Fund	4.24	(2,197,748)	(2,185,351)	(1,739)	(13,243)	-	-	(2,199,487)	(2,198,594)
Town Improvement and Project Fund	5.24	(2,741,189)	(2,251,202)	(205,041)	(178,271)	-	-	(2,946,230)	(2,429,473)
Lift Replacement Fund	6.24	(4,316,770)	(4,308,686)	(317,839)	(347,188)	-	-	(4,634,609)	(4,655,876)
		5,074,048	5,043,112	4,012	30,558	-	-	5,078,060	5,073,670
Surplus for the financial year		1,886,150	1,222,140	751,357	726,314	876,103	339,401	3,613,610	2,287,855
Add:									
Accumulated surplus at beginning of year		3,364,712	2,142,572	5,876,379	5,150,065	1,138,867	799,466	10,379,958	8,092,103
Accumulated surplus transferred from carpark to residential property		592,516	-	-	-	(592,516)	-	-	-
Less: Section 34 Accumulated surplus transferred to Sinking Fund as at 22 June 2020	4	(1,165,688)	-	(2,688,676)	-	-	-	(3,854,364)	-
Less: Section 34 Accumulated surplus transferred to Lift Replacement Fund as at 22 June 2020	6	(627,679)	-	(1,447,748)	-	-	-	(2,075,427)	-
Add: Transfers from Jalan Besar Town Council due to boundary change		9,726	-	152,487	-	79,480	-	241,693	-
Less: Transfers to Jalan Besar Town Council due to boundary change		(6,579)	-	(185,639)	-	(25,072)	-	(217,290)	-
Accumulated surplus at end of year		4,153,158	3,364,712	2,458,160	5,876,379	1,476,862	1,138,867	8,088,180	10,379,958

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

BISHAN-TOA PAYOH TOWN COUNCIL

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

Notes to the financial statements for the financial year ended 31 March 2021

24

4 Sinking Fund

	Note	Residential property		Commercial property		Total
		2021	2020	2021	2020	
		\$	\$	\$	\$	\$
Balance at beginning of year		82,203,113	83,687,759	33,334,381	33,748,814	117,436,573
Add:						
Operating income transfer from conservancy and service fees (minimum required by law)	3	9,594,347	9,506,387	1,254,598	1,250,233	10,848,945
Transfer from government grants	3,24	2,197,748	2,185,351	1,739	13,243	2,199,487
Other income	25(i)	1,264,301	2,074,339	89,010	147,484	1,353,311
		13,056,396	13,766,077	1,345,347	1,410,960	14,401,743
Less: Expenditure	25(ii)	(13,615,590)	(14,900,827)	(1,459,482)	(1,800,506)	(15,075,072)
Less: Income tax	23	(213,550)	(349,896)	(15,088)	(24,887)	(374,783)
Deficit for the financial year		(772,744)	(1,484,646)	(129,223)	(414,433)	(1,899,079)
Section 34 Transferable surpluses transferred from accumulated surplus as at 22 June 2020	3	1,165,688	-	2,688,676	-	3,854,364
Add: Transfers from JBTC due to boundary change		2,711,767	-	2,526,452	-	5,238,219
Less: Transfers to JBTC due to boundary change		(966,273)	-	(3,393,407)	-	(4,259,680)
Balance at end of year		84,441,551	82,203,113	35,026,879	33,334,381	115,537,494

Represented by:

Non-Current assets

Investments at amortised cost

Current assets

Conservancy and service fees receivables

Other receivables

Interest receivable

Grants receivable

Amount due from accumulated surplus

Fixed deposits with financial institutions

Cash and bank balances

Total assets

Less:

Current liabilities

Payables and accrued expenses

Income tax payable

Total liabilities

Net assets

29,774,511

29,781,382

285,422	190,662
1,297,924	433,540
727,559	572,213
94,335	92,291
2,286,470	168,743
80,006,930	79,008,205
9,169,878	8,500,575
93,868,518	88,966,229
123,643,029	118,747,611

3,572,094	2,525,331
602,505	684,786
4,174,599	3,210,117
119,468,430	115,537,494

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

BISHAN-TOA PAYOH TOWN COUNCIL

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

Notes to the financial statements for the financial year ended 31 March 2021

25

5 Town Improvement and Project Fund

	Note	Residential property		Commercial property		Total
		2021 \$	2020 \$	2021 \$	2020 \$	2021 \$ 2020 \$
Balance at beginning of year		1,988,665	3,108,371	165,824	242,914	2,154,489 3,351,285
Add:						
Transfer from Government Grants	3.24	2,741,189	2,251,202	205,041	178,271	2,946,230 2,429,473
Less: Expenditure	26	(3,847,885)	(3,370,908)	(209,053)	(255,361)	(4,056,938) (3,626,269)
Deficit for the financial year		(1,106,696)	(1,119,706)	(4,012)	(77,090)	(1,110,708) (1,196,796)
Less: Transfers to JBTC due to boundary change		(15,942)	-	(14,813)	-	(30,755) -
Balance at end of year		866,027	1,988,665	146,999	165,824	1,013,026 2,154,489

Represented by:

Current assets

Grants receivable

Other receivables

Cash and bank balances

Total assets

Less:

Current liabilities

Payables and accrued expenses

Amount due to accumulated surplus

Total liabilities

Net assets

4,104,287	5,253,928
39,742	41,248
199,689	278,498
4,343,718	5,573,674
1,366,739	981,849
1,963,953	2,437,336
3,330,692	3,419,185
1,013,026	2,154,489

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

BISHAN-TOA PAYOH TOWN COUNCIL
(Established under the Town Councils Act, Cap. 329A)

26

Notes to the financial statements for the financial year ended 31 March 2021

6 Lift Replacement Fund

	Note	Residential property		Commercial property		Total	
		2021 \$	2020 \$	2021 \$	2020 \$	2021 \$	2020 \$
Balance at beginning of year		23,964,641	21,373,061	7,514,194	6,941,975	31,478,835	28,315,036
Add:							
Operating income transfer from conservancy and service fees (minimum required by law)							
- Transfer from Government Grants	3	5,166,189	5,118,826	675,554	673,202	5,841,743	5,792,028
- Other Government Grant	3, 24	1,183,403	1,176,728	937	7,131	1,184,340	1,183,859
- Lift Replacement Fund Matching Grant	3, 24	3,133,367	3,131,960	316,902	340,057	3,450,269	3,472,017
		4,316,770	4,308,688	317,839	347,188	4,634,609	4,655,876
		121,151	384,012	8,571	27,309	129,722	411,321
Other income – Interest income		9,604,110	9,811,526	1,001,964	1,047,699	10,606,074	10,859,225
Less: Expenditure	27	(5,961,057)	(7,155,260)	(31,824)	(470,894)	(5,992,881)	(7,626,144)
Less: Income tax	23	(20,893)	(64,686)	(1,491)	(4,596)	(22,384)	(69,282)
Surplus for the financial year		3,622,160	2,591,580	968,649	572,219	4,590,809	3,163,799
Section 34 Transferable Surpluses transferred from Accumulated Surplus as at 22 June 2020	3	627,679	-	1,447,748	-	2,075,427	-
Add: Transfers from JBTC due to boundary change		1,022,124	-	805,859	-	1,827,983	-
Less : Transfers to JBTC due to boundary change		(288,304)	-	(874,128)	-	(1,162,432)	-
Balance at end of year		28,948,300	23,964,641	9,862,322	7,514,194	38,810,622	31,478,835

Represented by:

Current assets			
Conservancy and service fees receivables		153,689	102,664
Other receivables		867,664	84,593
Interest receivable		16,077	76,297
Grant receivables		817,936	793,302
Receivables for Selective Lift Replacement and Lift Enhancement Programme			
Amount due from accumulated surplus		4,955,421	3,372,610
Fixed deposits with financial institutions		1,685,597	733,676
Cash and bank balances		22,967,095	22,777,102
Total assets		11,960,256	5,179,773
		43,423,735	33,120,017
Less:			
Current liabilities			
Payables and accrued expenses		4,521,514	1,510,892
Income tax payable		91,589	130,290
Total liabilities		4,613,113	1,641,182
Net assets		38,810,622	31,478,835

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

7 Property, plant and equipment

<u>Cost</u>	<u>Furniture Fixtures and Fittings</u> \$	<u>Office Equipment</u> \$	<u>Data processing equipment/ software</u> \$	<u>Office Premises</u> \$	<u>Total</u> \$
At 31 March 2019	940,875	35,289	156,591	-	1,132,755
At 1 April 2019 – effect of adopting FRS116	-	-	-	1,419,742	1,419,742
At 1 April 2019, as restated	940,875	35,289	156,591	1,419,742	2,552,497
Additions	3,150	-	141,722	-	144,872
Write-offs	(1,757)	(4,600)	(27,858)	-	(34,215)
At 31 March 2020	942,268	30,689	270,455	1,419,742	2,663,154
Additions	-	1,399	505,444	-	506,843
Write-offs	-	-	(52,673)	-	(52,673)
At 31 March 2021	942,268	32,088	723,226	1,419,742	3,117,324
<u>Accumulated depreciation</u>					
At 31 March 2019	937,344	25,316	139,050	-	1,101,710
Depreciation for the year (Note 22)	1,352	4,897	16,741	256,288	279,278
Write-offs	(1,757)	(4,600)	(27,858)	-	(34,215)
At 31 March 2020	936,939	25,613	127,933	256,288	1,346,773
Depreciation for the year (Note 22)	1,439	3,734	87,637	255,350	348,160
Write-offs	-	-	(52,637)	-	(52,637)
At 31 March 2021	938,378	29,347	162,933	511,638	1,642,296
<u>Net book value</u>					
At 31 March 2020	5,329	5,076	142,522	1,163,454	1,316,381
At 31 March 2021	3,890	2,741	560,293	908,104	1,475,028

Right-of-use assets from lease contracts are presented under Office Premises.

8 Investments at amortised cost

	2021 \$	2020 \$
Investments at amortised cost	29,774,511	29,781,382
Comprising:		
Quoted bonds issued by statutory boards	29,774,511	29,781,382
Maturing:		
After one year but within five years	14,010,132	8,008,998
After five years	15,764,379	21,772,384
	29,774,511	29,781,382
Market value	31,220,945	31,617,625

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

8 Investments at amortised cost (Cont'd)

Investments in quoted bonds issued by statutory boards have fixed interest rates ranging from 1.825% to 3.08% (2020: 1.825% to 3.08%) per annum and maturity date ranging from August 2022 to July 2033 (2020: August 2022 to July 2033) as at reporting date.

The fair value of quoted bonds are based on the closing bid price at the end of the financial year and are within Level 1 of the fair value hierarchy.

9 Conservancy and service fees receivables

	2021 \$	2020 \$
Conservancy and service fees receivables	2,460,859	1,915,826
Less: Allowance for impairment	(1,458,082)	(1,182,509)
	1,002,777	733,317

Movements in allowance for impairment during the year are as follows:

	2021 \$	2020 \$
Balance at beginning of year	(1,182,509)	(1,095,860)
Allowance for the year (Note 22)	(233,690)	(86,649)
Transfer from JBTC due to boundary change	(72,782)	-
Transfer to JBTC due to boundary change	30,899	-
Balance at end of year	(1,458,082)	(1,182,509)

The age analysis of conservancy and service fees receivables is as follows:

	2021 \$	2020 \$
Not past due	153,658	249,873
Past due 1 - 3 months	532,499	156,665
Past due 4 - 5 months	183,778	122,305
More than 6 months	1,590,924	1,386,983
Total receivables	2,460,859	1,915,826
Less: Allowance for impairment	(1,458,082)	(1,182,509)
	1,002,777	733,317

10 Other receivables

	2021 \$	2020 \$
Deposits	225,265	276,109
GST receivable from Inland Revenue	374,765	105,987
Recoverable from HDB/NEA	57,372	21,706
Recoverable from Jalan Besar Town Council due to boundary change	893,301	-
Prepaid expenses	8,338	7,607
Other receivables	430,775	503,214
Less: Allowance for impairment*	(267,746)	(267,746)
	163,029	235,468
	1,722,070	646,877

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

10 Other receivables (Cont'd)

*The allowance for impairment relates to a receivable from an electricity utility company that is in the process of liquidation. The Town Council has made full provision on the outstanding amount.

11 Grants receivable

	2021 \$	2020 \$
Receivable from Citizens' Consultative Committee	4,104,323	5,253,928
GST subvention receivable	362,793	354,964
Lift Replacement Fund Matching Grant	767,140	743,607
	5,234,256	6,352,499

12 Receivable/ (Advance) for Electrical Load Upgrading Programme

	2021 \$	2020 \$
Balance at beginning of year	(298,460)	31,703
Government funds received/receivable	(704,399)	(844,464)
Payments/payable to contractors	711,457	514,301
	7,058	(330,163)
Balance at end of year	(291,402)	(298,460)

The balances comprise of:

	2021 \$	2020 \$
Receivables from HDB	83,961	152,681
Advances from HDB not yet utilised	(375,363)	(451,141)
	(291,402)	(298,460)

The Electrical Load Upgrading (ELU) was introduced to upgrade the incoming electrical supply for HDB apartment blocks with a 40amps main switch instead of 30amps. The ELU works include supply and installation of new main switchboard including all accessories, connection, authority testing, commissioning and LEW licensing; replacement of all electrical sub-main risers including all tap-off boxes, accessories and connections; as well as replacement of all meter boards for residential units including authority testing and commissioning.

Blocks completed on or after 1 January 1994 and have undergone the Main Upgrading Programme (MUP) are not eligible for ELU as they are already provided with a higher electrical loading of 40 amps main switch.

This programme is fully funded by HDB and implemented by the Town Council.

13 Receivable/ (Advance) for Neighbourhood Renewal Programme

	2021 \$	2020 \$
Balance at beginning of year	(170,257)	1,980,311
Government funds received/receivables	(701,442)	(3,473,804)
Payments/payables to contractors	2,739,909	1,323,236
	2,038,467	(2,150,568)
Balance at end of year	1,868,210	(170,257)

The balances comprise of:

	2021 \$	2020 \$
Receivables from HDB	3,157,415	981,458
Advances from HDB not yet utilised	(1,289,205)	(1,151,715)
	1,868,210	(170,257)

Neighbourhood Renewal Programme (NRP) was introduced in August 2007 in response to feedback received from residents during the Forum on HDB Heartware for more active consultation on the improvements to be provided in their precincts. Blocks built up to 1989 and have not undergone the Main Upgrading Programme (MUP) or Interim Upgrading Programme (IUP) are eligible for NRP.

The Town Council receives funding from the government to cover NRP expenditure. If the cost of project works incurred exceeds the funding provided, the Town Council has to bear the cost of excess expenditure.

14 Receivables for Selective Lift Replacement (SLRP) and Lift Enhancement Programme (LEP)

	2021 \$	2020 \$
Receivable for Selective Lift Replacement Programme	4,051,698	3,364,897
Receivable for Lift Enhancement Programme	903,723	7,713
Total	4,955,421	3,372,610

(a) Receivable for Selective Lift Replacement Programme (SLRP)

	2021 \$	2020 \$
Balance at beginning of year	3,364,897	(299,953)
Government funds received/ receivable	-	(315,995)
Payments/payable to contractors	686,801	3,980,845
Balance at end of year	4,051,698	3,364,897

SLRP was introduced to help replace old lifts with modern lifts that come with more energy-efficient motors, vision panels and infra-red doors with motion safety sensors for added energy efficiency, safety and security. These old lifts were installed between 1987 and 1997, and are in blocks that are already barrier-free and do not need upgrading under the Lift Upgrading Programme (LUP). However, they lack certain safety and security features that come with modern lifts. HDB will help co-pay 50% for the replacement of these lifts (capped at \$125,000 per lift) when the Town Council is ready to replace them.

14 Receivables for Selective Lift Replacement (SLRP) and Lift Enhancement Programme (LEP) (Cont'd)**(b) Receivable for Lift Enhancement Programme (LEP)**

	2021 \$	2020 \$
Balance at beginning of year	7,713	-
Government funds received/ receivable	-	(914,768)
Payments/payable to contractors	896,010	922,481
Balance at end of year	903,723	7,713

LEP was introduced in September 2016 for HDB to support the Town Council in its enhancements to existing lifts which have been in operation for 18 years or less (based on April 2017) and are not yet equipped with all the recommended lift components. With the LEP, HDB will co-fund 92.5% of the lift cost or 92.5% of actual LEP cost, whichever is lower.

Consistent with accounting policy adopted for Government Grants, where the conditions on the co-funding are met and that the funds from the co-funding will be received, the Town Council has adopted the policy where the co-funding from HDB for SLRP and LEP are recognised over the periods necessary to match them with related expenditure that they are intended to co-fund.

15 Fixed deposits with financial institutions

	2021 \$	2020 \$
Fixed deposits with financial institutions (Note 16)	115,274,087	112,026,623

Fixed deposits with financial institutions mature on varying dates within 12 months (2020: 12 months) from the end of the financial year. Interest rates at the reporting date were between 0.05% and 0.86% (2020: between 0.65% and 2.03%) per annum. Fixed deposits are also callable on demand by the Town Council without incurring any significant penalties and interest costs.

16 Cash and bank balances

	2021 \$	2020 \$
Cash and bank balances	27,631,578	16,145,572

For the purpose of statement of cash flows, the cash and cash equivalents comprise the following:

	2021 \$	2020 \$
Cash and bank balances	27,631,578	16,145,572
Fixed deposits with financial institutions (Note 15)	115,274,087	112,026,623
	142,905,665	128,172,195

17 Payables and accrued expenses

	2021 \$	2020 \$
Refundable deposits	498,611	514,952
Payables to contractors	9,917,188	6,002,495
Accrued operating expenses	8,856,889	1,608,078
Other creditors	90	15,841
	19,272,778	8,141,366
	2021 \$	2020 \$
Current		
- Due within one year	19,088,099	8,141,366
Non-current		
- Due after one year but within five years	155,519	-
- Due after five years	29,160	-
	184,679	-
	19,272,778	8,141,366

18 Lease liabilities

Town Council has leases for office premises. The lease term for office premises are 3 years, with further 3 years' renewal option. Town Council exercises significant judgement (as disclosed in Note 2(ii)(b)) in determining whether the renewal options for lease of office premises are reasonably certain to be exercised. The carrying amount of lease liabilities for office premises are as follows:

	2021 \$	2020 \$
Current		
- Due within one year	253,159	245,833
Non-current		
- Due after one year but within five years	678,481	931,792
	931,640	1,177,625

The table below details changes in the Town Council's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Town Council's statement of cash flows as cash flows from financing activities.

	<u>Financing cash flows</u>			<u>Non-cash changes</u>	<u>End of financial year</u> \$
	<u>Beginning of financial year</u> \$	<u>Repayments made</u> \$	<u>Interest paid</u> \$	<u>Interest expenses</u> \$	
2021					
Lease liabilities	1,177,625	(245,985)	(31,815)	31,815	931,640
2020					
Lease liabilities	1,419,742	(242,117)	(35,683)	35,683	1,177,625

19 Conservancy and service fees received in advance

Conservancy and service fees received in advance is a contract liability relating to the Town Council's obligation to transfer goods or services to customers for which the Town Council has received advances from customers for goods or services to be delivered. Contract liabilities are recognised as income as the Town Council performs under the contract.

Conservancy and service fee recognised during the financial year ended 31 March 2021 included in contract liabilities at the beginning of the year was \$672,392 (2020: \$643,660).

20 Agency fees

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

21 Other income

	2021 \$	2020 \$
Agency fees	1,597	3,117
Late payment fees	105,055	121,177
Liquidated damages	340,524	348,362
Sale of tender documents	18,816	26,984
Sundry fines	9,110	8,900
Sundry income	81,119	68,542
Temporary occupation licences	1,489,233	1,367,387
Use of void decks and common property	15,196	24,710
Use of water and electricity	75,399	117,025
	2,136,049	2,086,204

Included in sundry income was a one-off government grant of \$5,080 for the Town Council's implementation of Safe Distancing Measures at community facilities (2020: Nil), and rent concessions of \$46,300. (2020: Nil).

22 General and administrative expenditure

	2021 \$	2020 \$
Advertising, publicity and public relations	205,786	273,902
Computers services	366,396	210,498
Conservancy and service fees receivables		
- allowance for impairment (Note 9)	233,690	86,649
- bad debts recovered	-	(5,434)
Allowance for impairment in other receivables (Note 10)	-	267,746
Depreciation of property, plant and equipment (Note 7)	348,160	279,278
Employee remuneration (Note 28)	5,537,040	6,212,417
Loss on disposal of plant and equipment	36	-
Office expenses	215,591	236,064
Others	92,528	227,884
Plant and equipment not capitalised	-	639
Professional fees	260,936	57,325
Property tax	150,000	146,130
Unclaimable GST	285,993	279,964
Interest on lease liabilities	31,815	35,683
Conservancy and service fee rebate	590,230	212,568
Allocation of general and administrative expenditure to:		
- Sinking Fund (Note 25 (ii))	(393,587)	(334,561)
- Town Improvement and Project Fund (Note 26)	(108,521)	(179,894)
- Lift Replacement Fund (Note 27)	(161,863)	(114,553)
	7,654,230	7,892,305

23 Income tax

	2021 \$	2020 \$
Current tax expense		
- Current year	368,151	546,199
- Under/(Over) provision in respect of previous years	20,516	(10,768)
	388,667	535,431
Taken up in:		
Accumulated surplus (Note 3)	137,645	91,366
Sinking Fund (Note 4)	228,638	374,783
Lift Replacement Fund (Note 6)	22,384	69,282
	388,667	535,431

23 Income tax (Cont'd)

The tax expense on income differs from the amount determined by applying the Singapore standard rate of income tax due to the following:

	2021 \$	2020 \$
Government grants	14,858,386	14,357,613
Investment and interest income	1,532,460	2,770,060
Other income	593,682	460,018
	16,984,528	17,587,691
Tax calculated at Singapore tax rate of 17% (2020 - 17%)	2,887,370	2,989,907
Singapore statutory stepped income exemption	(17,425)	(17,425)
Tax remission of government grants under Section 92(2) of Singapore Income Tax Act	(2,510,682)	(2,426,287)
Under/(Over) provision in respect of previous years	20,516	(10,768)
Others	8,888	4
	388,667	535,431

Movements in income tax payable are as follows:

	2021 \$	2020 \$
Balance at beginning of year	1,025,367	811,400
Payments during the year	(479,170)	(321,464)
Under/(Over) provision in respect of previous years	20,516	(10,768)
Tax expense on income for current year	368,151	546,199
Balance at end of year	934,864	1,025,367

BISHAN-TOA PAYOH TOWN COUNCIL
(Established under the Town Councils Act, Cap. 329A)

36

Notes to the financial statements for the financial year ended 31 March 2021

24 Government grants

	Note	Service and Conservancy charge operating grant		GST Subvention grant		Payment from Citizens' Consultative Committee		Lift Maintenance Grant		Lift Replacement Fund Matching Grant		Total	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Government grants received/receivable during the year	3	6,218,026	6,234,010	1,435,763	1,419,913	2,946,230	2,429,473	808,098	802,200	3,450,269	3,472,017	14,858,386	14,357,613
Less:													
Transfer to Sinking Fund	3, 4	(1,616,741)	(1,620,843)	(372,641)	(369,179)	-	-	(210,105)	(208,572)	-	-	(2,199,487)	(2,198,594)
Transfer to Town Improvement and Project Fund	3, 5	-	-	-	-	(2,946,230)	(2,429,473)	-	-	-	-	(2,946,230)	(2,429,473)
Transfer to Lift Replacement Fund	3, 6	(870,553)	(872,762)	(200,653)	(198,789)	-	-	(113,134)	(112,308)	(3,450,269)	(3,472,017)	(4,834,609)	(4,655,876)
		3,730,732	3,740,405	862,469	851,945	-	-	484,859	481,320	-	-	5,078,060	5,073,670

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

	2021	2020
	\$	\$
Total grants received as at beginning of year	294,925,041	280,290,981
Grants received during the year	15,937,810	14,634,060
Total grants received as at end of year	310,862,851	294,925,041

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

25 Sinking Fund Income and expenditure**(i) Income**

	2021 \$	2020 \$
Interest income from bank deposits	620,331	1,474,532
Interest income from quoted bonds	732,144	736,435
Others	836	10,856
	1,353,311	2,221,823

(ii) Expenditure

	2021 \$	2020 \$
Other works	530,004	-
Replacement of generator and water pumpset	531,730	-
Façade Repair	964,495	562,353
Re-decoration and repainting works	11,600,945	15,567,813
Re-roofing works	867,112	89,104
Unclaimable GST	187,199	147,502
General and administrative expenditure (Note 22)	393,587	334,561
	15,075,072	16,701,333

26 Town Improvement and Project Fund expenditure

	2021 \$	2020 \$
Covered linkways	1,469,863	1,744,186
Construction/upgrading of playground and fitness corner	115,446	667,656
Open Space improvement	1,863,503	519,171
Construction of facilities and other amenities	499,605	515,362
General and administrative expenditure (Note 22)	108,521	179,894
	4,056,938	3,626,269

27 Lift Replacement Fund expenditure

	2021 \$	2020 \$
Replacement of main sheaves/ropes	438,490	998,501
Replacement of ARD/EBOPS battery	588,609	302,096
Other lift related works and unclaimable GST *	4,803,919	6,210,994
General and administrative expenditure (Note 22)	161,863	114,553
	5,992,881	7,626,144

* Net of funding for SLRP and LEP of \$686,801 and \$896,010 (2020: \$3,980,845 and \$922,481) respectively.

28 Employee remuneration

	2021 \$	2020 \$
Councillors' allowance	169,200	165,000
Salaries and related costs	5,871,850	5,324,652
Contributions to CPF	753,784	722,765
Government grants	(1,257,794)	-
	5,537,040	6,212,417

Employee remuneration includes the following:

	2021 \$	2020 \$
Key management personnel remuneration		
- Councillors' allowance *	169,200	165,000
- Salaries and related costs	575,144	521,394
- Contribution to CPF	31,587	34,857
	775,931	721,251

* The Town Councillors consist of elected members and other members appointed by the Chairman. The Town Councillors receive a monthly allowance.

During the financial year, the Town Council recognised government grants in the form of Job Support Scheme ("JSS") of S\$1,140,415 (2020: S\$Nil) where the Government co-funded between 10% to 75% of the first S\$4,600 of gross monthly wages paid to each local employee employed by the Town Council. JSS is recognised in the statement of income and expenditure on a systematic basis from 1.4.2020 to 31.3.2021 and is set off against related salary costs for which the grant is intended to compensate.

29 Expenditure and capital commitments

Expenditure and capital commitments approved by the Town Council but not provided for in the financial statements are as follows:

	2021 \$	2020 \$
Amount approved and contracted for	30,114,691	43,671,532
Amount approved but not contracted for	45,370,185	53,764,000

30 Financial instruments and financial risks

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

30.1 Credit risk

Credit risk is the potential financial loss resulting from the failure of a counterparty to settle its contractual obligations to the Town Council when they fall due. Financial assets that are potentially subject to credit risk consist principally of fixed deposits and bank balances, conservancy and service fees receivables, other receivables, grants receivable and investments. The maximum exposure to credit risk is the fair value of the financial instruments as at the end of the reporting period.

30 Financial instruments and financial risks (Cont'd)**30.1 Credit risk (Cont'd)**

Bank balances and fixed deposits are placed with Singapore-regulated financial institutions.

Investments comprised of bonds issued by statutory boards and are of good credit standing.

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 \$1,458,082 (2020: \$1,182,509) has been determined at the reporting date. There are no concentrations of credit risk with respect to conservancy and service fees receivables as the exposure is spread over a large number of residents.

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 \$	Loss allowance \$	Net carrying amount \$
2021					
Conservancy and service fees receivables (Note 9)	(1)	Lifetime ECL (Simplified approach)	2,460,859	(1,458,082)	1,002,777
Other receivables (Note 10)	(3)	12-month ECL	1,989,816	(267,746)	1,722,070
Grants receivable (Note 11)	(2)	Performing	5,234,256	-	5,234,256
Receivables for Electrical Load Upgrading Programme (Note 12)	(2)	Performing	83,961	-	83,961
Receivables for Neighbourhood Renewal Programme (Note 13)	(2)	Performing	3,157,415	-	3,157,415
Receivables for Selective Lift Replacement and Lift Enhancement Programme (Note 14)	(2)	Performing	4,955,421	-	4,955,421
2020					
Conservancy and service fees receivables (Note 9)	(1)	Lifetime ECL (Simplified approach)	1,915,826	(1,182,509)	733,317
Other receivables (Note 10)	(3)	12-month ECL	914,623	(267,746)	646,877
Grants receivable (Note 11)	(2)	Performing	6,352,499	-	6,352,499
Receivables for Electrical Load Upgrading Programme (Note 12)	(2)	Performing	152,681	-	152,681
Receivables for Neighbourhood Renewal Programme (Note 13)	(2)	Performing	981,458	-	981,458
Receivables for Selective Lift Replacement and Lift Enhancement Programme (Note 14)	(2)	Performing	3,372,610	-	3,372,610

30 Financial instruments and financial risks (Cont'd)**30.1 Credit risk (Cont'd)**

(1) For conservancy and service fees receivables, 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 economic conditions.

There are no other material classes of financial assets that are past due except for the conservancy and service fees receivables. The age analysis of conservancy and service fees receivables is disclosed in Note 9.

The impaired conservancy and service fees receivables arise mainly from residents who are facing significant financial hardships and have difficulties in paying their conservancy and service fees despite reminders and notices sent.

(2) The counterparty has a low risk of default.

(3) Impaired other receivables is due from an electric utility company that is undergoing liquidation.

30.2 Market risk*Interest rate risk*

The exposure in interest rate risk mainly arises from changes in interest rates as disclosed in Note 15.

Equity price risk

Equity price risk is applicable to investments in equity shares or similar instruments.

There is no exposure to equity price risk as the Town Council has no investment in equity shares or similar instruments.

30.3 Liquidity risk

Liquidity risk is the risk that the Town Council will not be able to meet its financial obligations from shortage of funds. The Town Council manages the liquidity risk by maintaining sufficient cash and internally generated cash flows. Besides, the Town Council's operations are partially supported by various grants from the government and the Town Council is satisfied that funds for operations are available when required.

The normal credit period for settlement of payables and accrued expenses is 30 days (2020: 30 days). It is expected that all the liabilities will be paid when due with cash inflows from operating activities and government grants.

The following are the contractual maturities of financial assets and financial liabilities, based on contractual undiscounted cash flows:-

30 Financial instruments and financial risks (Cont'd)**30.3 Liquidity risk (Cont'd)**

	Carrying amount \$	Contractual cash flows \$	One year or less \$	Two to five years \$	After five years \$
2021					
Financial assets					
Investments at amortised cost	29,774,511	34,051,174	614,742	16,379,610	17,056,822
Conservancy and service fees receivables	1,002,777	1,002,777	1,002,777	-	-
Other receivables, excluding prepaid expenses	1,713,732	1,713,732	1,713,732	-	-
Interest receivable	747,622	747,622	747,622	-	-
Grants receivable	5,234,256	5,234,256	5,234,256	-	-
Receivables for ELU	83,961	83,961	83,961	-	-
Receivables for NRP	3,157,415	3,157,415	3,157,415	-	-
Receivables for SLRP and LEP	4,955,421	4,955,421	4,955,421	-	-
Fixed deposits with financial institutions	115,274,087	115,274,087	115,274,087	-	-
Cash and bank balances	27,631,578	27,631,578	27,631,578	-	-
	189,575,360	193,852,023	160,415,591	16,379,610	17,056,822
Financial liabilities					
Payables and accrued expenses	19,272,778	19,272,778	19,088,099	155,519	29,160
Advances for ELU	375,363	375,363	375,363	-	-
Advances for NRP	1,289,205	1,289,205	1,289,205	-	-
Lease liabilities	931,640	983,500	277,800	705,700	-
	21,868,986	21,920,846	21,030,467	861,219	29,160
2020					
Financial assets					
Investments at amortised cost	29,781,382	34,650,768	241,416	9,515,383	24,893,969
Conservancy and service fees receivables	733,317	733,317	733,317	-	-
Other receivables, excluding prepaid expenses	639,270	639,270	639,270	-	-
Interest receivable	660,982	660,982	660,982	-	-
Grants receivable	6,352,499	6,352,499	6,352,499	-	-
Receivables for ELU	152,681	152,681	152,681	-	-
Receivables for NRP	981,458	981,458	981,458	-	-
Receivables for SLRP and LEP	3,372,610	3,372,610	3,372,610	-	-
Fixed deposits with financial institutions	112,026,623	112,026,623	112,026,623	-	-
Cash and bank balances	16,145,572	16,145,572	16,145,572	-	-
	170,846,394	175,715,780	141,306,428	9,515,383	24,893,969
Financial liabilities					
Payables and accrued expenses	8,141,366	8,141,366	8,141,366	-	-
Advances for ELU	451,141	451,141	451,141	-	-
Advances for NRP	1,151,715	1,151,715	1,151,715	-	-
Lease liabilities	1,177,625	1,261,300	277,800	983,500	-
	10,921,847	11,005,522	10,022,022	983,500	-

31 Funds management

The Town Council's objectives when managing its funds are:

- (i) To maintain the value of the funds;
- (ii) To safeguard against the impact of inflation; and
- (iii) To reduce the future financial burden on residents.

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

There were no changes in the Town Council's policies and procedures in the management of its surplus funds during the financial year. The Town Council is not subject to externally imposed capital requirements. As at the end of the reporting period, the Town Council's total funds amounted to \$167,380,258 (2020: \$159,550,776).

32 Fair value measurements

The carrying amounts of current financial assets and liabilities approximate their respective fair values due to the short-term maturity of these financial instruments.

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

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

The fair value of investments as disclosed in Note 8 is categorised as Level 1.

33 Contingent Liabilities

On July 2019, the Town Council received a letter of demand from a contractor seeking compensation of \$1.06 million for costs overruns from the works in respect of a covered plaza and open space facilities completed on 5 September 2015. The Town Council has responded in August 2019 to deny the basis of the claims in accordance with the terms of the contract and made a counterclaim of \$560,000 against the contractor.

There has been no further communication and/or legal correspondence since August 2019 in respect of this matter. No provision in respect of the claim liability has been made in the financial statements as it was assessed that there was no merit and/or basis for the claim in accordance with the terms of the contract. Pending a response from the contractor, the Town Council has also not recognised the contingent asset arising from the counter claim made.

34 Impact of the COVID - 19 Pandemic

On March 2020, the World Health Organisation declared the outbreak of a coronavirus (COVID-19) as pandemic. On 3 April 2020 and 21 April 2020, Singapore announced a nationwide partial lock down, known as a circuit breaker, from 7 April 2020 to 1 June 2020, and subsequently heightened alerts in July 2021, to contain the spread of Covid-19 in Singapore.

The Covid-19 pandemic, circuit breaker and the heightened alerts have affected businesses globally and in Singapore. While the disruption to the Town Council from the circuit breaker and heightened alerts are temporary, there is considerable uncertainty around the duration of the impact of the Covid-19 pandemic.

As part of our efforts to support the businesses within our Town, the Town Council gave 50% conservancy and service fees rebates for April 2020, and 25% conservancy and service fees rebates for the months from July 2020 to October 2020 to the commercial properties managed by us. Where necessary, the Town Council has considered the impact of Covid-19 when making estimates and judgements on the recoverability of its receivables and noted that the allowance for impairment for conservancy and service fees receivables in Note 9 to be adequate.

During the financial year, the Town Council also received government grants in the form of Job Support Schemes ("JSS") of S\$1,140,415 (Note 28), where the Government co-funded between 10% to 75% of the first S\$4,600 of gross monthly wages paid to each local employee employed by the Town Council.

As at the date of this report, we are closely monitoring our operations, liquidity and capital resources and are actively working to minimise the current and future impact of Covid-19 pandemic. Based on the information available to date, the Town Council does not foresee any significant adverse impact to the operating cash flows of the Town Council.

35 Comparative information

The Town Council has set off certain assets and liabilities with the same counterparty in the prior years' financial statements. Reclassifications, which better reflects the substance of these balances, have been made to the prior year's financial statements to enhance comparability with the current year's financial statements. As a result, certain line items have been amended in statement of financial position.

	Currently stated 2020 \$	Previously stated 2020 \$
Current assets		
Receivable for Electrical Load Upgrading Programme	152,681	-
Receivable for Neighbourhood Renewal Programme	981,458	-
Current liabilities		
Advances for Electrical Load Upgrading Programme	451,141	298,460
Advances for Neighbourhood Renewal Programme	1,151,715	170,257

Disclosures of Notes 12, 13, 30.1 and 30.3 to the financial statements have also been made due to the above reclassifications.