

**ANNUAL REPORT
FOR
FINANCIAL YEAR
1 APRIL 2019
TO
31 MARCH 2020**



**Holland-Bukit Panjang
Town Council**

Chairman's Message

Overview

Another year passed with more accomplishments as Bukit Panjang Town develops into a bustling town. New infrastructures are sprung around with drop-off porches and covered linkways from block to block, precinct to precinct.

The tail end of this financial year saw an unprecedented challenge that threw our lives into a tailspin. The COVID-19 pandemic struck us in ways that brought us pain, humility and gratitude. This situation also suspended many projects. Nevertheless, we will continue to face this challenge together.

Another drastic change is the reformation of the MPs. The retirement of Dr Teo Ho Pin as the long-standing MP of Bukit Panjang Constituency left many residents who have known him for years, sad and nostalgic. Dr Teo has contributed a lot to this Town with many initiatives, which I, as the new Chairman of Holland-Bukit Panjang Town Council, will continue his legacy and introduce new ones.

Green Efforts

We have also continued to incorporate sustainability efforts into our maintenance works such as replacing common property lightings with light emitting diode (LED) luminaires and motion sensors at staircases to further reduce energy consumption.

The COVID-19 pandemic has also shown us the humanity side of our residents who did their bit in every way to face this threat. This is the true essence of sustainability – love and kindness towards earth and people.

During the COVID period, there are more people who have cultivated an interest in gardening. We will also expect to see more community gardens to encourage this interest as part of sustainability efforts. Besides the hardware, community efforts towards sustainability include community gardening and recycling programs.

Town Improvement Works

Covered Linkway

As part of the *Connectivity* initiative for the town, many covered linkways were constructed. This year, \$1.09 million had been spent to build this infrastructure and more tenders have been called early this year to build more covered linkways to various amenities.

Fitness corner/playground

As the town matures, we see many of our long-staying residents growing with age and at the same time, new families form. To cater to the different needs of the multi-generation community, we have spent \$2.34 million on upgrading fitness corners and playgrounds. We hope to see our senior residents enjoying an active lifestyle as they age while our young residents continue to contribute to the growth and development of Holland-Bukit Panjang Town.

Again, the completion of some of these projects are affected due to the pandemic situation. They are progressively being reinstated as the situation improves.

Cyclical Works

We can be proud to say that Bukit Panjang Town got its vibrancy from both its people and well-maintained landscapes. Some visitors are not able to tell the old flats from the new ones as they all look as fresh as new.

Some R&R works have been done to 26 blocks in Ulu Pandan Division (Block 1 to 4, 7 & 8 Queen's / Empress Road, 101 to 118, 107A, 108A Clementi Street 12/13/14) and 29 Blocks in Cashew Division (Block 152 to 155, 163 to 168, 533 to 545, 601 to 606 Gangsa / Petir / Jelapang / Senja / Bukit Panjang Ring Road), amounting to about \$6.00 million so far. We will be expecting more R&R projects coming up in Bukit Timah and Zhenghua Divisions.

An estimated \$558,000 was spent on replacement of Refuse Handling Plant to 23 blocks (Block 177 – 180, Lompang Road, Block 467, 470 Segar Road, Block 607 – 609, 612, 617, 619-623, 650-656 Senja Road / Senja Link / Bukit Panjang Ring Road).

As part of the nation's long-term plan to enhance existing lifts with all the recommended lift components by the Building Construction Authority (BCA), the Lift Enhancement Programme (LEP) was carried out to 108 lifts totalled to \$2.20 million. Residents can now enjoy a safer ride home.

Closing

The last financial year has seen great challenges that have continued into the current year. We have all pulled through the peak of the pandemic outbreak, thanks to many good-hearted residents and I am assured that our residents are united to soldier on in the face of adversity.

My new role as a MP for Bukit Panjang Constituency will be a good opportunity for me to get to know most if not all of the residents. As a new Chairman of Holland-Bukit Panjang Town Council, I will do my utmost capability to run the entire Holland-Bukit Panjang town with all the residents.

With this new responsibility, I look forward to promoting sustainable living among our communities and push for better transport connectivity for all the residents and assure you all a lively town to live in!

A handwritten signature in black ink, appearing to read 'Liang Eng Hwa', with a stylized flourish at the end.

Liang Eng Hwa
Chairman
Holland-Bukit Panjang Town Council

HOLLAND-BUKIT PANJANG TOWN COUNCIL
(Established under the Town Councils Act, Cap. 329A)

FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 MARCH 2020

JR Chan Company
Public Accountants and
Chartered Accountants
Singapore

Holland-Bukit Panjang Town Council
(Established under the Town Councils Act, Cap. 329A)

Contents

	Page
Independent auditor's report	1 - 4
Statement of financial position	5
Statement of income and expenditure	6
Statement of comprehensive income	7
Statement of changes in funds	8
Statement of cash flows	9
Notes to the financial statements	10 - 45

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
HOLLAND-BUKIT PANJANG 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 Holland-Bukit Panjang Council (the "Town Council"), which comprise the statement of financial position as at 31 March 2020, the statement of income and expenditure, statement of comprehensive income, statement of changes in Town Council funds and statement of cash flows of the Town Council for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Town Council are properly drawn up in accordance with the provisions of the Town Council's Act, Chapter 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 2020, and of the financial performance, changes in Town Council funds and cash flows of the Town Council for the financial year ended on that date.

Basis 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 comprises the Chairman's Review in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
HOLLAND-BUKIT PANJANG COUNCIL**
(Established under the Town Councils Act, Cap 329A)



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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
HOLLAND-BUKIT PANJANG COUNCIL**
(Established under the Town Councils Act, Cap 329A)



Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

- 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 the management and 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 ended 31 March 2020 are, in all material respects, in accordance with the provisions of the Act; and
- (b) proper accounting and other records have been kept, including records of all assets of the Town Council whether purchased, donated or otherwise.

Basis for Opinion

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

Responsibilities of Management for Compliance with Legal and Regulatory Requirements

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
HOLLAND-BUKIT PANJANG COUNCIL**
(Established under the Town Councils Act, Cap 329A)



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 entity's internal control. Because of the inherent limitations in any accounting and internal control system, non-compliances may nevertheless occur and not be detected.

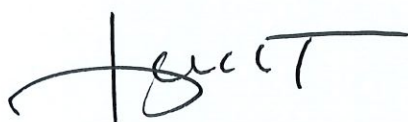
JR CHAN COMPANY
Public Accountants and
Chartered Accountants

Singapore,
25 November 2020

HOLLAND-BUKIT PANJANG TOWN COUNCIL

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	<u>Note</u>	<u>2020</u> S\$	<u>2019</u> S\$
TOWN COUNCIL FUNDS			
Residential Property			
Accumulated surplus	4	7,757,594	5,661,985
Sinking fund	5	41,173,373	35,059,580
Lift replacement fund	6	27,429,703	22,009,730
Town improvement and project fund	7	3,668,929	2,466,775
		80,029,599	65,198,070
Commercial Property			
Accumulated surplus	4	1,476,928	1,178,221
Sinking fund	5	7,364,509	7,594,532
Lift replacement fund	6	2,768,119	2,449,373
Town improvement and project fund	7	557,458	557,530
		12,167,014	11,779,656
Carpark Property			
Accumulated surplus	4	754,921	-
Fair value reserve			
Sinking fund	5	103,879	19,754
Lift replacement fund	6	518,480	135,050
		622,359	154,804
Total Town Council funds		<u>93,573,893</u>	<u>77,132,530</u>
REPRESENTED BY:			
Non-current assets			
Plant and equipment	9	565,253	604,536
Investment Securities	10	34,575,975	35,107,543
		35,141,228	35,712,079
Current assets			
Investment Securities	10	1,445,414	1,494,292
Conservancy and service fees receivables	11	1,218,966	1,262,215
Other receivables	12	8,160,058	3,707,916
Cash and cash equivalents	13	56,480,404	41,128,682
		67,304,842	47,593,105
Total assets		<u>102,446,070</u>	<u>83,305,184</u>
Less:			
Current liabilities			
Payables and accrued expenses	14	(8,129,039)	(5,509,157)
Income tax payable	15	(743,138)	(663,497)
Total liabilities		<u>(8,872,177)</u>	<u>(6,172,654)</u>
Net assets		<u>93,573,893</u>	<u>77,132,530</u>



LIANG ENG HWA
Chairman



JASON TAN
Secretary

Date: 25 November 2020

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

HOLLAND-BUKIT PANJANG TOWN COUNCIL

STATEMENT OF INCOME AND EXPENDITURE
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	<u>Note</u>	<u>2020</u> S\$	<u>2019</u> S\$
Operating income			
Conservancy and service fees	4	38,700,104	38,319,764
Less: Operating income transfer to Sinking fund (minimum required by law)	4,5	(10,062,029)	(9,963,139)
Less: Operating income transfer to Lift replacement fund (minimum required by law)	4, 6	(5,418,011)	(5,364,763)
		23,220,064	22,991,862
Agency fees	4,16	3,293,949	3,260,095
Other income	4,17	1,971,162	2,218,979
		28,485,175	28,470,936
Less: Operating expenditure			
Cleaning works		(5,035,633)	(5,217,775)
Managing agent's fees	18	(4,309,729)	(4,179,086)
Lift maintenance		(5,991,607)	(5,791,142)
Other works and maintenance		(4,398,264)	(3,751,023)
Water and electricity		(7,746,182)	(7,749,454)
General and administrative expenditure	19	(1,686,375)	(1,545,524)
		(29,167,790)	(28,234,004)
Operating (deficit) / surplus		(682,615)	236,932
Add: Interest income		201,857	143,219
(Deficit)/Surplus before income tax and government grants		(480,758)	380,151
Less: Income tax	15	(211,024)	(132,457)
Less: Goods and services tax	20	(68,723)	(240,872)
(Deficit)/Surplus before government grants		(760,505)	6,822
Government grants	21	16,319,181	9,915,571
Less: Transfers to			
– Sinking fund	5, 21	(1,694,222)	(1,682,055)
– Lift replacement fund	6, 21	(4,076,543)	(4,050,679)
– Town improvement and project fund	7, 21	(6,638,674)	(301,178)
		3,909,742	3,881,659
SURPLUS FOR THE FINANCIAL YEAR		3,149,237	3,888,481
Add: Accumulated surplus at 1 April		6,840,206	2,951,725
ACCUMULATED SURPLUS AT 31 MARCH		9,989,443	6,840,206

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

HOLLAND-BUKIT PANJANG TOWN COUNCIL

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	<u>Note</u>	<u>2020</u> S\$	<u>2019</u> S\$
Surplus for the financial year			
– Accumulated surplus	4	3,149,237	3,888,481
– Sinking fund	5	5,883,770	3,172,672
– Lift replacement fund	6	5,738,719	6,447,057
– Town improvement and project fund	7	1,202,082	(1,842,206)
		15,973,808	11,666,004
Other comprehensive income:			
<i>Items that may be reclassified subsequently to income and expenditure</i>			
Net revaluation gain on changes of Investment Securities	8	467,555	278,173
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ATTRIBUTABLE TO TOWN COUNCIL FUNDS		<u>16,441,363</u>	<u>11,944,177</u>

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

HOLLAND-BUKIT PANJANG TOWN COUNCIL

STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Residential Property S\$	Commercial Property S\$	Carpark Property S\$	Fair value reserve S\$	Total S\$
Balance at 1 April 2018	54,620,880	10,690,842	-	(123,369)	65,188,353
Surplus for the financial year	9,820,490	1,088,814	756,700	-	11,666,004
<u>Other comprehensive income:</u>					
Net revaluation loss on changes of investment securities	-	-	-	278,173	278,173
Total comprehensive income for the financial year	9,820,490	1,088,814	756,700	278,173	11,944,177
Inter-funds transfer (Note 4)	756,700	-	(756,700)	-	-
Balance at 31 March 2019	65,198,070	11,779,656	-	154,804	77,132,530
Surplus for the financial year	14,831,529	387,358	754,921	-	15,973,808
<u>Other comprehensive loss:</u>					
Net revaluation gain on changes of investment securities	-	-	-	467,555	467,555
Total comprehensive income for the financial year	14,831,529	387,358	754,921	467,555	16,441,363
Balance at 31 March 2020	80,029,599	12,167,014	754,921	622,359	93,573,893

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

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	<u>Note</u>	<u>2020</u> S\$	<u>2019</u> S\$
Operating activities			
(Deficit)/Surplus before income tax and government grants		(480,758)	380,151
Adjustments for:			
Allowance made for doubtful receivables – net	19	(52,160)	(58,488)
Conservancy and service fees transferred to Sinking fund	4, 5	10,062,029	9,963,139
Conservancy and service fees transferred to Lift replacement fund	4, 6	5,418,011	5,364,763
Depreciation of plant and equipment	9	122,687	43,678
Plant and equipment written-off		74,432	195,923
Fair Value movement		467,555	(278,173)
Investment income		1,524,055	1,391,950
Lease interest expenses		11,391	-
Interest Income – banks		201,857	143,219
Operating cash flows before movements in working capital		17,349,099	17,146,162
Changes in working capital:			
Trade and other receivables		(4,929,208)	2,089,689
Trade and other payables		2,619,881	1,381,526
Cash generated from operations		15,039,772	20,617,377
Income taxes paid	15	(383,146)	(363,451)
Goods and services tax	20	(306,543)	(661,328)
Sinking fund expenditure paid	5	(6,723,328)	(9,019,162)
Lift replacement fund paid	6	(4,019,100)	(2,884,071)
Town improvement and project fund expenditure paid	7	(5,436,592)	(2,143,384)
Net cash (used in)/generated from operating activities		<u>(1,828,937)</u>	<u>5,545,981</u>
Investing activities			
Interest and other income received		(17,296)	79,508
Purchase of plant and equipment	9	(23,115)	(742,062)
Purchase of investment securities	10	-	(13,000,000)
Proceeds from disposal of investment securities	10	1,048,001	3,197,800
Net cash generated from/(used in) investing activities		<u>1,007,590</u>	<u>(10,464,754)</u>
Financing activity			
Payment on lease liabilities		(134,721)	-
Payment on lease interest		(11,391)	-
Government grants received	21	16,319,181	9,915,571
Net cash generated from financing activity		<u>16,173,069</u>	<u>9,915,571</u>
Net increase in cash and cash equivalents		<u>15,351,722</u>	<u>4,996,798</u>
Cash and cash equivalents at beginning of financial year		41,128,682	36,131,884
Cash and cash equivalents at end of financial year	13	<u>56,480,404</u>	<u>41,128,682</u>

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

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

1. General information

Holland-Bukit Panjang Town Council (the "Town Council") was formed on 13 November 2001 under the Town Councils Act, Chapter 329A (the "Act"). The registered office and principal place of operations is at Block 256 Bangkit Road #01-71 Singapore 670256.

The principle functions of the Town Council are to control, manage, maintain and improve the common property of residential, other commercial property and market and food centres in the housing estates of the Housing and Development Board ("HDB") within the Town. The Town consists of the Holland-Bukit Timah Group Representation Constituency which comprises of Bukit Timah, Cashew, Ulu Pandan and Zhenghua Divisions and a Single Member Constituency of Bukit Panjang Division only.

The financial statements for the financial year ended 31 March 2020 were authorised for issue in accordance with a resolution of the Town Council on 25 November 2020.

2. Summary of significant accounting policies

2.1 Basis of preparation

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

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

FRS and INT FRS issued but not yet effective

At the date of authorisation of these financial statements, the following new FRSs and INT FRSs that are relevant to the Town Council were issued but not yet effective:

	Description	Effective date (annual periods beginning on or after)
FRS 3	<i>Amendments to FRS 3: Definition of a Business</i>	1 January 2020
FRS 9, FRS 139, FRS 7	<i>Amendments to FRS 9, FRS 139 and FRS 7: Interest Rate Reform</i>	1 January 2020
FRS 110, FRS 28	<i>Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an investor and its Associate or Joint Venture</i>	To be determined

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

The Town Council does not intend to early adopt any of the above new/revised standards, interpretations and amendments to the existing standards. Other than the following standards, management anticipates that the adoption of the aforementioned revised/new standards will not have a material impact on the financial statements of the Town Council in the period of their initial adoption.

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

2. Summary of significant accounting policies (Continued)

2.2 Town Council funds

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

Residential Property
Commercial Property

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

These routine funds related to properties under management, together with Sinking fund, Lift replacement fund and Town improvement and project fund form the Town Council funds.

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

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

Sinking fund

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

Under the 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 Sinking fund.

With the establishment of the lift replacement funds, the minimum amounts to be paid, by property type, into the sinking fund is 26%. However, the minimum amount for grants-in-aid to be paid into the sinking funds, do not apply to the lift replacement fund matching grant ("LRF Matching Grant"). These minimum contributions are treated as operating income transfers and are deducted from conservancy and service fees and government grants in the statement of income and expenditure and other comprehensive income.

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

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

2. Summary of significant accounting policies (Continued)

2.2 Town Council funds (Continued)

Lift replacement fund

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

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

The minimum amount to be paid, by property type, into the LRF is 14% of conservancy and service fees and grants-in-aid for residential property and commercial property. These minimum contributions are treated as operating income transfers and are deducted from conservancy and service fees and government grants in the statement of income and expenditure.

To assist Town Councils cope with the operating need and long-term capital expenditure requirement for lift replacements and lift-related works, the MND provides two additional grants-in-aids, Lift Maintenance Grant (LMG) and LRF Matching Grant, from 1 April 2017.

- (i) Quarterly contributions to the LRF from S&CC collections and other grants-in-aids, including voluntary contributions beyond the minimum LRF contribution rate; and
- (ii) Voluntary contributions of Operating Fund surpluses to the LRF at the end of a financial year, as allowed under Section 33(9) of the amended Town Councils Act.

The LRF Matching Grant is not subject to the minimum contribution rates to LRF, even though it is a grant-in-aid.

Town improvement and project fund

Town improvement and project fund ("TIPF") is established and maintained as part of the Town Council Fund. These funds are utilised for improvement and development works in the Town.

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

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

2.3 Inter-funds transfers

The Town Council may make inter-fund transfer with the criteria as set out in Section 33(9) and 43(1)(i) of the Town Councils Act, Cap. 329A and Rule 11A of the Town Councils Financial Rules.

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

2.4 Allocation of general overheads

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

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

Five percent of overheads are allocated to the Sinking fund.

2.5 Plant and equipment

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

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

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

- | | |
|------------------------------------|---------|
| • Furniture, fixtures and fittings | 5 years |
| • Office equipment | 3 years |
| • Data processing equipment | 3 years |

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

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

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

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

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

2. Summary of significant accounting policies (Continued)

2.6 Impairment of tangible assets

The Town Council reviews the carrying amounts of its tangible assets as at each reporting date to assess for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Town Council estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior financial years. A reversal of an impairment loss is recognised immediately in income and expenditure, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.7 Financial instruments

The Town Council recognises a financial asset or a financial liability in its statement of financial position when, and only when, the Town Council becomes party to the contractual provisions of the instrument.

Effective interest method

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

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

2. Summary of significant accounting policies (Continued)

2.7 Financial instruments (Continued)

Financial instruments from 1 January 2018

These accounting policies are applied on and after the initial application date of FRS109, (i.e. 1 January 2018).

Financial assets

Initial recognition and measurement

All financial assets are recognised on trade date – the date on which the Town Council commits to purchase or sell the asset. With the exception of trade receivables that do not contain a significant financing component or for which the Town Council applies a practical expedient, all financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through income and expenditure, which are initially measured at fair value. Such trade receivables that do not contain a significant financing component or for which the Town Council applies a practical expedient are measured at transaction price as defined in FRS 115.

Financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI") and fair value through income and expenditure ("FVTPL"). The classification at initial recognition depends on the Town Council's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The Town Council's business model refers to how the Town Council manages its financial assets in order to generate cash flows which determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

Financial assets at amortised cost

A financial asset is subsequently measured at amortised cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, the financial asset at amortised cost are measured using the effective interest method and is subject to impairment. Gains or losses are recognised in income and expenditure when the asset is derecognised, modified or impaired.

Financial assets held at FVTOCI

A financial asset that is an investment in debt instrument is subsequently measured at FVTOCI if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Gains or losses are recognised in other comprehensive income, except for impairment gains or losses, foreign exchange gains or losses and interest which are recognised in income and expenditure.

At initial recognition, the Town Council may make an irrevocable election to classify its investment in equity instruments, for which the equity instrument is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which FRS 103, as subsequently measured at FVTOCI so as to present subsequent changes in fair value in other comprehensive income. The election is made on an investment-by-investment basis.

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

2. Summary of significant accounting policies (Continued)

2.7 Financial instruments (Continued)

Financial assets (Continued)

Upon derecognition, other than the aforementioned equity instruments for which their subsequent cumulative fair value changes would be transferred to accumulated income, the cumulative fair value changes recognised in other comprehensive income is recycled to income and expenditure.

Dividends from equity instruments are recognised in income and expenditure only when the Town Council's right to receive payment of the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the Town Council and the amount of the dividend can be measured reliably.

Financial assets at FVTPL

A financial asset is subsequently measured at FVTPL if the financial asset is a financial asset held for trading, is not measured at amortised cost or at FVTOCI, or is irrevocably elected at initial recognition to be designated FVTPL if, by designating the financial asset as FVTPL, eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Gains or losses are recognised in income and expenditure account.

Impairment of financial assets

The Town Council recognises a loss allowance for expected credit losses ("ECL") on financial assets measured at amortised cost. At each reporting date, the Town Council assesses whether the credit risk on a financial asset has increased significantly since initial recognition by assessing the change in the risk of a default occurring over the expected life of the financial instrument. Where the financial asset is determined to have low credit risk at the reporting date, the Town Council assumes that the credit risk on a financial assets has not increased significantly since initial recognition.

The Town Council uses reasonable and supportable forward-looking information that is available without undue cost or effort as well as past due information when determining whether credit risk has increased significantly since initial recognition.

Where the credit risk on that financial instrument has increased significantly since initial recognition, the Town Council measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Where the credit risk on that financial instrument has not increased significantly since initial recognition, the Town Council measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

The amount of ECL or reversal thereof that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised in income and expenditure. The Town Council directly reduces the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Derecognition of financial assets

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

2. Summary of significant accounting policies (Continued)

2.7 Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and any equity instruments issued by Town Council are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Town Council after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Initial recognition and measurement

All financial liabilities are recognised on trade date – the date on which the Town Council commits to purchase or sell the asset. All financial liabilities are initially measured at fair value, minus transaction costs, except for those financial liabilities classified as at fair value through income and expenditure, which are initially measured at fair value.

Financial liabilities are classified as either financial liabilities at fair value through income and expenditure or other financial liabilities.

Financial liabilities are classified as at fair value through income and expenditure if the financial liability is either held for trading or it is designated as such upon initial recognition. Financial liabilities classified as at fair value through income and expenditure comprise derivatives that are not designated or do not qualify for hedge accounting. The Town Council's financial liabilities consist only other financial liabilities.

Other financial liabilities

Other payables

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

Derecognition of financial liabilities

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

2.8 Cash and cash equivalents

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

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

2. Summary of significant accounting policies (Continued)

2.9 Leases

The Town Council applied FRS 116 using the modified retrospective approach and therefore the comparative information has not been restated. Accordingly, the comparative information was prepared and disclosures made in accordance with the requirements of FRS 17 *Leases* and FRS INT 4 *Determining whether an Arrangement contains a lease*. The impact of the lease obligation to the opening retained earnings is insignificant and hence there is no adjustment to the changes in equity.

The Town Council as a lessee from 1 January 2019

These accounting policies are applied on and after the initial application date of FRS 116 (i.e. 1 January 2019).

At inception of a contract, the Town Council assessed whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a contract contains more than one lease component, the Town Council allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component. Where the contract contains non-lease components, the Town Council applied the practical expedient to not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Town Council recognises a right-of-use asset and lease liability at the lease commencement date for all lease arrangement for which the Town Council is the lessee, except for leases which have lease term of 12 months or less and leases of low value assets for which the Town Council applied the recognition exemption allowed under FRS 116. For these leases, the Town Council recognises the lease payment as an operating expense on a straight-line basis over the term of the lease.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. When the lease transfers ownership of the underlying asset to the Town Council by the end of the lease term or the cost of the right-of-use asset reflects that the Town Council will exercise a purchase option, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. The right-of-use asset is also reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability, where applicable.

Right-of-use assets are presented within "Plant and equipment".

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. The Town Council generally uses the incremental borrowing rate as the discount rate. To determine the incremental borrowing rate, the Town Council obtains a reference rate and makes certain adjustments to reflect the terms of the lease and the asset leased.

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

2. Summary of significant accounting policies (continued)

2.9 Leases (continued)

The Town Council as a lessee from 1 January 2019 (Continued)

The lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any lease incentive receivable,
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the Town Council is reasonably certain to exercise, and
- payments of penalties for terminating the lease if the Town Council is reasonably certain to terminate early and lease payments for an optional renewal period if the Town Council is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. The Town Council re-measures the lease liability when there is a change in the lease term due to a change in assessment of whether it will exercise a termination or extension or purchase option or due to a change in future lease payment resulting from a change in an index or a rate used to determine those payment.

Where there is a re-measurement of the lease liability, a corresponding adjustment is made to the right-of-use asset or in profit or loss where there is a further reduction in the measurement of the lease liability and the carrying amount of the right-of-use asset is reduced to zero.

Operating leases

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

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

2.10 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, which is discounted using a pre-tax discount rate. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. Changes in the estimated timing or amount of the expenditure or discount rate are recognised in income and expenditure as they arise.

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

2.11 Government grants

The Town Council receives five types of grants from the government: Service and Conservancy Charges ("S&CC") Operating Grant, Payments from CCC, GST Subvention Grant, Lift Maintenance Grant and LRF Matching Grant.

- (i) Service and Conservancy Charge operating grants to meet the current financial year's operating expenditure are taken to the statement of income and expenditure and other comprehensive income.
- (ii) Payments from CCCs are granted to provide funding support for community improvement projects under the CIPC scheme.
- (iii) The GST Subvention is given as grants-in-aid to the Town Council to assist the Town Council in absorbing the GST increases in service and conservancy charges for HDB residential flats.
- (iv) The Lift Maintenance Grant are provided as additional support to help Town Councils in coping with higher-related lift servicing and maintenance costs.
- (v) The LRF Matching Grant are provided to help the Town Councils to build up the Lift replacement fund for long-term expenditure requirements.

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

2.12 Revenue recognition

This accounting policy is applied on and after the initial application date of FRS 115, 1 January 2018:

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 goods or services. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Conservancy and service fees

Conservancy and service fees are recognised when due.

Agency fees

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

Interest income

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

Other income

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

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

2.13 Income tax

Tax is provided on the following income:

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

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

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

2.14 Related parties

A related party is defined as follows:

- (a) A person or close member of that person's family is related to the Town Council if that person:
 - (i) has control or joint control over the Town Council;
 - (ii) has significant influence over the Town Council; or
 - (iii) is a member of the key management personnel of the Town Council or of a parent of the Town Council.
- (b) An entity is related to the Town Council if any of the following conditions applies:
 - (i) the entity and the Town Council are members of the same Town Council (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Town Council of which the other entity is a member);
 - (iii) both entities are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Town Council or an entity related to the Town Council. If the Town Council is itself such a plan, the sponsoring employers are also related to the Town Council;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.15 Key management personnel

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

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

3. Critical accounting judgments and key sources of estimation uncertainty

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

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

Key sources of estimation uncertainty

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

Depreciation of plant and equipment

The Town Council depreciates the plant and equipment over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Town Council intends to derive future economic benefits from the use of the Town Council's plant and equipment. The residual value reflects management's estimated amount that the Town Council would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amount of the Town Council's plant and equipment as at 31 March 2020 was S\$565,253 (2019: S\$604,536) (Note 9).

Allowance for trade and other receivables

The Town Council uses an allowance matrix to measure ECL for trade receivables. The ECL rates are based on the Town Council's historical loss experience of the customers, for the last 3 years prior to the reporting date for various customer groups that are assessed by internal ratings, adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the trade receivables. The Town Council adjusts the allowance matrix at each reporting date. Such estimation of the ECL rates may not be representative of the actual default in the future. The expected loss allowance on the Town Council's trade receivables as at 31 March 2020 is S\$721,000 (2019: S\$675,000) (Note 26).

Allowance for non-financial assets

At the end of each financial year, an assessment is made on whether there are indicators that the Town Council's investments are impaired. Where necessary, the Town Council's assessments are based on the estimation of the value-in-use of the assets defined in FRS 36 Impairment of Assets by forecasting the expected future cash flows for a year of up to 5 years, using a suitable discount rate in order to calculate the present value of those cash flows.

Provision for income tax

The Town Council is subject to income taxes in Singapore. Judgement is required in determining the deductibility of certain expenses during the estimation of the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of operations. The Town Council recognises liabilities for expected tax issues based on estimate of whether additional taxes will be due. Where the final tax outcome of these matters differs from the amounts that were initially recognised, such differences will impact the income tax provisions in the period in which such determination is made. The carrying amount of the Town Council's current tax payable as at 31 March 2020 was S\$743,138 (2019: S\$663,497) (Note 15).

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

4. Accumulated surplus

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

	Note	Total 2020 S\$	2019 S\$	Residential Property 2020 S\$	2019 S\$	Commercial Property 2020 S\$	2019 S\$	Carpark Property 2020 S\$	2019 S\$
Operating income									
Conservancy and service fees		38,700,104	38,319,764	36,903,523	36,614,484	1,796,581	1,705,280	-	-
Less: Operating income transfer to Sinking fund (minimum required by law)	5	(10,062,029)	(9,963,139)	(9,594,917)	(9,519,765)	(467,112)	(443,374)	-	-
Less: Operating income transfer to Lift replacement fund (minimum required by law)	6	(5,418,011)	(5,364,763)	(5,166,490)	(5,126,024)	(251,521)	(238,739)	-	-
		23,220,064	22,991,862	22,142,116	21,968,695	1,077,948	1,023,167	-	-
Agency fees and other income	16,17	5,265,111	5,479,074	1,530,392	1,771,750	425,378	418,940	3,309,341	3,288,384
Less: Operating expenditure		28,485,175	28,470,936	23,672,508	23,740,445	1,503,326	1,442,107	3,309,341	3,288,384
		(29,167,790)	(28,234,004)	(25,378,715)	(24,747,139)	(1,214,123)	(936,246)	(2,574,952)	(2,550,619)
Add: Non-operating income		(682,615)	236,932	(1,706,207)	(1,006,694)	289,203	505,861	734,389	737,765
		201,857	143,219	174,989	124,195	5,939	4,190	20,929	14,834
Operating (deficit)/surplus before income tax and government grants		(480,758)	380,151	(1,531,218)	(882,499)	295,142	510,051	755,318	752,599
Less: Income tax	15	(211,024)	(132,457)	(210,194)	(139,811)	(433)	3,253	(397)	4,101
Less: Goods and services tax	20	(68,723)	(240,872)	(63,901)	(234,671)	(4,822)	(6,201)	-	-
(Deficit)/surplus before government grants		(760,505)	6,822	(1,805,313)	(1,256,981)	289,887	507,103	754,921	756,700
Add: Government grants	21 (i)	16,319,181	9,915,571	16,177,730	9,781,404	141,451	134,167	-	-
Less: Transfer to									
- Sinking fund	5, 21 (i)	(1,694,222)	(1,682,055)	(1,690,399)	(1,678,253)	(3,823)	(3,802)	-	-
- Lift replacement fund	6, 21 (i)	(4,076,543)	(4,050,679)	(3,947,735)	(3,929,086)	(128,808)	(121,593)	-	-
- Town improvement and project fund	7, 21 (i)	(6,638,674)	(301,178)	(6,638,674)	(301,178)	-	-	-	-
		3,909,742	3,881,659	3,900,922	3,872,887	8,820	8,772	-	-
SURPLUS FOR THE FINANCIAL YEAR		3,149,237	3,888,481	2,095,609	2,615,906	298,707	515,875	754,921	756,700
Add: Accumulated surplus at 1 April		6,840,206	2,951,725	5,661,985	2,289,379	1,178,221	662,346	-	-
Add/(Less): Inter-funds transfer		-	-	-	756,700	-	-	-	(756,700)
ACCUMULATED SURPLUS AT 31 MARCH		9,989,443	6,840,206	7,757,594	5,661,985	1,476,928	1,178,221	754,921	-

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

5. Sinking fund

	Note	Total		Residential Property		Commercial Property	
		2020	2019	2020	2019	2020	2019
		S\$	S\$	S\$	S\$	S\$	S\$
Balance at 1 April		42,654,112	39,481,440	35,059,580	32,112,001	7,594,532	7,369,439
Add:							
Operating income transfer from conservancy and service fees	4	10,062,029	9,963,139	9,594,917	9,519,765	467,112	443,374
Investment and interest income	5(i)	986,413	779,663	986,413	779,663	-	-
GST subvention	4, 21(i)	372,603	369,682	372,603	369,682	-	-
Lift maintenance grant	4, 21(i)	167,388	167,232	163,565	163,430	3,823	3,802
Transfer from government grants	4, 21(i)	1,154,231	1,145,141	1,154,231	1,145,141	-	-
		12,742,664	12,424,857	12,271,729	11,977,681	470,935	447,176
Less: Expenditure	5(ii)	(6,723,328)	(9,019,162)	(6,024,230)	(8,802,604)	(699,098)	(216,558)
Less: Income tax	15	(78,988)	(63,398)	(78,988)	(63,398)	-	-
Less: Goods and services tax	20	(56,578)	(169,625)	(54,718)	(164,100)	(1,860)	(5,525)
Surplus/(Deficit) for the financial year		5,883,770	3,172,672	6,113,793	2,947,579	(230,023)	225,093
Add: Fair value reserve		48,537,882	42,654,112	41,173,373	35,059,580	7,364,509	7,594,532
Balance at 31 March	8	48,641,761	42,673,866				

Represented by:

Non-current assets
Investment securities

24,502,909 19,941,163

Current assets

Investment securities
Cash and cash equivalents
Conservancy and service fees receivables
Due from accumulated surplus
Interest receivable
Other receivables

-	5,525,622
22,330,811	13,884,295
286,868	284,433
2,402,300	3,043,707
270,158	233,570
118,221	64,640

Total assets

25,408,358 23,036,267
49,911,267 42,977,430

Current liabilities

Payables and accruals
Income tax payable
Total liabilities

(1,109,126)	(133,951)
(160,380)	(169,613)
(1,269,506)	(303,564)

NET ASSETS

48,641,761 42,673,866

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

5. Sinking fund (Continued)

(i) Investment and interest income

	<u>2020</u> S\$	<u>2019</u> S\$
Dividend income	28,200	28,200
(Premium paid on redemption)/ Investment income	(48,000)	(197,800)
Interest from fixed deposits	227,373	142,543
Interest from bonds	743,760	770,688
Interest from other investments	35,080	36,032
	<u>986,413</u>	<u>779,663</u>

(ii) Expenditure

	<u>2020</u> S\$	<u>2019</u> S\$
Facade repair	1,979	1,533
Re-roofing works	-	704,239
Replacement of booster pump	-	436,050
Redecoration and alteration	5,870,981	6,567,403
Replacement of chute	558,185	931,535
Project management fee	225,122	312,733
General and administrative fee	67,061	65,669
	<u>6,723,328</u>	<u>9,019,162</u>

General and administrative fee includes the five percent allocation from operating fund.

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

6. Lift replacement fund

	Note	Total 2020 S\$	2019 S\$	Residential Property 2020 S\$	2019 S\$	Commercial Property 2020 S\$	2019 S\$
Balance as at 1 April		24,459,103	18,012,046	22,009,730	15,910,519	2,449,373	2,101,527
Add:							
Operating income transfer from conservancy and service fees	4	5,418,011	5,364,763	5,166,490	5,126,024	251,521	238,739
Investment, interest and Other income	6(i)	537,641	334,113	537,641	334,113	-	-
GST subvention	4, 21(i)	200,631	199,060	200,631	199,060	-	-
Lift maintenance grant	4, 21(i)	90,132	90,048	88,074	88,001	2,058	2,047
Transfer from government grants	4, 21(i)	621,509	616,614	621,509	616,614	-	-
LRF matching grant	4, 21(i)	3,164,271	3,144,957	3,037,521	3,025,410	126,750	119,547
Less: Expenditure	6(ii)	10,032,195	9,749,555	9,651,866	9,389,222	380,329	360,333
Less: Income tax	15	(4,019,100)	(2,884,071)	(3,963,462)	(2,879,751)	(55,638)	(4,320)
Less: Goods and services tax	20	(93,134)	(167,596)	(93,134)	(167,596)	-	-
Less: Goods and services tax	20	(181,242)	(250,831)	(175,297)	(242,664)	(5,945)	(8,167)
Surplus for the financial year		5,738,719	6,447,057	5,419,973	6,099,211	318,746	347,846
Add : Fair Value Reserve		30,197,822	24,459,103	27,429,703	22,009,730	2,768,119	2,449,373
Balance at 31 March	8	518,480	135,050				
		30,716,302	24,594,153				
Represented by:							
Non-current assets							
Investment securities		11,518,480	11,135,050				
Current assets							
Cash and cash equivalents		19,029,453	11,938,793				
Conservancy and service fees receivables		154,468	153,156				
Due from accumulated surplus		1,635,024	1,458,965				
Interest receivable		126,951	82,609				
Other receivables		773,536	701,638				
Total assets		21,719,432	14,335,161				
Current liabilities							
Payables and accruals		(2,335,665)	(707,038)				
Income tax payable		(185,945)	(169,020)				
Total liabilities		(2,521,610)	(876,058)				
NET ASSETS		30,716,302	24,594,153				

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

6. Lift replacement fund (Continued)

(i) Investment and interest income

	<u>2020</u> S\$	<u>2019</u> S\$
Interest from bonds	185,838	126,880
Interest from fixed deposits	51,830	48,235
Other Income	299,973	158,998
	<u>537,641</u>	<u>334,113</u>

(ii) Expenditure

	<u>2020</u> S\$	<u>2019</u> S\$
Replacement of main sheaves/ropes/lift overhauls	1,106,871	1,489,114
Replacement of ARD battery	123,295	359,155
Replacement of EBOPS battery	108,920	34,859
Replacement of lift position display panel	1,127,526	592,613
Replacement of inverter units	1,287,269	304,922
Lift Enhancement Programme (LEP)	102,930	-
Project management fee	153,174	93,506
General and admin charges	115	11,004
TC LUP expenditure - net	9,000	(1,102)
	<u>4,019,100</u>	<u>2,884,071</u>

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

7. Town improvement and project fund

	Note	Total		Residential Property		Commercial Property	
		2020	2019	2020	2019	2020	2019
		S\$	S\$	S\$	S\$	S\$	S\$
Balance at 1 April		3,024,305	4,866,511	2,466,775	4,308,981	557,530	557,530
Add/(Less):							
Transfer from government grants	4, 21(i)	6,638,674	301,178	6,638,674	301,178	-	-
Expenditure	7(i)	(5,436,592)	(2,143,384)	(5,436,520)	(2,143,384)	(72)	-
Surplus/(Deficit) for the financial year		1,202,082	(1,842,206)	1,202,154	(1,842,206)	(72)	-
Balance at 31 March		4,226,387	3,024,305	3,668,929	2,466,775	557,458	557,530
<i>Represented by:</i>							
Current assets							
CIPC Grants Receivables		5,119,872	-				
Other receivables		(202,283)	177,635				
Total assets		4,917,589	177,635				
Current liabilities							
Payables and accruals		(1,178,807)	(76,297)				
Due to accumulated surplus		487,605	2,922,967				
Total liabilities		(691,202)	2,846,670				
NET ASSETS		4,226,387	3,024,305				

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

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

7. Town improvement and project fund (Continued)

(i) Expenditure

	<u>2020</u> S\$	<u>2019</u> S\$
Construction of covered link way/playground or fitness corner	3,437,173	439,532
Installation of lift surveillance	909,072	1,509,829
Other amenities	689,138	2,701
Consultancy and maintenance fee	213,254	183,012
General and administration charges	187,955	8,310
	<u>5,436,592</u>	<u>2,143,384</u>

8. Revaluation reserve

	<u>2020</u> S\$	<u>2019</u> S\$
Revaluation reserve from investment securities	<u>622,359</u>	<u>154,804</u>
Movements:		
Balance at 1 April	154,804	(123,369)
Revaluation gain/(loss) on investment securities recognised in other comprehensive income (Note 10)	467,555	278,173
Balance at 31 March	<u>622,359</u>	<u>154,804</u>
Revaluation reserve is taken up in:		
Sinking fund (Note 5)	103,879	19,754
Lift replacement fund (Note 6)	518,480	135,050
	<u>622,359</u>	<u>154,804</u>

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

9. Plant and equipment

	Furniture, fixtures and fittings S\$	Office equipment S\$	Data processing equipment S\$	Leases S\$	Total S\$
Cost					
At 1 April 2018	1,257,332	137,826	138,341	-	1,533,499
Additions	607,557	78,376	56,129	-	742,062
Disposals	(154,288)	(4,965)	(36,670)	-	(195,923)
At 31 March 2019	1,710,601	211,237	157,800	-	2,079,638
Additions	-	6,270	16,845	-	23,115
Disposals	(472,354)	(103,989)	(42,921)	-	(619,264)
Initial recognition of right-of-use assets	-	-	-	368,064	368,064
At 31 March 2020	1,238,247	113,518	131,724	368,064	1,851,553
Accumulated depreciation					
At 1 April 2018	1,162,301	137,326	131,797	-	1,431,424
Depreciation	30,014	2,756	10,908	-	43,678
Disposals	-	-	-	-	-
At 31 March 2019	1,192,315	140,082	142,705	-	1,475,102
Depreciation	84,050	25,818	12,819	-	122,687
Disposals	(397,922)	(103,989)	(42,921)	-	(544,832)
Depreciation (right-of-use)	-	-	-	233,343	233,343
At 31 March 2020	878,443	61,911	112,603	233,343	1,286,300
Carrying amount					
At 31 March 2019	518,286	71,155	15,095	-	604,536
At 31 March 2020	359,804	51,607	19,121	134,721	565,253

HOLLAND-BUKIT PANJANG TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

10. Investment securities

Financial instruments as at 31 March 2020

	<u>2020</u> S\$	<u>2019</u> S\$
At fair value through other comprehensive income:		
Equity securities (quoted)	34,575,975	35,107,543
Equity securities (unquoted)	1,445,414	1,494,292
At end of year	<u>36,021,389</u>	<u>36,601,835</u>
Equity securities (quoted):		
At beginning of year	36,601,835	-
Reclassification at 1 April 2018 from available-for-sale financial assets	-	26,521,462
Additions	-	13,000,000
Disposals	(1,048,001)	(3,197,800)
Net fair value gain (Note 8)	467,555	278,173
At end of year	<u>36,021,389</u>	<u>36,601,835</u>
Classified as:		
Non-current portion	34,575,975	35,107,543
Current portion	1,445,414	1,494,292
	<u>36,021,389</u>	<u>36,601,835</u>
Details of the investment securities:		
Quoted equities	606,660	632,700
Unit trusts	838,754	861,592
Corporate bonds	15,431,605	16,688,765
Government/Statutory Board bonds	19,144,370	18,418,778
	<u>36,021,389</u>	<u>36,601,835</u>

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

The Town Council applied FRS 109 retrospectively, with an initial application date of 1 April 2018. The Town Council has not restated comparative information which continues to be reported under FRS 39 and the disclosure requirements of FRS 107 Financial Instruments: Disclosures relating to item within the scope of FRS 39. The impact arising from FRS 109 adoption was included in the opening retained earnings and other components of equity at the date of initial application.

The classification and measurement requirements of FRS 109 did not have a significant impact to the Town Council.

HOLLAND-BUKIT PANJANG TOWN COUNCIL**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020****11. Conservancy and service fees receivables**

	<u>2020</u> S\$	<u>2019</u> S\$
Conservancy and service fees receivables	1,301,709	1,382,723
Add: Interest receivable on late payments	638,257	554,492
	<u>1,939,966</u>	<u>1,937,215</u>
Less: Allowance for doubtful receivables (Note 26)	<u>(721,000)</u>	<u>(675,000)</u>
	<u>1,218,966</u>	<u>1,262,215</u>

Conservancy and service fees receivables are generally on 30 (2019: 30) days' credit terms. Penalty fee is charged on the outstanding balances.

Allowances are made in respect of estimated irrecoverable amounts are determined by reference to past historic credit loss experience of the customers for the last 3 years prior to the respective reporting dates (Note 26).

12. Other receivables

	<u>2020</u> S\$	<u>2019</u> S\$
Billing for work carried out, reimbursement from contractors	1,028,139	1,462,825
Claims for Citizens' Consultative Committee funding	5,119,872	113,291
Deposits	23,170	27,298
GST subvention receivable	358,134	358,450
Interest receivable	343,390	326,094
Legal fee and disbursement	62,699	62,138
LRF matching grant receivable from government	703,942	699,348
Provision for property tax	113,708	113,941
Security deposits	49,502	70,123
Others	357,502	474,408
	<u>8,160,058</u>	<u>3,707,916</u>

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

13. Cash and cash equivalents

	<u>2020</u> S\$	<u>2019</u> S\$
Cash on hand	5,389	5,455
Cash at bank	12,475,015	13,123,227
Fixed deposits with financial institutions	<u>44,000,000</u>	<u>28,000,000</u>
	<u>56,480,404</u>	<u>41,128,682</u>
Fixed deposits maturing:		
– Within 3 months	39,000,000	19,000,000
– Between 3 to 12 months	5,000,000	9,000,000
	<u>44,000,000</u>	<u>28,000,000</u>

Fixed deposits are placed for varying periods from one to nine (2019: one to six) months, bear interest rates ranging from 0.9200% to 1.9100% (2019: 1.6900% to 1.9400%) per annum. The weighted average effective interest rates per annum relating to fixed deposits is 1.4100% (2019: 1.8150%). Cash and cash equivalents are denominated in Singapore dollar as at reporting date.

HOLLAND-BUKIT PANJANG TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

14. Payables and accrued expenses

	<u>2020</u> S\$	<u>2019</u> S\$
Accrued operating expenses	613,927	370,529
Accrued TIP work order expenses	1,169,495	76,297
Accruals for completed works/payables to contractors	3,136,763	2,247,138
Advance from conservancy and service fee receivables	587,330	550,991
Amount due to related party	299,979	105,837
Lease Liability – right-of-use	136,853	-
Lift Enhancement Programme	1,569,833	-
Neighbourhood Renewal Programme	352,921	1,900,533
Others	261,938	257,832
	<u>8,129,039</u>	<u>5,509,157</u>

Payables are generally on 30 to 90 (2019: 30 to 90) days' credit terms.

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

15. Income tax

	<u>2020</u> S\$	<u>2019</u> S\$
Current income tax		
– Current year	385,521	357,842
– (Over)/under-provision in prior financial years	(2,375)	5,609
Tax expense	<u>383,146</u>	<u>363,451</u>
Taken up in:		
Accumulated surplus (Note 4)	211,024	132,457
Sinking fund (Note 5)	78,988	63,398
Lift replacement fund (Note 6)	93,134	167,596
	<u>383,146</u>	<u>363,451</u>

The Town Council is incorporated in Singapore and accordingly is subject to income tax rate of 17% (2019: 17%). There were no changes in the enterprise income tax of the difference applicable jurisdictions in the current financial year from the last financial year.

The Town Council enjoys a concessionary tax rate of 10% (2019: 10%) for the income earned on investment in bonds.

Reconciliation of effective tax rate is as follows:

	<u>2020</u> S\$	<u>2019</u> S\$
Taxable income:		
Government grants and other income	14,521,837	10,985,593
Investment and interest income	1,745,711	1,426,595
	<u>16,267,548</u>	<u>12,412,188</u>

HOLLAND-BUKIT PANJANG TOWN COUNCIL**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020****15. Income tax (Continued)**

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

	<u>2020</u> S\$	<u>2019</u> S\$
Income tax at statutory tax rate	2,765,483	2,110,072
Singapore statutory stepped income exemption	(17,425)	(17,425)
Tax effect on concessionary income	(73,061)	(65,078)
Tax remission of government grants under Section 92(2) of Singapore Income Tax Act	(2,288,448)	(1,686,030)
Under/(Over)-provision in prior financial years	(3,403)	5,609
Others	-	16,303
Tax expense	<u>383,146</u>	<u>363,451</u>

Movements in the income tax payable are as follows:

	<u>2020</u> S\$	<u>2019</u> S\$
Balance at 1 April	663,497	662,490
Payments made during the financial year	(304,533)	(363,451)
Current financial year's income tax expense	386,549	358,849
Under/Over-provision in prior financial years	(2,375)	5,609
Balance at 31 March	<u>743,138</u>	<u>663,497</u>

16. Agency fees

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

17. Other income

	<u>2020</u> S\$	<u>2019</u> S\$
Administrative fees	32,936	91,541
Agency fees	610	1,026
Collection from coin operator	42,446	17,390
Interest on late payment of conservancy and service fees	245,550	215,252
Liquidated damages	34,830	74,870
Roof top access	2,418	3,763
Sale of tender documents	6,055	13,872
Sundry fines	28,560	68,820
Sundry income	1,818	1,701
Temporary occupation licence income	1,300,496	1,374,380
Use of common property	76,730	113,000
Use of void deck	37,350	43,600
Use of water and electricity	161,363	199,764
	<u>1,971,162</u>	<u>2,218,979</u>

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

18. Managing agent's fees

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

19. General and administrative expenditure

	<u>2020</u> S\$	<u>2019</u> S\$
Advertising, publicity and public relations	139,037	108,978
Allowance made for doubtful receivables	52,160	58,488
Agency fees – HDB collection	664	1,338
Audit fee	40,975	29,000
Computer services	181,352	149,593
Depreciation of plant and equipment	356,030	43,678
Lease Interest Expense – right-of-use	11,391	-
Office upkeep	123,512	353,289
Office supplies and stationery	33,301	27,688
Property tax	151,844	151,353
Town Councillors' allowance	203,400	201,600
Telephone and postage	166,417	178,612
Others	226,292	241,907
	<u>1,686,375</u>	<u>1,545,524</u>

20. Goods and services tax

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

Disallowed input tax in the respective funds is as follows:

	<u>2020</u> S\$	<u>2019</u> S\$
Accumulated surplus (Note 4)	68,723	240,872
Sinking fund (Note 5)	56,578	169,625
Lift replacement fund (Note 6)	181,242	250,831
	<u>306,543</u>	<u>661,328</u>

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

21. Government grants

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

Note	2020 S\$	Total 2019 S\$	Service and Conservancy Charges Grant		Payment from Citizens' Consultative Committees		GST Subvention		Lift Maintenance Grant		LRF Matching Grant	
			2020 S\$	2019 S\$	2020 S\$	2019 S\$	2020 S\$	2019 S\$	2020 S\$	2019 S\$	2020 S\$	2019 S\$
Government grant received /receivable	4	16,319,181	4,439,352	4,404,386	6,638,674	301,178	1,433,084	1,421,850	643,800	643,200	3,164,271	3,144,957
Less: Transfer to												
- Sinking fund	4, 5	(1,694,222)	(1,154,231)	(1,145,141)	-	-	(372,603)	(369,682)	(167,388)	(167,232)	-	-
- Lift replacement fund	4, 6	(4,076,543)	(621,509)	(616,614)	-	-	(200,631)	(199,060)	(90,132)	(90,048)	(3,164,271)	(3,144,957)
- Town improvement and project fund	4, 7	(6,638,674)	-	-	(6,638,674)	(301,178)	-	-	-	-	-	-
		3,909,742	2,663,612	2,642,631	-	-	859,850	853,108	386,280	385,920	-	-

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

	2020 S\$	2019 S\$
Total grants received/receivable at 1 April	126,133,373	116,217,802
Grants received/receivable during the financial year	16,319,181	9,915,571
Total grants received/receivable at 31 March	142,452,554	126,133,373

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

22. Inter-fund transfers

The Town Council may make inter-fund transfer with the criteria as set out in Section 33(9) and 43(1)(i) of the Town Councils Act, Cap. 329A and Rule 11A of the Town Councils Financial Rules.

23. Capital commitments

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

	<u>2020</u> S\$	<u>2019</u> S\$
Amount approved and contracted for	10,183,039	7,137,819
Amount approved but not contracted for	37,644,000	36,295,000
	<u>47,827,039</u>	<u>43,432,819</u>

24. The Town Council as a lessee

The Town Council's operating lease commitments include office leases and photocopier leases for 36 to 60 months as at 31 March 2020. Lease payments are made monthly. Apart from the above, the Town Council does not have any significant short term or low value leases.

Right-of-use assets

The carrying amount of right-of-use assets by class of underlying asset classified with property, plant and equipment are as follows:

	<u>2020</u> S\$	<u>2019</u> S\$
As at 1 April 2019	250,713	-
Additions	117,351	-
Depreciation	(233,343)	-
As at 31 March 2020	<u>134,721</u>	<u>-</u>

The total cash outflow for leases during the financial year ended 31 March 2020 is S\$244,734.

Finance lease liabilities

	<u>2020</u> S\$	<u>2019</u> S\$
Within one year	76,662	-
After one year but within five years	60,191	-
	<u>136,853</u>	<u>-</u>

The effective interest rates charged during the financial year ended 31 March 2020 is 5.00% (2019: Nil) per annum. Interest rates are fixed at the contract dates, and thus expose the Town Council to fair value interest rate risk. As at the end of the financial year, the fair values of the Town Council's finance lease obligations approximate their carrying amounts. The leases are a mixed of fixed repayment and variable repayments based on the performance of the monthly retail sales. The Town Council's obligations under finance leases are secured by the lessors' title to the leased assets, which will revert to the lessors in the event of default by the Town Council. The lessor has the sole and unfettered discretion to allow the Town Council to extend the lease on the expiry date of the lease term.

HOLLAND-BUKIT PANJANG TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

24. The Town Council as a lessee (continued)

Amounts recognised in profit or loss

	<u>2020</u> S\$	<u>2019</u> S\$
Interest expenses on lease liabilities	11,391	-
	<u>11,391</u>	<u>-</u>

Operating lease commitments

	<u>2020</u> S\$	<u>2019</u> S\$
Future minimum lease payments payable:		
Within one year	-	566,691
After one year but within five years	-	1,431,485
After five years	-	273,034
	<u>-</u>	<u>2,271,210</u>

Operating lease commitments has been reclassified under Right-of-Use.

25. Significant related party transactions

Holland-Bukit Panjang Town Council is managed by the managing agent, EM Services Pte Ltd. Related party relates to the managing agent who manages the operations of the Town Council and provides key management personnel services to the Town Council.

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

	<u>2020</u> S\$	<u>2019</u> S\$
Expenditure paid to managing agent in relation to:		
Managing agent's fee	4,309,729	4,179,086
Project management fees	676,433	698,377
Lift maintenance and other fees	2,665,658	2,188,856
Other installation and maintenance work	<u>2,520,412</u>	<u>1,864,350</u>

Key management personnel

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

The Town Council pays the monthly fee to EM Services Pte Ltd and does not incur any manpower and related costs except for Town Councillors' allowances.

	<u>2020</u> S\$	<u>2019</u> S\$
Town Councillors' allowances (Note 19)	<u>203,400</u>	<u>201,600</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

26. Financial instruments and financial risks

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

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

Credit risk

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

The Town Council has no significant concentration of credit risk and categorised the receivables as low credit risks. Generally the credit terms are 30 days and the Town Council has no significant trade receivables overdue. No other financial assets carry a significant exposure to credit risk. The Town Council has established credit limits for customers and monitors their balances. Cash and cash equivalents are placed with banks and financial institution which are regulated.

The Town Council's major classes of financial assets are cash and cash equivalent, trade and other receivables-bank deposits, conservancy and service fee receivables and other receivables. Bank deposits are mainly deposited with banks with high credit ratings.

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

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

To assess and manage its credit risks, the Town Council categorises the aforementioned financial assets according to their risk of default. The Town Council defines default to have taken place when internal or/and external information indicates that:

- the borrower is unlikely to pay its credit obligations to the Town Council in full, without recourse by the Town Council to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

The Town Council has not rebutted the presumption included in FRS 109 that there has been a significant increase in credit risk since initial recognition when financial assets are more than 30 days past due.

In their assessment, the management considers, amongst other factors, the latest relevant credit ratings from reputable external rating agencies where available and deemed appropriate, historical credit experiences, latest available financial information and latest applicable credit reputation of the debtor.

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

26. Financial instruments and financial risks (Continued)

Credit risk (Continued)

The Town Council's internal credit risk grading categories are as follows:

Category	Description	Basis of recognising ECL
1	Counterparty has a low credit risk ^{Note 1} and does not have any past due amounts	12-months ECL
2	Significant increase in credit risk since initial recognition ^{Note 2} or financial asset is > 30 days past due	Lifetime ECL – not credit impaired
3	Evidence indicates that financial asset is credit-impaired ^{Note 3}	Difference between financial asset's gross carrying amount and present value of estimated future cash flows discounted at the financial asset's original effective interest rate
4	Evidence indicates that the management has no reasonable expectations of recovering the write off amount ^{Note 4}	Written off

Note 1. Low credit risk

The financial asset is determined to have low credit risk if the financial assets have a low risk of default, the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparty to fulfil its contractual cash flow obligations. Generally, this is the case when the Town Council assesses and determines that the debtor has been, is in and is highly likely to be, in the foreseeable future and during the (contractual) term of the financial asset, in a financial position that will allow the debtor to settle the financial asset as and when it falls due.

Note 2. Significant increase in credit risk

In assessing whether the credit risk of the financial asset has increased significantly since initial recognition, the Town Council compares the risk of default occurring on the financial asset as of reporting date with the risk of default occurring on the financial asset as of date of initial recognition, and considered reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. In assessing the significance of the change in the risk of default, the Town Council considers both past due (i.e. whether it is more than 30 days past due) and forward looking quantitative and qualitative information. Forward looking information includes the assessment of the latest performance and financial position of the debtor, adjusted for the Town Council's future outlook of the industry in which the debtor operates and the most recent news or market talks about the debtor, as applicable. In its assessment, the Town Council will generally, for example, assess whether the deterioration of the financial performance and/or financial position, adverse change in the economic environment (country and industry in which the debtor operates), deterioration of credit risk of the debtor, etc. is in line with its expectation as of the date of initial recognition of the financial asset.

Irrespective of the outcome of the above assessment, the Town Council presumes that the credit risk on a financial asset has increased significantly since initial recognition when contract payments are >30 days past due, unless the Town Council has reasonable and supportable information that demonstrates otherwise.

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

26. Financial instruments and financial risks (Continued)

Credit risk (Continued)

The ageing analysis of conservancy and service fee receivables with number of months of fees past due but not impaired are as follows:

	<u>2020</u> S\$	<u>2019</u> S\$
With less than 3 months of fees outstanding	421,507	482,111
With more than 3 months but less than 6 months of fees outstanding	215,162	220,678
With more than 6 months but less than 12 months of fees outstanding	227,420	239,545
With more than 12 months of fees outstanding	354,877	319,881

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

The assessment of the adverse impact of the COVID-19 to the Expected Credit Loss is manageable as the arrears has come down gradually after the re-open of town council office and increasing collection via e-payment from residents and tenants from September 2020.

Note 3. Credit impaired

In determining whether financial assets are credit-impaired, the Town Council assesses whether one or more events that have a detrimental impact on the estimated future cashflows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- Breach of contract, such as a default past due event;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for the financial asset because of financial difficulties.

Note 4. Write off

Generally, the Town Council writes off, partially or fully, the financial asset when it assesses that there is no realistic prospect of recovery of the amount as evidenced by, for example, the debtor's lack of assets or income sources that could generate sufficient cashflows to repay the amounts subjected to the write-off.

The Town Council performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

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

As at the end of the financial year, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

26. Financial instruments and financial risks (Continued)

Credit risk (Continued)

Trade receivables

The Town Council uses the practical expedient under FRS 109 in the form of allowance matrix to measure the ECL for trade receivables, where the loss allowance is equal to lifetime ECL.

The ECL for conservancy and service fees receivables are estimated using an allowance matrix with fixed provision rates depending on the number of months that conservancy and service fees is past due, assessed by property type and household profile, and adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the financial assets.

Conservancy and service fees receivables are written off when there is evidence to indicate that the customer is in severe financial difficulty such as being under liquidation or bankruptcy and there are no reasonable expectations for recovering the outstanding balances.

The loss allowance for conservancy and service fees receivables are determined as follows

	<u>Past due for 0 to 3 months</u>	<u>Past due for 3 to 6 months</u>	<u>Past due more than 6 months</u>	<u>Past due more than 12 months</u>	<u>Past due more than 24 months</u>	<u>Total</u>
31 March 2020						
Expected credit loss rates	0%	0%	0%	50%	75%	
Conservancy and service fees receivables (gross)	421,507	215,162	227,420	348,886	726,991	1,939,966
Loss allowance	-	-	-	175,000	546,000	721,000
1 April 2019						
Expected credit loss rates	0%	0%	0%	50%	75%	
Conservancy and service fees receivables (gross)	482,111	220,678	239,545	287,852	707,029	1,937,215
Loss allowance	-	-	-	144,000	531,000	675,000

Trade receivables are written off when there is evidence to indicate that the customer is in severe financial difficulty such as being under liquidation or bankruptcy and there is no reasonable expectations for recovering the outstanding balances.

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

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Town Council's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

26. Financial instruments and financial risks (Continued)

Interest rate risk

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

Equity price risk

Equity price risk is applicable to investments in equity shares or similar instruments. As the investment in equity is not significant, the exposure to price risk is minimal.

Liquidity risk

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

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

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

The contractual undiscounted cash flows of the non-derivative financial instruments due within 12 months equal their carrying amounts as the impact of discounting is not significant.

Financial instruments by category

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

	<u>2020</u> S\$	<u>2019</u> S\$
<i>Financial Assets</i>		
Conservancy and service fees receivables	1,218,966	1,262,215
Other receivables	8,160,058	3,707,916
Cash and cash equivalents	56,480,404	41,128,682
Total	<u>65,859,428</u>	<u>46,098,813</u>
<i>Investment securities</i>	<u>36,021,389</u>	<u>36,601,835</u>
<i>Financial liabilities at amortised cost</i>		
Payables and accrued expenses	8,129,039	5,509,157
Advance from conservancy and service fee receivables	(587,330)	(550,991)
Advance from HDB for Lift Enhancement Programme (LEP)	(1,569,833)	-
Total	<u>5,971,876</u>	<u>4,958,166</u>

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

27. Fair value of assets and liabilities

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

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

- (a) Level 1 – the fair values of assets and liabilities with standard terms and conditions and which trade in active markets that the Town Council can access at the measurement date are determined with reference to quoted market prices (unadjusted).
- (b) Level 2 – in the absence of quoted market prices, the fair values of the other financial assets and financial liabilities (excluding derivative instruments) are determined using the other observable, either directly or indirectly, inputs such as quoted prices for similar assets/liabilities in active markets, quoted prices for identical or similar assets/liabilities in non-active markets or inputs other than quoted prices that are observable for the asset or liability.

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

The Town Council holds its financial assets and financial liabilities carried at fair value or at valuation (Level 1 and 2) as follows:

	<u>2020</u> S\$	<u>2019</u> S\$
Financial assets		
Investment securities (Note 10):		
Level 1	16,877,019	18,183,057
Level 2	19,144,370	18,418,778
	<u>36,021,389</u>	<u>36,601,835</u>

Valuation policies and techniques

At least on an annual basis, the Town Council evaluates all significant changes in fair value measurements for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources, if necessary and appropriate. Valuation techniques are used for the determination of the fair values of bonds and funds with a bank. During the financial year, there is no change in the applicable valuation technique.

28. Funds management

The Town Council's objectives when managing funds are:

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

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

HOLLAND-BUKIT PANJANG TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

28. Funds management (continued)

There were no changes in the Town Council's approach to funds management from 31 March 2019.

The Town Council is not subjected to any externally imposed capital requirements during the financial years ended 31 March 2020 and 2019.

The Town Council total funds amounted to \$93,573,893 (2019 :\$77,132,530).

29. Subsequent Events

COVID-19 Pandemic

In March 2020, the World Health Organisation declared the outbreak of a coronavirus (COVID-19) a pandemic. In April, the Multi-Ministry Taskforce implemented elevated safe distancing measures as a circuit breaker, to reduce significant movements and interactions in public and private places to reduce the spread of COVID-19. The measures will include closing of non-essential workplaces and schools from 7 Apr 2020 till 4 May 2020 (circuit breaker period).

During this circuit breaker period, all HDB shops providing non-essential services were required to suspend their operations, including the use of the outdoor display area. To minimize face-to-face interaction with residents, the Town Council's counter services was also temporary suspended during this circuit breaker period. Residents were encouraged to contact the Town Council through the Town Council's EMSU hotlines or through email.

To help cushion the economic impact, the Town Councils gave a 15% S&CC rebates to the commercial, hawker and market units from July to October 2020. In addition, the Temporary Occupancy License (TOL) for Outdoor Display Area (ODA) was waived for 3 months from April to June 2020.

The Town Council had also suspended the sending of notices and reminder letters for outstanding S&CC from April to August 2020, so as not to further stress residents who may be financially affected by the COVID-19 pandemic. Based on the information available to date, the Town Council do not foresee any significant impact to the operating cashflow of the Town Council.

Statement of Transferable Surpluses

Under Section 34 of the Town Councils Act, where a writ of election is issued (i.e. on 23 June 2020), 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. The Statement of Transferable Surpluses has to be completed, audited and submitted to the Ministry of National Development (MND) within 90 days after the issue of the writ of election, i.e. by 21 September 2020.

The surpluses are to be transferred to the respective sinking funds within 90 days from the date the Statement of Transferable Surpluses is audited but not later than 180 days from the date of issue of the writ of election (i.e. by 20 December 2020).

The audited Statement of Transferable surpluses was submitted to MND on 21 September 2020 and the Town Council is required to transfer \$3.98 million to its sinking funds, of which \$2.59 million to the ordinary sinking fund and \$1.39 to the lift replacement fund by 20 December 2020.