

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

**FINANCIAL STATEMENTS**  
**FINANCIAL YEAR ENDED 31 MARCH 2021**

# **JURONG-CLEMENTI TOWN COUNCIL**

## **FINANCIAL STATEMENTS**

**FINANCIAL YEAR ENDED 31 MARCH 2021**

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

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### **Report on the Audit of Financial Statements**

#### ***Opinion***

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

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

#### ***Basis of Opinion***

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

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

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

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

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

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

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

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

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

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

A Town Council is established under the Act and may be dissolved by the Minister's order published in the Gazette. In preparing the financial statements, management is responsible for assessing the Town Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is intention to wind up the Town Council or for the Town Council to cease operations.

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

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

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

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

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

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

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

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**Report on Other Legal and Regulatory Requirements**

***Opinion***

In our opinion:

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

***Basis of Opinion***

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

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

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

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

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

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



**Foo Kon Tan LLP**

Public Accountants and  
Chartered Accountants

Singapore  
28 October 2021

**JURONG-CLEMENTI TOWN COUNCIL**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2021**

	<u>Note</u>	<u>2021</u>	<u>2020</u>
		S\$	S\$
<b>TOWN COUNCIL FUNDS</b>			
<b>Residential Property</b>			
Accumulated Surplus	4	3,918,742	3,006,340
Sinking Fund	5	54,441,918	43,200,747
Lift Replacement Fund	6	41,754,058	33,655,280
Town Improvement and Project Fund	7	283,082	1,455,827
		100,397,800	81,318,194
<b>Commercial Property</b>			
Accumulated Surplus	4	1,166,855	2,105,565
Sinking Fund	5	40,491,330	38,608,531
Lift Replacement Fund	6	12,928,302	11,518,697
Town Improvement and Project Fund	7	453,030	1,213,429
		55,039,517	53,446,222
<b>Carpark</b>			
Accumulated Surplus	4	3,308,158	5,771,213
<b>Total Town Council funds</b>		<u>158,745,475</u>	<u>140,535,629</u>
<b>REPRESENTED BY:</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	739,475	920,970
Investments at amortised cost	9	11,977,720	11,971,938
Investment at fair value through profit or loss	10	-	3,004,020
		12,717,195	15,896,928
<b>Current assets</b>			
Investments at amortised cost	9	-	3,003,617
Investment at fair value through profit or loss	10	3,008,820	-
Conservancy and service fees receivables	11	1,812,470	1,157,644
Other receivables	12	11,811,318	12,125,911
Neighbourhood Renewal Programme funding receivables	13	3,032,170	2,005,138
Sport-in-Precinct Programme funding receivables	14	1,027,057	1,017,808
Electrical Load Upgrading Programme funding receivables	15	272,646	346,860
Cash and bank balances	16	154,287,704	118,668,040
		175,252,185	138,325,018
<b>Total assets</b>		<u>187,969,380</u>	<u>154,221,946</u>
<b>Less:</b>			
<b>Non-current liabilities</b>			
Lease Liabilities	17	212,296	498,128
<b>Current liabilities</b>			
Conservancy and service fees received in advance	18(i)	1,545,275	1,010,448
Lease Liabilities	17	285,832	290,987
Payables and accrued expenses	18(ii)	25,914,525	10,723,814
Income tax payable	19	1,265,977	1,162,940
		29,011,609	13,188,189
<b>Total liabilities</b>		<u>29,223,905</u>	<u>13,686,317</u>
<b>Net assets</b>		<u>158,745,475</u>	<u>140,535,629</u>

Mr Xie Yao Quan  
Chairman

Date: 28 October 2021

Mr Jeffrey Wong Yew Cheong  
Secretary

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



# JURONG-CLEMENTI TOWN COUNCIL

## STATEMENT OF INCOME AND EXPENDITURE FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	<u>Note</u>	<u>2021</u> S\$	<u>2020</u> S\$
<b>Operating Income</b>			
Conservancy and service fees	4	64,268,614	64,423,713
Less: Operating income transfer to			
- Sinking Fund (minimum required by law)	4, 5	(16,709,724)	(16,750,170)
- Lift Replacement Fund (minimum required by law)	4, 6	(8,997,541)	(9,019,323)
		38,561,349	38,654,220
Agency fees	4, 20	4,120,349	4,261,311
Other income	4, 21	3,417,461	4,193,361
		46,099,159	47,108,892
<b>Less: Operating expenditure</b>			
Cleaning works		(8,293,928)	(8,263,461)
Managing agent's fees	22	(4,569,420)	(4,343,052)
Lift maintenance		(10,182,368)	(10,646,675)
Other works and maintenance		(9,419,692)	(9,787,203)
Water and electricity		(12,233,948)	(12,837,355)
General and administrative expenditure	23	(5,756,109)	(4,830,868)
		(50,455,465)	(50,708,614)
<b>Operating deficit</b>		(4,356,306)	(3,599,722)
Add: Investment and interest income	24	63,784	331,212
<b>Deficit before government grants and income tax</b>		(4,292,522)	(3,268,510)
Less: Income tax	19	(475,206)	(459,368)
<b>Deficit before government grants</b>		(4,767,728)	(3,727,878)
Government grants	25	19,700,702	25,085,256
Less: Transfer to			
- Sinking Fund including Lift Maintenance Grant and GST Subvention	5	(3,163,216)	(3,139,328)
- Lift Replacement Fund including Lift Maintenance Grant and GST Subvention	6	(1,703,273)	(1,690,409)
- Lift Replacement Fund - LRF Matching Grant	6	(5,142,448)	(5,350,640)
- Town Improvement and Project Fund	7	(2,392,044)	(7,660,296)
		7,299,721	7,244,583
<b>SURPLUS FOR THE FINANCIAL YEAR</b>		2,531,993	3,516,705
Add: Accumulated Surplus at 1 April		10,883,118	8,366,413
Transfer to Sinking fund as at 22 June 2020	5	(3,263,881)	-
Transfer to Lift Replacement fund as at 22 June 2020	6	(1,757,475)	-
Less: Appropriation to Town Improvement and Project Fund	7	-	(1,000,000)
<b>ACCUMULATED SURPLUS AT 31 MARCH</b>		8,393,755	10,883,118

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

## JURONG-CLEMENTI TOWN COUNCIL

### STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

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	<u>Note</u>	<u>2021</u> <u>S\$</u>	<u>2020</u> <u>S\$</u>
<b>Surplus/(Deficit) for the financial year</b>			
- Accumulated Surplus	4	2,531,993	3,516,705
- Sinking Fund	5	9,860,089	2,918,603
- Lift Replacement Fund	6	7,750,908	11,227,418
- Town Improvement and Project Fund	7	<u>(1,933,144)</u>	<u>(558,719)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ATTRIBUTABLE TO TOWN COUNCIL FUNDS</b>		<u>18,209,846</u>	<u>17,104,007</u>

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



# JURONG-CLEMENTI TOWN COUNCIL

## STATEMENT OF CHANGES IN TOWN COUNCIL FUNDS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	Residential Property S\$	Commercial Property S\$	Carpark S\$	Total S\$
Balance at 1 April 2019	67,426,607	51,534,985	4,470,030	123,431,622
Surplus for the financial year	13,891,587	1,911,237	1,301,183	17,104,007
Total comprehensive income for the financial year attributable to Town Council funds	13,891,587	1,911,237	1,301,183	17,104,007
<b>Balance at 31 March 2020</b>	<b>81,318,194</b>	<b>53,446,222</b>	<b>5,771,213</b>	<b>140,535,629</b>
Surplus for the financial year	15,573,373	1,593,295	1,043,178	18,209,846
Total comprehensive income for the financial year attributable to Town Council funds	15,573,373	1,593,295	1,043,178	18,209,846
Net transfer of funds as at 22 June 2020	3,506,233	-	(3,506,233)	-
<b>Balance at 31 March 2021</b>	<b>100,397,800</b>	<b>55,039,517</b>	<b>3,308,158</b>	<b>158,745,475</b>

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

# JURONG-CLEMENTI TOWN COUNCIL

## STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	<u>Note</u>	<u>2021</u> <u>S\$</u>	<u>2020</u> <u>S\$</u>
<b>Operating activities</b>			
Deficit before government grants and income tax	4	(4,292,522)	(3,268,510)
Adjustments for:			
Allowance for doubtful receivables	23	316,385	270,498
Conservancy and service fees transferred to Sinking Fund	4	16,709,724	16,750,170
Conservancy and service fees transferred to Lift Replacement Fund	4	8,997,541	9,019,323
Depreciation of property, plant and equipment	23	371,046	332,840
Interest expense	23	15,013	7,235
Interest income	4, 24	(63,784)	(331,212)
Administrative fees earned on ELUP projects	15	-	(668,832)
Property, Plant and equipment written off	23	1	-
Gain on disposal of property, plant and equipment	23	-	(100)
<b>Operating cash flows before movements in working capital</b>		<b>22,053,404</b>	<b>22,111,412</b>
Movements in working capital:			
Receivables		(2,129,597)	878,002
Payables		15,725,538	(440,206)
<b>Cash generated from operations before income tax</b>		<b>35,649,345</b>	<b>22,549,208</b>
Income tax paid	19	(574,639)	(521,246)
Sinking Fund income	5	994	872
Sinking Fund expenditure	5	(10,810,852)	(18,284,729)
Lift Replacement Fund expenditure	6	(8,666,550)	(5,532,582)
Town Improvement and Project Fund expenditure	7	(4,325,188)	(8,219,015)
Neighbourhood Renewal Programme expenditure	13	(1,144,782)	(1,964,928)
Sport-in-Precinct Programme expenditure	14	(9,249)	(1,365,777)
Electrical Load Upgrading Programme expenditure	15	(1,087,805)	(1,714,047)
<b>Cash generated from/(used in) operations before government grants</b>		<b>9,031,274</b>	<b>(15,052,244)</b>
Government grants received	25	20,849,106	22,446,813
Selective Lift Replacement Programme disbursement	6(iii)	196,080	300,771
Funding received for Neighbourhood Renewal Programme	13	117,750	2,162,688
Funding received for Sport-in-Precinct Programme	14	-	1,271,859
Funding received for Electrical Load Upgrading Programme	15	1,162,019	1,077,587
<b>Net cash generated from operating activities</b>		<b>31,356,229</b>	<b>12,207,474</b>
<b>Investing activities</b>			
Interest and investment income received		1,758,987	2,455,630
Proceeds on maturity of investments		3,000,000	3,000,000
Purchase of plant and equipment	A	(189,552)	(95,362)
Proceeds from disposal of plant and equipment		-	100
(Placement)/ Maturity of fixed deposits		(19,367,727)	9,262,894
<b>Net cash (used in) / generated from investing activities</b>		<b>(14,798,292)</b>	<b>14,623,262</b>
<b>Financing activities</b>			
Principal repayment of lease liabilities	B	(290,987)	(298,765)
Interest expense paid	B	(15,013)	(7,235)
<b>Net cash used in financing activities</b>		<b>(306,000)</b>	<b>(306,000)</b>
<b>Net increase in cash and cash equivalents</b>		<b>16,251,938</b>	<b>26,524,736</b>
Cash and cash equivalents at beginning of financial year		70,788,609	44,263,873
<b>Cash and cash equivalents at the end of financial year</b>	16	<b>87,040,547</b>	<b>70,788,609</b>

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

## JURONG-CLEMENTI TOWN COUNCIL

### STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

#### Note A - Purchase of property, plant and equipment

During the year, the Town Council acquired property, plant and equipment with an aggregate cost of S\$189,552 (2020: S\$947,484) of which Nil (2020: S\$852,122) relates to non-cash additions to right-of-use assets and lease liabilities, and the balance of S\$189,552 (2020: S\$95,362) was paid in cash.

#### Note B - Reconciliation of liabilities arising from financial activities

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

		Cash flows			Non-cash flows			
		At 1 April 2020 S\$	Principal repayment S\$	Interest paid S\$	Adoption of FRS 116 S\$	New leases S\$	Interest expense S\$	At 31 March 2021 S\$
2021	Note							
Lease liabilities	17	789,115	(290,987)	(15,013)	-	-	15,013	498,128
		At 1 April 2019	Principal repayment	Interest paid	Adoption of FRS 116	New leases	Interest expense	At 31 March 2020
2020								
Lease liabilities	17	-	(298,765)	(7,235)	235,758	852,122	7,235	789,115

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

## JURONG-CLEMENTI TOWN COUNCIL

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

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

#### 1. General information

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

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

By virtue of the writ of election issued on 23 June 2020, a general election was called on 10 July 2020. There are no changes to the electoral boundaries and the Town Council consists of seven divisions, comprising Bukit Batok Single Member Constituency ("SMC"), Bukit Batok East, Clementi, Jurong Central, Jurong Spring, Taman Jurong and Yuhua SMC.

The financial statements for the financial year ended 31 March 2021 were authorised for issue in accordance with a resolution of the Town Council on 28 October 2021.

#### 2. Summary of significant accounting policies

##### 2.1 Basis of preparation

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

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

##### Adoption of new and revised standards

On 1 April 2020, the Town Council has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRSs") that are effective from that date and are relevant to its operations. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Town Council's accounting policies and has no material effect on the amounts reported for the current and prior years except as disclosed below.

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to FRS 103	Definition of a Business	1 January 2020
Amendments to FRS 1 and FRS 8	Definition of Material	1 January 2020
Amendments to FRS 109, FRS 39 and FRS 107	Interest Rate Benchmark Reform	1 January 2020
Revised Conceptual Framework for Financial Reporting		1 January 2020
Amendments to FRS 116	COVID-19 Related Rent Concessions	1 June 2020 (early adoption)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

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

**2.1 Basis of preparation (Continued)**

**Adoption of new and revised standards (Continued)**

Amendments to FRS 103 Definition of a Business

The amendments clarify that, while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020. The Town Council has no acquisition of a business or subsidiary during the year.

Amendments to FRS 1 and FRS 8 Definition of Material

The amendments include clarifications to the definition of 'material' and the related guidance:

- the threshold of 'could influence' has been replaced with 'could reasonably be expected to influence';
- the term of 'obscuring information' has been included in the definition of 'material' to incorporate the existing concept in SFRS(I) 1-1 and examples have been provided of circumstances that may result in information being obscured; and
- the scope of 'users' has been clarified to mean the primary users of general purpose financial statements and their characteristics have been defined.

The amendments are to be applied prospectively and are effective for annual periods beginning on or after 1 January 2020.

There is no significant impact to the Town Council's financial statements.

Amendments to FRS 109, FRS 39 and FRS 107 Interest Rate Benchmark Reform

The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships that are directly affected by the global reform initiative with respect to the inter-bank offered rate ("IBOR"). The reliefs have the effect that the IBOR reform should not generally cause hedge accounting to terminate. The amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the ongoing IBOR reform.

Any hedge ineffectiveness continues to be recorded in the income and expenditure. The reliefs will cease to apply when the uncertainties arising from the IBOR reform are no longer present. The amendments also introduce new disclosure requirements in FRS 107 for hedging relationships that are subject to the exceptions introduced by the amendments to FRS109 and FRS 39. The amendments are mandatory for all hedges within scope and are to be applied retrospectively for annual reporting periods beginning on or after 1 January 2020.

There is no significant impact to the Town Council's financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

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

**2.1 Basis of preparation (Continued)**

**Adoption of new and revised standards (Continued)**

Revised Conceptual Framework for Financial Reporting

The purpose of the Conceptual Framework is to assist in developing financial reporting standards. The Conceptual Framework is not a standard itself and none of the concepts contained therein override the requirements in any standard. The main changes to the Conceptual Framework's principles have implications for how and when assets and liabilities are recognised and derecognised in the financial statements. These revisions affect those entities which had developed their accounting policies based on the Conceptual Framework in the absence of specific FRS requirements. In such cases, the entities shall review those policies and apply the new guidance retrospective for annual periods beginning on or after 1 January 2020.

Some FRS, their accompanying documents and FRS practice statements contain references to, or quotations from the Conceptual Framework. The Amendments to References to the Conceptual Framework in FRS, issued together with the revised Conceptual Framework, sets out updates to FRS, their accompanying documents and FRS practice statements to reflect the issue of the revised Conceptual Framework. These amendments are effective for annual periods beginning on or after 1 January 2020.

There is no significant impact to the Town Council's financial statements.

Amendments to FRS 116 COVID-19 Related Rent Concessions

The amendments provide relief to lessees from applying FRS 116 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under FRS 116 if the change were not a lease modification. The amendments are applicable on a modified retrospective basis for annual reporting periods beginning on or after 1 June 2020.

In the current year, the Town Council has applied the amendments and the practical expedient to all of the COVID-19 related rental concessions it has obtained as lessee.

In applying the practical expedient, the Town Council has:

- recognised a reduction in lease payments as a negative variable lease payment of \$51,000.00 in income and expenditure for the year; and
- de-recognised part of the lease liability of \$51,000 that has been extinguished by the forgiveness of lease payments.

In accordance with the transitional provisions, as the rental concessions have only arisen during the current financial year, there is no retrospective adjustment to opening balance of accumulated surplus on initial application of the amendments.



## JURONG-CLEMENTI TOWN COUNCIL

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

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

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

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

At the date of authorisation of these financial statements, the following FRS pronouncements relevant to the Town Council were issued but not effective:

<i>Reference</i>	<i>Description</i>	<i>Effective date (annual periods beginning on or after)</i>
Amendments to FRS 109, FRS 39, FRS 107, FRS 104 and FRS 116	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to FRS 116	COVID-19 Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to FRS 103	Reference to the Conceptual Framework	1 January 2022
Amendments to FRS 16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to FRS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to FRSs 2018-2020:		1 January 2022
• Amendments to FRS 109	Fees in the '10 per cent' Test for Derecognition of Financial Liabilities	1 January 2022
• Amendments to FRS 116	Lease Incentives	1 January 2022
• Amendments to FRS 41	Taxation in Fair Value Measurements	1 January 2022
Amendments to FRS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to FRS 117	Insurance Contracts	1 January 2023
Amendments to FRS 104	Extension of the Temporary Exemption from Applying FRS 109	1 January 2023
Amendments to FRS 1 and FRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to FRS 8	Definition of Accounting Estimates	1 January 2023
Amendments to FRS 110 and FRS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Yet to be determined

The Town Council has not early adopted any of the above new standards and amendments to the existing standards in the financial year ended 31 March 2021. Management anticipates that the adoption of the aforementioned new or revised standards will not have a material impact on the financial statements of the Town Council in the period of their initial adoption.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

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**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 Housing and Development Board ("HDB") on an agency basis.

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

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

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

Sinking Funds

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

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

The minimum amounts to be paid, by property type, into the Sinking Fund are as follows:

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

These minimum contributions are treated as operating income transfers and are deducted from conservancy and service fees and government grants in the statement of income and expenditure. Government grants which are subject to the minimum contribution rates to Sinking Fund and Lift Replacement Fund are Service and Conservancy Charges Operating Grant, GST Subvention Grant and Lift Maintenance Grant.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

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

**2.2 Town Council funds (Continued)**

Lift Replacement Fund

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

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

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

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

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

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

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

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

Town Improvement and Project Fund

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

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

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

## JURONG-CLEMENTI TOWN COUNCIL

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

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

##### 2.3 Inter-funds transfers

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

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

##### 2.4 Allocation of general overheads

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

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

**2.5 Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, 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 property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

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

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

• Furniture, Fixtures and Fittings	5 years
• Office Equipment	5 years
• Data Processing Equipment	3 years to 6 years
• Plant and Machinery	5 years
• Leased premises	Over remaining period of lease

Leased assets are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the assets shall be fully depreciated over the shorter of the lease terms and their useful lives.

The carrying values of property, 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 property, plant and equipment is recognised in income and expenditure.

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

**2.6 Impairment of tangible assets**

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

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.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

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

**2.6 Impairment of tangible assets (continued)**

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

**2.7 Financial instruments**

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

Effective interest method

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

Financial assets

Initial recognition and measurement

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

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

Subsequent measurement

Investments in debt instruments

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

(i) Amortised cost

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

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2. Summary of significant accounting policies (Continued)

2.7 Financial instruments (Continued)

Financial assets (Continued)

Subsequent measurement (Continued)

Investments in debt instruments (Continued)

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

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

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

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

Investment in equity instruments

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

Derivatives

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

Impairment of financial assets

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



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

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2. Summary of significant accounting policies (Continued)

2.7 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

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

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

Derecognition of financial assets

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

Financial liabilities

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

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

*Payables and accrued expenses*

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

Derecognition of financial liabilities

The Town Council derecognises financial liabilities when, and only when, the Town Council's obligations are discharged, cancelled or they expire. Gains and losses are recognised in the statement of income and expenditure when the liabilities are derecognised, and through the amortisation process.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

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

**2.8 Cash and bank balances**

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

**2.9 Leases**

The Town Council as lessee

The Town Council assesses whether a contract is or contains a lease at inception of the contract. The Town Council recognises a right-of-use ("ROU") asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for leases of low value assets. For these leases, the Town Council recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Town Council uses the incremental borrowing rate ("IBR") specific to the lessee. The IBR is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The Town Council has elected not to recognise ROU assets and lease liabilities for leases of low value assets, except for sublease arrangements. Lease payments relating to these leases are expensed to income and expenditure on a straight-line basis over the lease term.

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Town Council shall recognise those lease payments in income and expenditure in the periods that trigger those lease payments.

The lease liabilities are presented as a separate line in the statement of financial position.

The lease liability is subsequently measured at amortised cost, by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

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

**2.9 Leases (Continued)**

Lease liabilities (Continued)

The Town Council remeasures the lease liability (with a corresponding adjustment to the related ROU asset or to income and expenditure if the carrying amount of the ROU asset has already been reduced to zero whenever:

- (i) the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- (ii) the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- (iii) a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right-of-use asset ("ROU")

The ROU asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Town Council incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under FRS 37. To the extent that the costs relate to a ROU asset, the costs are included in the related ROU asset, unless those costs are incurred to produce inventories.

Depreciation on ROU assets is calculated using the straight-line method to allocate their depreciable amounts over the shorter period of lease term and useful life of the underlying asset as set out in the accounting policies for "Property, plant and equipment".

If a lease transfers ownership of the underlying asset or the cost of the ROU asset reflects that the Town Council expects to exercise a purchase option, the related ROU asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The ROU assets (except for those which meet the definition of as investment property) are presented within Property, plant and equipment in the statement of financial position.

The Town Council applies FRS 36 to determine whether a ROU asset is impaired and accounts for any identified impairment loss.

As a practical expedient, FRS 116 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Town Council has not used this practical expedient. For a contract that contain a lease component and one or more additional lease or non-lease components, the Town Council allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

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

**2.10 Provisions**

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

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

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

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

**2.11 Government grants**

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

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

**2.12 Revenue recognition (Continued)**

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

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

Conservancy and service fees

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

Agency fees

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

Interest income

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

Other income

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

**2.13 Retirement benefit costs**

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

**2.14 Employee leave entitlements**

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

**2.15 Income tax**

Tax is provided on the following income:

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

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

**2.15 Revenue recognition (Continued)**

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

Tax shall be payable at the rate of 10% on the income derived from certain investments which have been approved under Section 43G(2) of the Income Tax Act, Cap 134.

**3 Critical accounting judgments and key sources of estimation uncertainty**

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

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

Classification and measurement of financial assets

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

As stated in Note 9, the Town Council has investment in quoted bonds with specific maturity. These investments were classified as financial assets at amortised cost as the Town Council intends to hold these bonds to maturity to collect contractual cash flows which consist solely of payments of principal and interest.

Determination of lease terms

When estimating the lease term of the respective lease arrangement, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Software-as-a-Service arrangement ("SaaS")

The Town Council enters into a SaaS cloud computing arrangement with a third-party IT cloud provider to implement a management system for operational purposes. Under the arrangement, the customer is provided with a right to access the vendor's software application on the cloud over the contract period, and the vendor performs configuration and customisation to the customer's specifications. The Town Council does not control a software intangible asset because it is unable to run the software on its own hardware or contract with another party unrelated to the vendor to host the software without having to incur significant costs. The SaaS arrangement between the Town Council and the IT cloud provider is assessed to be a service contract. Significant judgement is also applied in determining that the configuration and customisation service provided by the vendor is not distinct from the access to the cloud software over the contract period as there is a significant degree of integration, modification and interdependency. As a result, fee for use of the cloud software is expensed as the service is provided; configuration and customisation costs are recognised as prepayment and expensed over the period of access to the cloud software; cost of the data conversion software developed for the Town Council is capitalised and amortised over its useful life; and testing and training costs are expensed as incurred.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

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

**3.2 Key sources of estimation uncertainty**

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

Depreciation of property, plant and equipment

The Town Council depreciates the property, 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 property, 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 property, plant and equipment as at 31 March 2021 was S\$739,475 (2020: S\$920,970) (Note 8).

Allowance for doubtful conservancy and service fees receivables and other receivables

The Town Council assesses at the end of each reporting period whether there is any expected credit loss of conservancy and service fees and other receivables based on assumptions about risk of default and expected loss rates. The Town Council considers factors such as past collection history, existing market conditions as well as forward-looking estimates at each reporting period. The assessment of the correlation between historical observed default, economic conditions and expected credit loss is a significant estimate. Notwithstanding the above, the Town Council evaluates the expected credit loss on receivables in financial difficulties separately. The carrying amount of the Town Council's conservancy and service fees receivables as at 31 March 2021 was S\$1,812,470 (2020: S\$1,157,644) (Note 11). The carrying amount of the Town Council's other receivables as at 31 March 2021 was S\$11,811,318 (2020: S\$12,125,911) (Note 12).

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 2021 is S\$1,265,977 (2020: S\$1,162,940) (Note 19).

Estimation of incremental borrowing rate ("IBR")

The Town Council cannot readily determine the interest rate implicit in the lease. Therefore, it uses the IBR to measure lease liabilities. The IBR is defined as the rate of the interest that the lessee would have to pay to borrow over a similar security the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment.

The Town Council estimates the IBR relevant to each lease by using observable inputs such as market interest rate and asset yield where available, and then making certain lessee specific adjustments such as Town Council's credit rating.

The carrying amount of the Town Council's ROU assets as at 31 March 2021 is S\$490,791 (2020: S\$786,563) (Note 8). The carrying amount of the Town Council's lease liabilities as at 31 March 2021 is S\$498,128 (2020: S\$789,115) (Note 17). If the incremental borrowing rate had been 50 basis point higher/lower with all other variables held constant, the Town Council's ROU assets and lease liabilities would have been approximately lower/higher by S\$3,510 (2020: S\$5,600) and S\$2,038 (2020: S\$5,100), respectively.

**JURONG-CLEMENTI TOWN COUNCIL**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

**4. Accumulated Surplus**

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

	Note	Total		Residential Property		Commercial Property		Carpark	
		2021 S\$	2020 S\$	2021 S\$	2020 S\$	2021 S\$	2020 S\$	2021 S\$	2020 S\$
<b>OPERATING INCOME</b>									
Conservancy and service fees									
Less: Operating income transfer to									
- Sinking Fund (minimum required by law)	5	(16,709,724)	(16,750,170)	(15,093,532)	(15,048,469)	(1,616,192)	(1,701,701)	-	-
- Lift Replacement Fund (minimum required by law)	6	(8,997,541)	(9,019,323)	(8,127,283)	(8,103,021)	(870,258)	(916,302)	-	-
		38,561,349	38,654,220	34,831,499	34,727,207	3,729,850	3,927,013	-	-
Agency fees									
Other income	20	4,120,349	4,261,311	-	-	-	-	4,120,349	4,261,311
	21	3,417,461	4,193,361	2,627,874	3,364,886	740,458	787,030	49,129	41,445
		46,099,159	47,108,892	37,459,373	38,092,093	4,470,308	4,714,043	4,169,478	4,302,756
Less: Operating expenditure		(50,455,465)	(50,708,614)	(43,446,476)	(43,764,251)	(3,916,750)	(3,922,367)	(3,092,239)	(3,021,996)
		(4,356,306)	(3,599,722)	(5,987,103)	(5,672,158)	553,558	791,676	1,077,239	1,280,760
Add: Investment and interest income	24	63,784	331,212	54,480	282,863	3,765	19,553	5,539	28,796
<b>Operating (deficit)/surplus before government grants and income tax</b>									
		(4,292,522)	(3,268,510)	(5,932,623)	(5,389,295)	557,323	811,229	1,082,778	1,309,556
Less: Income tax	19	(475,206)	(459,368)	(413,740)	(429,623)	(21,866)	(21,372)	(39,600)	(8,373)
<b>(Deficit)/Surplus before government grants</b>		(4,767,728)	(3,727,878)	(6,346,363)	(5,818,918)	535,457	789,857	1,043,178	1,301,183
Add: Government grants	25	19,700,702	25,085,256	19,107,248	22,517,408	593,454	2,567,848	-	-
Less: Transfers to	5, 25	(3,163,216)	(3,139,328)	(3,145,468)	(3,122,289)	(17,748)	(17,039)	-	-
- Sinking Fund including Lift Maintenance Grant and GST Subvention	6, 25	(1,703,273)	(1,690,409)	(1,693,717)	(1,681,235)	(9,556)	(9,174)	-	-
- Lift Replacement Fund including Lift Maintenance Grant and GST Subvention	6, 25	(5,142,448)	(5,350,640)	(4,731,561)	(4,890,427)	(410,887)	(460,213)	-	-
- Lift Replacement Fund - LRF Matching Grant	7, 25	(2,392,044)	(7,660,296)	(2,277,737)	(5,618,193)	(114,307)	(2,042,103)	-	-
- Town Improvement and Project Fund		7,299,721	7,244,583	7,258,765	7,205,264	40,956	39,319	-	-
		2,531,993	3,516,705	912,402	1,386,346	576,413	829,176	1,043,178	1,301,183
<b>SURPLUS FOR THE FINANCIAL YEAR</b>									
Add: Accumulated Surplus at 1 April	7	10,883,118	8,366,413	3,006,340	2,119,994	2,105,565	1,776,389	5,771,213	4,470,030
Less: Appropriation to Town Improvement and Project Fund	5	-	(1,000,000)	-	(500,000)	-	(500,000)	-	-
Less: Transfer from Routine to Sinking Fund as at 22 June 2020	6	(3,263,881)	-	-	-	(984,830)	-	(2,279,051)	-
Less: Transfer from Routine to Lift Replacement Fund as at 22 June 2020		(1,757,475)	-	-	-	(530,293)	-	(1,227,182)	-
<b>ACCUMULATED SURPLUS AT 31 MARCH</b>									
		8,393,755	10,883,118	3,918,742	3,006,340	1,166,855	2,105,565	3,308,158	5,771,213



# JURONG-CLEMENTI TOWN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

### 5. Sinking Fund

	Note	Total 2021 S\$	2020 S\$	Residential Property 2021 S\$	2020 S\$	Commercial Property 2021 S\$	2020 S\$
<b>Balance at 1 April</b>		81,809,278	78,890,675	43,200,747	39,895,426	38,608,531	38,995,249
Add:							
Operating income transfer from conservancy and service fees (minimum required by law)	4	16,709,724	16,750,170	15,093,532	15,048,469	1,616,192	1,701,701
Investment and interest income	5(i), 24	929,620	1,555,485	869,606	1,454,894	60,014	100,591
Penalty and interest income on late payment of LUP cost		994	872	994	872	-	-
Transfer from Government grants including Lift Maintenance Grant and GST Subvention	4, 25	3,163,216	3,139,328	3,145,468	3,122,289	17,748	17,039
		20,803,554	21,445,855	19,109,600	19,626,524	1,693,954	1,819,331
Less: Expenditure	5(ii)	(10,810,852)	(18,284,729)	(10,023,428)	(16,094,364)	(787,424)	(2,190,365)
Less: Income tax	19	(132,613)	(242,523)	(124,052)	(226,839)	(8,561)	(15,684)
<b>Surplus/(Deficit) for the financial year</b>		9,860,089	2,918,603	8,962,120	3,305,321	897,969	(386,718)
Transfer from Routine to Sinking fund as at 22 June 2020	4	3,263,881	-	2,279,051	-	984,830	-
<b>Balance at 31 March</b>		94,933,248	81,809,278	54,441,918	43,200,747	40,491,330	38,608,531
<b>Represented by:</b>							
<b>Non-current assets</b>							
Investments at amortised cost	10	7,977,720	7,971,938				
Investment at fair value through profit or loss		-	3,004,020				
		7,977,720	10,975,958				
<b>Current assets</b>							
Investments at amortised cost	10	-	3,003,617				
Investments at fair value through profit or loss		3,008,820	-				
Conservancy and service receivables		906,462	671,131				
Interest receivable		255,629	565,376				
Other receivables		225,062	238,563				
Cash and bank balances		83,304,485	64,882,049				
Due from Accumulated Surplus		3,185,129	4,906,382				
		90,885,587	74,267,118				
<b>Total assets</b>		98,863,307	85,243,076				
Less:							
<b>Current liabilities</b>							
Payables and accrued expenses		3,738,106	3,137,323				
Income tax payable		191,953	296,475				
<b>Total liabilities</b>		3,930,059	3,433,798				
<b>NET ASSETS</b>		94,933,248	81,809,278				

# JURONG-CLEMENTI TOWN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

### 5. Sinking Fund (Continued)

#### (i) Investment and interest income

	<u>2021</u> S\$	<u>2020</u> S\$
Interest from banks	22,754	15,961
Interest from bonds and capital securities		
- Investments at amortised costs	236,208	322,826
- Investment at fair value through profit or loss	120,000	120,329
Interest from fixed deposits	543,693	1,156,794
Amortisation of bonds	2,165	(2,765)
Net gain on fair value changes		
- Investment at fair value through profit or loss (Note 10)	4,800	(57,660)
	<u>929,620</u>	<u>1,555,485</u>

#### (ii) Expenditure

	<u>2021</u> S\$	<u>2020</u> S\$
Irrecoverable goods and services tax	116,406	298,017
Reroofing works	230,432	225,269
Repairs and redecoration	9,408,534	14,467,768
Replacement of Alert Alarm System	-	575,308
Replacement of water tank, pipes and booster pump	771,242	2,158,458
Rewiring works	283,244	560,398
Others (Note 11)	994	(489)
	<u>10,810,852</u>	<u>18,284,729</u>

# JURONG-CLEMENTI TOWN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

6. Lift Replacement Fund	Note	Total		Residential Property		Commercial Property	
		2021 S\$	2020 S\$	2021 S\$	2020 S\$	2021 S\$	2020 S\$
<b>Balance at 1 April</b>		45,173,977	33,946,559	33,655,280	23,707,450	11,518,697	10,239,109
Add:							
Operating income transfer from conservancy and service fees (minimum required by law)	4	8,997,541	9,019,323	8,127,283	8,103,021	870,258	916,302
Investment and interest income	6(i), 24	447,973	596,427	419,053	557,848	28,920	38,579
Selective Lift Replacement Programme funding	6(iii)	196,080	197,116	177,039	177,911	19,041	19,205
Transfer from government grants including LRF	4, 25	1,703,273	1,690,409	1,693,717	1,681,235	9,556	9,174
Maintenance Grant and GST Subvention	4, 25	5,142,448	5,350,640	4,731,561	4,890,427	410,887	460,213
Transfer from government grants - LRF Matching Grant		16,487,315	16,853,915	15,148,653	15,410,442	1,338,662	1,443,473
Less: Expenditure	6(ii)	(8,666,550)	(5,532,582)	(8,211,710)	(5,374,772)	(454,840)	(157,810)
Less: Income tax	19	(69,857)	(93,915)	(65,347)	(87,840)	(4,510)	(6,075)
<b>Surplus for the financial year</b>		7,750,908	11,227,418	6,871,596	9,947,830	879,312	1,279,588
Transfer from Routine to Lift Replacement fund as at 22 June 2020	4	1,757,475	-	1,227,182	-	530,293	-
<b>Balance at 31 March</b>		54,682,360	45,173,977	41,754,058	33,655,280	12,928,302	11,518,697
<b>Represented by:</b>							
<b>Non-current assets</b>		4,000,000	4,000,000				
Investments at amortised cost		4,000,000	4,000,000				
<b>Current assets</b>		453,866	361,123				
Conservancy and service receivables		125,136	216,428				
Interest receivable		1,276,211	1,262,420				
Other receivables		51,482,454	37,582,855				
Cash and bank balances		1,503,560	2,461,696				
Due from Accumulated Surplus		54,851,227	41,884,522				
<b>Total assets</b>		58,851,227	45,884,522				
<b>Less:</b>							
<b>Current liabilities</b>		4,071,460	600,562				
Payables and accrued expenses		97,407	109,983				
Income tax payable		4,168,867	710,545				
<b>Total liabilities</b>		54,682,360	45,173,977				
<b>NET ASSETS</b>							

# JURONG-CLEMENTI TOWN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

### 6. Lift Replacement Fund (Continued)

#### (i) Investment and interest income

	<u>2021</u> S\$	<u>2020</u> S\$
Interest from banks	22,869	10,886
Interest from bonds		
- Investments at amortised costs	90,000	90,247
Interest from fixed deposits	335,104	495,294
	<u>447,973</u>	<u>596,427</u>

#### (ii) Expenditure

	<u>2021</u> S\$	<u>2020</u> S\$
Irrecoverable goods and services tax	116,595	124,623
Lift modernisation / overhauls / total replacement works	43,258	410,863
Selective Lift Replacement Programme expenditure	-	394,232
Other lift works	8,506,697	4,602,864
	<u>8,666,550</u>	<u>5,532,582</u>

#### (iii) Selective Lift Replacement Programme funding

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

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

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

Movement in Selective Lift Replacement Programme funding is as follows:

	<u>2021</u> S\$	<u>2020</u> S\$
Balance at 1 April	-	103,655
Funding from government	(196,080)	(300,771)
Selective Lift Replacement Programme expenditure at 50%	196,080	197,116
Movement during the financial year	-	(103,655)
Balance at 31 March	<u>-</u>	<u>-</u>

# JURONG-CLEMENTI TOWN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

### 7. Town Improvement and Project Fund

	Note	Total		Residential Property		Commercial Property	
		2021 S\$	2020 S\$	2021 S\$	2020 S\$	2021 S\$	2020 S\$
<b>Balance at 1 April</b>		2,669,256	2,227,975	1,455,827	1,703,737	1,213,429	524,238
Add/(Less):							
Transfer from government grants	4, 25	2,392,044	7,660,296	2,277,737	5,618,193	114,307	2,042,103
Expenditure	7(i)	(4,325,188)	(8,219,015)	(3,450,482)	(6,366,103)	(874,706)	(1,852,912)
		(1,933,144)	(558,719)	(1,172,745)	(747,910)	(760,399)	189,191
<b>(Deficit)/Surplus for the financial year</b>							
Appropriation from Accumulated Surplus *	4	-	1,000,000	-	500,000	-	500,000
<b>Balance at 31 March</b>		736,112	2,669,256	283,082	1,455,827	453,030	1,213,429

Represented by:

#### Current assets

Goods and services tax receivable  
Receivables from CCC (Note 12)

#### Total assets

236	125,219
6,576,834	7,570,324
6,577,070	7,695,543

Less:

#### Current liabilities

Payables and accrued expenses  
Due to Accumulated Surplus

#### Total liabilities

1,887,795	1,556,227
3,953,163	3,470,060
5,840,958	5,026,287

#### NET ASSETS

736,112	2,669,256
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\* The amount required by the Town Improvement and Project Fund for the following financial year would then be appropriated from the Accumulated Surplus, if required.

## JURONG-CLEMENTI TOWN COUNCIL

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

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

##### (i) Expenditure

	<b><u>2021</u></b> <b><u>S\$</u></b>	<b><u>2020</u></b> <b><u>S\$</u></b>
Construction of covered link way/drop-off point	270,524	3,111,905
Construction of pavilion shelter	-	93,358
Construction/Upgrading playground or fitness centre	2,190,438	1,983,740
Large scale town wide project	935,774	966,534
Improvement works and other amenities	928,452	2,063,478
	<hr/>	<hr/>
	<b>4,325,188</b>	<b>8,219,015</b>

**JURONG-CLEMENTI TOWN COUNCIL**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

**8. Property, plant and equipment**

	<b>Furniture, fixtures and fittings S\$</b>	<b>Office equipment S\$</b>	<b>Data processing equipment S\$</b>	<b>Plant and machinery S\$</b>	<b>Leased premises S\$</b>	<b>Total S\$</b>
<b>Cost</b>						
At 1 April 2019	23,816	89,119	159,905	94,627	235,758	603,225
Additions	2,244	16,786	71,992	4,340	852,122	947,484
Derecognised	-	-	-	-	(212,296)	(212,296)
Written-off	-	(7,700)	-	(2,500)	-	(10,200)
At 31 March 2020	26,060	98,205	231,897	96,467	875,584	1,328,213
Additions	1,500	-	183,352	4,700	-	189,552
Derecognised	-	-	-	-	(23,462)	(23,462)
Written-off/disposal	(2,623)	-	(109,997)	(4,000)	-	(116,620)
At 31 March 2021	24,937	98,205	305,252	97,167	852,122	1,377,683
<b>Accumulated depreciation</b>						
At 1 April 2019	14,531	43,849	148,227	90,292	-	296,899
Depreciation (Note 23)	2,192	15,457	12,709	1,165	301,317	332,840
Derecognised	-	-	-	-	(212,296)	(212,296)
Written-off	-	(7,700)	-	(2,500)	-	(10,200)
At 31 March 2020	16,723	51,606	160,936	88,957	89,021	407,243
Depreciation (Note 23)	2,441	15,179	54,904	2,750	295,772	371,046
Derecognised	-	-	-	-	(23,462)	(23,462)
Written-off/disposal	(2,622)	-	(109,997)	(4,000)	-	(116,619)
At 31 March 2021	16,542	66,785	105,843	87,707	361,331	638,208
<b>Carrying amount</b>						
At 31 March 2020	9,337	46,599	70,961	7,510	786,563	920,970
At 31 March 2021	8,395	31,420	199,409	9,460	490,791	739,475

ROU assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 27.

**9. Investments at amortised cost**

	<b>2021 S\$</b>	<b>2020 S\$</b>
<b>At amortised cost</b>		
Quoted bonds	11,960,500	15,032,500
Amortisation of bonds premium / (discount)	17,220	(56,945)
	<u>11,977,720</u>	<u>14,975,555</u>
<b>Maturing:</b>		
Within 1 year	-	3,003,617
After one year but within five years	8,977,720	8,971,938
Later than five years	3,000,000	3,000,000
	<u>11,977,720</u>	<u>11,971,938</u>
	<u>11,977,720</u>	<u>14,975,555</u>

Investments at amortised cost represents investments in quoted bonds issued by statutory boards and government-linked companies, with a fixed interest rate of 2.250% to 2.320% (2020: 2.250% to 4.300%) per annum and maturity date of 21 November 2024 to 24 January 2028 (2020: 31 August 2020 to 24 January 2028), and are denominated in Singapore dollar as at reporting date.



# JURONG-CLEMENTI TOWN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

### 9. Investments at amortised cost (Continued)

The change in amortisation is as follows:

	<u>2021</u> S\$	<u>2020</u> S\$
Balance at 1 April	56,945	54,180
Amortisation charged to income and expenditure (Note 24)	(2,165)	2,765
Derecognition during the year	(72,000)	-
Balance at 31 March	<u>(17,220)</u>	<u>56,945</u>

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

	<u>2021</u> %	<u>2020</u> %
Quoted bonds	<u>2.42</u>	<u>2.50</u>

The fair value of investments at amortised cost is based on the closing bid price at the end of the financial year as follows:

	<u>2021</u> S\$	<u>2020</u> S\$
Quoted bonds	<u>12,505,350</u>	<u>15,549,360</u>

### 10. Investment at fair value through profit or loss ("FVPL")

	<u>2021</u> S\$	<u>2020</u> S\$
Balance at 1 April	3,004,020	3,061,680
Fair value changes (Note 24)	4,800	(57,660)
Balance at 31 March	<u>3,008,820</u>	<u>3,004,020</u>
Maturing:		
Within one year	3,008,820	-
After one year	-	3,004,020
	<u>3,008,820</u>	<u>3,004,020</u>

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

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

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

Investment at FVPL are denominated in Singapore dollar as at reporting date.

Investment in capital securities have been mandatorily measured at FVPL.

# JURONG-CLEMENTI TOWN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

### 11. Conservancy and service fees receivables

	<u>2021</u> S\$	<u>2020</u> S\$
Conservancy and service fees receivables	3,993,250	3,042,005
Add: Interest receivable on late payments	122,805	113,356
	<u>4,116,055</u>	<u>3,155,361</u>
Less: Allowance for doubtful receivables	(2,303,585)	(1,997,717)
	<u>1,812,470</u>	<u>1,157,644</u>

Conservancy and service fees receivables are generally on 30 (2020: 30) days' credit terms. Penalty fee is charged on the outstanding balances.

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

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

	<u>2021</u> S\$	<u>2020</u> S\$
Past due for 9 months or above	<u>2,303,585</u>	<u>1,997,717</u>

Movements in the allowance for doubtful receivables are as follows:

	<u>2021</u> S\$	<u>2020</u> S\$
Balance at 1 April	1,997,717	1,739,359
Allowance charged to income and expenditure (Note 23)	316,385	270,498
Allowance utilised	(11,511)	(11,650)
Charged/ (Credited) to Sinking Fund – LUP debtors (Note 5(ii))	994	(490)
Balance at 31 March	<u>2,303,585</u>	<u>1,997,717</u>

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

### 12. Other receivables

	<u>2021</u> S\$	<u>2020</u> S\$
Deposits	571,742	545,361
GST Subvention receivable	563,151	560,543
Interest receivable	460,014	784,589
Goods and services tax receivable	393,577	429,696
LRF Matching Grant receivable	1,006,121	1,154,594
Prepayments	528,899	335,109
Receivables from CCC	6,576,834	7,570,324
Receivables from HDB	-	89,222
Receivables from SP Services	1,556,393	602,443
Service and Conservancy Charges Operating Grant receivable	14,304	23,353
Other receivables	140,283	30,677
	<u>11,811,318</u>	<u>12,125,911</u>

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

# JURONG-CLEMENTI TOWN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

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

	<u>2021</u> S\$	<u>2020</u> S\$
Balance at 1 April	2,005,138	2,202,898
Funding from government	(117,750)	(2,162,688)
Payment to contractors	1,144,782	1,964,928
Movement during the financial year	1,027,032	(197,760)
Balance at 31 March	<u>3,032,170</u>	<u>2,005,138</u>

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

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

	<u>2021</u> S\$	<u>2020</u> S\$
Balance at 1 April	1,017,808	923,890
Funding from government	-	(1,271,859)
Payment to contractors	9,249	1,365,777
Movement during the financial year	9,249	93,918
Balance at 31 March	<u>1,027,057</u>	<u>1,017,808</u>

The SIP programme is part of Sport Singapore's ("SportSG") Sports Facilities Master Plan to bring community sports and recreational facilities close to residents at the neighbourhood level. The programme is funded by SportSG and the funding is for the specific use of projects under the programme.

## JURONG-CLEMENTI TOWN COUNCIL

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

#### 15. Electrical Load Upgrading Programme ("ELUP") funding receivables / (received in advance)

	<u>2021</u> S\$	<u>2020</u> S\$
Balance at 1 April	346,860	(958,432)
Funding from government	(1,162,019)	(1,077,587)
Payment to contractors	1,087,805	1,714,047
Administrative fees earned on ELUP projects transferred to statement of income and expenditure (Note 21)	-	668,832
Movement during the financial year	(74,214)	1,305,292
Balance at 31 March	<u>272,646</u>	<u>346,860</u>

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

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

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

#### 16. Cash and bank balances

	<u>2021</u> S\$	<u>2020</u> S\$
Cash and bank balances	36,845,288	22,268,477
Fixed deposits with financial institutions	<u>117,442,416</u>	<u>96,399,563</u>
	<u>154,287,704</u>	<u>118,668,040</u>
Fixed deposits maturing:		
- Within 3 months	50,195,258	48,520,132
- Between 3 to 12 months	<u>67,247,158</u>	<u>47,879,431</u>
	<u>117,442,416</u>	<u>96,399,563</u>

Fixed deposits are placed for varying periods from three to twelve (2020: one to eleven) months, bear interest rates ranging from 0.2% to 1.15% (2020: 0.25% to 2.05%) per annum. The weighted average effective interest rates per annum relating to fixed deposits is 0.45% (2020: 1.72%).

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

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

	<u>2021</u> S\$	<u>2020</u> S\$
Cash and fixed deposits	154,287,704	118,668,040
Short term fixed deposits with maturity more than 3 months	(67,247,158)	(47,879,431)
Cash and cash equivalents	<u>87,040,546</u>	<u>70,788,609</u>

# JURONG-CLEMENTI TOWN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

### 17. Lease liabilities

	<u>2021</u> S\$	<u>2020</u> S\$
Undiscounted lease payments due:		
- Year 1	294,000	306,000
- Year 2	214,000	294,000
- Year 3	-	214,000
	<u>508,000</u>	<u>814,000</u>
Less: Unearned interest cost	<u>(9,872)</u>	<u>(24,885)</u>
	<u>498,128</u>	<u>789,115</u>
Presented in the statement of financial position as:		
- non-current liabilities	212,296	498,128
- current liabilities	<u>285,832</u>	<u>290,987</u>
	<u>498,128</u>	<u>789,115</u>

The movement in the lease liabilities during the financial year is presented below:

Balance at 1 April 2019	789,115	235,758
Add : Recognition of lease liabilities during the financial year	-	852,122
Accretion of interest (Note 23)	<u>15,013</u>	<u>7,235</u>
	804,128	1,095,115
Less: Principal repayment	<u>(290,987)</u>	<u>(298,765)</u>
Interest paid	<u>(15,013)</u>	<u>(7,235)</u>
	<u>498,128</u>	<u>789,115</u>

The Town Council leases office premises from non-related parties under non-cancellable lease agreements. There are no restrictions placed upon the Town Council by entering into these contracts.

There are no lease expenses not capitalised in lease liabilities but recognised in the income and expenditure.

The cash flows for all leases (including interest paid) in the year amounted to S\$306,000 (2020: S\$306,000).

As at 31 March 2021, the Town Council has no lease commitments at the reporting date.

The Town Council's lease liabilities are secured by the lessors' title to the leased assets.

Information about the Town Council's leasing activities are disclosed in Note 27.

Further information about the financial risk management are disclosed in Note 29.

Lease liabilities are denominated in Singapore dollar as at reporting date.

## JURONG-CLEMENTI TOWN COUNCIL

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

#### 18 (i). Conservancy and Service fees received in advance

	<u>2021</u> S\$	<u>2020</u> S\$
Contract liabilities	<u>1,545,275</u>	<u>1,010,448</u>

The contract liabilities primarily relate to the advance consideration received from customers for conservancy and service fees. The contract liabilities are recognised as revenue when the Town Council fulfils its performance obligation under the contract with the customers. The details are as follows:

	<u>2021</u> S\$	<u>2020</u> S\$
Revenue recognised that was included in contract liabilities at beginning of year	<u>1,010,448</u>	<u>1,441,502</u>

Contract liabilities are denominated in Singapore Dollar.

#### 18 (ii). Payables and accrued expenses

	<u>2021</u> S\$	<u>2020</u> S\$
Accrued operating expense	1,908,360	1,673,459
Amount payable to managing agent	2,498,863	730,441
Payable to contractors	20,614,644	7,583,221
Payable to contractors under Selective Lift Replacement Programme		
Refundable deposits	352,622	353,761
Other payables	477,141	382,932
Payable to HDB	62,895	-
	<u>25,914,525</u>	<u>10,723,814</u>

Payables are generally on 30 to 90 (2020: 30 to 90) days' credit terms.

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

#### 19. Income tax

	<u>2021</u> S\$	<u>2020</u> S\$
Current income tax		
- Current	498,904	799,287
- Overprovision in prior financial years	178,772	(3,481)
Tax expense	<u>677,676</u>	<u>795,806</u>
Taken up in:		
Accumulated Surplus (Note 4)	475,206	459,368
Sinking Fund (Note 5)	132,613	242,523
Lift Replacement Fund (Note 6)	69,857	93,915
	<u>677,676</u>	<u>795,806</u>

The Town Council is incorporated in Singapore and accordingly is subject to income tax rate of 17% (2020: 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% (2020: 10%) for the interest income earned from qualifying debt securities determined by Monetary Authority of Singapore.



## JURONG-CLEMENTI TOWN COUNCIL

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

#### 19. Income tax (Continued)

Reconciliation of effective tax rate is as follows:

	<u>2021</u> S\$	<u>2020</u> S\$
Taxable income:		
Investment and interest income	1,434,412	2,543,549
Government grant income	19,700,702	25,085,256
Other income	1,679,951	2,377,777
	<u>22,815,065</u>	<u>30,006,582</u>
	<u>2021</u> S\$	<u>2020</u> S\$
Income tax at statutory rate of 17%	3,878,561	5,101,119
Tax effect on concessionary income	(31,235)	(37,338)
Singapore statutory stepped income exemption	(17,425)	(17,425)
Tax remission of government grants under Section 92 (2) of Singapore Income Tax Act	(3,333,773)	(4,249,663)
Over-provision in prior financial years	178,772	(3,481)
Others	2,776	2,594
Tax expense	<u>677,676</u>	<u>795,806</u>

Movements in the income tax payable are as follows:

	<u>2021</u> S\$	<u>2020</u> S\$
Balance at 1 April	1,162,940	888,380
Payments made during the financial year	(574,639)	(521,246)
Current financial year's income tax expense	498,904	799,287
Under/ (over) provision in prior financial years	178,772	(3,481)
Balance at 31 March	<u>1,265,977</u>	<u>1,162,940</u>

#### 20. Agency fees

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

## JURONG-CLEMENTI TOWN COUNCIL

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

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#### 21. Other income

	<u>2021</u>	<u>2020</u>
	S\$	S\$
Interest on late payment of conservancy and service fees	61,536	84,709
Administrative fees earned on ELUP projects		
- Current Year	19,142	-
- Transfer from ELUP recoverable (Note 15)	-	668,832
Liquidated damages	31,374	158,790
Net profit from push cart project	-	23,191
Sundry fines	20,156	54,360
Temporary occupation licences	2,838,619	2,766,154
Office rental concession	51,000	-
Usage of void deck, water, electricity and common property	2,265	275,725
Government grant	246,685	-
Others	146,684	161,600
	<u>3,417,461</u>	<u>4,193,361</u>

Included in government grant is Job Support Scheme ("JSS") grant of S\$239,382 (2020: NIL) from the Singapore Government to help employers to retain their local employees during the period of economic uncertainty to match the related staff costs for which the grant is intended to compensate.

#### 22. Managing agent's fees

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

# JURONG-CLEMENTI TOWN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

### 23. General and administrative expenditure

	<u>2021</u> S\$	<u>2020</u> S\$
Advertising, publicity and public relations	609,634	438,123
Allowance for doubtful receivables (Note 11)	316,385	270,498
Computing service	575,552	268,135
Depreciation of property, plant and equipment (Note 8)	371,046	332,840
Fees and other charges	231,307	125,508
Interest expense (Note 17)	15,013	7,235
Irrecoverable goods and services tax *	586,187	776,650
Fixed assets written off	1	-
Upkeep expenditure	57,364	62,598
Offices supplies and stationery	165,100	172,375
Property, plant and equipment not capitalised	4,815	5,713
Gain on disposal of property, plant and equipment	-	(100)
Professional fees	50,000	67,440
Property tax	280,093	281,494
Staff costs (including key management personnel remuneration disclosed in Note 28)		
- Salaries and related costs	1,706,705	1,436,483
- Employers' contribution defined contribution plan	168,784	132,285
Town Councillors' allowances (Note 28)	280,051	306,900
Others	338,072	146,691
	<u>5,756,109</u>	<u>4,830,868</u>

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

### 24. Investment and interest income

	<u>2021</u> S\$	<u>2020</u> S\$
Current accounts	78,202	63,976
Investments at amortised cost	326,208	413,076
Investment at fair value through profit or loss	120,000	120,329
Fixed deposits	910,002	1,946,168
Amortisation of bonds (Note 9)	2,165	(2,765)
Net gain on fair value changes		
- Investment at fair value through profit or loss (Note 10)	4,800	(57,660)
	<u>1,441,377</u>	<u>2,483,124</u>
Taken up in:		
Accumulated Surplus (Note 4)	63,784	331,212
Sinking Fund (Note 5)	929,620	1,555,485
Lift Replacement Fund (Note 6)	447,973	596,427
	<u>1,441,377</u>	<u>2,483,124</u>

# JURONG-CLEMENTI TOWN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

### 25. Government grants

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

	<u>Note</u>	<u>2021</u> S\$	<u>Total</u> <u>2020</u> S\$
<b>Government grants received/receivable</b>			
Service and Conservancy Charges Operating Grant		8,613,940	8,533,191
Payments from Citizens' Consultative Committee		2,392,044	7,660,296
GST Subvention		2,254,470	2,247,529
Lift Maintenance Grant		1,297,800	1,293,600
LRF Matching Grant		5,142,448	5,350,640
	4	19,700,702	25,085,256
<b>Less: Transfers to Sinking Fund</b>			
Service and Conservancy Charges Operating Grant		(2,239,624)	(2,218,630)
GST Subvention		(586,163)	(584,361)
Lift Maintenance Grant		(337,429)	(336,337)
	4, 5	(3,163,216)	(3,139,328)
<b>Less: Transfers to Lift Replacement Fund</b>			
Service and Conservancy Charges Operating Grant		(1,205,952)	(1,194,647)
GST Subvention		(315,628)	(314,657)
Lift Maintenance Grant		(181,693)	(181,105)
	4, 6	(1,703,273)	(1,690,409)
LRF Matching Grant	4, 6	(5,142,448)	(5,350,640)
		(6,845,721)	(7,041,049)
<b>Less: Transfers to Town Improvement and Project Fund</b>			
Payments from Citizens' Consultative Committee	4, 7	(2,392,044)	(7,660,296)
		<u>7,299,721</u>	<u>7,244,583</u>

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

	<u>2021</u> S\$	<u>2020</u> S\$
Total grants received at 1 April	235,261,420	212,814,607
<b>Add: Grants received during the financial year</b>		
Service and Conservancy Charges Operating Grant	8,622,989	8,621,018
Payments from Citizens' Consultative Committee	3,385,534	2,919,064
GST Subvention	2,251,862	2,249,619
Lift Maintenance Grant	1,297,800	1,293,600
LRF Matching Grant	5,290,921	7,363,512
	20,849,106	22,446,813
Total grants received at 31 March	<u>256,110,526</u>	<u>235,261,420</u>

## JURONG-CLEMENTI TOWN COUNCIL

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

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#### 26. 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>2021</u> S\$	<u>2020</u> S\$
Amount approved and contracted for	21,461,236	26,402,770
Amount approved but not contracted for	<u>77,301,377</u>	<u>36,365,428</u>
	<u>98,762,613</u>	<u>62,768,198</u>

Included in the amount approved and contracted for is the cost for Neighbourhood Renewal Programme works amounting to S\$3,802,613 (2020: S\$4,020,648).

#### 27. Leases

The Town Council leases office premises from non-related parties under non-cancellable lease agreements. There are no restrictions placed on the Town Council by entering into these contracts.

The leases for office premises contain extension periods for which the related lease payments have not been included in lease liabilities as these extension options are at the sole discretion of the lessor.

##### Town Council as lessee

ROU assets classified within property, plant and equipment

	<u>2021</u> S\$	<u>2020</u> S\$
(a) Carrying amounts of leased premises (Note 8)	<u>490,791</u>	<u>786,563</u>
(b) Depreciation charge during the financial year (Note 8) - leased premises	<u>295,772</u>	<u>301,317</u>
(c) Addition of ROU assets during the financial year (Note 8) - leased premises	<u>-</u>	<u>852,122</u>

# JURONG-CLEMENTI TOWN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

### 28. Significant related party transactions

The Town Council is managed by the managing agent, C&W Services Township Pte Ltd. Related party relates to the managing agent who manages the operations of the Town Council and provides key management personnel services to the Town Council.

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

	<u>2021</u> S\$	<u>2020</u> S\$
Expenditure paid to managing agent in relation to:		
Managing agent's fee	4,569,420	4,343,052
Project management fee	875,209	1,292,625
Reimbursement for advertising fee and other expenses	<u>-</u>	<u>1,853</u>
Expenditure paid to entities related to the managing agent:		
Enforcement service fee	29,376	191,636
Lift, pump and fire protection maintenance fee	385,916	429,454
Essential Maintenance Service Unit (EMSU) fee	<u>969,657</u>	<u>965,434</u>

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

#### Key management personnel

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

The Town Council pays monthly fees to C&W Services Township Pte Ltd and incurs manpower and related costs such as Town Councillors' allowances and staff costs as disclosed in Note 23.

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

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

	<u>2021</u> S\$	<u>2020</u> S\$
Town Councillors' allowance (Note 23)	280,051	306,900
Salaries and related costs	489,474	450,528
Employers' contribution defined contribution plan	<u>23,351</u>	<u>20,910</u>
	<u>792,876</u>	<u>778,338</u>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021**

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**29. Financial instruments and financial risks**

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

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

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

***Credit risk***

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

Town Council's major classes of financial assets are investments in financial assets, bank deposits, conservancy and service fee receivables, other receivables and funding receivables from various programmes.

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

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

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

Funding receivables from various programmes are from statutory boards of good credit standing.

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

# JURONG-CLEMENTI TOWN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

### 29. Financial instruments and financial risks (continued)

#### Credit risk (Continued)

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

	2021 S\$	2020 S\$
Not past due	445,230	407,199
Past due for 1 to 2 months	303,924	283,818
Past due for 3 to 5 months	282,888	253,615
Past due for 6 months and above	780,428	213,012
	<u>1,812,470</u>	<u>1,157,644</u>

The movements in the allowance for impairment in respect of conservancy and service fee receivables during the financial year are disclosed in Note 11 to the financial statements.

Based on past experience, except for certain conservancy and service fee receivables balances that impaired, the management believes that it will be collectible in the foreseeable future as a result of recovery efforts and based on historical experience, adjusted for forward-looking factors specific to the receivables and the economic conditions.

For receivables, an ongoing credit evaluation is performed on the financial conditions of the receivables and losses on impairment are recognised in income or expenditure. The allowance for doubtful conservancy and service fees receivables totalling \$2,303,585 (2020: \$1,997,717) has been determined at the reporting date.

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

Town Council	Internal credit rating	12-month / Lifetime ECL	Gross carrying amount S\$	Loss allowance S\$	Net carrying amount S\$
<b>31 March 2021</b>					
Conservancy and service fees receivables (Note 11)	(1)	Lifetime ECL (Simplified approach)	4,116,055	(2,303,585)	1,812,470
Other receivables (Note 12)	(2)	Performing	11,811,318	-	11,811,318
NRP funding receivables (Note 13)	(2)	Performing	3,032,170	-	3,032,170
SIP funding receivables (Note 14)	(2)	Performing	1,027,057	-	1,027,057
ELUP funding receivables (Note 15)	(2)	Performing	272,646	-	272,646
<b>31 March 2020</b>					
Conservancy and service fees receivables (Note 11)	(1)	Lifetime ECL (Simplified approach)	3,155,361	(1,997,717)	1,157,644
Other receivables (Note 12)	(2)	Performing	12,125,911	-	12,125,911
NRP funding receivables (Note 13)	(2)	Performing	2,005,138	-	2,005,138
SIP funding receivables (Note 14)	(2)	Performing	1,017,808	-	1,017,808
ELUP funding receivables (Note 15)	(2)	Performing	346,860	-	346,860

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

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29. Financial instruments and financial risks (Continued)

**Market risk**

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

Foreign currency risk

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

Interest rate risk

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

Equity price risk

Equity price risk is applicable to investments in equity shares or similar instruments. The Town Council is exposed to equity price risk arising from its investments in non-cumulative non-convertible perpetual capital securities classified as Investments at fair value through profit or loss.

If the fair value had been 2% (2020: 2%) lower/higher with all other variables held constant, the Town Council's Sinking Fund balance for the financial year would have been \$60,176 (2020: \$60,080) higher/lower, arising as a result of higher/lower fair value gain/losses on investments.

**Liquidity risk**

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

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

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

The contractual undiscounted cash flows of the non-derivative financial instruments due within 12 months equal their carrying amounts as the impact of discounting is not significant, except for investments at amortised cost disclosed in Note 9.

# JURONG-CLEMENTI TOWN COUNCIL

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

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

#### *Financial instruments by category*

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

	Note	2021 S\$	2020 S\$
<b>Investment at fair value through profit or loss</b>	10	<u>3,008,820</u>	<u>3,004,020</u>
<b><i>Financial assets at amortised cost</i></b>			
Investments at amortised cost	9	11,977,720	14,975,555
Conservancy and service fees receivables	11	1,812,470	1,157,644
Other receivables	12	11,811,318	12,125,911
Less: GST Subvention receivable	12	(563,151)	(560,543)
Less: Goods and services tax receivable	12	(393,577)	(429,696)
Less: LRF Matching Grant receivable	12	(1,006,121)	(1,154,594)
Less: Prepayments	12	(528,899)	(335,109)
Less: S&CC Operating Grant receivable	12	(14,304)	(23,353)
Neighbourhood Renewal Programme funding receivables	13	3,032,170	2,005,138
Sport-in-Precinct Programme funding receivables	14	1,027,057	1,017,808
Electrical Load Upgrading Programme funding receivables	15	272,646	346,860
Cash and bank balances	16	<u>154,287,704</u>	<u>118,668,040</u>
Total		<u>181,715,033</u>	<u>147,793,661</u>
<b><i>Financial liabilities at amortised cost</i></b>			
Lease liabilities	17	498,128	789,115
Payables and accrued expenses	18 (ii).	<u>25,914,525</u>	<u>10,723,814</u>
Total		<u>26,412,653</u>	<u>11,512,929</u>

### 30. Fair value of financial assets and liabilities

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

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

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

## JURONG-CLEMENTI TOWN COUNCIL

### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

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

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

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

	<u>2021</u> S\$	<u>2020</u> S\$
Financial assets		
Investments at amortised cost (Note 9)	12,505,350	15,549,360
Investment at fair value through profit or loss (Note 10)	3,008,820	3,004,020

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

#### 31. Funds management

The Town Council's objectives when managing funds are:

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

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

There were no changes in the Town Council's approach to funds management from 31 March 2020.

The Town Council is not subjected to any externally imposed capital requirements during the financial years ended 31 March 2021 and 2020.

As at the end of the reporting period, the Town Council's total funds amounted to \$158,745,475 (2020: \$140,535,629).