

JURONG-CLEMENTI TOWN COUNCIL
(Established under the Town Councils Act 1988)

FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 MARCH 2022

JURONG-CLEMENTI TOWN COUNCIL

FINANCIAL STATEMENTS FINANCIAL YEAR ENDED 31 MARCH 2022

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

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Jurong-Clementi Town Council (the "Town Council"), which comprise the statement of financial position as at 31 March 2022, 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 1988 (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 2022 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

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**

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
27 September 2022

JURONG-CLEMENTI TOWN COUNCIL

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	<u>Note</u>	<u>2022</u>	<u>2021</u>
		<u>S\$</u>	<u>S\$</u>
TOWN COUNCIL FUNDS			
Residential Property			
Accumulated Surplus	4	837,202	3,918,742
Sinking Fund	5	60,143,116	54,441,918
Lift Replacement Fund	6	48,123,627	41,754,058
Town Improvement and Project Fund	7	459,132	283,082
		<u>109,563,077</u>	<u>100,397,800</u>
Commercial Property			
Accumulated Surplus	4	1,259,640	1,166,855
Sinking Fund	5	41,268,335	40,491,330
Lift Replacement Fund	6	13,729,146	12,928,302
Town Improvement and Project Fund	7	349,035	453,030
		<u>56,606,156</u>	<u>55,039,517</u>
Carpark			
Accumulated Surplus	4	4,614,616	3,308,158
Total Town Council funds		<u><u>170,783,849</u></u>	<u><u>158,745,475</u></u>
REPRESENTED BY:			
Non-current assets			
Property, plant and equipment	8	763,055	739,475
Investments at amortised cost	9	11,983,641	11,977,720
		<u>12,746,696</u>	<u>12,717,195</u>
Current assets			
Investment at fair value through profit or loss	10	-	3,008,820
Conservancy and service fees receivables	11	1,994,655	1,812,470
Other receivables	12	11,027,323	11,811,318
Neighbourhood Renewal Programme funding receivables	13	2,042,876	3,032,170
Sport-in-Precinct Programme funding receivables	14	1,103,209	1,027,057
Electrical Load Upgrading Programme funding receivables	15	579,270	272,646
Cash and bank balances	16	158,700,211	154,287,704
		<u>175,447,544</u>	<u>175,252,185</u>
Total assets		<u><u>188,194,240</u></u>	<u><u>187,969,380</u></u>
Less:			
Non-current liabilities			
Lease Liabilities	17	11,870	212,296
Current liabilities			
Conservancy and service fees received in advance	18(i)	1,669,306	1,545,275
Lease Liabilities	17	223,888	285,832
Payables and accrued expenses	18(ii)	14,590,303	25,914,525
Income tax payable	19	915,024	1,265,977
		<u>17,398,521</u>	<u>29,011,609</u>
Total liabilities		<u><u>17,410,391</u></u>	<u><u>29,223,905</u></u>
Net assets		<u><u>170,783,849</u></u>	<u><u>158,745,475</u></u>

Mr Xie Yao Quan
Chairman

Mr Jeffrey Wong Yew Cheong
Secretary

Date: 27 September 2022

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 2022

	<u>Note</u>	<u>2022</u> <u>S\$</u>	<u>2021</u> <u>S\$</u>
Operating Income			
Conservancy and service fees	4	64,478,615	64,268,614
Less: Operating income transfer to			
- Sinking Fund (minimum required by law)	4, 5	(16,764,446)	(16,709,724)
- Lift Replacement Fund (minimum required by law)	4, 6	(9,027,005)	(8,997,541)
		38,687,164	38,561,349
Agency fees	4, 20	4,414,711	4,120,349
Other income	4, 21	2,983,119	3,417,461
		46,084,994	46,099,159
Less: Operating expenditure			
Cleaning works		(8,280,420)	(8,293,928)
Managing agent's fees	22	(3,826,669)	(4,569,420)
Lift maintenance		(10,524,748)	(10,182,368)
Other works and maintenance		(11,011,973)	(9,419,692)
Water and electricity		(12,292,328)	(12,233,948)
General and administrative expenditure	23	(6,412,738)	(5,756,109)
		(52,348,876)	(50,455,465)
Operating deficit		(6,263,882)	(4,356,306)
Add: Investment and interest income	24	41,250	63,784
Deficit before government grants and income tax		(6,222,632)	(4,292,522)
Less: Income tax	19	(299,547)	(475,206)
Deficit before government grants		(6,522,179)	(4,767,728)
Government grants	25	19,233,548	19,700,702
Less: Transfer to			
- Sinking Fund including Lift Maintenance Grant and GST Subvention	5	(3,180,621)	(3,163,216)
- Lift Replacement Fund including Lift Maintenance Grant and GST Subvention	6	(1,712,643)	(1,703,273)
- Lift Replacement Fund - LRF Matching Grant	6	(5,550,515)	(5,142,448)
- Town Improvement and Project Fund	7	(1,449,887)	(2,392,044)
		7,339,882	7,299,721
SURPLUS FOR THE FINANCIAL YEAR		817,703	2,531,993
Add: Accumulated Surplus at 1 April		8,393,755	10,883,118
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	(2,500,000)	-
ACCUMULATED SURPLUS AT 31 MARCH		6,711,458	8,393,755

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 2022**

	<u>Note</u>	<u>2022</u> S\$	<u>2021</u> S\$
Surplus/(Deficit) for the financial year			
- Accumulated Surplus	4	817,703	2,531,993
- Sinking Fund	5	6,478,203	9,860,089
- Lift Replacement Fund	6	7,170,413	7,750,908
- Town Improvement and Project Fund	7	<u>(2,427,945)</u>	<u>(1,933,144)</u>
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ATTRIBUTABLE TO TOWN COUNCIL FUNDS		<u>12,038,374</u>	<u>18,209,846</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 2022

	Residential Property S\$	Commercial Property S\$	Carpark S\$	Total S\$
Balance at 1 April 2020	81,318,194	53,446,222	5,771,213	140,535,629
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)	-
Balance at 31 March 2021	100,397,800	55,039,517	3,308,158	158,745,475
Surplus for the financial year	9,165,277	1,566,639	1,306,458	12,038,374
Total comprehensive income for the financial year attributable to Town Council funds	9,165,277	1,566,639	1,306,458	12,038,374
Balance at 31 March 2022	109,563,077	56,606,156	4,614,616	170,783,849

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 2022

	<u>Note</u>	<u>2022</u> S\$	<u>2021</u> S\$
Operating activities			
Deficit before government grants and income tax	4	(6,222,632)	(4,292,522)
Adjustments for:			
Impairment loss of receivables	23	-	316,385
Impairment loss of receivables written back	23	(118,302)	-
Conservancy and service fees transferred to Sinking Fund	4	16,764,446	16,709,724
Conservancy and service fees transferred to Lift Replacement Fund	4	9,027,005	8,997,541
Depreciation of property, plant and equipment	23	404,489	371,046
Interest expense	23	8,849	15,013
Interest income	4, 24	(41,250)	(63,784)
Property, Plant and equipment written off	23	-	1
Gain on disposal of property, plant and equipment	23	(748)	-
Operating cash flows before movements in working capital		<u>19,821,857</u>	<u>22,053,404</u>
Movements in working capital:			
Receivables		(590,962)	(2,129,597)
Payables		<u>(10,503,893)</u>	<u>15,725,538</u>
Cash generated from operations before income tax		<u>8,727,002</u>	<u>35,649,345</u>
Income tax paid	19	(767,074)	(574,639)
Sinking Fund income	5	1,542	994
Sinking Fund expenditure	5	(13,903,065)	(10,810,852)
Lift Replacement Fund expenditure	6	(16,435,251)	(8,666,550)
Town Improvement and Project Fund expenditure	7	(3,877,832)	(4,325,188)
Neighbourhood Renewal Programme expenditure	13	(159,937)	(1,144,782)
Sport-in-Precinct Programme expenditure	14	(76,152)	(9,249)
Electrical Load Upgrading Programme expenditure	15	<u>(786,344)</u>	<u>(1,087,805)</u>
Cash (used in) / generated from operations before government grants		<u>(27,277,111)</u>	<u>9,031,274</u>
Government grants received	25	23,851,949	20,849,106
Selective Lift Replacement Programme disbursement	6(iii)	-	196,080
Lift Enhancement Programme	6(iv)	3,543,048	-
Funding received for Neighbourhood Renewal Programme	13	451,658	117,750
Funding received for Electrical Load Upgrading Programme	15	<u>479,720</u>	<u>1,162,019</u>
Net cash generated from operating activities		<u>1,049,264</u>	<u>31,356,229</u>
Investing activities			
Interest and investment income received		1,061,783	1,758,987
Proceeds on maturity of investments		3,000,000	3,000,000
Purchase of plant and equipment	A	(393,288)	(189,552)
Proceeds from disposal of plant and equipment		748	-
Placement of fixed deposits		<u>(44,056,082)</u>	<u>(19,367,727)</u>
Net cash used in from investing activities		<u>(40,386,839)</u>	<u>(14,798,292)</u>
Financing activities			
Principal repayment of lease liabilities	B	(297,151)	(290,987)
Interest expense paid	B	<u>(8,849)</u>	<u>(15,013)</u>
Net cash used in financing activities		<u>(306,000)</u>	<u>(306,000)</u>
Net (decrease) / increase in cash and cash equivalents		<u>(39,643,575)</u>	<u>16,251,937</u>
Cash and cash equivalents at beginning of financial year		<u>87,040,546</u>	<u>70,788,609</u>
Cash and cash equivalents at the end of financial year	16	<u><u>47,396,971</u></u>	<u><u>87,040,546</u></u>

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

JURONG-CLEMENTI TOWN COUNCIL

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

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\$428,069 (2021: S\$189,552) of which S\$34,781 (2021: Nil) relates to non-cash additions to right-of-use assets, and the balance of S\$393,288 (2021: S\$189,552) 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.

		At 1 April 2021 S\$	Cash flows		Non-cash flows		At 31 March 2022 S\$
			Principal repayment S\$	Interest paid S\$	New leases S\$	Interest expense S\$	
2022	Note						
Lease liabilities	17	498,128	(297,151)	(8,849)	34,781	8,849	235,758
		At 1 April 2020 S\$	Principal repayment S\$	Interest paid S\$	New leases S\$	Interest expense S\$	At 31 March 2021 S\$
2021							
Lease liabilities	17	789,115	(290,987)	(15,013)	-	15,013	498,128

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 2022

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 1988 (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 2022 were authorised for issue in accordance with a resolution of the Town Council on 27 September 2022.

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 2021, 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 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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

Adoption of new and revised standards (Continued)

Amendments to FRS 109, FRS 39, FRS 107, FRS 104 and FRS 116 Interest Rate Benchmark Reform - Phase 2

The amendments enable entities to reflect the effects of transitioning from benchmark interest rates, such as interbank offer rates to alternative benchmark interest rates, without giving rise to accounting impacts that would not provide useful information to users of financial statements. The amendments affect in particular those entities with financial assets, financial liabilities or lease liabilities that are subject to interest rate benchmark reform and those that apply the hedge accounting requirements in FRS 109 to hedging relationships that are affected by the reform.

The key reliefs provided by the amendments are as follows:

- Changes to contractual cash flows - When changing the basis for determining contractual cash flows for financial assets and liabilities (including lease liabilities), the reliefs have the effect that the changes required by the reform will not result in an immediate gain or loss in profit or loss.
- Hedge accounting - The hedge accounting reliefs will allow most FRS 109 hedge relationships directly affected by the reform to continue. However, additional ineffectiveness might need to be recorded.

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

Amendments to FRS 116 COVID-19-Related Rent Concessions beyond 30 June 2021

As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. The amendment provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modification.

The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 pandemic, and only if all of the following conditions are met:

- a. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- b. any reduction in lease payments affects only payments due on or before 30 June 2022; and
- c. there is no substantive change to other terms and conditions of the lease.

Entities applying the practical expedient must disclose this fact, whether the expedient has been applied to all qualifying rent concessions, and the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions.

The application period of the above practical expedient has been extended by one year to help lessees account for COVID-19-related rent concessions.

The amendment is effective for annual reporting periods beginning on or after 1 April 2021. Earlier application is permitted.

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

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 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
Various	Annual improvements to FRSs 2018-2020	1 January 2022
Amendments to FRS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to FRS 1 and FRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to FRS 8	Definition of Accounting Estimates	1 January 2023
Amendments to FRS 12	Deferred Tax Related to Assets and Liabilities Arising from a single transaction	1 January 2023

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 2022. 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.

JURONG-CLEMENTI TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2. Summary of significant accounting policies (Continued)

2.2 Town Council funds

In accordance with Section 47(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 47(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.

JURONG-CLEMENTI TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2. Summary of significant accounting policies (Continued)

2.2 Town Council funds (Continued)

Lift Replacement Fund

In accordance with Section 47(5) 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 2022

2. Summary of significant accounting policies (Continued)

2.3 Inter-funds transfers

Under Section 47(12) and 57(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 2022**

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 2022

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 2022

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.

JURONG-CLEMENTI TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

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 2022

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 recognises 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 2022

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 2022**

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 47(12) 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 only 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.

JURONG-CLEMENTI TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2. Summary of significant accounting policies (Continued)

2.12 Revenue recognition

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

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

Conservancy and service fees

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

Agency fees

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

Interest income

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

Other income

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

2.13 Retirement benefit costs

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

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.

JURONG-CLEMENTI TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

2. Summary of significant accounting policies (Continued)

2.15 Income Tax recognition (Continued)

In respect of government grants received, the Town Council has been granted remission under Section 92(2) of the Income Tax Act 1947.

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 1947.

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 entered 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 2022

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 2022 was S\$763,055 (2021: S\$739,475) (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 2022 was S\$1,994,655 (2021: S\$1,812,470) (Note 11). The carrying amount of the Town Council's other receivables as at 31 March 2022 was S\$11,027,323 (2021: S\$11,811,318) (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 2022 is S\$915,024 (2021: S\$1,265,977) (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 2022 is S\$229,938 (2021: S\$490,791) (Note 8). The carrying amount of the Town Council's lease liabilities as at 31 March 2022 is S\$235,758 (2021: S\$498,128) (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\$1,653 (2021: S\$3,510) and S\$467 (2021: S\$2,038), respectively.

JURONG-CLEMENTI TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

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	
		2022 S\$	2021 S\$	2022 S\$	2021 S\$	2022 S\$	2021 S\$	2022 S\$	2021 S\$
OPERATING INCOME									
Conservancy and service fees									
Less: Operating income transfer to									
- Sinking Fund (minimum required by law)									
- Lift Replacement Fund (minimum required by law)									
5		64,478,615	64,268,614	57,954,421	58,052,314	6,524,194	6,216,300	-	-
6		(16,764,446)	(16,709,724)	(15,068,156)	(15,093,532)	(1,696,290)	(1,616,192)	-	-
		(9,027,005)	(8,997,541)	(8,113,619)	(8,127,283)	(913,386)	(870,258)	-	-
		38,687,164	38,561,349	34,772,646	34,831,499	3,914,518	3,729,850	-	-
Agency fees									
20		4,414,711	4,120,349	-	-	-	-	4,414,711	4,120,349
21		2,983,119	3,417,461	2,247,702	2,627,874	701,919	740,458	33,498	49,129
		46,084,994	46,099,159	37,020,348	37,459,373	4,616,437	4,470,308	4,448,209	4,169,478
Less: Operating expenditure									
		(52,348,876)	(50,455,465)	(45,176,924)	(43,446,476)	(4,049,974)	(3,916,750)	(3,121,978)	(3,092,239)
		(6,263,882)	(4,356,306)	(8,156,576)	(5,987,103)	566,463	553,558	1,326,231	1,077,239
Add: Investment and interest income									
24		41,250	63,784	35,250	54,480	2,425	3,765	3,575	5,539
Operating (deficit)/surplus before government grants and income tax									
		(6,222,632)	(4,292,522)	(8,121,326)	(5,932,623)	568,888	557,323	1,329,806	1,082,778
Less: Income tax									
19		(299,547)	(475,206)	(259,140)	(413,740)	(17,059)	(21,866)	(23,348)	(39,600)
		(6,522,179)	(4,767,728)	(8,380,466)	(6,346,363)	551,829	535,457	1,306,458	1,043,178
Add: Government grants									
25		19,233,548	19,700,702	18,753,265	19,107,248	480,283	593,454	-	-
Less: Transfers to									
5, 25		(3,180,621)	(3,163,216)	(3,162,873)	(3,145,468)	(17,748)	(17,748)	-	-
- Sinking Fund including Lift Maintenance Grant and GST Subvention									
6, 25		(1,712,643)	(1,703,273)	(1,703,086)	(1,693,717)	(9,557)	(9,556)	-	-
- Lift Replacement Fund including Lift Maintenance Grant and GST Subvention									
6, 25		(5,550,515)	(5,142,448)	(5,068,513)	(4,731,561)	(482,002)	(410,887)	-	-
7, 25		(1,449,887)	(2,392,044)	(1,519,867)	(2,277,737)	69,980	(114,307)	-	-
		7,339,882	7,299,721	7,298,926	7,258,765	40,956	40,956	-	-
SURPLUS / (DEFICIT) FOR THE FINANCIAL YEAR									
		817,703	2,531,993	(1,081,540)	912,402	592,785	576,413	1,306,458	1,043,178
Add: Accumulated Surplus at 1 April									
		8,393,755	10,883,118	3,918,742	3,006,340	1,166,855	2,105,565	3,308,158	5,771,213
Less: Appropriation to Town Improvement and Project Fund									
7		(2,500,000)	-	(2,000,000)	-	(500,000)	-	-	-
Less: Transfer from Routine to Sinking Fund									
5		-	(3,263,881)	-	-	-	(984,830)	-	(2,279,051)
as at 22 June 2020									
Less: Transfer from Routine to Lift Replacement Fund									
6		-	(1,757,475)	-	-	-	(530,293)	-	(1,227,182)
as at 22 June 2020									
ACCUMULATED SURPLUS AT 31 MARCH									
		6,711,458	8,393,755	837,202	3,918,742	1,259,640	1,166,855	4,614,616	3,308,158

JURONG-CLEMENTI TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

5. Sinking Fund

	Note	Total 2022 S\$	2021 S\$	Residential Property 2022 S\$	2021 S\$	Commercial Property 2022 S\$	2021 S\$
Balance at 1 April		94,933,248	81,809,278	54,441,918	43,200,747	40,491,330	38,608,531
Add:							
Operating income transfer from conservancy and service fees (minimum required by law)	4	16,764,446	16,709,724	15,068,156	15,093,532	1,696,290	1,616,192
Investment and interest income	5(i), 24	503,335	929,620	470,873	869,606	32,462	60,014
Penalty and interest income on late payment of LLP cost		1,542	994	1,542	994	-	-
Transfer from Government grants including Lift Maintenance Grant and GST Subvention	4, 25	3,180,621	3,163,216	3,162,873	3,145,468	17,748	17,748
		20,449,944	20,803,554	18,703,444	19,109,600	1,746,500	1,693,954
Less: Expenditure		(13,903,065)	(10,810,852)	(12,937,849)	(10,023,428)	(965,216)	(787,424)
Less: Income tax	5(ii), 19	(68,676)	(132,613)	(64,397)	(124,052)	(4,279)	(8,561)
Surplus for the financial year		6,478,203	9,860,089	5,701,198	8,962,120	777,005	897,969
Transfer from Routine to Sinking fund as at 22 June 2020	4	-	3,263,881	-	2,279,051	-	984,830
Balance at 31 March		101,411,451	94,933,248	60,143,116	54,441,918	41,268,335	40,491,330
Represented by:							
Non-current assets							
Investments at amortised cost		7,983,641	7,977,720				
		7,983,641	7,977,720				
Current assets							
Investments at fair value through profit or loss	10	-	3,008,820				
Conservancy and service receivables		871,235	906,462				
Interest receivable		147,670	255,629				
Other receivables		146,173	225,062				
Cash and bank balances		91,444,661	83,304,485				
Due from Accumulated Surplus		2,496,260	3,185,129				
		95,105,999	90,885,587				
Total assets		103,089,640	98,863,307				
Less:							
Current liabilities							
Payables and accrued expenses		1,476,900	3,738,106				
Income tax payable		201,289	191,953				
Total liabilities		1,678,189	3,930,059				
NET ASSETS		101,411,451	94,933,248				

JURONG-CLEMENTI TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

5. Sinking Fund (Continued)

(i) Investment and interest income

	<u>2022</u> S\$	<u>2021</u> S\$
Interest from banks	43,731	22,754
Interest from bonds and capital securities		
- Investments at amortised costs	182,100	236,208
- Investment at fair value through profit or loss	15,781	120,000
Interest from fixed deposits	264,622	543,693
Amortisation of bonds (Note 9)	5,921	2,165
Fair value changes		
- Investment at fair value through profit or loss (Note 10)	(8,820)	4,800
	<u>503,335</u>	<u>929,620</u>

(ii) Expenditure

	<u>2022</u> S\$	<u>2021</u> S\$
Irrecoverable goods and services tax	188,480	116,406
Reroofing works	1,322,516	230,432
Repairs and redecoration	9,296,224	9,408,534
Replacement of water tank, pipes and booster pump	1,078,785	771,242
Rewiring works	2,015,518	283,244
Others (Note 11)	1,542	994
	<u>13,903,065</u>	<u>10,810,852</u>

JURONG-CLEMENTI TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

6. Lift Replacement Fund

	Note	Total 2022 S\$	2021 S\$	Residential Property 2022 S\$	2021 S\$	Commercial Property 2022 S\$	2021 S\$
Balance at 1 April		54,682,360	45,173,977	41,754,058	33,655,280	12,928,302	11,518,697
Add:							
Operating income transfer from conservancy and service fees (minimum required by law)	4	9,027,005	8,997,541	8,113,619	8,127,283	913,386	870,258
Investment and interest income	6(i), 24	302,145	447,973	282,659	419,053	19,486	28,920
Selective Lift Replacement Programme funding	6(iii)	-	196,080	-	177,039	-	19,041
Lift Enhancement Programme	6 (iv)	7,061,254	-	7,061,254	-	-	-
Transfer from government grants including LRF Maintenance Grant and GST Subvention	4, 25	1,712,643	1,703,273	1,703,086	1,693,717	9,557	9,556
Transfer from government grants - LRF Matching Grant	4, 25	5,550,515	5,142,448	5,068,513	4,731,561	482,002	410,887
		23,653,562	16,487,315	22,229,131	15,148,653	1,424,431	1,338,662
Less: Expenditure	6(ii)	(16,435,251)	(8,666,550)	(15,814,733)	(8,211,710)	(620,518)	(454,840)
Less: Income tax	19	(47,898)	(69,857)	(44,829)	(65,347)	(3,069)	(4,510)
Surplus for the financial year		7,170,413	7,750,908	6,369,569	6,871,596	800,844	879,312
Transfer from Routine to Lift Replacement fund as at 22 June 2020	4	-	1,757,475	-	1,227,182	-	530,293
Balance at 31 March		61,852,773	54,682,360	48,123,627	41,754,058	13,729,146	12,928,302
Represented by:							
Non-current assets							
Investments at amortised cost		4,000,000	4,000,000				
Current assets							
Conservancy and service receivables		469,140	453,866				
Interest receivable		96,644	125,136				
Other receivables		5,007,729	1,276,211				
Cash and bank balances		52,128,073	51,492,454				
Due from Accumulated Surplus		5,266,206	1,503,560				
Total assets		62,967,792	54,851,227				
Less:		66,967,792	58,851,227				
Current liabilities							
Payables and accrued expenses		4,997,266	4,071,460				
Income tax payable		117,753	97,407				
Total liabilities		5,115,019	4,168,867				
NET ASSETS		61,852,773	54,682,360				

JURONG-CLEMENTI TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

6. Lift Replacement Fund (Continued)

(i) Investment and interest income

	<u>2022</u> S\$	<u>2021</u> S\$
Interest from banks	29,863	22,869
Interest from bonds		
- Investments at amortised costs	90,000	90,000
Interest from fixed deposits	182,282	335,104
	<u>302,145</u>	<u>447,973</u>

(ii) Expenditure

	<u>2022</u> S\$	<u>2021</u> S\$
Irrecoverable goods and services tax	195,816	116,595
Lift modernisation / overhauls / total replacement works	5,194,034	43,258
Lift Enhancement Programme expenditure	6,384,146	4,113,594
Other lift works	4,661,255	4,393,103
	<u>16,435,251</u>	<u>8,666,550</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>2022</u> S\$	<u>2021</u> S\$
Balance at 1 April	-	-
Funding from government	-	(196,080)
Selective Lift Replacement Programme expenditure at 50%	-	196,080
Movement during the financial year	-	-
Balance at 31 March	<u>-</u>	<u>-</u>

JURONG-CLEMENTI TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

6. Lift Replacement Fund (Continued)

(iv) Lift Enhancement Programme funding

Lift Enhancement Programme ("LEP") to support costs of modernisation of lifts in HDB estates. To bring these older lifts on par with the newer ones, HDB will support Town Council to modernise their existing lifts through a new Lift Enhancement Programme (LEP).

Under the LEP, HDB will fund about 90% of the Town Council costs to install the recommended enhancement features. Lifts that are not yet equipped with some or all of the enhancement features, and have been in operation for 18 years or less (as of the date of commencement of the LEP), would be eligible for the LEP.

Movement in Lift Enhancement Programme funding is as follows:

	<u>2022</u> S\$	<u>2021</u> S\$
Balance at 1 April	-	-
Funding from government	(7,061,254)	-
Payment received	3,543,048	-
Funding receivable	(3,518,206)	-
GST on funding from government	(246,273)	-
Balance at 31 March (Note 12)	<u>(3,764,479)</u>	<u>-</u>

JURONG-CLEMENTI TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

7. Town Improvement and Project Fund

	Note	Total		Residential Property		Commercial Property	
		2022	2021	2022	2021	2022	2021
		S\$	S\$	S\$	S\$	S\$	S\$
Balance at 1 April		736,112	2,669,256	283,082	1,455,827	453,030	1,213,429
Add/(Less):							
Transfer from government grants		1,449,887	2,392,044	1,519,867	2,277,737	(69,980)	114,307
Expenditure	4, 25	(3,877,832)	(4,325,188)	(3,343,817)	(3,450,482)	(534,015)	(874,706)
Deficit for the financial year	7(i)	(2,427,945)	(1,933,144)	(1,823,950)	(1,172,745)	(603,995)	(760,399)
Appropriation from Accumulated Surplus *	4	2,500,000	-	2,000,000	-	500,000	-
Balance at 31 March		808,167	736,112	459,132	283,082	349,035	453,030

Represented by:

Current assets

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

Total assets

-	236
1,816,544	6,576,834
1,816,544	6,577,070

Less:

Current liabilities

Payables and accrued expenses
Due to Accumulated Surplus

Total liabilities

39,567	1,887,795
968,810	3,953,163
1,008,377	5,840,958

NET ASSETS

808,167	736,112
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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 2022

7. Town Improvement and Project Funds (Continued)

(i) Expenditure

	<u>2022</u> S\$	<u>2021</u> S\$
Construction of covered link way/drop-off point	1,664,625	270,524
Construction/Upgrading playground or fitness centre	1,383,783	2,190,438
Large scale town wide project	123,829	935,774
Improvement works and other amenities	705,595	928,452
	<u>3,877,832</u>	<u>4,325,188</u>

JURONG-CLEMENTI TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

8. Property, plant and equipment

	Furniture, fixtures and fittings	Office equipment	Data processing equipment	Plant and machinery	Leased premises	Total
	S\$	S\$	S\$	S\$	S\$	S\$
Cost						
At 1 April 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
Additions	325,726	29,196	38,366	-	34,781	428,069
Written-off/disposal	-	(14,100)	-	-	-	(14,100)
At 31 March 2022	350,663	113,301	343,618	97,167	886,903	1,791,652
Accumulated depreciation						
At 1 April 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
Depreciation (Note 23)	10,672	13,276	82,079	2,828	295,634	404,489
Written-off/disposal	-	(14,100)	-	-	-	(14,100)
At 31 March 2022	27,214	65,961	187,922	90,535	656,965	1,028,597
Carrying amount						
At 31 March 2021	8,395	31,420	199,409	9,460	490,791	739,475
At 31 March 2022	323,449	47,340	155,696	6,632	229,938	763,055

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

	2022 S\$	2021 S\$
At amortised cost		
Quoted bonds	11,960,500	11,960,500
Amortisation of bonds premium	23,141	17,220
	<u>11,983,641</u>	<u>11,977,720</u>
Maturing:		
Within 1 year	-	-
After one year but within five years	8,983,641	8,977,720
Later than five years	3,000,000	3,000,000
	<u>11,983,641</u>	<u>11,977,720</u>

Investments at amortised cost represent investments in quoted bonds issued by statutory boards, with fixed interest rate of 2.250% to 2.320% (2021: 2.250% to 2.320%) per annum and maturity date of 21 November 2024 to 24 January 2028 (2021: 21 November 2024 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 2022

9. Investments at amortised cost (Continued)

The change in amortisation is as follows:

	<u>2022</u> S\$	<u>2021</u> S\$
Balance at 1 April	(17,220)	56,945
Amortisation credited to income and expenditure (Notes 5(i) and 24)	(5,921)	(2,165)
Derecognition during the year	-	(72,000)
Balance at 31 March	<u>(23,141)</u>	<u>(17,220)</u>

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

	<u>2022</u> %	<u>2021</u> %
Quoted bonds	<u>2.27</u>	<u>2.42</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>2022</u> S\$	<u>2021</u> S\$
Quoted bonds	<u>11,955,120</u>	<u>12,505,350</u>

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

	<u>2022</u> S\$	<u>2021</u> S\$
Balance at 1 April	3,008,820	3,004,020
Fair value changes (Notes 5(i) and 24)	(8,820)	4,800
Derecognition during the year	<u>(3,000,000)</u>	<u>-</u>
Balance at 31 March	<u>-</u>	<u>3,008,820</u>
Maturing:		
Within one year	-	3,008,820
After one year	<u>-</u>	<u>3,008,820</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 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 2022

11. Conservancy and service fees receivables

	<u>2022</u>	<u>2021</u>
	S\$	S\$
Conservancy and service fees receivables	4,039,221	3,993,250
Add: Interest receivable on late payments	<u>132,462</u>	<u>122,805</u>
	4,171,683	4,116,055
Less: Allowance for doubtful receivables	<u>(2,177,028)</u>	<u>(2,303,585)</u>
	<u>1,994,655</u>	<u>1,812,470</u>

Conservancy and service fees receivables are generally on 30 (2021: 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>2022</u>	<u>2021</u>
	S\$	S\$
Past due for 9 months or above	<u>2,177,028</u>	<u>2,303,585</u>

Movements in the allowance for doubtful receivables are as follows:

	<u>2022</u>	<u>2021</u>
	S\$	S\$
Balance at 1 April	2,303,585	1,997,717
Allowance charged to income and expenditure (Note 23)	-	316,385
Allowance written back (Note 23)	(118,302)	-
Allowance utilised	(9,797)	(11,511)
Charged to Sinking Fund – LUP debtors (Note 5(ii))	<u>1,542</u>	<u>994</u>
Balance at 31 March	<u>2,177,028</u>	<u>2,303,585</u>

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

12. Other receivables

	<u>2022</u>	<u>2021</u>
	S\$	S\$
Deposits	576,547	571,742
GST Subvention receivable	562,200	563,151
Interest receivable	247,860	460,014
Goods and services tax receivable	-	393,577
LRF Matching Grant receivable	1,164,540	1,006,121
Prepayments	497,683	528,899
Receivables from CCC	1,816,544	6,576,834
Receivables from HDB	119,018	-
Receivables from SP Services	1,285,247	1,556,393
Lift Enhancement Programme funding receivables (Note 6(iv))	3,764,479	-
Safe Distancing Measures Receivable from MND	827,737	-
Service and Conservancy Charges Operating Grant receivable	-	14,304
Other receivables	<u>165,468</u>	<u>140,283</u>
	<u>11,027,323</u>	<u>11,811,318</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 2022

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

	<u>2022</u> S\$	<u>2021</u> S\$
Balance at 1 April	3,032,170	2,005,138
Funding from government	(451,658)	(117,750)
Payment to contractors	159,937	1,144,782
Accruals in prior years written back	(697,573)	-
Movement during the financial year	(989,294)	1,027,032
Balance at 31 March	<u>2,042,876</u>	<u>3,032,170</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>2022</u> S\$	<u>2021</u> S\$
Balance at 1 April	1,027,057	1,017,808
Funding from government	-	-
Payment to contractors	76,152	9,249
Movement during the financial year	76,152	9,249
Balance at 31 March	<u>1,103,209</u>	<u>1,027,057</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 2022

15. Electrical Load Upgrading Programme ("ELUP") funding receivables

	<u>2022</u> S\$	<u>2021</u> S\$
Balance at 1 April	272,646	346,860
Funding from government	(479,720)	(1,162,019)
Payment to contractors	786,344	1,087,805
Movement during the financial year	306,624	(74,214)
Balance at 31 March	<u>579,270</u>	<u>272,646</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>2022</u> S\$	<u>2021</u> S\$
Cash and bank balances	40,219,643	36,845,288
Fixed deposits with financial institutions	<u>118,480,568</u>	<u>117,442,416</u>
	<u>158,700,211</u>	<u>154,287,704</u>
Fixed deposits maturing:		
- Within 3 months	7,177,328	50,195,258
- Between 3 to 12 months	<u>111,303,240</u>	<u>67,247,158</u>
	<u>118,480,568</u>	<u>117,442,416</u>

Fixed deposits are placed for varying periods from six to twelve (2021: three to twelve) months, bear interest rates ranging from 0.0% to 0.9% (2021: 0.2% to 1.15%) per annum. The weighted average effective interest rates per annum relating to fixed deposits is 0.55% (2021: 0.45%).

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>2022</u> S\$	<u>2021</u> S\$
Cash and fixed deposits	158,700,211	154,287,704
Short term fixed deposits with maturity more than 3 months	(111,303,240)	(67,247,158)
Cash and cash equivalents	<u>47,396,971</u>	<u>87,040,546</u>

JURONG-CLEMENTI TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

17. Lease liabilities

	<u>2022</u> S\$	<u>2021</u> S\$
Undiscounted lease payments due:		
- Year 1	226,000	294,000
- Year 2	12,000	214,000
- Year 3	-	-
	<u>238,000</u>	<u>508,000</u>
Less: Unearned interest cost	<u>(2,242)</u>	<u>(9,872)</u>
	<u>235,758</u>	<u>498,128</u>
Presented in the statement of financial position as:		
- non-current liabilities	11,870	212,296
- current liabilities	<u>223,888</u>	<u>285,832</u>
	<u>235,758</u>	<u>498,128</u>

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

Balance at 1 April	498,128	789,115
Add : Recognition of lease liabilities during the financial year	34,781	-
Accretion of interest (Note 23)	8,849	15,013
	<u>541,758</u>	<u>804,128</u>
Less: Principal repayment	<u>(297,151)</u>	<u>(290,987)</u>
Interest paid	<u>(8,849)</u>	<u>(15,013)</u>
Balance at 31 March	<u>235,758</u>	<u>498,128</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 (2021 S\$306,000).

As at 31 March 2022, 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 2022

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

	<u>2022</u> S\$	<u>2021</u> S\$
Contract liabilities	1,669,306	1,545,275

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>2022</u> S\$	<u>2021</u> S\$
Revenue recognised that was included in contract liabilities at beginning of year	1,434,602	1,010,448

There are no significant changes in contract liabilities during the reporting period.

Contract liabilities are denominated in Singapore Dollar.

18 (ii). Payables and accrued expenses

	<u>2022</u> S\$	<u>2021</u> S\$
Accrued operating expense	2,146,064	1,908,360
Amount payable to managing agent	-	2,498,863
Payable to contractors	11,629,252	20,614,644
Refundable deposits	198,021	352,622
Other payables	476,595	477,141
Goods and services tax payable	139,096	-
Payable to HDB	-	62,895
Service and Conservancy Charges Operating Grant payable	1,275	-
	<u>14,590,303</u>	<u>25,914,525</u>

Payables are generally on 30 to 90 (2021: 30 to 90) days' credit terms.

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

19. Income tax

	<u>2022</u> S\$	<u>2021</u> S\$
Current income tax		
- Current	398,552	498,904
- Underprovision in prior financial years	17,569	178,772
Tax expense	<u>416,121</u>	<u>677,676</u>
Taken up in:		
Accumulated Surplus (Note 4)	299,547	475,206
Sinking Fund (Note 5)	68,676	132,613
Lift Replacement Fund (Note 6)	47,898	69,857
	<u>416,121</u>	<u>677,676</u>

The Town Council is incorporated in Singapore and accordingly is subject to income tax rate of 17% (2021: 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% (2021: 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 2022

19. Income tax (Continued)

Reconciliation of effective tax rate is as follows:

	<u>2022</u> S\$	<u>2021</u> S\$
Taxable income:		
Investment and interest income	849,629	1,434,412
Government grant income (Note 25)	19,233,548	19,700,702
Other income	1,722,356	1,679,951
	<u>21,805,533</u>	<u>22,815,065</u>
	<u>2022</u> S\$	<u>2021</u> S\$
Income tax at statutory rate of 17%	3,706,941	3,878,561
Tax effect on concessionary income	(20,152)	(31,235)
Singapore statutory stepped income exemption	(17,425)	(17,425)
Tax remission of government grants under Section 92 (2) of Singapore Income Tax Act	(3,254,128)	(3,333,773)
Underprovision in prior financial years	17,569	178,772
Others	(16,684)	2,776
Tax expense	<u>416,121</u>	<u>677,676</u>

Movements in the income tax payable are as follows:

	<u>2022</u> S\$	<u>2021</u> S\$
Balance at 1 April	1,265,977	1,162,940
Payments made during the financial year	(767,074)	(574,639)
Current financial year's income tax expense	398,552	498,904
Underprovision in prior financial years	17,569	178,772
Balance at 31 March	<u>915,024</u>	<u>1,265,977</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 2022

21. Other income

	<u>2022</u>	<u>2021</u>
	S\$	S\$
Interest on late payment of conservancy and service fees	99,383	61,536
Administrative fees earned on ELUP projects	29,665	19,142
Liquidated damages	7,470	31,374
Sundry fines	24,947	20,156
Temporary occupation licences	2,549,403	2,838,619
Office rental concession	-	51,000
Usage of void deck, water, electricity and common property	44,345	2,265
Government grant	115,884	246,685
Others	112,022	146,684
	<u>2,983,119</u>	<u>3,417,461</u>

Included in government grant are Job Growth Incentive ("JGI") grant of S\$81,246 (2021: Nil) and Job Support Scheme ("JSS") grant of S\$20,875 (2021: S\$239,382). The JGI was introduced to support employers to expand local hiring. The JSS was introduced by 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 2022

23. General and administrative expenditure

	<u>2022</u> S\$	<u>2021</u> S\$
Advertising, publicity and public relations	354,495	609,634
Allowance for doubtful receivables (Note 11)	-	316,385
Allowance for doubtful receivables written back (Note 11)	(118,302)	-
Computing service	577,000	575,552
Depreciation of property, plant and equipment (Note 8)	404,489	371,046
Fees and other charges	209,859	231,307
Interest expense (Note 17)	8,849	15,013
Irrecoverable goods and services tax *	679,352	586,187
Property, plant and equipment written off	-	1
Upkeep expenditure	66,481	57,364
Offices supplies and stationery	178,385	165,100
Property, plant and equipment not capitalised	9,136	4,815
Gain on disposal of property, plant and equipment	(748)	-
Professional fees	110,084	50,000
Property tax	276,158	280,093
Staff costs (including key management personnel remuneration disclosed in Note 28)		
- Salaries and related costs	2,927,501	1,706,705
- Employers' contribution defined contribution plan	339,949	168,784
	3,267,450	1,875,489
Town Councillors' allowances (Note 28)	273,683	280,051
Others **	116,367	338,072
	<u>6,412,738</u>	<u>5,756,109</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.

** Net of funding of S\$1,940,029 (2021: S\$46,612) pertaining to implementation of Safe Distancing Measures at hawker centres.

24. Investment and interest income

	<u>2022</u> S\$	<u>2021</u> S\$
Current accounts	99,616	78,202
Investments at amortised cost	272,100	326,208
Investment at fair value through profit or loss	15,781	120,000
Fixed deposits	462,132	910,002
Amortisation of bonds premium (Note 9)	5,921	2,165
Fair value changes		
- Investment at fair value through profit or loss (Note 10)	(8,820)	4,800
	<u>846,730</u>	<u>1,441,377</u>
Taken up in:		
Accumulated Surplus (Note 4)	41,250	63,784
Sinking Fund (Note 5)	503,335	929,620
Lift Replacement Fund (Note 6)	302,145	447,973
	<u>846,730</u>	<u>1,441,377</u>

JURONG-CLEMENTI TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

25. Government grants

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

	<u>Note</u>	<u>2022</u> S\$	<u>Total</u> <u>2021</u> S\$
Government grants received/receivable			
Service and Conservancy Charges Operating Grant		8,680,167	8,613,940
Payments from Citizens' Consultative Committee		1,449,887	2,392,044
GST Subvention		2,250,379	2,254,470
Lift Maintenance Grant		1,302,600	1,297,800
LRF Matching Grant		5,550,515	5,142,448
	4	19,233,548	19,700,702
Less: Transfers to Sinking Fund			
Service and Conservancy Charges Operating Grant		(2,256,844)	(2,239,624)
GST Subvention		(585,100)	(586,163)
Lift Maintenance Grant		(338,677)	(337,429)
	4, 5	(3,180,621)	(3,163,216)
Less: Transfers to Lift Replacement Fund			
Service and Conservancy Charges Operating Grant		(1,215,223)	(1,205,952)
GST Subvention		(315,055)	(315,628)
Lift Maintenance Grant		(182,365)	(181,693)
	4, 6	(1,712,643)	(1,703,273)
LRF Matching Grant	4, 6	(5,550,515)	(5,142,448)
		(7,263,158)	(6,845,721)
Less: Transfers to Town Improvement and Project Fund			
Payments from Citizens' Consultative Committee	4, 7	(1,449,887)	(2,392,044)
		<u>7,339,882</u>	<u>7,299,721</u>

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

	<u>2022</u> S\$	<u>2021</u> S\$
Total grants received at 1 April	256,110,526	235,261,420
Add: Grants received during the financial year		
Service and Conservancy Charges Operating Grant	8,695,746	8,622,989
Payments from Citizens' Consultative Committee	6,210,177	3,385,534
GST Subvention	2,251,330	2,251,862
Lift Maintenance Grant	1,302,600	1,297,800
LRF Matching Grant	5,392,096	5,290,921
	23,851,949	20,849,106
Total grants received at 31 March	<u>279,962,475</u>	<u>256,110,526</u>

JURONG-CLEMENTI TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

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>2022</u> S\$	<u>2021</u> S\$
Amount approved and contracted for	35,332,597	21,461,236
Amount approved but not contracted for	68,654,473	77,301,377
	<u>103,987,070</u>	<u>98,762,613</u>

Included in the amount approved and contracted for is the cost for Neighbourhood Renewal Programme works amounting to S\$7,887,070 (2021: S\$3,802,613).

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>2022</u> S\$	<u>2021</u> S\$
(a) Carrying amounts of leased premises (Note 8)	<u>229,938</u>	<u>490,791</u>
(b) Depreciation charge during the financial year (Note 8) - leased premises	<u>295,634</u>	<u>295,772</u>
(c) Addition of ROU assets during the financial year (Note 8) - leased premises	<u>34,781</u>	<u>-</u>

JURONG-CLEMENTI TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

28. Significant related party transactions

The Town Council was 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. The service contract with the managing agent ceased on 31 January 2022 and with effect from 1 February 2022, all staff are employed directly by 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>2022</u> S\$	<u>2021</u> S\$
Expenditure paid to managing agent in relation to:		
Managing agent's fee	3,826,669	4,569,420
Project management fee	<u>1,077,416</u>	<u>875,209</u>
Expenditure paid to entities related to the managing agent:		
Enforcement service fee	-	29,376
Lift, pump and fire protection maintenance fee	831,773	385,916
Essential Maintenance Service Unit (EMSU) fee	<u>965,046</u>	<u>969,657</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>2022</u> S\$	<u>2021</u> S\$
Town Councillors' allowance (Note 23)	273,683	280,051
Salaries and related costs	499,840	489,474
Employers' contribution defined contribution plan	<u>26,806</u>	<u>23,351</u>
	<u>800,329</u>	<u>792,876</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

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 2022

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:

	2022 S\$	2021 S\$
Not past due	690,608	445,230
Past due for 1 to 2 months	492,621	303,924
Past due for 3 to 5 months	461,426	282,888
Past due for 6 months and above	350,000	780,428
	<u>1,994,655</u>	<u>1,812,470</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 S\$2,177,028 (2021: S\$2,303,585) 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\$
31 March 2022					
Conservancy and service fees receivables (Note 11)	(1)	Lifetime ECL (Simplified approach)	4,171,683	(2,177,028)	1,994,655
Other receivables *	(2)	Performing	10,529,640	-	10,529,640
NRP funding receivables (Note 13)	(2)	Performing	2,042,876	-	2,042,876
SIP funding receivables (Note 14)	(2)	Performing	1,103,209	-	1,103,209
ELUP funding receivables (Note 15)	(2)	Performing	579,270	-	579,270
31 March 2021					
Conservancy and service fees receivables (Note 11)	(1)	Lifetime ECL (Simplified approach)	4,116,055	(2,303,585)	1,812,470
Other receivables *	(2)	Performing	10,888,842	-	10,888,842
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

* Exclude goods and services tax receivable and prepayments.

(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.

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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. The investment was redeemed on 18 May 2021.

If the fair value had been 2% (2021: 2%) lower/higher with all other variables held constant, the Town Council's Sinking Fund balance for the financial year would have been Nil (2021: S\$60,176) 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.

JURONG-CLEMENTI TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

29. Financial instruments and financial risks (Continued)

Liquidity risk (Continued)

The table below analyses the maturity profile of the Town Council's financial liabilities on contractual undiscounted cash flows:

31 March 2022	On demand or within one year S\$	Within 2 to 5 years S\$	After 5 years S\$	Total S\$
Lease liabilities (Note 17)	226,000	12,000	-	238,000
Payables and accrued expenses *	14,449,932	-	-	14,449,932
	<u>14,675,932</u>	<u>12,000</u>	<u>-</u>	<u>14,687,932</u>
31 March 2021	S\$	S\$	S\$	S\$
Lease liabilities (Note 17)	294,000	214,000	-	508,000
Payables and accrued expenses [Note 18 (ii)]	25,914,525	-	-	25,914,525
	<u>26,208,525</u>	<u>214,000</u>	<u>-</u>	<u>26,422,525</u>

* Exclude goods and services tax payable and service and conservancy charges operating grant payable.

Financial instruments by category

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

	Note	2022 S\$	2021 S\$
Investment at fair value through profit or loss	10	<u>-</u>	<u>3,008,820</u>
Financial assets at amortised cost			
Investments at amortised cost	9	11,983,641	11,977,720
Conservancy and service fees receivables	11	1,994,655	1,812,470
Other receivables	12	11,027,323	11,811,318
Less: GST Subvention receivable	12	(562,200)	(563,151)
Less: Goods and services tax receivable	12	-	(393,577)
Less: LRF Matching Grant receivable	12	(1,164,540)	(1,006,121)
Less: Prepayments	12	(497,683)	(528,899)
Less: S&CC Operating Grant receivable	12	-	(14,304)
Neighbourhood Renewal Programme funding receivables	13	2,042,876	3,032,170
Sport-in-Precinct Programme funding receivables	14	1,103,209	1,027,057
Electrical Load Upgrading Programme funding receivables	15	579,270	272,646
Cash and bank balances	16	<u>158,700,211</u>	<u>154,287,704</u>
Total		<u>185,206,762</u>	<u>181,715,033</u>
Financial liabilities at amortised cost			
Lease liabilities	17	235,758	498,128
Payables and accrued expenses	18 (ii)	14,590,303	25,914,525
Less: Goods and Services tax payable	18 (ii)	(139,096)	-
Less: S&CC Operating Grant payable	18 (ii)	(1,275)	-
Total		<u>14,685,690</u>	<u>26,412,653</u>

JURONG-CLEMENTI TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

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:

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

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

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

	<u>2022</u> S\$	<u>2021</u> S\$
Investments at amortised cost (Note 9)	11,955,120	12,505,350
Investment at fair value through profit or loss (Note 10)	-	3,008,820

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 during the year.

The Town Council is not subjected to any externally imposed capital requirements during the financial years ended 31 March 2022 and 2021.

As at the end of the reporting period, the Town Council's total funds amounted to S\$170,783,849 (2021: S\$158,745,475).