



Bishan-Toa Payoh  
Town Council

# Celebrate as One Community

Annual Report 2018-2019

## CORPORATE INFORMATION

### Our Mission

Our mission is to provide a clean, green, well-maintained and healthy environment for the residents, through close co-operation with the residents, grassroots organisations and related government agencies.

### Properties

Division	No of Blocks	No of Units
Bishan East-Thomson	134	9,936
Bishan North	124	10,615
Toa Payoh West – Balestier	70	10,237
Toa Payoh Central	103	12,999
Toa Payoh East – Novena	78	10,090
Total	509	53,877

\*As at November 2019

### Contact

Toa Payoh Office  
Block 125A Lorong 2 Toa Payoh, #01-134, Singapore 311125

Bishan Office  
Block 197 Bishan St 13, #01-585 Singapore 570197

24-hour Town Council Essential Service Unit (EMSU)  
1800-241 7711

Website  
[www.btptc.org.sg](http://www.btptc.org.sg)  
[www.facebook.com/Bishan-ToaPayoh](http://www.facebook.com/Bishan-ToaPayoh)

Email  
[Prm@btptc.org.sg](mailto:Prm@btptc.org.sg)

Operating Hours  
8:00am – 5:30pm (Monday to Friday)  
8:00am – 12:00 noon (Saturday)

## Chairman's Review



### ***Celebrating as One Community***

FY2018/2019 has been an eventful year for the Town Council as we completed multiple projects to ensure that Bishan-Toa Payoh GRC continues to be an exciting and liveable neighbourhood for residents. Investing a total of \$5.9 million in lift renewal projects and \$3.4 million in repairs and redecorations works, our designs surrounded by natural green environment are the pride and joy of our GRC residents.

***Infrastructural upgrades*** have been carried out across the estate. HDB blocks were given a new coat of paint, hawker centres upgraded, lifts renewed, block directional signages enhanced, park benches built, barrier-free access ramps and vehicular passenger drop-off porches constructed. Additionally, the Town Council had also upgraded children's playgrounds, adult fitness corners and covered linkways. Understanding that cycling is one of the popular modes of transport around the estate, double-tier bicycle racks and sheds were constructed to cater to residents' needs and maintain neat living spaces for all. Residents welcomed the Lift Renewal Programme which was carried out at 124 blocks across the GRC, as part of preventive maintenance for lifts with higher breakdown instances or close to the end of the life cycle.

***Cleanliness*** is a top priority for the Town Council in working towards a clean and green environment. The Town Council deploys a diligent cleaning workforce throughout our estates to maintain the cleanliness of our surroundings. We are also appreciative of our residents who have been very supportive of Town Council's stepped-up efforts in keeping the neighbourhood fresh and clean. In line with the current focus on climate change issues, we continue to maintain and create new green lungs within Bishan, Toa Payoh and Shunfu estates. These green spaces not only serve to enhance the landscape within the GRC, but provide a perfect leisure getaway for residents' enjoyment.

***Security*** is another of the Town Council's key area of concern. With our residents' safety and well-being at heart, surveillance cameras have been installed in all lifts. This has provided the community greater comfort and assurance of safety in their neighbourhood.

**Communication** with residents has improved tremendously through staff's house visits and ground engagement. Residents are appreciative of being kept informed of the latest community news through various enhanced communication platforms like Facebook, SMS, poster holders in lifts, notice boards and in time to come, digital notice boards. Such close communication has helped bridge gaps and keep us united as a closely-knitted community.

The Town Council has done well in managing costs effectively while delivering value for residents efficiently. As chairman, together with other Members of Parliament of the Bishan-Toa Payoh GRC, we would like to thank the management and staff of the Town Council for the great progress made in FY2018/2019 and also thank the Council members for their guidance and sharing their knowledge and experience. Together, let's celebrate as one community!



**Chong Kee Hiong**  
Chairman  
Bishan-Toa Payoh Town Council

# Estate Improvements in FY2018/2019



New and upgraded lifts



New Healthy Lifestyle Hub



Sheltered linkways



Elderly & adult fitness stations



New playgrounds



Sports courts



Newly painted blocks



Precinct marker



Bicycle racks



Upgraded markets



Drop off porches



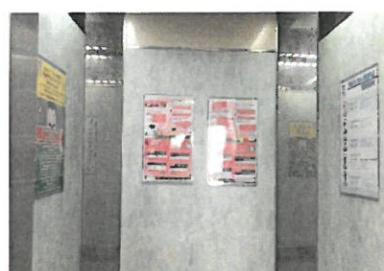
Barrier free access ramps



Extended awnings



Revamped notice boards



Poster holders in lifts

Financial statements

**BISHAN-TOA PAYOH TOWN COUNCIL**

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

For the year ended 31 March 2019

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# **Independent auditor's report to the members of BISHAN-TOA PAYOH TOWN COUNCIL**

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

## **Report on the audit of the financial statements**

### Opinion

We have audited the accompanying financial statements of Bishan-Toa Payoh Town Council (“the Town Council”), which comprise the statement of financial position as at 31 March 2019, and the statement of income and expenditure and other comprehensive income, the statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Town Councils Act, Cap 329A (the “Act”) and Singapore Financial Reporting Standards so as to present fairly, in all material respects, the financial position of the Town Council as at 31 March 2019 and the financial performance, changes in funds and cash flows of the Town Council for the financial year ended on that date.

### Basis for Opinion

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

### Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the other information of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

# **Independent auditor's report to the members**

## **BISHAN-TOA PAYOH TOWN COUNCIL (Cont'd)**

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Act and Singapore Financial Reporting Standards, 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.

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

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

### Auditor's responsibilities for the Audit of the financial statements

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

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

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

# **Independent auditor's report to the members BISHAN-TOA PAYOH TOWN COUNCIL (Cont'd)**

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

## **Report on other legal and regulatory requirements**

### Opinion

In our opinion,

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

### Basis for Opinion

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

# Independent auditor's report to the members BISHAN-TOA PAYOH TOWN COUNCIL (Cont'd)

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

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

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

## Auditor's Responsibilities for the Compliance Audit

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

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

Foo Kon Tan LLP  
Public Accountants and  
Chartered Accountants

Singapore, 28 AUG 2019

## Statement of financial position as at 31 March 2019

	Note	31 March 2019	31 March 2018
		\$	\$
<b>TOWN COUNCIL FUND</b>			
<b>Residential Property</b>			
Accumulated surplus	3	2,142,572	372,308
Sinking Funds	4	83,687,759	74,498,583
Town Improvement and Project Funds	5	-	-
Lift Replacement Funds	6	19,723,282	17,282,419
		105,553,613	92,153,310
<b>Commercial Property</b>			
Accumulated surplus	3	5,150,065	3,990,405
Sinking Funds	4	33,748,814	32,939,832
Town Improvement and Project Funds	5	12,426	99,069
Lift Replacement Funds	6	6,902,972	6,077,198
		45,814,277	43,106,504
<b>Carpark</b>			
Accumulated surplus	3	799,466	489,601
		152,167,356	135,749,415
<b>REPRESENTED BY:</b>			
<b>Non-current assets</b>			
Plant and equipment	7	31,045	20,412
Investments at amortised cost	8	29,785,265	-
Held-to-maturity investments	8	-	20,026,610
		29,816,310	20,047,022
<b>Current assets</b>			
Conservancy and service fees receivables	9	744,636	727,476
Other receivables	10	665,066	1,413,665
Interest receivable		727,833	512,479
Grants receivable	11	3,290,087	1,129,948
Receivable for Electrical Load Upgrading Programme	12	31,703	-
Receivable for Neighbourhood Renewal Programme	13	1,980,311	-
Fixed deposits with financial institutions	14	110,273,739	109,038,669
Cash and bank balances	15	16,291,991	10,899,174
		134,005,366	123,721,411
<b>Total assets</b>		<b>163,821,676</b>	<b>143,768,433</b>
<b>Less:</b>			
<b>Current liabilities</b>			
Conservancy and service fees received in advance		643,660	654,049
Advances for Electrical Load Upgrading Programme	12	-	698,439
Advances for Neighbourhood Renewal Programme	13	-	971,920
Advances for Selective Lift Replacement Programme	16	1,988,735	-
Payables and accrued expenses	17	8,210,525	4,812,610
Income tax payable	21	811,400	882,000
<b>Total liabilities</b>		<b>11,654,320</b>	<b>8,019,018</b>
<b>NET ASSETS</b>		<b>152,167,356</b>	<b>135,749,415</b>

CHONG KEE HIONG  
Chairman

TAN PUAY CHER  
Secretary

Date: 28 August 2019

# Statement of income and expenditure and other comprehensive income

for the financial year ended 31 March 2019

	Note	2019	2018
		\$	\$
<b>Operating income</b>			
Conservancy and service fees	3	40,774,113	38,266,366
Less:			
Operating income transfer to Sinking Funds (minimum required by law)	3, 4	(10,601,273)	(9,949,260)
Operating income transfer to Lift Replacement Funds	3, 6	(5,708,378)	(5,357,292)
		24,464,462	22,959,814
Agency fees	18	2,859,839	2,737,658
Other income	19	2,040,176	2,001,251
		29,364,477	27,698,723
Less:			
<b>Operating expenditure</b>			
Cleaning works		(5,846,420)	(5,843,603)
Lift maintenance		(5,737,237)	(5,582,188)
Other works and maintenance		(4,742,171)	(5,419,646)
Water and electricity		(7,409,503)	(7,119,455)
General and administrative expenditure	20	(7,169,289)	(6,853,369)
		(30,904,620)	(30,818,261)
<b>Operating deficit</b>		(1,540,143)	(3,119,538)
Add: Interest income	3	123,872	83,915
<b>Deficit before taxation and government grants</b>			
Less:		(1,416,271)	(3,035,623)
Income tax	21	(71,640)	(101,076)
<b>Deficit before government grants</b>		(1,487,911)	(3,136,699)
Add:			
Government grants		12,797,463	11,323,336
GST subvention	22	1,399,649	1,313,159
Less: Transfer to			
- Sinking Funds	3, 4	(2,200,850)	(2,126,817)
- Town Improvement and Project Funds	3, 5	(2,339,138)	(1,228,195)
- Lift Replacement Funds	3, 6	(4,578,250)	(4,373,457)
		5,078,874	4,908,026
<b>SURPLUS FOR THE YEAR FROM ROUTINE FUND</b>			
		3,590,963	1,771,327
Add:			
Surplus/(Deficit) for the year from:			
- Sinking Funds	4	9,998,158	8,785,737
- Town Improvement and Project Funds	5	(437,817)	(360,253)
- Lift Replacement Funds	6	3,266,637	7,299,878
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>			
		16,417,941	17,496,689

CHONG KEE HIONG  
Chairman

Date: 28 August 2019

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

TAN PUAY CHER  
Secretary

## **Statement of changes in funds**

for the financial year ended 31 March 2019

	Residential property \$	Commercial property \$	Carparks \$	Total \$
Balance at 1 April 2017	77,681,440	40,229,705	341,581	118,252,726
Total comprehensive income for the year	14,471,870	2,876,799	148,020	17,496,689
Balance at 31 March 2018	92,153,310	43,106,504	489,601	135,749,415
Total comprehensive income for the year	13,400,303	2,707,773	309,865	16,417,941
<b>Balance at 31 March 2019</b>	<b>105,553,613</b>	<b>45,814,277</b>	<b>799,466</b>	<b>152,167,356</b>

## **Statement of cash flows**

for the financial year ended 31 March 2019

	Note	2019 \$	2018 \$
<b>Cash Flows from Operating Activities</b>			
Deficit before taxation and government grants	3	(1,416,271)	(3,035,623)
Adjustments for:			
Operating income transfer to Sinking Funds	3,4	10,601,273	9,949,260
Operating income transfer to Lift Replacement Funds	3,6	5,708,378	5,357,292
Depreciation of plant and equipment	7,20	14,987	11,764
Plant and equipment written off		-	5
Interest income	3	(123,872)	(83,915)
<b>Operating surplus before working capital changes</b>		<b>14,784,495</b>	<b>12,198,783</b>
Decrease in operating receivables		731,439	393,334
Increase/(Decrease) in operating payables		3,387,526	(723,993)
<b>Cash generated from operations before income tax</b>		<b>18,903,460</b>	<b>11,868,124</b>
Sinking Funds expenditure	4	(4,499,520)	(4,354,913)
Town Improvement and Project Funds expenditure	5	(2,776,805)	(1,588,448)
Lift Replacement Fund expenditure	6	(7,320,133)	(2,561,170)
Electrical Load Upgrading expenditure	12	(1,211,951)	(328,207)
Neighbourhood Renewal Programme expenditure	13	(2,952,231)	(884,465)
Selective Lift Replacement Programme expenditure	16	(1,490,727)	-
Income tax paid	21	(353,066)	(415,740)
<b>Net cash (used in)/ generated from operations before government grants</b>		<b>(1,700,973)</b>	<b>1,735,181</b>
Lift Replacement Fund Matching Grant received		3,349,238	2,527,683
Selective Lift Replacement Programme fund received	16	3,479,462	-
Government grants received		7,310,899	8,075,924
GST subvention received		1,376,836	1,289,228
Government funds received for Electrical Load Upgrading Programme projects	12	481,809	244,811
Government funds received for Neighbourhood Renewal Programme projects	13	-	146,048
<b>Net cash generated from operating activities</b>		<b>14,297,271</b>	<b>14,018,875</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of plant and equipment	7	(25,620)	(21,934)
Interest and investment income received		2,119,736	1,200,578
Acquisition of investments		(9,763,500)	(20,028,000)
<b>Net cash used in investing activities</b>		<b>(7,669,384)</b>	<b>(18,849,356)</b>
Net increase/(decrease) in cash and cash equivalents		6,627,887	(4,830,481)
Cash and cash equivalents at beginning of year		119,937,843	124,768,324
Cash and cash equivalents at end of year	15	126,565,730	119,937,843

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

# **Notes to the financial statements**

## for the financial year ended 31 March 2019

### **1 General**

Bishan-Toa Payoh Town Council (the "Town Council") was formed on 13 January 1997 under the Town Councils Act (Cap. 329A). The principal functions of the Town Council are to control, manage, maintain and improve the common areas of residential and commercial property in the housing estates of the Housing and Development Board ("HDB") within the Town. The Town consists of the Bishan-Toa Payoh Group Representation Constituency which comprises the Bishan East-Thomson, Bishan North, Toa Payoh West-Balestier, Toa Payoh Central and Toa Payoh East-Novena divisions.

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

These financial statements for the financial year ended 31 March 2019 were authorized for issue in accordance with a resolution of the Town Council on 28 August 2019.

### **2(a) Basis of preparation**

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

The financial statements are presented in Singapore dollars which is the Town Council's functional currency. All financial information is presented in Singapore dollars, unless otherwise stated.

### **Significant accounting estimates and judgements**

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

Areas involving a high degree of judgement or complexity are described below.

#### **(i) Significant judgement required in applying accounting policies**

##### Income tax

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

**2(a) Basis of preparation (Cont'd)**

(ii) Critical accounting estimates and assumptions used in applying accounting policies

Allowance for bad and doubtful debts

Allowance for doubtful conservancy and service debts amounting to \$1,095,860 (2018 - \$1,090,583) have been estimated based on the age of debts, results of recovery efforts and historical experience. The carrying amount of the Town Council's conservancy and service fees receivables as at 31 March 2019 is \$744,636 (2018 - \$727,476). If the present value of estimated future cash flows decrease by 10% from management's estimates, the allowance for impairment will increase by \$88,403 (2018 - \$85,450).

**2(b) Adoption of new and revised standards**

On 1 April 2018, the Town Council adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date.

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

**(i) FRS 109 Financial Instruments**

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

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

Classification and measurement

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

Reclassification from held-to-maturity to amortised cost

Investment in quoted bonds of \$20,026,610 previously classified as "Held-to-maturity investments" were reclassified to "Investments at amortised cost" at 1 April 2018. The Town Council intends to hold these assets to maturity to collect contractual cash flows and these cash flows consist solely of payments of principal and interest. There was no difference between the previous carrying amount and the revised carrying amount of these financial assets at 1 April 2018.

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

Impairment

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

**2(b) Adoption of new and revised standards (Cont'd)**

**(i) FRS 109 Financial Instruments (cont'd)**

Impairment (cont'd)

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

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

Additional information about how the Town Council measure allowance for impairment is described in Note 2(d) under the accounting policy for impairment of financial assets.

**(ii) FRS 115 revenue from Contracts with Customers**

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

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

**2(c) Standards issued but not yet effective**

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

Reference	Description	Effective date (Annual periods beginning on or after)
FRS 116	Leases	1 January 2019
FRS INT 123	Uncertainty over Income Tax Treatments	1 January 2019
Amendments to FRS 1 and FRS 8	Definition of Material	1 January 2020

The Town Council has performed a preliminary assessment and except for FRS 116, Management expects that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on the statement of financial position to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense on lease liability and depreciation charges on right-of-use asset. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. The new leases standard is effective for annual periods beginning on or after 1 January 2019. The Town Council is currently assessing the impact of the new standard to the financial statements.

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

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

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

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

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

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

**Sinking Funds**

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

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

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

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

The Sinking Funds are utilised for cyclical works, including major repainting, renewal or replacement of roofing systems, water tanks, pumps and water supply systems, lightning protection systems, major repairs and maintenance of the common area and contributions to the HDB in respect of general upgrading works carried out on the common property under the Housing and Development Act.

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

**(a) Funds (cont'd)**

**Town Improvement and Project Funds**

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

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

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

**Lift Replacement Funds**

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

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

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

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

**(b) Allocation of General Overheads**

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

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

Such allocation by EDU applied to all Town Council Funds.

Remuneration of certain employees are allocated to Sinking Funds, Town Improvement and Project Funds and Lift Replacement Funds in proportion to the expenditure incurred for the respective funds during the year.

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

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

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

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

**(d) Plant and equipment and depreciation**

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

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

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

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

**2(d) Summary of significant accounting policies (Cont'd)****(d) Plant and equipment and depreciation (cont'd)**

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

Plant and equipment costing below \$1,000 each are charged to income or expenditure in the year of purchase. Fully depreciated plant and equipment are retained in the books of accounts until they are no longer in use.

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

**(e) Impairment of non-financial assets**

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

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

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

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

**(f) Financial assets****Initial recognition and measurement**

Financial assets are recognized 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, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in income or expenditure.

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

**(f) Financial assets (cont'd)**

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

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

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

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

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

Investment in equity instruments

The Town Council does not have investments in equity instruments.

De-recognition

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

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

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

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

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.

**(h) Cash and cash equivalents**

Cash and cash equivalents comprise cash and bank balances and fixed deposits.

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

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

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

Subsequent measurement

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

**2(d) Summary of significant accounting policies (Cont'd)****(i) Financial liabilities (cont'd)**De-recognition

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

**(j) Offsetting of financial liabilities**

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

**(k) Provisions**

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

**(l) Employee benefits**Defined contribution plan

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

Employee leave entitlements

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

Key management personnel

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

**2(d) Summary of significant accounting policies (Cont'd)****(m) Revenue recognition**

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

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

**(i) Conservancy and service fees**

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

**(ii) Agency fees**

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

**(iii) Interest and investment income**

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

**(iv) Other income**

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

**(n) Income tax**

Income tax is provided on the following income:

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

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

**2(d) Summary of significant accounting policies (Cont'd)****(n) Income tax (cont'd)**

payable and deferred tax. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each reporting date and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences.

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

Tax shall be payable at the rate of 10% on the income derived from the operation of its approved Finance and Treasury Centre in respect of the provision of qualifying services and activities which have been approved under Section 43G(2) of the Income Tax Act, Cap. 134.

**(o) Operating lease**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in the statement of income and expenditure on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in income or expenditure as an integral part of the total lease expense.

**(p) Inter-fund transfer**

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

**(q) Functional currency**

Items included in the financial statements of the Town Council are measured using the currency of the primary economic environment in which the Town Council operates (the "functional currency").

### **Accumulated surplus**



Town Improvement and Project Funds

**BISHAN-TOA PAYOH TOWN COUNCIL**  
**(Established under the Town Councils Act)**

Lift Replacement Funds 6

**7 Plant and equipment**

	<u>Furniture, fixtures and fittings</u>	<u>Office Equipment</u>	<u>Data processing equipment/ software</u>	<u>Total</u>
<u>Cost</u>				
At 1 April 2017	936,996	34,365	139,896	1,111,257
Additions	-	8,540	13,394	21,934
Write-off	-	(13,765)	(7,126)	(20,891)
<b>At 31 March 2018</b>	<b>936,996</b>	<b>29,140</b>	<b>146,164</b>	<b>1,112,300</b>
Additions	3,879	6,149	15,592	25,620
Write-off	-	-	(5,165)	(5,165)
<b>At 31 March 2019</b>	<b>940,875</b>	<b>35,289</b>	<b>156,591</b>	<b>1,132,755</b>
<u>Accumulated depreciation</u>				
At 1 April 2017	936,739	34,082	130,189	1,101,010
Depreciation for the year (Note 20)	217	1,482	10,065	11,764
Write-off	-	(13,765)	(7,121)	(20,886)
<b>At 31 March 2018</b>	<b>936,956</b>	<b>21,799</b>	<b>133,133</b>	<b>1,091,888</b>
Depreciation for the year (Note 20)	388	3,517	11,082	14,987
Write-off	-	-	(5,165)	(5,165)
<b>At 31 March 2019</b>	<b>937,344</b>	<b>25,316</b>	<b>139,050</b>	<b>1,101,710</b>
<u>Net book value</u>				
<b>At 31 March 2019</b>	<b>3,531</b>	<b>9,973</b>	<b>17,541</b>	<b>31,045</b>
<b>At 31 March 2018</b>	<b>40</b>	<b>7,341</b>	<b>13,031</b>	<b>20,412</b>

**8 Investments at amortised cost/Held-to-maturity investments**

	2019	2018
	\$	\$
Investments at amortised cost	29,785,265	-
Held-to-maturity investments	-	20,026,610
	<b>29,785,265</b>	<b>20,026,610</b>
 Comprising:		
Quoted bonds issued by statutory boards	29,785,265	20,026,610
 Maturing:		
Within one year	-	-
After one year but within five years	8,012,154	8,015,232
After five years	21,773,111	12,011,378
	<b>29,785,265</b>	<b>20,026,610</b>
 Market value		
	29,918,260	19,621,710

**8 Investments at amortised cost/Held-to-maturity investments (Cont'd)**

Investments in quoted bonds issued by statutory boards have fixed interest rates of 1.825% to 3.08% (2018: 1.825% to 2.750%) per annum and maturity date ranging from August 2022 to July 2033 (2018: August 2022 to October 2029) as at reporting date.

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

**9 Conservancy and service fees receivables**

	2019 \$	2018 \$
Conservancy and service fees receivables (Note 29.1)	<b>1,840,496</b>	1,818,059
Less: Allowance for impairment	<b>(1,095,860)</b>	(1,090,583)
	<b>744,636</b>	727,476

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

	2019 \$	2018 \$
Balance at beginning of year	(1,090,583)	(1,017,274)
Allowance for the year (Note 20)	(9,348)	(73,309)
Amount utilised	4,071	-
Balance at end of year	<b>(1,095,860)</b>	(1,090,583)

**10 Other receivables**

	2019 \$	2018 \$
Deposits	383,475	244,375
GST receivable from Inland Revenue	158,858	-
Recoverables from HDB/NEA	62,037	937,421
Prepaid expenses	7,651	61,358
Other receivables	53,045	170,511
	<b>665,066</b>	1,413,665

**11 Grants receivable**

	2019 \$	2018 \$
Receivable from Citizens' Consultative Committees	2,190,632	97,245
GST subvention receivable	354,954	332,141
Lift Replacement Fund Matching Grant receivable	744,501	700,562
	<b>3,290,087</b>	1,129,948

**12 (Receivable)/advances for Electrical Load Upgrading Programme**

	2019 \$	2018 \$
Balance at beginning of year	698,439	-
Government funds received	481,809	244,811
Government fund billed in advance	-	781,835
Payments to contractors	(1,211,951)	(328,207)
	(730,142)	698,439
Balance at end of year	<u>(31,703)</u>	698,439

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

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

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

**13 (Receivable)/advances for Neighbourhood Renewal Programme**

	2019 \$	2018 \$
Balance at beginning of year	971,920	1,710,337
Government funds received	-	146,048
Payments to contractors	(2,952,231)	(884,465)
	(2,952,231)	(738,417)
Balance at end of year	<u>(1,980,311)</u>	971,920

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

**14 Fixed deposits with financial institutions**

	2019 \$	2018 \$
Fixed deposits with financial institutions (Note 15)	<u>110,273,739</u>	109,038,669

Fixed deposits with financial institutions mature on varying dates within 12 months (2018 - 12 months) from the end of the financial year. The effective interest rates at the reporting date were between 1.00% and 2.00% (2018 - between 0.70% and 1.59%) per annum. Fixed deposits are also recallable on demand by the Town Council without incurring any significant penalties and interest costs.

**15 Cash and bank balances**

	2019 \$	2018 \$
Cash and bank balances	<u>16,291,991</u>	10,899,174

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

	2019 \$	2018 \$
Cash and bank balances	16,291,991	10,899,174
Fixed deposits with financial institutions (Note 14)	110,273,739	109,038,669
	<u>126,565,730</u>	119,937,843

**16 Advances for Selective Lift Replacement Programme**

	2019 \$	2018 \$
Balance at beginning of year	-	-
Government funds received	3,479,462	-
Payments to contractors	(1,490,727)	-
Balance at end of year	<u>1,988,735</u>	-

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

**17 Payables and accrued expenses**

	2019 \$	2018 \$
Refundable deposits	314,287	264,457
Payables to contractors	6,672,001	3,461,269
Accrued operating expenses	1,008,872	858,452
GST payable to Inland Revenue	-	136,395
Other creditors	215,365	92,037
	<u>8,210,525</u>	4,812,610

**18 Agency fees**

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

**BISHAN-TOA PAYOH TOWN COUNCIL**  
**(Established under the Town Councils Act, Cap. 329A)**  
**Notes to the financial statements for the financial year ended 31 March 2019**

**29**

**19 Other income**

	2019 \$	2018 \$
Agency fees	4,653	5,081
Late payment fees	104,840	109,255
Liquidated damages	367,042	244,213
Sale of tender documents	26,700	24,000
Sundry fines	20,038	59,770
Sundry income	83,484	78,249
Temporary occupation licences	1,284,127	1,330,511
Use of void decks and common property	23,810	25,840
Use of water and electricity	125,482	124,332
	<b>2,040,176</b>	<b>2,001,251</b>

**20 General and administrative expenditure**

	2019 \$	2018 \$
Advertising, publicity and public relations	217,570	206,632
Computers services	219,303	163,112
Conservancy and service fees receivables		
- allowance for impairment (Note 9)	9,348	73,309
- bad debts recovered	-	(12,548)
Depreciation of plant and equipment (Note 7)	14,987	11,764
Employee remuneration (Note 26)	6,125,941	5,824,222
Office expenses	214,050	248,383
Office rental	305,568	302,106
Others	208,065	167,389
Plant and equipment not capitalised	3,166	10,533
Professional fees	70,240	37,200
Property tax	124,764	130,366
Unclaimable GST	261,844	268,964
Allocation of general and administrative expenditure to:		
- Sinking Funds (Note 23(ii))	(183,974)	(306,429)
- Town Improvement and Project Funds (Note 24)	(114,881)	(112,677)
- Lift Replacement Funds (Note 25)	(306,702)	(158,957)
	<b>7,169,289</b>	<b>6,853,369</b>

**21 Income tax**

	2019 \$	2018 \$
Current tax expense		
- Current year	484,000	312,000
- Over provision in respect of previous years	(201,534)	(59,260)
	<b>282,466</b>	<b>252,740</b>
Taken up in:		
Accumulated surplus (Note 3)	71,640	101,076
Sinking Funds (Note 4)	149,376	125,664
Town Improvement and Project Funds (Note 5)	150	-
Lift Replacement Funds (Note 6)	61,300	26,000
	<b>282,466</b>	<b>252,740</b>

**21 Income tax (Cont'd)**

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

	<b>2019</b> \$	<b>2018</b> \$
Government grants	14,197,112	12,636,495
Investment and interest income	2,325,321	1,429,722
Other income	545,115	481,463
	<b>17,067,548</b>	<b>14,547,680</b>
Tax calculated at Singapore tax rate of 17% (2018 - 17%)	2,901,483	2,473,105
Singapore statutory stepped income exemption	(17,425)	(25,925)
Tax remission of government grants under Section 92(2) of Singapore Income Tax Act	(2,399,014)	(2,125,685)
Over provision in respect of previous years	(201,534)	(59,260)
Others	(1,044)	(9,495)
	<b>282,466</b>	<b>252,740</b>

Movements in income tax payable are as follows:

	<b>2019</b> \$	<b>2018</b> \$
Balance at beginning of year	882,000	1,045,000
Payments during the year	(353,066)	(415,740)
Over provision in respect of previous years	(201,534)	(59,260)
Tax expense on income for current year	484,000	312,000
Balance at end of year	<b>811,400</b>	<b>882,000</b>

**Notes to the financial statements for the financial year ended 31 March 2019**

**23 Sinking Funds income and expenditure**

## (i) Income

	2019 \$	2018 \$
Interest income from bank deposits	1,236,161	1,045,055
Interest income from quoted bonds	603,846	144,453
Others	4,924	729
	<b>1,844,931</b>	<b>1,190,237</b>

## (ii) Expenditure

	2019 \$	2018 \$
Electrical rewiring works	59,830	19
Other works	370,160	2,794,310
Re-decoration and repainting works	3,368,077	347,934
Re-roofing works	463,691	860,384
Unclaimable GST	53,788	45,837
General and administrative expenditure (Note 20)	183,974	306,429
	<b>4,499,520</b>	<b>4,354,913</b>

**24 Town improvement and project funds expenditure**

	2019 \$	2018 \$
Covered linkways	1,212,910	1,041,186
Construction/upgrading of playground and fitness corner	483,571	380,287
Construction of facilities and other amenities	965,443	54,298
General and administrative expenditure (Note 20)	114,881	112,677
	<b>2,776,805</b>	<b>1,588,448</b>

**25 Lift replacement funds expenditure**

	2019 \$	2018 \$
Replacement of main sheaves/ropes	762,700	1,530,330
Replacement of ARD/EBOPS battery	307,245	387,223
Other lift related works	5,943,486	484,660
General and administrative expenditure (Note 20)	306,702	158,957
	<b>7,320,133</b>	<b>2,561,170</b>

**26 Employee remuneration**

	2019 \$	2018 \$
Councillors' allowance	163,800	164,100
Salaries and related costs	5,281,564	4,997,489
Contribution to CPF	680,577	662,633
	<b>6,125,941</b>	<b>5,824,222</b>

**26 Employee remuneration (Cont'd)**

Employee remuneration includes the following:

	2019 \$	2018 \$
Key management personnel remuneration		
- Councillors' allowance	163,800	164,100
- Salaries and related costs	460,279	687,818
- Contribution to CPF	30,959	36,275
	<b>655,038</b>	<b>888,193</b>

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

**27 Operating lease payment commitments**

At the end of the reporting period, future minimum lease payment commitments of the office premises and computers services contract are as follows:

	2019 \$	2018 \$
Not later than one year	440,654	371,154
Later than one year and not later than five years	441,471	328,525
	<b>882,125</b>	<b>699,679</b>

Operating leases for the office premises are non-cancellable and the agreements are entered into for a term of 3 years (2018 - 3 years), which is subject to revision on renewal.

The Town Council entered into an agreement for a contract sum of \$986,052 with NEC Asia Pacific Pte Ltd for the supply, delivery, design, development, installation, configuration, testing, commissioning, warranty of a fully operational integrated Town Council Management System with operation support and maintenance for the period 1 May 2013 to 30 April 2020.

**28 Expenditure commitments**

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

	2019 \$	2018 \$
Amount approved and contracted for	30,842,346	26,322,499
Amount approved but not contracted for	87,436,000	44,904,000

**29 Financial instruments and financial risks**

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

**29 Financial instruments and financial risks (Cont'd)****29.1 Credit risk**

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

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

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

For receivables, an ongoing credit evaluation is performed on the financial conditions of the receivables and losses on impairment are recognised in income or expenditure. The allowance for doubtful conservancy and service fees receivables totalling \$1,095,860 (2018 - \$1,090,583) has been determined at the reporting date. There are no concentrations of credit risk with respect to conservancy and service fees receivables as the exposure is spread over a large number of residents.

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

Town Council	Internal credit rating	12-month/ Lifetime ECL	Gross carrying amount \$	Loss allowance \$	Net carrying amount \$
<b>31 March 2019</b>					
Conservancy and service fees receivable (Note 9)	(1)	Lifetime ECL (Simplified approach)	1,840,496	(1,095,860)	744,636
Grants receivable (Note 11)	(2)	Performing	3,290,087	-	3,290,087
Receivable for Electrical Load Upgrading Programme (Note 12)					
	(2)	Performing	31,703	-	31,703
Receivable for Neighbourhood Renewal Program (Note 13)	(2)	Performing	1,980,311	-	1,980,311
<b>31 March 2018</b>					
Conservancy and service fees receivable (Note 9)	(1)	Lifetime ECL (Simplified approach)	1,818,059	(1,090,583)	727,476
Grants receivable (Note 11)	(2)	Performing	1,129,948	-	1,129,948

- (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 economic conditions.

**29 Financial instruments and financial risks (Cont'd)****29.1 Credit risk (cont'd)**

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

There are no other material classes of financial assets that are past due except for the conservancy and service fees receivables. The age analysis of conservancy and service fees receivables is as follows:

	2019 \$	2018 \$
Not past due	221,778	170,628
Past due 1 - 3 months	195,306	215,679
Past due 4 - 5 months	104,350	124,406
More than 6 months	1,319,062	1,307,346
Total receivables (Note 9)	1,840,496	1,818,059
Less: Allowance for impairment	(1,095,860)	(1,090,583)
	<b>744,636</b>	<b>727,476</b>

Conservancy and service fees receivables amounting to \$221,778 (2018 - \$170,628) are creditworthy debtors with no adverse payment records with the Town Council.

Conservancy and service fees receivables amounting to \$522,858 (2018 - \$556,848) are past due at the reporting date but not impaired, as management believes that they will be collectible in the foreseeable future as a result of recovery efforts and historical experience.

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

**29.2 Market risk***Interest rate risk*

The exposure in interest rate risk mainly arises from changes in interest rates as disclosed in Note 14.

*Equity price risk*

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

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

**29.3 Liquidity risk**

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

**29 Financial instruments and financial risks (Cont'd)****29.3 Liquidity risk (cont'd)**

The average credit period for settlement of payables and accrued expenses is 30 days (2018 - 30 days). It is expected that all the liabilities will be paid when due with cash inflows from operating activities and government grants.

The contractual undiscounted cash flows of financial assets and financial liabilities due within 12 months approximate their carrying amounts as the impact of discounting is not significant.

**29.4 Accounting classifications of financial assets and financial liabilities**

The carrying amounts of financial instruments by category other than those disclosed on the face of the statement of financial position and in notes to the financial statements are as follows:

	Note	Financial assets carried at amortised cost \$
<b>At 31 March 2019</b>		
<b>Financial assets</b>		
Investments at amortised cost	8	29,785,265
Conservancy and service fees receivables	9	744,636
Other receivables <sup>(i)</sup>		498,557
Interest receivable		727,833
Grants receivable	11	3,290,087
Receivable for Electrical Load Upgrading Programme	12	31,703
Receivable for Neighbourhood Renewal Programme	13	1,980,311
Fixed deposits with financial institutions	14	110,273,739
Cash and bank balances	15	16,291,991
		<b>163,624,122</b>

	Note	Financial liabilities carried at amortised cost \$
<b>At 31 March 2019</b>		
<b>Financial liabilities</b>		
Conservancy and service fees received in advance		643,660
Advances for Selective Lift Replacement Programme	16	1,988,735
Payables and accrued expenses	17	8,210,525
		<b>10,842,920</b>

	Note	Held-to-maturity \$	Loans and receivables \$
<b>At 31 March 2018</b>			
<b>Financial assets</b>			
Held-to-maturity investments	8	20,026,610	-
Conservancy and service fees receivables	9		727,476
Other receivables <sup>(i)</sup>		-	1,352,307
Interest receivable			512,479
Grants receivable	11	-	1,129,948
Fixed deposits with financial institutions	14		109,038,669
Cash and bank balances	15	-	10,899,174
		<b>20,026,610</b>	<b>123,660,053</b>

**29 Financial instruments and financial risks (Cont'd)**

**29.4 Accounting classifications of financial assets and financial liabilities (cont'd)**

	Note	Financial liabilities carried at amortised cost \$
<b>At 31 March 2018</b>		
<b>Financial liabilities</b>		
Conservancy and service fees received in advance		654,049
Advances for Electrical Load Upgrading Programme	12	698,439
Advances for Neighbourhood Renewal Programme	13	971,920
<u>Payables and accrued expenses<sup>(ii)</sup></u>		<u>4,676,215</u>
		<u>7,000,623</u>

- (i) Excludes prepaid expenses and GST receivable from Inland Revenue.  
 (ii) Excludes GST payable to Inland Revenue.

**30 Funds management**

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

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

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

There were no changes in the Town Council's policies and procedures in the management of its surplus funds during the financial year. The Town Council is not subject to externally imposed capital requirements. As at the end of the reporting period, the Town Council's total funds amounted to \$152,167,356 (2018 - \$135,749,415).

**31 Fair value measurements**

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

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

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

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

**32 Contingent Liabilities**

Subsequent to the financial year end, the Town Council received a letter of demand from a contractor seeking compensation of \$1.06 million for cost overruns from the works in respect of a covered plaza and open space facilities completed on 5 September 2015. The Town Council has responded to deny the basis of claims in accordance with the terms of the contract.

The financial impact cannot be determined as the legal proceedings are still on-going and its outcome cannot be determined reasonably.