

Building a



safe



inclusive



sustainable



vibrant

Town

ANNUAL REPORT 2018/2019



The Nee Soon Town comprises 5 divisions. Chong Pang, Kebun Baru, Nee Soon Central, Nee Soon East and Nee Soon South.

Serving over 180,000 residents of Nee Soon Town, Nee Soon Town Council now manages over 605 blocks and 61,000 residential units in addition to several commercial units comprising of shops, hawker stalls and markets.

Vision

Home With A Heart

Mission

Building a safe, inclusive, sustainable and vibrant Town





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Chairman's

Review

FY2018/19 is a significant milestone. Nee Soon Town Council has achieved an all green rating in the Town Council Management Report (TCMR) for four consecutive years. It testifies to the commitment our town councillors and staff have put in to achieve success in corporate governance, estate cleanliness, estate maintenance, lift performance, and service and conservancy charges (S&CC) arrears management.

We owe our outstanding performance over the past five years to the strict stance we take towards governance, risk management and compliance. Be it managing our finances or appointment of our vendors, we recognise that uncertainty prevails. Hence, we have developed a risk management framework to identify, assess, manage, monitor and report risks.

Nee Soon Town Council aims to remain a sustainable organisation. We prioritise responsible business practices and are always developing our capabilities. We created a diverse and inclusive Town Council and actively seek ways to reduce our environmental footprint and support biodiversity.

The Town Council invested a total of \$17.6 million on estate improvement work, such as

Town Improvement Projects, Neighbourhood Renewal Programmes and Cyclical Works in this financial year. This is part of our on-going efforts to enhance the living environment for our residents, and make Nee Soon a safe, inclusive, sustainable and vibrant Town.

Continual communication with residents helps us inform them of estate improvements, as well as gather feedback that we can work on. We have effectively managed our traditional communication platforms to convey updated information on the Town and survey residents to gain consensus on upgrading works. We have also moved towards incorporating new avenues of communication.

We reached a milestone in both our social media accounts, Facebook and Instagram, with our Facebook page reaching 10,000 likes and our Instagram profile gaining our first 1,000 followers – the highest among all the Town Councils in Singapore. We are thankful for the support of all our residents and aim to incorporate more of such positive changes in our Town.

These are small steps towards big changes. These steps are also our way of protecting our community for future generations and realising our vision to build a Home With A Heart.



We created a diverse and inclusive Town Council and actively seek ways to reduce our environmental footprint and support biodiversity.

Our *Members* of Parliament

TERM OF OFFICE: 1 October 2017 to 30 September 2019



Mr K. Shanmugam

Minister for Home Affairs
Minister for Law
MP for Nee Soon GRC
Adviser to Nee Soon Town Council



**Assoc. Prof. Muhammad
Faishal Ibrahim**

Senior Parliamentary Secretary
Ministry of Education
Ministry of Social and Family
Development
MP for Nee Soon GRC
Adviser to Nee Soon Town Council



Mr Louis Ng Kok Kwang

MP for Nee Soon GRC
Chairman of Nee Soon Town Council



Er. Dr. Lee Bee Wah

MP for Nee Soon GRC
Vice-Chairperson of Nee Soon
Town Council



Mr Kwek Hian Chuan Henry

MP for Nee Soon GRC
Vice-Chairman of Nee Soon Town Council

Town

Councillors

TERM OF OFFICE: 1 October 2017 to 30 September 2019

Audit Committee



Chairperson:

1. Mr Marcus Lam Hock Choon

Members:

2. Ms Dilys Boey
3. Mr Elton Lim Seow Long
4. Mr Goh Hung Kwang, BBM
5. Mdm Heidi Wong Gue Kuew, BBM
6. Mr Henry Foo Chee Kiou, BBM
7. Mr Lawrence Koh Hock Siong, BBM
8. Mr Michael Tan Kok Siong, PBM
9. Dr Phua Tan Tee, BBM

Investment & Finance Committee



Chairperson:

1. Mr Nicky Tan Ng Kuang

Members:

2. Mr Kenny Pong Teck Koon
3. Mr Koh Aik Kuan
4. Mr Lim Ah Kum, PBM
5. Prof Liow Kim Hiang
6. Mdm Rose Koh Siang Noi, PBM
7. Ms T Porchelvi, PBM
8. Mr Victor Ng Fook Ai, PBM
9. Mr Yek Boon Seng

Town Councillors

TERM OF OFFICE: 1 October 2017 to 30 September 2019

Legal & Contracts Committee



Chairperson:

1. Mr Alex Lee Ke Hoo, JP, BBM

Members:

2. Mr Andrew Ng Tok Yong, BBM
3. Mr Choo Hai Boon, PBM
4. Ms Chris Goh Poh Hwee, PBM
5. Mr Fang Chee Chuan
6. Mr Ng Shi Yang
7. Ms Shailaja D/O Kamalasanan
8. Mr Stanley Thoo Hock Huat, PBM

Maintenance & Customer Service Committee



Chairperson:

1. Mr Tan Meng, JP, BBM

Members:

2. Mr Eric Tan Kim Huat
3. Ms Gogiladevi D/O Meande
4. Mr Jackson Lam Weiliang
5. Mr Jordan Lee Cheng Kok
6. Mr Kay Teck Hui
7. Mr Lim Sun Kiat
8. Mr Wong Teck Ling, PBM
9. Mr Yee Kum Hong Ivan

Town Councillors

TERM OF OFFICE: 1 October 2017 to 30 September 2019

Mass Communications Committee



Chairperson:

1. Mr Quak Hiang Whai

Members:

2. Ms Evelyn Hung Suet Leng
3. Mr Koh Boon Koon
4. Mr Jackson Tan Kun Seng, PBM
5. Hj Mahmud Bin Hj Ali, BBM
6. Mr Ng Yeong Poh
7. Mr Ramlee Bin Kasiman, PBM
8. Mr Wong Choon Weng

Projects & Development Committee



Chairperson:

1. Mr Wong Nam Sin

Members:

2. Ms Anna Chan, PBM
3. Mr Ho Toon Bah
4. Mr Michael Lam Koy Soon
5. Mr Oliver Osman Junus, PBM
6. Mr Philip Tan Seng Leong, BBM
7. Mr Toh Meng Yak
8. Mr Wilson Wong Leong Jiam, PBM

Journey with us

NOVEMBER

- Opening of Kebun Baru Collection Centre



DECEMBER

- First Interactive LED Playground in Yishun > Blk 314



MARCH

- First TC to appoint an Internal Auditor



2015

APRIL

- Implemented use of Anti-Mosquito Paint for all repainting works

AUGUST

- First TC to bring in inflatable balloons into the community for NDP celebrations

NOVEMBER

- First in Singapore to use motorised tricycles for estate cleaning



2016

JULY

- Largest Community Covered Multi-purpose Hall > MPC @ Khatib

AUGUST

- Completion of Largest Futsal Court in the North Futsal Arena @ Yishun

2017



FEBRUARY

- Started NSTC's Instagram Page



JUNE

- Inaugural Environment Day



2018

OCTOBER

- Achieved 10k fans on Facebook



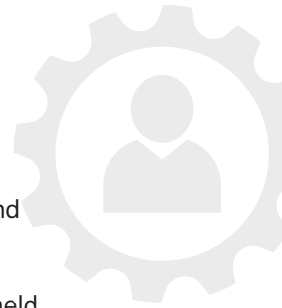
2019

MARCH

- First 1k followers on Instagram

**TCMR ALL GREEN BANDING
SINCE NEE SOON TOWN
COUNCIL'S FOUNDATION**

Governance



Nee Soon Town Council is committed to a high standard of corporate governance through transparency and accountability. Rigorous internal controls are implemented to safeguard residents' interests and the Town Council's assets and facilities.

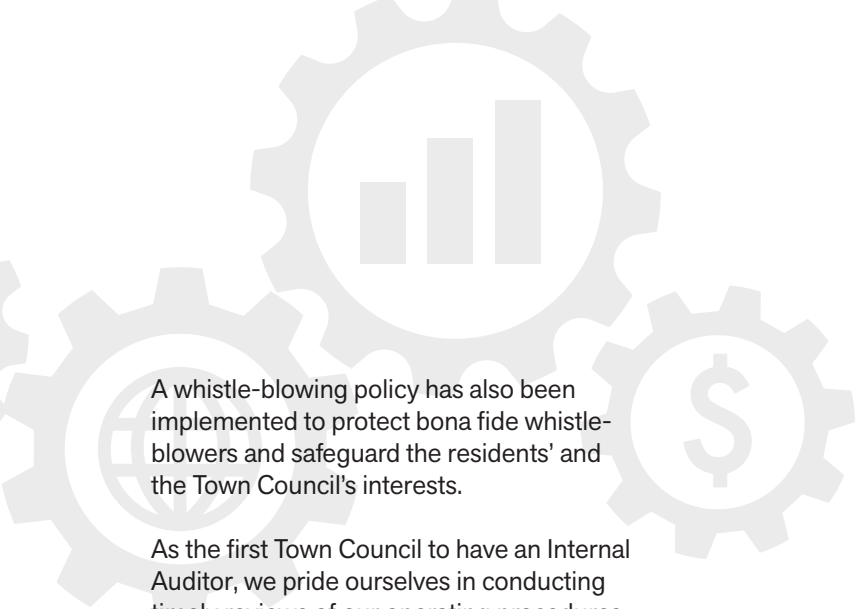
We have in place a process for selection and appointment of Town Councillors to ensure there is a mix of residents' voices and relevant expertise. These elected members guide

the Town Council in making objective and resident-centric decisions.

Committee and Council meetings are held on a quarterly basis to discuss governance, strategic, operational and executive decision-making matters.

Town councillors and staff are required to submit a disclosure of interest every quarter to identify any potential conflicts of interest.





A whistle-blowing policy has also been implemented to protect bona fide whistle-blowers and safeguard the residents' and the Town Council's interests.

As the first Town Council to have an Internal Auditor, we pride ourselves in conducting timely reviews of our operating procedures, compliance and policies to ensure that proper controls, governance and risk management processes are in place.





Risk Management



Nee Soon Town Council aims to achieve the right balance between mitigating risks to an acceptable level whilst taking advantage of opportunities in a measured and deliberate manner.

We set out a risk management framework to help the management make informed decisions and come up with sound strategies.



4/1/2016	5.88
5/1/2016	5.92
6/1/2016	5.95
7/1/2016	2.43
8/1/2016	5.85
9/1/2016	5.52
10/1/2016	6.74
11/1/2016	1.66
12/1/2016	5.54
1/1/2017	3.03
2/1/2017	6.00
3/1/2017	6.78
4/1/2017	4.32
5/1/2017	7.56
6/1/2017	5.90
7/1/2017	6.16
8/1/2017	2.43

OUR FOCUS

1

Creating a culture of proactive risk management to minimise uncertainty in the Town Council

2

Define an ongoing and consistent process for identifying, evaluating, escalating, monitoring and reporting upon the significant risks faced by the Town Council and its stakeholders.

3

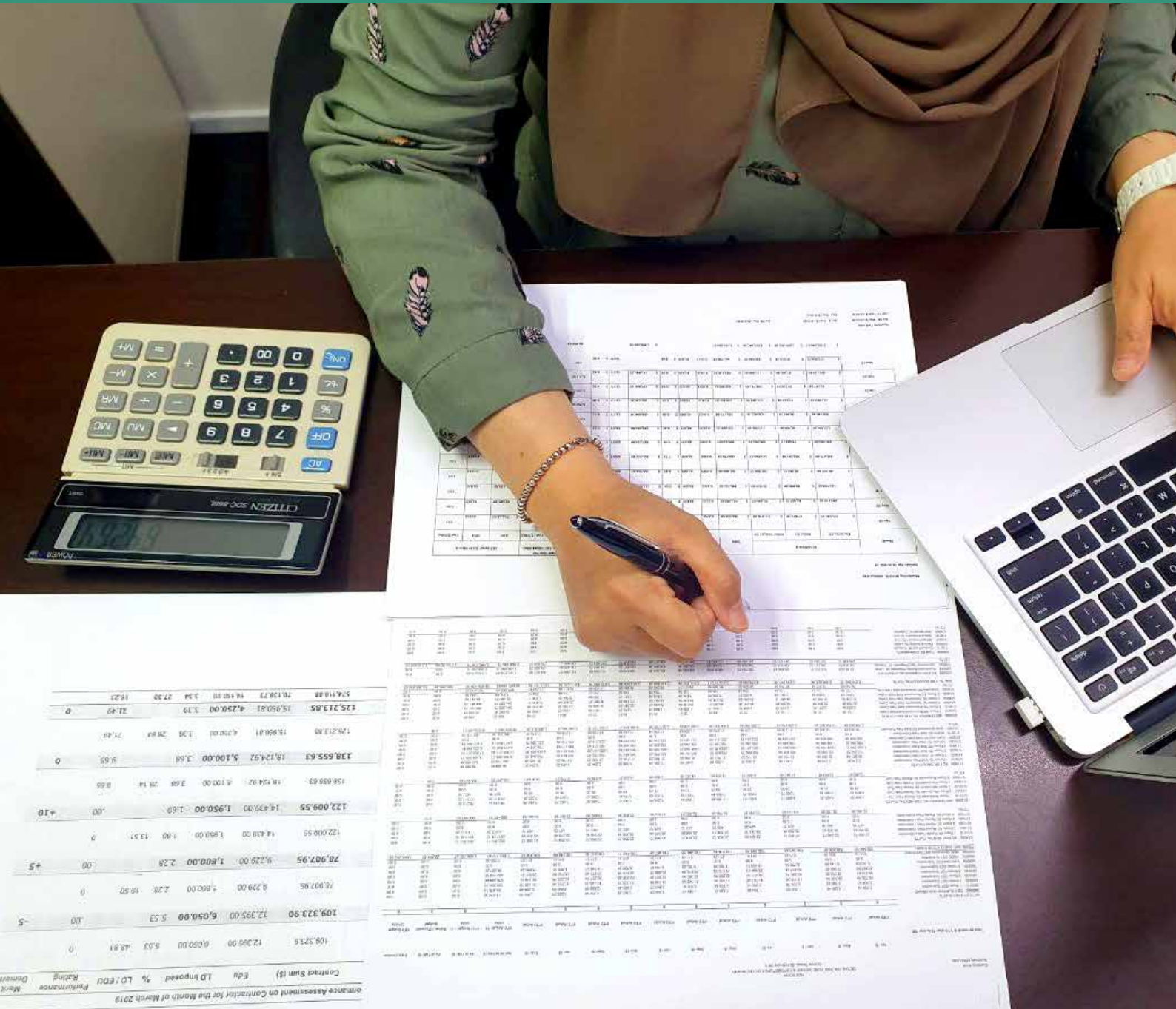
Incorporate risk management considerations into the Town Council's culture and strategic decision-making to improve corporate governance practices and stakeholder confidence

4

Enhance the Town Council's services, comply with regulatory obligations, protect assets and reputation, as well as the interests of the Town Council and its stakeholders

5

Establish clearly the roles and responsibilities on escalation and communication of risks and opportunities



Contract Sum (\$) Edn LD imposed % LD / EDU Rating Overall

Performance

Contract Assessment on Contractor for the Month of March 2019

109,323.90	12,395.00	6,050.00	5.53	1.00	-5
78,907.95	9,229.00	1,800.00	2.28	1.00	+5
122,080.55	14,439.00	1,800.00	1.40	12.57	0
123,009.55	14,435.00	1,950.00	1.40	1.00	+10
138,655.63	16,124.92	5,100.00	3.18	0.55	0
125,213.85	15,950.81	4,250.00	3.19	21.89	0
57,410.88	70,138.73	14,181.81	3.34	27.30	16.23

Contract No.	Contract Sum (\$)	Edn	LD imposed	% LD / EDU	Rating	Overall
109,323.90	12,395.00	6,050.00	5.53	1.00	-5	
78,907.95	9,229.00	1,800.00	2.28	1.00	+5	
122,080.55	14,439.00	1,800.00	1.40	12.57	0	
123,009.55	14,435.00	1,950.00	1.40	1.00	+10	
138,655.63	16,124.92	5,100.00	3.18	0.55	0	
125,213.85	15,950.81	4,250.00	3.19	21.89	0	
57,410.88	70,138.73	14,181.81	3.34	27.30	16.23	



Financial Management

The Town Council continues to face rising costs from utilities, cleaning, lift servicing and estate maintenance works.

With detailed financial planning, efficiency and prudence, we saw a modest operating surplus of \$3.48 million for FY2018/19. The funds ensure that the Town Council can continue to deliver the necessary upgrading works, safeguarding the future of the Town's development.

Our financial performance and accounting policies are periodically reviewed. Investments are largely placed with our fund managers and are monitored closely.

Investment Funds Allocation

Fixed Deposit: \$85.3 million
Fund Managers: \$31.8 million

Nee Soon Town Council also keeps arrears management in close view. We seek a balance in recovery of outstanding amounts while providing support to needy residents.



Vendor Management



With the diverse range of functions within the Town Council, we work with various business partners to ensure each area is well addressed by market experts.

Appointment of vendors is a critical process to be taken care of. The Town Council sets up protocols for this appointment through a transparent and formalised tender and quotation process. Tender invitations and results are made available publicly. Apart from clearly laying out our requirements prior to the award, we also set up processes to monitor the performance of our vendor from the start to completion of the project. In Nee Soon Town Council we focus not only on the price, but also value and quality.



Sustainability



Reducing Environmental Footprint

Beyond environmental infrastructure, we further committed ourselves to the environment by reducing food and consumable waste in regular community events. These are small steps towards big changes. It is also our way of recognising our role to protect our community for future generations and our vision to build a Home With A Heart.

▪ *Solar energy devices and LED lighting*

We continue to tap on solar energy devices and LED lightings around the estates to save electricity. 77,400 Solar Photovoltaic (PV) panels and 71,032 lights have been installed in our Town. Apart from the smaller carbon footprint from the overall reduction in our power consumption, the savings from energy efficiency helps mitigate rising operating costs.

▪ *Responsible consumption of single-use items*

Nee Soon Town Council also aims to create more sustainable practices. We had switched to e-documents at meetings to cut down on paper waste. Single use utensils, plastic bottles and straws for food catering at events and meetings will also be eliminated.

Supporting Biodiversity

Nee Soon Town Council recognises the importance of biodiversity as the foundation of the entire ecosystem to which our well-being is intimately linked.

- *Relocating bees*

Bees are pollinators and the only insects that produce food for humans. They contribute to complex, interconnected ecosystems.

When there is feedback on bees, we try to take a more humane approach. Instead of killing the bees and destroying the beehives, we are looking into relocating them with professional bee-keepers from BeeAmazed Garden.



- *Shaping butterfly-friendly habitats*

Butterflies are indicators of a healthy environment and ecosystem. They provide a wide range of environmental benefits which include pollination and natural pest control, and are a food source for other species.

- *As part of our on-going effort to shape ourselves into a butterfly-friendly Town, we have increased the cultivation of butterfly friendly plants like the Pinwheel flower, Peacock flower, Ixora and Lantan.*



Developing Capabilities

Nee Soon Town Council adopts a strong diversity and inclusion strategy with our people. Continual engagement with staff and Council members is key in the line of our work.

- *Diverse and inclusive team*

Our Council members come from different genders, age groups, races (Provide a chart of %). They comprise of experts in the field of financial, audit, construction and mass communications. We also made sure two thirds of the members are residents from our town. This ensures that we have voices representing all residents.



- *Staying relevant*

Nee Soon Town Council keeps itself updated with new market capabilities to raise efficiency and improve safety. Following a successful trial, we now deploy unmanned aerial vehicles (UAVs) to assist officers with inspection of inaccessible areas like rooftops.

Seminar workshops are held annually for Town Councillors to come together to identify areas where the Town Council can improve. Council meetings are also held quarterly to update members on legislations and regulations.

Responsible Business Practices

At Nee Soon Town Council, we strive to meet the highest professional and ethical standards and make a positive social impact.



- *Personal Data Protection*

The Town Council takes residents' data protection seriously. Our Personal Data Protection Policy clearly defines the different purposes of the collection, use and disclosure of personal data. This assures our residents of the privacy of their data.



- *Online safety*

We also have strong cybersecurity measures in place to strengthen our online infrastructure, as well as prevent data breaches and other network security threats.



- *Whistle-Blowing Policy*

The implementation of the Whistle-Blowing Policy underpins our zero-tolerance stance towards improper conduct which risks loss or damage to Nee Soon Town Council's reputation.

The Policy, which is available publicly, provides:

- Avenues for Whistle-blower (employees, Council members, contractors and members of the public) to report to the Town Council if he/ she observes or discovers any detrimental action and improper conduct of employees, Council members or contractors in the Town Council
- Assurance that no adverse personnel action would be taken against Whistle-blower in retaliation for his/ her disclosures in good faith, and identity of Whistle-blower will be kept strictly confidential



- *Workplace safety*

The Town Council is committed to protecting the health and safety of our people.

Externally, we ensure that our vendors conduct periodic briefings to their workers to reiterate this. The Town Council also made it mandatory for risk assessments to be submitted to us on different aspects of work. Machine operators must go through official training on safe and proper handling of each machine. Documentary evidence is submitted to the Town Council for record.

Internally, the Town Council continuously improves our systems and practices through training on occupational health and safety. We also ensure an effective communication gateway for identification, assessment and hazard control.



Upkeeping Our

Estate

At Nee Soon Town Council, we strive to continually enhance the living experience of our residents and maximise their physical and social wellbeing. Last year, the Town Council has spent a total of \$17.6 million on estate improvement work, such as Town Improvement Projects, Neighbourhood Renewal Programmes and Cyclical Works. This is part of our on-going efforts at building a safe, inclusive, sustainable and vibrant Town.

Block Washing



316A Yishun Ave 9

Landscaping



315-318 Yishun Ave 9

751 Yishun St 22

- *Neighbourhood Renewal Programmes (NRP)*

There is a total of 6 Neighbourhood Renewal Programmes (NRP) in progress. Residents have been positive and supportive, which encourages us to work harder in building a better Town.

- *Town Improvement Projects (TIP)*

We completed 61 town improvement projects. The projects comprise of the renewal of existing facilities and the construction of new amenities such as covered walkways, ramps and drop-off points.

Fitness Corners



757 Yishun St 72



227 Yishun St 21

Playgrounds



120 Yishun Ring Road



235 Yishun Street 21



809 Yishun Ring Road



875 Yishun St 81

Ramps and Walkways



115 AMK Ave 4



227 Yishun St 21



245 Yishun Ave 9



245-251 Yishun Ring Road



250 Yishun Ave 9

- *Cyclical Works*

Cyclical works are integral in keeping our buildings and facilities in good and serviceable condition. A comprehensive cyclical work programme and budget is planned at the beginning of every financial year. The programmes include block repainting, re-roofing and repairs, replacement of lifts, water pumps, pipes and tanks.

Lift Improvements



751 Yishun St 22

Block Painting



106 AMK Ave 4



178 AMK Ave 4





Communications and Community

Engagement



Our residents are at the heart of all we do and we recognise the value of regular communications with them. To adapt to the changing landscape, we have developed and will continue to develop different approaches to engage our residents. Apart from the traditional means of engagement through printed media and questionnaires, we went the extra mile to capture the attention of our residents through marketing collaterals, social media and innovative technologies. By maximising our engagement, we hope to demonstrate our commitment to our residents in building an inclusive and vibrant Town.

Community liaison

The Town Council actively reaches out to our residents who might be facing difficulties in their lives. We identify hardship cases through arrears management data and trends. We engage these families and match them to social service providers in the community. Through little efforts like this, we hope to make a small difference in their lives.

Branding mascots

Our two friendly Town Council mascots – Nanas and Squish have been well received since their introduction in 2016. We continued using our mascots as ambassadors to reach out to our younger residents and promote our Go Green Campaign. Green marketing collaterals such as reusable tote bags, environmentally friendly stationary kits and reusable metal straws were produced with our mascots printed on them. They have also made their appearances in our promotional posters, educational videos and motion graphics which we use to engage our residents.



Video productions

The Town Council produced a series of short videos. The Nee Soon Story series features different aspect of our residents' lives. It brings across important messages on community bonding, family and friendship. The videos were well received and we will continue to bring in good productions in the years to come.



Estate satisfaction survey

Identifying our performance level is also important to the Town Council. We conducted a satisfaction survey to over a six-month period to better understand our residents' confidence in the Town Council's ability



to manage their living environment. Through survey results, we were also able to derive residents' areas of concern and plan to address them.





Customer service rating solutions

We continuously explore ways to improve our service to residents. Counter service rating tablets have also been installed to appraise our counter service quality and obtain feedback to enable us to serve our residents better.

Consensus gatherings

The execution of Neighbourhood Renewal Programmes is one of the major functions of the Town Council. It rejuvenates mature estates and upgrades them to the current facilities. When planning the Programmes, the Town Council takes residents' feedback seriously. Localised consensus gatherings were held to better understand what the residents want for their estate improvements. With our residents' input, the Town Council can come up with upgrading proposals that are best suited to their needs.



Newsletter

Our residents matter to us. Hence, we constantly look for ways to engage and strengthen our relationships. Our newsletter offers a platform for residents to be in touch with both community and national news. Sections like food features and personality interviews were also well received.



The frequency of our newsletter has been increased from four to six issues a year. This is to provide more timely updates to the residents. We also continue to feature interviews with inspiring community leaders and residents as they reflect the true heart and soul of our town.

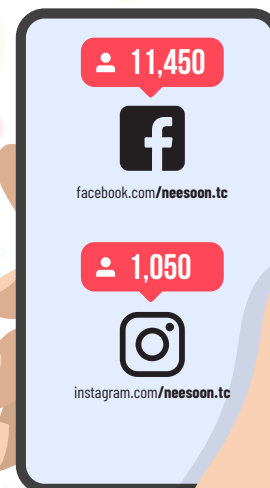
Social media

We are leveraging on social media to effectively convey and communicate with our residents. As at 31st March 2019, our Facebook and Instagram follower counts rank the highest among all Town Councils in Singapore.

#HomeWithAHeart

#NeeSoonCares

are some of the hashtags we have been using to foster a strong and tight-knit online community. We want to thank our followers for their support and the motivation they give us to do better.





Financial Highlights

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Financial Highlights

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Nee Soon Town Council (the “Town Council”), which comprise the statement of financial position of the Town Council as at 31 March 2019, the income and expenditure statement, statement of comprehensive income, statement of changes in Town Council funds and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 47.

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

Basis for opinion

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

Other Matter

The financial statements of the Town Council for the financial year ended 31 March 2018, were audited by another firm of auditors whose report dated 26 September 2018 expressed an unmodified opinion on those financial statements.

Other Information

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

A town council is constituted based on its Act and its dissolution requires 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, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Financial Highlights

Report on Other Legal and Regulatory Requirements

Opinion

In our opinion:

- (a) the receipts, expenditure and 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.

Responsibilities of Management for compliance with legal and regulatory requirements

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

Auditor's responsibilities for the Compliance Audit

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

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



Ecovis Assurance LLP

Public Accountants and Chartered Accountants
Singapore

24 September 2019

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

1. GENERAL INFORMATION

Nee Soon Town Council ("Town Council") was formed on 1 April 2013 under the Town Councils Act (Chapter 329A) following the restructuring of Sembawang-Nee Soon Town Council into two separate entities – Sembawang Group Representation Constituency ("GRC"), now known as Sembawang Town Council and Nee Soon GRC, now known as Nee Soon Town Council.

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

The Town Council is made up of Nee Soon GRC which comprises the Chong Pang Division, Kebun Baru Division, Nee Soon Central Division, Nee Soon East Division and Nee Soon South Division.

The financial statements of the Town Council for the financial year ended 31 March 2019 were authorised for issue by the members of Town Council on 24 September 2019.

The head office of the Town Council is situated at Block 290 Yishun Street 22, Singapore 760290.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the Financial Reporting Standards in Singapore ("FRSs") as issued by the Accounting Standards Council Singapore as well as all related interpretations to FRS ("INT FRS") and the Town Councils Act, Cap. 329A. The financial statements are prepared on a going concern basis under the historical cost convention, except where an FRS requires an alternative treatment (such as fair values), as disclosed where appropriate in these financial statements.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Town Council takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of FRS 102 *Share-based Payment*, leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net reliable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Financial Highlights

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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

2.2 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent assets and liabilities at the end of each reporting period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

Apart from those involving estimations, management has made judgements in the process of applying the Town Council's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements are disclosed in Note 2.22.

2.3 ADOPTION OF NEW AND AMENDMENT STANDARDS AND INTERPRETATIONS

Interpretations and amendments to published standards

The Town Council has adopted the new or revised FRSs and INT FRS that are mandatory for application on 1 April 2018. The adoption of these new or revised FRSs and INT FRS did not result in substantial changes to the Town Council's accounting policies and had no material effects on the financial statements for the current or prior years except as disclosed below.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) impairment of financial assets and 3) general hedge accounting. Details of these new requirements as well as their impact on the financial statements are described below.

The Town Council applied FRS 109 with an initial application date of 1 April 2018. The Town Council has not restated the comparative information, which continues to be reported under FRS 39.

The significant accounting policies for financial instruments under FRS 109 are disclosed in Note 2.8 and Note 2.14.

- (a) Classification and measurement of financial assets and financial liabilities

The Town Council has applied FRS 109 in accordance with the transition provisions set out in FRS 109, i.e. applied the classification and measurement requirements retrospectively to instruments that have not been derecognised as at 1 April 2018 (date of initial application) and has not applied the requirements to instruments that have already

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 ADOPTION OF NEW AND AMENDMENT STANDARDS AND INTERPRETATIONS (CONT'D)

been derecognised as at 1 April 2018. The difference between carrying amounts as at 31 March 2018 and the carrying amounts as at 1 April 2018 are recognised in the respective Town Council's funds and fair value reserve, without restating comparative information. Accordingly, certain comparative information may not be comparable as comparative information was prepared under FRS 39 *Financial Instruments: Recognition and Measurement*.

The classification of financial assets is based on two criteria: the Town Council's business model for managing the assets and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding. There are no changes in classification and measurement of the Town Council's financial assets and financial liabilities except as explained below.

(a) Classification and measurement of financial assets and financial liabilities (cont'd)

The following table shows the adjustments recognised for each individual line item:

	Previously reported as at 31 March 2018	Adoption of FRS 109	Adjusted as at 1 April 2018
	\$	\$	\$
Current asset			
Available for sale financial asset (Note 1)	2,159,205	(2,159,205)	-
Financial assets at fair value through profit or loss (Note 1)	-	2,159,205	2,159,205
Held-to-maturity debt investments (Note 2)	3,536,276	(3,536,276)	-
Debt investments at amortised cost (Note 2)	-	3,536,276	3,536,276

Note 1: The Town Council's investments in quoted equity instruments and quoted unit trusts/reits that were previously classified as available-for-sale investments and were measured at fair value through other comprehensive income (FVTOCI) at each reporting date under FRS 39 have now been designated as at FVTPL under FRS 109.

Note 2: The Town Council's investments in quoted bonds that were previously classified as held-to-maturity debt investments and were measured at amortised cost under FRS 39 continue to be measured at amortised cost under FRS 109 as they are held within a business model to collect contractual cash flows and these cash flows consist solely of payments of principal and interest on the principal amount outstanding.

(b) Impairment of financial assets

FRS 109 requires an expected credit loss model as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires the Town Council to account for expected credit losses and changes in those

Financial Highlights

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 ADOPTION OF NEW AND AMENDMENT STANDARDS AND INTERPRETATIONS (CONT'D)

expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. It is no longer necessary for a credit event to have occurred before credit losses are recognised.

Specifically, FRS 109 requires the Town Council to recognise a loss allowance for expected credit losses on all its financial assets measured at amortised cost or at fair value through other comprehensive income. The application of the FRS 109 impairment requirements did not result in a change in the loss allowance on 1 April 2018.

FRS 115 Revenue from Contracts with Customers

FRS 115 supersedes FRS 11 *Construction Contracts*, FRS 18 *Revenue* and the related Interpretations. FRS 115 introduces a 5-step approach to revenue recognition. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios.

FRS 115 uses the terms 'contract asset' and 'contract liability' to describe what might more commonly be known as 'accrued revenue' and 'deferred revenue', however the Standard does not prohibit an entity from using alternative descriptions in the statement of financial position. Accordingly, the Town Council has continued to use "Conservancy and service fees received in advance" instead of contract liabilities.

The Town Council's significant accounting policies for its revenue streams are disclosed in Note 2.16. Apart from providing additional disclosures on the Town Council's revenue transactions, FRS 115 did not have any material effect.

FRS and INT FRS issued but not yet effective

At the date of authorisation of these financial statements, there are FRSs, INT FRSs and amendments to FRS that are relevant to the Town Council that were issued and effective. The adoption of these FRSs, INT FRSs and amendments to FRS did not have a material impact on the financial statements of the Town Council in the period of their initial adoption except for the following:

FRS 116 Leases

FRS 116 was issued in June 2016 and it will supersede FRS 17 Leases and its associated interpretative guidance.

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exceptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the predecessor FRS 17.

The Town Council is adopting FRS 116 and expects the adoption of FRS 116 will result in certain operating lease arrangements being recorded on the statement of financial position with the cumulative effect of initially applying the standard as an adjustment to the opening Town Councils' funds at the date of initial application, 1 April 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

2.4 TOWN COUNCIL FUNDS

In accordance with Section 33(1) of the Town Councils Act, separate funds were 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 HDB on an agency basis

These funds, together with the Sinking Fund, Lift Replacement Fund and Town Improvement and Project Fund form the Town Council Funds.

All monies 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.

ORDINARY SINKING FUND

In accordance with the 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. This Sinking Fund is maintained as part of the Town Council Funds.

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

With effect from 1 April 2017, the minimum amounts to be paid into the Sinking Fund are revised to 26% of service and conservancy charges and grants-in-aid, excluding the Lift Replacement Fund ("LRF") matching grant-in-aid for Residential Property and Commercial Property.

These contributions are treated as operating transfers and deducted from the gross conservancy and service fees and government grants in the Income and Expenditure Statement.

The Sinking Funds are utilised for major cyclical works such as repairs and redecoration, re-roofing, rewiring and replacement of pumps, water tanks and water pipes and contributions to the HDB in respect of general upgrading works carried out on the common property under the Housing and Development Act.

LIFT REPLACEMENT FUND

In accordance with Section 33(4A) of the Town Councils Act, a separate Lift Replacement Fund is established to meet the cost of any capital expenditure related to the replacement of lifts or lift upgrading works on Residential Property and Commercial Property.

To assist Town Councils in building up the LRF, MND will provide a 50% matching grant to the following contributions Town Councils make to the LRF:

Financial Highlights

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 TOWN COUNCIL FUNDS (CONT'D)

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

Under the Town Councils Act, the Minister for National Development may, from time to time, prescribe the minimum amount of service and conservancy charges and grants-in-aid to be paid into the Lift Replacement Fund. These lift replacement fund are maintained as part of the Town Council funds.

With effect from 1 April 2017, the minimum amounts to be paid into the Lift Replacement Fund is 14% of service and conservancy charges and grants-in-aid, excluding the LRF matching grant-in-aid for Residential Property and Commercial Property.

This minimum contribution is treated as operating transfers and netted off against the service and conservancy charges and government grants in the Income and Expenditure Statement.

TOWN IMPROVEMENT AND PROJECT FUND

Town Improvement and Project Fund is established and maintained as part of the Town Council Funds. These Funds are utilised for improvement and development works in the Town.

These funds are set up by transfer from the Accumulated Surplus based on specific projects to be carried out. In addition, the Town Council receives payments from Citizens' Consultative Committees for approved projects.

Expenditure on Town Improvement Projects is taken directly to the Town Improvement and Project Fund. Payments from Citizens' Consultative Committee ("CCC") are shown as part of Government Grants in the Income and Expenditure Statement and then transferred to the Town Improvement and Project Fund.

2.5 ALLOCATION OF GENERAL OVERHEADS

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

Property type	Equivalent Dwelling Unit(s)
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, Lift Replacement Fund and Town Improvement and Project Fund.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

2.6 GOVERNMENT GRANTS

The Town Council receives five types of grants from the Government, namely, Service and Conservancy Charge Grant, payments from Citizens' Consultative Committees, GST Subvention Grant, Lift Maintenance Grant and LRF Matching Grant.

- (i) Service and Conservancy Charge Grants are given to meet the current year's operating expenditure and are taken to the Income and Expenditure Statement.
- (ii) Payments from Citizen's Consultative Committees are given as reimbursement claims under the Community Improvement Projects Committee ("CIPC") scheme.
- (iii) The GST subvention grant is given as a grants-in-aid and is granted to Town Councils for absorbing the GST increases in service and conservancy charge for HDB residential flats.
- (iv) The Lift Maintenance Grant helps Town Councils cope with the higher lift-related servicing and maintenance costs.
- (v) The LRF Matching Grant is to assist Town Councils in building up the LRF.

Government grants are recognised at their fair values where there is reasonable assurance that the grants will be received and all required conditions will be complied with. Grants to meet the current year's operating expenditure are taken to the Income and Expenditure Statement.

2.7 PLANT AND EQUIPMENT

Depreciation is computed on a straight-line basis over their estimated useful lives as follows:

Office equipment	2 to 3 years
Data processing equipment	3 years
Furniture, fixtures and fittings	5 years

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Plant and equipment are carried at cost less accumulated depreciation and impairment losses. The gain or loss arising from the derecognition of an item of plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in the Income and Expenditure Statement. The residual value and the useful life of an asset is reviewed at least at each financial year-end and, if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, any cost 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. Subsequent cost are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income and Expenditure Statement when they are incurred.

Financial Highlights

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 FINANCIAL ASSETS

Financial assets (before 1 April 2018)

(a) Classification

The Town Council classifies its investments in financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity financial assets and available-for-sale financial assets. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date, with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

(i) Financial assets at fair value through profit or loss

Assets are classified in this category when they are principally incurred for the purpose of selling or repurchasing in the near term (trading assets) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. These assets are carried at fair value by reference to the transaction price or current bid prices in an active market. All changes in fair value are recognised directly in the Income and Expenditure Statement or the respective funds.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account.

(iii) Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Town Council's management has the positive intention and ability to hold to maturity. Held-to-maturity financial assets are initially recognised at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method, less impairment losses. Gains and losses are recognised in the Income and Expenditure Statement or the respective funds when the held-to-maturity investments are derecognised or impaired, and through the amortisation process. The Town Council's held-to-maturity investments include investments in government bonds with fixed interest rate.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (before 1 April 2018) (Cont'd)

(a) Classification (Cont'd)

(iv) Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets. All financial assets within this category are subsequently measured at fair value with changes in value recognised in equity, net of any effects arising from income taxes, until the financial assets is disposed of or is determined to be impaired, at which time the cumulative gains or losses previously recognised in equity is included in the profit or loss or respective funds for the period.

(b) Recognition and derecognition

Purchase and sale of financial assets are recognised on trade-date - the date on which the Town Council commits to purchase or sell the assets. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Town Council has transferred substantially all risks and rewards of ownership.

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through income statement, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(d) Subsequent measurement

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" investment category are included in the Income and Expenditure Statement or respective funds in the period in which they arise.

(e) Determination of fair value

The fair value of financial assets traded in active markets (such as exchange-traded and over-the-counter securities) are based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Town Council is the quoted closing price at the measurement date.

Except as disclosed in the respective notes, the carrying amount of current financial assets, carried at amortised costs, are assumed to approximate their fair values.

(f) Impairment of financial assets

The Town Council assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial Highlights

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (before 1 April 2018) (cont'd)

- (f) Impairment of financial assets (cont'd)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Town Council first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Town Council determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in Income and Expenditure Statement or the respective funds.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Town Council considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in Income and Expenditure Statement or the respective funds.

Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in Sinking Fund Statement. Reversals of

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (before 1 April 2018) (cont'd)

(f) Impairment of financial assets (cont'd)

impairment losses in respect of equity instruments are not recognised in Sinking Fund Statement; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in Sinking Fund Statement, the impairment loss is reversed in Sinking Fund Statement.

Financial assets (After 1 April 2018)

(a) Classification

The Town Council classifies its financial assets in the following measurement categories: (1) Amortised cost; and (2) Fair value through profit or loss (FVPL).

The classification depends on the Town Council's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Town Council reclassifies debt instruments when and only when its business model for managing those assets changes.

(b) Initial recognition

At initial recognition, the Town Council measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset.

(c) Subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise bank balances, conservancy and service fees receivables, debt investments and other receivables.

There are three prescribed subsequent measurement categories, depending on the Town Council's business model in managing the assets and the cash flow characteristic of the assets:

Financial Highlights

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (after 1 April 2018) (cont'd)

(c) Subsequent measurement (cont'd)

(i) Debt instruments (cont'd)

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in Income and Expenditure Statement or the respective funds when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.
- FVOCI: Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in Income and Expenditure Statement or the respective funds. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from fair value reserve to Income and Expenditure Statement or the respective funds. Interest income from these financial assets is recognised using the effective interest rate method and presented under "Investment and interest income" in Sinking funds.
- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in Income and Expenditure Statement or the respective funds in the period in which it arises.

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest is recognised using the effective interest method for debt instruments measured subsequently at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (after 1 April 2018) (cont'd)

(c) Subsequent measurement (cont'd)

(ii) Equity investments

The Town Council subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in "Investment and interest income" under sinking fund in the period in which the changes arise. Dividends from equity investments are also recognised under "Investment and interest income" under sinking fund.

(d) 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 Income and Expenditure Statement or the respective funds. 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.

The Town Council always recognises lifetime ECL for conservancy and service 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 uses the practical expedient under FRS 109 in the form of allowance matrix to measure the ECL for trade receivables, where the loss allowance is equal to lifetime ECL. The following allowance matrix is used:

	Rate of Provision
Accounts with arrears in excess of 12 months	50%
Accounts with arrears in excess of 24 months	100%

Any subsequent changes in lifetime ECL, both positive and negative, will be recognised immediately in Income and Expenditure Statement or respective funds.

For all other financial instruments (including cash at banks, other receivables, receivables for NRP, interest receivables) the Town Council recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instruments since inception, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

For debt instruments carried at amortised cost, the Town Council applies the low credit risk simplification. At every reporting date, the Town Council evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Town Council reassesses for any deterioration in the credit ratings of the debt instrument.

The Town Council considers 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.

Financial Highlights

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (after 1 April 2018) (cont'd)

(e) 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 when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Town Council neither transfers nor retains substantially all the risks and rewards of ownership 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.

2.9 IMPAIRMENT OF NON-FINANCIAL ASSETS

The Town Council assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Town Council makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

2.10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances, call deposits and fixed deposits, less cash and fixed deposits with fund managers, that are readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value.

2.11 RECEIVABLES/ADVANCES RECEIVED FOR NEIGHBOURHOOD RENEWAL PROGRAMME

Neighbourhood Renewal Programme (NRP) is established in respect of the NRP works carried out on the qualifying properties to upgrade the quality of HDB estates. It is implemented by the Town Council with full funding from the Government.

The funding for the programme belongs to the government which is for the specific use of projects under the programme. The Town Council receives a funding of \$3,400 per dwelling unit to cover NRP construction costs, professional and consultancy fees. In addition, the Town Council shall be entitled to a sum of \$150 per dwelling unit or \$125,000, whichever is higher, to cover miscellaneous costs relating to the NRP project. However, if the cost of project works incurred exceeds the funding provided, the Town Council has to bear the cost of excess expenditure.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 RECEIVABLES/ADVANCES RECEIVED FOR ELECTRICAL LOAD UPGRADING PROGRAMME

The Electrical Load Upgrading Programme (ELU) was introduced to upgrade the incoming electrical supply for HDB apartment blocks with a 40amps main switch instead of 30amps.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 PROVISION

Provisions are recognised when the Town Council has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.14 FINANCIAL LIABILITIES

(i) *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.

(ii) *Subsequent measurement*

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

(iii) *De-recognition*

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in Income and Expenditure Statement or the respective funds.

Financial Highlights

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 LEASE

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

As lessee

Operating lease payments are recognised as an expense in Income and Expenditure Statement on a straight line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.16 REVENUE RECOGNITION (before 1 April 2018)

Conservancy and Service fees and agency fees are recognised on a time-proportion basis for the period when the service is rendered. Interest income from fixed deposits are recognised on a time-proportion basis using the effective interest method.

Investment income from investments in financial assets held at fair value through profit or loss and available-for-sale instruments is recognised in the Sinking Fund Statement and the Statement of Comprehensive Income while investment income from investments in held-to-maturity financial assets is recognised on a time-proportion basis using the effective interest method.

REVENUE RECOGNITION (after 1 April 2018)

Conservancy and service fees is charged on a monthly to the lessees and tenants of the Housing and Development Board (HDB) flats, shops/offices and market/food stalls towards the maintenance and upkeep of the common property under the Town Council. Conservancy and service fees are allocated between operating income, sinking fund and Lift Replacement Fund in accordance with the Town Councils Act, Cap. 329A. Conservancy and service fees are recognised as a performance obligation over time.

Agency fees received for routine maintenance of HDB's car parks and common property within the town is recognised as a performance obligation over time.

Investment income from financial assets designated at fair value through profit or loss is recognised as income, in the respective funds, when right to receive the income is established, unless such income clearly represent a recovery of part of the cost of the investment.

Investment income from other financial assets at amortised costs is recognised in the respective funds, on a time proportion basis using the effective interest method.

2.17 INCOME TAX

Tax is provided on the following income:

- (i) Income derived from investments;
- (ii) Fees, rent and other charges received from non-residents or non-owners of properties in the Town for use of common properties; and
- (iii) Donations from non-residents or non-owners of properties in the Town.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 INCOME TAX (CONT'D)

In respect of Government grants received, the Town Council has been granted remission under Section 92(2) of the Income Tax Act (Chapter 134). Conservancy and service charges and agency fees are not subject to tax.

Income tax expense comprises current tax. Current tax is recognised in the Income and Expenditure Statement or the respective funds except to the extent that it relates to items recognised directly in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

2.18 EMPLOYEE BENEFITS

Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Town Council pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Town Council has no further payment obligations once the contributions have been paid. The expenses are disclosed under manpower cost and general administrative expenditure accordingly.

2.19 FAIR VALUE ESTIMATION

The carrying amount of current financial assets and liabilities with a maturity of less than one year, are assumed to approximate their fair values due to their short-term nature.

The fair value of financial assets traded in active markets (such as exchanged-traded and over-the-counter securities) are based on quoted market bid-prices at the end of the reporting period.

2.20 FUNCTIONAL CURRENCY

The functional currency of the Town Council is Singapore dollar as it reflects the primary economic environment in which the entity operates.

2.21 INTER FUND TRANSFER

The Town Council may make inter-fund transfers in accordance to Sections 33(9) and 43(1)(i) of the Town Councils Act (Cap. 329A), and Rule 11A of the Town Councils Financial Rules.

2.22 CRITICAL ACCOUNTING JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Apart from information disclosed elsewhere in these financial statements, the following summarises 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 and significant judgements made in the process of applying the Town Council's accounting policies.

Financial Highlights

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 CRITICAL ACCOUNTING JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES (CONT'D)

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

(a) Impairment of conservancy and services fees receivables

Before 1 April 2018

An allowance is made for doubtful accounts for estimated losses resulting from the subsequent inability of the debtors to make required payments. If the financial conditions of the debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future periods. The Town Council specifically analyses accounts receivables and analyses historical bad debt, debtor creditworthiness, current economic trends and changes in debtor payment patterns when evaluating the adequacy of the allowance for doubtful accounts. Allowance for doubtful conservancy and service debts amounting to \$763,464 have been made based on the age of debts, results of recovery efforts and historical experience.

After 1 April 2018

Upon adoption of FRS 109 Financial Instruments, the Town Council measures impairment loss based on an expected credit loss (ECL) on conservancy and service debts and related interest charged for late payment. When measuring ECL, the Town Council uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. The gross amount of conservancy and service fee and related ECL are disclosed in Note 13.

(b) Income tax

Significant judgement is required in determining the deductibility of certain expenses during the estimation of the provision for income tax. There are also claims for which the ultimate tax determination is uncertain during the ordinary course of operation. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 CRITICAL ACCOUNTING JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES (CONT'D)

- (c) Classification of held-to-maturity financial assets

Before 1 April 2018

The Town Council follows the guidance of FRS 39, Financial Instruments: Recognition and Measurement, on classifying non-derivatives financial assets with fixed or determinable payments with fixed maturity as held-to-maturity. This classification requires judgement. In making this judgement, the Town Council evaluates its intention and ability to hold such investments to maturity. If the Town Council fails to keep investments to maturity other than for specific circumstances, it will be required to reclassify these investments as available-for-sale. The investments would then be measured at fair value, and not amortised cost.

From 1 April 2018

Debt investments held by the Town Council is measured at amortised cost as both the 'business model test' and the 'contractual cash flow characteristics test' are satisfied. The business model test is whether the objective of the Town Council's is to hold the financial asset to collect the contractual cash flows rather than have the objective to sell the instrument before its contractual maturity to realise its fair value changes. The contractual cash flow characteristics test is whether the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

- (d) Town Improvement project grants

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

Financial Highlights

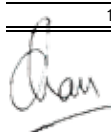
STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Note	2019 S\$	2018 S\$
TOWN COUNCIL FUNDS			
Residential Property			
Accumulated Surplus	3	6,542,685	8,248,269
Sinking Fund	4	62,737,440	51,325,128
Lift Replacement Fund	5	24,572,022	15,900,798
Town Improvement and Project Fund	6	5,715,911	1,904,041
		99,568,058	77,378,236
Commercial Property			
Accumulated Surplus	3	2,718,140	1,965,330
Sinking Fund	4	31,041,435	30,319,451
Lift Replacement Fund	5	5,971,275	5,414,127
Town Improvement and Project Fund	6	553,355	500,476
		40,284,205	38,199,384
Car Park			
Accumulated Surplus	3	-	-
Fair Value Reserve			
	4	-	590,827
		<u>139,852,263</u>	<u>116,168,447</u>
Represented by:			
Non-Current Assets			
Plant and equipment	8	343,513	404,126
Held-to-maturity debt investments	12	-	1,791,682
		343,513	2,195,808
Current Assets			
Financial assets at fair value through profit or loss	10	29,971,115	24,628,021
Available-for-sale financial assets	11	-	2,159,205
Debt investments at amortised cost	12	1,789,600	-
Held-to-maturity debt investments	12	-	1,744,594
Conservancy and service fee receivables	13	1,531,064	1,493,019
Other receivables	14	6,978,912	5,758,701
Interest receivable		564,363	197,190
Receivables for Neighbourhood Renewal Programme and Electrical Load Upgrading Programme	7	1,534,026	424,031
Cash and cash equivalents	15	107,779,166	87,800,608
		<u>150,148,246</u>	<u>124,205,369</u>
Total Assets		<u>150,491,759</u>	<u>126,401,177</u>
Less:			
Current Liabilities			
Payables and accrued expenses	16	8,799,900	8,299,090
Conservancy and service fee received in advance		803,919	802,795
Provision for taxation		1,035,677	1,130,845
		10,639,496	10,232,730
Net assets		<u>139,852,263</u>	<u>116,168,447</u>



Mr Ng Kok Kwang, Louis
Chairman



Mr Terence Chan
Secretary

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

INCOME AND EXPENDITURE STATEMENT

For the Financial Year Ended 31 March 2019

	Note	2019 S\$	2018 S\$
Operating Income			
Conservancy and Service Fees	3	45,001,606	42,008,881
Operating transfer to Sinking Fund (minimum required by law)	3,4	(11,700,420)	(10,922,306)
Operating transfer to Lift Replacement Fund (minimum required by law)	3,5	(6,300,224)	(5,881,241)
		<u>27,000,962</u>	<u>25,205,334</u>
Agency Fees	17 (a)	2,733,472	2,575,680
Other Income	17 (b)	3,177,316	3,268,562
		<u>32,911,750</u>	<u>31,049,576</u>
Operating Expenditure			
Cleaning Works		(7,156,083)	(6,960,174)
Managing Agent's Fees	18	(5,680,687)	(5,538,356)
Lift Maintenance		(6,577,723)	(5,592,234)
Other Works and Maintenance		(4,069,983)	(3,988,267)
Water and Electricity		(8,484,961)	(8,172,016)
General and Administrative Expenditure	21 (a)	(3,137,460)	(3,297,483)
		<u>(35,106,897)</u>	<u>(33,548,530)</u>
Operating Deficit		<u>(2,195,147)</u>	<u>(2,498,954)</u>
Non-Operating Income			
Interest Income		211,151	82,406
Deficit before taxation and government grants		<u>(1,983,996)</u>	<u>(2,416,548)</u>
Taxation	22	(248,978)	(336,805)
Deficit after taxation but before government grants		<u>(2,232,974)</u>	<u>(2,753,353)</u>
Government Grants	3,24	16,184,674	15,172,761
Transfer to Sinking Fund	3,4,24	(2,473,557)	(2,374,169)
Transfer to Lift Replacement Fund	3,5,24	(5,160,728)	(4,719,875)
Transfer to Town Improvement and Project Fund	3,6,24	(2,842,189)	(2,599,872)
		<u>5,708,200</u>	<u>5,478,845</u>
Surplus for the financial year		<u>3,475,226</u>	<u>2,725,492</u>
Accumulated surplus as at 1 April		10,213,599	8,834,107
Transfer to Town Improvement and Project Fund	6	(4,428,000)	(1,346,000)
	3	<u>9,260,825</u>	<u>10,213,599</u>

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

Financial Highlights

STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 March 2019

	Note	2019 S\$	2018 S\$
Surplus/(deficit) for the financial year			
Accumulated Surplus	3	3,475,226	2,725,492
Sinking Fund	4	11,543,469	5,292,275
Lift Replacement Fund	5	9,228,372	8,885,480
Town Improvement and Project Fund	6	(563,251)	76,475
		<u>23,683,816</u>	<u>16,979,722</u>
Other comprehensive income			
<i>Items that may be reclassified subsequently to sinking fund statement</i>			
Available-for-sale financial assets			
- Fair value gain recognised in other comprehensive income		-	98,376
- Reclassified to sinking fund statement		-	(30,381)
		-	67,995
Other comprehensive income for the year, net of income tax		<u>-</u>	<u>67,995</u>
Total comprehensive income for the year attributable to Town Council Funds		<u>23,683,816</u>	<u>17,047,717</u>

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

STATEMENT OF CHANGES IN TOWN COUNCIL FUNDS

For the Financial Year Ended 31 March 2019

	Residential <u>Property</u> S\$	Commercial <u>Property</u> S\$	<u>Car Park</u> S\$	Fair Value <u>Reserve</u> S\$	<u>Total</u> S\$
2019					
Balance as at 31 March 2018	77,378,236	38,199,384	-	590,827	116,168,447
Reclassification Fair Value Reserve FRS 109	564,830	25,997	-	(590,827)	-
Balance at 1 April 2018	77,943,066	38,225,381	-	-	116,168,447
Surplus for the financial year representing total comprehensive income	21,493,339	2,058,824	131,653	-	23,683,816
Transfer to Accumulated Surplus from carpark to residential property	131,653	-	(131,653)	-	-
Balance as at 31 March 2019	<u>99,568,058</u>	<u>40,284,205</u>	<u>-</u>	<u>-</u>	<u>139,852,263</u>
2018					
Balance as at 1 April 2017	60,987,173	36,811,562	799,163	522,832	99,120,730
Surplus for the financial year	15,481,190	1,387,822	110,710	-	16,979,722
Other comprehensive income					
Available-for-sale financial assets					
- Fair value gain (Note 11)	-	-	-	98,376	98,376
- Reclassified to sinking fund statement	-	-	-	(30,381)	(30,381)
Total comprehensive income for the year	15,481,190	1,387,822	110,710	67,995	17,047,717
Transfer to Accumulated Surplus from carpark to residential property	909,873	-	(909,873)	-	-
Balance as at 31 March 2018	<u>77,378,236</u>	<u>38,199,384</u>	<u>-</u>	<u>590,827</u>	<u>116,168,447</u>

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

Financial Highlights

STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 March 2019

	Note	2019 S\$	2018 S\$
Cash flows from operating activities			
Deficit before taxation and government grants		(1,983,996)	(2,416,548)
Adjustments for:			
Conservancy and service fee transferred to Sinking fund	3	11,700,420	10,922,306
Conservancy and service fee transferred to Lift replacement fund	3	6,300,224	5,881,241
Movement in impairment loss		(24,128)	102,125
Depreciation of plant and equipment	8	152,681	116,852
Gain in financial assets at fair value through profit and loss	19 (a)	(1,200,544)	(486,105)
Amortisation of held-to-maturity financial assets	12	4,676	5,309
Operating surplus before working capital changes		14,949,333	14,125,180
Decrease in conservancy and service fee and other receivables		729,681	506,841
Increase/(Decrease) in creditors and conservancy and service fee received in advance		512,248	(4,806,695)
Net movement in receivables for Neighbourhood Renewal Programme and Electrical Load Upgrading Programme	7	(1,109,995)	1,310,300
Cash generated from operations		15,081,267	11,135,626
Sinking fund income	4	514	2,714
Sinking fund expenditure	4	(4,521,793)	(9,088,319)
Lift replacement fund expenditure	5	(2,544,993)	(1,828,476)
Town improvement and project fund expenditure	6	(3,405,440)	(2,523,397)
Income tax paid		(590,784)	(586,515)
Net cash generated from/(used in) operating activities		4,018,771	(2,888,367)
Cash flows from investing activities			
Proceeds from redemption of held-to-maturity financial assets	12	-	2,275,000
Proceeds from redemption of debt investments		1,742,000	-
Proceeds from disposal of available for sale financial assets		-	1,501,073
Injection of cash into funds with fund manager		-	(4,238,161)
Purchase of plant and equipment	8	(92,068)	(179,084)
Investment and interest income received		1,998,881	1,405,728
Net cash generated from investing activities		3,648,813	764,556
Cash flows from financing activities			
Government grants		14,236,008	14,848,207
Net cash generated from financing activities		14,236,008	14,848,207
Net increase in cash and cash equivalents		21,903,592	12,724,396
Cash and cash equivalents at the beginning of the financial year		84,775,766	72,051,370
Cash and cash equivalents at end of the financial year	15	106,679,358	84,775,766

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

3. ACCUMULATED SURPLUS

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

	NOTE	Total		Residential Property		Commercial Property		Carparks	
		2019 S\$	2018 S\$	2019 S\$	2018 S\$	2019 S\$	2018 S\$	2019 S\$	2018 S\$
Operating Income									
Conservancy and service fees		45,001,606	42,008,881	41,759,056	39,026,819	3,242,550	2,982,062	-	-
Operating transfer to Sinking Fund (minimum required by law)	4	(11,700,420)	(10,922,306)	(10,857,356)	(10,146,971)	(843,064)	(775,335)	-	-
Operating transfer to Lift Replacement Fund (minimum required by law)	5	(6,300,224)	(5,881,241)	(5,846,265)	(5,463,751)	(453,959)	(417,490)	-	-
		<u>27,000,962</u>	<u>25,205,334</u>	<u>25,055,435</u>	<u>23,416,097</u>	<u>1,945,527</u>	<u>1,789,237</u>	<u>-</u>	<u>-</u>
Agency Fees	17(a)	2,733,472	2,575,680	-	-	-	-	2,733,472	2,575,680
Other Income	17(b)	3,177,316	3,268,562	2,560,082	2,668,085	560,103	552,780	57,131	47,697
		<u>32,911,750</u>	<u>31,049,576</u>	<u>27,615,517</u>	<u>26,084,182</u>	<u>2,505,630</u>	<u>2,342,017</u>	<u>2,790,603</u>	<u>2,623,377</u>
Operating expenditure		<u>(35,106,897)</u>	<u>(33,548,530)</u>	<u>(30,868,549)</u>	<u>(29,572,064)</u>	<u>(1,582,415)</u>	<u>(1,484,328)</u>	<u>(2,655,933)</u>	<u>(2,492,138)</u>
Operating (deficit)/surplus		<u>(2,195,147)</u>	<u>(2,498,954)</u>	<u>(3,253,032)</u>	<u>(3,487,882)</u>	<u>923,215</u>	<u>857,689</u>	<u>134,670</u>	<u>131,239</u>
Non-operating income		211,151	82,406	185,624	72,429	8,556	3,314	16,971	6,663
(Deficit)/surplus before taxation and government grants		<u>(1,983,996)</u>	<u>(2,416,548)</u>	<u>(3,067,408)</u>	<u>(3,415,453)</u>	<u>931,771</u>	<u>861,003</u>	<u>151,641</u>	<u>137,902</u>
Taxation	22	(248,978)	(336,805)	(218,909)	(295,989)	(10,081)	(13,624)	(19,988)	(27,192)
(Deficit)/surplus after taxation but before government grants		<u>(2,232,974)</u>	<u>(2,753,353)</u>	<u>(3,286,317)</u>	<u>(3,711,442)</u>	<u>921,690</u>	<u>847,379</u>	<u>131,653</u>	<u>110,710</u>
Government Grants	24	16,184,674	15,172,761	15,851,106	14,935,383	333,568	237,378	-	-
Transfer to Sinking Fund	4,24	(2,473,557)	(2,374,169)	(2,472,933)	(2,365,461)	(624)	(8,708)	-	-
Transfer to Lift Replacement Fund	5,24	(5,160,728)	(4,719,875)	(4,929,754)	(4,512,241)	(230,974)	(207,634)	-	-
Transfer to Town Improvement and Project Fund	6,24	(2,842,189)	(2,599,872)	(2,741,659)	(2,598,931)	(100,530)	(941)	-	-
		<u>5,708,200</u>	<u>5,478,845</u>	<u>5,706,760</u>	<u>5,458,750</u>	<u>1,440</u>	<u>20,095</u>	<u>-</u>	<u>-</u>
Surplus for the year		<u>3,475,226</u>	<u>2,725,492</u>	<u>2,420,443</u>	<u>1,747,308</u>	<u>923,130</u>	<u>867,474</u>	<u>131,653</u>	<u>110,710</u>
Accumulated surplus at the beginning of year		10,213,599	8,834,107	8,248,269	6,891,538	1,965,330	1,143,406	-	799,163
Transfer to Town Improvement and Project Fund	6	(4,428,000)	(1,346,000)	(4,257,680)	(1,300,450)	(170,320)	(45,550)	-	-
Transfer to Accumulated Surplus from carpark to residential property		-	-	131,653	909,873	-	-	(131,653)	(909,873)
Accumulated surplus at end of year		<u><u>9,260,825</u></u>	<u><u>10,213,599</u></u>	<u><u>6,542,685</u></u>	<u><u>8,248,269</u></u>	<u><u>2,718,140</u></u>	<u><u>1,965,330</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

Financial Highlights

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

4. SINKING FUND

NOTE	Total		Residential Property		Commercial Property		
	2019 S\$	2018 S\$	2019 S\$	2018 S\$	2019 S\$	2018 S\$	
Balance at beginning of year	81,644,579	88,781,749	51,325,128	54,278,841	30,319,451	34,502,908	
Add:							
Reclassification Fair Value Reserve FRS 109	590,827	-	564,830	-	25,997	-	
Less:							
Transferred to Lift Replacement Fund as at 1 April 2017	5	-	(12,429,445)	-	(7,599,038)	-	(4,830,407)
	<u>82,235,406</u>	<u>76,352,304</u>	<u>51,889,958</u>	<u>46,679,803</u>	<u>30,345,448</u>	<u>29,672,501</u>	
Add:							
Investment and interest income	19 (a)	2,073,723	1,254,663	1,982,414	1,200,900	91,309	53,763
Other income		514	2,714	514	2,695	-	19
Operating transfer from conservancy and service fees (Minimum required by law)	3	11,700,420	10,922,306	10,857,356	10,146,971	843,064	775,335
Government grants	3,24	2,473,557	2,374,169	2,472,933	2,365,461	624	8,708
		<u>16,248,214</u>	<u>14,553,852</u>	<u>15,313,217</u>	<u>13,716,027</u>	<u>934,997</u>	<u>837,825</u>
Expenditure	19 (b)	(4,521,793)	(9,088,319)	(4,290,838)	(8,905,068)	(230,955)	(183,251)
Surplus before tax		11,726,421	5,465,533	11,022,379	4,810,959	704,042	654,574
Taxation	22	(182,952)	(173,258)	(174,897)	(165,634)	(8,055)	(7,624)
Surplus for the financial year		<u>11,543,469</u>	<u>5,292,275</u>	<u>10,847,482</u>	<u>4,645,325</u>	<u>695,987</u>	<u>646,950</u>
		<u>93,778,875</u>	<u>81,644,579</u>	<u>62,737,440</u>	<u>51,325,128</u>	<u>31,041,435</u>	<u>30,319,451</u>
Add: Fair value reserve		-	590,827				
		<u>93,778,875</u>	<u>82,235,406</u>				
Represented by:							
Non-Current Asset							
Held-to-maturity financial assets		-	1,791,682				
		-	1,791,682				
Current Assets							
Financial assets at fair value through profit or loss		29,971,115	24,628,021				
Available-for-sale financial assets		-	2,159,205				
Held-to-maturity financial assets		1,789,600	1,744,594				
Conservancy and service fee receivables		386,689	385,994				
Other receivables		232,940	441,670				
Interest receivable		326,690	138,841				
Amount due from accumulated surplus		2,180,033	1,882,471				
Cash and cash equivalents		61,040,975	51,468,914				
		<u>95,928,042</u>	<u>82,849,710</u>				
Total assets		<u>95,928,042</u>	<u>84,641,392</u>				
Less: Current Liabilities							
Payables and accrued expenses		1,776,208	1,973,999				
Provision for taxation		372,959	431,987				
		<u>2,149,167</u>	<u>2,405,986</u>				
Net Assets		<u>93,778,875</u>	<u>82,235,406</u>				

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

5. LIFT REPLACEMENT FUND

		Total		Residential Property		Commercial Property	
NOTE	2019	2018	2019	2018	2019	2018	
	S\$	S\$	S\$	S\$	S\$	S\$	
Balance at beginning of year	21,314,925	-	15,900,798	-	5,414,127	-	
Add:							
Transferred from Sinking Fund as at 1 April 2017	4 -	12,429,445	-	7,599,038	-	4,830,407	
	<u>21,314,925</u>	<u>12,429,445</u>	<u>15,900,798</u>	<u>7,599,038</u>	<u>5,414,127</u>	<u>4,830,407</u>	
Add:							
Interest income	376,099	135,975	359,528	130,020	16,571	5,955	
Operating transfer from conservancy and service fees (Minimum required by law)	3 6,300,224	5,881,241	5,846,265	5,463,751	453,959	417,490	
Transfer from Government Grants							
– LRF Matching Grant		3,828,816	3,441,473	3,598,178	3,238,527	230,638	
– Other government grants		1,331,912	1,278,402	1,331,576	1,273,714	336	
	3,24 5,160,728	4,719,875	4,929,754	4,512,241	230,974	207,634	
Less:							
Expenditure	20 (2,544,993)	(1,828,476)	(2,403,441)	(1,782,135)	(141,552)	(46,341)	
Surplus before tax	9,292,058	8,908,615	8,732,106	8,323,877	559,952	584,738	
Taxation	22 (63,686)	(23,135)	(60,882)	(22,117)	(2,804)	(1,018)	
Surplus for the financial year	<u>9,228,372</u>	<u>8,885,480</u>	<u>8,671,224</u>	<u>8,301,760</u>	<u>557,148</u>	<u>583,720</u>	
Balance at 31 March	<u>30,543,297</u>	<u>21,314,925</u>	<u>24,572,022</u>	<u>15,900,798</u>	<u>5,971,275</u>	<u>5,414,127</u>	
Represented by:							
Current Assets							
Conservancy and service fee receivables		208,217	207,843				
Other receivables		955,293	840,723				
Interest receivable		221,497	43,459				
Amount due from accumulated surplus		861,871	1,217,831				
Cash and cash equivalents		29,251,615	19,390,536				
		<u>31,498,493</u>	<u>21,700,392</u>				
Less: Current Liabilities							
Payables and accrued expenses		868,375	362,332				
Provision for taxation		86,821	23,135				
		<u>955,196</u>	<u>385,467</u>				
Net Assets		<u>30,543,297</u>	<u>21,314,925</u>				

Financial Highlights

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

6. TOWN IMPROVEMENT AND PROJECT FUND

	NOTE	Total		Residential Property		Commercial Property	
		2019 S\$	2018 S\$	2019 S\$	2018 S\$	2019 S\$	2018 S\$
Balance as at 1 April		2,404,517	982,042	1,904,041	(183,206)	500,476	1,165,248
Government grants	3,24	2,842,189	2,599,872	2,741,659	2,598,931	100,530	941
Expenditure		(3,405,440)	(2,523,397)	(3,187,469)	(1,812,134)	(217,971)	(711,263)
(Deficit)/Surplus for the financial year		(563,251)	76,475	(445,810)	786,797	(117,441)	(710,322)
Transfer from Accumulated Surplus	3	4,428,000	1,346,000	4,257,680	1,300,450	170,320	45,550
Balance as at 31 March		<u>6,269,266</u>	<u>2,404,517</u>	<u>5,715,911</u>	<u>1,904,041</u>	<u>553,355</u>	<u>500,476</u>
Represented by:							
Current Assets							
Other receivables		4,689,051	2,657,825				
Amount due from accumulated surplus		2,281,524	163,262				
		6,970,575	2,821,087				
Less:							
Current Liabilities							
Payables and accrued expenses		701,309	416,570				
		701,309	416,570				
Net Assets		<u>6,269,266</u>	<u>2,404,517</u>				

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

7. RECEIVABLES FOR NEIGHBOURHOOD RENEWAL PROGRAMME AND ELECTRICAL LOAD UPGRADING PROGRAMME

	<u>2019</u> S\$	<u>2018</u> S\$
Balance on 1 April	(424,031)	(1,734,331)
Funding from Government - NRP	4,689,990	2,203,427
Reimbursement from HDB for Electrical Load Upgrading programme	1,365,053	3,650,475
Others	-	9,012
Payment to contractors	(7,165,038)	(4,552,614)
Movements during the year	(1,109,995)	1,310,300
Balance as at 31 March	<u>(1,534,026)</u>	<u>(424,031)</u>

8. PLANT AND EQUIPMENT

	<u>Office Equipment</u> S\$	<u>Data Processing Equipment</u> S\$	<u>Furniture Fixtures and Fittings</u> S\$	<u>Total</u> S\$
2019				
Cost:				
Balance as at 1 April 2018	347,923	149,256	1,062,043	1,559,222
Additions	16,635	4,178	71,255	92,068
Disposals	-	-	(1,656)	(1,656)
Balance as at 31 March 2019	<u>364,558</u>	<u>153,434</u>	<u>1,131,642</u>	<u>1,649,634</u>
Accumulated depreciation:				
Balance as at 1 April 2018	235,279	123,562	796,255	1,155,096
Charge for the financial year	47,833	17,669	87,179	152,681
Disposals	-	-	(1,656)	(1,656)
Balance as at 31 March 2019	<u>283,112</u>	<u>141,231</u>	<u>881,778</u>	<u>1,306,121</u>
Net book value:				
Balance as at 31 March 2019	<u>81,446</u>	<u>12,203</u>	<u>249,864</u>	<u>343,513</u>

Financial Highlights

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

8. PLANT AND EQUIPMENT (CONT'D)

	Office <u>Equipment</u>	Data Processing <u>Equipment</u>	Furniture Fixtures and <u>Fittings</u>	<u>Total</u>
	S\$	S\$	S\$	S\$
2018				
Cost:				
Balance as at 1 April 2017	283,587	138,085	992,185	1,413,857
Additions	91,894	15,732	71,458	179,084
Disposals	<u>(27,558)</u>	<u>(4,561)</u>	<u>(1,600)</u>	<u>(33,719)</u>
Balance as at 31 March 2018	<u>347,923</u>	<u>149,256</u>	<u>1,062,043</u>	<u>1,559,222</u>
Accumulated depreciation:				
Balance as at 1 April 2017	244,574	108,934	718,455	1,071,963
Charge for the financial year	18,263	19,189	79,400	116,852
Disposals	<u>(27,558)</u>	<u>(4,561)</u>	<u>(1,600)</u>	<u>(33,719)</u>
Balance as at 31 March 2018	<u>235,279</u>	<u>123,562</u>	<u>796,255</u>	<u>1,155,096</u>
Net book value:				
Balance as at 31 March 2018	<u>112,644</u>	<u>25,694</u>	<u>265,788</u>	<u>404,126</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

9. FUNDS WITH FUND MANAGERS

Funds with fund managers comprised the following:

	Note	<u>2019</u>	<u>2018</u>
		S\$	S\$
Financial assets at fair value through profit or loss	10	29,971,115	24,628,021
Accrued interest	14	67,510	52,367
Cash and fixed deposits	15	1,099,808	3,024,842
Other payable	16	(76,969)	-
Management fees payable to fund managers	16	(11,532)	(15,047)
		<u>31,049,932</u>	<u>27,690,183</u>

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Taken up in sinking funds and comprised of the following:

	<u>2019</u>	<u>2018</u>
	S\$	S\$
-Equities - quoted	5,986,941	5,463,854
-Bonds - quoted	23,984,174	19,164,167
	<u>29,971,115</u>	<u>24,628,021</u>

11. AVAILABLE-FOR-SALE FINANCIAL ASSETS

Movements during the year - at fair value:

	<u>2019</u>	<u>2018</u>
	S\$	S\$
Financial assets at beginning of year	2,159,205	3,561,902
Disposal	-	(1,501,073)
Transferred to Fund With Fund Managers	(2,159,205)	-
Fair value gain	-	98,376
Fair value at end of year	<u>-</u>	<u>2,159,205</u>

Taken up in sinking fund:

-Quoted unit trusts/reits	-	1,050,817
-Quoted equities	-	1,108,388
	<u>-</u>	<u>2,159,205</u>

With effect from March 2018, available-for-sale financial assets are managed by a professional fund manager and accordingly, the Town Council has classified them as current assets as the agreement with the fund manager can be terminated by either party by giving a notice period of 1 month.

At the date of initial application of FRS109 on 1 April 2018, the Town Council's available-for sale financial assets under FRS 39 amounted to \$2,159,205 were reclassified from AFS to financial assets at FVTPL. The fair value gain of \$590,827 relating to those investments previously carried at fair value were transferred from fair value reserve to the respective funds.

Financial Highlights

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

12. DEBT INVESTMENTS

	<u>2019</u>	<u>2018</u>
	S\$	S\$
Taken up in sinking fund:		
Current		
Amortised costs of quoted bonds with fixed interest ranging from 1.52% to 2.5% (2018: 1.368% to 4%) p.a. and maturity date ranging from 1 June to 18 June 2019 (2018: 29 May to 21 November 2018)	1,789,600	1,744,594
Non-current		
Amortised costs of quoted bonds with fixed interest of 2.50% and 1.52% p.a. and maturity date on 1 June 2019 and 18 June 2019	-	1,791,682
	<u>1,789,600</u>	<u>3,536,276</u>
	<u>2019</u>	<u>2018</u>
	S\$	S\$
Movements during the year - at amortised cost:		
At beginning of year	3,536,276	5,816,585
Redemption	(1,742,000)	(2,275,000)
Amortisation	(4,676)	(5,309)
At end of year	<u>1,789,600</u>	<u>3,536,276</u>
The fair values of the debt investment at the end of the financial year is as follows:		
Quoted bonds with fixed interest	<u>1,787,226</u>	<u>3,534,661</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

13. CONSERVANCY AND SERVICE FEE RECEIVABLES

	<u>2019</u>	<u>2018</u>
	S\$	S\$
Conservancy and service fee receivables	1,949,797	1,953,618
Interest receivable on late payment	320,603	302,865
Impairment loss	(739,336)	(763,464)
	<u>1,531,064</u>	<u>1,493,019</u>
Movement in impairment loss during the year		
Balance at beginning of year	763,464	679,129
(Reversal)/Provision for doubtful debts	(24,128)	102,125
Bad debts written back	-	(17,790)
Balance as at 31 March	<u>739,336</u>	<u>763,464</u>

Town Council holds SC/CC collections that do not have a significant financing component. In order to determine the amount of ECL to be recognised in the financial statements, it has set up a provision matrix based on its historical observed default rates which is adjusted for forward-looking estimates and establishes that ECL should be calculated as:

	<u>SC/CC Debtors</u>	<u>Amount to be provided</u>
	S\$	S\$
Arrears in excess of 12 months but less than 24 months @ 50%	315,410	157,705
Arrears in excess of 24 months @ 100%	581,631	581,631
Expected Credit loss as at 31 March 2019		<u>739,336</u>

Financial Highlights

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

14. OTHER RECEIVABLES

	<u>2019</u>	<u>2018</u>
	S\$	S\$
Recoverable from HDB	193,671	1,179,946
Citizens' Consultative Committee grant receivable	4,646,459	2,657,825
Prepayments	157,788	162,613
Others	141,809	120,443
Accrued interest (Note 9)	67,510	52,367
Conservancy and service grant receivable	(3,427)	110,254
GST subvention grant receivable	409,185	385,798
LRF Matching Grant Receivable	821,604	771,278
Amount due from Sembawang Town Council	132,685	-
Deposits Paid	343,052	318,177
Goods & Services Tax	68,576	-
	<u>6,978,912</u>	<u>5,758,701</u>

Current receivables with a short duration are not discounted and the carrying amounts are assumed to be reasonable approximation of fair values.

15. CASH AND CASH EQUIVALENTS

	<u>2019</u>	<u>2018</u>
	S\$	S\$
Cash in hand and bank balances	21,402,918	6,015,739
Cash and fixed deposits held in trust by fund managers (Note 9)	1,099,808	3,024,842
Fixed deposits	85,276,440	78,760,027
	<u>107,779,166</u>	<u>87,800,608</u>

At the year end, the carrying amounts of cash and cash equivalents approximate their fair values.

The fixed deposits are with 5 (2018:5) financial institutions. The fixed deposits mature between one week to twelve months (2018:one week to twelve months) after the financial year end. The interest rate as at 31 March 2019 was between 0.65% and 2.01% (2018:0.2% and 1.46%) per annum.

For the purposes of statement of cash flows, the cash and cash equivalents comprised the following:

	<u>2019</u>	<u>2018</u>
	S\$	S\$
Cash and cash equivalents	107,779,166	87,800,608
Cash and fixed deposits held in trust by fund managers (Note 9)	(1,099,808)	(3,024,842)
Cash and cash equivalents per statement of cash flows	<u>106,679,358</u>	<u>84,775,766</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

16. PAYABLES AND ACCRUED EXPENSES

	<u>2019</u>	<u>2018</u>
	S\$	S\$
Work order accruals	1,369,793	420,440
Trade payables	5,162,722	5,157,047
Water and electricity payables	522,802	662,833
Accrued operating expenses	1,203,689	1,496,097
Sundry deposits	182,751	168,738
SLRP Grant Receivable	105,925	-
Other payable to fund managers (Note 9)	76,969	-
Management fee payable to fund managers (Note 9)	11,532	15,047
Other payables	163,717	147,755
Amount due to Sembawang Town Council	-	43,924
Goods & Services Tax	-	187,209
	<u>8,799,900</u>	<u>8,299,090</u>

The contractual undiscounted cash outflows on payables and accrued expenses are expected to approximate their carrying amounts and settled within one year.

17(A). AGENCY FEES

Agency fees are for routine maintenance of HDB's car parks and common property within the Town.

17(B). OTHER INCOME

	<u>2019</u>	<u>2018</u>
	S\$	S\$
Late payment penalty	205,132	194,164
Liquidated damages	204,850	138,107
Temporary occupational licence income	1,971,374	1,913,068
Use of common property	27,960	28,120
Use of void decks	39,710	37,050
Use of water and electricity at void decks	409,115	579,249
Others	319,175	378,804
	<u>3,177,316</u>	<u>3,268,562</u>

18. MANAGING AGENT'S FEES

The Town Council daily operations have been outsourced to a managing agent for a fee of S\$5,680,687 (2018 : S\$5,538,356) for the financial year ended 31 March 2019.

Financial Highlights

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

19(A). INVESTMENT AND INTEREST INCOME ON SINKING FUND

	<u>2019</u>	<u>2018</u>
	S\$	S\$
Income - Bonds and other investments	53,425	96,285
Interest Income - fixed bank deposits	819,754	473,384
Dividend income from equities	-	168,508
Fair value gain from financial assets carried at fair value through profit or loss	1,200,544	486,105
Gain from disposal of available-for-sale financial assets reclassified to sinking fund statement	-	30,381
	<u>2,073,723</u>	<u>1,254,663</u>

19(B). SINKING FUND EXPENDITURE

	Note	<u>2019</u>	<u>2018</u>
		S\$	S\$
Re-Roofing Works		347,192	-
Electrical Rewiring		391,756	449,091
Replacement of Water & Booster Pump		239,313	996,010
Repairs & Redecoration		3,140,369	6,358,728
Replacement Water Pipes		-	277,402
Consultancy fee and other charges		160,309	356,798
Goods and services tax	23	91,654	96,675
Lift Overhaul		-	-
Replacement of Refuse Chute		151,200	451,990
Fire Protection System		-	101,625
		<u>4,521,793</u>	<u>9,088,319</u>

20. LIFT REPLACEMENT FUND EXPENDITURE

	Note	<u>2019</u>	<u>2018</u>
		S\$	S\$
Replacement of Main Sheaves and Ropes		1,604,732	517,084
Replacement of ARD Battery		172,438	156,060
Replacement of EBOPS Battery		123,116	88,480
Lift overhauls and replacement works		13,191	8,344
Replacement of Lift Position Display Panel		135,689	235,104
Replacement of Inverter Units		354,600	602,579
Consultancy fee and other charges		94,809	44,784
Goods and services tax	23	46,418	176,041
		<u>2,544,993</u>	<u>1,828,476</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

21(A).GENERAL AND ADMINISTRATIVE EXPENDITURE

The general and administrative expenditure comprised the following:

		<u>2019</u>	<u>2018</u>
	Note	S\$	S\$
Advertising and public relations		887,857	696,308
(Reversal)/Provision for doubtful debts		(24,128)	102,125
Bad debts written back		(17,860)	-
Computing services		178,021	184,399
Depreciation of plant and equipment	8	152,681	116,852
Office rental and upkeep expenditure		531,097	529,294
Office supplies and stationery		108,202	95,573
Postage / Telephone		191,051	197,213
Town Councillors' allowance		208,368	204,878
Insurance premium		20,209	19,536
Goods and services tax	23	157,585	180,476
Legal fee		26,225	35,607
Property tax		207,921	177,048
Others *		510,231	758,174
		<u>3,137,460</u>	<u>3,297,483</u>

* Includes manpower costs of S\$72,345 (2018: S\$86,094) (Note 21 (b)).

21(B).MANPOWER COST

General administrative expenditure included cost of manpower as follows:-

	<u>2019</u>	<u>2018</u>
	S\$	S\$
Staff salaries and related costs	65,438	77,695
CPF contribution	6,907	8,399
	<u>72,345</u>	<u>86,094</u>

Financial Highlights

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

22. INCOME TAX

Taken up in:

	2019			
	Income and Expenditure Statement	Sinking Fund Statement	Lift Replacement Fund Statement	Total
	S\$	S\$	S\$	S\$
Current income tax provision	298,131	185,840	63,653	547,624
(Over)/Under in prior year	(49,153)	(2,888)	33	(52,008)
	<u>248,978</u>	<u>182,952</u>	<u>63,686</u>	<u>495,616</u>
	2018			
	Income and Expenditure Statement	Sinking Fund Statement	Lift Replacement Fund Statement	Total
	S\$	S\$	S\$	S\$
Current income tax provision	313,358	173,836	23,135	510,329
Under/(over)provision in prior year	23,447	(578)	-	22,869
	<u>336,805</u>	<u>173,258</u>	<u>23,135</u>	<u>533,198</u>

The tax expense on surplus differs from the amount that would arise using the Singapore standard rate of income tax as explained below:

	2019	2018
	S\$	S\$
Interest income received	1,460,429	1,273,863
Dividend income	46,098	183,567
	14,843,726	1,998,164
Other income	2,079,053	15,172,761
Allowable expenses	(212,192)	(221,691)
	<u>18,217,114</u>	<u>18,406,664</u>
Tax calculated at a tax rate of 17%	3,096,909	3,129,133
Tax exempt income	(17,425)	(25,925)
Tax effect of certain income taxed at concessionary tax rate	(22,884)	(34,967)
Tax remission of government grants under Section 92(2) of Singapore Income Tax	(2,508,976)	(2,557,912)
Under/(over)provision in prior year	(52,008)	22,869
	<u>495,616</u>	<u>533,198</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

23. GOODS AND SERVICES TAX

Government grants received by the Town Council are considered non-taxable supplies. Therefore, input tax claimable is based on a formula determined by the Inland Revenue Authority of Singapore. The unclaimed portion is charged to the sinking fund expenditure (Note 19(b)), lift replacement fund expenditure (Note 20) and general and administrative expenditure (Note 21(a)).

24. GOVERNMENT GRANTS

(i) Government grants taken to the Income and Expenditure Statement during the year are as follows :-

	Total		Conservancy and Service Grant		Payment from Citizens' Consultative Committee		GST Subvention Grant		Lift Maintenance Grant		LRF Matching Grant	
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Government Grants received/receivable during the year	16,184,674	15,172,761	7,024,979	6,763,220	2,842,189	2,599,872	1,621,690	1,515,596	867,000	852,600	3,828,816	3,441,473
Transfer to -												
Sinking Funds	(2,473,557)	(2,374,169)	(1,826,495)	(1,758,437)	-	-	(421,642)	(394,056)	(225,420)	(221,676)	-	-
Lift Replacement Funds	(5,160,728)	(4,719,875)	(983,497)	(946,852)	-	-	(227,035)	(212,186)	(121,380)	(119,364)	(3,828,816)	(3,441,473)
Town Improvement and Project Fund	(2,842,189)	(2,599,872)	-	-	(2,842,189)	(2,599,872)	-	-	-	-	-	-
	<u>5,708,200</u>	<u>5,478,845</u>	<u>4,214,987</u>	<u>4,057,931</u>	<u>-</u>	<u>-</u>	<u>973,013</u>	<u>909,354</u>	<u>520,200</u>	<u>511,560</u>	<u>-</u>	<u>-</u>

(ii) The total amount of grants received/receivable, since the formation of the Town Council, is as follows :-

	2019	2018
	S\$	S\$
Balance at 1 April	62,714,998	47,542,237
Add : Grants received/receivable during the year	16,184,674	15,172,761
Balance at 31 March	<u>78,899,672</u>	<u>62,714,998</u>

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NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

25. OPERATING LEASE PAYMENT COMMITMENTS

The future minimum lease payments payable under non-cancellable operating leases contracted for at the reporting date but not recognised as payables, are as follows:

	<u>2019</u>	<u>2018</u>
	S\$	S\$
Not later than one year	482,936	502,471
Later than one year but not later than five years	<u>382,568</u>	<u>494,586</u>

The leases of the Town Council's premises, equipment and computer system on which rentals are payable will expire between December 2018 to February 2021 (2018 - December 2018 to February 2021), between April 2019 to March 2022 (2018: April 2019 to March 2022) and 31 March 2020 (2018 - 31 March 2020) respectively, and the current rent payable on the leases range from S\$4,800 to S\$11,600 (2018 - S\$4,800 to S\$11,600) per month, from S\$118 to S\$185 (2018: S\$118 to S\$185) and S\$13,740 (2018 - S\$13,740) per month, respectively, which are subject to revision and renewal.

26. CAPITAL COMMITMENTS

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

	<u>2019</u>	<u>2018</u>
	S\$	S\$
Amount approved and contracted for	23,668,763	5,883,998
Amount approved but not contracted for	40,145,163	56,943,695
	<u>63,813,926</u>	<u>62,827,693</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

27. RELATED PARTY TRANSACTIONS AND BALANCES

Related party relates to the managing agent of the Town Council which manages the operations of the Town Council and town councillors.

- (a) The following significant transactions took place between the Town Council and its managing agent at terms agreed between the parties:

	<u>2019</u>	<u>2018</u>
	S\$	S\$
Managing Agent's Fees	5,680,687	5,538,356
Contract for services and works*	37,866	281,025
Energy saving costs **	1,010,191	1,178,410
Project management fee	676,581	694,561
Repairs and maintenance	896,587	1,064,758
Essential Maintenance Service Unit Services	-	637,072

*Contract for services and works include mainly construction of playgrounds and electrical licensing fees.

**The Town Council has entered into an agreement with the related party to supply and install Light Emitting Diode ("LED") luminaries at the HDB blocks at no costs to the Town Council. Under the terms of the agreement, certain percentage of the energy cost saved from the usage of the LED will be shared with the related party.

The balances due to managing agent as at 31 March 2019 was S\$480,491 (2018: S\$511,057).

- (b) During the financial year, town councillors allowances amounted to S\$208,368 (2018: S\$204,878).

Financial Highlights

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

General Risk Management Principles

The Town Council's financial instruments comprise cash and liquid resources, investments in financial assets carried at fair value through profit or loss, conservancy and services fee receivables and other receivables, payables and accrued expenses. The main risks arising from the Town Council's financial instruments are credit risk, market risk and liquidity risk. The Town Council reviews and monitors policies for managing each of these risks and they are summarised below:

Credit Risk

Credit risk is the risk that counterparty to a financial asset fail to discharge an obligation or commitment entered into with the Town Council.

For conservancy and service receivables, at the end of the reporting period, there were no significant concentrations of credit risk. Investment in fixed deposits are with 4 (2018: 4) banks holding banking licences issued by the Monetary Authority of Singapore.

The Town Council's conservancy and service receivables has no significant concentration of credit risk with any single resident or category of resident. The credit risk for SC/CC receivable arise mainly from residents who are facing significant financial hardships and have difficulties paying their SC/CC fees despite letter of demand sent. Procedures are in place for collecting the outstanding SC/CCs. The Town Council measures loss allowance using simplified approach at an amount equal to lifetime expected credit losses ("ECL"), which is calculated using a provision matrix. As the Town Council's historical credit loss experience does not indicate significantly different loss patterns for different residential property room type and commercial property, the loss allowance based on past due status is not further disaggregated.

Credit risk on investments is managed through the setting of guidelines. The guidelines are reviewed and approved by the Investment & Finance Committee. Ongoing monitoring is undertaken by management to ensure that all investment activities are in compliance with the guidelines.

The ageing analysis of conservancy and service fee receivable past due and information on the impairment allowance are as follows:

	Gross 2019 S\$	Gross 2018 S\$	Impairment 2019 S\$	Impairment 2018 S\$
Past due <3 months	550,838	490,591	-	-
Past due 3 to 6 months	584,903	295,339	-	-
Past due 6 to 12 months	403,699	424,130	-	-
Past due 12 to 24 months	315,410	374,677	157,705	187,338
Past due > 24 months	581,631	576,126	581,631	576,126
	<u>2,436,481</u>	<u>2,160,863</u>	<u>739,336</u>	<u>763,464</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Credit risk (cont'd)

Other receivables as at 31 March 2019 are not past due or impaired as at 31 March 2019. These comprised mainly recoverable from statutory boards and government agencies.

Financial assets at fair value through profit or loss (Note 10) largely comprise of debt instruments which comprise of notes issued by government and investment grade notes. Accordingly, credit risk is considered to be low.

The Town Council's maximum exposure to credit risk arising from cash and cash equivalents, conservancy and service fee receivables, other receivables and other financial assets as at 31 March 2019 is equal to the carrying amount of these financial assets in the statement of financial position.

Market risk

Market risk is the risk of potential adverse changes to the value of the financial instruments because of changes in market conditions such as interest and volatility in security prices.

(i) Price risk

The Town Council is exposed to securities price risk from financial assets which are classified on the statement of financial position at fair value through profit or loss and/or at fair value recognised directly in fair value reserves. Fluctuations in the market price of a security may result from perceived changes in the underlying economic characteristics of the financial assets and the market conditions. Our investment portfolio with fund managers and debt investments are monitored by the fund managers, on a regular basis, so as to assess changes in fundamentals and valuation. Guidelines have been set by the Finance and Investment Committee to manage the exposure of our investment portfolio so as to reduce our exposures to market volatility by diversifying the investment portfolio into equities, bonds and other financial assets.

Sensitivity analysis

The table below summarises the impact to the Town Council's financial assets at fair value through profit or loss and available for sale financial assets as a result of a 10% increase /decrease in the fair value of funds with all other variable held constant:

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NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Market risk (cont'd)

	Increase / (Decrease)			
	Net Assets		Sinking Fund Statement	
	10% increase S\$	10% decrease S\$	10% increase S\$	10% decrease S\$
31 March 2019				
Financial assets at fair value through profit or loss	2,997,112	(2,997,112)	2,997,112	(2,997,112)
31 March 2018				
Financial assets at fair value through profit or loss	2,462,802	(2,462,802)	2,462,802	(2,462,802)
Available-for-sale financial assets	215,920	(215,920)	215,920	(215,920)

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Fair value interest rate risk is the risk that the value of financial instrument will fluctuate because of changes in market interest rates.

The Town Council has interest-bearing fixed deposits with financial institutions and debt investments. The interest rates are disclosed in Notes 12 and 15 to the financial statements. The interest-bearing fixed deposits and debt investments are at fixed rates at the reporting date.

If the interest rates had been 25 basis points lower/higher with all other variables held constant, the Town Council's deficit before government grants for the year would have been S\$217,665 (2018: S\$205,741 higher/lower, arising mainly as a result of lower/higher interest income from the Town Council's fixed deposits with banks and debt investments).

(iii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Town Council's operational activities are carried out in Singapore dollar. Hence, the Town Council is not exposed to significant foreign currency risk.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Liquidity risk

The Town Council manages its liquidity risk by maintaining sufficient cash and cash equivalents to meet its routine, sinking fund expenditure, lift replacement expenditure and town improvement project expenditure. This is managed via the regular monitoring of the Town Council's operating cash flow requirements and the budget set for capital expenditure.

The financial assets and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations have a maturity of less than one year other than in 2018 a portion of the held-to-maturity financial assets as disclosed in Note 12 to the financial statements has a maturity date of more than one year.

29 MANAGEMENT OF TOWN COUNCIL'S FUNDS

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

- (a) To safeguard the Town Council's ability to continue as a going concern;
- (b) To support the Town Council's stability and growth; and
- (c) 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 fund structure to ensure optimal structure, taking into consideration the future funds requirements of the Town Council and fund efficiency, prevailing and projected service and conservancy charges, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

The Town Council is not subject to externally imposed requirements. As at end of the reporting date, the Town Council's total funds amounted to S\$139,852,263 (2018: S\$116,168,447).

30 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair values

The carrying amount of financial assets and liabilities with a maturity of less than one year is assumed to approximate their fair values.

The Town Council does not anticipate that the carrying amounts recorded at the end of the reporting period would be significantly different from the values that would eventually be received or settled.

(a) Assets measured at fair value

The following table shows an analysis of each class of measured at fair value at 31 March 2019.

Financial Highlights

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2019

30 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

Fair values (Cont'd)

(a) Assets measured at fair value (Cont'd)

	Level 1	Level 2	Level 3	Total
Recurring fair value measurements	S\$	S\$	S\$	S\$
31 March 2019				
Financial assets at fair value through profit or loss (Note 10)	29,971,115	-	-	29,971,115
31 March 2018				
Financial assets at fair value through profit or loss (Note 10)	24,628,021	-	-	24,628,021
Available-for-sale financial assets (Note 11)	2,159,205	-	-	2,159,205

(b) Assets not carried at fair value but for which fair value is disclosed

The following table shows an analysis of the Town Council's assets not measured at fair value at 31 March 2019 but for which fair value is disclosed:

	Level 1	Level 2	Level 3	Total
	S\$	S\$	S\$	S\$
31 March 2019				
Debt Investments (Note 12)	1,787,226	-	-	1,787,226
31 March 2018				
Debt Investments (Note 12)	3,534,661	-	-	3,534,661

The carrying value of Debt Investments as at 31 March 2019 was S\$1,789,600 (2018: S\$3,536,276).



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