



Marine Parade
Town Council

ANNUAL REPORT

FY 2020 / 2021



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INTRODUCTION

In 2021, we continue to work closely with our service partners and relevant agencies to maneuver through the challenges arising from the Covid-19 pandemic. In response to the outbreak, the Town Council had put in place protocols to keep our communal spaces clean and safe for our residents. Together with our service partners, we have stepped up our efforts to clean and disinfect the common facilities and common touchpoints in our estate. We have also implemented safe management measures in common areas and crowd control operations in markets and hawker centres to safeguard our residents' health. In addition, we have applied another round of anti-microbial coating to all lift buttons in our HDB estate as part of our effort to enhance precautionary measures against the spread of Covid-19.

As we cope with the challenges amidst the pandemic, the Town Council remains committed to create a better-quality living environment for our residents. Enhancing quality of living goes beyond providing well-maintained facilities for our community. Through continuous active engagements with our stakeholders such as residents, grassroots organisations, and partner agencies, we made improvements to our estate infrastructure plans to better suit the needs of our evolving demographics.

Also, as part of our vision to create a sustainable town, we have been actively exploring avenues to conserve energy and be more eco-friendly. Our past initiatives include installation of Solar Photovoltaic (PV) panels and LED lightings in the Town. Moving forward, we are putting more focus on our sustainability efforts in support of the Singapore Green Plan. We welcome residents' suggestions and involvement in our estate planning as we gradually work towards a zero waste, energy efficient, and greener Town for all.



CHAIRMAN'S MESSAGE

FINANCIAL OVERVIEW

The Town Council reported an operating surplus of \$4.81 million after appropriation to Town Improvement and Project Fund for Financial Year 2020/2021. The surplus came about primarily due to the government grants of \$6.11 million that the Town Council had received and a reduction of \$3.11 million in utilities expenses.

To maintain and upkeep our estate and its facilities, a total of \$31.25 million under our operating expenditure was allocated to routine maintenance and operational works such as cleaning, lift maintenance, and water and electricity.

The Town Council will continue in our effort to explore cost saving measures while managing our finances prudently in compliance with good corporate governance framework to bring about more estate improvements in our Town.

ESTATE IMPROVEMENTS AND MAINTENANCE

Through community engagements, various estate improvement projects and cyclical works were implemented in Financial Year 2020/2021 as part of our ongoing effort to refurbish and revitalize the communal facilities in our Marine Parade Town for the benefit of our residents.

The Town Council had implemented a total of \$1.78 million worth of improvement projects across the divisions. New improvement projects include covered linkways, playgrounds, and fitness corners. These amenities were designed and built to cater to the specific needs of the residents living in the neighbourhood.

In addition, the Town Council had also carried out a total of \$7.52 million worth of cyclical maintenance works to ensure the existing facilities in our Town are in good condition for our residents' safety and well-being. The cyclical works implemented include Repairs & Redecoration (R&R), electrical re-wiring, replacement of sanitary system (e.g., water pipes and water tanks), re-roofing works, and lift improvement projects.

Moving forward, the Town Council will continue to carry out improvements gradually in a bid to provide a more conducive living environment for our residents.





CHAIRMAN'S MESSAGE

CODE OF GOVERNANCE FOR TOWN COUNCILS

The Code of Governance sets out the principles of good governance and highlights best practices to guide the Town Councils to better execute their fiduciary responsibilities and improving accountability. These guiding principles span across four domains, namely a) Council Effectiveness, b) Internal Controls & Processes, c) Financial Management, and d) Vendor Management.

From Financial Year 2020 onwards, all Town Councils have to disclose their compliance to the Code using the Governance Disclosure Checklist which would be made available for public viewing on the MND website in November / December of that year.

Our Town Council is committed to safeguarding our residents' and Council's interests through transparency and accountability. While we have a strong framework of corporate governance in place, we worked to further strengthen our standards of governance and internal controls by reviewing and refining our policies and processes which were implemented in line with the Code's guiding principles.

ENTERPRISE RISK MANAGEMENT

The Council has implemented a comprehensive Enterprise Risk Management (ERM) Framework to integrate and provide a unified picture of risk for the Management team, the Town Councillors, and other stakeholders. It provides a consistent process for the prioritisation and allocation of resources, coordinates existing individual risk management actions to manage enterprise risks effectively. It also promotes a culture of proactive risk management so as to minimise uncertainty for MPTC. The MPTC's ERM framework takes reference from applicable international standards (including ISO31000 and the COSO ERM framework).

An annual enterprise risk assessment has been performed and will be refreshed annually which includes the identification of potential risks affecting business objectives. 24 risks under Tier 1 to Tier 3 were analysed and evaluated across four broad categories being Financial, Operational, Compliance and Information Technology, and the effectiveness of internal controls have been assessed. The Council is of the opinion that our MPTC's ERM Framework and supporting internal control policies and procedures are adequate to manage risks affecting the Town Council.

CHAIRMAN'S MESSAGE

SUSTAINABLE INITIATIVES

Over the years, we have put in efforts to make our Town more energy efficient and to build capabilities in renewable energy. A total of 95% of the lamps in our Town were converted to energy saving LED lamps with dimming functions and 117 blocks have Solar PV panels on their roofs. In the next few years, we are looking to extend such installations to other blocks in our Town so that energy usage can be optimised, and in turn, reducing carbon emissions in the long term.

Everyone can play a part in creating a sustainable living environment in our Town and we encourage our residents to work closely with us to keep our environment clean and green. In April 2021, the Town Council organised one-day clean up exercises across our Town while abiding by the prevailing safe distancing measures in support of Public Hygiene Council's 'Keep Clean, Singapore!' initiative. In addition, we are working with an E-waste operator to organise scheduled collection drives in HDB estates to encourage residents to recycle their e-waste. Through our Bulky Item Removal Service, residents can also reach out to our Town Council to remove and recycle their bulky e-waste. Through such initiatives, we hope to inspire the community to adopt a green and sustainable lifestyle.

In support of the Singapore Green Plan 2030, our Town Council would also be enhancing our sustainable development plan in our Town under the Action for Green Towns (AGT) initiative along with 14 other PAP Town Councils. We would like to walk this green journey together with our residents, and we encourage residents to provide their ideas and suggestions to build a sustainable future. Residents who are keen to share their suggestions can do so via <http://www.mptc.org.sg/Feedback>.



CHAIRMAN'S MESSAGE



CONCLUSION

I would like to thank our service partners and operational teams for their hard work and dedication to keep our estate clean and hygienic while assisting to implement the safe management measures in our common areas during this Covid-19 pandemic.

I'm also grateful for the support and feedback our residents have been providing us throughout all these years. With your relentless support and invaluable feedback, we are able to transform our Town into a more facilitated and inclusive home. In the coming years, we will continue to do more for our home in Marine Parade Town. Our Council and staff will work closely with grassroots organisations, community partners, and relevant agencies to create a sustainable home environment that is tailored to meet the needs of our residents. As such, I hope residents can continue to give us your support and inputs as we work together to design and build a better and greener home for everyone.

Lim Biow Chuan PBM
Chairman
Marine Parade Town Council



TOWN COUNCILLORS & STANDING COMMITTEE

(28 August 2020 - 27 August 2022)

Marine Parade Town Council selects and appoints councillors based on personal attributes such as integrity, honesty, responsibility, and their alignment with the Town Council's Mission. Appointed councillors generally have the ability to communicate and reach out to residents, and build relationship to reflect their needs. At least two-thirds of the appointed councillors shall be residents of any housing estate of the Board within the Town. Key councillors taking charge of committees shall have the core skills and/or competencies in the relevant technical field (such as finance, accounting, audit, estate management, contract administration or communications).

Elected Members

Chairman: Mr Lim Biow Chuan PBM
Vice-Chairman: Ms Tin Pei Ling
Vice-Chairman: Mr Mohd Fahmi Aliman

Elected Members:
Mr Tan Chuan-Jin
Mr Edwin Tong Chun Fai
Dr Tan See Leng
Mr Seah Kian Peng

Executive Committee

Chairman: Mr Lim Biow Chuan PBM
Vice-Chairman: Ms Tin Pei Ling
Vice-Chairman: Mr Mohd Fahmi Aliman

Members:
Mr Ang Bee Hock BBM
Dr Chua Ee Chek BBM, JP
Ms Eileen Teo Cheo Tee PBM
Mr Frederick Ho Wee Khoo PBM
Mr Justin Fong Cheng Wah PBM
Mr Lee Tee Loon PBM
Dr Lim Lan Yuan BBM (L), JP
Ms Lydia Ong Li Yan PBM
Mr Philip Tan Ling Kwok PBM
Mr Yusof Bin Abdul Lateef BBM

Standing Committee

Finance Committee

Advisor: Mr Seah Kian Peng
Chairman: Mr Philip Tan Ling Kwok PBM
Vice Chairman: Mr Justin Fong Cheng Wah PBM

Members:
Ms Chris Chu Ai Keow
Ms Eunice Wang Bizi
Mr Jeryl Lim Tswen Jiann
Mr Lim Ming Hok
Mr Patrick Chua Song Hui
Mr Peter Fok Chen Meng
Mr Pradeep Kumar Doshi PBM
Mr Raymond Gan Chun Pin
Mr Stephen Lim Wee Tiong
Mr Tan Yong Min BBM
Mr Yu Tor Ann

Tenders & Contracts Committee

Advisor: Mr Mohd Fahmi Aliman
Chairman: Mr Lee Tee Loon PBM
Vice-Chairman: Dr Chua Ee Chek BBM

Members:
Mr Daniel Chan Kok Leong PBM
Mr Dick Lum Chee Seng
Ms Jenny Ho Lay Hong
Mr Kum Jing Shen Joey
Mr Lim Liang Seng PBM
Mr Raymond Chan Leng Chye PBM
Ms Shirley Yong Mei Lin
Mr Simon Wong Sai Cheong
Mr Thomas Thong Ming Yap
Ms Tricia Soh Meng Hong PBM

TOWN COUNCILLORS & STANDING COMMITTEE

(28 August 2020 - 27 August 2022)

Estate Maintenance Committee

Advisor: Mr Tan Chuan - Jin

Chairman: Ms Eileen Teo Cheo Tee PBM

Vice Chairman: Ms Lydia Ong Li Yan PBM

Members:

Mr Baba Maharauf Carrim

Mr Chan Yee Kew PBM

Mr Govindan Meyyappan

Ms Hoe Kwee Eng

Ms Janet Chan

Mr Koh Chin Ann

Mr Lee Joon Yong PBM

Mr Loo Chin Nong PBM

Mr Rama Kerisna

Ms Tan Yun Juan Kittie

Mr William G Fletcher PBM

Ms Yayah Ambuhang Annatrasta

Publicity & Outreach Committee

Advisor: Ms Tin Pei Ling

Chairman: Mr Frederick Ho Wee Khoon PBM

Vice Chairman: Mr Yusof Bin Abdul Lateef BBM

Members:

Ms Alice Low

Ms Joyce Wong Shu Ling

Mr Markus Tan Sien Hwong

Mr Melvin Chua Ee Song BBM

Ms Pang Yee Sum

Mr Steven Tan Bock Eng

Audit & Risk Committee

Chairman: Dr Lim Lan Yuan BBM (L), JP

Vice Chairman: Mr Ang Bee Hock BBM

Members:

Mr Benny Ang

Mr Goh Yong Seng PBM

Ms Lily Teo Hiok Hoon PBM

Mr Ngoi Khor Peng PBM

Ms Nicole Chua Shu Ying

Mr Rahmat Sawie PBM

Ms Ruby Ong Siew Kim

Mr Seah Lian Chye Allan

Mr Tan Ai Koong PBM

Mr Yong Chun Yee PBM

MARINE PARADE TOWN COUNCIL
(Established under the Town Councils Act, Cap. 329A)

AUDITED FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 MARCH 2021

**INDEPENDENT AUDITOR'S REPORT TO
THE MEMBERS OF MARINE PARADE TOWN COUNCIL**
(Established under the Town Councils Act, Cap 329A)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Marine Parade Town Council (the "Town Council"), which comprise the statement of financial position of the Town Council as at 31 March 2021, the statement of income and expenditure, statement of comprehensive income, statement of changes in Town Council funds and statement of cash flows of the Town Council for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 41.

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 2021 and 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.

Information Other than the Financial Statements and Auditor's Report Thereon

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.

**INDEPENDENT AUDITOR'S REPORT TO
THE MEMBERS OF MARINE PARADE TOWN COUNCIL**
(Established under the Town Councils Act, Cap 329A)

Responsibility 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 established under the Act and may be dissolved by the Minister's order published in the Gazette. In preparing the financial statements, management is responsible for assessing the Town Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is intention to wind up the Town Council or for the Town Council to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

**INDEPENDENT AUDITOR'S REPORT TO
THE MEMBERS OF MARINE PARADE TOWN COUNCIL**
(Established under the Town Councils Act, Cap 329A)

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

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

Report on Other Legal and Regulatory Requirements

Opinion

In our opinion:

- (a) the receipts, expenditure 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.

**INDEPENDENT AUDITOR'S REPORT TO
THE MEMBERS OF MARINE PARADE TOWN COUNCIL**
(Established under the Town Councils Act, Cap 329A)

Responsibility 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 responsibility 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

22 October 2021

MARINE PARADE TOWN COUNCIL

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note	2021 \$	2020 \$
TOWN COUNCIL FUNDS			
Residential Property			
Accumulated surplus	4	9,684,506	8,082,667
Sinking Funds			
Ordinary Sinking Fund	5	47,698,316	40,551,811
Lift Replacement Fund	6	39,329,462	31,890,423
		87,027,778	72,442,234
Town Improvement and Project Fund	7	671,950	574,526
		97,384,234	81,099,427
Commercial Property			
Accumulated surplus	4	518,231	994,958
Sinking Funds			
Ordinary Sinking Fund	5	27,151,190	26,900,779
Lift Replacement Fund	6	8,977,687	7,872,245
		36,128,877	34,773,024
Town Improvement and Project Fund	7	127,990	109,433
		36,775,098	35,877,415
Fair value reserve	8	-	42,750
		134,159,332	117,019,592
Represented by:			
Non-current assets			
Plant and equipment	9	92,974	48,136
Right-of-use assets	10	2,361,547	2,495,920
Financial assets at fair value through other comprehensive income	11	-	2,542,750
		2,454,521	5,086,806
Current assets			
Interest receivable		788,359	1,383,457
Conservancy and service fees receivables	12	1,419,829	1,635,026
Other receivables	13	7,614,423	5,713,022
Receivables for Neighbourhood Renewal Programme	16	567,692	-
Electrical Load Upgrading Programme			
Cash and short term deposits	14	142,510,258	117,513,025
		152,900,561	126,244,530
Total assets		155,355,082	131,331,336
Less:			
Non-current liability			
Lease liabilities	15	(1,557,497)	(1,819,454)
Current liabilities			
Lease liabilities	15	(553,741)	(602,651)
Conservancy and service fees received in advance		(682,867)	(660,939)
Advances received for Neighbourhood Renewal Programme and	16	-	(6,278)
Electrical Load Upgrading Programme			
Payables and accrued expenses	17	(17,641,892)	(10,414,679)
Income tax payable	18	(759,753)	(807,743)
Total current liabilities		(19,638,253)	(12,492,290)
Net assets		134,159,332	117,019,592


LIM BIOW CHUAN PBM
Chairman

Date : 22 October 2021



ANTHONY ONG ENG ANN PBM
Secretary

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


MARINE PARADE TOWN COUNCIL

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

	Note	2021 \$	2020 \$
Operating income			
Conservancy and Service fees	4	43,211,634	44,063,637
Less: Operating income transfer to Ordinary Sinking Fund	5	(11,235,032)	(11,456,556)
Operating Income transfer to Lift Replacement Fund (minimum required by law)	6	(6,049,626)	(6,168,908)
		25,926,976	26,438,173
Agency fees	4, 19	2,614,241	2,723,673
Other income	4, 20	2,330,030	3,107,087
		30,871,247	32,268,933
Less: Operating expenditure			
Cleaning works		(6,258,304)	(6,324,528)
Managing agent's fees	27	(4,425,096)	(4,481,842)
Lift maintenance		(7,467,762)	(8,271,318)
Other works and maintenance		(4,396,256)	(4,953,723)
Water and electricity		(6,728,778)	(9,838,548)
General and administrative expenditure	21	(1,970,890)	(2,082,186)
		(31,247,086)	(35,952,145)
Operating deficit		(375,839)	(3,683,212)
Add: Investment income		144,303	244,511
Deficit before income tax and government grants		(231,536)	(3,438,701)
Less: Income tax	18	(112,509)	(146,000)
Goods and services tax	22	(377,237)	(467,852)
		(489,746)	(613,852)
Deficit before government grants		(721,282)	(4,052,553)
Add: Government grants	23	15,201,926	16,775,634
Less: Transfer to Ordinary Sinking Fund	5, 23	(2,648,123)	(2,679,424)
Less: Transfer to Lift Replacement Fund	6, 23	(5,130,002)	(5,239,337)
Less: Transfer to Town Improvement and Project fund	7, 23	(1,312,754)	(2,673,591)
		6,111,047	6,183,282
SURPLUS FOR THE FINANCIAL YEAR		5,389,765	2,130,729
ACCUMULATED SURPLUS AS AT 1 APRIL		9,077,625	6,682,676
Less: Transferable Surplus to Ordinary Sinking Funds		(2,126,641)	-
Transferable Surplus to Lift Replacement Fund		(1,145,115)	-
Transfer of funds to Jalan Besar Town Council during Boundary Change		(414,268)	-
Add: Transfer from Town Improvement Project Fund	7	221,311	948,179
Less: Appropriation to Town Improvement Project Fund	7	(799,940)	(683,959)
ACCUMULATED SURPLUS AT 31 MARCH		10,202,737	9,077,625


LIM BIOW CHUAN PBM
Chairman

Date : 22 October 2021


ANTHONY ONG ENG ANN PBM
Secretary

MARINE PARADE TOWN COUNCIL

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

	Note	2021 \$	2020 \$
SURPLUS FOR THE FINANCIAL YEAR		5,389,765	2,130,729
MOVEMENT OF VARIOUS FUNDS			
Ordinary Sinking Fund	5	6,958,921	2,576,233
Lift Replacement Fund	6	8,659,740	6,194,603
Town Improvement and Project Fund	7	(462,648)	(725,132)
		<u>20,545,778</u>	<u>10,176,433</u>
OTHER COMPREHENSIVE INCOME			
Item that may not be reclassified to income and expenditure statement			
Fair value loss on investment in bond	8	<u>(42,750)</u>	<u>(2,750)</u>
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ATTRIBUTABLE TO TOWN COUNCIL FUNDS		<u><u>20,503,028</u></u>	<u><u>10,173,683</u></u>



LIM BIOW CHUAN PBM
Chairman

Date : 22 October 2021



ANTHONY ONG ENG ANN PBM
Secretary

MARINE PARADE TOWN COUNCIL

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

	Note	Total \$	Residential Property \$	Commercial Property \$	Carpark \$	Fair value reserve \$
Balance as at 1 April 2019		106,845,909	71,953,803	34,846,606	-	45,500
Surplus (Deficit) for the year		10,173,683	8,350,855	1,030,809	794,769	(2,750)
Inter-funds transfer	4	-	794,769	-	(794,769)	-
Balance as at 31 March 2020		117,019,592	81,099,427	35,877,415	-	42,750
Balance as at 1 April 2020		117,019,592	81,099,427	35,877,415	-	42,750
Surplus (Deficit) for the year		20,503,028	18,109,547	1,407,416	1,028,815	(42,750)
Transfer of funds during Boundary Change	24	(3,363,288)	(2,853,555)	(509,733)	-	-
Inter-funds transfer	4	-	1,028,815	-	(1,028,815)	-
Balance as at 31 March 2021		134,159,332	97,384,234	36,775,098	-	-
The net surplus (deficit) for the year comprises the following:						
	Note	2021 \$	2020 \$			
Accumulated surplus	4	5,389,765	2,130,729			
Ordinary Sinking Fund	5	6,958,921	2,576,233			
Lift Replacement Fund	6	8,659,740	6,194,603			
Town Improvement and Project Fund	7	(462,648)	(725,132)			
Fair value reserve	8	(42,750)	(2,750)			
		20,503,028	10,173,683			

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

MARINE PARADE TOWN COUNCIL

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

	Note	2021 \$	2020 \$
Operating Activities			
Deficit before income tax and government grants		(231,536)	(3,438,701)
Adjustments for:			
Operating income transfer to Ordinary Sinking Fund	5	11,235,032	11,456,556
Operating income transfer to Lift Replacement Fund	6	6,049,626	6,168,908
Interest income		(144,303)	(244,511)
Allowance for impairment on operating receivables	12,13	416,440	60,329
Write off of other receivables		4,571	
Depreciation of right-of-use assets	10	348,479	270,513
Rental waiver		(45,400)	
Lease interest expenses	21	21,911	14,529
Depreciation of plant and equipment	9	30,400	21,841
Operating cash flows before changes in working capital		17,685,220	14,309,464
Movement in working capital:			
Operating receivables		277,163	(784,784)
Operating payables		7,223,031	3,132,324
Net cash flows generated from operations		25,185,414	16,657,004
Goods and services tax	22	(556,700)	(651,252)
Ordinary Sinking Fund expenditure	5	(7,521,753)	(12,452,094)
Lift Replacement Fund expenditure	6	(6,246,221)	(5,574,341)
Town Improvement and Project Fund expenditure paid	7	(1,775,402)	(3,398,723)
Neighbourhood Renewal Programme and Electrical Load Upgrading Programme expenditure paid	16	(695,745)	(3,312,937)
Income tax paid	18	(373,451)	(309,258)
Net cash generated from (used in) operating activities		8,016,142	(9,041,601)
Investing Activities			
Purchase of plant and equipment	9	(75,238)	(33,374)
Direct cost related to right-of-use assets		-	(1,828)
Increase in fixed deposits	14	(24,409,336)	(8,000,000)
Interest and investment income received		2,024,427	1,613,672
Net cash used in investing activities		(22,460,147)	(6,421,530)
Financing activities			
Government grants received		15,287,313	18,359,750
Repayment of lease liabilities	15	(368,692)	(357,029)
Funding received for Neighbourhood Renewal Programme and Electrical Load Upgrading Programme		185,968	2,823,771
Funding received for Lift Enhancement Programme/ Selective Lift Replacement Programme		3,431,241	-
Net cash generated from financing activities		18,535,830	20,826,492
Net increase in cash and cash equivalents		4,091,825	5,363,361
Funds Transferred to Jalan Besar Town Council	24	(3,503,928)	-
Cash and cash equivalents at beginning of year		69,513,025	64,149,664
Cash and cash equivalents at end of year	14	70,100,922	69,513,025

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

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

1. General Information

Marine Parade Town Council (the "Town Council") was formed on 5 July 1989 under the Town Councils Act (Chapter 329A). The principal functions of the Town Council are to control, manage, maintain and improve the common property of residential, other commercial property and market and food centres in the housing estates of the Housing and Development Board ("HDB") within the Town. The Town consists of Marine Parade Group Representation Constituency, MacPherson Single Member Constituency and Mountbatten Single Member Constituency.

The principal office of operations is at 50 Marine Terrace #01-265, Singapore 440050.

By virtue of the writ of election issued on 23 June 2020, there are changes to the boundaries of Marine Parade Town Council. With effect from 28 October 2020, Block 8 to 21 Joo Seng Road and Block 1 to 5, 7 Upper Aljunied Lane, have been transferred to Jalan Besar Town Council. Further, the Town Council transferred 80% of its surpluses in any fund (other than sinking funds) established under Section 33 of the Town Council Act, Cap 329A to its relevant sinking funds (i.e. 65% to ordinary Sinking Funds and 35% to Lift Replacement Funds).

The financial statements of the Town Council for the financial year ended 31 March 2021 were authorised for issue in accordance with a resolution of the Town Council on 22 October 2021.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements of the Town Council have been prepared in accordance with the provisions of the Town Councils Act, Chapter 329A (the "Act") and Financial Reporting Standards in Singapore ("FRSs").

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

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 leasing transactions that are within the scope of FRS 116 Leases, and measurements that have some similarities to fair value but are not fair value, such as value in use in FRS 36 Impairment of Assets.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation of financial statements (continued)

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

2.2 *Adoption of new and amended standards and interpretations*

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Town Council has adopted all the new and amended standards which are effective for annual financial periods beginning on or after 1 April 2020. The adoption of these standards did not have any significant effect on the financial statements of the Town Council for the current or prior years

Standards 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 but are not yet effective. The management anticipates that the adoption of these FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Town Council in the period of their initial adoption.

2.3 Town Council Funds

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

- Residential Property
- Commercial Property

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

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

All moneys received by the Town Council are paid into and related expenditure is met out of the appropriate funds set up for each property type managed. Assets and liabilities of the various funds of the Town Council are pooled in the statement of financial position.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

2. Summary of significant accounting policies (continued)

2.3 Town Council Funds (continued)

Sinking Funds

Sinking Funds comprise of Ordinary Sinking Fund and Lift Replacement Fund.

Under the Town Councils Act, the Ministry of National Development may, from time to time, prescribe the minimum amounts of conservancy and service fees and grants-in-aid to be paid into the Sinking Funds other than Lift Replacement Fund matching grant which does not have a prescribed minimum amount to be paid into the Sinking Funds.

(i) Ordinary Sinking Fund

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

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

Property type service	Percentage of conservancy and service fees and grants-in-aid
(i) 1-room to 5-room and Executive	26% (2020: 26%) of conservancy and service fees and grants-in-aid
(ii) Shop with living accommodation	26% (2020: 26%) of conservancy and service fees and grants-in-aid
(iii) Commercial property	26% (2020: 26%) of conservancy and service fees and grants-in-aid

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

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

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

2. Summary of significant accounting policies (continued)

2.3 Town Council Funds (continued)

(ii) Lift Replacement Fund

In accordance with Section 33(4A) of the Town Councils Act, Town Councils are required to establish a new Lift Replacement Fund with effect from 1 April 2017. The establishment of the LRF is a standalone fund to be carved out from the existing Sinking Funds and ring-fenced specifically for lift replacements and other lift-related replacement works.

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

	Property type service	Percentage of conservancy and service fees and grants-in-aid
(i)	1-room to 5-room and Executive	14% (2020: 14%) of conservancy and service fees and grants-in-aid
(ii)	Shop with living accommodation	14% (2020: 14%) of conservancy and service fees and grants-in-aid
(iii)	Commercial property	14% (2020: 14%) of conservancy and service fees and grants-in-aid

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

The Lift Replacement Fund is utilised for major lift works such as capital expenditure including works, plant, equipment, appliances and insurance premium related to the replacement of lifts or lift upgrading works carried out on the common property under the Housing and Development Act.

Town Improvement and Project Fund

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

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

2.4 Inter-fund transfers

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

2.5 Allocation of general overheads

Expenditure not specifically related to any property type managed, such as administrative overheads, tree planting and pruning etc. are allocated to the various property types using equivalent dwelling units ("EDU") as follows:

<u>Property Type</u>	<u>Equivalent Dwelling Unit(s)</u>	
	<u>2021</u>	<u>2020</u>
1 Residential Property Unit	1	1
1 Commercial Property Unit	2	2
6 Car lots or 36 Motorcycle lots or 4 Lorry lots	1	1

Such allocation by EDU is not applied to the Sinking Funds and Town Improvement and Project Fund.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

2. Summary of significant accounting policies (continued)

2.6 Government grants

The Town Council receives five types of grants from the Government: Service and Conservancy Charges ("S&CC") grant, payment from CCCs, Goods and Services Tax ("GST") subvention grant, Lift Replacement Fund Matching Grant and Lift Maintenance Grant ("LMG").

- (i) Service and Conservancy Charges (S&CC) operating grants to meet the current year's operating expenditure are taken to the statement of income and expenditure, except to the extent which is required to be transferred to Ordinary Sinking Fund and Lift Replacement Fund based on the amount prescribed.
- (ii) Payments from CCC are granted to provide funding support for community improvement projects under CIPC scheme.
- (iii) The GST Subvention is given as grant-in-aid to the Town Council to assist Town Council for absorbing the GST increases in Service and Conservancy Charges for HDB residential flats. The grant is taken to the statement of income and expenditure, except to the extent which is required to be transferred to Ordinary Sinking Fund and Lift Replacement Fund based on the amount prescribed.
- (iv) Lift Replacement Fund (LRF) Matching Grant is given as grant-in-aid to the Town Council by MND to match 50% of Town Council's contributions to the Lift Replacement Fund to supplement Town Council's savings. The contributions inclusive of (a) quarterly contributions from Service and Conservancy Charges collections and other grants-in-aids, including voluntary contributions beyond the minimum LRF contribution rate; and (b) Voluntary contribution of accumulated surplus to the LRF at the end of a financial year, as allowed under Section 33(9) of the amended Town Councils Act.
- (v) Lift Maintenance Grant (LMG) is given as grant-in-aid to the Town Council to cope with the higher lift-related servicing and maintenance costs. LMG disbursed to Town Council annually and the amount disbursed is \$600 for every lift (both residential and commercial) maintained by the Town Council. The grant is taken to the statement of income and expenditure, except to the extent which is required to be transferred to Ordinary Sinking Fund and Lift Replacement Fund based on the amount prescribed.

Government grants are recognised at their fair value where there is reasonable assurance that the attached condition will be complied with and that the grant will be received. Grant in recognition of specific expenditures are recognised as income over the periods necessary to match them with the related expenditure that they are intended to compensate on a systematic basis unless the accounting treatment is specified. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to statement of income and expenditure and other comprehensive income over the expected useful life of the relevant asset by equal annual instalment.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

2. Summary of significant accounting policies (continued)

2.7 Revenue recognition

Conservancy and service fees are 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 and Ordinary 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.

Interest income from fixed deposits is recognised on a time proportion basis using the effective interest rates.

Investment income from financial assets designated at fair value through other comprehensive income is recognised as income when right to receive the income is established, unless such income clearly represent a recovery of part of the cost of the investment.

Income from temporary occupation licenses and usage of void deck or other common property is recognised on a cash basis.

2.8 Income tax

Tax is provided on the following income:

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

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

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

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

2. Summary of significant accounting policies (continued)

2.9 Plant and equipment

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

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

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

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

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

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

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

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

2.10 Financial assets

Classification of financial assets

The Town Council classifies its financial assets in the following measurement categories: (1) Amortised cost; and (2) Fair value through other comprehensive income (FVTOCI).

Initial recognition and measurement

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt instruments mainly comprise cash and short term deposits, conservancy and service fees receivables and other receivables that meet the following conditions are subsequently measured at amortised cost:

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

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

2. Summary of significant accounting policies (continued)

2.10 Financial assets (continued)

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Town Council's business model for managing the asset and the contractual cash flow characteristics of the asset.

(i) Amortised costs

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

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.

(ii) Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payment of principal and interest, are measured at FVTOCI. Financial assets measured at FVTOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses. The cumulative gain or loss previously recognized in other comprehensive income is classified from equity to statement of income and expenditure as reclassification adjustment when the financial asset is de-recognised. Interest income from these financial assets is included in other income using effective interest rate method.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

2. Summary of significant accounting policies (continued)

2.10 Financial assets (continued)

Impairment of financial assets

The Town Council recognises an allowance for expected credit losses ("ECL") for all debt instruments that are measured at amortised cost through statement of income and expenditure or the respective funds. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Town Council recognises lifetime ECL for conservancy and service fees receivables and other receivables (relating solely to the fee incurred and penalty fee imposed on outstanding conservancy and service fees receivables disclosed in Note 12) using simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Town Council's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The following provision matrix is used:

	Rate of Provision
Live accounts with arrears	
in excess of 6 – 11 months	25%
in excess of 12 - 23 months	50%
in excess of 24 months	100%
Terminated accounts with arrears	100%

Any subsequent changes in lifetime ECL, both positive and negative, will be recognised immediately in statement of income and expenditure 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 at fair value through other comprehensive income, 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 the internal credit rating of the debt instrument.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Town Council compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Town Council considers historical loss rates for each category of debtors and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the debtors to settle the receivables. The Covid-19 pandemic has had no significant impact on the Town Council's overall credit risk as at 31 March 2021.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

2. Summary of significant accounting policies (continued)

2.10 Financial assets (continued)

The Town Council assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to meet its contractual cash flow obligations.

The Town Council regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Town Council considers the following as constituting an event of default for internal credit risk management purpose as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable: (i) where there is a breach of financial covenants by the counterparty; or (ii) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors including the Town Council in full without taking into account any collaterals held by the Town Council.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Write-off policy

The Town Council writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over seven years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Town Council's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in statement of income and expenditure.

Measurement and recognition of expected credit losses

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Town Council in accordance with the contract and all the cash flows that the Town Council expects to receive, discounted at the original effective interest rate.

If the Town Council has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Town Council measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

2. Summary of significant accounting policies (continued)

2.10 Financial assets (continued)

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.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in statement of income and expenditure. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified to statement of income and expenditure.

2.11 Impairment of non-financial assets

The Town Council assesses at the end of each reporting period whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Town Council estimates the recoverable amount of the cash-generating unit to which the asset belongs. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount and the impairment losses are recognised as an expense in statement of income and expenditure.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income in statement of income and expenditure.

2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

2. Summary of significant accounting policies (continued)

2.13 Financial Liabilities

Initial recognition, measurement and derecognition of financial liabilities.

A financial liability is recognised at each reporting date when, and only when, the Town Council becomes a party to the contractual provisions of the instrument. The initial recognition of financial liability at fair value is normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed off immediately. The transactions are recorded at the date of transaction.

The financial liability is derecognised when, and only when, its obligations are discharged, cancelled or expired. On derecognition, the difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in statement of income and expenditure.

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 method. Gains and losses are recognised in statement of income and expenditure when the liabilities are derecognised, and through the amortisation process.

2.14 Lease as a lessee

The Town Council assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Town Council applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Town Council recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

Right-of-use assets

The Town Council recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are amortised on a straight-line basis over the lease term, as disclosed below.

Computer system	-	6 years
Office premises	-	1 year to 3 years
Office equipment	-	2 years

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

2. Summary of significant accounting policies (continued)

2.14 Lease as a lessee (continued)

The Town Council's right-of-use assets are presented in Note 10.

Lease liabilities

At the commencement date of the lease, the Town Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

In calculating the present value of lease payments, the Town Council uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset. The Town Council's lease liabilities are presented in Note 15.

Short-term leases and leases of low-value assets

The Town Council applies the short-term lease recognition exemption to its short-term leases of office premises and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

2.15 Payables

Payables are initially measured at fair value (net of transaction costs), and subsequently measured at amortised cost, using the effective interest method.

2.16 Provisions

A liability or provision is recognised when there is 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 a reliable estimate can be made of the amount of the obligation. Provisions are made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in statement of income and expenditure in the period they occur.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

3. Critical accounting judgements and key sources of estimation uncertainty

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

Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a high degree of judgements or complexity, are described below.

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

In the process of applying the Town Council's accounting policies, the management is of the opinion that there is no instance of application of judgement which is expected to have a significant effect on the amounts recognised in the financial statements, apart from these involving estimations described below.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follow:

(a) Impairment of conservancy and service fees receivables

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 12.

(b) Leases – estimating the incremental borrowing rate

The Town Council cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Town Council would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The incremental borrowing rate therefore reflects what the Town Council 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Town Council estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

MARINE PARADE TOWN COUNCIL

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

4 Accumulated surplus

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

	Note	Total		Residential Property		Commercial Property		Carpark	
		2021	2020	2021	2020	2021	2020	2021	2020
		\$	\$	\$	\$	\$	\$	\$	\$
Operating income									
Conservancy and service fees		43,211,634	44,063,637	37,719,403	38,287,998	5,492,231	5,775,639	-	-
Less: Operating income transfer to Ordinary Sinking Fund	5	(11,235,032)	(11,456,556)	(9,807,051)	(9,954,889)	(1,427,981)	(1,501,667)	-	-
Operating income transfer to Lift Replacement Fund (minimum required by law)	6	(6,049,626)	(6,168,908)	(5,280,712)	(5,360,317)	(768,914)	(808,591)	-	-
		25,926,976	26,438,173	22,631,640	22,972,792	3,295,336	3,465,381	-	-
Agency fees	19	2,614,241	2,723,673	-	-	-	-	2,614,241	2,723,673
Other income	20	2,330,030	3,107,087	1,694,614	2,567,660	624,517	519,600	10,899	19,827
		30,871,247	32,268,933	24,326,254	25,540,452	3,919,853	3,984,981	2,625,140	2,743,500
Less: Operating expenditure		(31,247,086)	(35,952,145)	(26,263,640)	(30,041,172)	(3,384,710)	(3,947,941)	(1,598,736)	(1,963,032)
Operating (deficit) surplus		(375,839)	(3,683,212)	(1,937,386)	(4,500,720)	535,143	37,040	1,026,404	780,468
Add: Non-operating income		144,303	244,511	122,237	207,018	11,112	18,608	10,954	18,885
(Deficit) surplus before income tax and government grants		(231,536)	(3,438,701)	(1,815,149)	(4,293,702)	546,255	55,648	1,037,358	799,353
Less: Income tax	18	(112,509)	(146,000)	(95,215)	(135,649)	(8,751)	(5,767)	(8,543)	(4,584)
Less: Goods and services tax	22	(377,237)	(467,852)	(345,801)	(429,254)	(31,436)	(38,598)	-	-
(Deficit) surplus before government grants		(721,282)	(4,052,553)	(2,256,165)	(4,858,605)	506,068	11,283	1,028,815	794,769
Add: Government grants	23	15,201,926	16,775,634	14,804,636	16,364,086	397,290	411,548	-	-
Less: Transfer to Ordinary Sinking Fund	5, 23	(2,648,123)	(2,679,424)	(2,648,123)	(2,676,928)	-	(2,496)	-	-
Less: Transfer to Lift Replacement Fund	6, 23	(5,130,002)	(5,239,337)	(4,748,865)	(4,836,045)	(381,137)	(403,292)	-	-
Less: Transfer to Town Improvement and Project Fund	7, 23	(1,312,754)	(2,673,591)	(1,308,697)	(2,673,591)	(4,057)	-	-	-
		6,111,047	6,183,282	6,098,951	6,177,522	12,096	5,760	-	-
SURPLUS FOR THE YEAR		5,389,765	2,130,729	3,842,786	1,318,917	518,164	17,043	1,028,815	794,769
Add: Accumulated surplus as at 1 April		9,077,625	6,682,676	8,082,667	5,756,065	994,958	926,611	-	-
Less: Transfer Surplus to Ordinary Sinking Fund as at 22 June 2020 in accordance with Statement of Transferable Surpluses		(2,126,641)	-	(1,679,736)	-	(446,905)	-	-	-
Less: Transfer Surplus to Lift Replacement Fund as at 22 June 2020 in accordance with Statement of Transferable Surpluses		(1,145,115)	-	(904,474)	-	(240,641)	-	-	-
Less: Transfer of funds to Jalan Besar Town Council during Boundary Change	24	(414,268)	-	(393,629)	-	(20,639)	-	-	-
Add (Less): Inter-funds transfer		-	-	1,028,815	794,769	-	-	(1,028,815)	(794,769)
Add: Transfer surplus from (to) Town Improvement and Project fund	7	221,311	948,179	380,027	787,442	(158,716)	160,737	-	-
Less: Appropriation to Town Improvement and Project fund	7	(799,940)	(683,959)	(671,950)	(574,526)	(127,990)	(109,433)	-	-
ACCUMULATED SURPLUS AS AT 31 MARCH		10,202,737	9,077,625	9,684,506	8,082,667	518,231	994,958	-	-

MARINE PARADE TOWN COUNCIL

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

5 Ordinary Sinking Fund

Note	Total		Residential Property		Commercial Property	
	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$
Balance as at 1 April	67,495,340	64,876,357	40,551,811	38,167,695	26,900,779	26,708,662
Add Transfer Surplus to Sinking Fund as at 22 June 2020 in accordance with Statement of Transferable Surpluses	2,126,641	-	1,679,736	-	446,905	-
Less Transfer of funds to Jalan Besar Town Council during Boundary Change	(1,688,646)	-	(1,317,528)	-	(371,118)	-
Add:						
Operating income transfer from conservancy and service fees	11,235,032	11,456,556	9,807,051	9,954,889	1,427,981	1,501,667
Investment and other income	821,559	1,231,550	753,337	1,130,066	68,222	101,484
Transfer from government grants	2,648,123	2,679,424	2,648,123	2,676,928	-	2,496
	14,704,714	15,367,530	13,208,511	13,761,883	1,496,203	1,605,647
Less:						
Expenditure	(7,521,753)	(12,452,094)	(6,218,937)	(11,066,548)	(1,302,816)	(1,385,546)
Income tax	(134,108)	(204,000)	(122,859)	(187,170)	(11,249)	(16,830)
Goods and services tax	(89,932)	(135,203)	(82,418)	(124,049)	(7,514)	(11,154)
Surplus for the year	6,958,921	2,576,233	6,784,297	2,384,116	174,624	192,117
	74,892,256	67,452,590	47,698,316	40,551,811	27,151,190	26,900,779
(Less) Add: Fair value reserve	(42,750)	42,750				
Balance as at 31 March	74,849,506	67,495,340				
Represented by:						
Non-current asset						
Financial assets at fair value through other comprehensive income	-	2,542,750				
Current assets						
Cash and cash equivalents	71,782,562	64,086,915				
Interest receivable	497,871	895,076				
Conservancy and service fees receivables	340,567	273,364				
Other receivables	3,126,883	282,227				
Due from accumulated surplus	3,172,371	3,218,735				
	78,920,254	68,756,317				
Total assets	78,920,254	71,299,067				
Less:						
Current liabilities						
Payables and accrued expenses	(3,729,645)	(3,421,348)				
Income tax payable	(341,103)	(382,379)				
	(4,070,748)	(3,803,727)				
NET ASSETS	74,849,506	67,495,340				

MARINE PARADE TOWN COUNCIL

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

5 Ordinary Sinking Fund (continued)

(i) Investment and other income	2021 \$	2020 \$
Interest income - fixed deposits	742,696	1,152,549
Interest income - bonds	78,500	78,500
Other Income	363	501
	<u>821,559</u>	<u>1,231,550</u>

(ii) Expenditure	2021 \$	2020 \$
Re-roofing works	803,365	1,604,830
Electrical rewiring	1,084,524	1,297,490
Replacement of water pump sets	906	492,356
Escalator works	23,241	449,265
Replacement of booster pump sets	-	249,264
Repairs and redecoration	4,967,284	7,759,994
Replacement of refuse chute flushing system	140,975	98,387
Replacement of refuse handling equipment	108,230	-
Consultancy fees and other charges	305,879	460,508
Replacement of (FRP) Water Tanks	87,349	40,000
	<u>7,521,753</u>	<u>12,452,094</u>

MARINE PARADE TOWN COUNCIL

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

6 Lift Replacement Fund

Note		Total		Residential Property		Commercial Property	
		2021	2020	2021	2020	2021	2020
		\$	\$	\$	\$	\$	\$
	Balance as at 1 April	39,762,668	33,568,065	31,890,423	26,624,462	7,872,245	6,943,603
	Add: Transfer Surplus to Lift Replacement Fund as at 22 June 2020 in accordance with Statement of Transferable Surpluses	1,145,115	-	904,474	-	240,641	-
24	Less: Transfer of funds to Jalan Besar Town Council during Boundary Change	(1,260,374)	-	(1,142,398)	-	(117,976)	-
	Add:						
4	Operating income transfer from conservancy and service fees	6,049,626	6,168,908	5,280,712	5,360,317	768,914	808,591
6(i)	Investment income	463,467	492,896	424,624	452,246	38,843	40,650
	Funding for Lift Enhancement Programme/ Selective Lift Replacement Programme	3,431,241	733,298	3,431,241	671,198	-	62,100
4,23	Transfer from LRF Matching Grant	3,704,088	3,796,568	3,324,295	3,394,620	379,793	401,948
4,23	Transfer from government grants on S&CC, GST Subvention and LMG	1,425,914	1,442,769	1,424,570	1,441,425	1,344	1,344
		15,074,336	12,634,439	13,885,442	11,319,806	1,188,894	1,314,633
6(ii)	Less: Expenditure	(6,246,221)	(6,307,639)	(6,054,183)	(5,932,554)	(192,038)	(375,085)
18	Less: Income tax	(78,844)	(84,000)	(72,231)	(77,070)	(6,613)	(6,930)
22	Goods and services tax	(89,531)	(48,197)	(82,065)	(44,221)	(7,466)	(3,976)
	Surplus for the year	8,659,740	6,194,603	7,676,963	5,265,961	982,777	928,642
	Balance as at 31 March	48,307,149	39,762,668	39,329,462	31,890,423	8,977,687	7,872,245

Represented by:

Current assets

14	Cash and cash equivalents	49,585,623	37,708,227
	Interest receivable	210,261	378,218
12	Conservancy and service fees receivables	183,383	147,190
13	Other receivables	2,168,084	1,780,818
	Due from accumulated surplus	1,683,433	1,730,201
		53,830,784	41,744,654
	Total assets	53,830,784	41,744,654

Less:

Current liabilities

17	Payables and accrued expenses	(5,361,151)	(1,856,867)
18	Income tax payable	(162,484)	(125,119)
		(5,523,635)	(1,981,986)

NET ASSETS

		48,307,149	39,762,668
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MARINE PARADE TOWN COUNCIL

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

6 Lift Replacement Fund (continued)

(i) Investment income	2021 \$	2020 \$
Interest income - fixed deposits	436,713	461,217
Interest income - bank	26,754	31,679
	<u>463,467</u>	<u>492,896</u>

(ii) Expenditure	2021 \$	2020 \$
Lift cyclical maintenance works	2,126,397	2,320,674
Lift overhauls and replacement works	-	2,207,753
Replacement of Lift Position Display Panel	741,976	934,889
Lift Enhancement Works/ Selective Lift Replacement Programme	3,130,900	643,294
Project management and other charges	246,948	201,029
	<u>6,246,221</u>	<u>6,307,639</u>

MARINE PARADE TOWN COUNCIL

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

7 Town Improvement and Project Fund

Note	Total		Residential Property		Commercial Property	
	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$
Balance as at 1 April	683,959	1,673,311	574,526	1,405,581	109,433	267,730
Transfer from government grants	1,312,754	2,673,591	1,308,697	2,673,591	4,057	-
Expenditure	(1,775,402)	(3,398,723)	(1,503,196)	(3,291,730)	(272,206)	(106,993)
Deficit for the year	(462,648)	(725,132)	(194,499)	(618,139)	(268,149)	(106,993)
Transfer (to) from accumulated surplus*	4	(221,311)	(948,179)	(380,027)	158,716	(160,737)
Appropriation from accumulated surplus **	4	799,940	683,959	671,950	574,526	127,990
Balance as at 31 March	799,940	683,959	671,950	574,526	127,990	109,433

Represented by:

Current asset	
Due from accumulated surplus	799,940
	<u>683,959</u>

(i) Expenditure

Construction of covered linkways	494,304	1,062,945
Construction of pavilion	161,849	153,850
Construction/upgrading of playground, fitness corner etc	782,597	1,025,775
Residents' and study corner	52,789	74,895
Outdoor facilities	322,157	1,042,539
Lift lobbies upgrading	(38,594)	38,719
Improvement to bin chutes	300	-
	<u>1,775,402</u>	<u>3,398,723</u>

* At the end of each financial year, the Town Council would transfer any surplus or deficit from the Town Improvement Project fund to the accumulated surplus.

** The amount required by Town Improvement Project Fund for the following year would then be appropriated from the accumulated surplus.

MARINE PARADE TOWN COUNCIL

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

8 Fair value reserve

	2021 \$	2020 \$
Fair value reserve from financial assets at fair value through other comprehensive income	-	42,750
Movements:		
Balance as at 1 April	42,750	45,500
Loss arising during the year	(42,750)	(2,750)
Balance as at 31 March	-	42,750
Fair value reserve is taken up in:		
Ordinary Sinking Fund	(42,750)	42,750

9 Plant and equipment

Note	Furniture, fixtures and fittings \$	Office equipment \$	Data processing equipment \$	Total \$
Cost				
As at 1 April 2019	904,905	201,187	152,699	1,258,791
Additions	13,280	-	20,094	33,374
Disposals	-	-	(10,404)	(10,404)
As at 31 March 2020	918,185	201,187	162,389	1,281,761
Additions	3,320	-	71,918	75,238
Written off	(1,313)	-	(47,165)	(48,478)
As at 31 March 2021	920,192	201,187	187,142	1,308,521
Accumulated depreciation				
As at 1 April 2019	893,569	195,238	133,381	1,222,188
Depreciation	4,494	1,401	15,946	21,841
Disposals	-	-	(10,404)	(10,404)
As at 31 March 2020	898,063	196,639	138,923	1,233,625
Depreciation	5,789	1,370	23,241	30,400
Written off	(1,313)	-	(47,165)	(48,478)
As at 31 March 2021	902,539	198,009	114,999	1,215,547
Net book value				
As at 31 March 2020	20,122	4,548	23,466	48,136
As at 31 March 2021	17,653	3,178	72,143	92,974

MARINE PARADE TOWN COUNCIL

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

10 Right-of-use assets	Data management system \$	Office premises \$	Office equipment \$	Total \$
Cost				
As at 1 April 2019	-	332,367	-	332,367
Additions	1,963,732	430,370	39,964	2,434,066
End of lease term	-	(111,860)	-	(111,860)
As at 31 March 2020	1,963,732	650,877	39,964	2,654,573
Additions	-	320,563	-	320,563
End of lease term	-	(220,507)	-	(220,507)
Remeasurement of lease	(106,457)	-	-	(106,457)
As at 31 March 2021	1,857,275	750,933	39,964	2,648,172
Accumulated depreciation				
As at 1 April 2019	-	-	-	-
Charge to profit or loss	-	262,771	7,742	270,513
End of lease term	-	(111,860)	-	(111,860)
As at 31 March 2020	-	150,911	7,742	158,653
Charge to profit or loss	77,386	257,821	13,272	348,479
End of lease term	-	(220,507)	-	(220,507)
As at 31 March 2021	77,386	188,225	21,014	286,625
Net carrying amount				
As at 31 March 2020	1,963,732	499,966	32,222	2,495,920
As at 31 March 2021	1,779,889	562,708	18,950	2,361,547

11 Financial assets at fair value through other comprehensive income ("FVTOCI")

	2021 \$	2020 \$
Balance as at 1 April	2,542,750	2,545,500
Fair value changes recognised in Ordinary Sinking Fund	(42,750)	(2,750)
Bond redemption	(2,500,000)	-
Balance as at 31 March	-	2,542,750

This comprises of investment in one quoted bond issued by a statutory board (Housing & Development Board) that bore fixed interest rate of 3.14% per annum with maturity date ended on 18 March 2021. The Town Council has redeemed the bond in 2021 and the proceeds are received after year end. Hence, the proceeds is recorded as other receivable in Note 13. The effective interest rate earned for the year was 3.07% (2020: 3.09%) per annum. The Town Council had elected to measure the debts instrument at FVTOCI as the objective of which is both for collection of contracted cash flows and for selling the financial assets.

The financial assets at FVTOCI is taken up in Ordinary Sinking Fund.

MARINE PARADE TOWN COUNCIL

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

12 Conservancy and service fees receivables

	Note	2021 \$	2020 \$
Conservancy and service fees receivables		3,159,731	2,911,390
Less: Allowance for impairment loss		(1,739,902)	(1,276,364)
Net		<u>1,419,829</u>	<u>1,635,026</u>
Taken up in:			
Accumulated surplus		895,879	1,214,472
Ordinary Sinking Fund	5	340,567	273,364
Lift Replacement Fund	6	183,383	147,190
		<u>1,419,829</u>	<u>1,635,026</u>

Conservancy and service fees receivables are non-interest bearing and are generally on 30 days (2020: 30 days) credit term.

The movements in allowance for impairment loss are as follows:

		2021 \$	2020 \$
Balance as at 1 April		1,276,364	1,221,942
Write off during the year		(66,466)	-
Charge to profit or loss	21	530,004	54,422
Balance as at 31 March		<u>1,739,902</u>	<u>1,276,364</u>

13 Other receivables

	Note	2021 \$	2020 \$
Deposits		193,172	186,290
Claims for Citizens' Consultative Committee funding receivable		1,443,967	1,950,946
Billing for work carried out, reimbursement from HDB		434,283	1,075,266
Billing for work carried out, reimbursement from contractors		159,709	108,199
Billing for work carried out, reimbursement from NEA		39,261	10,506
Receivable from MND		358,799	371,604
GST receivable		243,602	359,456
Grant receivable		767,274	882,813
Prepayment		9,763	9,763
SLRP funding receivable from HDB		1,283,234	733,298
Bond receivable	11	2,500,000	-
Other receivables*		625,771	600,831
Less: Allowance for impairment loss		(444,412)	(575,950)
Net		<u>7,614,423</u>	<u>5,713,022</u>
Taken up in:			
Accumulated surplus		2,319,456	3,649,977
Ordinary Sinking Fund	5	3,126,883	282,227
Lift Replacement Fund	6	2,168,084	1,780,818
		<u>7,614,423</u>	<u>5,713,022</u>

The movements in allowance for impairment loss for other receivables are as follows:

		2021 \$	2020 \$
Balance as at beginning of year		575,950	570,043
(Reversal) Charge to profit or loss	21	(113,564)	5,907
Written off during the year		(17,974)	-
Balance as at year end		<u>444,412</u>	<u>575,950</u>

*Other receivables consist of fee incurred and penalty fee imposed on outstanding conservancy and service fees receivables. ECL is provided on the same basis as conservancy and service fees receivables.

MARINE PARADE TOWN COUNCIL

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

14 Cash and short term deposits

	Note	2021 \$	2020 \$
Cash on hand		11,000	11,000
Cash at banks		38,089,922	22,502,025
		<u>38,100,922</u>	<u>22,513,025</u>
Fixed deposits with financial institutions		104,409,336	95,000,000
		<u>142,510,258</u>	<u>117,513,025</u>
Taken up in:			
Accumulated surplus		21,142,073	15,717,883
Ordinary Sinking Fund	5	71,782,562	64,086,915
Lift Replacement Fund	6	49,585,623	37,708,227
		<u>142,510,258</u>	<u>117,513,025</u>
Fixed deposits			
- Maturing in more than 3 months		72,409,336	48,000,000
- Maturing within 3 months		32,000,000	47,000,000
		<u>104,409,336</u>	<u>95,000,000</u>

Fixed deposits are placed for varying periods from one month to one year. The interest rates range from 0.75% to 1.95% (2020: 1.80% to 2.09%) per annum. The weighted average effective interest rates per annum relating to fixed deposits is 1.10% (2020: 2.01%).

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

	2021 \$	2020 \$
Cash and short term deposits	142,510,258	117,513,025
Less: Fixed deposits maturing more than 3 months	<u>(72,409,336)</u>	<u>(48,000,000)</u>
Cash and cash equivalents per statement of cash flows	<u>70,100,922</u>	<u>69,513,025</u>

15 Lease liabilities

	2021 \$	2020 \$
Current liabilities	553,741	602,651
Non-current liabilities	1,557,497	1,819,454
Total	<u>2,111,238</u>	<u>2,422,105</u>
<u>Contractual cashflows</u>		
Within 1 year	608,635	627,020
Between two to five years	1,596,172	1,594,974
More than five years	237,222	489,170
	<u>2,442,029</u>	<u>2,711,164</u>
Less: Future interest expenses	<u>(330,791)</u>	<u>(289,059)</u>
Present value of lease liabilities	<u>2,111,238</u>	<u>2,422,105</u>

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	2021 \$	2020 \$
At beginning of year	2,422,105	332,367
New leases during the year	320,563	2,432,238
Remeasurement of leases	(106,457)	-
<u>Changes from financing cash flows</u>		
Repayment of lease liabilities	<u>(368,692)</u>	<u>(357,029)</u>
<u>Non-cash changes</u>		
Transferred to other payables	(132,792)	-
Rental waiver	(45,400)	-
Interest expense	21,911	14,529
At end of year	<u>2,111,238</u>	<u>2,422,105</u>

MARINE PARADE TOWN COUNCIL

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

15 Lease liabilities (continued)

Amount recognised in Income and Expenditure	2021 \$	2020 \$
<u>Leases under FRS 116</u>		
Interest expense on lease liabilities	21,911	14,529
Expenses relating to short-term and low-value leases	-	192,624

The Town Council has entered into lease contracts for its office premises, office equipment and data management system. The lease for office premises typically run for of 3 years, with an option to renew the lease after that date. Lease payment are renegotiated upon renewal based on prevailing market conditions.

The lease term for the data management system is 6 years, with an option to enter for the maintenance services after that date. The Town Council reserves the right to exercise for the option years but the option years are not recognised for the reason of uncertainty from business perspective.

16 (Advances received) Receivable for Neighbourhood Renewal Programme (NRP) and Electrical Load Upgrading (ELU) Programme

	2021 \$	2020 \$
Balance as at 1 April	(6,278)	266,016
Funding from government	(185,968)	(3,585,231)
Payments to contractors	695,745	3,312,937
Payments to contractors - Boundary changes	64,193	-
	573,970	(272,294)
Balance as at 31 March	567,692	(6,278)

Neighbourhood Renewal Programme ("NRP") was introduced in August 2007 in response to feedback received from residents during the Forum on HDB Heartware for more active consultation on the improvements to be provided in their precincts. Blocks built up to 1989 and have not undergone the Main Upgrading Programme (MUP) or Interim Upgrading Programme (IUP) are eligible for NRP. The funding for the programme comes from the government and is for the specific use of projects under the programme. However, if the cost of project works incurred exceeds the funding provided, the Town Council has to bear the cost of excess expenditures.

The ELU Programme was introduced to upgrade the incoming electrical supply for HDB apartments blocks with a 40 amps main switch instead of 30 amps.

17 Payables and accrued expenses	Note	2021 \$	2020 \$
Accruals for completed works		7,103	181,197
Accrued operating expenses		17,227,471	9,408,869
Refundable deposits		328,858	343,476
Other payables		78,460	481,137
		17,641,892	10,414,679
Taken up in:			
Accumulated surplus		8,551,096	5,136,464
Ordinary Sinking Fund	5	3,729,645	3,421,348
Lift Replacement Fund	6	5,361,151	1,856,867
		17,641,892	10,414,679

Payables are non-interest bearing and are generally on 30 - 90 days (2020: 30 - 90 days) credit term.

As at 31 March 2021, included in the accrued operating expenses is an amount of \$774,464 (2020: \$244,290) payable to the managing agent with a credit term of 30 days (2020: 30 days).

MARINE PARADE TOWN COUNCIL

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

18 Income tax

	Note	2021 \$	2020 \$
Current tax expense		325,824	434,000
Over provision of tax in previous financial years		(363)	-
		325,461	434,000
Taken up in:			
Accumulated surplus	4	112,509	146,000
Ordinary Sinking Fund	5	134,108	204,000
Lift Replacement Fund	6	78,844	84,000
		325,461	434,000

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

	2021 \$	2020 \$
<u>Taxable income and deductible expenses</u>		
Interest and investment income	1,429,289	1,968,808
Government grants and other income	15,203,185	16,778,260
Trade income	587,003	690,155
Allowable expenses	(57,218)	(64,938)
	17,162,259	19,372,285
Tax calculated at a tax rate of 17% (2020: 17%)	2,917,584	3,293,288
Tax remission of government grants under section 92(2) of Singapore Income Tax Act	(2,568,822)	(2,836,707)
Tax effect on concessionary income	(5,495)	(5,495)
Singapore statutory stepped income exemption	(17,425)	(17,425)
Others	(18)	339
Current tax expense	325,824	434,000
Over provision of tax in previous financial years	(363)	-
	325,461	434,000

The Town Council enjoys a concessionary tax rate of 10% (2020:10%) for the income earned on investment in bond.

The movements in income tax payable are as follows:

	Note	2021 \$	2020 \$
Balance as at 1 April		807,743	683,001
Payments during the year		(373,451)	(309,258)
Current year income tax expense		325,824	434,000
Over provision of tax in previous financial years		(363)	-
Balance as at 31 March		759,753	807,743
Taken up in:			
Accumulated surplus		256,166	300,245
Ordinary Sinking Fund	5	341,103	382,379
Lift Replacement Fund	6	162,484	125,119
		759,753	807,743

MARINE PARADE TOWN COUNCIL

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

19 Agency fees

These are fees received from routine maintenance of HDB's car parks in the Town.

20 Other income

	2021 \$	2020 \$
Penalty on late payment of conservancy and services fees	29,713	102,475
Liquidated damages imposed on contractors	105,328	188,097
Temporary occupational licenses	2,056,932	2,447,875
Usage of void deck, water, electricity and common property	22,074	283,121
Others	115,983	85,519
	2,330,030	3,107,087

21 General and administrative expenditure

	Note	2021 \$	2020 \$
Advertising, publicity and public relations		53,689	193,776
Audit fees		67,900	36,200
Computer services and fees		197,881	558,032
Depreciation of plant and equipment	9	30,400	21,841
Insurance premium		54,432	49,747
Office upkeep expenditure		120,556	134,075
Office supplies and stationery		70,424	104,888
Telecommunication		92,191	85,854
Property tax		102,563	261,091
Town Councillors' allowances		206,631	223,525
Allowance for impairment loss on receivables, net	12,13	416,440	47,445
Write off of other receivables		4,571	-
Depreciation of right-of-use assets	10	348,479	270,513
Lease interest expenses	15	21,911	14,529
Others		182,822	80,670
		1,970,890	2,082,186

22 Goods and Services Tax ("GST")

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

Disallowed input tax in the respective funds are as follows:

	Note	2021 \$	2020 \$
Accumulated surplus	4	377,237	467,852
Ordinary Sinking Fund	5	89,932	135,203
Lift Replacement Fund	6	89,531	48,197
		556,700	651,252

MARINE PARADE TOWN COUNCIL

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

23 Government grants

Government grants taken to the statement of income and expenditure and other comprehensive income during the year are as follows:

Note	Total		Service and Conservancy Charges Grant		Lift Replacement Fund Matching Grant		Payment from Citizens Consultative Committees		GST Subvention Grant		Lift Maintenance Grant	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Government grants received/receivable	13,737,109	15,288,736	7,903,617	7,994,177	3,704,088	3,796,568	1,312,754	2,673,591	-	-	816,650	824,400
GST Subvention received/receivable	1,464,817	1,486,898	-	-	-	-	-	-	1,464,817	1,486,898	-	-
Less: Transfers to												
- Ordinary Sinking Fund	(2,648,123)	(2,679,424)	(2,054,940)	(2,078,486)	-	-	-	-	(380,854)	(386,594)	(212,329)	(214,344)
- Lift Replacement Fund	(5,130,002)	(5,239,337)	(1,106,506)	(1,119,184)	(3,704,088)	(3,796,568)	-	-	(205,077)	(208,169)	(114,331)	(115,416)
- Town Improvement and Project Fund	(1,312,754)	(2,673,591)	-	-	-	-	(1,312,754)	(2,673,591)	-	-	-	-
	<u>6,111,047</u>	<u>6,183,282</u>	<u>4,742,171</u>	<u>4,796,507</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>878,886</u>	<u>892,135</u>	<u>489,990</u>	<u>494,640</u>

The total amount of grants received (including grants received in advance), since the formation of the Town Council, is as follow:

	2021	2020
	\$	\$
Balance as at beginning of the year	333,123,322	316,347,688
Add: Grants received/receivable	15,201,926	16,775,634
Balance as at end of the year	<u>348,325,248</u>	<u>333,123,322</u>

MARINE PARADE TOWN COUNCIL

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

24 Funds transferred to Town Councils after the General Elections 2020

Following the General Elections on 10 July 2020 and the gazetting of the Town Councils (Declaration of Towns) Order 2020 on 30 July 2020, Marine Parade Town Council was reconstituted. Following this reconstitution, the following are funds transferred to Jalan Besar Town Council:

	Note	Residential Property Funds \$	Commercial Property Funds \$	Total \$
Accumulated surplus	4	393,629	20,639	414,268
Sinking funds	5	1,317,528	371,118	1,688,646
Lift Replacement Funds	6	1,142,398	117,976	1,260,374
Net funds transferred		<u>2,853,555</u>	<u>509,733</u>	<u>3,363,288</u>
Represented by:				
Current assets				
Cash and cash equivalents		3,503,928		
Conservancy and service fee receivables		25,549		
Other receivables		<u>4,686</u>		
		<u>3,534,163</u>		
Current liabilities				
Conservancy and service fees received-in-advance		16,297		
Refundable deposits		12,900		
Government grants received in advance		77,485		
Advance received for Neighbouring Renewal Programme		<u>64,193</u>		
		<u>170,875</u>		
Net assets		<u>3,363,288</u>		

25 Inter-fund transfers

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

26 Capital commitments

Approved Town Council's capital expenditure but not provided for in the financial statements as at the financial year-end is as follows:

	2021 \$	2020 \$
Amount approved and contracted for	48,533,483	16,196,203
Amount approved but not contracted for	<u>15,347,773</u>	<u>24,315,070</u>
	<u>63,881,256</u>	<u>40,511,273</u>

27 Significant related party transactions

Marine Parade Town Council is managed by the managing agent, M/s C&W Services Operations Pte Ltd. Related party relates to the managing agent which provides key management personnel in the management of Town Council's operations. The Town Council does not incur any manpower and related costs except for the Town Councillors' allowances.

	2021 \$	2020 \$
Town Councillors' allowances	<u>206,631</u>	<u>223,525</u>

The following are significant transactions took place between the Town Council and its managing agent on terms agreed between the parties during the financial year:

	2021 \$	2020 \$
- Managing agent fees	4,425,096	4,481,842
- Project management and other fees	<u>1,671,265</u>	<u>2,678,325</u>

MARINE PARADE TOWN COUNCIL

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

28 Financial instruments and financial risk

The Town Council's financial instruments comprised of cash and cash equivalents, conservancy and service fees receivables and other receivables, accrued expenses and other payables that arise from its operations.

The main risks arising from the Town Council's financial instruments are credit risk and market risk. The Town Council is not exposed to foreign exchange risk. Risks management policies and systems are reviewed regularly to reflect changes in the operational environment and market conditions.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. Financial assets that potentially subject to concentrations of credit risk consist principally of cash balances with banks and receivables. The maximum exposure to credit risk is the fair value of the financial instruments at the end of the financial year.

The cash with banks are held with regulated banks. The other receivables comprises mainly receivables from government agencies and the bond issued by HDB. Impairment of these financial instruments are measured on the 12-month expected credit loss basis as there are no significant increase in credit risk of these financial instruments since initial recognition. The Town Council considers that these financial instruments have low credit risk.

For conservancy and service fees receivables, an ongoing credit evaluation is performed on the financial conditions of the receivables and losses on impairment are recognised in statement of income and expenditure. The allowance for impairment of conservancy and service fees receivables totalling \$1,739,902 (2020: \$1,276,364) is determined at the reporting date (Note 12).

The Town Council measures loss allowance for conservancy and service fees receivables using simplified approach at an amount equal to lifetime expected credit losses ("ECLs"), 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 debtor segments, the loss allowance based on past due status is not further distinguished between the Town Council's different debtor bases.

The following table provides information about the Town Council's exposure to credit risk and ECLs for conservancy and service fees receivables as at 31 March 2021.

	Past due				Total
	0 - 5 months	6 - 11 months	12 - 23 months	over 24 months	
31 March 2021					
Provision on individual basis					
Lifetime expected credit loss rate	100%	100%	100%	100%	
Gross carrying amount of terminated account (\$)	261,750	7,153	11,893	140,754	421,550
Loss allowance of terminated account (\$)	(261,750)	(7,153)	(11,893)	(140,754)	(421,550)
Provision on collective basis					
Lifetime expected credit loss rate	0%	25%	50%	100%	
Gross carrying amount excluding terminated account (\$)	653,861	448,294	859,493	776,533	2,738,181
Loss allowance excluding terminated account (\$)	-	(112,073)	(429,746)	(776,533)	(1,318,352)
Total loss allowance	(261,750)	(119,226)	(441,639)	(917,287)	(1,739,902)
	0 - 5 months	6 - 11 months	12 - 23 months	over 24 months	Total
31 March 2020					
Provision on individual basis					
Lifetime expected credit loss rate	100%	100%	100%	100%	
Gross carrying amount of terminated account (\$)	71,709	29,593	30,024	252,412	383,738
Loss allowance of terminated account (\$)	(71,709)	(29,593)	(30,024)	(252,412)	(383,738)
Provision on collective basis					
Lifetime expected credit loss rate	0%	25%	50%	100%	
Gross carrying amount excluding terminated account (\$)	1,177,161	377,227	349,890	623,374	2,527,652
Loss allowance excluding terminated account (\$)	-	(94,307)	(174,945)	(623,374)	(892,626)
Total loss allowance	(71,709)	(123,900)	(204,969)	(875,786)	(1,276,364)

MARINE PARADE TOWN COUNCIL

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

28 Financial instruments and financial risk (cont'd)

Credit risk (cont'd)

The Town Council keeps assessing the expected credit loss rates based on the Town Council's historical credit loss experience over the past years, adjusted for factors that are specific to the debtors, and an assessment of both the current and forecast general economic conditions at the end of the reporting period over the expected lives of the receivables.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period. A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

There is no concentration of credit risk with respect to conservancy and service fees receivables, as the Town Council has a large number of household owners.

The total amount receivable from each individual account is aged based on the earliest invoice which is still outstanding as at each month end.

Market risk

Interest rate risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Town Council's interest rate risk primarily relates to its interest earning fixed deposits with banks.

Sensitivity analysis

At the end of the reporting period, if interest rates had been 100 (2020: 100) basis points lower/ higher with all other variables held constant, the Town Council's surplus net of tax would have been \$866,597 (2020: \$788,500) lower/ higher, arising mainly as a result of lower/higher interest income on fixed deposits.

Liquidity risk

Liquidity risk is the risk that the Town Council will encounter difficulty in meeting financial obligations due to shortage of funds. The Town Council manages the liquidity risk by maintaining sufficient cash, internally generated cash flows, as well as on basis of expected payment dates of the financial liabilities.

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

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

Financial instruments by category

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

	Note	2021 \$	2020 \$
Financial assets at FVTOCI	11	-	2,542,750
Financial assets at amortised cost		152,890,798	126,234,767
Less: financial liabilities at amortised cost		(19,753,130)	(12,836,784)
Net		<u>133,137,668</u>	<u>115,940,733</u>

MARINE PARADE TOWN COUNCIL

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

29 Fair value of financial assets and liabilities

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

30 Funds management

The Town Council's objectives when managing funds are:

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

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

There were no changes in the Town Council's approach to funds management during the year.

The Town Council is not subject to externally imposed capital requirements.

The Town Council's total funds amounted to **\$134,159,332** (2020: \$117,019,592).



***Marine Parade
Town Council***

MAIN OFFICE

Blk 50 Marine Terrace #01-265
Singapore 440050
Tel: 6241 6044
Toll free line: 1800-241 6487
Fax: 6444 0919

SERANGOON OFFICE

Blk 266 Serangoon Central Drive #03-251
Singapore 550266
Tel: 6282 0551
Toll free line: 1800-287 6530
Fax: 6382 0853