



*Marine Parade
Town Council*

ANNUAL REPORT

FY 2019 / 2020





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CHAIRMAN'S MESSAGE

INTRODUCTION

2020 has been an unusual year as the Covid-19 pandemic has essentially changed the way we live, work and play.

TOWN COUNCIL'S OPERATIONS IN RESPONSE TO COVID-19

There have been much challenges coping with the pandemic. In the initial period, Singapore had to implement Circuit Breaker from 7 April 2020 to 1 June 2020 to combat the spread of the virus. During the period, while most non-essential services and activities came to a halt, our Town Council's essential services and operations to manage and maintain the estate continued on. In fact, our operational team and service partners had to put in extra efforts to safeguard the health of our residents. Some of the measures taken were – having more frequent cleaning and disinfecting of the lifts, common touch points and common facilities; implementing safe management measures at the void decks and other common areas; having crowd control operations at the more popular markets; placing hand sanitizers in lifts for the convenience of our residents.



Regular cleaning and disinfecting high-touch areas in common areas which include lifts, lift lobbies, letterboxes, seating areas, fitness corners, playgrounds, etc.



Hand sanitizers were placed in lifts for our residents' use.



Temperature checks are carried out for staff and contractors.



In view of the safe management measures, crowd control operations were carried out at the popular markets in our Town.



Our Town Council continued to provide essential services during the circuit breaker period. Amidst the pandemic, we have also received tokens of appreciation such as sweet treats, masks and mask extenders from residents and schools which have warmed our hearts and have made our work even more meaningful.

CHAIRMAN'S MESSAGE

TOWN COUNCIL'S OPERATIONS IN RESPONSE TO COVID-19

With the Government's cautious and measured approach, Singapore moved to Phase 1 – Safe Re-opening (from 2 June 2020) to Phase 2 – Safe Transition (from 19 June 2020). Singapore has done well with low fatality rate, and controlled community spread thus far. However, the pandemic is far from over, and the unknown remains ahead of us. To combat Covid-19, it requires a collective effort by various stakeholders. Our Town Council is committed to work closely with the ministries and our service partners to implement all measures necessary to safeguard public health and hygiene standards in the common areas. We are heartened to know that our efforts have not gone unnoticed and are thankful for the community's appreciation which we have received in the form of goodie bags, masks and mask extenders during this period.

RECONSTITUTION OF MARINE PARADE TOWN COUNCIL

Following the General Election 2020 held on 10 July 2020, Marine Parade Town Council has been reconstituted. As before, it comprises of 3 Constituencies - i.e. Marine Parade Group Representation Constituency (comprising Braddell Heights, Geylang Serai, Joo Chiat, Kembangan – Chai Chee and Marine Parade), Mountbatten Single Member Constituency and MacPherson Single Member Constituency.

There is however a slight change to the town boundary due to changes in the electoral boundary. With the electoral boundary changes, Blocks 1 to 5, 7 Upper Aljunied Lane and Blocks 8 to 21 Joo Seng Road have been carved out from Marine Parade Group Representation Constituency and formed part of Potong Pasir Single Member Constituency. With the reconstitution of the Town Council, the estate has been successfully handed over to Jalan Besar Town Council on 28 October 2020. Care has been taken to ensure that residents would not experience any inconveniences and service disruptions during the handover period.

**Photos are taken before Covid-19*



CHAIRMAN'S MESSAGE



CODE OF GOVERNANCE FOR TOWN COUNCILS

The Code of Governance for Town Councils was introduced by MND in June 2019. The code aims to achieve greater transparency and to raise the standards of Town Councils' governance. All Town Councils are expected to publicly disclose their compliance to the Code using the Governance Disclosure Checklist from FY2020 onwards.

The Code's objectives are to: a) enhance the effectiveness of TCs by sharing recommended governance practices; b) provide guidance to the Town Council; and c) improve the transparency of TCs' operations to build public trust and confidence.

While our Town Council already has in place a strong corporate governance framework, we welcome the implementation of Code of Governance by MND as we strive to seek further improvements on our governance standards.

FINANCIAL OVERVIEW

For Financial Year 2019/2020, our Town Council reported an operating surplus of \$2.13 million after appropriation to Town Improvement and Project Fund. The surplus came about primarily due to the government grants of \$6.18 million which we received.

For our operating expenditure, total of \$35.95 million was put into routine maintenances and operations such as cleaning works, lift maintenance works and water and electricity to upkeep our estate and its facilities.

ESTATE IMPROVEMENTS

The Town Council has carried out various estate improvements to refurbish and upgrade the amenities within our Town for the Financial Year 2019/2020. A total of \$3.40 million worth of improvement projects were implemented by the Town Council. Localized common facilities such as covered linkways, playgrounds, fitness corners were built or upgraded in the estate neighbourhoods for the convenience and benefit of our residents.

CHAIRMAN'S MESSAGE



From left: Mr Lim Biow Chuan PBM, Mr Seah Kian Peng, Dr Tan See Leng, Mr Tan Chuan-Jin, Mr Edwin Tong, Mr Mohd Fahmi Aliman & Ms Tin Pei Ling

ESTATE IMPROVEMENTS

3 constituencies, Geylang Serai, Kembangan – Chai Chee and MacPherson, are undergoing Neighbourhood Renewal Programmes (NRPs) to enhance and modernise their neighbourhood living environment. In addition to these, Mountbatten residents can look forward to a recreational sports area known as Sport-in-Precinct (SIP) @ Mountbatten near Blk 1 Pine Close which offers a wide range of sports facilities. These two programmes, NRP and SIP, are fully funded by Government and residents need not pay for these improvement projects. With these projects in place, our residents can look forth to a more enhanced and vibrant living environment.

Apart from carrying out such improvement projects, the Town Council has also carried out a total of \$12.45 million worth of cyclical maintenance projects to revitalise our ageing estate environment and to ensure that our older estate and its communal facilities are well maintained. Such projects implemented include repairs and redecoration (R&R) works, replacement of refuse chute flushing systems, re-roofing works, electrical re-wiring and replacement of water and booster pump sets.

CONCLUSION

On behalf of my fellow parliamentary colleagues, I thank our residents for the continued support for us to serve as Members of Parliament of the Town for another term. We do not take such privilege lightly, and will do our best to serve the community and our residents for the years ahead. Together with our Town Councillors, grassroots organisations and partner agencies, we will continue in our efforts to reach out and engage our residents to implement more quality estate development plans to make Marine Parade Town a more inclusive home for everyone. Thank you.

Lim Biow Chuan PBM
Chairman
Marine Parade Town Council

TOWN COUNCILLORS & STANDING COMMITTEE

(28 August 2020 - 27 August 2022)

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
Ms Eileen Teo Cheo Tee PBM
Mr Frederick Ho Wee Khoon PBM
Mr Justin Fong Cheng Wah
Mr Lee Tee Loon PBM
Dr Lim Lan Yuan BBM (L), JP
Ms Lydia Ong Li Yan
Mr Philip Tan Ling Kwok PBM
Mr Tam Chee Chong
Mr Yusof Bin Abdul Lateef PBM

Standing Committee

Finance Committee

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

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 PBM
Mr Yu Tor Ann

Tender & 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
Ms Shirley Yong Mei Lin
Mr Simon Wong Sai Cheong
Mr Thomas Thong Ming Yap
Ms Tricia Soh Meng Hong

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

Members:

Mr Baba Maharauf Carrim
Ms Chan Yee Kew PBM
Mr Govindan Meyyappan
Ms Hoe Kwee Eng
Ms Janet Chan
Mr Koh Chin Ann
Mr Lee Joo Yong PBM
Mr Loo Chin Nong PBM
Mr Rama Kerisna
Ms Tan Yun Juan Kittie
Mr William G Fletcher PBM
Ms Yayah Ambuhang Annatrasta

Audit Committee

Advisor: Dr Lim Lan Yuan BBM (L), JP
Chairman: Mr Tam Chee Chong
Vice Chairman: Mr Ang Bee Hock BBM

Members:

Mr Benny Ang Chun Hwee
Mr Goh Yong Seng
Ms Lily Teo Hiok Hoon 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

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 Nur Sakinah Binte Rahmat
Ms Pang Yee Sum
Mr Steven Tan Bock Eng

MARINE PARADE TOWN COUNCIL

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

**AUDITED FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 MARCH 2020**

**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 2020, 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 42.

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 2020 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.

The Town Council is constituted based on its Act and its dissolution requires Parliament's approval. In preparing the financial statements, management is responsible for assessing the Town Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is intention to wind up the Town Council or for the Town Council to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

**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

20 November 2020

MARINE PARADE TOWN COUNCIL

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020**

	Note	2020 \$	2019 \$
TOWN COUNCIL FUNDS			
Residential Property			
Accumulated surplus	4	8,082,667	5,756,065
Sinking Funds			
Ordinary Sinking Fund	5	40,551,811	38,167,695
Lift Replacement Fund	6	31,890,423	26,624,462
		72,442,234	64,792,157
Town Improvement and Project Fund	7	574,526	1,405,581
		81,099,427	71,953,803
Commercial Property			
Accumulated surplus	4	994,958	926,611
Sinking Funds			
Ordinary Sinking Fund	5	26,900,779	26,708,662
Lift Replacement Fund	6	7,872,245	6,943,603
		34,773,024	33,652,265
Town Improvement and Project Fund	7	109,433	267,730
		35,877,415	34,846,606
Fair value reserve	8	42,750	45,500
		117,019,592	106,845,909
Represented by:			
Non-current assets			
Plant and equipment	9	48,136	36,603
Right-of-use assets	10	2,495,920	-
Financial assets at fair value through other comprehensive income	11	2,542,750	2,545,500
		5,086,806	2,582,103
Current assets			
Interest receivable		1,383,457	1,028,172
Conservancy and service fees receivables	12	1,635,026	1,199,395
Receivable for Neighbourhood Renewal Programme and Electrical Load Upgrading Programme	16	-	266,016
Other receivables	13	5,713,022	6,246,854
Cash and short term deposits	14	117,513,025	104,149,664
		126,244,530	112,890,101
Total assets		131,331,336	115,472,204
Less:			
Non-current liability			
Lease liabilities	15	(1,819,454)	-
Current liabilities			
Lease liabilities	15	(602,651)	-
Conservancy and service fees received in advance		(660,939)	(663,893)
Advances received for Neighbourhood Renewal Programme and Electrical Load Upgrading Programme	16	(6,278)	-
Payables and accrued expenses	17	(10,414,679)	(7,279,401)
Income tax payable	18	(807,743)	(683,001)
Total current liabilities		(12,492,290)	(8,626,295)
Net assets		117,019,592	106,845,909



LIM BIEW CHUAN PBM
Chairman

Date : 20 November 2020



PNG CHIEW HOON
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 2020

	Note	2020 \$	2019 \$
Operating income			
Conservancy and Service fees	4	44,063,637	42,928,938
Less: Operating income transfer to Ordinary Sinking Fund	5	(11,456,556)	(11,161,535)
Operating Income transfer to Lift Replacement Fund (minimum required by law)	6	(6,168,908)	(6,010,053)
		26,438,173	25,757,350
Agency fees	4, 19	2,723,673	2,681,758
Other income	4, 20	3,107,087	3,267,811
		32,268,933	31,706,919
Less: Operating expenditure			
Cleaning works		(6,324,528)	(6,308,645)
Managing agent's fees	26	(4,481,842)	(4,023,086)
Lift maintenance		(8,271,318)	(7,653,796)
Other works and maintenance		(4,953,723)	(5,566,726)
Water and electricity		(9,838,548)	(8,885,683)
General and administrative expenditure	21	(2,082,186)	(2,308,870)
		(35,952,145)	(34,746,806)
Operating deficit		(3,683,212)	(3,039,887)
Add: Investment income		244,511	196,761
Deficit before income tax and government grants		(3,438,701)	(2,843,126)
Less: Income tax	18	(146,000)	(155,495)
Goods and services tax	22	(467,852)	(365,902)
		(613,852)	(521,397)
Deficit before government grants		(4,052,553)	(3,364,523)
Add: Government grants	23	16,775,634	18,887,913
Less: Transfer to Ordinary Sinking Fund	5	(2,679,424)	(2,662,151)
Less: Transfer to Lift Replacement Fund	6	(5,239,337)	(5,002,389)
Less: Transfer to Lift Replacement Fund - voluntary contribution	6	-	(3,000,000)
Less: Transfer to Town Improvement and Project fund	7	(2,673,591)	(2,079,954)
		6,183,282	6,143,419
SURPLUS FOR THE FINANCIAL YEAR		2,130,729	2,778,896
Add: Accumulated surplus as at 1 April		6,682,676	10,027,233
Add: Transfer from surplus of Town Improvement and Project Fund	7	948,179	1,549,858
Less: Appropriation to Town Improvement and Project Fund	7	(683,959)	(1,673,311)
Less: Lift Replacement Fund - voluntary contribution	6	-	(6,000,000)
ACCUMULATED SURPLUS AS AT 31 MARCH		9,077,625	6,682,676



LIM BIOW CHUAN PBM
Chairman

Date : 20 November 2020



PNG CHIEW HOON
Secretary

MARINE PARADE TOWN COUNCIL

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

	Note	2020 \$	2019 \$
SURPLUS FOR THE FINANCIAL YEAR		2,130,729	2,778,896
MOVEMENT OF VARIOUS FUNDS			
Ordinary Sinking Fund	5	2,576,233	992,184
Lift Replacement Fund	6	6,194,603	10,709,238
Town Improvement and Project Fund	7	(725,132)	(143,700)
		<u>10,176,433</u>	<u>14,336,618</u>
OTHER COMPREHENSIVE INCOME			
Item that may not be reclassified to income and expenditure statement			
Fair value loss on investment in bond	8	<u>(2,750)</u>	<u>(18,250)</u>
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ATTRIBUTABLE TO TOWN COUNCIL FUNDS		<u><u>10,173,683</u></u>	<u><u>14,318,368</u></u>



LIM BIOW CHUAN PBM
Chairman

Date : 20 November 2020



PNG CHIEW HOON
Secretary

MARINE PARADE TOWN COUNCIL

STATEMENT OF CHANGES IN FUNDS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

	Note	Total \$	Residential Property \$	Commercial Property \$	Carpark \$	Fair value reserve \$
Balance as at 1 April 2018		92,527,541	58,557,828	33,905,963	-	63,750
Surplus (Deficit) for the year Inter-funds transfer	4	14,318,368	12,406,442	940,643	989,533 (989,533)	(18,250) -
Balance as at 31 March 2019		106,845,909	71,953,803	34,846,606	-	45,500
Balance as at 1 April 2019		106,845,909	71,953,803	34,846,606	-	45,500
Surplus (Deficit) for the year Inter-funds transfer	4	10,173,683	8,350,855	1,030,809	794,769 (794,769)	(2,750) -
Balance as at 31 March 2020		117,019,592	81,099,427	35,877,415	-	42,750

	Note	2020 \$	2019 \$
The net surplus (deficit) for the year comprises the following:			
Accumulated surplus	4	2,130,729	2,778,896
Ordinary Sinking Fund	5	2,576,233	992,184
Lift Replacement Fund	6	6,194,603	10,709,238
Town Improvement and Project Fund	7	(725,132)	(143,700)
Fair value reserve	8	(2,750)	(18,250)
		10,173,683	14,318,368

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 2020

	Note	2020 \$	2019 \$
Operating Activities			
Deficit before income tax and government grants		(3,438,701)	(2,843,126)
Adjustments for:			
Operating income transfer to Ordinary Sinking Fund	5	11,456,556	11,161,535
Operating income transfer to Lift Replacement Fund	6	6,168,908	6,010,053
Interest income		(244,511)	(196,761)
Allowance for impairment on operating receivables	12,13	60,329	284,365
Depreciation of right-of-use assets	10	270,513	-
Lease interest expenses	21	14,529	-
Depreciation of plant and equipment	9	21,841	27,854
Operating cash flows before changes in working capital		14,309,464	14,443,920
Movement in working capital:			
Operating receivables		(784,784)	(1,020,097)
Operating payables		3,132,324	(2,467,317)
Net cash flows generated from operations		16,657,004	10,956,506
Goods and services tax	22	(651,252)	(548,329)
Ordinary Sinking Fund expenditure	5	(12,452,094)	(13,582,093)
Lift Replacement Fund expenditure	6	(5,574,341)	(3,461,675)
Town Improvement and Project Fund expenditure paid	7	(3,398,723)	(2,223,654)
Neighbourhood Renewal Programme and Electrical Load Upgrading Programme expenditure paid	16	(3,312,937)	(3,726,740)
Income tax paid	18	(309,258)	(366,349)
Net cash used in operating activities		(9,041,601)	(12,952,334)
Investing Activities			
Purchase of plant and equipment	9	(33,374)	(19,797)
Direct cost related to right-of-use assets		(1,828)	-
Increase in fixed deposits	14	(8,000,000)	(5,000,000)
Interest and investment income received		1,613,672	894,027
Net cash used in investing activities		(6,421,530)	(4,125,770)
Financing activities			
Government grants received		18,359,750	15,364,306
Repayment of lease liabilities	15	(357,029)	-
Funding received for Neighbourhood Renewal Programme and Electrical Load Upgrading Programme		2,823,771	3,998,447
Net cash generated from financing activities		20,826,492	19,362,753
Net increase in cash and cash equivalents		5,363,361	2,284,649
Cash and cash equivalents at beginning of year		64,149,664	61,865,015
Cash and cash equivalents at end of year	14	69,513,025	64,149,664

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 2020

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 must transfer 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).

At the date of this report, there are uncertainties of the outcome of Novel Coronavirus (Covid-19) outbreak, the Town Council cannot reasonably estimate the impact of these events will have on the Town Council's financial position. Refer **Note 30**.

The financial statements of the Town Council for the financial year ended 31 March 2020 were authorised for issue in accordance with a resolution of the Town Council on 20 November 2020.

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.

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2020

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 2019. 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 except as disclosed below.

FRS 116 Leases

FRS 116 supersedes FRS 17 *Leases*, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases-Incentives* and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

The Town Council applies the principles under FRS 116 using the modified retrospective method of adoption under which the amount of right-of-use asset recognised is equal to the lease liability as at 1 April 2019. Accordingly, the comparative information presented year ended 31 March 2019 is not restated – i.e. it is presented, as previously reported, under the principles of FRS 17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements under the principles of FRS 116 have not generally been applied to comparative information.

The Town Council elected to use the transition practical expedient to FRS 116 not to reassess whether a contract is, or contains a lease at 1 April 2019. Instead, the Town Council applied the standard only to contracts that were previously identified as leases applying FRS 17 and INT FRS 104 at the date of initial application.

The Town Council has lease contracts for office premises, office equipment and data management system. Before the adoption of FRS 116, the Town Council classified each of its leases (as lessee) at the inception date as an operating lease. Under principles, of FRS 116, the Town Council recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on the statement of financial position.

Upon adoption of FRS 116, the Town Council applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The accounting policy beginning on and after 1 April 2019 is disclosed in Note 2.14. The standard provides specific transition requirements and practical expedients, which have been applied by the Town Council.

(a) Leases previously accounted for as operating leases

The Town Council recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for the leases were recognised based on the carrying amount as if the standard had always been applied, using the incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Town Council also applied the available practical expedients wherein it:

- (i) used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- (ii) applied the short-term leases exemption to leases with lease term that ends within 12 months of the date of initial application;
- (iii) excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- (iv) used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2020

2. Summary of significant accounting policies (continued)

2.2 Adoption of new and amended standards and interpretation (continued)

Impact on financial statements on adoption of FRS 116

The average lessee's incremental borrowing rate applied to the lease liabilities recognised in the statement of financial position on 1 April 2019 is 4.25%.

The following table shows the operating lease commitments disclosed applying FRS 17 at 31 March 2019, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

For the impact of FRS 116 on income and expenditure for the year, see Notes 15 and 21, respectively.

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as of 31 March 2019, as follows:

	<u>1 April 2019</u>
	\$
Operating lease commitments as at 31 March 2019	534,925
Less: Effect of discounting the above amounts	(11,483)
Less Exemption for short-term leases	(192,624)
Less: Leases under-recognised at 31 March 2019	1,549
Lease liabilities recognised at 1 April 2019	<u>332,367</u>

The Town Council has assessed that there is no tax impact arising from the adoption of FRS 116.

On transition to FRS 116, the Town Council recognised right-of use assets and lease liabilities. The impact on transition is summarised below.

	<u>1 April 2019</u>
	\$
Right-of-use assets	332,367
Lease liabilities	<u>(332,367)</u>

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 2020

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% (2019: 26%) of conservancy and service fees and grants-in-aid
(ii) Shop with living accommodation	26% (2019: 26%) of conservancy and service fees and grants-in-aid
(iii) Commercial property	26% (2019: 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 2020

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% (2019: 14%) of conservancy and service fees and grants-in-aid
(ii) Shop with living accommodation	14% (2019: 14%) of conservancy and service fees and grants-in-aid
(iii) Commercial property	14% (2019: 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>2020</u>	<u>2019</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 2020

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 2020

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 2020

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 us.

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 2020

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.

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

(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 2020

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 2020.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2020

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 2020

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 2020

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

Accounting policy for leases before 1 April 2019

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

Accounting policy for leases after 1 April 2019

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 2020

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 2020

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 2020

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	
		2020	2019	2020	2019	2020	2019	2020	2019
		\$	\$	\$	\$	\$	\$	\$	\$
Operating income									
Conservancy and service fees		44,063,637	42,928,938	38,287,998	37,409,208	5,775,639	5,519,730	-	-
Less: Operating income transfer to Ordinary Sinking Fund	5	(11,456,556)	(11,161,535)	(9,954,889)	(9,726,403)	(1,501,667)	(1,435,132)	-	-
Operating income transfer to Lift Replacement Fund (minimum required by law)	6	(6,168,908)	(6,010,053)	(5,360,317)	(5,237,289)	(808,591)	(772,764)	-	-
		26,438,173	25,757,350	22,972,792	22,445,516	3,465,381	3,311,834	-	-
Agency fees	19	2,723,673	2,681,758	-	-	-	-	2,723,673	2,681,758
Other income	20	3,107,087	3,267,811	2,567,660	2,422,324	519,600	821,236	19,827	24,251
		32,268,933	31,706,919	25,540,452	24,867,840	3,984,981	4,133,070	2,743,500	2,706,009
Less: Operating expenditure		(35,952,145)	(34,746,806)	(30,041,172)	(29,228,664)	(3,947,941)	(3,790,772)	(1,963,032)	(1,727,370)
Operating (deficit) surplus		(3,683,212)	(3,039,887)	(4,500,720)	(4,360,824)	37,040	342,298	780,468	978,639
Add: Non-operating income		244,511	196,761	207,018	166,946	18,608	14,760	18,885	15,055
(Deficit) surplus before income tax and government grants		(3,438,701)	(2,843,126)	(4,293,702)	(4,193,878)	55,648	357,058	799,353	993,694
Less: Income tax	18	(146,000)	(155,495)	(135,649)	(143,958)	(5,767)	(7,376)	(4,584)	(4,161)
Less: Goods and services tax	22	(467,852)	(365,902)	(429,254)	(336,191)	(38,598)	(29,711)	-	-
(Deficit) surplus before government grants		(4,052,553)	(3,364,523)	(4,858,605)	(4,674,027)	11,283	319,971	794,769	989,533
Add: Government grants	23	16,775,634	18,887,913	16,364,086	18,257,680	411,548	630,233	-	-
Less: Transfer to Ordinary Sinking Fund	5, 23	(2,679,424)	(2,662,151)	(2,676,928)	(2,659,655)	(2,496)	(2,496)	-	-
Less: Transfer to Lift Replacement Fund	6, 23	(5,239,337)	(5,002,389)	(4,836,045)	(4,624,011)	(403,292)	(378,378)	-	-
Less: Transfer to Lift Replacement Fund - voluntary contribution	6, 23	-	(3,000,000)	-	(2,756,400)	-	(243,600)	-	-
Less: Transfer to Town Improvement and Project Fund	7, 23	(2,673,591)	(2,079,954)	(2,673,591)	(2,079,954)	-	-	-	-
		6,183,282	6,143,419	6,177,522	6,137,660	5,760	5,759	-	-
SURPLUS FOR THE YEAR		2,130,729	2,778,896	1,318,917	1,463,633	17,043	325,730	794,769	989,533
Add: Accumulated surplus as at 1 April		6,682,676	10,027,233	5,756,065	8,852,774	926,611	1,174,459	-	-
Add (Less): Inter-funds transfer		-	-	794,769	989,533	-	-	(794,769)	(989,533)
Add: Transfer from (to) surplus of Town Improvement and Project fund	7	948,179	1,549,858	787,442	1,368,506	160,737	181,352	-	-
Less: Appropriation to Town Improvement and Project fund	7	(683,959)	(1,673,311)	(574,526)	(1,405,581)	(109,433)	(267,730)	-	-
Less: Lift Replacement Fund - voluntary contribution	6	-	(6,000,000)	-	(5,512,800)	-	(487,200)	-	-
ACCUMULATED SURPLUS AS AT 31 MARCH		9,077,625	6,682,676	8,082,667	5,756,065	994,958	926,611	-	-

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

5 Ordinary Sinking Fund

Note	Total		Residential Property		Commercial Property	
	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$
Balance as at 1 April	64,876,357	63,884,173	38,167,695	36,511,414	26,708,662	27,372,759
Add:						
Operating income transfer from conservancy and service fees						
Investment and other income	11,456,556	11,161,535	9,954,889	9,726,403	1,501,667	1,435,132
Transfer from government grants	1,231,550	1,064,346	1,130,066	977,950	101,484	86,396
	2,679,424	2,662,151	2,676,928	2,659,655	2,496	2,496
	15,367,530	14,888,032	13,761,883	13,364,008	1,605,647	1,524,024
Less: Expenditure	(12,452,094)	(13,582,093)	(11,066,548)	(11,419,448)	(1,385,546)	(2,162,645)
Less: Income tax	(204,000)	(175,854)	(187,170)	(161,576)	(16,830)	(14,278)
Goods and services tax	(135,203)	(137,901)	(124,049)	(126,703)	(11,154)	(11,198)
Surplus (Deficit) for the year	2,576,233	992,184	2,384,116	1,656,281	192,117	(664,097)
	67,452,590	64,876,357	40,551,811	38,167,695	26,900,779	26,708,662
Add: Fair value reserve	42,750	45,500				
Balance as at 31 March	67,495,340	64,921,857				

Represented by:

Non-current asset

Financial assets at fair value through other comprehensive income

Current assets

Cash and cash equivalents

Interest receivable

Conservancy and service fees receivables

Other receivables

Due from accumulated surplus

Total assets

Less:

Current liabilities

Payables and accrued expenses

Income tax payable

NET ASSETS

14	64,086,915	59,041,224		
	895,076	751,407		
12	273,364	271,121		
13	282,227	806,492		
	3,218,735	3,505,633		
	68,756,317	64,375,877		
	71,299,067	66,921,377		
17	(3,421,348)	(1,688,519)		
18	(382,379)	(311,001)		
	(3,803,727)	(1,999,520)		
	67,495,340	64,921,857		

MARINE PARADE TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

5 Ordinary Sinking Fund (continued)

(i) Investment and other income	2020	2019
	\$	\$
Interest income - fixed deposits	1,152,549	985,496
Interest income - bonds	78,500	78,500
Other Income	501	350
	1,231,550	1,064,346

(ii) Expenditure	2020	2019
	\$	\$
Re-roofing works	1,604,830	721,847
Electrical rewiring	1,297,490	3,033,182
Replacement of water pump sets	492,356	18,585
Escalator works	449,265	3,100
Replacement of booster pump sets	249,264	93,700
Repairs and redecoration	7,759,994	8,910,723
Replacement of refuse chute flushing system	98,387	36,723
Replacement of fire fighting and protection system	-	623,853
Consultancy fees and other charges*	460,508	140,380
Replacement of (FRP) Water Tanks	40,000	-
	12,452,094	13,582,093

* In 2019, the consultancy fees and other charges were inclusive of the reversal of allowance of impairment loss on receivables amounting \$181,054.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

6 Lift Replacement Fund

Note	Total		Residential Property		Commercial Property	
	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$
Balance as at 1 April	33,568,065	16,858,827	26,624,462	11,771,051	6,943,603	5,087,776
Add:						
Operating income transfer from conservancy and service fees						
Investment income	6,168,908	6,010,053	5,360,317	5,237,289	808,591	772,764
Transfer from LRF Matching Grant	492,896	243,997	452,246	224,185	40,650	19,812
Transfer from LRF Matching Grant - voluntary contribution*	3,796,568	3,568,921	3,394,620	3,191,887	401,948	377,034
Transfer from government grants on S&CC, GST Subvention and LMG	-	3,000,000	-	2,756,400	-	243,600
	1,442,769	1,433,468	1,441,425	1,432,124	1,344	1,344
	11,901,141	14,256,439	10,648,608	12,841,885	1,252,533	1,414,554
Less: Expenditure						
Less: Income tax	(5,574,341)	(3,461,675)	(5,261,356)	(3,422,693)	(312,985)	(38,982)
Goods and services tax	(84,000)	(41,000)	(77,070)	(37,671)	(6,930)	(3,329)
Surplus for the year	(48,197)	(44,526)	(44,221)	(40,910)	(3,976)	(3,616)
	6,194,603	10,709,238	5,265,961	9,340,611	928,642	1,368,627
Transfer from accumulated surplus - voluntary contribution*	-	6,000,000	-	5,512,800	-	487,200
Balance as at 31 March	39,762,668	33,568,065	31,890,423	26,624,462	7,872,245	6,943,603

* This voluntary contribution was made in accordance with Section 33(9) of the Town Councils Act. With the voluntary contribution of \$6,000,000 from the accumulated surplus to the Lift Replacement Fund in the financial year ended 31 March 2019, the Town Council was entitled to receive a matching grant of \$3,000,000.

Represented by:

Current assets

Cash and cash equivalents	37,708,227	22,499,232
Interest receivable	378,218	205,145
Conservancy and service fees receivables	147,190	145,984
Other receivables	1,780,818	3,778,245
Due from accumulated surplus	1,730,201	7,884,685
	41,744,654	34,513,291
Total assets	41,744,654	34,513,291

Less:

Current liabilities

Payables and accrued expenses	(1,856,867)	(889,226)
Income tax payable	(125,119)	(56,000)
	(1,981,986)	(945,226)
NET ASSETS	39,762,668	33,568,065

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

6 Lift Replacement Fund (continued)

(i) Investment income	2020	2019
	\$	\$
Interest income - fixed deposits	461,217	219,117
Interest income - bank	31,679	24,880
	492,896	243,997
(ii) Expenditure	2020	2019
	\$	\$
Lift cyclical maintenance works	2,320,674	2,813,381
Lift overhauls and replacement works **	1,474,455	148,670
Replacement of Lift Position Display Panel	934,889	477,218
Lift Enhancement Works	643,294	-
Project management and other charges *	201,029	22,406
	5,574,341	3,461,675

* In 2019, the project management and other charges were inclusive of the reversal of allowance of impairment loss on receivables amounting \$97,491.

** Lift overhauls and replacement works are inclusive of Selective Lift Replacement Programme ("SLRP") co-funding from HDB amounting \$733,298 (2019: \$786,751). HDB co-funds 50% of the expenditure incurred and capped at \$125,000 per lift.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

7 Town Improvement and Project Fund

Note	Total		Residential Property		Commercial Property	
	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$
Balance as at 1 April	1,673,311	1,693,558	1,405,581	1,422,589	267,730	270,969
Transfer from government grants	2,673,591	2,079,954	2,673,591	2,079,954	-	-
Expenditure	(3,398,723)	(2,223,654)	(3,291,730)	(2,134,037)	(106,993)	(89,617)
Deficit for the year	(725,132)	(143,700)	(618,139)	(54,083)	(106,993)	(89,617)
Transfer to accumulated surplus*	(948,179)	(1,549,858)	(787,442)	(1,368,506)	(160,737)	(181,352)
Appropriation from accumulated surplus **	683,959	1,673,311	574,526	1,405,581	109,433	267,730
Balance as at 31 March	683,959	1,673,311	574,526	1,405,581	109,433	267,730

Represented by:

Current asset	
Due from accumulated surplus	683,959
	1,673,311

(i) Expenditure

Construction of covered linkways	1,062,945	705,968
Construction of pavilion	153,850	57,979
Construction/upgrading of playground, fitness corner etc	1,025,775	994,660
Residents' and study corner	74,895	68,606
Outdoor facilities	1,042,539	392,093
Lift lobbies upgrading	38,719	4,348
	3,398,723	2,223,654

* 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 2020

8 Fair value reserve

	2020 \$	2019 \$
Fair value reserve from financial assets at fair value through other comprehensive income	<u>42,750</u>	<u>45,500</u>
Movements:		
Balance as at 1 April	45,500	63,750
Loss arising during the year	(2,750)	(18,250)
Balance as at 31 March	<u>42,750</u>	<u>45,500</u>
Fair value reserve is taken up in:		
Ordinary Sinking Fund	<u>42,750</u>	<u>45,500</u>

9 Plant and equipment

Note	Furniture, fixtures and fittings \$	Office equipment \$	Data processing equipment \$	Total \$
<u>Cost</u>				
As at 1 April 2018	906,864	202,004	147,837	1,256,705
Additions	-	5,913	13,884	19,797
Disposal	(1,959)	(6,730)	(9,022)	(17,711)
As at 31 March 2019	904,905	201,187	152,699	1,258,791
Additions	13,280	-	20,094	33,374
Written off	-	-	(10,404)	(10,404)
As at 31 March 2020	<u>918,185</u>	<u>201,187</u>	<u>162,389</u>	<u>1,281,761</u>
<u>Accumulated depreciation</u>				
As at 1 April 2018	881,576	200,872	129,597	1,212,045
Depreciation	13,952	1,096	12,806	27,854
Disposal	(1,959)	(6,730)	(9,022)	(17,711)
As at 31 March 2019	893,569	195,238	133,381	1,222,188
Depreciation	4,494	1,401	15,946	21,841
Written off	-	-	(10,404)	(10,404)
As at 31 March 2020	<u>898,063</u>	<u>196,639</u>	<u>138,923</u>	<u>1,233,625</u>
<u>Net book value</u>				
As at 31 March 2019	<u>11,336</u>	<u>5,949</u>	<u>19,318</u>	<u>36,603</u>
As at 31 March 2020	<u>20,122</u>	<u>4,548</u>	<u>23,466</u>	<u>48,136</u>

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

10 Right-of-use assets	Data management system \$	Office premises \$	Office equipment \$	Total \$
Cost				
As at 31 March 2019	-	-	-	-
Effect of adopting FRS 116	-	332,367	-	332,367
As at 1 April 2019	-	332,367	-	332,367
Additions	1,963,732	430,370	39,964	2,434,066
Written off	-	(111,860)	-	(111,860)
As at 31 March 2020	1,963,732	650,877	39,964	2,654,573
Accumulated depreciation				
As at 1 April 2019	-	-	-	-
Charge to profit or loss	-	262,771	7,742	270,513
Written off	-	(111,860)	-	(111,860)
As at 31 March 2020	-	150,911	7,742	158,653
Net carrying amount				
As at 31 March 2019	-	-	-	-
As at 31 March 2020	1,963,732	499,966	32,222	2,495,920

Data management system is not in use in financial year ended 31 March 2020 and hence, it has not been depreciated during the year.

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

	2020 \$	2019 \$
Balance as at 1 April	2,545,500	2,563,750
Fair value changes recognised in Ordinary Sinking Fund	(2,750)	(18,250)
Balance as at 31 March	2,542,750	2,545,500
Made up of:		
Non-current portion	2,542,750	2,545,500

This comprises of investment in one quoted bond issued by a statutory board (Housing & Development Board "HDB") that bears fixed interest rate of 3.14% per annum with maturity date ending on 18 March 2021. The effective interest rate earned for the year is 3.09% (2019: 3.07%) per annum. The Town Council has 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 2020

12 Conservancy and service fees receivables

	Note	2020 \$	2019 \$
Conservancy and service fees receivables		2,911,390	2,421,337
Less: Allowance for impairment loss		(1,276,364)	(1,221,942)
Net		<u>1,635,026</u>	<u>1,199,395</u>
Taken up in:			
Accumulated surplus		1,214,472	782,290
Ordinary Sinking Fund	5	273,364	271,121
Lift Replacement Fund	6	147,190	145,984
		<u>1,635,026</u>	<u>1,199,395</u>

Conservancy and service fees receivables are non-interest bearing and are generally on 30 days (2019: 30 days) credit term.

The movements in allowance for impairment loss are as follows:

	2020 \$	2019 \$
Balance as at 1 April	1,221,942	990,150
Write off during the year	-	(20,040)
Charge to profit or loss	54,422	251,832
Balance as at 31 March	<u>1,276,364</u>	<u>1,221,942</u>

13 Other receivables

	Note	2020 \$	2019 \$
Claims for Citizens' Consultative Committee funding receivables		1,950,946	644,343
Billing for work carried out, reimbursement from HDB		1,075,266	1,065,751
Billing for work carried out, reimbursement from contractors		108,199	29,443
Billing for work carried out, reimbursement from NEA		10,506	52,588
GST Subvention and grant receivables		455,974	366,891
SLRP funding receivable from HDB		733,298	-
Lift Replacement Fund Matching grant receivables		798,443	3,778,245
Deposit - PUB		186,290	278,870
GST receivables		359,456	-
Prepayment		9,763	7,514
Other receivables*		600,831	593,252
Less: Allowance for impairment loss		(575,950)	(570,043)
Net		<u>24,881</u>	<u>23,209</u>
		<u>5,713,022</u>	<u>6,246,854</u>
Taken up in:			
Accumulated surplus		3,649,977	1,662,117
Ordinary Sinking Fund	5	282,227	806,492
Lift Replacement Fund	6	1,780,818	3,778,245
		<u>5,713,022</u>	<u>6,246,854</u>

	2020 \$	2019 \$
The movements in allowance for impairment loss for other receivables are as follows:		
Balance as at beginning of year	570,043	517,470
Charge to profit or loss	5,907	56,954
Written off during the year	-	(4,381)
Balance as at year end	<u>575,950</u>	<u>570,043</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 2020

14 Cash and short term deposits

	Note	2020 \$	2019 \$
Cash on hand		11,000	11,000
Cash at banks		22,502,025	23,138,664
		<u>22,513,025</u>	<u>23,149,664</u>
Fixed deposits with financial institutions		95,000,000	81,000,000
		<u>117,513,025</u>	<u>104,149,664</u>
Taken up in:			
Accumulated surplus		15,717,883	22,609,208
Ordinary Sinking Fund	5	64,086,915	59,041,224
Lift Replacement Fund	6	37,708,227	22,499,232
		<u>117,513,025</u>	<u>104,149,664</u>
Fixed deposits			
- Maturing in more than 3 months		48,000,000	40,000,000
- Maturing within 3 months		47,000,000	41,000,000
		<u>95,000,000</u>	<u>81,000,000</u>

Fixed deposits are placed for varying periods from one month to one year. The interest rates range from 1.80% to 2.09% (2019: 1.69% to 2.10%) per annum. The weighted average effective interest rates per annum relating to fixed deposits is 2.01% (2019: 1.87%).

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

	2020 \$	2019 \$
Cash and short term deposits	117,513,025	104,149,664
Less: Fixed deposits maturing more than 3 months	(48,000,000)	(40,000,000)
Cash and cash equivalents per statement of cash flows	<u>69,513,025</u>	<u>64,149,664</u>

15 Lease liabilities

	2020 \$
Current liabilities	602,651
Non-current liability	1,819,454
Total	<u>2,422,105</u>
<u>Contractual cashflows</u>	
Within 1 year	627,020
Between two to five years	1,594,974
More than five years	489,170
	<u>2,711,164</u>
Less: Future interest expenses	(289,059)
Present value of lease liabilities	<u>2,422,105</u>

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

At 31 March 2019	-
Effect of adopting FRS 116	332,367
At 1 April 2019	<u>332,367</u>
New leases during the year	2,432,238
<u>Changes from financing cash flows</u>	
Repayment of lease liabilities	(357,029)
<u>Non-cash changes</u>	
Lease interest expenses	14,529
At 31 March 2020	<u>2,422,105</u>

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

15 Lease liabilities (continued)

Amount recognised in Income and Expenditure	2020 \$	2019 \$
<u>Leases under FRS 116</u>		
Interest expense on lease liabilities	14,529	-
Expenses relating to short-term and low-value leases	192,624	-
<u>Operating leases under FRS 17</u>		
Rental Expenses	-	489,111

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

	2020 \$	2019 \$
Balance as at 1 April	266,016	(628,927)
Funding from government	(3,585,231)	(2,831,797)
Payments to contractors	3,312,937	3,726,740
	(272,294)	894,943
Balance as at 31 March	(6,278)	266,016

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	2020 \$	2019 \$
Accruals for completed works		181,197	2,049
Accrued operating expenses		9,408,869	6,836,515
Refundable deposits		343,476	294,926
GST Payables		-	26,069
Other payables		481,137	119,842
		10,414,679	7,279,401
Taken up in:			
Accumulated surplus		5,136,464	4,701,656
Ordinary Sinking Fund	5	3,421,348	1,688,519
Lift Replacement Fund	6	1,856,867	889,226
		10,414,679	7,279,401

Payables are non-interest bearing and are generally on 30 - 90 days (2019: 30 - 90 days) credit term.

As at 31 March 2020, included in the accrued operating expenses is an amount of \$244,290 (2019: \$530,614) payable to the managing agent with a credit term of 30 days (2019: 30 days).

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

18 Income tax

	Note	2020 \$	2019 \$
Current tax expense		434,000	373,000
Over provision of tax in previous financial years		-	(651)
		434,000	372,349
Taken up in:			
Accumulated surplus	4	146,000	155,495
Ordinary Sinking Fund	5	204,000	175,854
Lift Replacement Fund	6	84,000	41,000
		434,000	372,349

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

	2020 \$	2019 \$
Taxable income and deductible expenses		
Interest and investment income	1,968,808	1,505,104
Government grants and other income	16,778,260	15,955,383
Trade income	690,155	759,871
Allowable expenses	(64,938)	(75,638)
	19,372,285	18,144,720
Tax calculated at a tax rate of 17% (2019: 17%)	3,293,288	3,084,602
Tax remission of government grants under section 92(2) of Singapore Income Tax Act	(2,836,707)	(2,685,621)
Tax effect on concessionary income	(5,495)	(5,495)
Singapore statutory stepped income exemption	(17,425)	(17,425)
Others	339	(3,061)
Current tax expense	434,000	373,000
Over provision of tax in previous financial years	-	(651)
	434,000	372,349

The Town Council enjoys a concessionary tax rate of 10% (2019:10%) for the income earned on investment in bond.

The movements in income tax payable are as follows:

	Note	2020 \$	2019 \$
Balance as at 1 April		683,001	677,001
Payments during the year		(309,258)	(366,349)
Current year income tax expense		434,000	373,000
Over provision of tax in previous financial years		-	(651)
Balance as at 31 March		807,743	683,001
Taken up in:			
Accumulated surplus		300,245	316,000
Ordinary Sinking Fund	5	382,379	311,001
Lift Replacement Fund	6	125,119	56,000
		807,743	683,001

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

19 Agency fees

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

20 Other income

	2020 \$	2019 \$
Penalty on late payment of conservancy and services fees	102,475	113,327
Liquidated damages imposed on contractors	188,097	222,366
Temporary occupational licenses	2,447,875	2,492,930
Usage of void deck, water, electricity and common property	283,121	333,888
Others	85,519	105,300
	3,107,087	3,267,811

21 General and administrative expenditure

	Note	2020 \$	2019 \$
Advertising, publicity and public relations		193,776	95,541
Audit fee		36,200	34,000
Computer services and fees		558,032	369,403
Depreciation of plant and equipment	9	21,841	27,854
Insurance premium		49,747	43,176
Office rental		-	271,800
Office upkeep expenditure		134,075	151,912
Office supplies and stationery		104,888	122,004
Telecommunication		85,854	88,222
Property tax		261,091	259,326
Town Councillors' allowances		223,525	225,600
Allowance for impairment loss on receivables		47,445	562,910
Depreciation of right-of-use assets		270,513	-
Lease interest expenses		14,529	-
Others		80,670	57,122
		2,082,186	2,308,870

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	2020 \$	2019 \$
Accumulated surplus	4	467,852	365,902
Ordinary Sinking Fund	5	135,203	137,901
Lift Replacement Fund	6	48,197	44,526
		651,252	548,329

MARINE PARADE TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

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	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Government grants received/receivable		15,288,736	17,435,142	7,994,177	7,968,467	3,796,568	6,568,921	2,673,591	2,079,954	-	-	824,400	817,800
GST Subvention received/receivable	4	1,486,898	1,452,771	-	-	-	-	-	-	1,486,898	1,452,771	-	-
		16,775,634	18,887,913	7,994,177	7,968,467	3,796,568	6,568,921	2,673,591	2,079,954	1,486,898	1,452,771	824,400	817,800
Less: Transfers to													
- Ordinary Sinking Fund	4, 5	(2,679,424)	(2,662,151)	(2,078,486)	(2,071,802)	-	-	-	-	(386,594)	(377,721)	(214,344)	(212,628)
- Lift Replacement Fund	4, 6	(5,239,337)	(5,002,389)	(1,119,184)	(1,115,585)	(3,796,568)	(3,568,921)	-	-	(208,169)	(203,391)	(115,416)	(114,492)
- Lift Replacement Fund - voluntary contribution	4, 6	-	(3,000,000)	-	-	-	(3,000,000)	-	-	-	-	-	-
- Town Improvement and Project Fund	4, 7	(2,673,591)	(2,079,954)	-	-	-	-	(2,673,591)	(2,079,954)	-	-	-	-
		6,183,282	6,143,419	4,796,507	4,781,080	-	-	-	-	892,135	871,659	494,640	490,680

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

	2020	2019
	\$	\$
Balance as at beginning of the year	316,347,688	297,459,775
Add: Grants received/receivable	16,775,634	18,887,913
Balance as at end of the year	333,123,322	316,347,688

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

24 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.

25 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:

	2020 \$	2019 \$
Amount approved and contracted for	16,196,203	10,615,013
Amount approved but not contracted for	24,315,070	24,159,412
	<u>40,511,273</u>	<u>34,774,425</u>

26 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.

	2020 \$	2019 \$
Town Councillors' allowances	<u>223,525</u>	<u>225,600</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:

	2020 \$	2019 \$
- Managing agent fees	4,481,842	4,023,086
- Project management and other fees	<u>2,678,325</u>	<u>2,377,066</u>

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

27 Financial instruments and financial risk

The Town Council's financial instruments comprised of cash and cash equivalents, investment in financial assets, 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, investment in financial assets 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 which are rated Aa1 to A3 with stable outlook on Moody's ratings. The financial assets at FVTOCI is a quoted bond issued by a statutory board (i.e. HDB). The other receivables comprises mainly receivables from government agencies. 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 \$1,276,364 (2019: \$1,221,942) 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 2020.

	Past due				
	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)
31 March 2019					
Provision on individual basis					
Lifetime expected credit loss rate	100%	100%	100%	100%	
Gross carrying amount of terminated account (\$)	4,806	7,121	26,657	325,091	363,675
Loss allowance of terminated account (\$)	(4,806)	(7,121)	(26,657)	(325,091)	(363,675)
Provision on collective basis					
Lifetime expected credit loss rate	0%	25%	50%	100%	
Gross carrying amount excluding terminated account (\$)	727,519	372,974	384,290	572,879	2,057,662
Loss allowance excluding terminated account (\$)	-	(93,243)	(192,145)	(572,879)	(858,267)
Total loss allowance	(4,806)	(100,364)	(218,802)	(897,970)	(1,221,942)

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

27 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.

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.

Sensitivity analysis

At the end of the reporting period, if interest rates had been 100 (2019: 100) basis points lower/ higher with all other variables held constant, the Town Council's surplus net of tax would have been \$788,500 (2019: \$672,300) 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	2020 \$	2019 \$
Financial assets at FVTOCI	11	2,542,750	2,545,500
Financial assets at amortised cost		126,234,767	112,882,587
Less: financial liabilities at amortised cost		(12,836,784)	(7,279,401)
Net		<u>115,940,733</u>	<u>108,148,686</u>

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

28 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. The fair values of the financial assets of quoted bond has been included in level 1 of the fair value hierarchy for the financial year ended 31 March 2020 and 2019.

29 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 \$117,019,592 (2019: \$106,845,909).

30 Events after the reporting period

Changes in electoral boundaries

By virtue of the writ of election issued on 23 June 2020, a general election was called for on 10 July 2020. As a result of the redrawing of the electoral boundaries after the general elections, Marine Parade Town Council has handed approximately 1,748 units of residential and commercial properties to Jalan Besar Town Council on 28 October 2020. With the handover, the total EDU managed by the Town Council has been reduced by 1,975 with conservancy and service income expected to reduce by approximately \$1,404,000 per annum.

Further, as the members elected for the constituency stood in elections for the same political party, hence there will be a transfer of 80% surpluses as at 31 March 2019 after Parliamentary election to the Ordinary Sinking Funds and Lift Replacement Funds of the Town Council, in accordance with Town Council Act, Cap 329A. The surpluses as at 31 March 2019 would be reduced by approximately \$3.3 million for transfer to Ordinary Sinking Fund and Lift Replacement Fund after taking into consideration of capital commitments of Town Improvement works and capital expenditures as at 22 June 2020, the day before the writ of election.

Impact from Novel-Coronavirus (Covid-19)

The Singapore Multi-Ministry Taskforce implemented an elevated set of safe distancing measures as a circuit breaker from 7 April 2020, to pre-empt the trend of increasing local transmission of Covid-19. Except for those providing essential services and selected economic sectors which are critical for local and global supply chains, all businesses are required to suspend all in-person activities and activities at the business location.

The outbreak of Covid-19 has affected most businesses and economic activities although with varying extents. The Town council has observed a marginal increase in conservancy and service fee receivables arrears position subsequent to the financial year end and management expects the credit risk's exposure on conservancy and service fees receivables may deteriorate especially if the pandemic is prolonged. Further, the interest income on fixed deposits with banks have declined following quantitative easing and cut in interest rate by central banks around the world.

The quantitative impact on the Town Council's financial position and results for the coming financial year cannot be reasonably estimated as at reporting date as the evolution of the Covid-19 outbreak situation is unpredictable.



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