



**ANNUAL REPORT
AND
FINANCIAL STATEMENTS**

For Financial Year

2019/2020



**WEST COAST
TOWN COUNCIL**

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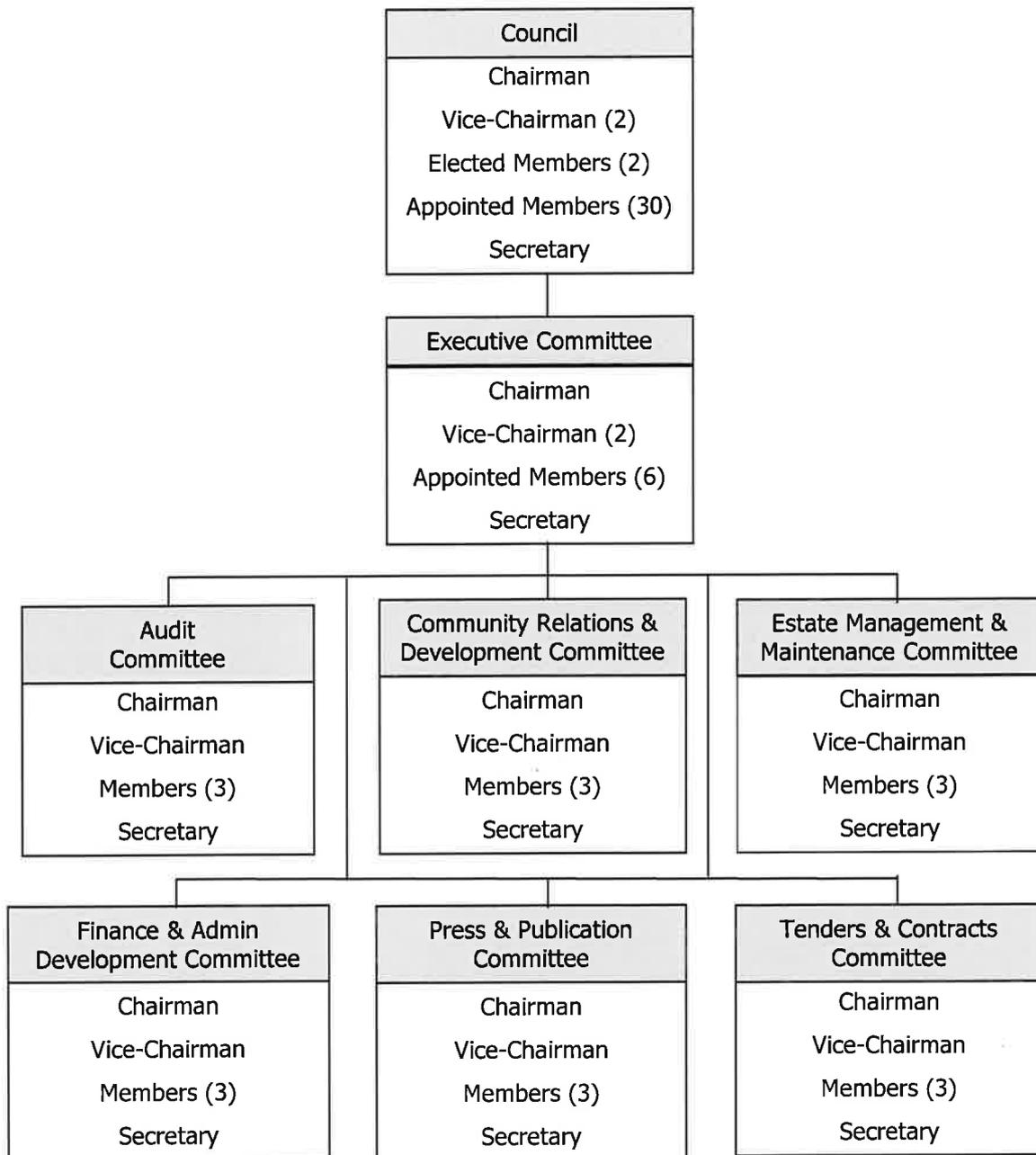
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**Town
Councillors**

CHAIRMAN	Mr Patrick Tay Teck Guan, BBM MP for West Coast GRC
VICE-CHAIRMEN	Mr Cedric Foo MP for Pioneer SMC Ms Foo Mee Har MP for West Coast GRC
ELECTED MEMBERS	Mr S Iswaran Minister for Communications and Information Minister in-charge of Trade Relations, & MP for West Coast GRC Mr Lim Hng Kiang Special Adviser to Ministry of Trade and Industry, & MP for West Coast GRC
APPOINTED MEMBERS	Mr Ang Kiat Seng Jeffrey, PBM (stepped down on 30 Sep 2019) Ms Aw Siew Har Catherina Mr Chan Sin Chan Anthony, PBM Mr Chang Kong Meng Thomas (Appointed on 1 Oct 2019) Mr Chee Haw Poh Paul (Appointed on 1 Oct 2019) Mr Chong Lee Hock Michael, PBM (stepped down on 30 Sep 2019) Mr Chua Thiam Chwee Andrew, BBM Mr Fong Tat Hoe Zane (Appointed on 1 Oct 2019) Mr Foo Chew Tuck Joseph, JP, BBM (stepped down on 30 Sep 2019) Mr Goh Keh Wee Ms Kong Wai Yee Mr Kuek Chiew Peng, BBM(L) Mr Lawrence Wayne @ Lim Joo How (Appointed on 1 Oct 2019) Mr Lim Heng Hui Dylan, PBM (Appointed on 1 Oct 2019) Ms Lim Lee Boon, PBM (stepped down on 30 Sep 2019) Mr Lim Thean Ee Steven, BBM Mr Ng Chor Teck, PBM Mr Ng Keng Boon Mr Ng Leng Kim Jimmy (Appointed on 1 Oct 2019) Mr Ong Boon Han Edvin Mr Ong Chee Ming Jimmy, PBM Ms Ong Phian Phian Corrine, PBM (stepped down on 30 Sep 2019) Mr Pek Ting Li Desmond, PBM Mr Selvakumar s/o Panneerselvam Mr Sham Cheong Hong Raymond (stepped down on 30 Sep 2019) Mr Soh Leng Hsien Shawn, PBM (stepped down on 30 Sep 2019)

APPOINTED MEMBERS	<p>Mr Tan Ah Chor, PBM</p> <p>Mr Tan Kiang Lye Kenneth (stepped down on 30 Sep 2019)</p> <p>Ms Tan Kwee Lian Rosalind, PBM</p> <p>Mr Tan Swee Kee Kelvin, PBM (stepped down on 30 Sep 2019)</p> <p>Mr Tang Jia Fai Calvin (Appointed on 1 Oct 2019)</p> <p>Mr Tee Kok Chuan (Appointed on 1 Oct 2019)</p> <p>Mr Teoh Chin Chong, PBM</p> <p>Ms Teoh Fong Meng Theresa, PBM</p> <p>Mr Yak Jun Wei Joshua, PBM (stepped down on 30 Sep 2019)</p> <p>Dr Yang Phey Hong (Appointed on 1 Oct 2019)</p> <p>Mr Yeo Thiam Huat Victor, PBM</p> <p>Mr Yong Kok Wah (stepped down on 30 Sep 2019)</p> <p>Mr Yu David (Appointed on 1 Oct 2019)</p> <p>Assoc Prof Yu Shi Ming, BBM</p> <p>Mr Zhang Lihong Ronson (Appointed on 1 Oct 2019)</p>
KEY OFFICERS	
Secretary/General Manager	Mr Tay Eng Hwa
Deputy General Manager	Ms Cindy Ng
Senior Finance & Admin Manager	Ms Sherene Soh
Finance & Admin Manager	Ms Shirley Lee
MANAGING AGENT	EM Services Pte Ltd

Standing Committees

Executive Committee	Mr Patrick Tay, BBM Mr Cedric Foo Ms Foo Mee Har Mr Chua Thiam Chwee Andrew, BBM Mr Goh Keh Wee Mr Kuek Chiew Peng, BBM(L) Mr Lim Thean Ee Steven, BBM Ms Tan Kwee Lian Rosalind, PBM Assoc Prof Yu Shi Ming, BBM	Chairman Vice-Chairman Vice-Chairman
Audit Committee	Ms Tan Kwee Lian Rosalind, PBM Mr Lim Thean Ee Steven, BBM Mr Fong Tat Hoe Zane Mr Lawrence Wayne @ Lim Joo How Dr Yang Phey Hong	Chairman Vice-Chairman
Community Relations & Development Committee	Mr Goh Keh Wee Mr Tan Ah Chor, PBM Ms Aw Siew Har Catherina Mr Ong Chee Ming Jimmy, PBM Mr Tee Kok Chuan	Chairman Vice-Chairman
Estate Management & Maintenance Committee	Assoc Prof Yu Shi Ming, BBM Mr Ng Keng Boon Mr Tang Jia Fai Calvin Ms Teoh Foong Meng Theresa, PBM Mr Yu David	Chairman Vice-Chairman
Finance & Admin Committee	Mr Chua Thiam Chwee Andrew, BBM Mr Lim Heng Hui Dylan, PBM Mr Chee Haw Poh Paul Ms Kong Wai Yee Mr Zhang Lihong Ronson	Chairman Vice-Chairman
Press & Publication Committee	Mr Pek Ting Li Desmond, PBM Mr Ng Leng Kim Jimmy Mr Ong Boon Han Edvin Mr Teoh Chin Chong, PBM Mr Yeo Thiam Huat Victor, PBM	Chairman Vice-Chairman
Tenders & Contracts Committee	Mr Kuek Chiew Peng, BBM(L) Mr Chan Sin Chan Anthony, PBM Mr Chong Kong Meng Thomas Mr Ng Chor Teck, PBM Mr Selvakumar s/o Panneerselvam	Chairman Vice-Chairman

Clementi Office

Blk 441A Clementi Avenue 3
#02-01
Singapore 121441
Tel: 6776 0271
Fax: 6775 1814
Email: wctccl@wctc.org.sg



Boon Lay Office

Blk 509 Jurong West St 51
#01-159
Singapore 640509
Tel: 6896 4890
Fax: 6425 0798
Email: wctcbl@wctc.org.sg



Telok Blangah Service Centre
Blk 79/82 Telok Blangah Drive
(Market & Cooked Food Centre)
Tel: 6377 5138
Email: wctccl@wctc.org.sg



Annual Report

Annual Report
For The Period
1 April 2019
To
31 March 2020

Chairman's Review

It had been another good Financial Year 2019/2020 as West Coast Town Council continued to do well. The Council again obtained Green Bands for all four categories of performance indicator under the Town Council Management Report (TCMR). It upheld the standard of our estate cleanliness and maintenance of common properties and facilities, lift performance, arrears management and corporate governance with the untiring efforts of our councilors, GROs, staff of our Managing Agent, contractors and most of all, the invaluable cooperation and unwavering support of our residents.

The routine maintenance works were carried to keep the estate in a state of good and serviceable repair, and in a proper and clean condition, and facilities in the estates were also enhanced to meet the evolving needs and aspirations of our residents. There were new and upgraded playgrounds as well as fitness corners for adults as well as the elderly to promote a vibrant and healthy lifestyle for the young and old. More covered walkways and drop-off porches were built to provide convenience, shade and shelter, regardless of the weather. Other improvement works included BBQ pits, games courts, bicycle sheds and senior citizens' corners. The Council also ensured that major cyclical maintenance works such as repairs and redecoration, lift replacement, reroofing, replacement of pumps were carried out to keep the estate and its supporting mechanical and electrical services in working order.

To support efforts to combat climate change and initiatives for a green and sustainable energy future, common area lights were replaced with LED lights and solar panels were installed on the roof tops of the HDB blocks. The solar power generated could be used to power common services such as lifts, pumps, and lights in common areas in the day time.

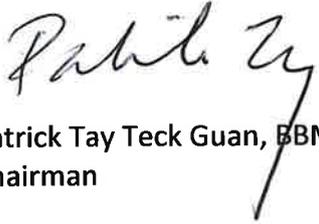
The Council also embarked on the Lift Enhancement Programme by adding features identified by the Building and Construction Authority (BCA), to provide greater assurance to residents of the safety, reliability and performance of the older lifts.

To enhance communication with our residents and to keep up with digitalization, Digital Display Notice Boards (DDNB) were rolled out. Installed at the ground floor lift lobbies across our HDB estates, notices/advisories and local happenings were displayed on the DDNBs to keep residents updated of the latest news/highlights.

The West Coast Town Council also stepped up on the cleaning regime to ensure that cleanliness of the estate and facilities were not compromised in light of the Covid-19 pandemic. High human contact areas were cleaned more frequently and all lift buttons were coated with self-disinfecting agent to protect against viruses and bacteria.

On behalf of the West Coast Town Council I would like to take this opportunity to express our gratitude to our residents for the invaluable support and encouragement as well as the trust and confidence given. West Coast Town Council will continue to work hand in hand with you, your grassroots leaders, our contractors and our managing agent team. Together, we will have a better town to call Our Home!




Patrick Tay Teck Guan, BBM
Chairman

This report provides an overview of the Financial Year 2019/2020, in areas of Fiscal Management, Maintenance and Upkeep of the Town, Environmental Management and Community Relations.

Composition of Town Council

The 2-year term of office of the Councillors expired on 30 September 2019. Mr Cedric Foo and Ms Foo Mee Har were reappointed as Vice-Chairman for a further 2-year term together with 30 appointed members, of whom 20 were reappointed and 10 new appointees. Two-third of the appointed members are residents of the HDB estate. They were appointed from nominations by the elected members.

Seven committees were established viz the Executive Committees, Audit Committee, Community Relations and Development Committee, Estate Management and Maintenance Committee, Finance Committee, Press and Publication Committee, and Tenders and Contracts Committee. Each committee had at least five appointed members.

Fiscal Management

For the financial year ended 31 March 2020, the Council recorded an operating surplus of \$1.12 million, after government grant(s). Without the government grant, an operating deficit of \$3.51 million would have been registered.

The Council continued to manage our finances with prudence despite seeing increase in expenditure as the estate mature, as well as to meet the evolving needs and aspirations of our residents. Improvement works were planned and prioritized to enhance the facilities in the estate which benefit the residents.

Service & Conservancy Charges (S&CC)

Effective since 1 June 2017, it is mandatory for Town Councils to set aside 26% and 14% of the S&CC income and grant in the Sinking Fund and Lift Replacement Fund, respectively. The Council also has to contribute to the Lift Enhancement Program (LEP) which is co-funded by HDB.

For FY2019/2020, the government continued to provide S&CC grants for all eligible Singapore citizen lessees/tenants of HDB flats, ranging from 3½ months S&CC for 1-room and 2-room flats, 2½ months S&CC for 3-room and 4-room flats, 2 months S&CC for 5-room flats and 1½ month for Executive flats.

Stallholders affected by the temporary closure of the Market and Cooked Food Centre for upgrading, improvement and cyclical maintenance works were given a waiver for the S&CC for the period of closure.

Arrears Management

At the end of FY 2019/2020, 13.13% of the S&CC accounts were in arrears, amounting to \$1.09 million in total. When compared with FY 2018/2019, the number of accounts in arrears saw a decrease of 3.33%; while the amount in arrears had an increase of 6.54%.

To provide greater convenience for our residents, and to promote cashless payment, the Council made available alternative payment modes including GIRO, recurring credit card payment scheme, NETS, internet banking and third-party payment modes like AXS and SAM kiosks. Residents could also make their payments at all post offices.

While the Council kept a close watch on the arrears and took steps to recover them, the Council remained sympathetic towards residents who faced genuine financial hardship, and offered assistance which included payment of the arrears by instalment, deferment of payment, and referral to the Community Development Council and other community-based organizations for welfare aid and job matching.

We appreciate the invaluable support from most of our residents in paying their monthly S&CC promptly. To discourage residents who were not having financial difficulties from delayed payment, late payment penalty fees were imposed. As a final resort, Court action would be initiated against residents who chose to ignore repeated reminders for payment.

Investment of Funds

As part of the Council's long-term financial planning, the Council invested the portion of surplus funds that were not required in the short term. The Council adopted a balanced and cautious investment strategy to generate returns to offset the rate of inflation and increase the value of our funds in the long run.

Our conservative investment strategy included institutional and strategic diversification, as well as asset class allocation viz cash, bonds issued by government/statutory boards, and fund management.

The Council's investment approach is also in strict compliance with the stipulations in the Town Councils Act, Town Councils Financial Rules and guidelines issued by the Ministry of National Development.

At the end of FY 2019/2020, \$37.25 million was invested with fund managers and \$95.09 million was placed in fixed deposits.

Maintenance Management & Estate Improvement

The upkeep and maintenance of the HDB common property and open spaces is one of the key responsibilities of the Council. Daily inspections of the estate were carried out by our property maintenance and management team so that maintenance issues could be promptly identified and rectified. They also managed and closely supervised our team of Term Contractors to ensure that their performance conforms to the contractual requirements.

We would like to appeal and encourage all our residents to help provide feedback on maintenance related issues directly to the Council so that they could be promptly looked into. At the same time, we would also like to seek the co-operation of all our residents not to misuse or vandalize common facilities and to help keep the estate clean. Such active support is vital in contributing towards a safer, cleaner and more pleasant housing estate for everyone.

Cyclical Maintenance Works

Cyclical maintenance works are critical towards maintaining and extending the lifespan of our buildings and the supporting mechanical and electrical installations, thereby minimizing breakdowns and costly repair works.

In FY 2019/2020, the Council spent about \$15.45 million on cyclical maintenance works including electrical rewiring, repairs and repainting, re-roofing, replacement of transfer and booster pumps and lift works. This amount included the Council's share of the costs for the government's Lift Upgrading Programme implemented within the Town.

Lift Enhancement Programme (LEP)

Lift Enhancement Programme (LEP) was rolled out to modernise and enhance the safety, reliability and performance of the older lifts. LEP is co-funded by the HDB and Town Council. Such lifts that have been in operation for 18 years or less would be fitted with components identified and recommended by the Building and Construction Authority (BCA). This will bring the older lifts to be on par with the newer ones.

For example, ascending car over speed protection, which monitors and reduces lift speed, unintended car movement protection which guards against failure of lift components, slacken governor rope electrical safety device which initiates a stop when necessary.

Town Improvement Projects

Besides the routine and cyclical maintenance works, improvement projects were also carried out to provide our residents with a better living environment. The improvement projects were prioritised according to the practical benefits for our residents.

In FY 2019/2020, the Council spent about \$3.69 million on improvement projects. The improvement projects that were implemented included covered walkways, fitness corners for adults, fitness corners for senior citizens, game courts, residents' corners, upgraded directional signage/block number signs, bicycle sheds/racks, drop-off porches and children's playgrounds. The provision covered walkways from the nearest block to bus-stops and between blocks, as well as Barrier-Free Access features within the Town that serve to improve convenience and connectivity for residents and were particularly well-received.

Utility Saving Initiatives

The Council is cognizant of the long-term pressure on our operating expenses due to utility costs, which constitute 29% of the Council's operating expenditure. Hence, energy saving initiatives are necessary to help mitigate the effects of increasing electricity costs. The Council, together with 14 other PAP Town Councils, embarked on a bulk relamping exercise to replace all existing less-efficient energy lights to Light Emitting Diode (LED) luminaires. Those at the staircases come with sensor activated dimming feature.

In addition, the electricity supply for a total of 665 eligible contestable accounts were contracted via tender to EMA approved retailers from 1 January 2020 to 31 December 2021, at a discount of 28.5% off the electricity tariff rates of Singapore Power.

To support efforts to fight climate change, the Council also explored other environmentally friendly, sustainable and green alternatives including solar energy. Installation of solar panels at the roof tops of 263 blocks started in February 2019. Work is scheduled to be completed by end 2020. The energy generated is used to power common services such as lifts, pumps, and lights in common areas in the day time.

Town Council Management Report (TCMR)

The Town Council Management Report (TCMR) for the period of April 2018 to March 2019 saw the Council achieving Green Band for a second consecutive year for all the performance indicators such as Estate Cleanliness, Estate Maintenance, Lift Performance, S&CC arrears management and corporate governance.

We would like to thank our residents for their invaluable support and co-operation in the upkeep of the estates, especially in keeping the common areas such as corridors, staircases and lift lobbies clean and tidy and clear of obstructions and hazards, as well as not erecting unauthorized structures such as clothes drying racks and blinds at the common areas.

The Council would continue to strive to maintain the all-green band achieved for our TCMR ratings. We would like to encourage residents to continue to practise proper bagging and disposal of refuse into the chutes and refrain from littering and to contact the Council for the free bulky household item removal service. We also urge our residents to provide feedback on cleanliness and maintenance defects so that the Council could promptly rectify the defects. All these would help significantly towards sustaining our TCMR performance.

Upgrading Programmes

The Government put in place various upgrading programmes such as Neighbourhood Renewal Programme (NRP), Home Improvement Programme (HIP) and Lift Upgrading Programme (LUP), Selective En bloc Redevelopment Scheme (SERS) to rejuvenate older HDB estates as part of the Government's continual efforts to enhance the living environment of our residents.

The residents in the following precincts gave their unstinting support, and benefited from these upgrading programmes, which had either been completed or are in progress:

Home Improvement Programme (HIP)	
Block 174 to 176, 188 and 191 Boon Lay Drive	Completed
Block 401 to 408 Pandan Gardens	In Progress
Block 409 to 416 Pandan Gardens	In Progress
Block 43 to 54 Teban Gardens Road	In Progress
Block 501, 504 and 505 West Coast Drive	In progress. Expected to complete in 1 st quarter 2021
Block 721, 722, 725 and 727 Clementi West Street 2	In progress. Expected to complete in 1 st quarter 2021

Neighbourhood Renewal Programme (NRP)	
Block 257 to 267 and 257A (MSCP) Boon Lay Drive	In progress. Expected to complete in 1 st quarter 2021

Lift Upgrading Programme (LUP)	
Block 501 and 505 West Coast Drive and Block 721, 725 and 727 Clementi West Street 2	In progress. Expected to complete in 3 rd quarter 2021

Selective En bloc Redevelopment Scheme (SERS)	
Block 513 to 520 West Coast Road	In progress. Work expected to complete in 2 nd quarter 2023.

Build-To-Order Flats

More Build-To-Order (BTO) flats are being built to add vibrancy and to build a more cohesive community in our town.

We are looking forward to the completion of upcoming BTO flats, Boon Lay Glade, Jurong West Jewel and West Coast ParkView. When completed, there will be a total of 775 units of 2-, 3-, 4-, 5-room and 3Gen flats for Boon Lay Glade, which is located near Boon Lay Way and Boon Lay Drive. Jurong West Jewel, located at Jurong West Street 93, will have a total of 599 units of 2-, 3-, 4- and 5-room flats. West Coast ParkView located at West Coast Link, will have a total of 697 units of 2-Flexi, 3-, 4-, 5-room and 3Gen flats. All three projects are expected to complete by 2022.

Environmental Management

Maintaining the cleanliness, public hygiene and safety in the estate requires the joint effort from the community. The Council continued to engage the residents with civic responsibility posters, advisories, newsletters, as well as putting up exhibitions during community events, to encourage residents to practice good social habits.

Keep Clean, Singapore!

The Keep Clean, Singapore! 2019 event held in May was jointly organised by the Town Council, the National Environment Agency (NEA), and Public Hygiene Council.

This is part of the nation-wide campaign to create awareness on the importance of keeping public areas clean and that cleanliness is a shared responsibility of every resident. All residents play an important role to care for the environment by not littering and taking ownership to upkeep the cleanliness of their surroundings. Residents and volunteers, led by grassroots leaders, participated in "Keep Clean, Singapore!" to pick up litter at various locations. The day before the clean-up exercise, there were no general cleaning services to the ground floor common areas and open spaces. This is so that residents could observe the actual state of cleanliness and hygiene in their estate before and after the general cleaning has been suspended for a day.

Pest Control

The Council continued with its mosquito control initiative to combat dengue transmission. Through a Dedicated Mosquito Control effort, the Pest Control Operator appointed by the Council carried out scheduled checks, focusing on source reduction by identifying and eradicating mosquito breeding habitats at the common areas and open spaces.

Although the main source of mosquito breeding occurs in homes, the Council would also like to appeal to all our residents to properly dispose their litter and unwanted belongings as these are potential mosquito breeding habitats if indiscriminately disposed in the common areas and open spaces.

The Council, in collaboration with NEA, also stepped up intensive rodent control works under the Rat Attack Programme.

We had also seen an increase in bird related issues in the estates. We would like to urge all residents to refrain from feeding birds as they pose health and hygiene problems. The availability of the food remnants also attract other pests such as rodents and roaches. Residents can report to the Animal & Veterinary Service (AVS) and National Environmental Agency (NEA) if you see anyone engaging in the act of feeding birds and littering, respectively.

Keeping our Estate Obstruction and Hazard Free

Excessive as well as unwanted personal belongings placed at and indiscriminately discarded at corridors, staircases and lift lobbies are a potential source of fire hazard. They also obstruct emergency escape routes, thereby impeding life-saving efforts and evacuation in emergencies.

The Council appeals to all our residents and lessees/tenants of the commercial premises to help keep our Town free from obstructions and hazards in order to have a safe living environment for one and all. Residents who need to dispose bulky household items can contact the Council for the free removal service.

Closed-circuit Televisions (CCTVs) Network

By the 1st quarter 2019, all lifts were installed with Lift Surveillance Systems (LSS). This complemented the island-wide police cameras (PolCams) project rolled out by Singapore Police Force (SPF) to install CCTVs at all HDB blocks and HDB multi-storey car parks. The PolCams at the void decks and ground floor staircase landings, together with the LSS installed in the lifts by the Town Council form a CCTV network for better security of our residents.

Feedback & Communication

The Town Council values the communication and feedback from our residents. We would continue to engage and reach out to our residents and build rapport through the various modes and channels of communication. Besides traditional modes of communication, the Council, in keeping up to date with new technology, rolled out LED digital notice boards to reach out to more people. This is an additional platform to the traditional notice boards to improve communication and connectivity, as well as efficiency and productivity.

Digital Display Notice Boards

To better communicate and to reach out to more residents, 790 Digital Display Notice Boards (DDNB) were installed at the ground floor lift lobbies across our HDB estate. Installation was completed in February 2020.

iTown@SG

The iTown@SG provides another convenient communication platform for our residents to provide feedback on maintenance matters. Residents are able to take a photo of the maintenance issue and submit it to the Council via their smartphones.

One Service App

As part of the government's on-going efforts to improve the delivery of municipal services in Singapore, the Municipal Services Office (MSO) works with various agencies including Town Councils, to fine-tune and enhance the current processes to better manage and address public feedback on municipal issues.

The One Service App which was launched in January 2015 is made convenient for users to submit their feedback on one common platform, as the app automatically directs each feedback to the relevant agency to provide a more timely and efficient service. Other functions provided by One Service App include photo attachment and geo-tagging to allow users to submit a more comprehensive report.

Town News

Residents are kept informed of the latest happenings, estate improvements and maintenance information and community updates through the newsletter which is distributed to HDB dwellers and commercial tenants.

Website

The West Coast Town Council website provides essential and useful information including Council's services, responsibilities, cyclical maintenance and improvement works planned by the council, annual report, and by-laws. Besides being a convenient source of information, it also provides an alternative feedback channel for residents to the Council.

We Value Feedback

The Council values the feedback from all our residents. Residents are welcome to reach the Council directly via the various channels of communication. They can also raise their concerns and contribute their feedback and suggestions through their Town Councillors, grassroots leaders, and their Members of Parliament during the regular house-to-house visits, dialogue sessions, community events and Meet-the-People sessions.

Audited Financial
Statements

**Audited Financial
Statements
For The Period
1 April 2019
To
31 March 2020**

WEST COAST TOWN COUNCIL
(Established under the Town Councils Act, Cap. 329A)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

MAZARS LLP
Public Accountants and
Chartered Accountants
Singapore

WEST COAST TOWN COUNCIL

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

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
WEST COAST TOWN COUNCIL**

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of West Coast Town Council (the "Town Council"), which comprise the statement of financial position of the Town Council as at 31 March 2020, and the statements of income and expenditure, comprehensive income, changes in funds and 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.

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 give a true and fair view of the financial position of the Town Council as at 31 March 2020 and of the financial performance, changes in funds and cash flows of the Town Council for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditors' 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* (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.

Other Information

Management is responsible for the other information. The other information relates to the Chairman's Review included in the annual report, which we obtained prior to the date of this report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide 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.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
WEST COAST TOWN COUNCIL (Continued)**

Report on the Audit of Financial Statements (Continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements (Continued)

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 going concern basis of accounting.

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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 the management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WEST COAST TOWN COUNCIL (Continued)

Report on Other Legal and Regulatory Requirements

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 *Auditors' 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* (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.

In our opinion:

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

Responsibilities of Management for Compliance with Legal and Regulatory Requirements

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

Auditors' Responsibilities for the Compliance Audit

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We conducted our audit in accordance with SSAs. 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 controls relevant to the receipts, expenditure, investment of moneys and the acquisition and disposal of assets; and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for the purpose of expressing an opinion on the effectiveness of the Town Council's internal controls. Because of the inherent limitations in any accounting and internal control system, non-compliances may nevertheless occur and not be detected.



MAZARS LLP
Public Accountants and
Chartered Accountants

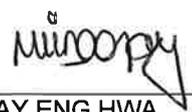
Singapore
30 October 2020

WEST COAST TOWN COUNCIL

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2020

	Note	2020 S\$	2019 S\$
TOWN COUNCIL FUNDS			
Residential property			
Accumulated surplus	3	5,700,963	5,635,426
Sinking fund	4	84,893,920	80,811,254
Lift replacement fund	5	28,868,987	23,613,982
Town improvement and project fund	6	809,254	666,470
		120,273,124	110,727,132
Commercial property			
Accumulated surplus	3	771,263	623,793
Sinking fund	4	18,554,053	18,543,645
Lift replacement fund	5	4,516,232	3,973,400
Town improvement and project fund	6	40,746	33,530
		23,882,294	23,174,368
Carpark			
Accumulated surplus	3	-	-
		144,155,418	133,901,500
REPRESENTED BY:			
Non-current asset			
Property, plant and equipment	8	1,449,489	15,359
		1,449,489	15,359
Current assets			
Financial assets at amortised cost	9	-	3,000,000
Financial assets at fair value through income and expenditure	10	37,287,172	37,893,958
Conservancy and service fee receivables	11	1,269,320	1,212,232
Receivable for Neighbourhood Renewal Programme	7	902,434	711,812
Other receivables	12	7,599,228	5,563,767
Interest receivable		930,697	454,459
Cash and bank balances	13	108,440,111	95,885,179
		156,428,962	144,721,407
Total assets		157,878,451	144,736,766
Less:			
Non-current liability			
Lease liabilities	14(b)	943,172	-
Current liabilities			
Conservancy and service fee received in advance		741,064	689,576
Advances received for Neighbourhood Renewal Programme	7	6,595	281,756
Lease liabilities	14(b)	503,112	-
Payables and accrued expenses	15	9,803,467	8,308,114
Current tax payable		1,725,623	1,555,820
		12,779,861	10,835,266
Net current assets		143,646,982	133,886,141
		144,155,418	133,901,500


PATRICK JAY TECK GUAN, BBM
Chairman


TAY ENG HWA
Secretary

30 October 2020

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

WEST COAST TOWN COUNCIL

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

	Note	<u>2020</u> S\$	<u>2019</u> S\$
Operating income			
Conservancy and service fees		43,464,275	43,051,391
Less: Operating transfer to:			
- Sinking fund (minimum required by law)	4	11,300,712	11,193,362
- Lift replacement fund (minimum required by law)	5	6,084,999	6,027,194
		26,078,564	25,830,835
Agency fees	16	3,768,290	3,772,990
Other income	17	2,483,036	2,529,233
		32,329,890	32,133,058
Less:			
Operating expenditure			
Cleaning works		5,944,849	5,868,067
Managing agent's fees	18	5,032,430	4,717,581
Lift maintenance		6,823,091	6,240,932
Other works and maintenance		5,519,367	5,380,009
Water and electricity		10,539,352	9,806,320
General and administrative expenditure	21	1,872,374	1,964,695
		35,731,463	33,977,604
Operating deficit		(3,401,573)	(1,844,546)
Add:			
Non-operating income			
Interest income		171,361	104,603
Deficit before taxation and government grants		(3,230,212)	(1,739,943)
Less:			
Income tax	23	278,183	282,341
Deficit after taxation but before government grants		(3,508,395)	(2,022,284)
Add:			
Government grants	25	14,229,695	13,910,645
Less: Transfer to sinking fund	4	2,004,742	1,995,171
Less: Transfer to lift replacement fund	5	4,666,391	4,629,481
Less: Transfer to town improvement and project fund	6	2,932,236	2,681,750
		4,626,326	4,604,243
Surplus for the year		1,117,931	2,581,959
Add:			
Accumulated surplus at 1 April		6,259,219	4,874,927
Less:			
Appropriation to town improvement and project fund	6	904,924	1,197,667
Accumulated surplus at 31 March		6,472,226	6,259,219

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

WEST COAST TOWN COUNCIL

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

	Note	Total		Residential Property		Commercial Property		Carpark	
		2020 S\$	2019 S\$	2020 S\$	2019 S\$	2020 S\$	2019 S\$	2020 S\$	2019 S\$
Surplus/(Deficit) for the year:									
- Accumulated surplus	3	1,117,931	2,581,959	714,758	2,174,878	190,997	120,645	212,176	286,436
- Sinking fund	4	4,093,074	8,127,359	4,082,666	7,862,876	10,408	264,483	-	-
- Lift replacement fund	5	5,797,837	8,194,733	5,255,005	7,628,707	542,832	566,026	-	-
- Town improvement and project fund	6	(754,924)	(1,197,667)	(718,613)	(1,140,538)	(36,311)	(57,129)	-	-
Total surplus for the year		10,253,918	17,706,384	9,333,816	16,525,923	707,926	894,025	212,176	286,436
Other comprehensive income, net of tax		-	-	-	-	-	-	-	-
Total comprehensive income for the year attributable to Town Council Funds		10,253,918	17,706,384	9,333,816	16,525,923	707,926	894,025	212,176	286,436

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

WEST COAST TOWN COUNCIL

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

	<u>Total</u> S\$	<u>Residential</u> <u>Property</u> S\$	<u>Commercial</u> <u>Property</u> S\$	<u>Carpark</u> S\$
Balance at 1 April 2018	116,195,116	93,914,773	22,280,343	-
Total comprehensive income for the year	17,706,384	16,525,923	894,025	286,436
Add/(Less):				
Inter-fund transfer	-	286,436	-	(286,436)
Balance at 31 March 2019	133,901,500	110,727,132	23,174,368	-
Balance at 1 April 2019	133,901,500	110,727,132	23,174,368	-
Total comprehensive income for the year	10,253,918	9,333,816	707,926	212,176
Add/(Less):				
Inter-fund transfer	-	212,176	-	(212,176)
Balance at 31 March 2020	144,155,418	120,273,124	23,882,294	-

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

WEST COAST TOWN COUNCIL

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020**

	Note	2020 S\$	2019 S\$
Operating activities			
Deficit in income and expenditure statement before taxation and government grants		(3,230,212)	(1,739,943)
Adjustments for:			
Conservancy and service fees transferred to sinking fund	4	11,300,712	11,193,362
Conservancy and service fees transferred to lift replacement fund	5	6,084,999	6,027,194
Depreciation of property, plant and equipment	8	135,856	5,140
Plant and equipment written off		8	13
Lease interest expense	14(c)	19,096	-
Interest income	3	(171,361)	(104,603)
Operating surplus before working capital changes		14,139,098	15,381,163
Decrease in conservancy and service fee and other receivables		(948,314)	(772,897)
Increase in creditors and conservancy and service fee received in advance		1,610,206	2,261,364
Net movement in receivable/advances received for Neighbourhood Renewal Programme		(465,783)	314,321
Cash generated from operations		14,335,207	17,183,951
Income tax paid		(487,091)	-
Sinking fund income		388,033	150
Sinking fund expenditure	4	(10,062,664)	(6,051,449)
Lift replacement fund expenditure	5	(5,386,440)	(2,748,190)
Town improvement and project fund expenditure	6	(3,687,160)	(3,879,417)
Net cash generated from operating activities		(4,900,115)	4,505,045
Cash flows from investing activities			
Purchase of plant and equipment	8	(1,806)	(2,567)
Interest received		1,357,005	1,036,374
Redemption of quoted bonds	9	3,000,000	5,000,000
Net cash generated from investing activities		4,355,199	6,033,807
Cash flows from financing activities			
Payment of lease principal		(141,000)	-
Government grants received		13,078,861	12,843,347
Net cash generated from financing activities		12,937,861	12,843,347
Net increase in cash and cash equivalents		12,392,945	23,382,199
Cash and cash equivalents at beginning of year		94,727,942	71,345,743
Cash and cash equivalents at end of year	13	107,120,887	94,727,942

Reconciliation of liability arising from financing activities

	1 April 2019 S\$	Financing cash outflows S\$	Non-cash movement		31 March 2020 S\$
			Acquisition S\$	Interest expenses S\$	
Liability					
Lease liabilities	-	(141,000)	1,568,188	19,096	1,446,284

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

WEST COAST TOWN COUNCIL

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

1 General information

The Town Council was established on 13 November 2001 under the Town Councils Act (Chapter 329A) and commenced operations on 1 January 2002. The name was changed from West Coast-Ayer Rajah Town Council to West Coast Town Council on 26 May 2006. In FY 2015/2016, the electoral boundaries were redrawn following the General Elections in September 2015. The Clementi Division and seven blocks in the Ghim Moh Link estate were handed over to the Jurong-Clementi Town Council and Holland-Bukit Panjang Town Council respectively. The legal date of handing over of the maintenance of the common properties for handed over properties was on 1 December 2015. The Town now comprises the constituencies of West Coast GRC and Pioneer SMC. The functions of the Town Council are to control, manage, maintain and improve the common property of residential and commercial property in the housing estates of the Housing and Development Board (HDB) within the Town.

The financial statements of the Town Council for the financial year ended 31 March 2020 were authorised for issue by the members of Town Council on 30 October 2020.

The head office of the Town Council is situated at:

Blk 441A Clementi Avenue 3
#02-01
Singapore 121441

2 Summary of significant accounting policies

(a) Accounting convention

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

(b) Basis of preparation of financial statements

(i) The preparation of financial statements in conformity with FRSs requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the Town Council's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2(r).

(ii) Adoption of new and revised standards

On 1 April 2019, the Town Council has adopted the new or revised FRSs that are mandatory for application from that date.

The adoption of new or revised FRS which are relevant to the Town Council's operations did not result in substantial changes to the Town Council's accounting policies and had no material effects on the amounts reported for the current or prior financial years.

2 Summary of significant accounting policies (Continued)

(c) Funds

Town Council Fund

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

Residential Property; and
Commercial Property

Car parks are maintained by the Town Council for Housing and Development Board ("HDB") on an agency basis.

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

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

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

Sinking Fund

In accordance with Section 33(4) of the Act, Sinking Fund is established for the improvement to, management and maintenance of residential and commercial properties. This fund is maintained as part of the Town Council funds.

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

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

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 and other comprehensive income.

The Sinking Fund is utilised for cyclical major repainting, renewal or replacement of any roofing system, water tanks, pumps and water supply system, electrical supply system, lightning protection system, major repairs and maintenance of the common area and improvement contributions to the HDB in respect of general upgrading works carried out on the common property as defined under the Housing and Development Act., any other works which may be prescribed from time to time, or for paying at the end of a financial year surpluses to any Lift Replacement Fund as authorized by the Act or the Town Council Financial Rules.

WEST COAST TOWN COUNCIL

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

2 Summary of significant accounting policies (Continued)

(c) Funds (Continued)

Lift Replacement Fund

In accordance with Section 33(4A) of the Act, Lift Replacement Fund ("LRF") is established from 1 April 2017, to meet the cost of cyclical lift replacements, lift-related replacement works and lift upgrading works. This fund is maintained as part of the Town Council funds.

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

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

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 and other comprehensive income.

To help Town Councils cope with the operating need and long-term capital expenditure requirement for lift replacements and lift-related works, the Ministry of National Development will provide two additional grants-in-aids, namely Lift Maintenance Grant (LMG) and LRF Matching Grant, from 1 April 2017.

Town Improvement and Project Fund

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

TIPF comprise the amounts set aside for projects to be carried out in the next financial year. All expenditures on town improvement and projects are appropriated from these reserves.

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

(d) Allocation of general overheads

Expenditure not specifically related to any property type managed, for example, administrative overheads, tree planting and pruning are allocated to the various property types using equivalent dwelling units as follows:

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

The Town Council apportions 5% of general overheads from Routine Fund to Sinking Fund and Lift Replacement Fund.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (Continued)

2 Summary of significant accounting policies (Continued)

(e) Government grants

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

Service and Conservancy Charge Grants to meet the current year's operating expenditure are taken to the income and expenditure statement.

Payments from Citizen's Consultative Committees are given as reimbursement claims under the Community Improvement Projects Committee scheme.

The GST subvention is given as a grants-in-aid and is granted to Town Councils for absorbing the GST increases in service and conservancy charge for HDB residential flats.

The Lift Maintenance Grant helps Town Councils cope with the higher lift-related servicing and maintenance costs.

The LRF Matching Grant is to assist Town Councils in building up the Lift Replacement Fund.

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

(f) Property, plant and equipment

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

Cost also includes acquisition cost, any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Town Council. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the Town Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income and expenditure statement when they are incurred.

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Furniture, fixtures and fittings	20%
Data processing equipment	33.3%
Office equipment	20%
Renovation	20%
Leasehold buildings	Over remaining lease period

2 Summary of significant accounting policies (Continued)

(f) Property, plant and equipment (Continued)

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

Depreciation is charged from the month of asset acquisition. For disposal of assets, depreciation is charged up to the previous month of disposal. property, plant and equipment costing below S\$1,000 each and purchase of computer software are charged to the income and expenditure statement in the year of purchase.

For right-of-use assets for which ownership of the underlying asset is not transferred to the Town Council by the end of the lease term, depreciation is charged over the lease term, using the straight-line method. The lease period is disclosed in Note 14.

(g) Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at the same time every year on the non-financial assets. The carrying amount of non-financial assets is reviewed at each reporting date for indications of impairment and where impairment is found, the asset is written down through the income and expenditure statement to its estimated recoverable amount.

The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in the income and expenditure statement. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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

(h) Financial instruments

The Town Council recognises a financial asset or a financial liability in its statement of financial position when, and only when, the Town Council becomes party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through income and expenditure.

2 Summary of significant accounting policies (Continued)

(h) Financial instruments (Continued)

Financial assets

Initial recognition and measurement

All financial assets are recognised on trade date – the date on which the Town Council commits to purchase or sell the asset. With the exception of trade receivables that do not contain a significant financing component or for which the Town Council applies a practical expedient, all financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through income and expenditure, which are initially measured at fair value.

Financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI") and fair value through income and expenditure ("FVTIE"). The classification at initial recognition depends on the Town Council's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The Town Council's business model refers to how the Town Council manages its financial assets in order to generate cash flows which determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Town Council determines whether the asset's contractual cash flows are solely payments of principal and interest ("SPPI") on the principal amount outstanding to determine the classification of the financial assets.

Financial assets at amortised cost

A financial asset is subsequently measured at amortised cost if 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.

Subsequent to initial recognition, the financial asset at amortised cost are measured using the effective interest method and is subject to impairment. Gains or losses are recognised in income and expenditure when the asset is derecognised, modified or impaired.

Financial assets at FVTPL

A financial asset is subsequently measured at FVTIE if the financial asset is a financial asset held for trading, is not measured at amortised cost or at FVTOCI, or is irrevocably elected at initial recognition to be designated FVTIE if, by designating the financial asset as FVTPL, eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Gains or losses are recognised in income and expenditure.

2 Summary of significant accounting policies (Continued)

(h) Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

The Town Council recognises a loss allowance for expected credit losses ("ECL") on financial assets subsequently measured at amortised cost. At each reporting date, the Town Council assesses whether the credit risk on a financial asset has increased significantly since initial recognition by assessing the change in the risk of a default occurring over the expected life of the financial instrument. Where the financial asset is determined to have low credit risk at the reporting date, the Town Council assumes that the credit risk on a financial asset has not increased significantly since initial recognition.

The Town Council uses reasonable and supportable forward-looking information that is available without undue cost or effort as well as past due information when determining whether credit risk has increased significantly since initial recognition.

Where the credit risk on that financial instrument has increased significantly since initial recognition, the Town Council measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Where the credit risk on that financial instrument has not increased significantly since initial recognition, the Town Council measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

The amount of ECL or reversal thereof that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised in income and expenditure.

The Town Council directly reduces the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

For details on the Town Council's accounting policy for its impairment of financial assets, refer to Note 28.

Impairment of conservancy and service fees receivables

Conservancy and service fees receivables are recognized when they are due and payable to the Town Council. The Town Council applies FRS 109, where appropriate, in the measurement and recognition of ECL on these receivables, through the application of an allowance matrix derived based on their historical credit low experience, adjusted for current conditions and forecasts of future economic conditions. For details, refer to Note 28.

Derecognition of financial assets

The Town Council derecognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Town Council neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Town Council recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Town Council retains substantially all the risks and rewards of ownership of a transferred financial asset, the Town Council continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

2 Summary of significant accounting policies (Continued)

(h) Financial instruments (Continued)

Financial liabilities

Initial recognition and measurement

All financial liabilities are recognised on trade date – the date on which the Town Council commits to purchase or sell the asset. All financial liabilities are initially measured at fair value, minus transaction costs, except for those financial liabilities classified as at fair value through income and expenditure, which are initially measured at fair value.

Financial liabilities are classified as either financial liabilities at fair value through income and expenditure or other financial liabilities.

Financial liabilities are classified as at fair value through income and expenditure if the financial liability is either held for trading or it is designated as such upon initial recognition. Financial liabilities classified as at fair value through income and expenditure comprise derivatives that are not designated or do not qualify for hedge accounting.

Other financial liabilities

Trade and other payables

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis. A gain or loss is recognised in income and expenditure when the liability is derecognised and through the amortisation process.

Derecognition of financial liabilities

The Town Council derecognises financial liabilities when, and only when, the Town Council's obligations are discharged, cancelled or they expire.

(i) Funds with fund managers

Funds with fund managers represent the cost of the portfolio of assets placed with fund managers at the beginning of each management term plus investment income less management fees payable during the management term.

Funds with fund managers comprise mainly equities, bonds, cash and fixed deposits. Equities and bonds are stated on an aggregate portfolio basis and are designated as financial assets at fair value through income and expenditure at inception in the statement of financial position.

On expiry of the management term, any surplus over and above the performance benchmark will be shared between the Town Council and the fund managers on the agreed basis.

2 Summary of significant accounting policies (Continued)

(j) Fair value of financial instruments

The carrying values of current financial assets and financial liabilities including cash, accounts receivable, accounts payable approximate their fair values due to the short-term maturity of these instruments. Disclosures of fair value are not made when the carrying amount is a reasonable approximation of fair value. The fair values of non-current financial instruments may not be disclosed unless there are significant items at the end of the year and in that event, the fair values are disclosed in the relevant notes. The maximum exposure to credit risk is the fair value of the financial instruments at the end of the reporting period. The fair value of a financial instrument is derived from an active market. The appropriate quoted market price for an asset held or liability to be issued is usually the current bid price without any deduction for transaction costs that may be incurred on sale or other disposal and, for an asset to be acquired or liability held, the asking price. If there is no market, or the markets available are not active, the fair value is established by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of similar instruments and incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. As far as unquoted equity instruments are concerned, in cases where it is not possible to reliably measure the fair value, such instruments are carried at cost less accumulated allowance for impairment.

(k) Provisions

A 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 the income and expenditure statement in the period they occur.

(l) Leases as a lessee

The Town Council applied FRS 116 using the modified retrospective approach and therefore the comparative information has not been restated. Accordingly, the comparative information was prepared and disclosures made in accordance with the requirements of FRS 117 *Leases* and INT FRS 104 *Determining whether an Arrangement contains a lease*.

The Town Council as a lessee from 1 April 2019

These accounting policies are applied on and after the initial application date of FRS 116 (i.e. 1 January 2019).

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

Where a contract contains more than one lease component, the Town Council allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component. Where the contract contains non-lease components, the Town Council applied the practical expedient to not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

2 Summary of significant accounting policies (Continued)

(I) Leases as a lessee

The Town Council recognises a right-of-use asset and lease liability at the lease commencement date for all lease arrangement for which the Town Council is the lessee, except for leases which have lease term of 12 months or less and leases of low value assets for which the Town Council applied the recognition exemption allowed under FRS 116. For these leases, the Town Council recognises the lease payment as an operating expense on a straight-line basis over the term of the lease.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. When the lease transfers ownership of the underlying asset to the Town Council by the end of the lease term or the cost of the right-of-use asset reflects that the Town Council will exercise a purchase option, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. The right-of-use asset is also reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability, where applicable.

Right-of-use asset is presented within "property, plant and equipment".

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate.

The Town Council generally uses the incremental borrowing rate as the discount rate. To determine the incremental borrowing rate, the Town Council obtains a reference rate and makes certain adjustments to reflect the terms of the lease and the asset leased.

The lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any lease incentive receivable,
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable under a residual value guarantee,
- the exercise price under a purchase option that the Town Council is reasonably certain to exercise, and
- payments of penalties for terminating the lease if the Town Council is reasonably certain to terminate early and lease payments for an optional renewal period if the Town Council is reasonably certain to exercise an extension option.

The lease liability is measured at amortised cost using the effective interest method. The Town Council remeasures the lease liability when there is a change in the lease term due to a change in assessment of whether it will exercise a termination or extension or purchase option or due to a change in future lease payment resulting from a change in an index or a rate used to determine those payment.

Where there is a remeasurement of the lease liability, a corresponding adjustment is made to the right-of-use asset or in income and expenditure where there is a further reduction in the measurement of the lease liability and the carrying amount of the right-of-use asset is reduced to zero.

2 Summary of significant accounting policies (Continued)

(l) Leases as a lessee

The Town Council as a lessee before 1 January 2019

At the lease commencement date, the Town Council assess and classify each lease as either a finance lease or operating lease.

Operating Leases

Rentals payable under operating leases are charged to income and expenditure on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(m) Income tax

Income tax is provided on the following income:

- i) Income derived from investment;
- ii) Fees, rent and other charges received from non-residents or non-owners of properties in the Town for maintenance and use of common property, and car park where the Town Council opts to maintain and/or manage them;
- iii) Donations from non-residents or non-owners of properties in the Town; and
- iv) Agency fee derived from acting as agents for HDB and other Town Councils.

The income taxes are accounted using the liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Income tax expense represents the sum of the tax currently payable and deferred tax. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences.

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

2 Summary of significant accounting policies (Continued)

(n) Recognition of income

The income amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the year arising from the course of the ordinary activities of the Town Council and it is shown net of related tax and rebates.

The following income revenues arises in the course of the ordinary activities of the Town Council.

- (i) Conservancy and service fees are recognised when due and payable, in accordance with the then applicable conservancy and service rates.
- (ii) Agency fees are fees received for routine maintenance of HDB's carparks and common property within the Town, and are recognised when due and payable. The fees are measured based on the consideration to which the Town Council expects to be entitled in exchange for transferring the promised services to the counterparty, excluding amounts collected on behalf of third parties, if applicable. It is recognised when or as the Town Council satisfies a performance obligation by transferring a promised service to the counterparty, which is when or as the counterparty obtains control of the service.
- (iii) Interest income from fixed deposits and bonds is recognised using the effective interest method.
- (iv) Income from funds placed with fund managers is recognised in the income and expenditure statement/Sinking Fund/Lift Replacement Fund.
- (v) Other income comprises mainly temporary occupation licenses ("TOL"), liquidated damages and other miscellaneous income and are recognised when due.

(o) Inter-fund transfer

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

(p) Functional currency

Items included in the financial statements of the Town Council are measured using the currency of the primary economic environment in which the Town Council operates ("the functional currency"). The financial statements of the Town Council are presented in Singapore dollars which is also the functional currency of the Town Council.

(q) Receivable/advances received for neighbourhood renewal programme

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

The funding for the programme belongs to the government which is for the specific use of projects under the programme. The Town Council receives a funding of S\$3,400 and S\$1,300 per dwelling unit to cover NRP construction costs, professional and consultancy fees and additional works including repainting and various repair works respectively. In addition, the Town Council shall be entitled to a sum of S\$150 per dwelling unit or S\$125,000, whichever is higher, to cover miscellaneous costs relating to the NRP project. However, if the cost of project works incurred exceeds the funding provided, the Town Council has to bear the cost of excess expenditure.

2 Summary of significant accounting policies (Continued)

(r) Critical judgements, assumptions and estimation uncertainties

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

Critical accounting estimates and assumptions used that are significant to the financial statements are described below:

(i) ECL for conservancy and service fees receivables

The Town Council uses an allowance matrix to measure ECLs for conservancy and service fees receivables. The loss rates are based on days past due for groupings of various receivable segments that have similar loss patterns.

The provision matrix is initially based on the Town Council's historical observed default rates. The Town Council will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Town Council's historical credit loss experience and forecast of economic conditions may also not be representative of receivable's actual default in the future. The information about the ECLs on the Town Council's receivables is disclosed in Note 28.

The expected loss allowance on the Town Council's receivables as at 31 March 2020 is S\$313,594 (31 March 2019: S\$413,563).

(ii) Income tax

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

WEST COAST TOWN COUNCIL

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

3 Accumulated surplus

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

	Note	2020 S\$	Total 2019 S\$	Residential property 2020 S\$	Residential property 2019 S\$	Commercial property 2020 S\$	Commercial property 2019 S\$	2020 S\$	2019 S\$	Carpark 2020 S\$	2019 S\$
OPERATING INCOME											
Conservancy and service fees		43,464,275	43,051,391	40,560,126	40,170,760	2,904,149	2,880,631	-	-	-	-
Less: Operating transfer to:											
- Sinking fund (minimum required by law)	4	11,300,712	11,193,362	10,545,633	10,444,398	755,079	748,964	-	-	-	-
- Lift replacement fund (minimum required by law)	5	6,084,999	6,027,194	5,678,418	5,623,906	406,581	403,288	-	-	-	-
Agency fees	16	26,078,564	25,830,835	24,336,075	24,102,456	1,742,489	1,728,379	-	-	-	-
Other income	17	2,483,036	2,529,233	1,973,406	2,036,594	480,499	459,469	3,768,290	3,772,990	29,131	33,170
		32,329,890	32,133,058	26,309,481	26,139,050	2,222,988	2,187,848	3,797,421	3,806,160	-	-
Less:											
Operating expenditure		35,731,463	33,977,604	30,119,821	28,407,273	2,037,133	2,068,518	3,574,509	3,501,813	-	-
Operating (deficit)/surplus		(3,401,573)	(1,844,546)	(3,810,340)	(2,268,223)	185,855	119,330	222,912	304,347	-	-
Add:											
Non-operating income – interest income and government grants		171,361	104,603	146,688	89,550	7,409	4,503	17,264	10,550	-	-
Less:											
Income tax	23	278,183	282,341	238,141	241,710	12,042	12,170	28,000	28,461	-	-
(Deficit)/surplus after taxation but before government grants		(3,508,395)	(2,022,284)	(3,901,793)	(2,420,383)	181,222	111,663	212,176	286,436	-	-
Add:											
Government grants	25	14,229,695	13,910,645	13,864,647	13,568,818	365,048	341,827	-	-	-	-
Less: Transfer to											
- Sinking fund	4	2,004,742	1,995,171	2,000,506	1,991,277	4,236	3,894	-	-	-	-
- Lift replacement fund	5	4,666,391	4,629,481	4,456,395	4,428,449	209,996	201,032	-	-	-	-
- Town improvement and project fund	6	2,932,236	2,881,750	2,791,195	2,553,831	141,041	127,919	-	-	-	-
		4,626,326	4,604,243	4,616,551	4,595,261	9,775	8,982	-	-	-	-
Surplus for the year		1,117,931	2,581,959	714,758	2,174,878	190,997	120,645	212,176	286,436	-	-
Add:											
Accumulated surplus at 1 April (Less)/Add:		6,259,219	4,874,927	5,635,426	4,314,510	623,793	560,417	-	-	-	-
Appropriation to town improvement and project fund	6	(904,924)	(1,197,667)	(861,397)	(1,140,398)	(43,527)	(57,269)	-	-	-	-
Inter-fund transfer		-	-	212,176	286,436	-	-	(212,176)	(286,436)	-	-
Accumulated surplus at 31 March		6,472,226	6,259,219	5,700,963	5,635,426	771,263	623,793	-	-	-	-

WEST COAST TOWN COUNCIL

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

4 Sinking fund

	<u>Note</u>	<u>2020</u> <u>S\$</u>	<u>Total</u> <u>2019</u> <u>S\$</u>	<u>Residential property</u> <u>2020</u> <u>S\$</u>	<u>2019</u> <u>S\$</u>	<u>Commercial property</u> <u>2020</u> <u>S\$</u>	<u>2019</u> <u>S\$</u>
Balance at 1 April		99,354,899	91,227,540	80,811,254	72,948,378	18,543,645	18,279,162
Add:							
Income		1,145,624	1,230,869	1,091,062	1,177,739	54,562	53,130
Operating transfers from:	19(a)						
- Conservancy and service fees		11,300,712	11,193,362	10,545,633	10,444,398	755,079	748,964
- (minimum required by law)	3	2,004,742	1,995,171	2,000,506	1,991,277	4,236	3,894
- Transfer from government grants	3	14,451,078	14,419,402	13,637,201	13,613,414	813,877	805,988
Less:							
Expenditure	19(b)	10,062,664	6,061,449	9,273,401	5,521,469	789,263	529,980
Less:							
Income tax	23	295,340	240,594	281,134	229,069	14,206	11,525
Surplus for the year		4,093,074	8,127,359	4,082,666	7,862,876	10,408	264,483
Balance at 31 March		103,447,973	99,354,899	84,893,920	80,811,254	18,554,063	18,543,645
Represented by:							
Non-current assets	9	-	-				
Financial assets at amortised cost							
Current assets							
Financial assets at amortised cost	9		3,000,000				
Financial assets at fair value through income and expenditure	10	37,287,172	37,893,958				
Conservancy and service fee receivables		266,071	284,678				
Amount owing from Routine Fund		2,957,923	2,960,409				
Other receivables		482,649	524,526				
Interest receivable		625,281	339,949				
Cash and bank balances		64,467,124	55,513,492				
		106,086,220	100,517,012				
Less:							
Current liabilities							
Current tax payable		742,351	668,877				
Payables and accrued expenses		1,895,896	493,236				
		2,638,247	1,162,113				
Net current assets		103,447,973	99,354,899				
		103,447,973	99,354,899				

WEST COAST TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (Continued)

5 Lift replacement fund

	Note	2020 S\$	Total 2019 S\$	Residential property 2020 S\$	2019 S\$	Commercial property 2020 S\$	2019 S\$
Balance at 1 April		27,587,382	19,392,649	23,613,982	15,985,275	3,973,400	3,407,374
Add:							
Income	20(a)	516,258	331,317	491,445	315,444	24,813	15,873
Operating transfer from Conservancy and service fees (minimum required by law)	3	6,084,999	6,027,194	5,678,418	5,623,906	406,581	403,288
		6,601,257	6,358,511	6,169,863	5,939,350	431,394	419,161
Add:							
Transfer from Government Grants – LRF Matching Grant		3,586,915	3,555,158	3,379,200	3,356,220	207,715	198,938
– Other government grants	3	1,079,476	1,074,323	1,077,195	1,072,229	2,281	2,094
– Total		4,666,391	4,629,481	4,456,395	4,428,449	209,996	201,032
Less:							
Expenditure	20(b)	5,386,440	2,748,190	5,291,892	2,696,182	94,548	52,008
Less:							
Income tax	23	83,371	45,069	79,361	42,910	4,010	2,159
Surplus for the year		5,797,837	8,194,733	5,255,005	7,628,707	542,832	566,026
Balance at 31 March		33,385,219	27,587,382	28,868,987	23,613,982	4,516,232	3,973,400
Represented by:							
Current assets							
Conservancy and service fee receivables		143,269	153,288				
Amount owing from Routine Fund		1,587,932	1,553,572				
Other receivables		1,309,313	838,308				
Interest receivable		239,075	92,227				
Cash and bank balances		31,575,028	25,548,348				
		34,854,617	28,185,743				
Less:							
Current liabilities							
Current tax payable		157,977	74,606				
Payables and accrued expenses		1,311,421	523,755				
		1,469,398	598,361				
Net current assets		33,385,219	27,587,382				
		33,385,219	27,587,382				

WEST COAST TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (Continued)

6 Town improvement and project fund

	Note	Total 2020 S\$	2019 S\$	Residential property 2020 S\$	2019 S\$	Commercial property 2020 S\$	2019 S\$
Balance at 1 April		700,000	700,000	666,470	666,610	33,530	33,390
Add:							
Transfer from government grants	3	2,932,236	2,681,750	2,791,195	2,553,831	141,041	127,919
Less:							
Payment to contractors		3,687,160	3,879,417	3,509,808	3,694,369	177,352	185,048
Deficit for the year		(754,924)	(1,197,667)	(718,613)	(1,140,538)	(36,311)	(57,129)
Appropriation from accumulated surplus	3	904,924	1,197,667	861,397	1,140,398	43,527	57,269
Balance at 31 March		850,000	700,000	809,254	666,470	40,746	33,530

Represented by:

Current asset		
Other receivables	4,166,348	2,930,208
Less:		
Current liabilities		
Amount owing to Routine Fund	2,384,150	1,531,472
Payables and accrued expenses	932,198	698,736
	3,316,348	2,230,208
	850,000	700,000

These projects are funded by Town Council using the Town Council Fund and by the Citizens' Consultative Committee ("CCC").

Out of the total of S\$3,687,160 (2019: S\$3,879,417) spent on town improvement projects, S\$2,932,236 (2019: S\$2,681,750) was met by payment from CCC.

WEST COAST TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (Continued)

7 (Receivable)/Advances received for Neighbourhood Renewal Programme

	<u>2020</u> S\$	<u>2019</u> S\$
Balance at 1 April	(430,056)	(744,377)
Funding from government	1,824,052	1,585,951
Payment to contractors	(2,289,835)	(1,271,630)
Balance at 31 March	(895,839)	(430,056)

Represented by:

Receivable for Neighbourhood Renewal Programme	(902,434)	(711,812)
Advances received for Neighbourhood Renewal Programme	6,595	281,756
Balance at 31 March	(895,839)	(430,056)

8 Property, plant and equipment

	<u>Total</u> S\$	<u>Furniture, fixtures and fittings</u> S\$	<u>Data processing equipment</u> S\$	<u>Office equipment</u> S\$	<u>Renovation</u> S\$	<u>Leasehold buildings</u> S\$
<u>Cost</u>						
Balance at 1 April 2019	1,754,950	468,106	186,112	168,448	932,284	-
Additions during the year	1,569,994	1,806	-	-	-	1,568,188
Disposals/written off	(15,242)	(2,796)	(8,656)	(3,790)	-	-
Balance at 31 March 2020	3,309,702	467,116	177,456	164,658	932,284	1,568,188

**Accumulated
depreciation**

Balance at 1 April 2019	1,739,591	465,437	185,988	155,883	932,283	-
Depreciation for the year (Note 21)	135,856	1,002	-	4,172	-	130,682
Disposals/written off	(15,234)	(2,791)	(8,654)	(3,789)	-	-
Balance at 31 March 2020	1,860,213	463,648	177,334	156,266	932,283	130,682

Net book value

Balance at 31 March 2020	1,449,489	3,468	122	8,392	1	1,437,506
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WEST COAST TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (Continued)

8 Property, plant and equipment (Continued)

	<u>Total</u> S\$	<u>Furniture, fixtures and fittings</u> S\$	<u>Data processing equipment</u> S\$	<u>Office equipment</u> S\$	<u>Renovation</u> S\$
Cost					
Balance at 1 April 2018	1,768,067	468,851	201,051	165,881	932,284
Additions during the year	2,567	-	-	2,567	-
Disposals/written off	(15,684)	(745)	(14,939)	-	-
Balance at 31 March 2019	1,754,950	468,106	186,112	168,448	932,284
Accumulated depreciation					
Balance at 1 April 2018	1,750,122	464,903	200,919	152,017	932,283
Depreciation for the year (Note 20)	5,140	1,274	-	3,866	-
Disposals/written off	(15,671)	(740)	(14,931)	-	-
Balance at 31 March 2019	1,739,591	465,437	185,988	155,883	932,283
Net book value					
Balance at 31 March 2019	15,359	2,669	124	12,565	1

9 Financial assets at amortised cost

	<u>2020</u> S\$	<u>2019</u> S\$
Movements during the year - at amortised cost:		
Amortised cost at beginning of year	3,000,000	8,000,000
Redemption on maturity	(3,000,000)	(5,000,000)
Amortised cost at end of year	-	3,000,000
Balance is made up of:		
Quoted bonds maturing within one year: current	-	3,000,000
Quoted bonds maturing after one year: non-current	-	-
Balance at end of year	-	3,000,000
Fair value at end of year	-	3,000,360

In 2019, the fair values of quoted bonds are based on current bid prices in an active market at the end of reporting period. The bonds bear interest rate per annum of 2.223% to be received semi-annually in arrears. The maturity period of the bonds is in May 2019.

The financial assets at amortised cost are denominated in Singapore dollars, the functional currency of the Town Council.

The bonds is fully redeemed during the financial year ended 31 March 2020.

WEST COAST TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (Continued)

10 Financial assets at fair value through income and expenditure

Financial assets at fair value through income and expenditure represents funds together with the related profits placed with professional fund managers on the following terms:

The funds with fund managers are administered by Lion Global Investors Ltd and UOB Asset Management Ltd. The fund managers are given discretionary powers within certain guidelines to invest the funds. The funds managed by Lion Global Investors Ltd and UOB Asset Management Ltd will expire on 31 October 2020 and 30 September 2022, respectively.

The fund managers will be entitled to charge a basic administration fee and receive performance fees for the excess, before income tax, of the market value of the fund over the specified performance benchmark at the end of the management term or termination date, if earlier.

Cash and fixed deposits included in investment with fund managers cannot be freely withdrawn for use by the Town Council until the expiry or termination of fund management agreement. These agreements can be terminated by either party giving a notice period of 1 month.

The funds are invested in accordance with the Town Councils Act.

	<u>2020</u> S\$	<u>2019</u> S\$
Balance at beginning of year	39,166,072	38,827,129
Investment income	1,327,390	1,136,312
Management fees	(95,726)	(89,718)
Other expenses	(11,448)	(6,924)
Fair value gain (net)	(1,608,250)	(700,727)
Balance at end of year	38,778,038	39,166,072

At the end of the reporting period, the investments with fund managers comprised the following:

	<u>2020</u> S\$	<u>2019</u> S\$
Investments in:		
Quoted equities	6,316,870	6,841,498
Quoted bonds	30,970,302	31,052,460
Financial assets at fair value through income and expenditure	37,287,172	37,893,958
Cash and deposits (Note 13)	1,268,934	1,106,947
Accrued interest and other receivables (Note 12)	225,920	227,862
Other Payables (Note 15)	(3,988)	(62,695)
Balance at end of year	38,778,038	39,166,072

WEST COAST TOWN COUNCIL

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

11 Conservancy and service fee receivables

	<u>2020</u> S\$	<u>2019</u> S\$
Conservancy and service fee receivables	1,494,728	1,530,079
Interest receivable on late payments	88,186	95,716
Less: Allowance for impairment	(313,594)	(413,563)
	<u>1,269,320</u>	<u>1,212,232</u>

	<u>2020</u> S\$	<u>2019</u> S\$
Movements in above allowance:		
Balance at 1 April	(413,563)	(393,072)
Write back/(Charged to) income and expenditure statement (Note 21)	69,051	(57,800)
Allowance utilised	30,918	37,309
Balance at 31 March	<u>(313,594)</u>	<u>(413,563)</u>

Conservancy and service fee receivables are due on the first day of the month, without demand and without deduction. Payments made within the month will not be liable for late payment penalty. Conservancy and service fee receivables with short duration are not discounted and the carrying amounts are assumed to be a reasonable approximation of fair value.

Conservancy and service fee receivables that are individually determined to be impaired at the end of the reporting period relate to lessees/tenants that are in financial difficulties and/or those lessees/tenants who had shifted out of the estate. These receivables are not secured by any collateral or credit enhancements.

12 Other receivables

	<u>2020</u> S\$	<u>2019</u> S\$
Deposits	103,350	128,270
Prepayments	243,157	153,544
Claims for Citizens' Consultative Committee funding receivable	4,063,603	2,917,015
Lift Enhancement Programme ("LEP") grant receivable	405,613	-
LRF Matching grant receivable	787,259	787,751
Receivables for funds with fund managers (Note 10)	225,920	227,862
Recoverables from contractors	325,178	160,265
Goods and services tax receivable	278,214	133,460
GST subvention receivable	393,693	393,612
ROS costs recoverable	762,543	655,392
Others	10,698	6,596
	<u>7,599,228</u>	<u>5,563,767</u>

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

WEST COAST TOWN COUNCIL

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

13 Cash and bank balances

	<u>2020</u> S\$	<u>2019</u> S\$
Cash and deposits held by fund managers (Note 10)	1,268,934	1,106,947
Fixed deposits	95,087,698	81,367,693
Cash and bank balances	<u>12,083,479</u>	<u>13,410,539</u>
	<u>108,440,111</u>	<u>95,885,179</u>

The fixed deposits have an average maturity of 2.8 months (2019: 5.7 months) from the end of the financial year. The fixed deposits have weighted average effective interest rate of 1.29% (2019: 1.72%) per annum. Fixed deposit amounting to S\$50,290 (2019: S\$50,290) has been pledged with a bank for the issue of letters of guarantee on behalf of the Town Council.

Cash and cash equivalents in the statement of cash flows comprise:

	<u>2020</u> S\$	<u>2019</u> S\$
Cash and bank balances as shown above	108,440,111	95,885,179
Cash and deposits held by fund managers (Note 10)	(1,268,934)	(1,106,947)
Pledged deposit	(50,290)	(50,290)
Cash and cash equivalents at end of year	<u>107,120,887</u>	<u>94,727,942</u>

14 The Town Council as a lessee

The Town Council leases office spaces under a 36-month lease arrangement, with option to renew after that date. Lease payments are made monthly and are at a fixed rate throughout the lease period. Previously, this lease was classified as operating lease under FRS 17.

Recognition exemptions

The Town Council has certain office rental and equipment with lease terms of 12 months or less and/or of low value. For such leases, the Town Council has elected not to recognise right-of-use assets and lease liabilities.

(a) Right-of-use asset

The carrying amount of right-of-use asset by class of underlying asset classified within property, plant and equipment as follows:

	<u>Leasehold buildings</u> S\$
At 1 April 2019	-
Additions	1,568,188
Depreciation	<u>(130,682)</u>
At 31 March 2020	<u>1,437,506</u>

The total cash outflow for leases during the financial year ended 31 March 2020 is S\$141,000.

WEST COAST TOWN COUNCIL

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

14 The Town Council as a lessee

(b) Lease liabilities - 2020

	Leasehold building S\$
Lease liability – non-current	943,172
Lease liability – current	<u>503,112</u>
	<u>1,446,284</u>

The maturity analysis of lease liabilities is disclosed in Note 28.

(c) Amounts recognised in income and expenditure

Interest expense on lease liabilities	19,096
Expense relating to short term assets	449,172
Expense relating to low-value assets	<u>4,596</u>

15 Payables and accrued expenses

	2020 S\$	2019 S\$
Trade creditors and accrued liabilities – Third parties	7,861,329	6,884,414
Trade creditors and accrued liabilities – Related party (Note 24)	1,732,540	1,108,958
Refundable deposits	187,130	181,177
Payables from fund with fund managers (Note 10)	3,988	62,695
Contributions for ROS**	8,861	59,249
Service and conservancy charge grant payable	3,526	8,183
Other creditors	<u>6,093</u>	<u>3,438</u>
	<u>9,803,467</u>	<u>8,308,114</u>

The average credit period taken to settle trade payables is about 30 days (2019: 30 days). The other payables are with short-term durations. The carrying amounts are assumed to be a reasonable approximation of fair values.

** These represent contributions received from shop owners for the co-sharing of costs in respect of improvement works at Boon Lay Shopping Centre under the HDB revitalization of shops scheme ("ROS"). Under the ROS, project costs will be shared by the shop owners, HDB and the Town Council in the proportion of 50%, 40% and 10% respectively.

16 Agency fees

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

WEST COAST TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (Continued)

17 Other income

	<u>2020</u> S\$	<u>2019</u> S\$
Administrative fees	16,731	18,176
Interest on late payment for sold flats	60,776	65,608
Interest on late payment for rented flats	16,641	16,546
Liquidated damages	162,605	165,182
Miscellaneous incentive and subsidies	73,115	80,780
Sundry fines	26,467	47,983
Sundry income	45,533	75,453
Temporary Occupation Licence income	1,911,255	1,913,758
Temporary Occupation Licence income (one-time payment)	36,896	16,292
Use of common property	5,360	4,940
Use of void decks	19,600	24,600
Use of water and electricity in void decks	108,057	99,915
	<u>2,483,036</u>	<u>2,529,233</u>

18 Managing agent's fees

The Town Council does not have any employees on its payroll as all its daily operations have been outsourced to a managing agent for a fee of S\$5,032,430 (2019: S\$4,717,581) for the current financial year.

19 Sinking fund income and expenditure

(a) Income

	<u>2020</u> S\$	<u>2019</u> S\$
Interest Income - Bonds investments	10,871	121,927
Interest Income - Bank fixed deposits	1,134,753	769,848
Income/gain on investment with fund managers	-	338,944
Lift Upgrading Program Interest and Penalty	-	150
	<u>1,145,624</u>	<u>1,230,869</u>

(b) Expenditure

	<u>2020</u> S\$	<u>2019</u> S\$
Reroofing works	21,270	600,224
Electrical rewiring	539,400	68,600
Replacement of water pumps	-	164,320
Replacement of booster pump	101,325	-
Redecoration and repainting	6,419,781	4,740,199
Replacement of water pipes	168,000	-
Replacement of refuse chute flushing system	74,838	-
Replacement of refuse handling equipment	1,663,832	-
Project management fees	385,888	198,525
Other major works	134,365	95,263
General and administrative expenses (Note 21)	51,710	53,518
Unclaimable GST	114,222	130,800
Loss on financial assets at fair value through income and expenditure	388,033	-
	<u>10,062,664</u>	<u>6,051,449</u>

WEST COAST TOWN COUNCIL

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

20 Lift replacement fund income and expenditure

(a) Income

	<u>2020</u> S\$	<u>2019</u> S\$
Interest Income - Bank fixed deposits	516,258	331,317

(b) Expenditure

	<u>2020</u> S\$	<u>2019</u> S\$
Replacement of main sheaves and ropes	1,008,955	1,269,900
Replacement of ARD batteries	339,056	392,632
Replacement of EBOPS batteries	205,016	85,449
Replacement of lift position display panels	671,500	121,659
Replacement of inverter units	209,125	328,849
Lift overhauls and replacement	2,421,414	198,720
Lift enhancement work	143,124	-
Project management fees	153,624	110,134
General and administrative expenses (Note 21)	27,844	28,558
Unclaimable GST	206,782	212,289
	<u>5,386,440</u>	<u>2,748,190</u>

21 General and administrative expenditure

The general and administrative expenditure comprises the following:

	<u>2020</u> S\$	<u>2019</u> S\$
Advertising, publicity and public relations	206,185	170,641
Audit fee	42,000	44,000
Computer services fees	210,187	199,547
Depreciation of property, plant and equipment (Note 8)	135,856	5,140
(Write back)/Additional of doubtful debts (Note 11)	(69,051)	57,800
Lease expense	19,096	-
Plant and equipment not capitalised	3,409	995
Office expenses	274,341	271,736
Operating lease expense	444,429	588,828
Property tax	197,236	193,285
Unclaimable GST	163,604	221,095
Town Councillors' allowances*	144,000	144,000
Others	180,636	149,223
	<u>1,951,928</u>	<u>2,046,290</u>

* Town Councillors are key management of the Town Council. Key management remuneration refers to Town Councillors' allowances.

This is allocated to the following expenditure:

Operating expenditure	1,872,374	1,964,214
Sinking fund expenditure (Note 19(b))	51,710	53,518
Life replacement fund expenditure (Note 20(b))	27,844	28,558
	<u>1,951,928</u>	<u>2,046,290</u>

WEST COAST TOWN COUNCIL

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

22 Goods and services tax

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

23 Income tax

	<u>Note</u>	<u>2020</u> S\$	<u>2019</u> S\$
Current financial year		657,176	572,210
Overprovision in respect of prior years		(282)	(4,206)
Tax expense		656,894	568,004
Taken up in :			
Income and expenditure statement			
- Current financial year		278,439	273,094
- Under/(Over)provision in respect of prior years		(256)	9,247
	3	278,183	282,341
Sinking Fund			
- Current financial year		295,366	247,245
- Overprovision in respect of prior years		(26)	(6,651)
	4	295,340	240,594
Lift Replacement Fund			
- Current financial year		83,371	51,871
- Overprovision in respect of prior years		-	(6,802)
	5	83,371	45,069
		656,894	568,004

The income tax expense on the surplus for the financial year varies from the amount of income tax determined by applying the Singapore statutory rate of income tax to taxable income due to the following factors:

	<u>2020</u> S\$	<u>2019</u> S\$
Investment and interest income	2,800,933	2,304,459
Dividend income	25,976	30,212
Grant and other income	15,872,996	15,595,078
Less:		
Allowable expenses/Exempt Income	(285,774)	(293,419)
	18,414,131	17,636,330
Tax at statutory rate of 17%	3,130,402	2,998,176
Concessionary tax relief	(68,314)	(75,543)
Tax remission of government grants under Section 92(2) of Singapore Income Tax Act	(2,404,912)	(2,350,423)
Overprovision in respect of prior years	(282)	(4,206)
	656,894	568,004

WEST COAST TOWN COUNCIL

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

24 Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions with related parties on terms mutually agreed during the financial year are as follows:

	<u>2020</u> S\$	<u>2019</u> S\$
Energy saving cost charged by a related party*	4,201,839	3,031,041
Management agent fee charged by a related party	5,032,430	4,717,581
Project management fee charged by a related party	631,981	445,792
Contract for services and works charged by a related party	25,862	113,633
Repair and maintenance works charged by a related party	906,494	1,135,400

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

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

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

WEST COAST TOWN COUNCIL

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

25 Government grants

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

	Total		Conservancy and service grant		Payment from Citizens' consultative committee		Lift maintenance grant		Government GST subvention		LRF matching Grant	
	2020 S\$	2019 S\$	2020 S\$	2019 S\$	2020 S\$	2019 S\$	2020 S\$	2019 S\$	2020 S\$	2019 S\$	2020 S\$	2019 S\$
Government Grants received/receivable during the year	14,229,695	13,910,645	5,427,062	5,406,759	2,932,236	2,681,750	708,600	707,400	1,574,882	1,559,578	3,586,915	3,555,158
Less: Transfer to												
- Sinking fund	(2,004,742)	(1,995,171)	(1,411,037)	(1,405,757)	-	-	(184,236)	(183,924)	(409,469)	(405,490)	-	-
- Lift replacement fund	(4,666,391)	(4,629,481)	(759,789)	(756,946)	-	-	(99,204)	(99,036)	(220,483)	(218,341)	(3,586,915)	(3,555,158)
- Town improvement and project fund	(2,932,236)	(2,681,750)	-	-	(2,932,236)	(2,681,750)	-	-	-	-	-	-
	<u>4,626,326</u>	<u>4,504,243</u>	<u>3,256,236</u>	<u>3,244,056</u>	<u>-</u>	<u>-</u>	<u>425,160</u>	<u>424,440</u>	<u>944,930</u>	<u>935,747</u>	<u>-</u>	<u>-</u>

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

	2020 S\$	2019 S\$
Total grants received/receivable at 1 April	182,265,183	168,354,538
Grants received/receivable during the year	14,229,695	13,910,645
<u>Total grants received/receivable as at 31 March</u>	<u>196,494,878</u>	<u>182,265,183</u>

WEST COAST TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (Continued)

26 Operating lease commitments

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

	<u>2020</u> S\$	<u>2019</u> S\$
Due within 1 year	33,168	602,043
After one year but within five years	9,958	13,135
	<u>43,126</u>	<u>615,178</u>

The operating leases payments of the Town Council's represents rents payable by Town Council for office equipment on which the lease term is ranging from 1 to 5 years (2019: 1 to 5 years). In prior year, there was rents payable by Town Council for office premises, the lease was expired on 31 December 2019, it was renewed and capitalised as right-of-use assets during the financial year as presented in Note 14(a).

27 Commitments for capital expenditure

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

	<u>2020</u> S\$	<u>2019</u> S\$
Amounts approved and contracted for	14,702,130	17,902,343
Amounts approved but not contracted for	33,294,058	29,983,990
	<u>47,996,188</u>	<u>47,886,333</u>

28 Risk management policies for financial instruments

The Town Council's financial instruments comprise certain cash and cash equivalents, and various items including investment in financial assets, certain other receivables, other payables and accrued expenses that arise from its operations.

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

There have been no changes since the last financial year to the Town Council's exposure to these financial risks or the manner in which it manages and measures the risk.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Town Council. The Town Council's exposure to credit risk arises primarily from Conservancy and service fee receivables from household owners. For other financial assets (including investment securities and cash), the Town Council minimises credit risk by dealing exclusively with high credit rating counterparties.

The Town Council has adopted a policy of only dealing with creditworthy counterparties. The Town Council performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

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

28 Risk management policies for financial instruments (Continued)

Credit risk (Continued)

The Town Council considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Town Council has determined the default event on a financial asset to be when internal and/or external information indicates that the financial asset is unlikely to be received, which could include default of contractual payments due for more than 6 months or there is significant difficulty of the counterparty.

The Town Council categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 2 years past due. Financial assets are written off when there is evidence indicating that the debtor is in severe financial difficulty and the debtor has no realistic prospect of recovery.

The Town Council's current credit risk grading framework comprises the following categories:

Category	Description	Basis of recognising Expected Credit Losses ("ECL")
1	Low credit risks ^{Note 1}	12-months ECL
2	Non-significant increase in credit risks since initial recognition and financial asset is ≤ 1 month past due	12-months ECL
3	Significant increase in credit risks since initial recognition ^{Note 2} or financial asset is > 1 month past due	Lifetime ECL
4	Evidence indicates that financial asset is credit-impaired ^{Note 3}	Difference between financial asset's gross carrying amount and present value of estimated future cash flows discounted at the financial asset's original effective interest rate
5	Evidence indicates that the management has no reasonable expectations of recovering the write off amount ^{Note 4}	Written off

Note 1. Low credit risk

The financial asset is determined to have low credit risk if the financial assets have a low risk of default, the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparty to fulfil its contractual cash flow obligations. Generally, this is the case when the Town Council assesses and determines that the debtor has been, is in and is highly likely to be, in the foreseeable future and during the (contractual) term of the financial asset, in a financial position that will allow the debtor to settle the financial asset as and when it falls due.

Note 2. Significant increase in credit risk

In assessing whether the credit risk of the financial asset has increased significantly since initial recognition, the Town Council compares the risk of default occurring on the financial asset as of reporting date with the risk of default occurring on the financial asset as of date of initial recognition, and considered reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. In assessing the significance of the change in the risk of default, the Town Council considers both past due (i.e. whether it is more than 1 year past due) and forward-looking quantitative and qualitative information.

28 Risk management policies for financial instruments (Continued)

Credit risk (Continued)

Note 2. Significant increase in credit risk (Continued)

Forward-looking information includes the assessment of the latest payment trend of the debtor, adjusted for the Town Council's best practices in deriving the provision matrix with the recommended guidelines provided by the Ministry of National Development and the most recent news or market talks about the debtor, as applicable. In its assessment, the Town Council will generally, for example, assess whether the deterioration of the financial performance and/or financial position, adverse change in the economic environment (country and industry in which the debtor operates), deterioration of credit risk of the debtor, etc. is in line with its expectation as of the date of initial recognition of the financial asset. Irrespective of the outcome of the above assessment, the Town Council presumes that the credit risk on a financial asset has increased significantly since initial recognition when contract payments are > 1 month past due, unless the Town Council has reasonable and supportable information that demonstrates otherwise.

Note 3. Credit impaired

In determining whether financial assets are credit-impaired, the Town Council assesses whether one or more events that have a detrimental impact on the estimated future cashflows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- Breach of contract, such as a default or being more than 6 months past due;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for the financial asset because of financial difficulties.

Note 4. Write off

Generally, the Town Council writes off, partially or fully, the financial asset when it assesses that there is no realistic prospect of recovery of the amount as evidenced by, for example, the debtor's lack of assets or income sources that could generate sufficient cashflows to repay the amounts subjected to the write off.

The Town Council performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

Conservancy and service fee receivables consist of a large number of household owners, thus Town Council do not have any significant credit exposure to any single counterparty or any groups of counterparties having similar characteristics.

Conservancy and service fee receivables (Note 11)

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

The ECL for Conservancy and service fee receivables are estimated using an allowance matrix by reference to the historical credit loss experience of the debtors for the last 3 years prior to the respective reporting dates for various debtor groups that are assessed by internal ratings and the economic environment which could affect the ability of the debtors to settle the financial assets.

Conservancy and service fee receivables are written off when there is evidence to indicate that the Town Council has no reasonable expectations of recovering the debts, including situations when the lessee/tenant or ex-lessee/tenant has abandoned the flat, their whereabouts is unknown, upon their demise or they are in financial hardship.

WEST COAST TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (Continued)

28 Risk management policies for financial instruments (Continued)

Credit risk (Continued)

Conservancy and service fee receivables are written off when there is evidence indicates that the Town Council has no reasonable expectations of recovery the debts, including that the lessee/tenant or ex-lessee/tenant has abandoned the flat, is unknown, cessation, or financial hardship.

	<u>Current</u>	<u>Past due < 6 months</u>	<u>Past due 6 months to 12 months</u>	<u>Past due 12 months to 24 months</u>	<u>Past due more than 24 months</u>	<u>Total</u>
31 March 2020						
Expected credit loss rates	0%	0%	25%	50%	100%	100%
Conservancy and service fee receivables (gross) (S\$)	670,840	251,176	226,373	178,676	167,663	1,494,728
Loss allowance (S\$)	-	-	56,593	89,338	167,663	313,594
31 March 2019						
Expected credit loss rates	0%	0%	25%	50%	100%	100%
Conservancy and service fee receivables (gross) (S\$)	514,209	284,602	271,123	228,726	231,419	1,530,079
Loss allowance (S\$)	-	-	67,781	114,363	231,419	413,563

The movement in the loss allowance during the financial year and the Town Council's exposure to credit risk in respect of the trade receivables is as follows:

Internal credit risk grading	Conservancy and service fee receivables	
	2020 S\$	2019 S\$
Loss allowance		
Balance at 1 April	413,563	393,072
Write (back)/off recognised	(69,051)	57,800
Impairment loss recognised	(30,918)	(37,309)
Balance at 31 March	<u>313,594</u>	<u>413,563</u>
Gross carrying amount		
At 31 March	<u>1,494,728</u>	<u>1,530,079</u>
Net carrying amount		
At 31 March	<u>1,181,134</u>	<u>1,116,516</u>

Other receivables (Note 12) and Receivable for Neighbourhood Renewal Programme (Note 7)

As of 31 March 2020, the Town Council recorded other receivables excluding prepayments and GST receivables of S\$7,077,857 (31 March 2019: S\$5,276,583) and receivable for neighbourhood renewal programme of S\$902,434 (31 March 2019: S\$ 711,812).

The Town Council assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Town Council measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

WEST COAST TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (Continued)

28 Risk management policies for financial instruments (Continued)

Credit risk (Continued)

Finance assets at amortised costs (Note 9) and financial assets at fair value at amortised cost (Note 10)

The Town Council's finance assets at amortised costs and financial assets at fair value at amortised cost are considered to be low risk investments as the Town Council's surplus funds are placed with reputable financial institutions or invested in Singapore government bonds. Accordingly, the loss allowance recognised is based on 12-months ECL. The Town Council did not recognise a loss allowance for the debt instruments as the Town Council does not expect the credit loss to be material.

Interest rate risk

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

The Town Council's exposure to movements in market interest rates relate primarily to its fixed deposits placed with financial institutions.

The Town Council's policy is to obtain the most favourable interest rates available for placement of its fixed deposits.

Surplus funds are placed with reputable banks and/or invested in bonds.

If Singapore dollar interest rates had been 25 (2019: 25) basis points lower/higher with all other variables held constant, the Town Council's deficit before government grants for the year would have been S\$213,402 (2019: S\$153,203) higher/lower, arising mainly as a result of lower/higher interest income from the Town Council's fixed deposits with banks.

Liquidity risk

Liquidity risk arises in the general funding of the Town Council's operating activities. It includes the risks of not being able to fund operating activities at settlement dates and liquidate investments in a timely manner at a reasonable price. At present, the Town Council has invested its surplus funds in current accounts and short-term deposits to ensure availability of funds.

The table below analyses the maturity profile of the Town Council's financial and other appropriate and applicable assets and liabilities based on contractual undiscounted cash flows:

	<u>Total</u> S\$	<u>Less than</u> <u>1 year</u> S\$	<u>Between</u> <u>2 and 5</u> <u>years</u> S\$
As at 31 March 2020			
Conservancy and service receivables	1,269,320	1,269,320	-
Other receivables (excluding prepayments and GST receivables)	7,077,857	7,077,857	-
Receivable for Neighbourhood Renewal Programme	902,434	902,434	-
Interest receivable	930,697	930,697	-
Cash and bank balances	108,440,111	108,440,111	-
Lease liabilities	1,551,000	654,000	987,000
Payables and accrued expenses	9,803,467	9,803,467	-

WEST COAST TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (Continued)

28 Risk management policies for financial instruments (Continued)

Liquidity risk (Continued)

As at 31 March 2019	Total S\$	Less than 1 year S\$	Between 2 and 5 years S\$
Financial assets at amortised cost	3,033,345	3,033,345	-
Conservancy and service receivables	1,212,232	1,212,232	-
Other receivables (excluding prepayments and GST receivables)	5,276,763	5,276,763	-
Receivable for Neighbourhood Renewal Programme	711,812	711,812	-
Interest receivable	454,459	454,459	-
Cash and bank balances	95,885,179	95,885,179	-
Payables and accrued expenses	8,308,114	8,308,114	-

Market price risk

Market price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Town Council is exposed to market price risks arising from its investment with fund managers classified as financial assets at fair value through income and expenditure.

If the fair value had been 2% (2019: 2%) lower/higher with all other variables held constant, the Town Council's deficit before government grants for the year would have been S\$745,743 (2019: S\$757,879) higher/lower, arising as a result of higher/lower fair value losses on investments.

Currency risk

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

The Town Council's operational activities are carried out in Singapore dollar. Hence, its exposure to foreign currency risk is minimal.

29 Management of Town Council's funds

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

- To safeguard the Town Council's ability to continue as a going concern;
- To support the Town Council's stability and growth; and
- 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 funds structure to ensure optimal structure, taking into consideration the future funds requirements of the Town Council and fund efficiency, prevailing and projected profitability, 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 financial year. The Town Council is not subject to externally imposed requirements. As at the end of the reporting period, the Town Council's total funds amounted to S\$144,155,418 (2019: S\$133,901,500).

WEST COAST TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (Continued)

30 New or revised accounting standards and interpretations not yet adopted

At the date of authorisation of these financial statements, the following FRSs and FRSs INT that are relevant to the Town Council which were issued but not yet effective:

FRS	Title	Effective date (annual periods beginning on or after)
FRS 1, FRS 8	Amendments to FRS 1 and FRS 8: <i>Definition of Material</i>	1 January 2020
FRS1	Amendment to FRS 1 Classification of Liabilities as Current or Non-current	1 January 2023
FRS 16	Amendments to FRS 16: <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
FRS 37	Amendments to FRS 37: <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
FRS 103	Amendments to FRS 103: <i>Definition of a Business</i>	1 January 2020
FRS 103	Amendments to FRS 103: Reference to the Conceptual Framework	1 January 2022
FRS 109, FRS 39, FRS 107	Amendments to FRS 109, FRS 39, FRS 107: <i>Interest Rate Benchmark Reform</i>	1 January 2020
FRS 16	Amendment to FRS 116: <i>Covid-19- Related Rent Concessions</i>	1 June 2020
FRS 110, FRS 28	Amendments to FRS 110 and FRS 28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined
FRS 116	Amendment to FRS 116: <i>Covid-19-Related Rent Concessions</i>	1 June 2020
FRS 117	Insurance Contracts	1 January 2021
Various	Annual Improvements to FRSs 2018-2020	1 January 2022
Various	Amendments to References to the Conceptual Framework in FRS Standards	1 January 2020
	Amendments to illustrative examples, implementation guidance and FRS practice statements	

Consequential amendments were also made to various standards as a result of these new/revised standards.

The Town Council does not intend to early adopt any of the above new/revised standards, interpretations and amendments to the existing standards. Management anticipates that the adoption of the aforementioned revised/new standards will not have a material impact on the financial statements of the Town Council in the year of their initial adoption.

31 Fair value of financial instruments

Fair values

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

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

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

WEST COAST TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (Continued)

31 Fair value of financial instruments (Continued)

Fair values (Continued)

(a) Assets measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at 31 March 2020.

	<u>Level 1</u> S\$	<u>Level 2</u> S\$	<u>Level 3</u> S\$	<u>Total</u> S\$
<u>Recurring fair value measurement</u>				
At 31 March 2020				
Financial assets, fair value through income and expenditure (Note 10)	37,287,172	-	-	37,287,172
<u>Recurring fair value measurement</u>				
At 31 March 2019				
Financial assets, fair value through income and expenditure (Note 10)	37,893,958	-	-	37,893,958

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

The following table shows an analysis of the Town Council's assets not measured at fair value at 31 March 2020 but for which fair value is disclosed:

	<u>Level 1</u> S\$	<u>Level 2</u> S\$	<u>Level 3</u> S\$	<u>Total</u> S\$	<u>Carrying amount</u> S\$
As at 31 March 2019					
Financial assets at amortised cost (Note 9)	3,000,360	-	-	3,000,360	3,000,000

32 Subsequent Event

- (a) The COVID-19 pandemic and the Circuit Breaker measures implemented by the inter-agency taskforce have severely impacted the economy. This is notwithstanding the Government's support packages rolled out to help cushion the adverse impact on businesses and livelihoods. The Town Council implemented Safe Management Measures to monitor and mitigate the effects of COVID-19 on its operations, including safe distancing, staggered work hours, workplace segregation, twice daily temperature taking of staff, adoption of SafeEntry to premises. The impact on the Town Council's operations has not been significant as its functions in managing and maintaining the common property of the estate, which are deemed essential services, continue.

The Town Council will continue to assess the situation and carry on its operations with the necessary measures in place to protect its residents. As the situation is still evolving, the full effect of the outbreak is subject to uncertainty and could not be reasonably ascertained.

- (b) Following the recent General Elections on 10 July 2020, some 18,409 property units including 15,234 parking lots from the Chua Chu Kang Town Council will come under the management of West Coast Town Council.

According to the Town Councils (Declaration of Towns) order 2020, the rights, liabilities and agreements of the areas to be handed over will be transferred to West Coast Town Council on the handover date, 28 October 2020.

The Town now comprises the six divisions of Ayer Rajah-Gek Poh, Boon Lay, Nanyang, Telok Blangah, West Coast and Pioneer.

WEST COAST TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020 (Continued)

32 Subsequent Event (Continued)

- (c) Under Section 34 of the Act, where a writ of election is issued, the Town Council is required to transfer the excess of revenue over expenditure (referred to as surpluses) in any fund (other than a sinking fund) established under Section 33 of the Act to the sinking funds of that Town Council. The amount to be transferred is 80% of the accumulated surpluses as at 31 March 2019, after taking into consideration capital commitments and capital expenditures as at 22 June 2020, the day before the writ of election. A total of S\$3,419,459 will be transferred to the Ordinary Sinking Fund and Lift Replacement Fund.

33 Initial application of FRS 116 Leases

FRS 116 introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring a lessee to adopt a single model for lessee accounting. Lessees are required, with the exception of short-term leases and leases of low value assets, to recognise at initial recognition, lease liability and right-of-use asset for a contract which is or contains a lease.

The details of the accounting policies under FRS 116 and FRS 17 are disclosed in Note 2(m).

The Town Council applied FRS 116 using the modified retrospective approach and recognised the cumulative effect of initial application on 1 April 2019, being the date of initial application of FRS 116. Accordingly, the comparative information presented were not restated and is presented as previously reported under FRS 17 and its related interpretations.

Practical expedients applied

The Town Council applied the following practical expedients when applying FRS 116 for the first time.

- Not to reassess whether a contract is, or contains, a lease at 1 April 2019 and instead relied on the assessment previously made using FRS 17 *Leases* and FRS INT 104 *Determining whether an Arrangement contains a Lease*;
- Not to recognise right-of-use assets and lease liabilities of leases for which the lease term ends within 12 months as of 1 April 2019;
- Not to recognise right-of-use assets and lease liabilities for leases for which the underlying asset is of low value; and
- Use of hindsight for contracts which contain an option to extend or terminate a lease.

Leases classified as operating leases under FRS 17

The Town Council previously classified its lease of staff premise and office space as operating leases under FRS 17. The Town Council did not recognise right-of-use assets and lease liabilities for these leases as lease term ends within 12 months as of 1 April 2019.

In the determination of lease liabilities, the Town Council applied the practical expedient to not separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The lease liabilities at 1 April 2019 can be reconciled to the operating lease commitment as at 31 March 2020 as follows:

	At 1 April 2019 S\$
Operating lease commitments at 31 March 2019 under FRS 17 as disclosed in the Town Council's financial statements	615,178
Recognition exemption for leases with 12 months or less of lease term at transition	(444,429)
Commitments relating to service contract which does not contain a lease	(170,749)
Lease liabilities at 1 April 2019	<u><u>-</u></u>