



# ANNUAL REPORT

## 2020 / 2021



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## CHAIRMAN'S REVIEW

Financial Year (FY) 2020/2021 will go down in the annals of Singapore's post-independence history as a period when the nation faced unprecedented social and economic setbacks. At the onset of the Covid-19 pandemic, and with memories of severe acute respiratory syndrome (SARS) that plagued Singapore in 2003 still vivid, not many of us foresaw that containing the virus would turn out to be a long-drawn affair. In the process, lives and livelihoods were affected, and organisations faced severe disruptions.

Aljunied-Hougang Town Council (AHTC) had to act to safeguard the well-being of residents, employees and workers of contractors by revising the timelines of many of our projects and ensure strict compliance with the restrictions, the stringency of which varied in tandem with the directives issued by the Multi-Ministry Taskforce.

The FY began with the tightening of measures, which escalated into the Circuit Breaker lockdown in April 2020. The preventive measures were necessary to stem the spread of the virus in the community. AHTC responded by suspending project works and closing off public facilities to encourage residents to stay at home and minimise social interactions.

A number of projects had to be put on hold temporarily while a national effort to isolate the virus went underway. AHTC's community outreach initiatives were also suspended as the authorities revealed more about the nature of infections, such as asymptomatic cases.

Residents had to bear with common areas being cordoned off to adhere to the national directive encouraging members of the public to remain indoors. The measures covered void deck and outdoor seats, playgrounds, fitness corners, sports courts and tables and chairs at hawker centres.



*Tables and chairs in hawker centres closed off in compliance with National Environment Agency (NEA)'s directives*



*Fitness corners cordoned off in accordance with directives of Multi-Ministry Taskforce*



*Seating areas at void decks cordoned off*



*Basketball courts cordoned off*



*Playgrounds cordoned off*

Safe entry and social distancing measures were also enforced to pre-empt the possibility of Covid-19 clusters emerging from places frequented by a relatively large number of residents. In most cases, access to markets and hawker centres were restricted to a single entry and exit point, to facilitate quicker contact tracing should cases of infections be detected.



*Kovan 209 Market & Food Centre  
(Block 209 Hougang Street 21)*

*Hainanese Village Food Centre  
(Block 105 Hougang Avenue 1)*

Conservancy efforts undertaken by AHTC entailed increasing the frequency of cleaning and disinfecting high-touch surfaces. To further augment disinfecting efforts, the use of technologies in maintaining the hygiene of common areas was also explored.

In Paya Lebar Division, for instance, the installation of UV lights to disinfect the toilets of hawker centres was piloted. The lights were set to turn on automatically daily from 1am to 3am.



*Ultraviolet (UV) lights to disinfect toilets in  
hawker centres (Paya Lebar Division)*

An antimicrobial self-disinfecting coating agent, known as SDST, was also applied on lift button panels at all the blocks in our Town. Posters were put up to inform residents about the properties of the antimicrobial coating and its advantages.



*Application of antimicrobial coating on lift button panels*

The application of the antimicrobial coating was extended to other areas using a different application method, SD Pro, which enables the disinfectant applied to remain effective for a longer period.



*Application of antimicrobial coating to hawker centre toilets*



In addition to the above, we also tested the viability of anti-bacterial floor tiles in the toilets of Kovan 209 Market & Food Centre.



*Installation of anti-bacterial floor tiles in toilets  
in Kovan 209 Market & Food Centre  
(Paya Lebar Division)*

During the Circuit Breaker period and even after the announcement of its three-phased lifting, we noted that many businesses were still unable to open, or opened with restrictions in place. For those that opened, business remained sluggish as a sense of cautiousness prevailed among the authorities and consumers. Our Town Councillors thus deliberated on how AHTC could assist the commercial businesses operating in the Town to tide over the difficult period.

To support them, commercial shops and market stalls operating under AHTC's purview received a 25 per cent rebate on their June, July and August 2020 Service & Conservancy Charges (S&CC). Prior to this, AHTC also waived the charges for the use of Outdoor Display Areas (ODAs) for all commercial establishments throughout Aljunied-Hougang Town, which had to close during the Circuit Breaker period from April to June 2020.

Fees for late payment of S&CC were also waived for all commercial and residential units from April to September 2020.

As restrictions eased further, AHTC took a calibrated approach in pursuing essential estate works while juggling them with the stringent regime of keeping common spaces hygienic and disinfected. The task entailed stepping up cleaning and disinfection of shared spaces and facilities, such as playgrounds and fitness corners, and high-touch surfaces, in particular lift buttons, which had antimicrobial coating applied on them.

Where works are concerned, although routine ones such as cleaning and pest control continued, residents were affected by the stalling of project works. Outstanding ones gradually resumed as easing of measures was announced. The lifting of restrictions on dormitories, for example, allowed workers to return to work sites. Across the town, our goal was to ensure that essential works could be completed as close to their original timelines as possible to mitigate the inconvenience caused by the delays.

In March 2021, the Town Council Management Report (TCMR) was released. It showed that AHTC's efforts in FY 2019/2020 yielded an encouraging improvement – a "Green" rating was awarded to AHTC in the Estate Cleanliness category for FY 2019/2020, up from "Amber" in FY 2018/2019. This signified a step in the right direction for our Town and we are deeply grateful to residents for their cooperation in keeping the common areas clean.

However, where Estate Maintenance is concerned, "Amber" rating persisted over FY 2018/2019 and FY 2019/2020. As there is ample scope for improving Estate Maintenance, AHTC will continue to step up efforts to create greater awareness among residents about several aspects of Estate Maintenance, such as the importance of maintaining a common corridor that is free of clutter.

Despite a difficult year, AHTC ended the FY with a Routine Fund accumulated balance of \$6.9 million amid rising manpower, material costs, and electrical tariffs. This Fund is used for routine expenditures, which include cleaning works and lift maintenance. The FY also accumulated balances of \$58.9 million for Sinking Fund and \$38.7 million for Lift Replacement Fund. These funds will be used for future major estate works, lift works and lift replacement programme. The accumulated surpluses are especially important given the uncertainty of the pandemic and post-pandemic periods, which may see costs escalating.



## ESTATE UPGRADES

AHTC aspires to make Aljunied-Hougang a more liveable Town with features abreast of changing trends and the Town's demographic make-up. Various estate upgrading projects continued across the Town in FY 2020/2021, albeit at a slower pace as restrictions affected schedules and availability of labour.

Estate upgrading projects cover cyclical building maintenance, repair works, and enhancement or addition of amenities such as lifts, playgrounds, and linkways.

### Neighbourhood Renewal Programme

The Neighbourhood Renewal Programme (NRP) is an initiative fully funded by the Government and implemented by the Town Councils<sup>1</sup>. It ensures a sustainable and progressive living environment in tandem with current trends and developments. Under this programme, residents are engaged through public consultations, dialogues and exhibitions. Feedback received are reviewed and feasibility studies carried out, followed by revisions of plans, where necessary, before a consensus gathering exercise is conducted.

Residents can look forward to precinct- and block-level upgrading, such as sheltered linkways, fitness corners, playgrounds, drop-off points, and seating areas at void decks.

The upgrading works seek to achieve the larger goal of addressing residents' evolving needs, enhancing existing structures and adding new features. For example, linkways became an important feature connecting residents' homes with amenities as mobility declined with an ageing demographic. They provide residents with the daily convenience of sheltered, seamless and interconnected trips from one point to another within the estate.

The programme also equips older blocks with many of the features of newer ones, thus introducing greater convenience, improving the overall facade and thereby promoting a more comfortable living experience.

In 2019, we organised an NRP Public Consultation Exhibition for Blocks 417 to 434, Hougang Avenue 6, 8 and 10. This was followed by the Consensus Gathering Exhibition for the above blocks in November 2020. As with other previous NRP Public Consultation Exhibitions for NRP projects elsewhere in Aljunied-Hougang Town, we would once again like to express our deepest appreciation to residents for their support in our bid to renew this part of the Town.

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<sup>1</sup> Housing and Development Board (HDB), '*Neighbourhood Renewal Programme (NRP)*'. Accessed 20 September 2021. <https://www.hdb.gov.sg/residential/living-in-an-hdb-flat/sers-and-upgrading-programmes/upgrading-programmes/types/neighbourhood-renewal-programme-nrp>.

Meanwhile, NRP works were in progress or in their final stages for blocks in the various Divisions as shown in the table below.

Blocks	Location
1, 2, 6, 7, 24 and 25	Hougang Avenue 3
301 to 319	Hougang Avenue 5 and 7
716 to 725	Bedok Reservoir Road
701 to 712	Hougang Avenue 2
154 to 161, and 159A	Hougang Street 11
201 to 205, 208, 210 to 212, and 220 to 222	Hougang Street 21



*New drop-off point at Block 722 Bedok Reservoir Road  
(Bedok Reservoir-Punggol Division)*



*New seating area at void deck of Block 155 Hougang Street 11 (Paya Lebar Division)  
Completed in April 2021*



*Replacement of playground at Block 135 Bedok Reservoir Road  
(Eunos Division)*



*New drop-off point at Block 304 Hougang Avenue 5  
(Hougang SMC)*



*Upgraded Hougang Avenue 5 Neighbourhood Park  
(Hougang SMC)*



*New footpath at open area in front of  
Block 304 Hougang Avenue 5  
(Hougang SMC)*



*New linkway from bus stop to Block 716  
Bedok Reservoir Road  
(Bedok Reservoir-Punggol Division)*



*Replacement of playground equipment and  
flooring at open area in front of Block 317  
Hougang Avenue 5 (Hougang SMC)*



*Replacement of existing high linkway  
roofing panels at Block 717 Bedok  
Reservoir Road  
(Bedok Reservoir-Punggol Division)*



*Replacement of existing high linkway roofing  
panels between Blocks 716 and 720 Bedok  
Reservoir Road  
(Bedok Reservoir-Punggol Division)*



## Electrical Load Upgrading

Electrical Load Upgrading (ELU) is a programme which is fully funded by the Government and implemented by the Town Councils to meet the growing demand for higher electricity capacity for residential units.

The ELU programme entails upgrading the unit electrical power supply from 30 Amperes to 40 Amperes for about 1,500 older HDB blocks, which HDB targets to complete in 10 years<sup>2</sup>. Older flats will thus have their electrical capacity upgraded to current HDB standards.

To minimise inconvenience to residents, HDB will prioritise ELU programme for blocks that have been selected for the Home Improvement Programme (HIP) and NRP<sup>3</sup>.

With an upgraded 40 Amperes electrical loading, residents will be able to install higher capacity electrical equipment or appliances, such as air-conditioning system, without the need to apply for an HDB permit<sup>4</sup>.



*Completed consumer switch room at Block 328  
Hougang Avenue 5 (Hougang SMC)*

*Mechanical and electrical installation in  
consumer switch room at Block 122 Bedok  
Reservoir Road (Eunos Division)*

<sup>2</sup> Parliament of Singapore, 'Written Answer by Ministry of National Development on Prioritisation Criteria for Electrical Load Upgrading Programme for Neighbourhoods and Blocks'. Accessed 19 September 2021.

<https://www.mnd.gov.sg/newsroom/parliament-matters/q-as/view/written-answer-by-ministry-of-national-development-on-prioritisation-criteria-for-electrical-load-upgrading-programme-for-neighbourhoods-and-blocks>.

<sup>3</sup> Ibid.

<sup>4</sup> Housing and Development Board (HDB), 'Electrical Loading of Your HDB Block'. Accessed 19 September 2021. <https://services2.hdb.gov.sg/webapp/BN31AWERRCMobile/BN31SElectrical?loadAction=electrical>.

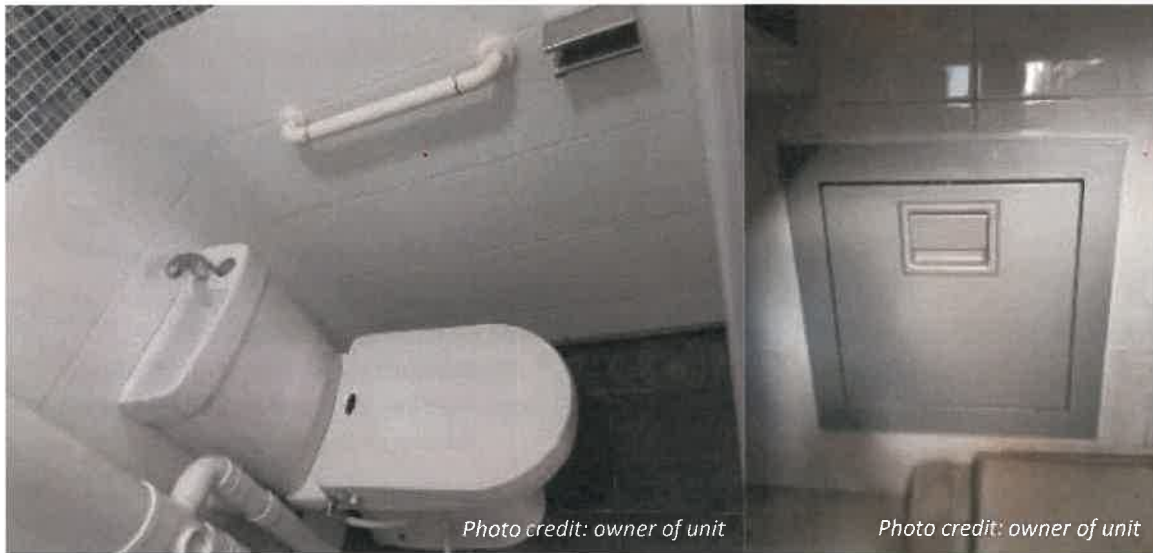
## Home Improvement Programme

Home Improvement Programme (HIP) was introduced by HDB in 2007. It is a project which aims to resolve common maintenance issues within ageing flats. At its inception, older flats built up to 1986, which have not undergone Main Upgrading Programme (MUP), were eligible for HIP. In August 2018, HDB extended HIP to include flats built from 1987 to 1997<sup>5</sup>.

The essential improvements address common problems associated with older flats, such as repair of spalling concrete and structural cracks, replacement of waste or soil discharge stacks, replacement of pipe sockets with new clothes drying rack and upgrading of electrical load<sup>6</sup>.

Residents would also be given the opportunity to choose the improvements they would like to see – such as a package to upgrade existing toilet(s) or bathroom(s), new decorative door, new metal grille gate, and new refuse chute hopper – and pay for only their share of the improvement works carried out in the flat<sup>7</sup>.

These improvements are made within the housing unit and are part of the initiative to bring the standards of older HDB flats closer to the newer ones.



*Upgraded toilet*

*Replacement of hopper*

<sup>5</sup> Housing and Development Board (HDB), 'Home Improvement Programme (HIP)'. Accessed 20 September 2021. <https://www.hdb.gov.sg/residential/living-in-an-hdb-flat/sers-and-upgrading-programmes/upgrading-programmes/types/home-improvement-programme-hip>.

<sup>6</sup> Ibid.

<sup>7</sup> Ibid.

## Remaking Our Heartland

Through the Remaking Our Heartland (ROH) initiative, launched by the Government in 2007, residents' aspirations and ideas on rejuvenating towns will be considered when drawing up plans for selected estates. In 2011, Hougang was among those listed under the ROH 2 programme, the second batch after the ones announced in 2007<sup>8</sup>.

The programme aims to rejuvenate and renew existing HDB towns and estates and make the town more attuned to the changing needs of residents. It also aims to capitalise on the distinct characteristics of each area<sup>9</sup>. Residents can thus look forward to new or revitalised facilities in Neighbourhood Centres, parks and communal spaces, and improvements to connectivity networks. HDB aims to provide more avenues to engage residents and community groups on rejuvenation plans for towns slated for ROH<sup>10</sup>.

In FY 2020/2021, Bedok Reservoir-Punggol Division and Hougang SMC went through ROH works with a focus on the Town's rich heritage.



*Hougang Central and Hougang heritage corridor (Bedok Reservoir-Punggol Division)*



*Upper Serangoon heritage corridor (Hougang SMC)*

<sup>8</sup> Housing and Development Board (HDB), 'Remaking Our Heartland'. Accessed 20 September 2021. <https://www20.hdb.gov.sg/fi10/fi10349p.nsf/hdbroh/index.html>.

<sup>9</sup> Ibid.

<sup>10</sup> Ibid.



Kaki Bukit Division saw landscaping works being undertaken, such as retiling of ageing floors and installation of new lamp posts.



*New lamp posts, tiles and landscaping at Blocks 537 - 539A Bedok North Street 3 (Kaki Bukit Division)*

### Town Improvement Projects

AHTC has always endeavoured to undertake projects that, apart from focusing on repair and maintenance work, take a holistic view of ways to make estates conducive to communal living. To achieve this goal, our Town Improvement Projects tap on the Town Improvement and Project Fund (TIPF), which is established and maintained as part of the Town Council's funds. Set up by transfer of funds from the accumulated surplus, the TIPF is used to finance specific projects to be carried out, and utilised for improvement and development works in the Town.

Under the Town Improvement Projects, residents were able to enjoy new or improved structures and amenities in their neighbourhood. One of the projects AHTC undertook was adding landscaping work around a new bird hanger and installing down lights for better night vision.



*New bird hanger between Blocks 401 and 415 Hougang Avenue 10  
(Bedok Reservoir-Punggol Division)*

New barrier-free access ramps were also constructed to aid residents with mobility issues and move large or heavy items such as bicycles and prams instead of lugging them up staircases. In addition to this, AHTC is also working to provide greater connectivity within the Town by erecting sheltered linkways.



*New barrier-free access ramp at  
Block 239 Hougang Street 22  
(Paya Lebar Division)*



*New sheltered linkway connecting Blocks 837 and 838  
Hougang Central (Hougang SMC)*



*New barrier-free access ramp at  
Block 145 Bedok Reservoir Road  
(Eunos Division)*

The following projects are in progress as at March 2021:

- New Barrier-Free Access Ramp at Block 135 Serangoon North Ave 2 (Serangoon Division)
- New Sheltered Linkway connecting Blocks 536 and 556 Bedok North Street 3 (Kaki Bukit Division)

### Replacement of Block, Directional and Carpark Entrance Signage

Kick-started in 2019, AHTC continued with the replacement of block, directional and carpark entrance signage across all Divisions in our Town in FY 2020/2021. The new signage, which incorporates the more energy-efficient LED technology lights and designed to be more prominent from a distance, were installed at heights such that their visibility from the ground was enhanced. Their lighting, in terms of brightness, is superior to the ageing ones they were replacing, which were installed more than five years ago. The design of the signage also serves to boost the Town's unique identity. The project is expected to complete by end of 2021.



*Carpark entrance signage*



*Carpark directional signage*



*Block signage*



## Cyclical Works

The Town Council undertakes cyclical works to ensure common properties and areas are duly maintained and is accountable to HDB. The works have to be completed within a time frame in compliance with the regulatory requirements. The scope of cyclical works involves a number of categories – restoration and prevention, repairs and redecoration, lifts and ad hoc projects etc.

In this FY, a total of \$12.8 million was spent on redecoration and repainting, replacement of water pumps, reroofing and other major works.

### *Repairs and Redecoration Works*

The Repairs and Redecoration (R&R) programme incorporate projects that are geared towards maintaining and rejuvenating our estate as part of cyclical works. R&R works typically incorporate repair and upgrading of bin chutes, repairs to spalling concrete, upgrading of corridors and staircase landing lights with energy saving devices, repair of block aprons and drains, applying new coats of paint on external walls and façade, and replacement of playground and fitness equipment.



*Repainting of blocks (Kaki Bukit Division)*



*Repainting of blocks (Paya Lebar Division)*



*Repainting of blocks  
(Kaki Bukit Division)*



*Repainting of blocks  
(Kaki Bukit Division)*



*Repainting of blocks  
(Paya Lebar Division)*



*Replacement of signage at Void Decks  
(Eunos Division)*



*Replacement of playground at  
Block 837 Hougang Central  
(Hougang SMC)*

Among the new initiatives undertaken in FY 2020/2021 was the use of non-slip tiles in retiling works, an improvement over previous types, which can become slippery as the surface wears out. Apart from providing a safer walking experience, the new tiles also create a more pleasing, harmonious layout to the area. Similarly, acrylic coating was applied to the surface of basketball courts to make it more slippage-free.



*Retiling of walkway towards Hougang MRT station  
with non-slip tiles (Bedok Reservoir-Punggol Division)*



*Application of acrylic coating to  
basketball court (Paya Lebar Division)*

### Reroofing

Reroofing works involve reapplying the waterproofing membrane to the roof; and checking and replacing the secondary roof slabs. In FY 2020/2021, a total of 140 blocks underwent reroofing works.



*Block 338 Hougang Avenue 7  
(Hougang SMC)*



*Block 127 Bedok Reservoir Road  
(Eunos Division)*



*Block 147 Serangoon North Avenue 1  
(Serangoon Division)*

### Lift Works

AHTC conducts scheduled lift maintenance works across 1,817 lifts in our Town. The task of checking and replacing lift parts enhances the reliability of our lifts and minimises downtime. \$7.7 million was spent on lift maintenance in FY 2020/2021.

The Lift Replacement Fund incurred a total of \$3.9 million at the end of the FY for expenditure that included lift works, and for the Selective Lift Replacement Programme (SLRP), and Lift Enhancement Programme (LEP).





*Lift maintenance works*

#### *Lift Enhancement Programme*

81 lifts underwent the Lift Enhancement Programme (LEP) in FY 2020/2021. A primary focus of the enhancements is safety. In this regard, AHTC adopted the Building and Construction Authority (BCA)'s list of recommended safety features for lifts; namely:

1. Ascending car over speed protection which monitors and reduces lift speed;
2. Unintended car movement protection which guards against the failure of lift components;
3. Slackening of governor rope electrical safety device which initiates a stop when required;
4. Car apron which reduces the risk of people at the lift landing falling into the lift shaft;
5. Light curtains which function as a door protective device;
6. Electrical safety interlocking for multiple-panel doors which ensures lifts remain in place when doors are open;
7. Automatic rescue device which brings a lift to the nearest landing and opens the doors in the event of a power failure; and
8. Telephone, intercom system or other communication device installed in the lift to enable notification and direct communication with personnel who can activate emergency response.



*Work being undertaken under Lift Enhancement Programme*

*Lift Replacement Programme /Lift Modernisation/Selective Lift Replacement Programme*

During FY 2020/2021, we also managed to replace old lifts with new ones under the Lift Replacement Programme (LRP). The LRP for a total of 17 lifts were completed by 31 March 2021; while another 27 were slated for FY 2021/2022.



*New Lifts at Block 660 Jalan Tenaga  
(Eunos Division)*

*Lift Replacement Works at  
Block 362 Hougang Avenue 5  
(Hougang SMC)*

## DISCLOSURES

### Disclosure for Selection and Appointment Process for Town Councillors

The selection, appointment and re-appointment process of Town Councillors takes into consideration the composition of the Council and the relevant experience, skills and/or competencies of the members. In appointing the Town Councillors:

- a) AHTC utilises a referral process to search for potential Town Councillors;
- b) AHTC considers a variety of factors, including audit and financial skills, time commitment, and prior experience; and
- c) At least two-thirds of the appointed Town Councillors are residents of the HDB housing estates within the Town.

### Disclosure for Risk Assessments

The Council has implemented a comprehensive Risk Management Framework where key risks are identified and reported to the Council. An annual risk assessment has been performed and the effectiveness of internal controls has been assessed. The Council is of the opinion that the Risk Management Framework and supporting internal control policies and procedures are adequate to address the risks of the Town Council.



## COMMUNITY ENGAGEMENT

### Educational Initiatives

#### *Public Hygiene Awareness*

As the contagious nature of the Covid-19 virus became better understood, it was imperative that AHTC stepped up educational efforts and public hygiene campaigns to create awareness among residents about keeping themselves safe by adhering to Safe Management Measures (SMMs).

To aid our efforts to communicate the importance of hygienic and safe practices in the common areas under the current pandemic climate, AHTC introduced a new member to our Mascot family, AH Choo, whose mission is to champion public hygiene. AH Choo's educational messages highlighted the importance of everyone doing their part to keep the living environment clean and safe, and to fight the spread of Covid-19.

AH Choo featured in our various posters, educating residents and offering hygiene tips that can be quickly adopted.



*Educational messages by AH Choo*

#### *Other Educational Initiatives*

Separately, AHTC continued its educational efforts across a range of municipal issues, with the aim of nurturing civic consciousness in residents. This is especially pertinent as an increasing number of residents were spending more time at home due to reasons such as working from home, being encouraged to stay away from public places and hunker down social activities. Thus, good neighbourliness was vital to preserving a pleasant living environment.



Series of educational posters aimed to promote civic mindedness amongst residents

### Fight Dengue Campaign

2020 saw a rise in dengue cases, with a record 34,844 cases nationwide reported as at 17 December 2020<sup>11</sup>. According to the National Environment Agency (NEA), one of the factors was due to the Covid-19 measures that resulted in people spending more time at home.

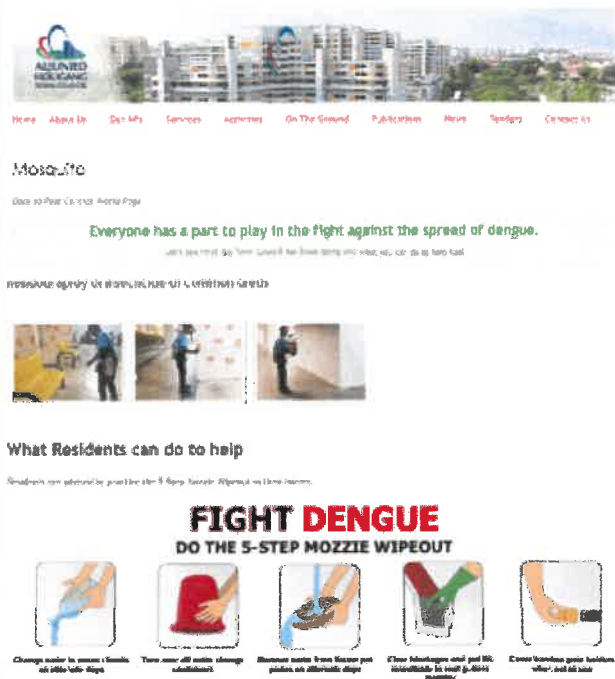
To complement AHTC's joint efforts with NEA to eradicate mosquitoes and their potential breeding spots in the common areas, AHTC spread the 'Fight Dengue' message through educational posters to enlist the help of residents in eliminating potential breeding spots within their homes. Notices were also delivered to residents in some estates with active dengue clusters, encouraging them to do the "5-step mozzie wipe-out" in their homes.

AHTC continues to work hand-in-hand with residents and Government agencies to keep the dengue menace at bay.

<sup>11</sup> National Environmental Agency (NEA), 'Weekly Dengue Cases at The Lowest In 2020 As Community Rallied To Fight Dengue In Historic Outbreak Year' (NEA, December 18, 2020). Accessed 23 September 2021. <https://www.nea.gov.sg/media/news/news/index/weekly-dengue-cases-at-the-lowest-in-2020-as-community-rallied-to-fight-dengue-in-historic-outbreak-year>.



Dengue advisory poster placed in lifts



"5-step mozzie wipeout" on AHTC's website



## 5-YEAR PLAN (2021 – 2025)

AHTC's five-year plan, from FY 2021/2022 to FY 2025/2026, kicks off with a vision as follows:

*"A rejuvenated and inclusive town where the daily lives of residents are cared for through modernisation and a focus on building a sustainable future"*

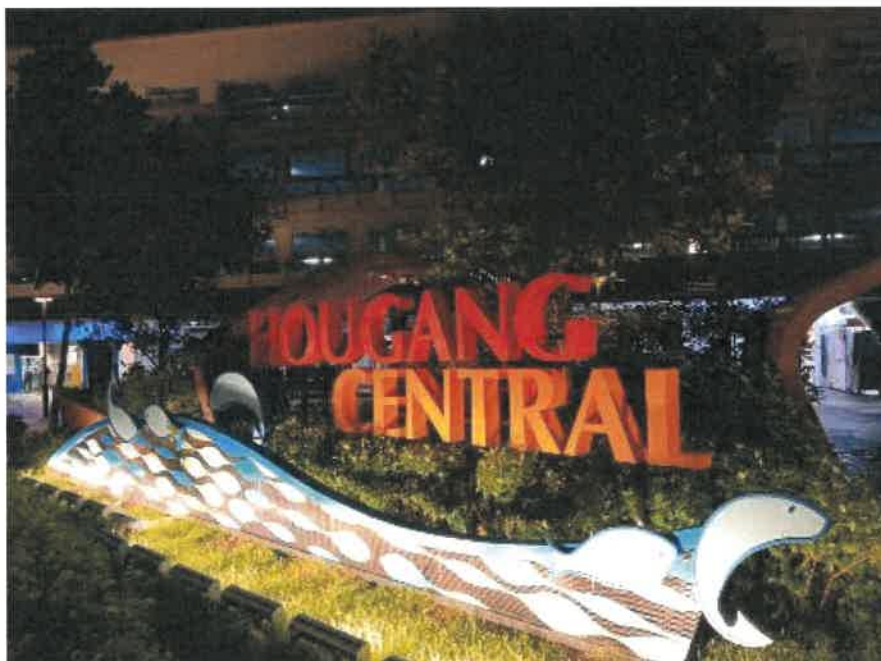
The vision encapsulates what AHTC hopes to achieve over the next five years, with residents' needs central to its vision, as reflected in the key objectives outlined below:

### A Rejuvenated Town

Precincts in mature estates may appear drab over the decades and may have worn-out structures and external façades, as well as age-related defects. Apart from posing frequent problems, the aesthetic outlook of the Town would also be marred.

With the goal of rejuvenating a mature Town, through programmes such as R&R, NRP and Town Improvement projects, residents can look forward to a comprehensive upgrading of the Town. As the demographic composition of the Town changes, AHTC will strive to make it more inclusive, such as having elderly-friendly features.

The new and upgraded features will address issues faced by residents and contribute to a more vibrant experience living in the estate. More flats will also be given a facelift to give the Town an aesthetically pleasing view.



*Rejuvenated Hougang Town Centre was among winners of the HDB design award in 2020*

## Building an Interconnected Town

Covered walkways and linkways, and canopies do more than just provide shelter to residents. Along with ramps adjoining elevated floors, they make getting around the estate easier, and provide better access to amenities and facilities. The quality of the lives of residents, including the elderly and the wheelchair-bound (and their caregivers), for instance, would also improve if the places they frequent, such as bus stops, were made more accessible.

Under Estate Improvement initiatives, AHTC will adopt a more resident-centric approach and work towards expanding and enhancing connectivity between homes and amenities, as well as between homes and places of recreation such as parks over the next five years. This interconnectedness would facilitate seamless travel between different points of the estate, thus providing an added convenience to residents.



*Artist Impression of an upgraded linkway*

## Caring About the Daily Lives of Residents – Our Lifts

Lifts form an essential part of our daily living in a HDB estate. Downtimes and safety issues are disruptive and can cause considerable anxiety and stress to residents.

As a mature estate, many of the lifts have been in service for over a substantial period of time. It is thus of utmost importance that maintenance regimes are enhanced to ensure that instances of breakdowns are kept to a minimum, and old lifts replaced or modernised. Over the next five years, our lifts will continue to undergo major programmes such as LEP, SLRP and Lift Modernisation. Safety is always our primary priority.

With features such as overspeed protection; unintended lift movement detection system; door protective device; interlocking switch to stop lift with open doors from moving; modern intercom for communication during emergencies; and automatic rescue device which brings the lift to the nearest landing and opens its door during power failures, residents can be assured of safer rides in our lifts. These enhancements aim to ensure minimal disruption to lift operations and adequate protection for residents from potential safety hazards. They may be one aspect of quality living in the Town but in no small measure an instrumental one.



*Lifts will be enhanced, modernised or replaced altogether to ensure residents' safety and comfort*



## A Town That Facilitates Healthy Living

Over the next five years, the upgrading of fitness corners under Estate Improvement projects, Addition and Alteration works, NRP and R&R will see the replacement of fitness equipment with state-of-the-art ones that allow residents to get age-appropriate workouts.

With a population structure skewed towards an older demographic, facilitating healthy living becomes more essential than ever. Apart from elderly-friendly features across the common areas, AHTC will be upgrading fitness corners to support active ageing as part of the larger goal of promoting healthy living.

As we seek to facilitate improvements to the lifestyle of the elderly, those in the younger age groups are certainly not forgotten. Under this 5-year plan, fitness corners catering to adults in general will also be enhanced. Playgrounds will likewise be upgraded to provide children with a more holistic experience. In the pipeline are plans to replace playground equipment that aim to better cater to a fun and fulfilling experience for children.

Safety will also be enhanced with the replacement of the Ethylene Propylene Diene Monomer (EPDM) flooring with newer ones for better shock absorbing surfaces that can help disperse the momentum of a fall, thus reducing the risk of injury.



*Artist Impression of fitness corners catering to adults and the elderly*

## Riding On the Digital Wave

AHTC will work towards digital broadcasting of notices pertaining to major projects and ad hoc works, as well as educational messages. This is aimed primarily at providing another channel for residents to receive updates from AHTC. To reach out to residents, AHTC will be looking into using applications with broadcast features such as WhatsApp Business and Telegram.

In addition to this, AHTC will enhance its website over the next five years to be more user-friendly and interactive. To this end, an initiative implemented in FY 2020/2021 is the “Find My MP” function in our website, which helps residents obtain information about their Member of Parliament (MP) and Meet-the-People Sessions (MPS) by entering their postal code.

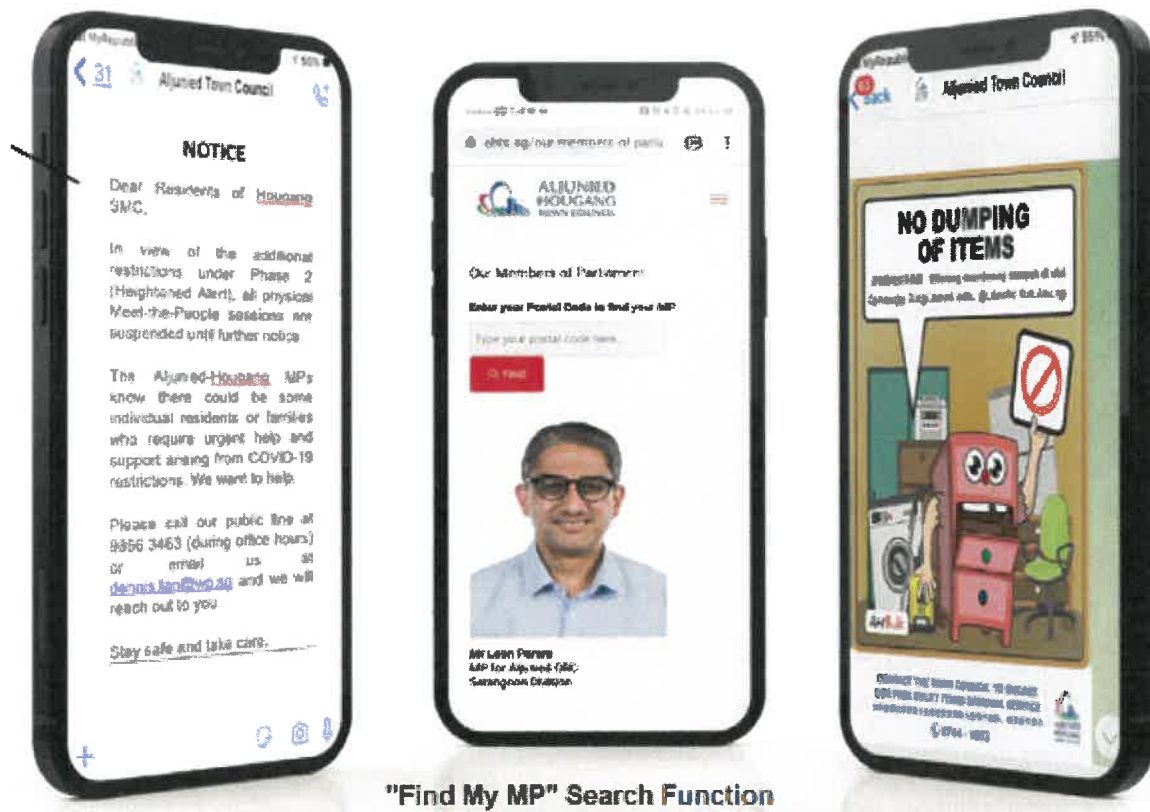
The conventional belief that older generations are digitally less savvy and has to be reached out to via traditional modes of communication is gradually being debunked by emerging trends over the years. For example, IMDA’s 2019 survey on Infocomm usage in households and by individuals revealed that senior citizens aged 60 and above used an internet-enabled feature phone or smart phone, an increase of 2 percentage-points compared to 2018<sup>12</sup>. The survey also found that 69% of those in this age group used portable equipment to connect to the internet wirelessly during the same period<sup>13</sup>.

The trend suggests that digital broadcasting and communicating digitally is a viable approach in connecting with residents, especially in the future.

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<sup>12</sup> Infocomm Media Development Authority, ‘Annual Survey on Infocomm Usage in Households and By Individuals For 2019’ (IMDA, 2019), 14.

<sup>13</sup> Ibid, 15.



**"Find My MP" Search Function**

*Broadcast messages to keep residents abreast Town Council updates*

## Towards a Greener Future and Sustainable Development

AHTC is committed to ensuring that environmentally friendly and sustainable practices are incorporated in every aspect of our internal operations, as well as in the work we undertake to maintain the common areas. We are also committed to supporting national sustainability and green initiatives.

One of the key highlights is the use of Corkeen flooring for playgrounds. As part of our sustainability efforts, AHTC has started working with some of our R&R project contractors to try out this new flooring material for some of our playgrounds. Known as Corkeen System, it is made of cork, a 100 % natural, recyclable, and renewable raw material. It is also free of toxins, microplastics and endocrine disruptors, making it the ideal material to create playground flooring that respects the environment<sup>14</sup>. It has all the shock absorbing properties of the existing EPDM flooring used in playgrounds and fitness corners to protect against falls, and is environmentally friendlier<sup>15</sup>. We will explore using this material in more parts of our Town over the next five years.

<sup>14</sup> Portugal, Fullsix. 'Corkeen Play Original. Amorim Cork Composites.' Accessed 23 October 2021. <https://corkeen.com/en/corkeen/corkeen-play-original/>.

<sup>15</sup> Ibid.





*Pilot test being conducted for the playground located near Block 121 Hougang Avenue 1. AHTC aims to use this material in more parts of our Town over the next five years.*

### Other Developments Over Next 5 Years<sup>16</sup>

Apart from the key objectives spelt out above, residents will also be able to benefit from projects of other agencies in the town. For example, the Land Transport Authority (LTA) announced Singapore's eighth rail line, to be known as the Cross Island Line (CRL). CRL will be the longest full underground line at more than 50km long, and will be constructed in three phases. Phase 1 will comprise of 12 stations, which runs through the Hougang and Serangoon Divisions. Construction for Phase 1 commenced in 2020 and will be completed by 2030. Upon completion, CRL Hougang will be connected to the existing Hougang station along North East Line (NEL) as an interchange station.



*Cross Island Line will connect with Hougang North East Line to form an interchange*

### Publication on 5-Year Plan

Residents can read more about our five-year plan at our website.

<sup>16</sup> These are projects of other agencies taking place in the Town.

## CONCLUSION

Despite the prospects of a prolonged period of uncertainty brought about by the Covid-19 pandemic, we hope that residents would remain positive and stay safe. We look forward to a better year in FY 2021/2022 and will continue to keep residents' best interests at heart. We deeply appreciate the trust and goodwill that residents have accorded us with.

On behalf of the management team of AHTC and all Town Councillors, we wish to thank our residents, commercial tenants, contractors, partners and other stakeholders for your continuous support, cooperation and commitment. A special word of heartfelt appreciation is also due to the relevant government agencies and statutory boards for their assistance with AHTC's work. The progress we made over the past year may not have been possible without your support.

Thank you.



**Dennis Tan Lip Fong**

**Chairman**

**Aljunied-Hougang Town Council**

**28 October 2021**

# **ALJUNIED-HOUGANG TOWN COUNCIL**

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

## **FINANCIAL STATEMENTS**

For the financial year ended 31 March 2021



**ALJUNIED-HOUGANG TOWN COUNCIL**  
*(Established under the Town Councils Act, Cap. 329A)*

**FINANCIAL STATEMENTS**  
For the financial year ended 31 March 2021

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
ALJUNIED-HOUGANG TOWN COUNCIL**  
(Established under the Town Councils Act, Chapter 329A)

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**Report on the Audit of Financial Statements**

***Opinion***

We have audited the financial statements of Aljunied-Hougang Town Council ("Town Council"), which comprise the statement of financial position as at 31 March 2021, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Town Councils Act, Chapter 329A (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to present fairly, in all material respects, the financial position of the Town Council as at 31 March 2021 and of the financial performance, changes in funds and cash flows of the Town Council for the year ended on that date.

***Basis for Opinion***

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

***Emphasis of Matter***

We draw attention to Note 28 of the financial statements, which describes the contingencies arising from the Town Council's law suit against its former managing agent firm, Town Councillors and other defendants. Our opinion is not modified in respect of this matter.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
ALJUNIED-HOUGANG TOWN COUNCIL (CONTINUED)**  
(Established under the Town Councils Act, Chapter 329A)

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***Other Information***

Management is responsible for the other information. The other information refers to the Chairman's Review included in the Annual Report, but does not include the financial statements and our auditor's report thereon, which are expected to be made available to us after the date of this auditor's report.

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

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

When we read the Chairman's Review of the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

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

Management is responsible for the preparation and fair representation of financial statements in accordance with the provisions of the Act and FRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud and error.

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

The Town Councillors are responsible for overseeing the Town Council's financial reporting process.

***Auditor's Responsibilities for the Audit of the Financial Statements***

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



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
ALJUNIED-HOUGANG TOWN COUNCIL (CONTINUED)**  
(Established under the Town Councils Act, Chapter 329A)

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***Auditor's Responsibilities for the Audit of the Financial Statements (Continued)***

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

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

**Report on Other Legal and Regulatory Requirements**

***Opinion***

In our opinion,

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
ALJUNIED-HOUGANG TOWN COUNCIL (CONTINUED)**  
(Established under the Town Councils Act, Chapter 329A)

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***Basis for Opinion***

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

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

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

***Auditor's Responsibilities for the Compliance Audit***

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

Our compliance audit includes obtaining an understanding of the internal 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 control. Because of the inherent limitations in any accounting and internal control system, non-compliances may nevertheless occur and not be detected.



CA TRUST PAC  
Public Accountants and Chartered Accountants  
Singapore

Date: 28 October 2021

**ALJUNIED-HOUGANG TOWN COUNCIL**  
(Established under the Town Councils Act, Cap. 329A)

**STATEMENT OF FINANCIAL POSITION**  
As at 31 March 2021

	<u>Note</u>	<u>2021</u> S\$	<u>2020</u> S\$
<b>TOWN COUNCIL FUNDS</b>			
<b>RESIDENTIAL PROPERTY</b>			
Accumulated surplus	4	2,069,686	2,134,201
Sinking Fund	5	33,820,795	31,590,740
Lift Replacement Fund	6	30,801,252	23,126,262
Town Improvement and Project Fund	7	572,895	889,760
		67,264,628	57,740,963
<b>COMMERCIAL PROPERTY</b>			
Accumulated surplus	4	3,851,314	5,162,557
Sinking Fund	5	25,058,795	23,066,428
Lift Replacement Fund	6	7,871,029	6,009,181
Town Improvement and Project Fund	7	39,673	58,528
		36,820,811	34,296,694
<b>CAR PARK</b>			
Accumulated surplus	4	998,470	897,807
		<u>105,083,909</u>	<u>92,935,464</u>
<b>REPRESENTED BY:</b>			
<b>NON-CURRENT ASSET</b>			
Property, plant and equipment	8	1,542,826	727,852
<b>CURRENT ASSETS</b>			
Conservancy and service fees receivables	9	948,103	772,621
Other receivables	10	12,502,604	9,935,743
Cash and cash equivalents	11	117,969,450	108,642,541
		<u>131,420,157</u>	<u>119,350,905</u>
<b>TOTAL ASSETS</b>		<u>132,962,983</u>	<u>120,078,757</u>
<b>LESS:</b>			
<b>NON-CURRENT LIABILITY</b>			
Lease Liabilities	13	980,695	-
<b>CURRENT LIABILITIES</b>			
Conservancy and service fees received in advance		785,581	781,855
Deferred income from Temporary Occupational Licence		439,556	677,485
Payables and accrued expenses	12	24,350,962	24,377,070
Lease liabilities	13	255,480	356,689
Provision for income tax	14(b)	1,066,800	950,194
		26,898,379	27,143,293
<b>TOTAL LIABILITIES</b>		<u>27,879,074</u>	<u>27,143,293</u>
<b>NET ASSETS</b>		<u>105,083,909</u>	<u>92,935,464</u>

  
DENNIS TAN LIP FONG  
Chairman

  
VINCENT KOH  
Secretary

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



**ALJUNIED-HOUGANG TOWN COUNCIL**  
(Established under the Town Councils Act, Cap. 329A)

**STATEMENT OF COMPREHENSIVE INCOME**  
For the financial year ended 31 March 2021

	<u>Note</u>	<u>2021</u> S\$	<u>2020</u> S\$
<b>OPERATING INCOME</b>			
Conservancy and service fees	4	47,809,336	48,055,778
Less: Operating income transfer to			
- Sinking Fund (minimum required by law)	4	(12,430,429)	(12,494,503)
- Lift Replacement Fund (minimum required by law)	4	(6,693,308)	(6,727,810)
		<u>28,685,599</u>	<u>28,833,465</u>
Agency fees	4, 15	2,960,549	2,961,208
Other income	4, 16	4,381,633	3,387,658
<b>TOTAL INCOME</b>		<u>36,027,781</u>	<u>35,182,331</u>
<b>LESS: OPERATING EXPENDITURE</b>			
Cleaning works		(8,176,799)	(8,286,746)
Lift maintenance		(7,651,256)	(7,739,533)
Other works and maintenance		(7,832,675)	(6,852,097)
Water and electricity		(7,249,110)	(7,960,605)
General and administrative expenditure	17	(8,652,292)	(8,530,000)
		<u>(39,562,132)</u>	<u>(39,368,981)</u>
<b>OPERATING DEFICIT</b>		<u>(3,534,351)</u>	<u>(4,186,650)</u>
<b>ADD: NON-OPERATING INCOME</b>			
Interest income	4	23,669	26,722
<b>DEFICIT BEFORE INCOME TAX AND GOVERNMENT GRANTS</b>			
		(3,510,682)	(4,159,928)
Less: Income tax	4, 14(a)	(414,052)	(320,585)
<b>DEFICIT BEFORE GOVERNMENT GRANTS</b>		<u>(3,924,734)</u>	<u>(4,480,513)</u>
Add: Government grants	18	13,821,820	13,856,874
Less: Government grants transfer to			
- Sinking Fund	18	(2,548,757)	(2,551,851)
- Lift Replacement Fund	18	(5,391,317)	(5,416,136)
		<u>5,881,746</u>	<u>5,888,887</u>
<b>SURPLUS FOR THE FINANCIAL YEAR</b>	4	<u>1,957,012</u>	<u>1,408,374</u>
Add: Surplus/(deficit) for the financial year from			
- Sinking Fund	5	2,121,552	977,666
- Lift Replacement Fund	6	8,405,601	8,431,388
- Town Improvement and Project Fund	7	(335,720)	(174,896)
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>		<u>12,148,445</u>	<u>10,642,532</u>

  
DENNIS TAN LIP FONG  
Chairman

  
VINCENT KOH  
Secretary

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

**ALJUNIED-HOUGANG TOWN COUNCIL***(Established under the Town Councils Act, Cap. 329A)***STATEMENT OF CHANGES IN TOWN COUNCIL FUNDS**

For the financial year ended 31 March 2021

	<u>Total</u>		<u>Residential property</u>		<u>Commercial property</u>		<u>Carpark</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
<b>BALANCE AT BEGINNING OF FINANCIAL YEAR</b>	<b>92,935,464</b>	82,292,932	<b>57,740,963</b>	49,425,456	<b>34,296,694</b>	32,074,952	<b>897,807</b>	792,524
Surplus for the financial year	<b>12,148,445</b>	10,642,532	<b>8,988,487</b>	8,315,507	<b>2,524,117</b>	2,221,742	<b>635,841</b>	105,283
Statement of Transferrable Surpluses	-	-	<b>535,178</b>	-	-	-	<b>(535,178)</b>	-
<b>BALANCE AT END OF FINANCIAL YEAR</b>	<b>105,083,909</b>	92,935,464	<b>67,264,628</b>	57,740,963	<b>36,820,811</b>	34,296,694	<b>998,470</b>	897,807

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

**ALJUNIED-HOUGANG TOWN COUNCIL**  
*(Established under the Town Councils Act, Cap. 329A)*

**STATEMENT OF CASH FLOWS**

For the financial year ended 31 March 2021

	<b>Note</b>	<b>2021</b> S\$	<b>2020</b> S\$
<b>OPERATING ACTIVITIES</b>			
Deficit before income tax and government grants	4	(3,510,682)	(4,159,928)
Adjustments for:			
Allowance for impairment (written back)/ made	9, 17	(49,165)	724,290
Conservancy and service fees receivables written off	17	3,826	12,479
Depreciation of property, plant and equipment	8	557,049	707,380
Lease interest expense	17	21,696	29,522
Property, plant and equipment written off		829	-
Operating income transfer to Sinking Fund	4, 5	12,430,429	12,494,503
Operating income transfer to Lift Replacement Fund	4, 6	6,693,308	6,727,810
<b>SURPLUS BEFORE MOVEMENTS IN WORKING CAPITAL</b>		<b>16,147,290</b>	<b>16,536,056</b>
Operating receivables		(882,807)	(2,379,338)
Operating payables		(260,311)	7,762,393
<b>CASH FROM OPERATIONS BEFORE INCOME TAX</b>		<b>15,004,172</b>	<b>21,919,111</b>
Sinking Fund expenditure	5, 19(ii)	(13,384,320)	(14,766,340)
Lift Replacement Fund expenditure	6, 20(ii)	(3,931,277)	(4,090,138)
Town Improvement and Project Fund expenditure	7, 21	(335,720)	(174,896)
Income tax paid	14(b)	(482,950)	(536,161)
<b>NET CASH (USED IN)/ FROM OPERATING ACTIVITIES</b>		<b>(3,130,095)</b>	<b>2,351,576</b>
<b>INVESTING ACTIVITIES</b>			
Interest received		447,209	652,636
Addition of property, plant and equipment	8	(127,462)	(176,530)
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>319,747</b>	<b>476,106</b>
<b>FINANCING ACTIVITIES</b>			
Payment of lease liabilities	13(a)	(387,600)	(392,400)
Government grants received	18	12,524,857	12,569,886
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>12,137,257</b>	<b>12,177,486</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>9,326,909</b>	<b>15,005,168</b>
Cash and cash equivalents at beginning of financial year		108,642,541	93,637,373
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>	11	<b>117,969,450</b>	<b>108,642,541</b>

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

## **ALJUNIED-HOUGANG TOWN COUNCIL**

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

### **NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March 2021

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#### **1. General information**

Aljunied-Hougang Town Council (the "Town Council") was formed on 7 October 2015 under the Town Councils Act (Cap. 329A). The principal functions of the Town Council are to control, manage, maintain and improve the common property of residential and other commercial property in the housing estates of the Housing and Development Board ("HDB") within the Town.

The Town Council manages the Aljunied Group Representation Constituency ("GRC") and Hougang Single Member Constituency ("SMC"), comprising the divisions of Bedok Reservoir-Punggol, Eunos, Hougang, Kaki Bukit, Serangoon and Paya Lebar (collectively the "Town").

The principal place of operations is at Blk 810 Hougang Central #02-214, Singapore 530810.

#### **2. Summary of significant accounting policies**

##### **2.1 Basis of preparation**

The financial statements of the Town Council have been drawn up in accordance with Financial Reporting Standards in Singapore (FRSs) and the provisions of the Town Councils Act, Cap. 329A. The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (\$S), which is the Town Council's functional currency. All financial information presented in Singapore Dollars has been rounded to the nearest dollar, unless otherwise indicated.

##### **2.2 Adoption of new and revised standards**

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Town Council has adopted all the new and revised standards which are relevant to the Town Council and are effective for annual financial periods beginning on or before 1 April 2020.

These applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

##### Early adoption of amendment to FRS 116 Leases: Covid-19-Related Rent Concessions

The Town Council has early adopted the amendment to FRS 116 which introduced an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification.

The Town Council has applied this practical expedient to all property leases. As a result of applying the practical expedient, rent concession of \$65,400 was recognised as other income in the profit or loss during the year.



## ALJUNIED-HOUGANG TOWN COUNCIL

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

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 March 2021

#### 2. Summary of significant accounting policies (continued)

##### 2.3 Standards issued but not yet effective

A number of new standards, amendments to standards and interpretations are issued but effective for annual financial period beginning after 1 April 2020, and have not been applied in preparing these financial statements. The Town Council does not plan to early adopt these standards, except for Amendment to FRS 116 Leases: Covid-19-Related Rent Concessions.

Description	Effective date for annual periods beginning on or after
<i>Amendment to FRS 116 Leases: Covid-19-Related-Rent Concessions</i>	<i>1 June 2020</i>
<i>Amendments to FRS 109 Financial Instruments, FRS 39 Financial Instruments: Recognition and Measurement, FRS 107 Financial Instruments: Disclosures, FRS 104 Insurance Contracts, FRS 116 Leases: Interest Rate Benchmark Reform - Phase 2</i>	<i>1 January 2021</i>
<i>Amendments to FRS 16 Property, Plant and Equipment: Proceeds before Intended Use</i>	<i>1 January 2022</i>
<i>Amendments to FRS 37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract</i>	<i>1 January 2022</i>
<i>Annual Improvements to FRSs 2018-2020</i>	<i>1 January 2022</i>
<i>Amendment to FRS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current</i>	<i>1 January 2023</i>
<i>Amendment to FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates</i>	<i>1 January 2023</i>
<i>Amendment to FRS 1 Presentation of Financial Statements and FRS Practice Statement 2: Disclosure of Accounting Policies.</i>	<i>1 January 2023</i>
<i>Amendment to FRS 12 Income Tax: Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	<i>1 January 2023</i>
<i>FRS 117 Insurance Contracts</i>	<i>1 January 2023</i>
<i>Amendments to FRS 110 Consolidated Financial Statements and FRS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate and Joint Venture</i>	<i>Date to be determined</i>

The Town Council anticipates that the adoption of the standards above will have no material impact on the financial statements in the year of initial adoption.

##### 2.4 Town Council funds

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

- Residential Property
- Commercial Property

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

## ALJUNIED-HOUGANG TOWN COUNCIL

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

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 March 2021

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#### 2. Summary of significant accounting policies (continued)

##### 2.4 Town Council funds (continued)

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

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

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

##### Ordinary Sinking Fund (Sinking Fund)

In accordance with Section 33(4) of the Town Councils Act, separate sinking fund is established for improvement to, management and maintenance of residential and commercial properties. The sinking fund is maintained as part of the Town Council's Fund.

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

For every quarter of the financial year of a Town Council starting 1 April 2017, and for every quarter of any subsequent financial year of the Town Council -

- (a) at least 26% of all conservancy and service charges which are levied by the Town Council for residential property and for commercial property, respectively, and are paid or due and payable, or both, to the Town Council in that quarter; and
- (b) at least 26% of -
  - (i) the total grants-in-aid received by the Town Council in that relevant quarter for residential property and commercial property, respectively; less
  - (ii) the lift replacement fund matching grant-in-aid received by the Town Council in that same relevant quarter for that same property,

must be paid or credited by that Town Council into every ordinary sinking fund established by the Town Council for that residential property and that commercial property, respectively.

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

The sinking fund is utilised for cyclical major repainting, renewal or replacement of roofing system, water tanks, pumps and water supply system, electrical supply system and lightning protection system, escalators, 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.

## ALJUNIED-HOUGANG TOWN COUNCIL

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### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 March 2021

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#### 2. Summary of significant accounting policies (continued)

##### 2.4 Town Council funds (continued)

###### Lift Replacement Fund

In accordance with Section 33(4A) of the Town Councils Act, every Town Council must establish and maintain, as part of the Town Council Fund, a sinking fund called a lift replacement fund, each for residential property and for commercial property in the housing estates of the HDB.

For every quarter of the financial year of a Town Council starting 1 April 2017, and for every quarter of any subsequent financial year of the Town Council -

- (a) at least 14% of all conservancy and service charges which are levied by the Town Council for residential property and for commercial property, respectively, and are paid or due and payable, or both, to the Town Council in that quarter; and
- (b) at least 14% of -
  - (i) the total grants-in-aid received by the Town Council in that quarter for residential property and commercial property, respectively; less
  - (ii) the lift replacement fund matching grant-in-aid received by the Town Council in that same relevant quarter for that same property,

must be paid or credited by that Town Council into every lift replacement fund established by the Town Council for that residential property and that commercial property, respectively.

The lift replacement fund is utilised to meet the cost of any capital expenditure (including works, plant, equipment, appliances and insurance premiums) related to the replacement of lifts and for lift upgrading works (including any building operations, demolition or installation works necessary or ancillary to installing any lift or additional lift in a building or part thereof) in those residential property or commercial property.

###### Town Improvement and Project Fund

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

The fund comprises the amounts set aside for project to be carried out in the next financial year. All expenditure on town improvement and project are appropriated from these reserves. The fund is set up by transfer from the accumulated surplus to fund specific project(s) to be carried out.

##### 2.5 Inter-fund transfers

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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2021

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**2. Summary of significant accounting policies (continued)**

**2.6 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 7% (2020: 7%) of its general and administration expenses from routine fund to sinking fund and lift replacement fund in the following ratio:

- (a) 67% to sinking fund (2020: 67%)
- (b) 33% to lift replacement fund (2020: 33%)
- (c) No overheads are allocated to town improvement and project fund

**2.7 Government grants**

The Town Council receives various types of grants from the Government: Conservancy and Service Charges ("S&CC") Operating Grant, Goods & Services Tax ("GST") Subvention, Lift Maintenance Grant and Lift Replacement Fund Matching Grant.

Conservancy and Service Charge Operating Grant disbursed to meet the current year's operating expenditure is recorded in the statement of comprehensive income.

The GST Subvention is given as grants-in-aid to the Town Council to assist the Town Council in absorbing the GST increases in conservancy and service charges for HDB residential flats.

The Lift Maintenance Grant is disbursed to the Town Council annually, at S\$600 for each lift managed and maintained by the Town Council to cope with higher lift-related servicing and maintenance costs.

Lift Replacement Fund Matching Grant is disbursed to the Town Council every quarter, matching 50% of the Town Council's quarterly contribution to its Lift Replacement Fund.

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



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2021

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**2. Summary of significant accounting policies (continued)**

**2.8 Property, plant and equipment**

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

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

• Data processing equipment	3 years
• Furniture and fittings	5 years
• Office equipment	5 years
• Office renovation	5 years
• Office premise ( <i>right-of-use assets</i> )	3 - 6 years

The useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in statement of comprehensive income in the financial year the asset is derecognised. Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

**2.9 Impairment of non-financial assets**

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in statement of comprehensive income.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in statement of comprehensive income.

## **ALJUNIED-HOUGANG TOWN COUNCIL**

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

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2021

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#### **2. Summary of significant accounting policies (continued)**

##### **2.10 Financial instruments**

###### **Recognition and derecognition of financial instruments**

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Town Council becomes party to the contractual provisions of the instrument. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Town Council neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires. At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

###### **(a) Financial assets**

###### **Classification and measurement of financial assets**

###### **(i) Financial asset classified as measured at amortised cost:**

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVPL), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) 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.

Conservancy and service fees receivables are measured at the amount of consideration to which the Town Council expects to be entitled in exchange for its services to control, manage, maintain and improve the common property of the residential and commercial properties within its town for the benefit of the residents and keep them in a state of good and serviceable condition.

###### **(ii) Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income (FVOCI):**

A debt asset instrument is measured at fair value through other comprehensive income (FVOCI) only if it meets both of the following conditions and is not designated as at FVPL, that is (a): the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (b) 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.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2021

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**2. Summary of significant accounting policies (continued)**

**2.10 Financial instruments (continued)**

**(a) Financial assets (continued)**

**Classification and measurement of financial assets (continued)**

- (ii) Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income (FVOCI): (continued)

Financial assets are not reclassified subsequent to their initial recognition, except when, and only when, the Town Council changes its business model for managing financial assets (expected to be rare and infrequent events). The previously recognised gains, losses, or interest cannot be restated. When these financial assets are derecognised, cumulative gains or losses previously recognised in other comprehensive income are reclassified to income or expenditure.

- (iii) Financial asset that is an equity investment measured at fair value through other comprehensive income (FVOCI):

On initial recognition of an equity investment that is not held for trading, an irrevocable election may be made to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. Fair value changes are recognised in OCI but dividends are recognised in income or expenditure unless the dividend clearly represents a recovery of part of the cost of the investment. The gain or loss that is presented in OCI includes any related foreign exchange component arising on non-monetary investments (eg, equity instruments). On disposal, the cumulative fair value changes are not recycled to income or expenditure but remain in reserves within equity. The weighted average or specific identification method is used when determining the cost basis of equities being disposed of.

- (iv) Financial asset classified as measured at fair value through profit or loss (FVPL):

All other financial assets are classified as measured at FVPL. In addition, on initial recognition, management may irrevocably designate a financial asset as measured at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2021

**2. Summary of significant accounting policies (continued)**

**2.10 Financial instruments (continued)**

**(b) Financial liabilities**

**Classification and measurement of financial liabilities**

Financial liabilities are classified as at fair value through profit or loss (FVPL) in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

**2.11 Impairment of financial assets**

The Town Council assesses on a forward-looking basis the expected credit loss ("ECLs") associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For conservancy and service fees receivables, the Town Council applies a simplified approach in calculating ECLs. Therefore, the Town Council does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Town Council has established a provision matrix that is based on its historical credit loss experience and assessment of the existing or forecast adverse changes in economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations. The following provision matrix is used:

	Rate of provision	
	<u>2021</u>	<u>2020</u>
Live accounts with arrears between 1 and 6 months old	50%	50%
Live accounts with arrears between 6 and 18 months old	50%	100%
Live accounts with arrears more than 18 months old	100%	100%
Inactive accounts with arrears	100%	100%

The Town Council considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Town Council may also consider a financial asset to be in default when internal or external information indicates that the Town Council is unlikely to receive the outstanding contractual amounts in full.

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

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2021

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**2. Summary of significant accounting policies (continued)**

**2.12 Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, and fixed deposits with financial institutions which are subject to an insignificant risk of change in value.

**2.13 Revenue recognition**

Revenue is recognised when the Town Council satisfies a performance obligation by transferring promised services to the residents and commercial operators, which is when the residents and commercial operators obtain control of the goods or services. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Revenue is measured based on the consideration to which the Town Council expects to be entitled in exchange for transferring promised services to the residents and commercial operators, excluding amounts collected on behalf of third parties.

(i) Conservancy and service fees

The Town Council controls, manages, maintains and improves the common property of the residential and commercial property in the housing estates of HDB within the Town for the benefit of the residents and commercial operators and to keep them in a state of good and serviceable repair and in a proper and clean condition.

For the purposes of carrying out its duties and functions under the Town Council Act, the Town Council charges conservancy and service fees to every residential or commercial property and stall in any market or food centre of the HDB within the Town. Revenue from conservancy and service fee is recognised over time when performance obligations are satisfied by transferring the promised services to the residents and commercial operators.

(ii) Agency fees

The HDB appoints the Town Council to maintain carparks within the Town. Revenue from rendering of the carpark management is recognised at a point in time when the performance obligations are satisfied by transferring the promised services to the residents and commercial operators.

(iii) Interest income

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

(iv) Other income

Other income comprises mainly Temporary Occupational Licence ("TOL") fees income, liquidated damages claims and other miscellaneous income and are recognised at a point in time when due.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2021

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**2. Summary of significant accounting policies (continued)**

**2.14 Taxes**

*Income Tax*

Tax is provided on the following income:

- (i) Income derived from investments and bank deposits;
- (ii) Fees, rent and other charges received from non-residents or non-owners of properties in the Town for the use of common property and maintenance of carpark where the Town Council opts to manage and maintain them;
- (iii) Receipts from non-residents or non-owners of properties in the Town; and
- (iv) Agency fees derived from acting as agent for the HDB.

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

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

*Goods and Services Tax (GST)*

Conservancy and service fees, other income, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2021

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**2. Summary of significant accounting policies (continued)**

**2.15 Employee benefits**

*Short-term employee benefits*

Short-term employee benefits obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Town Council has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

*Defined contribution plan: Singapore Central Provident Fund (CPF) Contributions*

Contributions on the Town Council's employees' salaries are made to the CPF as required by law. The CPF contributions are recognised in the statement of comprehensive income in the period when the employees rendered their services entitling them to the contributions. The Town Council has no further payment obligations once the contributions have been paid.

*Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated undiscounted liability for annual leave expected to be settled wholly within 12 months from the reporting date as a result of services rendered by employees up to the end of the financial year.

*Key management personnel*

Key management personnel are key officers as defined under Section 20(5) of the Town Councils Act.

**2.16 Leases**

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

**As lessee**

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

*Right-of-use assets*

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

## ALJUNIED-HOUGANG TOWN COUNCIL

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

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 March 2021

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#### 2. Summary of significant accounting policies (continued)

##### 2.16 Leases (continued)

###### As lessee (continued)

###### *Right-of-use assets (continued)*

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets (Note 2.8).

The Town Council's right-of-use assets are presented within property, plant and equipment (Note 8).

###### *Lease liabilities*

At the commencement date of the lease, the Town Council recognises lease liabilities measured at the present value of lease payment to be made over the lease term using incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

Lease payments includes fixed payment (including in-substance fixed payments) and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. Lease liabilities shall be remeasured if there is a modification, a change in the lease term, a change in the lease payments and a change in the Town Council's assessment of whether it will exercise an extension option.

Lease liabilities are remeasured with a corresponding adjustment to the right-of-use assets, or is recorded in statement of comprehensive income if the carrying amount of the right-of-use assets have been reduced to zero.

###### *Short-term leases and leases of low-value assets*

The Town Council applies the short-term lease recognition exemption to its short-term leases that is those leases that have a lease term of 12 months or less from the commencement date and do not contain purchase option.

The Town Council also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Leases of low value assets are recognised as expense on a straight-line basis over the lease term.



## **ALJUNIED-HOUGANG TOWN COUNCIL**

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### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2021

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#### **2. Summary of significant accounting policies (continued)**

##### **2.17 Neighbourhood Renewal Programme**

The Neighbourhood Renewal Programme ("NRP") was introduced in August 2007 in response to feedback received from residents during the Forum on HDB Heartware for more active consultation on the improvements to be provided in their precincts. The NRP, which replaces the Interim Upgrading Programme ("TUP") Plus, focuses on block and neighbourhood improvements. It is implemented on a larger area basis of 2 or more contiguous precincts.

The funding for the NRP by the government is received in advance and is for the specific use of projects under the programme. For projects announced before 2014, the funding is subject to a budget allocation of S\$3,400 per dwelling unit for NRP works, as well as S\$150 per dwelling unit or S\$125,000, whichever is higher for miscellaneous expenditure. However, if the cost of project works incurred exceeds the grants provided, the Town Council has to bear the cost of the excess expenditure.

##### **2.18 Electrical Load Upgrading Programme**

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

This programme is fully funded by HDB and implemented by the Town Council on behalf. HDB reimburses the Town Council for the expenses incurred on behalf.

##### **2.19 Contingent asset and liability**

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Town Council.

A contingent liability is:-

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Town Council; or
- (b) a present obligation that arises from past events but is not recognised because:-
  - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) the amount of the obligation cannot be measured with sufficient reliability.

## ALJUNIED-HOUGANG TOWN COUNCIL

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

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 March 2021

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#### **2. Summary of significant accounting policies (continued)**

##### **2.20 Provisions**

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

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

#### **3. Critical accounting judgements and key sources of estimation uncertainty**

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

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### **(a) Impact arising from the COVID-19 outbreak**

The Coronavirus Disease 2019 ("COVID-19") continues to cause unprecedented disruptions to the global economy due to restrictions in economic activities to contain the spread of COVID-19. There is significant uncertainty on the duration of the COVID-19 pandemic and its long term impact on Singapore's economy and the livelihoods of our residents and commercial operators.

The impacts and considerations of COVID-19 on the Town Council are as follows:

##### *(i) Impairment of receivables (including provision for expected credit losses)*

Due to the uncertain economic effects of COVID-19, the Town Council has considered and estimated the impact of COVID-19 in the impairment assessment of service and conservancy fees receivables based on historical credit loss experience and forecast of economic conditions and information available at the end of the reporting period. The details on the impairment assessment which involve significant judgement and estimation uncertainty are discussed in Note 3(b).

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2021

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**3. Critical accounting judgements and key sources of estimation uncertainty (continued)**

*(ii) Accounting for government assistance grants*

*FRS 20 Accounting for Government Grants and Disclosure of Government Assistance* applies when there is a transfer of resources from the government to the Town Council in return for meeting the stipulated conditions related to the operating activities of the Town Council and there is no service or goods provided back to the government by the Town Council. Government grant is recognised when there is reasonable assurance that it will comply with the conditions attached to them and the grants will be received. Government grants shall be recognised in income or expenditure on a systematic basis over the periods in which the Town Council recognises as expenses the related costs for which the grants are intended to compensate.

The Jobs Support Scheme (“JSS”) was announced by the Government to provide wage support to employers to help retain local employees (Singapore Citizens and Permanent Residents) during the period of economic uncertainty due to COVID-19 pandemic. In determining the timing of recognition of the JSS grant income, management has evaluated and concluded that the period of economic uncertainty commences on 7 April 2020 when the Circuit Breaker measures kicks in. The deferred grant income is disclosed in Note 12.

**(b) Provision for expected credit losses of conservancy and service fees receivables**

The Town Council uses a provision matrix to calculate ECLs for conservancy and service fees receivables. The provision rates are based on days past due for groupings of residents that have similar arrears status.

The provision matrix is initially based on the Town Council’s historical observed default rates. The Town Council calibrates 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 the Town Council’s historical credit loss experience, information available at the end of the period and forecast of economic conditions with consideration on the impact of COVID-19 and ECLs is a significant estimate and may also not be representative of the actual default in the future. The amount of ECLs is sensitive to changes in circumstances and of debtors’ financial ability in paying the conservancy and service fees.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2021

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**3. Critical accounting judgements and key sources of estimation uncertainty (continued)**

**(b) Provision for expected credit losses of conservancy and service fees receivables (cont'd)**

The information about the ECLs on the Town Council's conservancy and service fees receivables is disclosed in Note 9 and Note 23.

The carrying amount of the Town Council's conservancy and service fees receivables as at 31 March 2021 is S\$948,103 (2020: S\$772,621).

**(c) Depreciation of property, plant and equipment**

The cost of property, plant and equipment for the Town Council is depreciated on the straight-line basis over the property, plant and equipment's estimated economic useful lives. Changes in the expected useful lives and the technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised.

The carrying amount of the Town Council's property, plant and equipment as at 31 March 2021 is S\$1,542,826 (2020: S\$727,852).

**(d) Provision for income tax**

The Town Council is subject to income taxes in Singapore. Judgement is required in determining the deductibility of certain expenses during the estimation of the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of operations.

The Town Council recognises liabilities for expected tax issues based on estimate of whether additional taxes will be due. Where the final tax outcome of these matters differs from the amounts that were initially recognised, such differences will impact the income tax provision in the period in which such determination is made.

The carrying amount of the Town Council's provision for income tax as at 31 March 2021 is S\$1,066,800 (2020: S\$950,194).

**(e) Accrued legal fee**

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

The estimated accrued legal fee of S\$2,350,000 (consisting of approximately S\$2,000,000 for Shook Lin & Bok LLP's fees and approximately S\$350,000 for KPMG's fees) (2020: S\$2,200,000) as disclosed in Note 12 for the legal services rendered was made for the legal proceeding described in Note 28.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
For the financial year ended 31 March 2021

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**3. Critical accounting judgements and key sources of estimation uncertainty (continued)**

**(e) Accrued legal fee (continued)**

The estimated accrued legal fees were estimated based on the solicitors' of their estimated fees as provided by the Independent Panel's appointed lawyer which would be subjected to any taxation proceedings in the future after the conclusion of the action.

**(f) Leases**

*(i) Estimating the incremental borrowing rate*

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

*(ii) Determination of lease term of contracts with extension options*

The Town Council determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Town Council has several lease contracts that include extension options. The Town Council applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to extend the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the extension. After the commencement date, the Town Council reassesses the lease term whether there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to extend (e.g. construction of significant leasehold improvements or significant customisation to the leased asset).



# ALJUNIED-HOUGANG TOWN COUNCIL

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 March 2021

### 4. Accumulated surplus

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

	<u>Note</u>	<u>Total</u>	<u>Residential property</u>		<u>Commercial property</u>		<u>Carpark</u>	
		<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2020</u>
		S\$	S\$	S\$	S\$	S\$	S\$	S\$
<b>Operating income</b>								
Conservancy and service fees		47,809,336	48,055,778	43,333,592	43,272,373	4,475,744	4,783,405	-
Less: Operating income transfer to								
- Sinking Fund (minimum required by law)	5	(12,430,429)	(12,494,503)	(11,266,734)	(11,250,817)	(1,163,695)	(1,243,686)	-
- Lift Replacement Fund (minimum required by law)	6	(6,693,308)	(6,727,810)	(6,066,703)	(6,058,132)	(626,605)	(669,678)	-
		28,685,599	28,833,465	26,000,155	25,963,424	2,685,444	2,870,041	-
Agency fees	15	2,960,549	2,961,208	994	1,862	-	68	2,959,555
Other income	16	4,381,633	3,387,658	2,918,222	2,615,866	1,286,151	743,189	177,260
		36,027,781	35,182,331	28,919,371	28,581,152	3,971,595	3,613,298	3,136,815
Less: Operating expenditure		(39,562,132)	(39,368,981)	(34,670,393)	(33,790,830)	(2,489,754)	(2,716,723)	(2,401,985)
<b>Operating (deficit)/surplus</b>		(3,534,351)	(4,186,650)	(5,751,022)	(5,209,678)	1,481,841	896,575	734,830
Add: Interest income		23,669	26,722	23,669	26,722	-	-	-
<b>(Deficit)/surplus before income tax and government grants</b>		(3,510,682)	(4,159,928)	(5,727,353)	(5,182,956)	1,481,841	896,575	734,830
Less: Income tax	14(a)	(414,052)	(320,585)	(212,428)	(294,866)	(102,635)	(4,549)	(98,989)
<b>(Deficit)/surplus before government grants</b>		(3,924,734)	(4,480,513)	(5,939,781)	(5,477,822)	1,379,206	892,026	635,841
Add: Government grants	18	13,821,820	13,856,874	13,500,946	13,514,050	320,874	342,824	-
Less: Government grants transfer to								
- Sinking Fund	5,18	(2,548,757)	(2,551,851)	(2,545,949)	(2,549,355)	(2,808)	(2,496)	-
- Lift Replacement Fund	6,18	(5,391,317)	(5,416,136)	(5,079,731)	(5,081,568)	(311,586)	(334,568)	-
<b>Surplus for the financial year</b>		1,957,012	1,408,374	(64,515)	405,305	1,385,686	897,786	635,841
<b>Accumulated surplus at the beginning of financial year</b>		8,194,565	7,909,375	2,134,201	2,785,382	5,162,557	4,331,469	897,807
Statement of Transferrable Surpluses	29	(3,232,107)	-	-	-	(2,696,929)	-	(535,178)
Transfer to Town Improvement and Project Fund	7	-	(174,896)	-	(166,726)	-	(8,170)	-
Appropriation to Town Improvement and Project Fund	7	-	(948,288)	-	(889,760)	-	(58,528)	-
<b>Accumulated surplus at the end of financial year</b>		6,919,470	8,194,565	2,069,686	2,134,201	3,851,314	5,162,557	998,470

# ALJUNIED-HOUGANG TOWN COUNCIL

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 March 2021

### 5. Sinking Fund

	<u>Note</u>	<u>Total</u>	<u>Residential property</u>		<u>Commercial property</u>		
		<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2020</u>	
		S\$	S\$	S\$	S\$	S\$	
<b>Balance at the beginning of financial year</b>		<b>54,657,168</b>	53,679,502	<b>31,590,740</b>	30,995,842	<b>23,066,428</b>	22,683,660
Operating income transfer from conservancy and service fees	4	<b>12,430,429</b>	12,494,503	<b>11,266,734</b>	11,250,817	<b>1,163,695</b>	1,243,686
Transfer from government grants	4,18	<b>2,548,757</b>	2,551,851	<b>2,545,949</b>	2,549,355	<b>2,808</b>	2,496
Income	19(i)	<b>632,576</b>	839,492	<b>632,576</b>	839,492	-	-
		<b>15,611,762</b>	15,885,846	<b>14,445,259</b>	14,639,664	<b>1,166,503</b>	1,246,182
Expenditure	19(ii)	<b>(13,384,320)</b>	(14,766,340)	<b>(12,457,180)</b>	(13,902,926)	<b>(927,140)</b>	(863,414)
<b>Surplus before income tax</b>		<b>2,227,442</b>	1,119,506	<b>1,988,079</b>	736,738	<b>239,363</b>	382,768
Income tax	14(a)	<b>(105,890)</b>	(141,840)	<b>(105,890)</b>	(141,840)	-	-
<b>Surplus for the financial year</b>		<b>2,121,552</b>	977,666	<b>1,882,189</b>	594,898	<b>239,363</b>	382,768
Statement of Transferrable Surpluses		<b>2,100,870</b>	-	<b>347,866</b>	-	<b>1,753,004</b>	-
<b>Balance at the end of financial year</b>		<b>58,879,590</b>	54,657,168	<b>33,820,795</b>	31,590,740	<b>25,058,795</b>	23,066,428

Represented by:

#### Current Assets

Other receivables	<b>263,539</b>	437,538
Cash and cash equivalents	<b>74,053,572</b>	70,517,905
<b>Total Assets</b>	<b>74,317,111</b>	70,955,443

#### Current Liabilities

Due to accumulated surplus	<b>10,142,434</b>	9,785,033
Payables and accrued expenses	<b>5,047,362</b>	6,253,838
Provision for income tax	<b>247,725</b>	259,404
<b>Total Liabilities</b>	<b>15,437,521</b>	16,298,275
<b>Net Assets</b>	<b>58,879,590</b>	54,657,168

# **ALJUNIED-HOUGANG TOWN COUNCIL**

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

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2021

### **6. Lift Replacement Fund**

	<u>Note</u>	<u>Total</u>		<u>Residential property</u>		<u>Commercial property</u>	
		<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
		S\$	S\$	S\$	S\$	S\$	S\$
<b>Balance at the beginning of financial year</b>		<b>29,135,443</b>	<b>20,704,055</b>	<b>23,126,262</b>	<b>15,644,232</b>	<b>6,009,181</b>	<b>5,059,823</b>
Operating income transfer from conservancy and service fees	4	<b>6,693,308</b>	6,727,810	<b>6,066,703</b>	6,058,132	<b>626,605</b>	669,678
Transfer from government grants							
- S&CC Operating Grant	18	<b>987,627</b>	989,636	<b>987,627</b>	989,636	-	-
- GST Subvention	18	<b>235,596</b>	235,254	<b>235,596</b>	235,254	-	-
- Lift Maintenance Grant	18	<b>149,184</b>	149,184	<b>147,672</b>	147,840	<b>1,512</b>	1,344
- Minimum required by law		<b>1,372,407</b>	1,374,074	<b>1,370,895</b>	1,372,730	<b>1,512</b>	1,344
- Lift Replacement Fund Matching Grant	18	<b>4,018,910</b>	4,042,062	<b>3,708,836</b>	3,708,838	<b>310,074</b>	333,224
Transfer from government grants	4, 18	<b>5,391,317</b>	5,416,136	<b>5,079,731</b>	5,081,568	<b>311,586</b>	334,568
Income	20(i)	<b>331,867</b>	416,288	<b>331,867</b>	416,288	-	-
		<b>12,416,492</b>	12,560,234	<b>11,478,301</b>	11,555,988	<b>938,191</b>	1,004,246
Expenditure	20(ii)	<b>(3,931,277)</b>	(4,090,138)	<b>(3,911,009)</b>	(4,035,250)	<b>(20,268)</b>	(54,888)
<b>Surplus before income tax</b>		<b>8,485,215</b>	8,470,096	<b>7,567,292</b>	7,520,738	<b>917,923</b>	949,358
Income tax	14(a)	<b>(79,614)</b>	(38,708)	<b>(79,614)</b>	(38,708)	-	-
<b>Surplus for the financial year</b>		<b>8,405,601</b>	8,431,388	<b>7,487,678</b>	7,482,030	<b>917,923</b>	949,358
Statement of Transferrable Surpluses		<b>1,131,237</b>	-	<b>187,312</b>	-	<b>943,925</b>	-
<b>Balance at the end of financial year</b>		<b>38,672,281</b>	<b>29,135,443</b>	<b>30,801,252</b>	<b>23,126,262</b>	<b>7,871,029</b>	<b>6,009,181</b>

Represented by:

#### **Current Assets**

Other receivables	<b>2,541,920</b>	954,823
Cash and cash equivalents	<b>37,723,982</b>	28,624,527
Due from accumulated surplus	<b>1,102,520</b>	1,274,857
<b>Total Assets</b>	<b>41,368,422</b>	30,854,207

#### **Current Liabilities**

Payables and accrued expenses	<b>2,577,327</b>	1,656,032
Provision for income tax	<b>118,814</b>	62,732
<b>Total Liabilities</b>	<b>2,696,141</b>	1,718,764
<b>Net Assets</b>	<b>38,672,281</b>	<b>29,135,443</b>

**ALJUNIED-HOUGANG TOWN COUNCIL***(Established under the Town Councils Act, Cap. 329A)***NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2021

**7. Town Improvement and Project Fund**

	<u>Note</u>	<u>Total</u>	<u>Residential property</u>		<u>Commercial property</u>		
		<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
		S\$	S\$	S\$	S\$	S\$	S\$
Balance at the beginning of financial year		948,288	-	889,760	-	58,528	-
Add/(Less):							
Expenditure	21	(335,720)	(174,896)	(316,865)	(166,726)	(18,855)	(8,170)
Deficit for the financial year		(335,720)	(174,896)	(316,865)	(166,726)	(18,855)	(8,170)
Add:							
Transfer from accumulated surplus	4	-	174,896	-	166,726	-	8,170
		(335,720)	-	(316,865)	-	(18,855)	-
Appropriation from accumulated surplus	4	-	948,288	-	889,760	-	58,528
Balance at the end of financial year		612,568	948,288	572,895	889,760	39,673	58,528
Represented by:							
Current Liability							
Due to accumulated surplus		612,568	948,288				
Net Liability		612,568	948,288				

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2021

**8. Property, plant and equipment**

	Office equipment S\$	Furniture and fittings S\$	Office renovation S\$	Data processing equipment S\$	Office premise S\$	Total S\$
<b>2021</b>						
<b>Cost:</b>						
At 1 April 2020	64,903	79,717	1,314,732	1,145,781	719,567	3,324,700
Additions	-	10,250	-	117,212	-	127,462
Modification of lease liabilities	-	-	-	-	1,245,390	1,245,390
Write-off	(16,227)	(15,355)	-	(42,325)	-	(73,907)
At 31 March 2021	48,676	74,612	1,314,732	1,220,668	1,964,957	4,623,645
<b>Accumulated depreciation:</b>						
At 1 April 2020	53,667	43,261	1,131,380	996,445	372,095	2,596,848
Depreciation	4,200	12,257	50,600	125,021	364,971	557,049
Write-off	(16,227)	(14,526)	-	(42,325)	-	(73,078)
At 31 March 2021	41,640	40,992	1,181,980	1,079,141	737,066	3,080,819
<b>Net book value:</b>						
At 31 March 2021	7,036	33,620	132,752	141,527	1,227,891	1,542,826
<b>2020</b>						
<b>Cost:</b>						
At 1 April 2019	75,411	62,505	1,203,662	1,099,853	719,567	3,160,998
Additions	-	17,212	111,070	48,248	-	176,530
Write-off	(10,508)	-	-	(2,320)	-	(12,828)
At 31 March 2020	64,903	79,717	1,314,732	1,145,781	719,567	3,324,700
<b>Accumulated depreciation:</b>						
At 1 April 2019	59,975	31,785	1,102,607	707,929	-	1,902,296
Depreciation	4,200	11,476	28,773	290,836	372,095	707,380
Write-off	(10,508)	-	-	(2,320)	-	(12,828)
At 31 March 2020	53,667	43,261	1,131,380	996,445	372,095	2,596,848
<b>Net book value:</b>						
At 31 March 2020	11,236	36,456	183,352	149,336	347,472	727,852

Right-of-use ("ROU") assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 13.



**ALJUNIED-HOUGANG TOWN COUNCIL**  
*(Established under the Town Councils Act, Cap. 329A)*

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2021

**9. Conservancy and service fees receivables**

	<u>2021</u>	<u>2020</u>
	S\$	S\$
Conservancy and service fees receivables	1,892,721	1,766,404
Less:		
Allowance made for impairment on conservancy and service fees receivables (Note 23)	<u>(944,618)</u>	<u>(993,783)</u>
	<u>948,103</u>	<u>772,621</u>

The credit term granted to conservancy and service receivables is 30 days.

Expected Credit Losses

The movement in allowance for expected credit losses ("ECLs") of conservancy and service fees receivables computed based on lifetime ECLs are as follows:

	<u>2021</u>	<u>2020</u>
	S\$	S\$
At the beginning of financial year	993,783	277,287
Allowance for impairment (written back)/made (Note 17)	(49,165)	724,290
Allowance utilised	-	(7,794)
At the end of financial year	<u>944,618</u>	<u>993,783</u>

As at the reporting date, the expected credit losses amounting to S\$944,618 (2020: S\$993,783) relates to conservancy and service fees that are assessed to be credit impaired.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2021

**10. Other receivables**

	<u>2021</u> S\$	<u>2020</u> S\$
GST subvention receivable	422,702	420,050
Lift Replacement Fund matching grant receivable	874,261	866,938
<b>Government grants receivables (Note 18)</b>	<b>1,296,963</b>	1,286,988
Jobs Support Scheme	-	400,800
Interest receivables on fixed deposits	517,234	558,144
Neighbourhood Renewal Programme receivables	7,305,414	4,469,315
Electrical Load Upgrading Programme receivables	-	1,333,549
Selective Lift Replacement Programme and Lift Enhancement Programme receivables	1,557,751	-
Prepayments	252,338	235,362
Others receivables	1,572,904	1,651,585
	<u><b>12,502,604</b></u>	<u><b>9,935,743</b></u>

The Jobs Support Scheme receivables as at 31 March 2020 is computed based on 25% of gross monthly wages for October to December 2019 and February to March 2020, subject to a monthly wage cap of S\$4,600 per employee.

**11. Cash and cash equivalents**

Cash and cash equivalents which are denominated in Singapore dollars consist of cash on hand, cash at bank balances and fixed deposits. Cash and cash equivalents comprise the following:

	<u>2021</u> S\$	<u>2020</u> S\$
Cash on hand	6,300	7,701
Cash at bank	32,963,150	48,634,840
	<b>32,969,450</b>	48,642,541
Fixed deposits		
- Maturing in more than three months but less than one year	85,000,000	60,000,000
	<u><b>117,969,450</b></u>	<u><b>108,642,541</b></u>

Fixed deposits have an average maturity period of 5 months (2020: 5 months) from the end of the financial year with an average effective interest rate of 0.76% (2020: 1.8%).

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2021

**12. Payables and accrued expenses**

	<u>2021</u> S\$	<u>2020</u> S\$
Advances received for Neighbourhood Renewal Programme	855,381	2,123,055
Advances received for Selective Lift Replacement Programme and Lift Enhancement Programme	579,045	462,453
Refundable deposits	359,743	359,375
Accrued legal fee	2,350,000	2,200,000
Provision for office restoration cost	111,070	111,070
Deferred Grant Income - Jobs Support Scheme (Note 3(a)(ii))	-	400,800
Payables to contractors and accrued operating expenses	20,095,723	18,720,317
	<u>24,350,962</u>	<u>24,377,070</u>

As at reporting date, the Town Council accrued for S\$2,350,000 (consisting of approximately S\$2,000,000 for Shook Lin & Bok LLP's fees and approximately S\$350,000 for KPMG's fees) (2020: S\$2,200,000) of the legal fee estimates as provided by the solicitors appointed by the Independent Panel, subject to any taxation by the High Court in the future after the conclusion of the legal proceedings.

**13. Lease liabilities**

**As lessee**

The Town Council leases office premises which are used for the purposes of Town Council's estate management and back office operations. The carrying amounts of office premises as right-of-use assets classified within property, plant and equipment is disclosed in Note 8. As at 31 March 2021, the Town Council's lease liabilities amounted to S\$1,236,175 (2020: \$356,689).

Lease liabilities are presented in the Statement of Financial Position as follows:

	<u>2021</u> S\$	<u>2020</u> S\$
Current lease liabilities	255,480	356,689
Non-current lease liabilities	980,695	-
Total lease liabilities	<u>1,236,175</u>	<u>356,689</u>

(a) Movements of lease liabilities are as follows:

	S\$	S\$
Lease liabilities at beginning of financial year	356,689	719,567
Modification of lease liabilities (Note 8)	1,245,390	-
Accretion of interest (Note 17)	21,696	29,522
Lease payments	(387,600)	(392,400)
Total lease liabilities at end of financial year	<u>1,236,175</u>	<u>356,689</u>

**ALJUNIED-HOUGANG TOWN COUNCIL**  
*(Established under the Town Councils Act, Cap. 329A)*

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2021

**13. Lease liabilities (continued)**

**As lessee (continued)**

(b) Amounts recognised in Statement of Comprehensive Income:

	<u>2021</u>	<u>2020</u>
	S\$	S\$
Depreciation of office premises (ROU assets) (Note 8)	364,971	372,095
Lease interest expense on lease liabilities (Note 17)	<u>21,696</u>	<u>29,522</u>
	386,667	401,617
Lease expense not capitalised in lease liabilities:		
- Expense relating to leases of low-value assets^	17,936	16,272
Total amount recognised in statement of comprehensive income	<u><u>404,603</u></u>	<u><u>417,889</u></u>

^ The Town Council has leases of office equipments with low value. The Town Council applies the 'lease of low-value assets' recognition exemptions for these leases.

(c) The total cash outflows for all the leases for the financial year ended 31 March 2021 is S\$405,536 (2020: S\$408,672).

	<u>2021</u>	<u>2020</u>
	S\$	S\$
Payment of lease liabilities	387,600	392,400
Pyament of low-value assets	<u>17,936</u>	<u>16,272</u>
	<u><u>405,536</u></u>	<u><u>408,672</u></u>

**14. Income tax**

(a) Income tax expense

Income tax expense attributable to profit is made up of:

	<u>2021</u>	<u>2020</u>
	S\$	S\$
Current year	575,936	490,843
Under-provision in prior financial years	<u>23,620</u>	<u>10,290</u>
	<u><u>599,556</u></u>	<u><u>501,133</u></u>
Presented in:		
Accumulated surplus (Note 4)	414,052	320,585
Sinking Fund (Note 5)	105,890	141,840
Lift Replacement Fund (Note 6)	<u>79,614</u>	<u>38,708</u>
	<u><u>599,556</u></u>	<u><u>501,133</u></u>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2021

**14. Income tax (continued)**

(a) Income tax expense (continued)

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

	<u>2021</u> S\$	<u>2020</u> S\$
Investment and interest income	982,113	1,237,502
Other income	2,426,021	1,667,575
Government grants (Note 18)	<u>13,821,820</u>	<u>13,856,874</u>
	17,229,954	16,761,951
Singapore statutory stepped income exemption	<u>(102,500)</u>	<u>(102,500)</u>
Taxable income	<u>17,127,454</u>	<u>16,659,451</u>
 Tax calculated using Singapore tax rate at 17%	 2,911,667	 2,832,106
Tax effect of certain income taxed at concessionary tax rate	 (2,335,731)	 (2,341,263)
Under-provision in prior financial years	<u>23,620</u>	<u>10,290</u>
	<u>599,556</u>	<u>501,133</u>

(b) Provision for income tax

The movements in provision for income tax is as follows:

	<u>2021</u> S\$	<u>2020</u> S\$
Balance at the beginning of financial year	950,194	985,222
Income tax expense	575,936	490,843
Income tax paid	<u>(482,950)</u>	<u>(536,161)</u>
Under-provision in prior financial years	23,620	10,290
Balance at the end of financial year	<u>1,066,800</u>	<u>950,194</u>

**15. Agency fees**

These are fees received for routine maintenance of HDB's car parks and fees collection on behalf of HDB.



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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2021

**16. Other income**

	<u>2021</u>	<u>2020</u>
	S\$	S\$
Interest on late payment	26,498	145,106
Liquidated damages	94,925	53,085
Sundry income	2,161,894	1,258,096
Temporary occupational licence	2,098,316	1,931,371
	<u>4,381,633</u>	<u>3,387,658</u>

**17. General and administrative expenditure**

The general and administrative expenditure comprises the following:

	<u>2021</u>	<u>2020</u>
	S\$	S\$
Advertising, publicity and public relations	181,152	193,677
Allowance for impairment (written back)/ made (Note 9)	(49,165)	724,290
Conservancy and service fees receivables written off	3,826	12,479
Computing services	221,608	183,132
Depreciation of property, plant and equipment (Note 8)	557,049	707,380
Insurance premium	51,899	38,789
Irrecoverable GST	428,361	411,847
Lease interest expense (Note 13)	21,696	29,522
Legal fees	276,603	615,073
Office upkeep expenses	76,626	52,518
Office supplies and stationeries	73,700	65,249
Property tax	220,372	202,240
Security services	54,692	34,202
Staff costs (Note 24)	6,413,035	5,455,717
Others	772,086	445,928
	<u>9,303,540</u>	<u>9,172,043</u>

General and administrative expenditure is allocated to the following accounts:

	<u>2021</u>	<u>2020</u>
	S\$	S\$
Operating expenditure	8,652,292	8,530,000
Sinking Fund expenditure (Note 19(ii))	436,383	430,169
Lift Replacement Fund expenditure (Note 20(ii))	214,865	211,874
	<u>9,303,540</u>	<u>9,172,043</u>

# ALJUNIED-HOUGANG TOWN COUNCIL

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

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 March 2021

### 18. Government grants

i) Government grants taken to the statement of comprehensive income during the financial year are as follows:

		Total		S&CC Operating Grant		GST Subvention		Lift Replacement Fund Matching Grant		Lift Maintenance Grant	
	<u>Note</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
		S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Government grants:											
Received during the year		<b>12,524,857</b>	12,569,886	<b>7,054,480</b>	7,068,827	<b>1,260,128</b>	1,260,335	<b>3,144,649</b>	3,175,124	<b>1,065,600</b>	1,065,600
Receivable during the year	10	<b>1,296,963</b>	1,286,988		-	<b>422,702</b>	420,050	<b>874,261</b>	866,938		-
		<b>13,821,820</b>	13,856,874	<b>7,054,480</b>	7,068,827	<b>1,682,830</b>	1,680,385	<b>4,018,910</b>	4,042,062	<b>1,065,600</b>	1,065,600
Transfer to:											
- Sinking Fund	4, 5	<b>(2,548,757)</b>	(2,551,851)	<b>(1,834,165)</b>	(1,837,895)	<b>(437,536)</b>	(436,900)	-	-	<b>(277,056)</b>	(277,056)
- Lift Replacement Fund	4, 6	<b>(5,391,317)</b>	(5,416,136)	<b>(987,627)</b>	(989,636)	<b>(235,596)</b>	(235,254)	<b>(4,018,910)</b>	(4,042,062)	<b>(149,184)</b>	(149,184)
		<b>5,881,746</b>	5,888,887	<b>4,232,688</b>	4,241,296	<b>1,009,698</b>	1,008,231	-	-	<b>639,360</b>	639,360

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

	<u>2021</u>	<u>2020</u>
	S\$	S\$
At 1 April	<b>238,657,133</b>	224,800,259
Grants receivables (Note 10)	<b>1,296,963</b>	1,286,988
Grants received	<b>12,524,857</b>	12,569,886
At 31 March	<b>252,478,953</b>	238,657,133

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2021

**19. Sinking fund income and expenditure**

(i)	Income	<u>2021</u>	<u>2020</u>
		S\$	S\$
	Interest income from bank accounts	58,666	77,007
	Interest income from fixed deposits	567,910	762,485
	Other Income	6,000	-
	Total (Note 5)	<u>632,576</u>	<u>839,492</u>
(ii)	Expenditure	<u>2021</u>	<u>2020</u>
		S\$	S\$
	Other major works	3,882,873	581,167
	Redecoration and repainting	5,059,221	10,662,957
	Replacement of water pumps	208,884	256,749
	Reroofing works	3,633,837	2,698,924
	Unclaimable input tax	163,122	136,374
	General and administrative expenditure (Note 17)	436,383	430,169
	Total (Note 5)	<u>13,384,320</u>	<u>14,766,340</u>

**20. Lift replacement fund income and expenditure**

(i)	Income	<u>2021</u>	<u>2020</u>
		S\$	S\$
	Interest income from bank accounts	17,000	18,151
	Interest income from fixed deposits	314,867	353,137
	Other income	-	45,000
	Total (Note 6)	<u>331,867</u>	<u>416,288</u>
(ii)	Expenditure	<u>2021</u>	<u>2020</u>
		S\$	S\$
	Lift works	2,442,183	2,358,600
	Lift upgrading work (HDB)	-	78,831
	Selective Lift Replacement Programme and Lift Enhancement Programme	1,186,699	1,373,729
	Unclaimable input tax	87,530	67,104
	General and administrative expenditure (Note 17)	214,865	211,874
	Total (Note 6)	<u>3,931,277</u>	<u>4,090,138</u>

**ALJUNIED-HOUGANG TOWN COUNCIL***(Established under the Town Councils Act, Cap. 329A)***NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2021

**20. Lift replacement fund income and expenditure (continued)****(iii) Selective Lift Replacement Programme (SLRP)**

In September 2014, HDB announced the SLRP to replace about 750 lifts installed between 1987 and 1997 lacking some safety and security features of modern lifts. Under this programme, HDB co-funds Town Councils 50% of the lift replacement cost, capped at S\$125,000 (inclusive of GST) per lift.

**(iv) Lift Enhancement Programme (LEP)**

Lift Enhancement Programme (LEP) was introduced in 2016 in response to feedback received from residents after a spate of lift accidents. Due to technological advancements, existing lifts may not be equipped with modern features which enhance their safety, reliability and performance. Under the LEP, HDB co-fund about 90% of the Town Council's costs to install the recommended enhancement features for the qualifying lifts.

**21. Town Improvement and Project Fund expenditure**

	<u>2021</u>	<u>2020</u>
	S\$	S\$
Town improvement project works	284,635	108,893
Consultancy and architectural fees	<u>51,085</u>	<u>66,003</u>
Total (Note 7)	<u>335,720</u>	<u>174,896</u>

**22. Capital commitments**

As at reporting date, capital expenditure approved by the Town Council but not provided for in the financial statements is as follows:

	<u>2021</u>	<u>2020</u>
	S\$	S\$
Amount approved and contracted for	<u>69,337,324</u>	<u>69,436,600</u>

## ALJUNIED-HOUGANG TOWN COUNCIL

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

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 March 2021

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#### 23. Financial risk management

The Town Council's activities expose it to a variety of financial risks from its operation. The key financial risks include credit risk, market risk (including interest rate risk) and liquidity risk.

The Town Council reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Town Council's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Town Council's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Town Council's exposure to these financial risks or the manner in which it manages and measures the risks.

#### 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 cash balances with banks and receivables. Credit risk on cash balances with banks is limited because these banks are of acceptable credit ratings.

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

As at the reporting date, the Town Council's maximum exposure to credit risk is represented by the carrying amount of cash and cash equivalents and receivables.

For conservancy and service fees receivables, the Town Council's exposure to credit risk posed by unpaid conservancy and service fees receivables by residents is mitigated by Section 44 of the Town Council Act. The Town Council's priority of claim for S&CC arrears ranks after the mortgagee's and the CPF Board's claim to the flat. No other financial assets carry a significant exposure to credit risk.

The Town Council has applied the simplified approach in FRS 109 *Financial Instruments* to measure the loss allowance at lifetime ECLs. The Town Council determines the ECLs by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of conservancy and service fees receivables is presented based on their past due status.



**ALJUNIED-HOUGANG TOWN COUNCIL***(Established under the Town Councils Act, Cap. 329A)***NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2021

**23. Financial risk management (continued)****Credit risk (continued)**

The Town Council considers available reasonable and supportive forward-looking information which includes the following indicators:

- Number of residents and commercial operators on Notice to Quit (NTQ) status received from HDB and NEA;
- Number of residents and commercial operators in arrears after two years of Town Council's arrears recovery procedures; and
- Actual or expected significant adverse changes in economic conditions that are expected to cause a significant change to the resident and commercial operator's ability to meet its obligations.

Town Council's arrears recovery procedures

The residents or commercial operators are deemed to be in default when the contractual payments are 90 days past due.

The Town Council categorises conservancy and service fee receivables for potential write-off when there is evidence that there are no realistic prospect of recovery in situations where the residents or commercial operators are in severe financial difficulties, where their properties are abandoned, their whereabouts is unknown and their account has been "terminated" by HDB or NEA.

The table below details the credit quality of the Town Council's financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

	Note	12 month or lifetime ECLs	Gross carrying Amount S\$	Loss Allowance S\$	Net carrying Amount S\$
<b><u>At 31 March 2021</u></b>					
Conservancy and service fees receivables	9	Lifetime ECLs (simplified)	1,892,721	<u>(944,618)</u> <u>(944,618)</u>	948,103
<b><u>At 31 March 2020</u></b>					
Conservancy and service fees receivables	9	Lifetime ECLs (simplified)	1,766,404	<u>(993,783)</u> <u>(993,783)</u>	772,621

**ALJUNIED-HOUGANG TOWN COUNCIL***(Established under the Town Councils Act, Cap. 329A)***NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2021

**23. Financial risk management (continued)****Credit risk (continued)**

There are no other material classes of financial assets that are past due except for the conservancy and service fees (S&CC) receivables as disclosed below:

	Not in arrears S\$	1 - 6 months S\$	6 - 18 months S\$	18 - 24 months S\$	over 24 months S\$	Total S\$
<b>31 March 2021</b>						
Active accounts	509,361	476,492	400,992	109,348	338,832	1,835,025
Terminated accounts	1,969	3,040	10,403	7,777	34,507	57,696
Total S&CC receivables	511,330	479,532	411,395	117,125	373,339	1,892,721

Active accounts

Expected credit loss rate	0%	50%	50%	100%	100%	
Loss allowance	-	(238,246)	(200,496)	(109,348)	(338,832)	(886,922)

Terminated accounts

Expected credit loss rate	100%	100%	100%	100%	100%	
Loss allowance	(1,969)	(3,040)	(10,403)	(7,777)	(34,507)	(57,696)

<b>Total loss allowance (Note 9)</b>	<b>(1,969)</b>	<b>(241,286)</b>	<b>(210,899)</b>	<b>(117,125)</b>	<b>(373,339)</b>	<b>(944,618)</b>
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31 March 2020

Active accounts	535,893	473,456	345,221	98,826	272,853	1,726,249
Terminated accounts	577	2,563	13,252	6,597	17,166	40,155
Total S&CC receivables	536,470	476,019	358,473	105,423	290,019	1,766,404

Active accounts

Expected credit loss rate	0%	50%	100%	100%	100%	
Loss allowance	-	(236,728)	(345,221)	(98,826)	(272,853)	(953,628)

Terminated accounts

Expected credit loss rate	100%	100%	100%	100%	100%	
Loss allowance	(577)	(2,563)	(13,252)	(6,597)	(17,166)	(40,155)

<b>Total loss allowance (Note 9)</b>	<b>(577)</b>	<b>(239,291)</b>	<b>(358,473)</b>	<b>(105,423)</b>	<b>(290,019)</b>	<b>(993,783)</b>
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There is no concentration of credit risk with respect to conservancy and service fees receivables as the Town Council has a large number of household owners and commercial operators.

## **ALJUNIED-HOUGANG TOWN COUNCIL**

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### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2021

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#### **23. Financial risk management (continued)**

##### **Market risk**

Market risk is the risk that changes in market prices, such as interest rates will affect the Town Council's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

##### *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Town Council's financial instruments will fluctuate because of changes in market interest rates. The Town Council's exposure to interest rate risk arises primarily from the placement of fixed deposits with reputable financial institutions.

The Town Council does not expect any significant effect on the Town Council's statement of comprehensive income arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the financial year.

##### **Liquidity risk**

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

Besides, the Town Council's operations are partially supported by various grants from the government and the Town Council is satisfied that funds for operations are available as and when required.

The contractual undiscounted cash flows of financial assets and financial liabilities due within 12 months approximate their carrying amounts as the effect of discounting is not significant. The average credit period taken to settle these payables is about 30 to 90 days (2020: 30 to 90 days). It is expected that all the liabilities will be paid when due. The Town Council expects to meet its cash commitments with cash inflows from operating activities and government grants.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2021

**23. Financial risk management (continued)**

**Liquidity risk (continued)**

*Analysis of financial instruments by remaining contractual maturities*

The table below summarises the maturity profile of the Town Council's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

	<b>Contractual cash flows S\$</b>	<b>1 year or less S\$</b>	<b>1 to 5 years S\$</b>	<b>More than 5 years S\$</b>
<b><u>31 March 2021</u></b>				
<b><u>Financial Assets</u></b>				
Conservancy and service fees receivables	948,103	948,103	-	-
Other receivables (excluding prepayments)	12,250,266	12,250,266	-	-
Cash and cash equivalents	117,969,450	117,969,450	-	-
Total undiscounted financial assets	<u>131,167,819</u>	<u>131,167,819</u>	<u>-</u>	<u>-</u>
<b><u>Financial liabilities</u></b>				
Lease liabilities	1,326,800	284,600	897,600	144,600
Payables and accrued expenses (excluding deferred grants)	24,350,962	24,350,962	-	-
Total undiscounted financial liabilities	<u>25,677,762</u>	<u>24,635,562</u>	<u>897,600</u>	<u>144,600</u>
Total net undiscounted financial assets	<u>105,490,057</u>	<u>106,532,257</u>	<u>(897,600)</u>	<u>(144,600)</u>
<b><u>31 March 2020</u></b>				
<b><u>Financial Assets</u></b>				
Conservancy and service fees receivables	772,621	772,621	-	-
Other receivables (excluding prepayments)	9,700,381	9,700,381	-	-
Cash and cash equivalents	108,642,541	108,642,541	-	-
Total undiscounted financial assets	<u>119,115,543</u>	<u>119,115,543</u>	<u>-</u>	<u>-</u>
<b><u>Financial liabilities</u></b>				
Lease liabilities	368,000	368,000	-	-
Payables and accrued expenses (excluding deferred grants)	23,976,270	23,976,270	-	-
Total undiscounted financial liabilities	<u>24,344,270</u>	<u>24,344,270</u>	<u>-</u>	<u>-</u>
Total net undiscounted financial assets	<u>94,771,273</u>	<u>94,771,273</u>	<u>-</u>	<u>-</u>

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**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2021

**24. Staff Costs**

	<u>2021</u> S\$	<u>2020</u> S\$
Town Councillors' allowance	106,381	103,936
Salaries, bonuses and related costs	5,496,352	4,688,316
Contribution to CPF	810,302	663,465
Total (Note 17)	<u>6,413,035</u>	<u>5,455,717</u>

**25. Significant related party transactions**

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Town Council, directly or indirectly, including any Town Councillors (whether executive or otherwise) of that Town Council.

The key management personnel are the General Manager, Deputy General Manager, Finance Manager and Deputy Finance Manager of the Town Council as defined under Section 20(5) of the Town Councils Act which was amended in May 2017.

The Town Councillors consist of elected members and other members appointed by the Chairman. The Town Councillors receive a monthly allowance in accordance with the Town Councils (Allowances for Chairman and Members) Rules.

	<u>2021</u> S\$	<u>2020</u> S\$
Town Councillors' allowance	106,381	103,936
Salaries, bonuses and related costs	430,712	347,511
Contribution to CPF	50,513	41,376
	<u>587,606</u>	<u>492,823</u>

**26. Financial instruments by category**

At the reporting date, the aggregate carrying amounts of financial assets and financial liabilities at amortised cost were as follows:

	<u>2021</u> S\$	<u>2020</u> S\$
<b>Financial assets at amortised cost</b>		
Conservancy and service fees receivables	948,103	772,621
Other receivables (excluding prepayments)	12,250,266	9,700,381
Cash and cash equivalents	117,969,450	108,642,541
Total financial assets measured at amortised cost	<u>131,167,819</u>	<u>119,115,543</u>
<b>Financial liabilities measured at amortised cost</b>		
Payables and accrued expenses (excluding deferred grants)	24,350,962	23,976,270
Lease liabilities	1,236,175	356,689
Total financial liabilities measured at amortised cost	<u>25,587,137</u>	<u>24,332,959</u>



## **ALJUNIED-HOUGANG TOWN COUNCIL**

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

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2021

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#### **27. Funds management**

The Town Council's objectives when managing funds are:

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

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

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

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

The Town Council total funds amounted to S\$105,083,909 (2020: S\$92,935,464).

#### **28. Contingencies**

On 21 July 2017, the Town Council through an appointed Independent Panel ("IP"), commenced claim against its former managing agent firm, FM Solutions & Services Pte Ltd, Ms How Weng Fan, the estate of Danny Loh Chong Meng and Town Councillors, Mr Pritam Singh, Ms Sylvia Lim Swee Lian and Mr Low Thia Khiang and other defendants, Mr Chua Zhi Hon and Mr Kenneth Foo Seck Guan to seek recovery of any alleged improper payments from the Town Council's funds and alleged breach of fiduciary duties owed to Town Council.

On 11 October 2019, the High Court allowed in part the claims of the plaintiff, the Town Council against all the defendants, including for breach of fiduciary duties and allowing improper payments.

In November 2019, all the defendants filed notice to appeal against the High Court judgment.

As at the date of the financial statements, the potential financial effect of the proceedings commenced by the Town Council cannot be reasonably determined yet as the Court of Appeal has yet to arrive at its decision in respect of the appeal and hence the outcome of the proceedings is still uncertain.

## **ALJUNIED-HOUGANG TOWN COUNCIL**

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

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2021

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#### **29. Significant events during the year**

##### Transfer of surpluses after Parliamentary election

Under Section 34 of the Town Councils Act, with the issuance of a writ of election, the Town Council is required to transfer any surpluses in any fund (other than a sinking fund) to the sinking fund and lift replacement fund of the Town Council based on the audited Statement of Financial Position of the last completed financial year immediately before the writ of election.

Subsequent to the financial year ended 31 March 2020, a writ of election was issued on 23 June 2020 with no changes made to the electoral boundary of the divisions that make up Aljunied-Hougang Town Council (Note 1). Based on the election results, the Town Council has computed the Statement of Transferrable Surpluses as at 22 June 2020 amounting to S\$3,232,107 transferrable to Sinking Fund and Lift Replacement Fund not later than 180 days from the date of issue of the writ of election.

Surpluses from the management and maintenance of residential properties and other commercial properties are transferred to the respective Sinking Funds, which comprises of the Town Council's Ordinary Sinking Fund and Lift Replacement Fund. Surpluses from the maintenance of parking places are transferred to the Ordinary Sinking Fund and Lift Replacement Fund attributed to residential properties.

#### **30. Authorisation of financial statements**

The financial statements of the Town Council for the financial year ended 31 March 2021 were authorised for issue by the members of the Town Council on 28 October 2021.