

FY2020/2021 | MARCH 2022



**Building a
Safe
Inclusive
Sustainable
Vibrant
TOWN**

ANNUAL REPORT 2020/2021



Nee Soon Town comprises 5 divisions - Chong Pang, Nee Soon Central, Nee Soon East, Nee Soon South, and Nee Soon Link.

We manage over 750 blocks and 66,000 residential units in the town, in addition to 1,246 commercial units comprising of shops, hawker stalls and markets.

Vision

Home with a Heart

Mission

Building a Safe, Inclusive,
Sustainable and Vibrant Town





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Our Members of Parliament



Mr K. Shanmugam
Minister for Home Affairs and
Minister for Law
MP for Nee Soon GRC
Adviser to
Nee Soon Town Council



Assoc Prof Muhammad Faishal Ibrahim
Minister of State for
Ministry of Home Affairs and
Ministry of National Development
Adviser to Nee Soon Town Council



Mr Louis Ng Kok Kwang
MP for Nee Soon GRC
Adviser to
Nee Soon Town Council



Mr Derrick Goh Soon Hee
MP for Nee Soon GRC
Chairman to
Nee Soon Town Council



Ms Carrie Tan Huimin
MP for Nee Soon GRC
Vice-Chairperson to
Nee Soon Town Council

Town Councillors

Audit Committee



Chairman:

1. Mr Adrian Koh Hian Yan

Members:

2. Mr Henry Foo Chee Kiou, BBM
3. Mr John Lim Joon Leng
4. Mr Jordan Lee Cheng Kok
5. Mr Koh Wei Liang Clifton
6. Mr Lawrence Koh Hock Siong, BBM
7. Mr Wong Yong Kiat Bernard

Investment & Finance Committee



Chairman:

1. Mr Nicky Tan Ng Kuang

Members:

2. Mr Jonathan Lim Ngiap Wee
3. Mr Koh Aik Kuan
4. Prof Liow Kim Hiang
5. Mr Poovendhran Kannayah
6. Ms T Porchelvi, PBM

Resources:

7. Mr Victor Ng Fook Ai, PBM
8. Mr Yek Boon Seng

Town Councillors

Legal & Contracts Committee



Chairman:

1. Mr Koh Keen Chuan Jerry

Co-Chairman:

2. Mr Alex Lee Ke Hoo, JP, PBM

Members:

3. Ms Jennifer Yam Poh Choo
4. Mr Lai Wee Yeong
5. Mr Loh Seet Wah Jeremiah
6. Mr Ng Hanjin
7. Ms Shailaja D/O Kamalasanan
8. Mr Toh Sze Wei, PBM

Maintenance & Customer Service Committee



Chairman:

1. Mr Tan Meng, JP, BBM

Co-Chairperson:

2. Ms Heng Kar Hong (Wang Qiaofeng)

Members:

3. Ms Gogiladevi D/O Meande
4. Ms Ip Kit Ling, PBM
5. Mr Jackson Lam Weiliang
6. Mr Jacky Wong Xi Jue
7. Ms Lai Me Poh Mabel
8. Mr Lewis Yong Fook Seng
9. Mr Toh Kim Seng
10. Mr Yee Kum Hong Ivan, PBM

Resources:

11. Mr Sean Ler Zhi Wei

Town Councillors

Mass Communications Committee



Chairman:

1. Mr Quak Hiang Whai

Co-Chairman:

2. Mr Benny Lian Kiat Chye, PBM

Members:

3. Mr Eric Ng Xu Yong, PBM
4. Ms Evelyn Hung Suet Leng
5. Mr Jackson Tan Kun Seng, PBM
6. Hj Mahmud Bin Hj Ali, BBM
7. Mr Ramlee Bin Kasiman, PBM
8. Mr Tan Jik Teck Johnny, PBM
9. Ms Teo Soek Ling

Projects & Development Committee



Chairman:

1. Mr Lim Ee Tiong

Members:

2. Mr Kenny Pong Teck Koon
3. Mr Leslie Gan Lee Han
4. Mr Musa Bin Hamid
5. Mr Oliver Osman Junus, PBM
6. Er Peh Eng Chee, PBM
7. Mr Teng Chien Ming Adrian
8. Revd Wilson Wong Leong Jiam, PBM
9. Mr Wong Choon Weng

Resources:

10. Mr Ho Toon Bah

Chairman's Review

2020 was a challenging year. The COVID-19 pandemic has made us transit into a new normal, changing the way we live, work and communicate. The pandemic has brought about many uncertainties and challenges but has also saw our community, people from all walks of life coming together to help and support each other for the greater good.

Nee Soon Town Council worked hard to keep our operations on schedule despite the adoption of strict safe distancing measures and limited manpower. Our cleaners too had to ramp up their efforts to clean and disinfect community spaces. We thank residents for their understanding and for playing their part in fighting the virus. Our government has had to adapt to the ever-changing situation, supporting our citizens with an aggressive nationwide vaccination programme, various financial assistance schemes as well as working and supporting our Town Council to make our community spaces safer.

Singapore's efforts in fighting this pandemic are paying off. Our economy is steadily reopening after a successful nation-wide vaccination programme. In spite of the challenges we faced, I am proud to announce that Nee Soon Town Council (NSTC) has scored "Green" in all five areas of the Town Council Management Report for the sixth consecutive year.

In 2020, the General Elections were held and our Town boundaries were re-drawn. We welcomed the residents of Nee Soon Link division into our fold joining Chong Pang, Nee Soon Central, Nee Soon East and Nee Soon South. At the same time, we bade farewell to the Kebun Baru division which has now become part of Ang Mo Kio Town.

With the Managing Agent (MA) contract expiring on 31 May 2021, a tender committee was formed in December 2020 comprising members with relevant expertise and from different divisions to ensure due representation across our GRC. This committee with support of an independent tender consultant developed a comprehensive set of tender requirements and evaluation framework which was used in a public tender for the MA. A comprehensive evaluation took place and we are pleased to announce the appointment of C&W Services (S) Pte Ltd (C&W) as the new MA of Nee Soon Town Council. This contract starts from 1 June 2021 for a five-year period with an option for a further two-year extension.

I would like to thank the incumbent MA, EM Services Pte Ltd for their service to Nee Soon GRC over the years and also welcome C&W as our new MA into the Nee Soon family. C&W is an international firm with over 30 years of experience in township management. I am happy to note that the transition between the respective MAs has been smooth with no disruption to key services, ongoing projects, and day-to-day operations. I look forward to see C&W improve on the services to our residents and our town.

Our Town Council remains ever committed to our vision: Building a safe, inclusive, sustainable and vibrant Town.

“

Nee Soon Town Council worked hard to keep our operations on schedule despite the adoption of strict safe distancing measures and limited manpower.

”

Derrick Goh Soon Hee
Chairman
Nee Soon Town Council

Maintaining

Effective Governance

in Challenging Times

In times of crisis, sound governance plays a crucial role in our organisation's response in tackling the crisis, planning for a sustainable recovery and maintaining transparency.

Council Effectiveness

Effective leadership is crucial in the Town Council's work. In August 2020, the Council welcomed the 6th Term of Town Councillors.

The new Town Councillors were handpicked after an initial referral process to identify potential candidates. They are then reviewed based on their expertise and skills in areas relating to audit, finance or property management and services, time commitment, prior experience and ground knowledge of the estates before being recommended for appointment by the Chairman of the Town Council. In this selection process, the Town Council will ensure that based on the final composition of the Council, at least two-thirds of the appointed Town Councillors are residents of the HDB housing estates within the Town.



NSTC has six committees that oversee the key functions of our operations. The members for each committee are appointed based on their expertise and skillset. We conducted online onboarding sessions for new councillors, familiarising them with the operations, code of conduct, and long-term goals of the Town Council. Council members participated in several evaluations to assess the performance and effectiveness of their respective committees. These evaluations allowed individual members to assess their contribution towards achieving the Town Council's objectives and plans.

Internal Control & Processes

As we navigate the ongoing COVID-19 situation, a resilient organization needs to plan for uncertainty and be built for change. The Council has implemented a comprehensive Risk Management Framework where key risks are identified, measured, reported to the Council, and dealt with based on various risk mitigation strategies formulated. Examples of key risks are business continuity, workplace health and safety, supply chain, service quality and delivery.



We have put in place a separate Business Continuity Plan which provides for the resumption and recovery of time-sensitive business operations following pre-established timeframes. It also ensures adequate plans are in place for the less time-sensitive business operations in the event of business disruptions. As part of the Risk Management Framework, there is a system of internal controls in place covering the Council operations, which are documented via written policies and procedures. These internal controls focus primarily on financial controls and management, to ensure compliance with Government regulations such as Town Councils Act and Town Council Financial Rules, and other contractual obligations.

An annual risk assessment was performed and the effectiveness of internal controls was assessed. The Council is of the opinion that the Risk Management Framework and system of internal controls are adequate for managing the risks the Town Council faces in carrying out the core services and decision-making activities.

The Risk Management Framework and the Business Continuity Plan, coupled with other pre-established system of internal controls, guide the Town Council in executing fiduciary responsibilities, improving accountability and disclosure.

Financial Management

Financial prudence has been an important part of NSTC guiding ethos throughout the years. The Town Council demonstrated organisational resilience, reporting an operating deficit of \$2.87 million before government grant and an operating surplus of \$3.01 million after government grant in FY20/21.

Our Town Council's Sinking Funds, Lift Replacement Funds, Town Improvement and Project Funds and Accumulated Surplus stood at \$121.92 million, \$49.74 million, \$3.00 million and \$8.37 million respectively.

As part of the Council's long-term financial planning, surplus funds are placed into a portfolio of fixed deposits and with appointed professional fund managers as investments. Our investment strategy mitigates risks to capital, complies with the Town Council Financial Rules and generates moderate returns to offset inflation and increases the value of our funds. Returns of all investments are regularly reviewed at the Council meetings.

Investment Funds

- Fixed deposit with banks: \$88.01 million
- Fund managers: \$34.83 million



Owing to the strong partnership and hard work of our residents, Town Councillors, Grassroots Leaders, Community Liaison Managers, agencies and staff, we managed to keep the number of arrears cases low and attained green banding in arrears management for the sixth consecutive year.

Our team has and will continue to practise due diligence in conducting house visits and render assistance to households with financial difficulties. As we work towards emerging stronger together, it is increasingly important that we stay united and help each other.

A Cleaner and Safer

Nee Soon

The outbreak of COVID-19 created a crisis that deeply impacted our way of life. Together, we adhere to the safety measures put in place to contain the spread of the virus.

Working with the Authorities

The Town Council has worked closely with the authorities to keep updated with the latest Safe Management Measures, especially those impacting our operations. We supported essential information dissemination and encouraged residents to adhere to the prevailing measures via both physical and digital platforms such as our print advisories and social media platforms respectively. When there were instances of Safe Management Measures being breached, the Town Council had to close some of our facilities, such as basketball courts, playgrounds, and fitness corners. Advisories were put up to inform residents of the closures.



Deep Cleaning and Disinfection of Chong Pang Market and Food Centre



Cleaning and Disinfection Efforts

The Town Council has ramped up the cleaning and disinfection of HDB blocks and the surrounding facilities. This includes high-touch points such as lifts, lifts buttons, lift lobbies, tables, seating areas, letterbox areas, playgrounds and fitness corners. Mistting technology has been introduced to help with the disinfecting works. In addition, we provide hand sanitizers at lift lobbies on ground floors for our residents' usage. An article featured in the Straits Times Opinion column on 8 October 2021 headlined "Town Councils need to up their game" complemented our Town Council's initiative in providing hand sanitizers for our residents, and that the Town Council cares a lot for the health of their residents.



The Challenges Our Cleaners Face



Mdm Cheow Tee
Part-Time Cleaner
Nee Soon Town Council

“Ever since the COVID-19 pandemic started last year, I found an increase in masks being littered in the neighbourhood. This is an irresponsible and unhygienic act.

It dirties the area, inconveniences neighbours, and creates additional work for the cleaners. I have had to increase my sweeping and checking frequency due to this.

I hope everyone can cooperate to dispose of waste into the rubbish bins provided in order to make the estate a better environment for everyone.”

Apart from working tirelessly to keep our town clean and safe, the pandemic has created a greater challenge for our cleaners. One of our cleaners, Mdm Cheow Tee shared that ever since the pandemic started, she found an increase in masks being littered in the neighbourhood. The litter poses both a health and environmental hazard. She had to increase her sweeping frequency as a result. She seeks residents’ cooperation to dispose waste into the rubbish bins provided and make the estate a clean and pleasant environment.



Kamat Bin Taib
Part-Time Cleaner
Nee Soon Town Council

“As a cleaner in charge of sweeping at void decks, I have noticed that the frequency of high-rise littering has increased ever since more people have been working from home due to COVID-19.

The litter includes egg shells, paper, and coffee, etc. Keeping our environment clean is a mark of social graciousness and civic consciousness.

I truly hope that all residents can refrain from high-rise littering and keep the neighbourhood clean.”

Another of our cleaner, Kamat Bin Taib pointed out that the frequency of high-rise littering has increased ever since more people have been working from home. He truly hopes that all residents can refrain from high-rise littering and keep the neighbourhood clean.

It is the Town Council’s utmost priority to safeguard the safety and health of our residents, staff, and cleaners. Equally important is to ensure there are sufficient manpower for our essential functions and services so as to continue to serve our residents well. We will continue to monitor the pandemic situation closely, adapt to the ever-changing landscape, and provide a cleaner and safer environment for all.

A Sustainable Town

Reducing Environmental Footprint



Controlled use of resources allows us to be more energy-efficient while mitigating rising operating costs. Under NSTC's solarisation programme, many blocks have been installed with solar panels across our HDB rooftops.

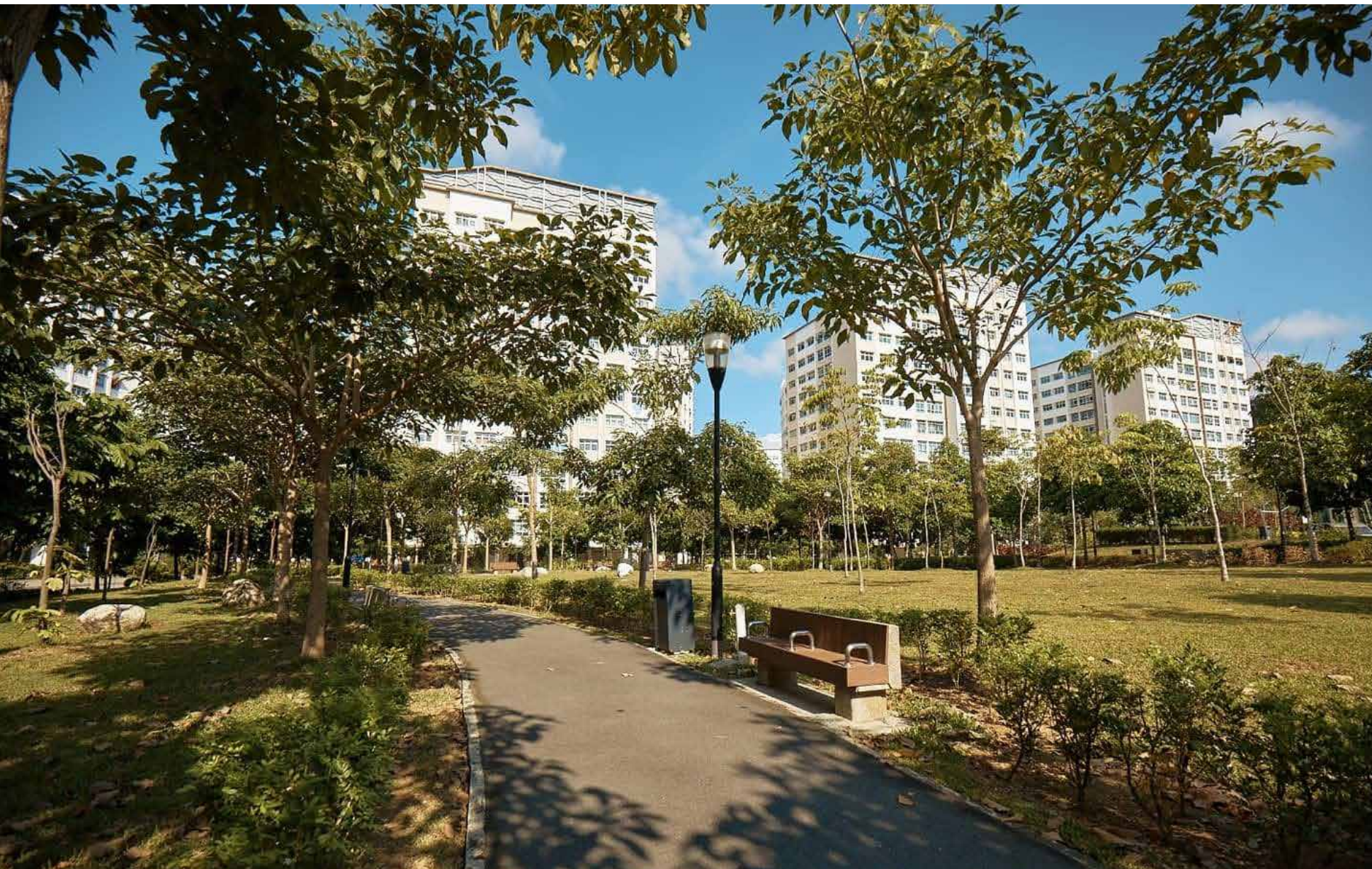
We have also progressively replaced all common corridor lighting with LED lights which are more energy efficient. The estate lights are set on a timer to switch on and off at dedicated times.

Beyond environmental infrastructure, we deliberate on the carbon reduction benefits of existing trees versus the value of paving the way for newer facilities. In our efforts to reduce environmental footprint, we do away with one-time-use plastic packaging for collaterals we print for resident engagement.

Despite the limitations we face in light of the COVID-19 situation, we are continuing with our tree planting efforts in support of reforestation. Instead of large-scale tree planting events, we now conduct frequent tree or shrub planting sessions in small groups. These are done with the respective grassroots adviser of each division while adhering to the prevailing Safe Management Measures.



Tree Planting



Supporting Biodiversity

We recognise the importance of biodiversity as the foundation of the entire ecosystem and have dedicated time and effort to conserve and protect our ecosystems.

To create a balance in our landscape and ecosystem, our horticulture team constantly looks into the curation of spaces that attract a wide variety of flora and fauna, such as butterflies and dragonflies. In line with being a pollinator friendly estate, we have also partnered Beemazed garden to relocate bees instead of eliminating them.

We take an educational approach to reiterate the importance of biodiversity to the public such as supporting PUB's ABC Waters programme at Yishun Pond and Lower Seletar Reservoir through events and publicity.



Rooftop Garden in Nee Soon



Creating Job Opportunities

NSTC works closely with Voluntary Welfare Organisations to encourage the lower income group to work towards self-sustainability.

We have partnered Project Sew, an initiative to help women who are unable to join the workforce, and Family Service Centre to repurpose our festive banners into useful items. This project provides the women an opportunity to earn a living, and to help vulnerable individuals and families. Under this project, old banners are sewn into bags which are then sold at events. Proceeds from the sales goes towards helping other lower-income families.

We also have an Estate Ambassador Scheme which offers employment to residents in our town. Our Estate Ambassadors help promotes engagement with residents and provides additional checks on estate management matters.



Promoting Upskill and Developing Capabilities

Motivated by life-long learning and innovative operations, the Town Council has created opportunities to upgrade the skills of our workforce through training and new technologies. We have developed in-house drone capabilities for estate checks and have introduced a Short Message Service (SMS) system to digitally remind residents of their S&CC payments.



Building Our Best Home

The Town Council prioritises improvement programs based on what is most beneficial to our residents. In FY20/21, a total of \$19.41 million was expended in estate improvement work including Town Improvement Projects, Neighbourhood Renewal Programmes, and Cyclical Works.

Town Improvement Projects (TIP)

We have continued to focus on town improvement projects to serve and address the evolving needs of our residents by improving facilities and enhance connectivity within the estates. In FY20/21, Nee Soon Town Council spent a total of \$4.69 million on the completion of 46 town improvement projects.

These projects include the construction and/or upgrading of playgrounds and fitness corners for the recreational needs of our residents. The construction of drop-off porches, covered walkways and barrier-free access facilities help improve connectivity within the town. Other smaller projects for the general improvement of the town were also completed.



Highlights of our Town Improvement Projects (TIP)



Awning
at Blk 225



Awning
at Blk 804



Community
Garden



Community
Garden



Community Garden
at Blk 431



Dropoff Point
at Blk 794



Letterbox
at Blk 602



Toilet
at Blk 728



Fitness Corner
at Blk 705



Fitness Corner
at Blk 432B



Fitness Corner
at Blk 432D



Playground
at Blk 115B



Playground
at Blk 761



Playground
at Blk 333D



Playground
at Blk 333A



Playground
at Blk 458

Cyclical Works

The Town Council carries out a wide range of cyclical works to keep our estates in good working condition for the wellbeing of our residents.

Examples of cyclical works include repairs and redecoration (R&R), re-roofing, replacement of lift parts, pumps and pipes. Last year, the Town Council committed a total sum of \$9.36 million towards cyclical works, with \$4.17 million expended on cyclical maintenance, and \$5.19 million spent on lift replacement works. The amount was lower due to the COVID-19 situation when workers were under lockdown and projects were delayed slightly.

Neighbourhood Renewal Programmes (NRP)

The Neighbourhood Renewal Programme (NRP) is a nationwide initiative that rejuvenates existing estates with new infrastructure, amenities, and facilities.

Residents can expect a revitalised neighbourhood with new common facilities including children's playgrounds, drop-off points and jogging tracks. The improvements made to the common spaces will enhance the living environment of our residents.

We are happy to announce that in FY20/21, we have completed a total of four NRPs. Residents can look forward to the completion of another seven NRPs that are currently in the pipeline. We would like to thank our residents for their positivity and ongoing support as we work hard in building a better Town.

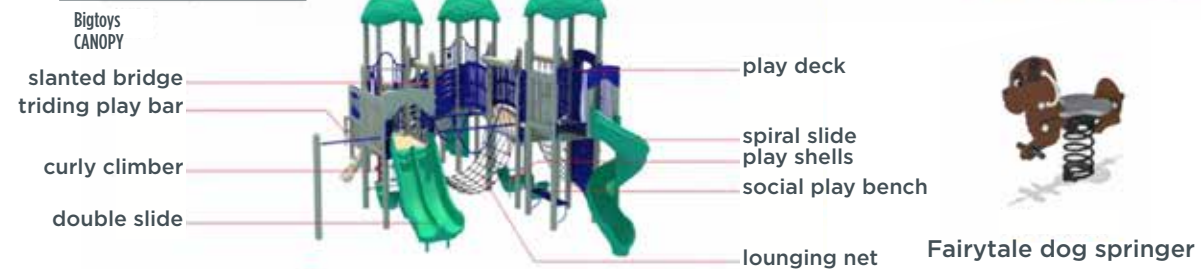
Highlights of Neighbourhood Renewal Programme (NRP)

- Blocks 423 to 440 Yishun Avenue 11

New Theme Playground Area: KAMPONG Theme



IMAGES
Children playground



3 way swing custom

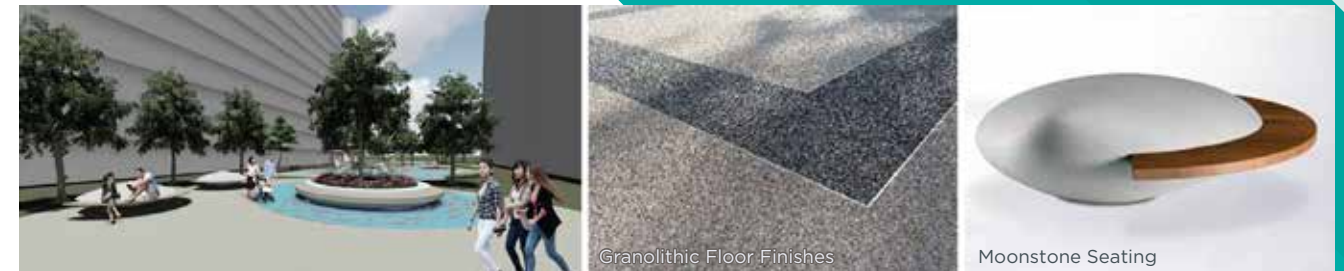


Carousel with bench

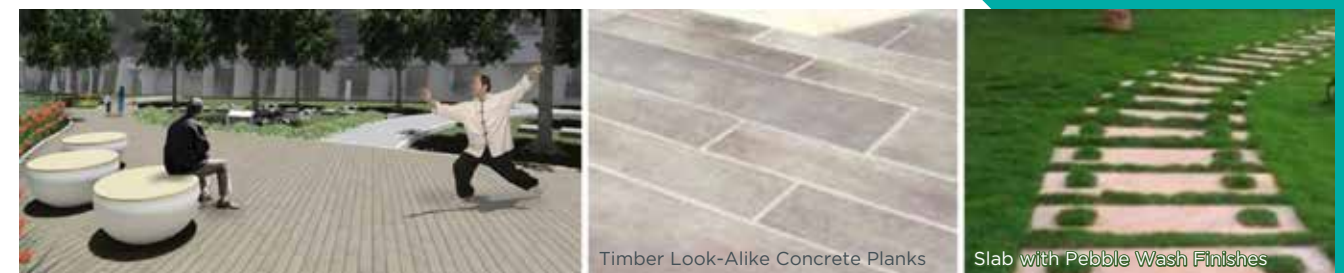


Attached design for reference only. Subject to changes.

New Entrance Plaza



New Garden Plaza



Upgrading of Resident Corner



New Playground and Trampoline Area



Bringing Us

Closer Together

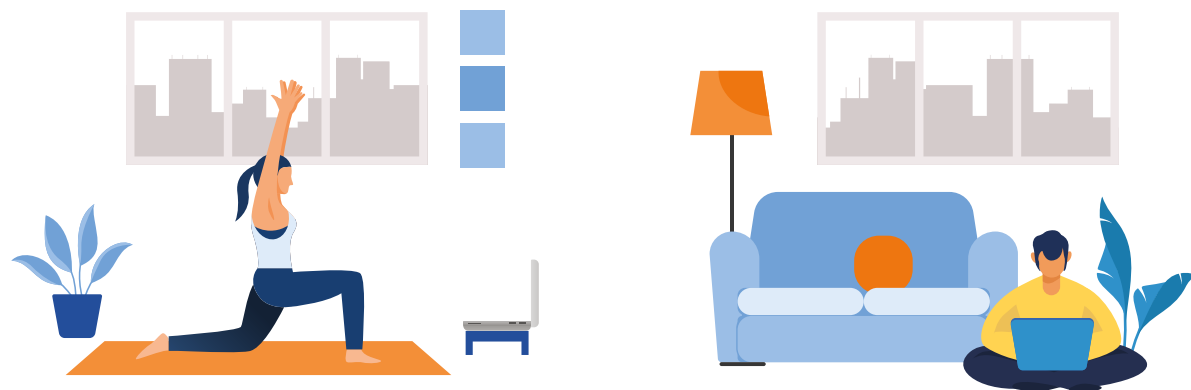
The COVID-19 pandemic has compelled the Town Council to engage with our residents remotely.

Prior to COVID-19, the Town Council conducted multiple events a year to engage with our residents. With the new restrictions and for the welfare of our residents, we cut back on large-scale events and shifted to virtual events and campaigns through digital applications.

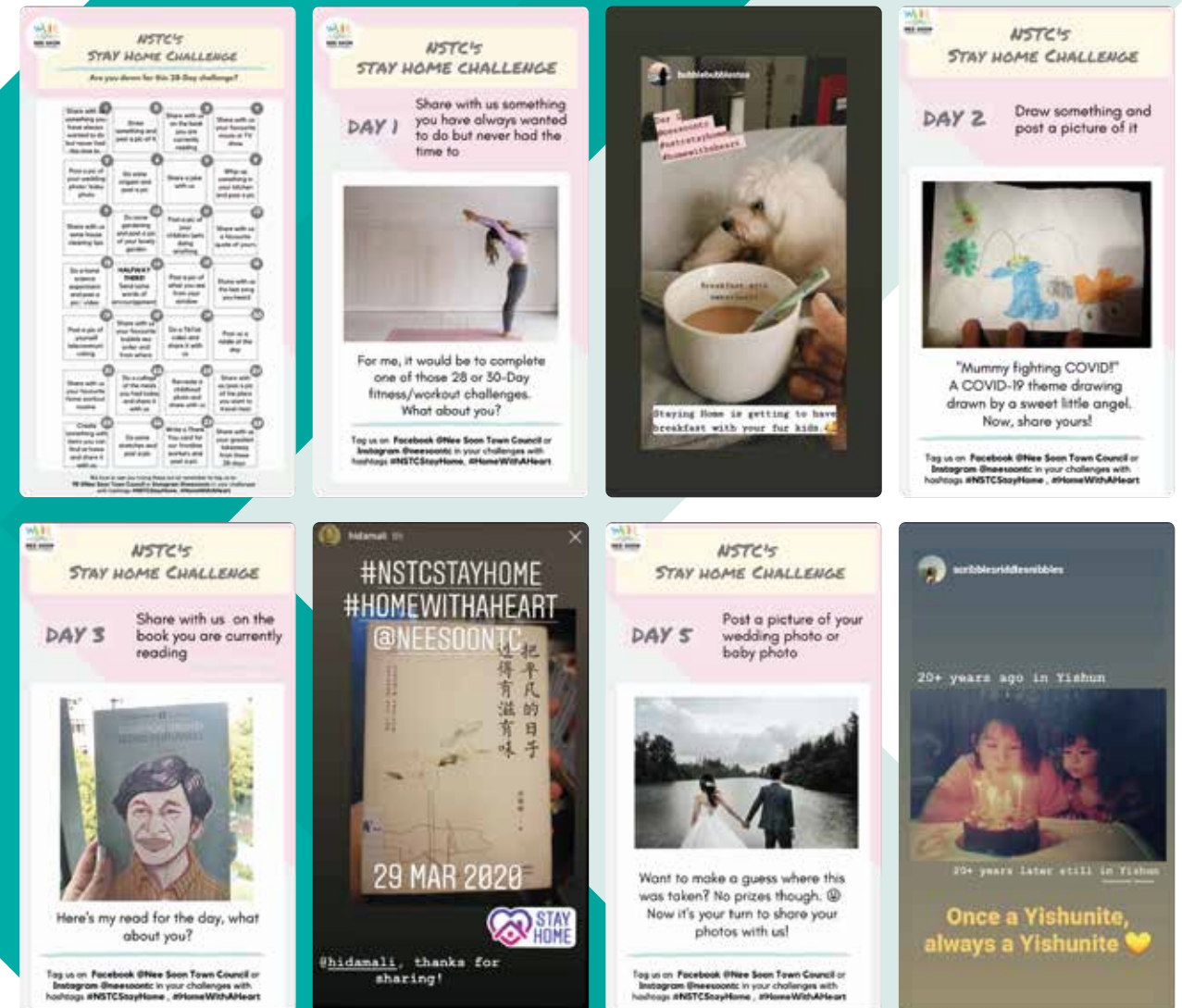
NSTC StayHome Challenge

During the Circuit Breaker period, Singaporeans were advised to stay home as much as possible. Events were suspended. To boost the morale of our residents, we started the NSTC StayHome Challenge where we posed new challenges that could be done at home for our followers to try every day.

- StayHome Challenge -



Highlights of NSTC StayHome Challenge



Live Streaming the Opening of Nee Soon Link Collection Centre

Despite the easing of COVID-19 measures, we continued to take a cautionary approach in engaging our residents. To avoid large gathering, we did away with a physical event for the opening of the new collection centre at Nee Soon Link. Instead, we livestreamed the opening on our Facebook page to allow for residents to join us in this event safely in the comfort of their home.



Yishunite of the Year



To promote good neighbourliness, and to celebrate the best in people especially during such trying times, the Town Council organised the inaugural Yishunite of the Year campaign. Yishunite of the Year encourages recognition of Nee Soon residents who have contributed to the community or made a difference in other people's lives.

After receiving the highest number of votes via a public online poll, Mdm Sarimah Amat was crowned the inaugural "Yishunite of the Year". She fostered five children in the last eight years. "Initially, it was just to try out fostering. Then, it's not that I fell in love with the process, but I felt it has become my mission." said Mdm Sarimah.

During the same period, she started a community initiative called "Yishun 71" to help vulnerable seniors and needy families. Covering 16 blocks in her estate, services provided by this initiative include delivering food, and taking them for health check-ups. She has also helped orphans in Thailand and Indonesia, and organised relief efforts for flood victims in Malaysia.

We hope to continue such campaigns in the future to commend extraordinary acts of service and strong community spirit by residents of Nee Soon GRC.

YISHUNITE
of the year



Sarimah Binte Amat

Sarimah is a housewife with three children, but she has enough love for more. Since 2012, Sarimah joined the MSF fostering scheme as a foster mother and has fostered five children in total. She is currently fostering two children.

Sarimah is also involved in community and charity work. She is the founder of Project Pencil Singapore, which supplies learning aids & stationery to children, both local and overseas.

Sarimah is also a writer, poet and performer, her works include two books on anthologies poetry.

YISHUNITE
of the year



KPM Jayanthi

Jayanthi has been active in community work for over 27 years. She has organised events such as the National debate, annual Deepavali goodie bag distribution, and volunteers at various Yishun temple festive events.

Recently, she has been bringing joy to her fellow neighbours with the help of technology. Due to prevailing COVID19 restrictions, all karaoke activities have been halted. However, Jayanthi, together with a community karaoke interest group, have been holding FB Live sessions. This brings the fun of singing and performing, to friends and neighbours in the comfort and safety of their own homes.

YISHUNITE
of the year



Lim Li Mei

Li Mei is seen as the guardian angel for Bk 573A Yishun Ave 4, always keeping a look out for her neighbours. During the Circuit Breaker period, she constantly helps her neighbours to buy food and necessities, so that they can avoid going out too much.

Recently, to bring more joy to the neighbours, she set up a Children's Day booth with sweet treats and play area for the children. Her selfless contribution to the community is greatly appreciated by her neighbours.

YISHUNITE
of the year



Priscilla Ong

Priscilla grew up in Nee Soon, and after moving back here with her children, she wanted to give back to the community.

Together with her friends, she founded Project Love Lunch, which distributes items and food to underprivileged families in Nee Soon. Priscilla believes that no one should go hungry, and tries her best to help those in need. Currently, they serve around 250 units in the rental blocks.

Despite an accident which affected her mobility, Priscilla continued with her volunteer work to help others to the best of her ability. She also roped in her two teenaged children to teach them the importance of serving the less fortunate.

YISHUNITE
of the year



Mohamed Nurhazwan Bin Mohamed Tahir

On his 31st birthday, Hazwan felt that it should be less about oneself, and more about what to do for others. Together with his friends, they started TheJumaatInitiatives in September 2019. For the past year, they prepared meals for those living in rental flats, sometimes collaborating with home-based businesses.

In September this year, wanting to continue giving back to the community, Hazwan and his friends set up shelves at the void deck of Bk 513C Yishun Street 51 where he lives, to stock free groceries for needy residents. It is an open source initiative, where anyone who wants to lend a hand can contribute items, while others can take what they need with no questions asked.

Video Productions

To engage and communicate with residents virtually, we have moved towards content creation and more video production in this past year.

Educating our residents on social responsibility continues to be the focus of the Town Council. We commissioned a series of animation videos featuring our Town Council mascots, Nanas and Squish, communicating real problems through a light-hearted and comedic fashion.

To keep up with relevant trends, the Town Council has ventured into social media platform TikTok. We have been actively producing videos on life hacks, interesting food places in Nee Soon, introducing our Town Council mascots and getting on board with trending genres on TikTok.

With the COVID-19 restriction on travelling, the team at Nee Soon Town Council has made an effort in promoting local tourism by sharing fun and exciting places in Nee Soon. This campaign consisted of a series of engaging videos – #GaiGaiInNeeSoon. By promoting local exploration, we hope to inspire residents to rediscover Nee Soon.

Highlights of #GaiGaiInNeeSoon



Public Consultation & Consensus Gathering

While physical events for public consultation and consensus gathering have to take a backseat in light of the current COVID-19 climate, the Town Council continues to take in feedback through emails and online surveys for the improvement of our Town.

Residents can provide their feedback promptly via our website, email, and our Facebook Page.



Newsletter Rebranding

Apart from the increased frequency of our newsletters, from four to six issues a year, we have rebranded our newsletter for a fresh new look!

We have a dedicated section in our newsletter – Faces of Nee Soon, to showcase strong human-interest stories of prominent individuals of Nee Soon.

The prolonged COVID-19 pandemic is expected to have a long-term effect on mental health as stress levels rise amid the uncertainty of the outbreak as well as the economic downturn it brings. Ask Jasmine is a new column in our newsletter that provides an avenue to help residents to cope with their problems by encouraging them to write in to seek advice on issues they face. Through the newsletter, our resident behavioural specialist and psychotherapist, Jasmine, will respond with advice and ways to alleviate the situation. The column hopes to appeal to the larger community who might be in similar situations, and benefit from the advice. Under the same section, useful helplines are also provided to encourage residents to seek help if needed.

To enhance the interactive element of our newsletter, we have also included new content like Sudoku and Join-the-Dots. The Join-the-Dots segment features Nee Soon Town Council Mascots Nanas and Squish, with themes based on festive occasions throughout the year.





Digital Display Panels



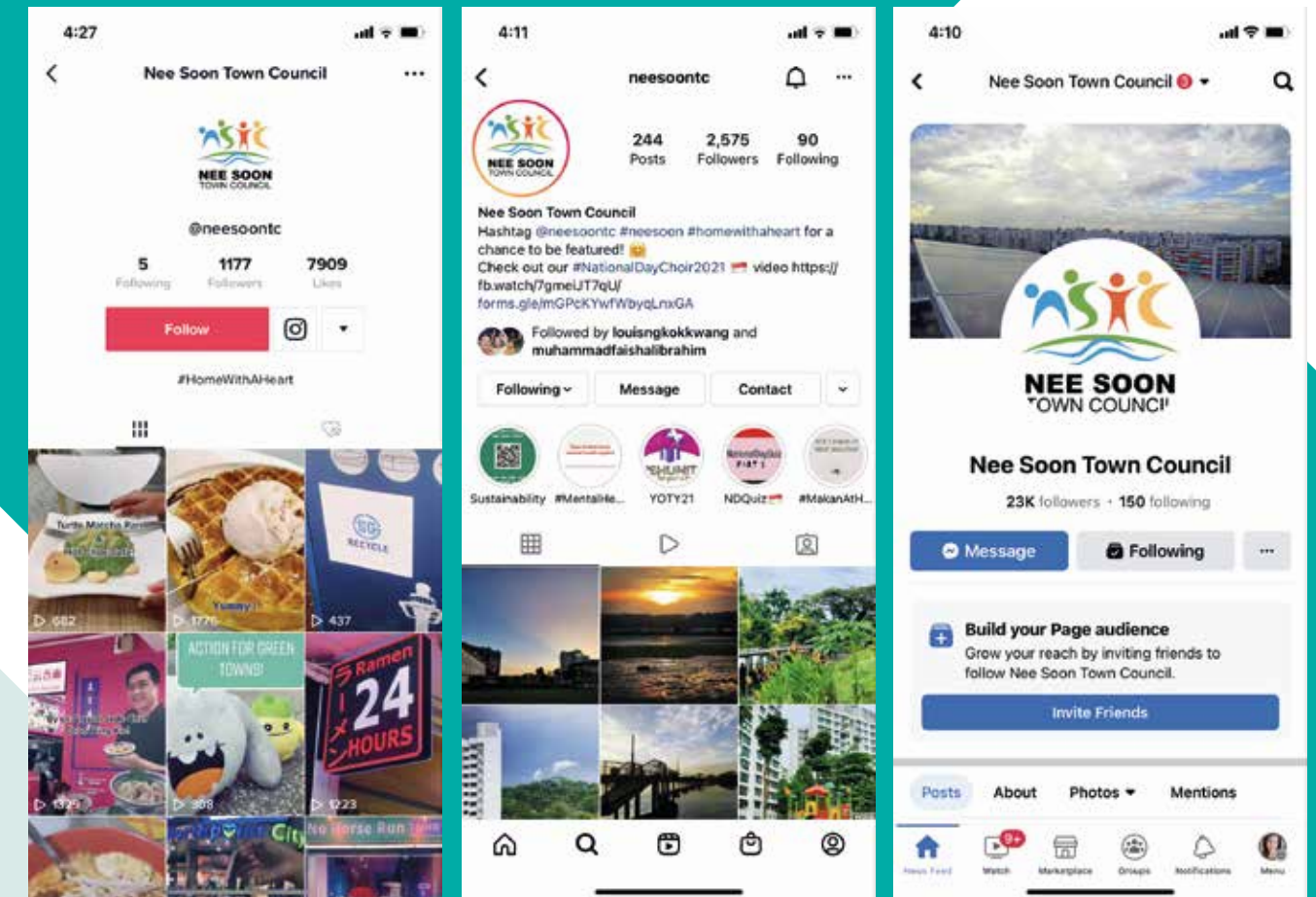
Apart from traditional modes of communication, Nee Soon Town Council is always on the lookout for new products, and new mediums of communication. The Digital Display Panels installed at some of our estates in early 2020 provides us with an additional channel to reach our residents.



Social Media

We leverage on our strong social media presence to reach out to residents. As of 31 March 2021, our Nee Soon Town Council Facebook page, Instagram page and TikTok page has a follower count of 22,301, 2,479 and 856 respectively. The number of followers on all three social media platforms remain the highest across all Town Councils in Singapore.

We thank our residents for their continuous support and we are committed to update news and exciting information about our Nee Soon Town to you through these platforms.



Home with a Heart



It has been a challenging yet fulfilling year for Nee Soon Town Council with all the projects and initiatives that we did in midst of COVID-19. We will continue to construct modern yet practical facilities and inject creative ideas in Nee Soon for a vibrant town.

We want to extend my appreciation to our staff at Nee Soon Town Council, volunteers of our committees for the time and lending their expertise as well as Minister Shanmugam and fellow Nee Soon advisors for their support without which, all these achievements would not have been possible.

We hope that our residents will continue to stay safe and strong during the pandemic. For those in need, please do not hesitate to reach out to us. Let's take good care of ourselves and work together to make Nee Soon a Home with a Heart.



Annual

Financial Statements

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INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF NEE SOON TOWN COUNCIL

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Nee Soon Town Council (the "Town Council"), which comprise the statement of financial position of the Town Council as at 31 March 2021, the income and expenditure statement, statement of comprehensive income, statement of changes in Town Council funds and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 60 to 99.

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

Basis for opinion

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

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

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF NEE SOON TOWN COUNCIL

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF NEE SOON TOWN COUNCIL

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Opinion

In our opinion:

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

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF NEE SOON TOWN COUNCIL

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

Basis for opinion

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

Responsibilities of Management for compliance with legal and regulatory requirements

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

Auditor's responsibilities for the Compliance Audit

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

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



Ecovis Assurance LLP
Public Accountants and
Chartered Accountants
Singapore

15 October 2021

STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

NEE SOON TOWN COUNCIL
(Established under the Town Councils Act, Chapter 329A)

	<u>Note</u>	<u>2021</u> S\$	<u>2020</u> S\$
TOWN COUNCIL FUNDS			
Residential Property			
Accumulated Surplus	3	7,293,423	6,638,025
Sinking Fund	4	94,168,292	64,118,851
Lift Replacement Fund	5	42,840,421	27,488,612
Town Improvement and Project Fund	6	2,842,408	4,282,921
		147,144,544	102,528,409
Commercial Property			
Accumulated Surplus	3	1,079,839	3,092,037
Sinking Fund	4	27,753,027	31,451,618
Lift Replacement Fund	5	6,898,321	5,889,283
Town Improvement and Project Fund	6	153,790	83,858
		35,884,977	40,516,796
Car Park			
Accumulated Surplus	3	-	-
		183,029,521	143,045,205
Represented by:			
Non-Current Assets			
Plant and equipment	8	2,859,510	2,802,835
Current Assets			
Financial assets at fair value through profit or loss	10	33,466,090	28,944,981
Debt investments at amortised cost	11	-	-
Conservancy and service fee receivables	12	1,839,427	1,551,639
Other receivables	13	10,578,587	12,340,138
Interest receivables		50,792	704,980
Receivables for Neighbourhood Renewal Programme, Electrical Load Upgrading Programme and Sport in Precint	7	1,864,053	3,034,604
Cash and cash equivalents	14	156,100,791	109,569,999
		203,899,740	156,146,341
Total Assets		206,759,250	158,949,176
Non-Current Liabilities			
Lease liabilities	16	1,682,205	1,783,902
Current Liabilities			
Payables and accrued expenses	15	19,454,613	11,397,121
Conservancy and service fee received in advance		1,013,629	863,952
Lease liabilities	16	600,222	666,437
Provision for taxation		979,060	1,192,559
		22,047,524	14,120,069
Net assets		183,029,521	143,045,205



Mr Derrick Goh Soon Hee
Chairman

15 October 2021



Ms Christina Goh Choy Boon
Secretary

INCOME AND EXPENDITURE STATEMENT

For the Financial Year Ended 31 March 2021

NEE SOON TOWN COUNCIL
(Established under the Town Councils Act, Chapter 329A)

	<u>Note</u>	<u>2021</u> S\$	<u>2020</u> S\$
Operating Income			
Conservancy and Service Fees	3	46,244,265	45,343,630
Operating transfer to Sinking Fund (minimum required by law)	3,4	(12,023,516)	(11,789,344)
Operating transfer to Lift Replacement Fund (minimum required by law)	3,5	(6,474,199)	(6,348,108)
		27,746,550	27,206,178
Operating Expenditure			
Cleaning Works		(7,122,986)	(7,091,832)
Managing Agent Fees	18	(5,846,835)	(5,803,571)
Lift Maintenance		(7,445,182)	(6,944,376)
Other Works and Maintenance		(4,430,535)	(5,217,296)
Water and Electricity		(7,337,909)	(8,962,722)
General and Administrative Expenditure	21(a)	(3,698,541)	(3,868,712)
		(35,881,988)	(37,888,509)
Operating Deficit		(2,675,352)	(4,809,842)
Non-Operating Income			
Interest Income		29,674	317,620
Deficit before taxation and government grants		(2,645,678)	(4,492,222)
Taxation	22	(227,099)	(290,750)
Deficit after taxation but before government grants		(2,872,777)	(4,782,972)
Surplus for the financial year			
Government Grants	3,24	16,770,705	21,706,017
Transfer to Sinking Fund	3,4,24	(2,550,744)	(2,492,627)
Transfer to Lift Replacement Fund	3,5,24	(5,332,115)	(5,191,346)
Transfer to Town Improvement and Project Fund	3,6,24	(3,001,526)	(8,269,835)
		5,886,320	5,752,209
		3,013,543	969,237
Accumulated surplus as at 1 April		9,730,062	9,260,825
Transfer to Town Improvement and Project Fund	6	(750,000)	(500,000)
Section 34 Transferrable surplus transferred to Sinking Fund	4	(3,355,606)	-
Section 34 Transferrable surplus transferred to Lift Replacement Fund	5	(1,806,865)	-
Transfer of reserve as at 27 October 2020:			
- from Sembawang Town Council	30	2,217,768	-
- to Ang Mo Kio Town Council	30	(675,640)	-
Accumulated surplus as at 31 March	3	8,373,262	9,730,062

STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 March 2021

NEE SOON TOWN COUNCIL
(Established under the Town Councils Act, Chapter 329A)

	<u>Note</u>	<u>2021</u> S\$	<u>2020</u> S\$
Surplus/(deficit) for the financial year			
Accumulated Surplus	3	3,013,543	969,237
Sinking Fund	4	14,452,206	1,791,594
Lift Replacement Fund	5	9,031,634	2,834,598
Town Improvement and Project Fund	6	(1,674,639)	(2,402,487)
		<u>24,822,744</u>	<u>3,192,942</u>
Total comprehensive income for the year attributable to Town Council Funds		<u><u>24,822,744</u></u>	<u><u>3,192,942</u></u>

STATEMENT OF CHANGES IN TOWN COUNCIL FUNDS

For the Financial Year Ended 31 March 2021

NEE SOON TOWN COUNCIL
(Established under the Town Councils Act, Chapter 329A)

	<u>Residential</u> <u>Property</u> S\$	<u>Commercial</u> <u>Property</u> S\$	<u>Car Park</u> S\$	<u>Total</u> S\$
2021				
Balance as at 1 April 2020	102,528,409	40,516,796	-	143,045,205
Surplus for the financial year representing total comprehensive income	22,931,604	1,744,375	146,765	24,822,744
Transfer of reserve as at 27 October 2020:				
- from Sembawang Town Council (Note 30)	35,094,453	1,121,243	5,261	36,220,957
- to Ang Mo Kio Town Council (Note 30)	(13,568,146)	(7,497,437)	6,198	(21,059,385)
Transfer to Accumulated Surplus from carpark to residential property (Note 3)	158,224	-	(158,224)	-
Balance as at 31 March 2021	<u><u>147,144,544</u></u>	<u><u>35,884,977</u></u>	<u><u>-</u></u>	<u><u>183,029,521</u></u>
2020				
Balance as at 1 April 2019	99,568,058	40,284,205	-	139,852,263
Surplus for the financial year representing total comprehensive income	2,950,258	232,591	10,093	3,192,942
Transfer to Accumulated Surplus from carpark to residential property (Note 3)	10,093	-	(10,093)	-
Balance as at 31 March 2020	<u><u>102,528,409</u></u>	<u><u>40,516,796</u></u>	<u><u>-</u></u>	<u><u>143,045,205</u></u>

STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 March 2021

NEE SOON TOWN COUNCIL
(Established under the Town Councils Act, Chapter 329A)

	<u>Note</u>	<u>2021</u> S\$	<u>2020</u> S\$
Cash flows from operating activities			
Deficit before taxation and government grants		(2,645,678)	(4,492,222)
Adjustments for:			
Conservancy and service fee transferred to Sinking fund	3	12,023,516	11,789,344
Conservancy and service fee transferred to Lift replacement fund	3	6,474,199	6,348,108
Movement in impairment loss on conservancy and service fees	12	(18,275)	380
Provision for impairment loss on other receivable	13	46,233	100,774
Depreciation of plant and equipment	8	169,471	153,435
Depreciation of ROU assets	8	389,494	324,748
Lease interest expense	21(a)	24,618	28,731
Amortisation of held-to-maturity financial assets	11	-	2,100
Operating surplus before working capital changes		<u>16,463,578</u>	<u>14,255,398</u>
 (Increase)/Decrease in conservancy and service fee and other receivables		(2,498,229)	(2,470,603)
Increase/(Decrease) in creditors and conservancy and service fee received in advance		7,912,016	2,657,253
Net movement in receivables for Neighbourhood Renewal Programme and Electrical Load Upgrading Programme	7	<u>1,055,421</u>	<u>(1,500,578)</u>
Cash generated from operations		<u>22,932,786</u>	<u>12,941,470</u>
 Sinking fund other income	4	54	2,123
Sinking fund expenditure	4	(4,169,943)	(13,247,920)
Lift replacement fund other income	5	3,452	-
Lift replacement fund expenditure	5	(5,185,667)	(11,773,171)
Town improvement and project fund other income	6	10,500	-
Town improvement and project fund expenditure	6	(4,686,665)	(10,672,322)
Income tax paid		(545,195)	(460,030)
Net cash generated from/(used in) operating activities		<u>8,359,322</u>	<u>(23,209,850)</u>
 Cash flows from investing activities			
Proceeds from redemption of debt investments	11	-	1,787,500
Purchase of plant and equipment	8	(161,032)	(93,160)
Investment and interest income received		1,051,491	1,568,271
Net cash generated from investing activities		<u>890,459</u>	<u>3,262,611</u>
 Cash flows from financing activities			
Government grants		22,964,365	21,298,482
Payment of lease liabilities		(605,618)	(422,737)
Net cash generated from financing activities		<u>22,358,747</u>	<u>20,875,745</u>
 Net increase in cash and cash equivalents		<u>31,608,528</u>	<u>928,506</u>
Fund transferred to Ang Mo Kio Town Council	30	(21,550,413)	-
Fund transferred from Sembawang Town Council	30	37,118,776	-
Cash and cash equivalents at the beginning of the financial year		<u>107,607,864</u>	<u>106,679,358</u>
Cash and cash equivalents at end of the financial year	14	<u><u>154,784,755</u></u>	<u><u>107,607,864</u></u>

NEE SOON TOWN COUNCIL
(Established under the Town Councils Act, Chapter 329A)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

1. GENERAL INFORMATION

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

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

Prior to the 2020 change of electoral boundaries, the Town Council is made up of Nee Soon GRC which comprised of the Chong Pang Division, Kebun Baru Division, Nee Soon Central Division, Nee Soon East Division and Nee Soon South Division.

As a result of the redrawing of the electoral boundaries, there have been changes to the Nee Soon GRC. Pursuant to the issue of the Writ of Election, the Ministry of National Development has ordered, by virtue of the Town Councils (Declaration of Towns) Order 2020, Kebun Baru division (“Division”) be transferred to Ang Mo Kio Town Council and taking over Nee Soon Link division from Sembawang Town Council on 28 October 2020, after the 90-days caretaking period.

The Town Council transferred 80% of its available surpluses as at 22 June 2020 to the sinking funds and lift replacement funds in accordance with Section 34 of the Town Councils Act and Rule 4A of the Town Councils Financial rules.

The financial statements of the Town Council for the financial year ended 31 March 2021 were authorised for issue by the members of Town Council on 15 October 2021.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Town Council takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of FRS 116 Leases, and measurements that have some similarities to fair value but are not fair value, such as value in use in FRS 36 *Impairment of Assets*.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

NEE SOON TOWN COUNCIL
(Established under the Town Councils Act, Chapter 329A)

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

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

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

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

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

2.2 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Apart from those involving estimations, management has made judgements in the process of applying the Town Council's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements are disclosed in Note 2.23.

2.3 ADOPTION OF NEW AND AMENDMENT STANDARDS AND INTERPRETATIONS

Interpretations and amendments to published standards

The Town Council has adopted the new or revised FRSs and INT FRS that are mandatory for application on 1 April 2020. The adoption of these new or revised FRSs and INT FRS did not result in substantial changes to the Town Council's accounting policies and had no material effects on the financial statements for the current or prior years.

At the date of authorisation of these financial statements, there were FRSs, INT FRSs and amendments to FRS that were issued but not yet effective. Management anticipates that the adoption of these FRSs, INT FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Town Council in the period of their initial adoption.

2.4 TOWN COUNCIL FUNDS

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

- Residential property
- Commercial property
- Carparks are managed by the Town Council for the HDB on an agency basis

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

NEE SOON TOWN COUNCIL
(Established under the Town Councils Act, Chapter 329A)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

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

2.4 TOWN COUNCIL FUNDS (CONT'D)

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

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

ORDINARY SINKING FUND

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

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

The minimum amounts to be paid into the Sinking Fund is 26% (2020: 26%) of service and conservancy charges and grants-in-aid, excluding the Lift Replacement Fund ("LRF") matching grant-in-aid for Residential Property and Commercial Property.

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

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

LIFT REPLACEMENT FUND

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

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

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

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

The minimum amounts to be paid into the Lift Replacement Fund is 14% (2020: 14%) of service and conservancy charges and grants-in-aid, excluding the LRF matching grant-in-aid for Residential Property and Commercial Property.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

NEE SOON TOWN COUNCIL
(Established under the Town Councils Act, Chapter 329A)

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

2.4 TOWN COUNCIL FUNDS (CONT'D)

LIFT REPLACEMENT FUND (CONT'D)

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

Selective Lift Replacement Programme

The Selective Lift Replacement Programme ("SLRP") was introduced in Sep 2014 to help replace eligible older lifts with new ones that come with updated features such as more energy-efficient motors, vision panels for added security, and doors with infra-red motion safety sensors.

Under the SLRP, the Government will co-fund 50% of the lift replacement cost capped at S\$125,000 (inclusive of GST) per lift.

The co-funding amount will be disbursed to Town Councils in two stages as shown below:

<u>Stage</u>	<u>Disbursement Quantum</u>
Award of Contract	25% of Lift Replacement Cost
Completion of Lift Replacement	25% of Lift Replacement Cost

TOWN IMPROVEMENT AND PROJECT FUND

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

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

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

2.5 ALLOCATION OF GENERAL OVERHEADS

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

<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

No overheads are allocated to the Sinking Fund, Lift Replacement Fund and Town Improvement and Project Fund.

NEE SOON TOWN COUNCIL
(Established under the Town Councils Act, Chapter 329A)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

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

2.6 GOVERNMENT GRANTS

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

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

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

2.7 PLANT AND EQUIPMENT

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

Office equipment	2 to 3 years
Data processing equipment	3 years
Furniture, fixtures and fittings	5 years
Right-of-use assets	Over the lease period

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

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

Cost also includes acquisition cost, any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent cost are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income and Expenditure Statement when they are incurred.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2021

NEE SOON TOWN COUNCIL
(Established under the Town Councils Act, Chapter 329A)

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

2.8 FINANCIAL ASSETS

(a) Classification

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

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

(b) Initial recognition

At initial recognition, the Town Council measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in Income and Expenditure Statement or the respective funds.

(c) Subsequent measurement

(i) Debt instruments

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

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

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

NEE SOON TOWN COUNCIL
(Established under the Town Councils Act, Chapter 329A)

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2021

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

2.8 FINANCIAL ASSETS (CONT'D)

(c) Subsequent measurement (cont'd)

(i) Debt instruments (cont'd)

Amortised cost and effective interest method

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

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

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

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

(ii) Equity investments

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

(d) Impairment of financial assets

The Town Council recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through Income and Expenditure Statement or the respective funds. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Town Council expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2021

NEE SOON TOWN COUNCIL
(Established under the Town Councils Act, Chapter 329A)

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

2.8 FINANCIAL ASSETS (CONT'D)

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

The Town Council always recognises lifetime ECL for conservancy and service receivables.

The Town Council applies a simplified approach in calculating ECLs. Therefore, the Town Council does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Town Council uses the practical expedient under FRS 109 in the form of allowance matrix to measure the ECL for conservancy and service fee receivables and interest receivable on late payment, where the loss allowance is equal to lifetime ECL. The following allowance matrix is used:

	<u>Rate of Provision</u>
Accounts with arrears in excess of 12 months but less than 24 months	50%
Accounts with arrears in excess of 24 months	100%

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

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

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

The Town Council considers a financial asset to be in default when internal or external information indicates that the Town Council is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Town Council. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(e) Derecognition of financial assets

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

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NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2021

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

2.9 IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

2.10 CASH AND CASH EQUIVALENTS

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

2.11 RECEIVABLES/ADVANCES RECEIVED FOR NEIGHBOURHOOD RENEWAL PROGRAMME

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

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

2.12 RECEIVABLES/ADVANCES RECEIVED FOR ELECTRICAL LOAD UPGRADING PROGRAMME

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

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

2.13 PROVISION

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

NEE SOON TOWN COUNCIL
(Established under the Town Councils Act, Chapter 329A)

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

2.13 PROVISION (CONT'D)

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

2.14 FINANCIAL LIABILITIES

(i) Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Town Council becomes a party to the contractual provisions of the financial instrument. The Town Council determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

(ii) Subsequent measurement

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

(iii) De-recognition

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

2.15 DERIVATIVE FINANCIAL INSTRUMENTS

The Town Council enters into exchange trade derivatives to manage its exposure to fair value changes to its equity investment. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair values as at each reporting date. The resulting gain or loss is recognised in Income and Expenditure Statement or the respective funds.

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(Established under the Town Councils Act, Chapter 329A)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

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

2.16 LEASE

When the Town Council is the lessee

At the inception of the contract, the Town Council assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- **Right-of-use assets**

The Town Council recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets are presented within “Plant and equipment”.

- **Lease liabilities**

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Town Council's assessment of whether it will exercise an extension option; or
- There are modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in Income and Expenditure Statement if the carrying amount of the right-of-use asset has been reduced to zero.

- **Short-term and low-value leases**

The Town Council has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases. Lease payments relating to these leases are expensed to Income and Expenditure Statement on a straight-line basis over the lease term.

- **Variable lease payments**

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Town Council shall recognise those lease payments in Income and Expenditure Statement in the periods that triggered those lease payments.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2021

NEE SOON TOWN COUNCIL
(Established under the Town Councils Act, Chapter 329A)

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

2.17 REVENUE RECOGNITION

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

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

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

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

2.18 INCOME TAX

Tax is provided on the following income:

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

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

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

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

2.19 EMPLOYEE BENEFITS

Defined contribution plan

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

NEE SOON TOWN COUNCIL
(Established under the Town Councils Act, Chapter 329A)

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2021

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

2.20 FAIR VALUE ESTIMATION

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

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

2.21 FUNCTIONAL CURRENCY

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

2.22 INTER FUND TRANSFER

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

2.23 CRITICAL ACCOUNTING JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Apart from information disclosed elsewhere in these financial statements, the following summarises estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and significant judgements made in the process of applying the Town Council's accounting policies.

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

(a) Impairment of conservancy and services fees receivables

The Town Council measures impairment loss based on an expected credit loss (ECL) on conservancy and service debts and related interest charged for late payment. When measuring ECL, the Town Council uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. The gross amount of conservancy and service fee and related ECL are disclosed in Note 12.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

NEE SOON TOWN COUNCIL
(Established under the Town Councils Act, Chapter 329A)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.23 CRITICAL ACCOUNTING JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES (CONT'D)****(b) Income tax**

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

(c) Town Improvement project grants

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

NEE SOON TOWN COUNCIL
(Established under the Town Councils Act, Chapter 329A)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

3. ACCUMULATED SURPLUS

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

	Note	Total		Residential Property		Commercial Property		Carparks	
		2021	2020	2021	2020	2021	2020	2021	2020
		S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Operating Income									
Conservancy and service fees		46,244,265	45,343,630	43,266,802	42,112,564	2,977,463	3,231,066	-	-
Operating transfer to Sinking Fund (minimum required by law)	4	(12,023,516)	(11,789,344)	(11,249,373)	(10,949,267)	(774,143)	(840,077)	-	-
Operating transfer to Lift Replacement Fund (minimum required by law)	5	(6,474,199)	(6,348,108)	(6,057,353)	(5,895,759)	(416,846)	(452,349)	-	-
		27,746,550	27,206,178	25,960,076	25,267,538	1,786,474	1,938,640	-	-
Agency Fees	17(a)	2,764,846	2,670,431	-	-	-	-	2,764,846	2,670,431
Other Income	17(b)	2,695,240	3,202,058	2,102,681	2,522,243	514,066	611,734	78,493	68,081
		33,206,636	33,078,667	28,062,757	27,789,781	2,300,540	2,550,374	2,843,339	2,738,512
Operating expenditure		(35,881,988)	(37,888,509)	(31,657,691)	(33,478,508)	(1,544,148)	(1,679,352)	(2,680,149)	(2,730,649)
Operating (deficit)/surplus		(2,675,352)	(4,809,842)	(3,594,934)	(5,688,727)	756,392	871,022	163,190	7,863
Non-operating income		29,674	317,620	26,160	279,336	1,129	12,863	2,385	25,421
(Deficit)/surplus before taxation and government grants		(2,645,678)	(4,492,222)	(3,568,774)	(5,409,391)	757,521	883,885	165,575	33,284
Taxation	22	(227,099)	(290,750)	(200,614)	(255,771)	(7,675)	(11,788)	(18,810)	(23,191)
(Deficit)/surplus after taxation but before government grants		(2,872,777)	(4,782,972)	(3,769,388)	(5,665,162)	749,846	872,097	146,765	10,093
Government Grants	24	16,770,705	21,706,017	16,556,086	21,471,092	214,619	234,925	-	-
Transfer to Sinking Fund	4,24	(2,550,744)	(2,492,627)	(2,549,964)	(2,491,847)	(780)	(780)	-	-
Transfer to Lift Replacement Fund	5,24	(5,332,115)	(5,191,346)	(5,120,574)	(4,963,319)	(211,541)	(228,027)	-	-
Transfer to Town Improvement and Project Fund	6,24	(3,001,526)	(8,269,835)	(3,001,028)	(8,265,517)	(498)	(4,318)	-	-
		5,886,320	5,752,209	5,884,520	5,750,409	1,800	1,800	-	-
Surplus for the year		3,013,543	969,237	2,115,132	85,247	751,646	873,897	146,765	10,093
Accumulated surplus at the beginning of year		9,730,062	9,260,825	6,638,025	6,542,685	3,092,037	2,718,140	-	-
Transfer to Town Improvement and Project Fund	6	(750,000)	(500,000)	(400,000)	-	(350,000)	(500,000)	-	-
Transfer to Accumulated Surplus from carpark to residential property		-	-	158,224	10,093	-	-	(158,224)	(10,093)
Transferrable surplus transferred to Sinking Fund	4	(3,355,606)	-	(1,856,245)	-	(1,499,361)	-	-	-
Transferrable surplus transferred to Lift Replacement Fund	5	(1,806,865)	-	(999,517)	-	(807,348)	-	-	-
Transfer of reserve as at 27 October 2020:									
- from Sembawang Town Council	30	2,217,768	-	2,122,287	-	90,220	-	5,261	-
- to Ang Mo Kio Town Council	30	(675,640)	-	(484,483)	-	(197,355)	-	6,198	-
Accumulated surplus at end of year		8,373,262	9,730,062	7,293,423	6,638,025	1,079,839	3,092,037	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2021

NEE SOON TOWN COUNCIL
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4. SINKING FUND

Note	Total		Residential Property		Commercial Property	
	2021	2020	2021	2020	2021	2020
	S\$	S\$	S\$	S\$	S\$	S\$
Balance at beginning of year	95,570,469	93,778,875	64,118,851	62,737,440	31,451,618	31,041,435
Add:						
Investment and interest income	19 (a) 4,127,248	986,334	3,972,124	942,889	155,124	43,445
Other income	54	2,123	54	2,120	-	3
Operating transfer from conservancy and service fees (Minimum required by law)	3 12,023,516	11,789,344	11,249,373	10,949,267	774,143	840,077
Government grants	3,24 2,550,744	2,492,627	2,549,964	2,491,847	780	780
	18,701,562	15,270,428	17,771,515	14,386,123	930,047	884,305
Expenditure	19 (b) (4,169,943)	(13,247,920)	(4,048,744)	(12,783,972)	(121,199)	(463,948)
Surplus before tax	14,531,619	2,022,508	13,722,771	1,602,151	808,848	420,357
Taxation	22 (79,413)	(230,914)	(76,487)	(220,740)	(2,926)	(10,174)
Surplus for the financial year	14,452,206	1,791,594	13,646,284	1,381,411	805,922	410,183
Transferrable surplus transferred from accumulated surplus	3 3,355,606	-	1,856,245	-	1,499,361	-
Transfer of reserve as at 27 October 2020:						
- from Sembawang Town Council	30 24,427,382	-	23,712,425	-	714,957	-
- to Ang Mo Kio Town Council	30 (15,884,344)	-	(9,165,513)	-	(6,718,831)	-
Balance at end of year	121,921,319	95,570,469	94,168,292	64,118,851	27,753,027	31,451,618
Represented by:						
Current Assets						
Financial assets at fair value through profit or loss	10 33,466,090	28,944,981				
Conservancy and service fee receivables	473,737	346,927				
Other receivables	216,504	343,129				
Interest receivable	42,589	438,536				
Amount due from accumulated surplus	3,296,795	2,846,583				
Cash and cash equivalents	86,111,432	63,991,448				
Total assets	123,607,147	96,911,604				
Less: Current Liabilities						
Payables and accrued expenses	1,361,464	910,875				
Provision for taxation	324,364	430,260				
Total liabilities	1,685,828	1,341,135				
Net Assets	121,921,319	95,570,469				

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2021

NEE SOON TOWN COUNCIL
(Established under the Town Councils Act, Chapter 329A)

5. LIFT REPLACEMENT FUND

Note	Total		Residential Property		Commercial Property	
	2021	2020	2021	2020	2021	2020
	S\$	S\$	S\$	S\$	S\$	S\$
Balance at beginning of year	33,377,895	30,543,297	27,488,612	24,572,022	5,889,283	5,971,275
Add:						
Interest income	145,065	566,437	138,697	541,486	6,368	24,951
Operating transfer from conservancy and service fees (Minimum required by law)	3 6,474,199	6,348,108	6,057,353	5,895,759	416,846	452,349
Other income	3,452	-	3,452	-	-	-
Funding for Selective Lift Replacement Programme and Lift Enhancement Programme	2,287,654	2,597,126	2,285,657	2,597,126	1,997	-
Transfer from Government Grants						
- LRF Matching Grant	3,958,639	3,849,164	3,747,518	3,621,557	211,121	227,607
- Other government grants	1,373,476	1,342,182	1,373,056	1,341,762	420	420
	3,24 5,332,115	5,191,346	5,120,574	4,963,319	211,541	228,027
Less:						
Expenditure	20 (5,185,667)	(11,773,171)	(4,974,511)	(10,990,048)	(211,156)	(783,123)
Surplus before tax	9,056,818	2,929,846	8,631,222	3,007,642	425,596	(77,796)
Taxation	22 (25,184)	(95,248)	(24,257)	(91,052)	(927)	(4,196)
Surplus for the financial year	9,031,634	2,834,598	8,606,965	2,916,590	424,669	(81,992)
Transferrable surplus transferred from accumulated surplus	3 1,806,865	-	999,517	-	807,348	-
Transfer of reserve as at 27 October 2020:						
- from Sembawang Town Council	30 9,322,275	-	9,009,413	-	312,862	-
- to Ang Mo Kio Town Council	30 (3,799,927)	-	(3,264,086)	-	(535,841)	-
Balance at end of year	49,738,742	33,377,895	42,840,421	27,488,612	6,898,321	5,889,283
Represented by:						
Current Assets						
Conservancy and service fee receivables	255,089	186,312				
Other receivables	5,302,319	2,379,064				
Interest receivable	8,099	223,725				
Amount due from accumulated surplus	1,855,513	983,316				
Cash and cash equivalents	46,592,602	33,347,485				
Total assets	54,013,622	37,119,902				
Less: Current Liabilities						
Payables and accrued expenses	4,154,300	3,583,052				
Provision for taxation	120,580	158,955				
Total liabilities	4,274,880	3,742,007				
Net Assets	49,738,742	33,377,895				

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

NEE SOON TOWN COUNCIL
(Established under the Town Councils Act, Chapter 329A)

6. TOWN IMPROVEMENT AND PROJECT FUND

	<u>Note</u>	Total		Residential Property		Commercial Property	
		<u>2021</u> S\$	<u>2020</u> S\$	<u>2021</u> S\$	<u>2020</u> S\$	<u>2021</u> S\$	<u>2020</u> S\$
Balance at beginning of year		4,366,779	6,269,266	4,282,921	5,715,911	83,858	553,355
Government grants	24	3,001,526	8,269,835	3,001,028	8,265,517	498	4,318
Other income		10,500	-	10,060	-	440	-
Expenditure		(4,686,665)	(10,672,322)	(4,447,865)	(9,698,507)	(238,800)	(973,815)
Deficit for the financial year		(1,674,639)	(2,402,487)	(1,436,777)	(1,432,990)	(237,862)	(969,497)
Transfer from Accumulated Surplus	3	750,000	500,000	400,000	-	350,000	500,000
Transfer of reserve as at 27 October 2020:							
- from Sembawang Town Council	30	253,532	-	250,328	-	3,204	-
- to Ang Mo Kio Town Council	30	(699,474)	-	(654,064)	-	(45,410)	-
Balance at end of year		<u>2,996,198</u>	<u>4,366,779</u>	<u>2,842,408</u>	<u>4,282,921</u>	<u>153,790</u>	<u>83,858</u>

Represented by:

Current Assets		
Other receivables	3,370,578	8,134,881
Amount due from (due to) accumulated surplus	1,936,955	(1,824,591)
Total assets	5,307,533	6,310,290

Less:

Current Liabilities		
Payables and accrued expenses	2,311,335	1,943,511

Net Assets	<u>2,996,198</u>	<u>4,366,779</u>
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NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

NEE SOON TOWN COUNCIL
(Established under the Town Councils Act, Chapter 329A)

7. RECEIVABLES FOR NEIGHBOURHOOD RENEWAL PROGRAMME, ELECTRICAL LOAD UPGRADING PROGRAMME AND SPORT IN PRECINCT

	<u>2021</u> S\$	<u>2020</u> S\$
Balance at beginning of year	3,034,604	1,534,026
Transfer from Sembawang Town Council as at 27 October 2020 (Note 30)	(115,130)	-
Funding from Government - NRP	(4,733,167)	(3,585,026)
Reimbursement from HDB for Electrical Load Upgrading programme	(709,856)	(2,605,809)
Reimbursement for Sport-In-Precinct programme	(982,295)	-
Others	(500)	(4,500)
Expenditure incurred	5,370,397	7,695,913
Movements during the year	(1,055,421)	1,500,578
Balance at end of year	<u>1,864,053</u>	<u>3,034,604</u>

8. PLANT AND EQUIPMENT

	<u>Office Equipment</u> S\$	<u>Data Processing Equipment</u> S\$	<u>Furniture Fixtures and Fittings</u> S\$	<u>Right-of-use assets</u> S\$	<u>Total</u> S\$
2021					
Cost:					
Balance at 1 April 2020	382,805	160,352	1,196,876	2,796,879	4,536,912
Transfer from Sembawang Town Council	460	7,368	110,266	-	118,094
Transfer to Ang Mo Kio Town Council	(6,157)	(3,892)	(5,259)	(160,156)	(175,464)
Additions	7,440	153,592	-	496,116	657,148
Written off	-	(58,206)	-	(253,911)	(312,117)
Balance as at 31 March 2021	<u>384,548</u>	<u>259,214</u>	<u>1,301,883</u>	<u>2,878,928</u>	<u>4,824,573</u>
Accumulated depreciation:					
Balance at 1 April 2020	331,460	151,686	973,649	277,282	1,734,077
Transfer from Sembawang Town Council	460	6,232	67,760	-	74,452
Transfer to Ang Mo Kio Town Council	(4,548)	(1,179)	(5,083)	(79,504)	(90,314)
Charge for the financial year	40,596	33,909	94,966	389,494	558,965
Written off	-	(58,206)	-	(253,911)	(312,117)
Balance as at 31 March 2021	<u>367,968</u>	<u>132,442</u>	<u>1,131,292</u>	<u>333,361</u>	<u>1,965,063</u>
Net book value:					
Balance as at 31 March 2021	<u>16,580</u>	<u>126,772</u>	<u>170,591</u>	<u>2,545,567</u>	<u>2,859,510</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

NEE SOON TOWN COUNCIL
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8. PLANT AND EQUIPMENT (CONT'D)

	Office Equipment S\$	Data Processing Equipment S\$	Furniture Fixtures and Fittings S\$	Right-of-use assets S\$	Total S\$
2020					
Cost:					
Balance as at 31 March 2019	364,558	153,434	1,131,642	-	1,649,634
Effect of adopting FRS 116	-	-	-	486,009	486,009
Balance at 1 April 2019	364,558	153,434	1,131,642	486,009	2,135,643
Additions	18,247	6,918	67,995	2,358,336	2,451,496
Written off	-	-	(2,761)	(47,466)	(50,227)
Balance as at 31 March 2020	382,805	160,352	1,196,876	2,796,879	4,536,912
Accumulated depreciation:					
Balance at 1 April 2019	283,112	141,231	881,778	-	1,306,121
Charge for the financial year	48,348	10,455	94,632	324,748	478,183
Written off	-	-	(2,761)	(47,466)	(50,227)
Balance as at 31 March 2020	331,460	151,686	973,649	277,282	1,734,077
Net book value:					
Balance as at 31 March 2020	51,345	8,666	223,227	2,519,597	2,802,835

Details of Right-of-use assets acquired under leasing arrangements are disclosed as below.

<u>Right-of-use assets classified within plant and equipment</u>		<u>2021</u> S\$	<u>2020</u> S\$
(a)	Carrying amounts		
	Computer system	1,988,888	1,991,313
	Office premises	556,679	528,284
		2,545,567	2,519,597
(b)	Depreciation charge during the year		
	Computer system	86,473	-
	Office rental	303,021	324,748
		389,494	324,748
	In 2020, computer system has not been depreciated as it has not been brought into use during that financial year.		
(c)	Interest expense		
	Interest expense on lease liabilities	24,618	28,731
(d)	Lease expense not capitalised in lease liabilities		
	Small value lease expense	6,845	6,960
(e)	Total cash outflow for all leases in financial year ended 31 March 2021 was S\$605,618 (2020: S\$422,737).		
(f)	Addition of ROU assets during the financial year ended 31 March 2021 was S\$496,116 (2020: S\$2,358,336).		

NEE SOON TOWN COUNCIL
(Established under the Town Councils Act, Chapter 329A)

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

9. FUNDS WITH FUND MANAGERS

Funds with fund managers comprised the following:

	<u>Note</u>	<u>2021</u> S\$	<u>2020</u> S\$
Financial assets at fair value through profit or loss	10	33,466,090	28,944,981
Accrued interest	13	56,656	68,608
Cash and fixed deposits	14	1,316,036	1,962,135
Management fees payable to fund managers	15	(5,067)	(11,762)
		34,833,715	30,963,962

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Taken up in sinking funds and comprised of the following:

-Equities - quoted	8,763,437	4,073,280
-Bonds - quoted	14,956,250	24,852,695
-Treasury Bills	9,746,403	-
-Exchange-traded Derivative	-	19,006
	33,466,090	28,944,981

As part of the mandate with a fund manager, the manager is allowed to enter into exchange trade derivatives to hedge certain equity investment. As at 31 March 2021, the notional amount of the investment is S\$Nil (2020: S\$1,032,046).

11. DEBT INVESTMENTS

Movements during the year - at amortised cost:

At beginning of year	-	1,789,600
Redemption	-	(1,787,500)
Amortisation	-	(2,100)
At end of year	-	-

During 2020, debt investments were fully redeemed at maturity date.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

NEE SOON TOWN COUNCIL
(Established under the Town Councils Act, Chapter 329A)

12. CONSERVANCY AND SERVICE FEE RECEIVABLES

	<u>2021</u> S\$	<u>2020</u> S\$
Conservancy and service fee receivables	2,477,003	1,969,855
Interest receivable on late payment	376,971	321,500
Impairment loss provision	(1,014,547)	(739,716)
	<u>1,839,427</u>	<u>1,551,639</u>
Movement in impairment loss during the year		
Balance at beginning of year	739,716	739,336
Transfer from Sembawang Town Council	205,633	-
Transfer to Ang Mo Kio Town Council	(115,519)	-
Reinstatement of provision previously written off	202,992	-
(Reversal) Provision for impairment loss	(18,275)	380
Balance as at 31 March	<u>1,014,547</u>	<u>739,716</u>

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

	<u>SC/CC Debtors</u> S\$	<u>Amount to be provided</u> S\$
2021		
Arrears in excess of 12 months but less than 24 months @ 50%	545,671	272,836
Arrears in excess of 24 months @ 100%	741,711	741,711
Expected Credit loss as at 31 March 2021		<u>1,014,547</u>
2020		
Arrears in excess of 12 months but less than 24 months @ 50%	400,888	200,444
Arrears in excess of 24 months @ 100%	539,272	539,272
Expected Credit loss as at 31 March 2020		<u>739,716</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

NEE SOON TOWN COUNCIL
(Established under the Town Councils Act, Chapter 329A)

13. OTHER RECEIVABLES

	<u>2021</u> S\$	<u>2020</u> S\$
Other receivables from third parties	133,523	352,538
Impairment loss provision	-	(100,774)
	<u>133,523</u>	<u>251,764</u>
Recoverable from HDB	4,415,003	1,902,925
Citizens' Consultative Committee grant receivable	3,297,290	7,650,227
Prepayments	156,532	212,754
Accrued interest (Note 9)	56,656	68,608
Conservancy and service grant receivable in advance	-	(1,003)
GST subvention grant receivable	435,798	408,664
LRF Matching Grant Receivable	884,964	823,018
Amount due from Ang Mo Kio Town Council	19,799	-
Deposits Paid	228,858	262,325
Water and electricity receivables	617,969	-
Goods & Services Tax	332,195	760,856
	<u>10,578,587</u>	<u>12,340,138</u>
Movement in impairment loss during the year		
Balance at beginning of year	100,774	-
Transfer from Sembawang Town Council	53,594	-
Provision for impairment loss	46,233	100,774
Written off	(200,601)	-
Balance as at 31 March	<u>-</u>	<u>100,774</u>

The Town Council believes that no allowance for expected credit loss is necessary for the current financial year.

14. CASH AND CASH EQUIVALENTS

	<u>2021</u> S\$	<u>2020</u> S\$
Cash in hand and bank balances	66,773,106	18,596,150
Cash and fixed deposits held in trust by fund managers (Note 9)	1,316,036	1,962,135
Fixed deposits	88,011,649	89,011,714
	<u>156,100,791</u>	<u>109,569,999</u>

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

The fixed deposits are with 5 (2020: 5) financial institutions. The fixed deposits mature between one month to twelve months (2020: one month to twelve months) after the financial year end. The interest rate as at 31 March 2021 was between 0.06% and 0.6% (2020: 0.60% and 2.02%) per annum.

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

	<u>2021</u> S\$	<u>2020</u> S\$
Cash and cash equivalents	156,100,791	109,569,999
Cash and fixed deposits held in trust by fund managers (Note 9)	(1,316,036)	(1,962,135)
Cash and cash equivalents per statement of cash flows	<u>154,784,755</u>	<u>107,607,864</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

NEE SOON TOWN COUNCIL
(Established under the Town Councils Act, Chapter 329A)

15. PAYABLES AND ACCRUED EXPENSES

	<u>2021</u> S\$	<u>2020</u> S\$
Work order accruals	600,020	3,185,234
Accounts payable	11,014,290	2,782,849
Water and electricity payables	455,542	422,825
Accrued operating expenses	5,734,043	4,416,044
Sundry deposits	159,828	169,648
Lift Enhancement Programme Funding Received in advance	1,436,474	311,598
Management fee payable to fund managers (Note 9)	5,067	11,762
Other payables	3,259	12,651
Amount due to Sembawang Town Council	46,090	84,510
	<u>19,454,613</u>	<u>11,397,121</u>

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

16. LEASE LIABILITIES

	<u>2021</u> S\$	<u>2020</u> S\$
<u>Lease liabilities</u>		
Current	600,222	666,437
Non-current	1,682,205	1,783,902
Total	<u>2,282,427</u>	<u>2,450,339</u>
<u>Lease liabilities</u>		
Within 1 year	643,843	694,457
Between two and five years	1,731,414	1,588,692
More than five years	265,562	506,473
	<u>2,640,819</u>	<u>2,789,622</u>
Less: Future interest expense	(358,392)	(339,283)
Present value of lease liabilities	<u>2,282,427</u>	<u>2,450,339</u>

17(a). AGENCY FEES

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

17(b). OTHER INCOME

	<u>2021</u> S\$	<u>2020</u> S\$
Late payment penalty	153,595	186,552
Liquidated damages	262,139	243,975
Temporary occupational licence income	1,820,158	1,772,478
Use of common property	1,200	22,420
Use of void decks	1,480	34,770
Use of water and electricity at void decks	147,350	566,155
Others	309,318	375,708
	<u>2,695,240</u>	<u>3,202,058</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

NEE SOON TOWN COUNCIL
(Established under the Town Councils Act, Chapter 329A)

18. MANAGING AGENT FEES

The Town Council daily operations have been outsourced to a managing agent for a fee of S\$5,846,835 (2020 : S\$5,803,571) for the financial year ended 31 March 2021.

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

	<u>2021</u> S\$	<u>2020</u> S\$
Income - Bonds and other investments	-	6,864
Interest Income - fixed bank deposits	257,495	1,065,440
Fair value gain/(loss) from financial assets carried at fair value through profit or loss	<u>3,869,753</u>	<u>(85,970)</u>
	<u>4,127,248</u>	<u>986,334</u>

19(b). SINKING FUND EXPENDITURE

	<u>2021</u> S\$	<u>2020</u> S\$
Electrical Rewiring	75,600	1,266,649
Replacement of Water & Booster Pump	977,615	-
Repairs & Redecoration	2,745,521	11,329,561
Replacement Water Pipes	85,700	-
Consultancy fee and other charges	145,236	465,247
Goods and services tax (Note 23)	102,291	186,463
Rooftop Safety Provision	37,980	-
	<u>4,169,943</u>	<u>13,247,920</u>

20. LIFT REPLACEMENT FUND EXPENDITURE

	<u>2021</u> S\$	<u>2020</u> S\$
Replacement of Main Sheaves and Ropes	1,607,618	2,132,683
Replacement of ARD Battery	68,512	235,455
Replacement of EBOPS Battery	33,136	264,343
Lift overhauls and replacement works	83,950	1,334,589
Replacement of Lift Position Display Panel	7,055	2,431,815
Replacement of Inverter Units	624,749	2,705,214
Lift Enhancement Programme	2,378,020	2,061,183
Replacement of Fire Detector for Lift Lobby	13,944	-
Consultancy fee and other charges	188,420	372,957
Goods and services tax (Note 23)	180,263	234,932
	<u>5,185,667</u>	<u>11,773,171</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

NEE SOON TOWN COUNCIL
(Established under the Town Councils Act, Chapter 329A)

21(a). GENERAL AND ADMINISTRATIVE EXPENDITURE

The general and administrative expenditure comprised the following:

	<u>2021</u> S\$	<u>2020</u> S\$
Advertising and public relations	921,826	1,192,197
(Reversal)/Provision for expected credit loss on conservancy and service fee	(18,275)	380
Provision for doubtful debts - others	46,233	94,181
Bad debts written off/(back)	-	(24,156)
Computing services	466,097	198,796
Depreciation of plant and equipment (Note 8)	169,471	153,435
Depreciation of ROU assets (Note 8)	389,494	324,748
Short term office rental and upkeep expenditure	213,857	250,495
Office supplies and stationery	89,574	102,539
Postage / Telephone	187,053	216,686
Town Councillors' allowance	221,398	215,714
Insurance premium	26,664	21,709
Goods and services tax (Note 23)	168,181	320,543
Legal fee	7,416	72,777
Property tax	189,791	162,350
Lease interest expense	24,618	28,731
Waiver of rental cost from HDB	(57,200)	-
Others *	652,343	537,587
	<u>3,698,541</u>	<u>3,868,712</u>

* Includes manpower costs of S\$85,540 (2020: S\$83,164) (Note 21(b)).

21(b). MANPOWER COST

General administrative expenditure included cost of manpower as follows:-

	<u>2021</u> S\$	<u>2020</u> S\$
Staff salaries and related costs	77,927	75,756
CPF contribution	7,613	7,408
	<u>85,540</u>	<u>83,164</u>

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2021

NEE SOON TOWN COUNCIL
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22. INCOME TAX

Taken up in:

Current income tax provision
(Over) Under provision in prior yearCurrent income tax provision
Over provision in prior year

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

Interest income received
Dividend income
Government Grant
Other income
Allowable expensesTax calculated at a tax rate of 17%
Tax exempt income
Tax effect of certain income taxed at concessionary tax rate
Tax remission of government grants under Section 92(2) of
Singapore Income Tax
Others
Overprovision in prior year**23. GOODS AND SERVICES TAX**

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

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2021

NEE SOON TOWN COUNCIL
(Established under the Town Councils Act, Chapter 329A)

24. GOVERNMENT GRANTS

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

	Total		Conservancy and Service Grant		Payment from Citizens' Consultative Committee		GST Subvention Grant		Lift Maintenance Grant		LRF Matching Grant	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Government Grants received/ receivable during the year	16,770,705	21,706,017	7,252,444	7,085,090	3,001,526	8,269,835	1,680,162	1,633,728	877,934	868,200	3,958,639	3,849,164
Transfer to -												
Sinking Funds	(2,550,744)	(2,492,627)	(1,885,636)	(1,842,123)	-	-	(436,845)	(424,772)	(228,263)	(225,732)	-	-
Lift Replacement Funds	(5,332,115)	(5,191,346)	(1,015,342)	(991,913)	-	-	(235,223)	(228,721)	(122,911)	(121,548)	(3,958,639)	(3,849,164)
Town Improvement and Project Fund	(3,001,526)	(8,269,835)	-	-	(3,001,526)	(8,269,835)	-	-	-	-	-	-
	5,886,320	5,752,209	4,351,466	4,251,054	-	-	1,008,094	980,235	526,760	520,920	-	-

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

	2021	2020
	S\$	S\$
Balance at 1 April	100,605,689	78,899,672
Add : Grants received/ receivable during the year	16,770,705	21,706,017
Balance at 31 March	117,376,394	100,605,689

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25. CAPITAL COMMITMENTS

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

	2021	2020
	S\$	S\$
Amount approved and contracted for	17,614,862	12,730,939
Amount approved but not contracted for	26,336,831	31,142,391
	43,951,693	43,873,330

26. RELATED PARTY TRANSACTIONS AND BALANCES

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

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

	2021	2020
	S\$	S\$
Managing Agent's Fees	5,846,835	5,803,571
Contract for services and works*	15,402	40,311
Energy saving costs **	1,171,014	1,638,784
Project management fee	474,747	1,166,596
Repairs and maintenance	682,597	1,732,425

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

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

The balances due to managing agent as at 31 March 2021 was S\$1,047,740 (2020: S\$1,301,559).

(b) During the financial year, town councillors allowances amounted to S\$221,398 (2020: S\$215,714).

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27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**General Risk Management Principles**

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

Credit Risk

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

For conservancy and service receivables, at the end of the reporting period, there were no significant concentrations of credit risk. Investment in fixed deposits are with 5 (2020: 3) banks holding banking licences issued by the Monetary Authority of Singapore.

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

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

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

	Gross <u>2021</u> S\$	Gross <u>2020</u> S\$	Impairment <u>2021</u> S\$	Impairment <u>2020</u> S\$
Past due <3 months	808,450	772,222	-	-
Past due 3 to 6 months	376,395	261,713	-	-
Past due 6 to 12 months	381,747	317,260	-	-
Past due 12 to 24 months	545,671	400,888	272,836	200,444
Past due > 24 months	741,711	539,272	741,711	539,272
	<u>2,853,974</u>	<u>2,291,355</u>	<u>1,014,547</u>	<u>739,716</u>

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27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**Credit risk (cont'd)**

Other receivables comprised mainly recoverable from statutory boards and government agencies with low credit risk.

The Town Council's maximum exposure to credit risk arising from cash and cash equivalents, conservancy and service fee receivables, other receivables and other financial assets as at 31 March 2021 is equal to the carrying amount of these financial assets in the statement of financial position.

Market risk

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

(i) Price risk

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

Sensitivity analysis

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

	Increase / (Decrease)			
	Net Assets		Sinking Fund	
	10% <u>increase</u> S\$	10% <u>decrease</u> S\$	10% <u>increase</u> S\$	10% <u>decrease</u> S\$
31 March 2021				
Financial assets at fair value through profit or loss	3,346,609	(3,346,609)	3,346,609	(3,346,609)
31 March 2020				
Financial assets at fair value through profit or loss	<u>2,894,498</u>	<u>(2,894,498)</u>	<u>2,894,498</u>	<u>(2,894,498)</u>

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27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

Market risk (cont'd)

(ii) Interest rate risk

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

The Town Council has interest-bearing fixed deposits with financial institutions. The interest rates are disclosed in Note 14 to the financial statements. The interest-bearing fixed deposits and debt investments are at fixed rates at the reporting date.

If the interest rates from the Town Council's fixed deposits with banks had been 25 basis points lower/higher, with all other variables held constant, the Town Council's deficit before government grants for the year would have been S\$220,029 (2020: S\$222,529) higher/lower.

(iii) Currency risk

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

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

Liquidity risk

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

The financial assets and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations have a maturity of less than one year other than lease liabilities as disclosed in Note 16.

Financial instruments by category

The carrying amounts of the different categories of financial instruments are as follows:

	<u>Note</u>	<u>2021</u> S\$	<u>2020</u> S\$
Financial assets at fair value through profit or loss	10	33,466,090	28,944,981
Financial assets at amortised cost		170,048,260	126,726,281
Less: financial liabilities at amortised cost		(21,737,040)	(13,847,460)
		<u>181,777,310</u>	<u>141,823,802</u>

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28. MANAGEMENT OF TOWN COUNCIL'S FUNDS

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

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

The Town Council actively and regularly reviews and manages its fund structure to ensure optimal structure, taking into consideration the future funds requirements of the Town Council and fund efficiency, prevailing and projected service and conservancy charges, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

The Town Council is not subject to externally imposed capital requirements. As at end of the reporting date, the Town Council's total funds amounted to S\$183,029,521 (2020: S\$143,045,205).

29. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair values

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

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

(a) Assets measured at fair value

The following table shows an analysis of each class of measured at fair value at 31 March 2021.

<u>Recurring fair value measurements</u>	<u>Level 1</u> S\$	<u>Level 2</u> S\$	<u>Level 3</u> S\$	<u>Total</u> S\$
31 March 2021 Financial assets at fair value through profit or loss (Note 10)	33,466,090	-	-	33,466,090
31 March 2020 Financial assets at fair value through profit or loss (Note 10)	28,944,981	-	-	28,944,981

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30. BOUNDARY CHANGE

Funds transferred in from Sembawang Town Council

	Residential Property Funds S\$	Commercial Property Funds S\$	Carparks Funds S\$	Total S\$
Accumulated surplus	2,122,287	90,220	5,261	2,217,768
Sinking funds	23,712,425	714,957	-	24,427,382
Lift Replacement Funds	9,009,413	312,862	-	9,322,275
Town Improvement Project Funds	250,328	3,204	-	253,532
Net funds transferred in as at 27 October 2020	35,094,453	1,121,243	5,261	36,220,957
Represented by:				S\$
Non-Current Assets				
Plant and equipment				43,642
Current Assets				
Conservancy and service fee receivables				141,335
Other receivables				71,479
Cash and cash equivalents				37,118,776
Net current assets transferred in				37,375,232
Current Liabilities				
Other payables				175,185
Conservancy and service fee received in advance				126,217
Government grants received in advance				737,743
Advances received for Neighbourhood Renewal Programme				115,130
Net current liabilities transferred in				1,154,275
				36,220,957

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30. BOUNDARY CHANGE

Funds transferred out to Ang Mo Kio Town Council

	Residential Property Funds S\$	Commercial Property Funds S\$	Carparks Funds S\$	Total S\$
Accumulated surplus	484,483	197,355	(6,198)	675,640
Sinking funds	9,165,513	6,718,831	-	15,884,344
Lift Replacement Funds	3,264,086	535,841	-	3,799,927
Town Improvement Project Funds	654,064	45,410	-	699,474
Net funds transferred out as at 27 October 2020	13,568,146	7,497,437	(6,198)	21,059,385
Represented by:				S\$
Non-Current Assets				
Right-of-use assets				80,652
Plant and equipment				4,498
Current Assets				
Conservancy and service fee receivables				205,046
Other receivables				45,794
Cash and cash equivalents				21,550,413
Net current assets transferred out				21,886,403
Current Liabilities				
Other payables				13,056
Conservancy and service fee received in advance				96,910
Conservancy and service grant received in advance				578,023
Conservancy and service fee fee billing in advance				56,003
Lease liabilities				83,026
Net current liabilities transferred out				827,018
				21,059,385

31. SUBSEQUENT EVENT

The Town Council's managing agent contract ended on 31 May 2021. Town Council has subsequently change its managing agent from EM Services Pte Ltd to C&W Services (S) Pte Ltd.

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