

ANNUAL REPORT FY2022/2023



Pasir Ris - Punggol Town Council

S.453 of 2023

29 November 2023

In 2022, we focused on our strategic resets and targets, putting in extra efforts to prioritize improvements towards the well-being of our residents, and look for sustainable solutions for our future generations.

I'm truly thankful and glad that our residents are positively and actively engaging with our Councillors, staff, and community partners on these strategic goals.

Sharael Taha
Chairman's Review



Dear Residents

FY2022/23 presented us with a post-pandemic landscape for the resurgence of our services and programmes. Amidst a backdrop of challenging operating environments due to rising inflation and disruptions to global supply chains, that were further exacerbated by manpower shortage from related industries, we took immediate steps to consolidate our resources and convened various platforms for our Councillors to exchange ideas and work towards stability and normalisation of all our activities.

Our foremost priority in FY2022/23 was to strategically reset and prioritise improvements that would benefit our residents, and put in extra efforts and measures to ensure that these targets are met amidst the challenges and uncertainty in today's environment. We understood the importance and need for our operations and improvement projects to return to their optimal state, so that our residents can once again enjoy the same high quality living experience in our towns.

With the labour market gradually recovering, we took the opportunity to reassess and prioritise our key estate maintenance works and town improvement projects. Our focus was on streamlining the essential tasks, and engaging our residents with regular updates to ongoing works in their estates. We are glad to know that our residents are also increasingly involved and concerned with estate maintenance and improvement matters, which is critical in shaping our way forward for inclusive communities.

We pressed on to equalise the Neighbourhood Renewal Programmes (NRP) previously announced and scheduled to rejuvenate our Pasir Ris neighbourhoods. We too, share our residents' enthusiasm on having a refresher to our beautiful and green town.

We also took extra efforts to coordinate with other major improvement works by Other Agencies in the area, such as the ongoing construction of the Cross Island Line, so as to ensure that all improvements meant for our residents complement each other. This extra mile in coordination will help towards reducing the inconvenience brought along by these improvement works.

Part of our strategic reset also included our mindset shift to bring more targeted improvement works that are requested by residents, and ensure these improvements are implemented at a faster pace.

Balancing the fine line of ensuring financial adequacy required for future improvement works, we wanted to bring more varied types of improvements requested by our residents through tapping into a portion of our past accumulated surpluses. This means that we are now able to commit to more improvement works on an annual basis, besides the yearly committed list of improvement works that taps on the Community Improvement Projects Committee (CIPC) Fund.

Sustainability is another key issue that we have identified as a strategic target. We need to ensure that our future generations can continue to enjoy the same, if not better, quality of life as we did without a hefty cost to our environment.

We adopted 8 out of the 17 Sustainable Development Goals (SDGs) designed by the United Nations (UN) to help us with the betterment of our Pasir Ris and Punggol towns. More details on our concrete actions and programmes towards these SDGs can be found at our published [Sustainability Report](#) online.

We look forward to our residents' strong support and involvement, as we will be on the continual lookout and engagement of Eco-Solutions Providers, active Community Partners and Agencies to form long-term working relationships to build and ensure that our own operating environment is one that is sustainable and socially responsible.

On the social front, we aim to cultivate inclusive and engaged communities within our towns. Through continuously forging meaningful long-term partnerships with organizations, such as the Singapore Kindness Movement, Non-Governmental Organizations, and even integrated collaborations with Government Agencies, we strive to promote positivity, kindness, and graciousness in our estates through new public education visuals and events. Engagement on the digital front has also stepped up to ensure that we meet the trend of increasingly online lifestyles.

With our unwavering commitment to financial adequacy, good governance, sustainable practices, and active community engagement, we are poised towards a brighter and greener future for our Pasir Ris and Punggol towns.

14th Term of Office

It has been an honour for me to serve as the Chairman for this three-year term alongside a capable team of 56 Town Councillors. Our team consists of a majority of residents who actively participate and contribute to our community, while the remaining members are





industry experts excelling in fields such as audit, finance, building & construction, property management, and more.

This diverse composition enables us to understand the needs and sentiments of our residents on the ground, and provide effective and well-rounded solutions by leveraging the latest insights from related industries. We benefit from a mix of seasoned veterans with institutional knowledge and new members with fresh perspectives.

All Councillors undergo a referral process for the Council's selection based on their relevant expertise, skillsets, understanding of residents' needs, involvement and contributions to the community, before appointment into one of our seven Standing Committees - Audit, Investments & Finance, Estates, Projects, Community Affairs, and Communications & Engagement, and Sustainability, where they have the necessary core skills and competencies to carry out the duties and responsibilities required of them.

Together as a team, we oversee the management of around 88,000 residential households within the HDB estates of Pasir Ris and Punggol.

I would like to express my heartfelt gratitude to our Advisor, Senior Minister, Mr. Teo Chee Hean, as well as our Vice-Chairpersons, Senior Minister of State, Dr. Janil Puthucheary, and Minister of State, Ms. Sun Xueling, for sharing their valuable time and wisdom. I would also like to thank our Elected Members, Minister of State Mr. Desmond Tan, and Ms. Yeo Wan Ling, for their countless contributions. Their dedication had been instrumental in our collective efforts to serve our residents with the utmost commitment and care.

Governance & Risk Management

In FY2022/23, a thorough review was conducted on the risk rating of several key risks, leading to a re-evaluation and reranking of these risks. We noted that the 21 key risks that we had identified previously were maintained, and no new or known risks have been identified by the Council

We have engaged the expertise of an experienced external consultant to assess the effectiveness of our internal controls and improve certain operational workflows. This is aimed at mitigating the likelihood and severity of the identified key risks.

Our Council is of the opinion that our Risk Management Framework, and its supporting internal control policies and procedures are sufficient to address the identified risks of the Town Council, the principles of good governance and best practices that also complement existing legislative framework.

Fiscal Management

In FY2022/23, our Council had an operating surplus of S\$4.5M, primarily attributed to the Government Grants provided to our Council. We will continue to exercise financial prudence as a long-term and sustainable approach towards our operations.

In terms of long-term fiscal sustainability, we kept to our balanced and strategic approach in investing a portion of funds that are not required in the short term. At the end of FY2022/23, we have a total of S\$168.5M invested across fixed deposits and bonds issued by statutory boards, government-linked and corporate companies with good credit ratings. These invested sums are reserved for major cyclical works and costly lift replacements to maintain our buildings' functionality and value.

Our Punggol Town continues to grow, and we are managing more residential blocks, welcoming over 2,400 new households in FY2022/23. With our strategic resets and targets, our Punggol residents will also benefit from more planned improvements, despite being younger estates. The strategic resets allow us to effectively address new expectations and evolving needs, while prioritizing improvements that bring greater benefits to a larger number of residents.

With potential inflation and rising costs, we would also need to ensure that our investment returns are secured, and can be readily utilised to deal with potential operational changes in this unpredictable climate.

Town Improvements & Cyclical Works

In line with our strategic targets, project schedules for the majority of our improvement programmes such as Neighbourhood Renewal (NRP), Repairs and Redecoration (R&R), Selective Lift Replacement (SLRP), and even Cyclical Works, have been regularised and are making good progress towards updated timelines.

We are thankful for our residents' kind understanding and patience for this period, as we reset our processes.

In FY2022/23, we spent close to S\$38.4M through cyclical and cyclical lift works to ensure that our key installations and equipment are properly maintained and safe for our residents.

Around S\$2.1M was dedicated to various town improvement project requests or suggestions by our residents and grassroots. Some S\$1.3M was spent on building or upgrading playgrounds, fitness corners and other shared facilities for our residents' enjoyment.





Another S\$0.6M went into addressing connectivity issues within our estates, such as building more drop-off porches, covered walkways for our residents' ease of commute, and ensuring inclusivity of our mobility-impaired residents with barrier-free access. We will continue to actively engage our residents and grassroots volunteers to better understand and identify more estate needs through proactive engagement efforts.

In FY2022/23, we spent approximately S\$17.6M on scheduled cyclical works. These include repairs & redecoration, replacement of water pump sets and water pipes.

Repairs & Redecoration (R&R) accounted for around S\$13.3M of the expenditure. R&R adopts an active resident-participatory approach – our residents get to vote and choose from a series of colour schemes for their blocks, and in turn, gain ownership of their own estates. The R&R programme comes around every seven years, as part of our commitment to keep our blocks looking and working as new.

Other cyclical works include some S\$0.6M spent on replacing critical and essential equipment. Re-roofing work further took up around S\$2.7M.

In FY2022/23, a total of around S\$20.8M was spent on lift cyclical works, which included the Selective Lift Replacement Programme (SLRP), Lift Overhauls, Lift Enhancement Programme (LEP), replacement of lift sheaves and ropes, automatic rescue devices, emergency batteries, lift position display panels and inverter units.

Lift replacements and lift-related works require high operating needs and long-term capital expenditure, to which our Town Council conscientiously tap on the Ministry of National Development's additional grants-in-aids, namely Lift Maintenance Grant (LMG) and Lift Replacement Fund (LRF) Matching Grant to defray the high and rising costs, wherever possible. We also worked closely with the Housing Development Board for selected lifts under programmes such as SLP and LEP, so as to ensure that the selected lifts received co-funding for their replacement or enhancement.

Sustainability & Community Engagement

We have made significant strides in promoting sustainability during FY2022/23, with a primary objective of establishing a green and liveable community. Our initiatives have encompassed the implementation of eco-friendly measures, such as facilitating the installation of solar panels, installing energy-efficient lighting etc, which are all efforts aimed at reducing carbon emissions from our Pasir Ris and Punggol Towns. This is in alignment with the nation's Singapore Green Plan 2030.

Through working with other town councils, residents, and valued partners like NEA, ALBA, Cloop, Lifeline Clothing, and even Lazada, we are exploring new, engaging and innovative ways to transform every PAP-managed town into a zero-waste, energy-efficient, and environmentally friendly space by 2025.

The targeted Heroes for Zeros campaign, which ran from September to November 2022, in collaboration with Lazada and Punggol Shore residents, garnered close to 600 sign-ups, and we successfully collected over 13 tonnes of recyclables. Pasir Ris East's Eco-Carnival in November also saw an enthusiastic turnout and marked the introduction of textile recycling bins by Cloop and Lifeline Clothing. Since then, we have deployed a total of 30 such bins across our Pasir Ris and Punggol towns.

This year, we were finally able to gather with many of our residents for our annual Tree Planting Day at Pasir Ris Town Park, where we teamed up, together with new community partners, to plant 100 trees. Besides having education institutes and sustainability experts put up their exhibitions, our event further embraced sustainable practices, such as repurposing cardboard boxes for signage and poster boards, minimizing single-use plastics, and even recycled wood collect from our routine tree pruning into souvenirs for our participants.

In terms of public education and engagement, we continued our valued partnership with Singapore Kindness Movement to instil kindness and foster neighbourliness in our communities. Through the use of visually impactful outdoor displays, we hope that our residents continue to show kindness and adopt good neighbourly practises, so that everyone can feel a sense of belonging to our community.

I firmly believe that the choices we make today will have a lasting impact for our children, and generations to come. We will, and need to continue to actively explore more long-term 3P Partnerships (People, Private & Public) for our towns' development and sustainability plans.

Pasir Ris - Punggol, Our Beautiful and Green Home

Our residents are not just individuals living within our towns, they are our esteemed partners in the management and development of our towns. We value our residents' voices, and only together, we can create a more inclusive, sustainable, and vibrant living environment that benefits everyone. Together, we can build our beautiful and green homes, where a deep sense of pride and belonging is shared by everyone.

On behalf of my colleagues, I extend my heartfelt gratitude for the privilege of serving you. We look forward to receiving your invaluable support and feedback to continuously enhance our estates and create an improved living environment for everyone.

Sincerely yours,



Sharael Taha
Chairman, Pasir Ris - Punggol Town Council



PASIR RIS - PUNGGOL TOWN COUNCIL
(Established under the Town Councils Act 1988)

FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 MARCH 2023

MAZARS LLP
Public Accountants and
Chartered Accountants
Singapore

PASIR RIS - PUNGOL TOWN COUNCIL

FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 MARCH 2023

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Report on the Audit of the Financial Statements*Opinion*

We have audited the accompanying financial statements of Pasir Ris – Punggol Town Council (the "Town Council"), which comprise the statement of financial position as at 31 March 2023, and the statements of income and expenditure, comprehensive income, changes in funds and cash flows of the Town Council for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Town Council are properly drawn up in accordance with the provisions of the Town Councils Act 1988 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Town Council as at 31 March 2023, and of the financial performance, changes in funds and cash flows of the Town Council for the financial year ended on that date.

Basis for Opinion

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

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Report on the Audit of the Financial Statements (Continued)*Responsibilities of Management and Those Charged with Governance for the Financial Statements*

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

The Town Council is established under the Town Councils Act 1988 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 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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Report on the Audit of the Financial Statements (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

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

Basis for Opinion

We conducted our audit in accordance with SSAs. Our responsibilities under those standards are further described in the *Auditors' 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.

Report on Other Legal and Regulatory Requirements (Continued)

Management's responsibilities for Compliance with Legal and Regulatory Requirements

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

Auditors' Responsibilities for the Compliance Audit

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

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



Mazars LLP
Public Accountants and
Chartered Accountants

Singapore
25 August 2023

PASIR RIS - PUNGGOL TOWN COUNCIL

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023**

	<u>Note</u>	<u>2023</u> S\$	<u>2022</u> S\$
TOWN COUNCIL FUNDS			
Residential Property			
Accumulated Surplus	4	9,815,542	11,520,270
Sinking Fund	5	83,906,225	79,426,962
Lift Replacement Fund	6	70,110,226	69,342,994
Town Improvement and Project Fund	7	9,825,213	5,387,231
		173,657,206	165,677,457
Commercial Property			
Accumulated Surplus	4	1,482,685	1,099,583
Sinking Fund	5	8,684,537	8,460,531
Lift Replacement Fund	6	2,656,429	2,609,428
Town Improvement and Project Fund	7	81,263	106,647
		12,904,914	12,276,189
Total Town Council funds		<u>186,562,120</u>	<u>177,953,646</u>
REPRESENTED BY:			
Non-current assets			
Property, plant and equipment	9	388,625	341,923
Intangible asset	10	423,588	536,544
Investment in bonds	12	54,530,877	59,534,201
Total non-current assets		<u>55,343,090</u>	<u>60,412,668</u>
Current assets			
Conservancy and service fees receivables	13	2,644,885	2,539,849
Other receivables	14	8,446,493	8,188,980
Investment in bonds	12	8,000,000	13,000,000
Interest receivables		1,545,088	568,158
Cash and bank balances	15	125,213,355	106,421,278
Total current assets		<u>145,849,821</u>	<u>130,718,265</u>
Total assets		<u>201,192,911</u>	<u>191,130,933</u>

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

PASIR RIS - PUNGGOL TOWN COUNCIL

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	<u>Note</u>	<u>2023</u> S\$	<u>2022</u> S\$
Less: Liabilities			
Non-current liability			
Lease liabilities	11	176,487	170,190
Total non-current liability		<u>176,487</u>	<u>170,190</u>
Current liabilities			
Conservancy and service fees received in advance	16	1,236,600	1,177,347
Payables and accrued expenses		8,876,553	9,680,232
Selective Lift Replacement Programme received in advance		1,384,313	-
Amount due to Sengkang Town Council		-	190,787
Lease liabilities	11	177,642	105,374
Advances received for Neighbourhood Renewal Programme	8	1,549,894	706,570
Provision for taxation		1,229,302	1,146,787
Total current liabilities		<u>14,454,304</u>	<u>13,007,097</u>
Total liabilities		<u>14,630,791</u>	<u>13,177,287</u>
Net assets		<u>186,562,120</u>	<u>177,953,646</u>



Sharael Taha (Mr)
Chairman

Singapore

Dated: 25 August 2023



Lee Nai Jia (Dr)
Secretary

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

PASIR RIS - PUNGOL TOWN COUNCIL

**STATEMENT OF INCOME AND EXPENDITURE
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

	<u>Note</u>	<u>2023</u> S\$	<u>2022</u> S\$
Operating income			
Conservancy and service fees	4	68,369,833	67,014,302
Less: Operating income transfer to Sinking Fund (minimum required by law)	5	(17,776,168)	(17,423,730)
Less: Operating income transfer to Lift Replacement Fund (minimum required by law)	6	<u>(9,571,775)</u>	<u>(9,381,996)</u>
		41,021,890	40,208,576
Agency fees	17	6,825,073	6,325,334
Other income	18	<u>3,254,077</u>	<u>3,004,751</u>
		51,101,040	49,538,661
Less: Operating expenditure			
Cleaning works	19	(8,859,213)	(8,603,640)
Managing agent's fees		(8,404,963)	(7,874,628)
Lift maintenance		(9,744,126)	(9,402,791)
Other works and maintenance		(8,772,909)	(8,112,216)
Water and electricity		(15,108,605)	(13,106,817)
General and administrative expenditure	20	(2,710,690)	(2,411,015)
		<u>(53,600,506)</u>	<u>(49,511,107)</u>
Operating (deficit)/surplus			
Add: Interest income		(2,499,466)	27,554
		<u>580,780</u>	<u>212,963</u>
(Deficit)/Surplus before government grants and income tax			
Less: Income tax	21	(1,918,686)	240,517
		<u>(280,484)</u>	<u>(221,232)</u>
(Deficit)/Surplus before government grants			
Government grants	22	17,367,358	19,006,776
Less: Transfer to			
- Sinking Fund – Grants & GST subvention	5 & 22	(2,902,170)	(2,736,278)
- Lift Replacement Fund – Grants & GST subvention	6 & 22	(1,562,706)	(1,473,378)
- Lift Replacement Fund Matching Grant	6 & 22	(5,557,481)	(6,928,127)
- Town Improvement and Project Fund	7 & 22	(647,707)	(1,554,526)
		<u>(10,670,064)</u>	<u>(12,692,309)</u>
SURPLUS FOR THE FINANCIAL YEAR			
		4,498,124	6,333,752
Add: Accumulated surplus as at 1 April	4	12,619,853	9,286,101
Less: Lift Replacement Fund – voluntary contribution	6	-	(3,000,000)
Less: Town Improvement Project Fund	7	<u>(5,819,750)</u>	<u>-</u>
Accumulated surplus as at 31 March		<u>11,298,227</u>	<u>12,619,853</u>

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

PASIR RIS - PUNGOL TOWN COUNCIL

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

	<u>Note</u>	<u>2023</u> <u>S\$</u>	<u>2022</u> <u>S\$</u>
Surplus/(Deficit) for the financial year			
- Accumulated Surplus	4	4,498,124	6,333,752
- Sinking Fund	5	4,703,269	5,365,126
- Lift Replacement Fund	6	814,233	507,488
- Town Improvement and Project Fund	7	(1,407,152)	(401,007)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ATTRIBUTABLE TO TOWN COUNCIL FUNDS		<u>8,608,474</u>	<u>11,805,359</u>

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

PASIR RIS - PUNGOL TOWN COUNCIL

**STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

	<u>Residential Property</u> <u>S\$</u>	<u>Commercial Property</u> <u>S\$</u>	<u>Carpark</u> <u>S\$</u>	<u>Total</u> <u>S\$</u>
Balance at 1 April 2021	154,388,252	11,760,035	-	166,148,287
Surplus for the financial year, representing total comprehensive income for the financial year	8,916,618	516,154	2,372,587	11,805,359
Transfer of surplus from Carpark to Residential Property	2,372,587	-	(2,372,587)	-
Balance at 31 March 2022	165,677,457	12,276,189	-	177,953,646
Surplus for the financial year, representing total comprehensive income for the financial year	5,569,096	628,725	2,410,653	8,608,474
Transfer of surplus from Carpark to Residential Property	2,410,653	-	(2,410,653)	-
Balance at 31 March 2023	173,657,206	12,904,914	-	186,562,120

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

PASIR RIS - PUNGOL TOWN COUNCIL

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	<u>Note</u>	<u>2023</u> S\$	<u>2022</u> S\$
Operating activities			
(Deficit)/Surplus before government grants and income tax		(1,918,686)	240,517
Adjustments for:			
Depreciation of plant and equipment	9	209,826	290,986
Amortisation of intangible asset	10	112,956	112,956
Lease interest expenses	11(c)	21,257	8,528
Reversal allowance on financial assets	20	(21,741)	(203,545)
Bad debts written off	20	36,001	23,731
Interest income		(580,780)	(212,963)
Amortisation of bonds		3,324	3,107
Conservancy and service fees transferred to Sinking Fund	4 & 5	17,776,168	17,423,730
Conservancy and service fees transferred to Lift Replacement Fund	4 & 6	9,571,775	9,381,996
Operating cash flows before movements in working capital		25,210,100	27,069,043
Receivables		(1,353,739)	1,407,396
Payables and accrued expenses		449,100	(1,892,525)
Cash generated from operations		24,305,461	26,583,914
Income tax paid		(676,465)	(896,120)
Sinking Fund expenditure, net	5	(17,608,982)	(15,687,824)
Sinking Fund Income, net	5	-	4,000
Lift Replacement Fund expenditure, net	6	(20,794,040)	(20,495,159)
Neighbourhood Renewal Programme expenditure, net	8	(9,514,281)	(11,119,382)
Town Improvement and Project Fund expenditure, net	7	(2,054,859)	(1,955,533)
Net cash used in operating activities		<u>(26,343,166)</u>	<u>(23,566,104)</u>
Investing activities			
Purchase of plant and equipment	9	(7,220)	(24,821)
Interest income received		4,108,570	2,452,082
Investment in bonds		-	(5,000,000)
Placement of fixed deposits		(11,000,000)	(16,000,000)
Redemption of bonds		10,000,000	-
Net cash generated/(used in) from investing activities		<u>3,101,350</u>	<u>(18,572,739)</u>
Financing activities			
Repayment of lease liability		(192,000)	(192,000)
Government grants received	4	17,367,358	19,006,776
Advances received for Neighbourhood Renewal Programme	8	10,357,605	11,740,467
Selective Lift Replacement Programme disbursement	6	162,813	-
Lift Enhancement Programme advances from HDB	6	3,338,117	2,114,055
Net cash generated from financing activities		<u>31,033,893</u>	<u>32,669,298</u>
Net increase/(decrease) in cash and cash equivalents		<u>7,792,077</u>	<u>(9,469,545)</u>
Cash and cash equivalents at beginning of the financial year		11,421,278	22,896,692
Transfer to Sengkang Town Council ("SKTC") due to boundary change	29	-	(2,005,869)
Cash and cash equivalents at end of the financial year	15	<u>19,213,355</u>	<u>11,421,278</u>

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

PASIR RIS - PUNGGOL TOWN COUNCIL

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

Reconciliation of liabilities arising from financing activities

	1 April 2022 S\$	Financing cash flows S\$	Non-cash movements			31 March 2023 S\$
			Acquisition S\$	Expenditure S\$	Other income S\$	
Liabilities						
Lease liability	275,564	(192,000)	249,308	21,257	-	354,129

	1 April 2021 S\$	Financing cash flows S\$	Non-cash movements			31 March 2022 S\$
			Acquisition S\$	Expenditure S\$	Other income S\$	
Liabilities						
Lease liability	176,487	(192,000)	282,549	8,528	-	275,564

Other financing cash flows relate to movements in funds of the Town Council.

PASIR RIS - PUNGOL TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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

1. General information

Pasir Ris - Punggol Town Council ("the Town Council") was formed on 13 November 2001 under the Town Councils Act 1988. The registered office of the Town Council is located at Block 577 Pasir Ris Street 53, #01-88, Singapore 510577.

The principal functions of the Town Council are to control, manage, maintain and improve the common property of residential and other commercial property in the housing estates of the Housing and Development Board ("HDB") within the Town.

The financial statements for the financial year ended 31 March 2023 were authorised for issue in accordance with a resolution of the Town Council on 25 August 2023.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been drawn up in accordance with the provisions of the Financial Reporting Standards in Singapore ("FRSs") including all related Interpretations of the FRSs ("INT FRSs") and are prepared on the historical cost basis, except as disclosed in the accounting policies below.

The financial statements of the Town Council are measured and presented in the currency of the primary economic environment in which the Town Council operates (its functional currency). The financial statements of the Town Council are presented in Singapore dollars ("S\$ or SGD"), which is also the functional currency of the Town Council.

In the current financial year, the Town Council has adopted all the new and revised FRSs and INT FRSs that are relevant to its operations and effective for annual periods beginning on or after 1 April 2022. The adoption of these new or revised FRSs and INT FRSs did not result in changes to the Town Council's accounting policies and has no material effect on the amounts reported for the current or prior financial years.

PASIR RIS - PUNGOL TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

FRSs and INT FRSs issued but not yet effective.

At the date of authorisation of these financial statements, the following FRSs and INT FRSs that were issued but not yet effective:

FRSs	Title	Effective date (annual periods beginning on or after)
FRS 110, FRS 28	Amendments to FRS 110 and FRS 28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined
FRS 8	Amendments to FRS 8: <i>Definition of Accounting Estimates</i>	1 January 2023
FRS 12, FRS 101	Amendments to FRS 12 and FRS 101: <i>Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction</i>	1 January 2023
FRS 1	Amendments to FRS 1: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
FRS 116	Amendments to FRS 116: <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
FRS 7, FRS 107	Amendments to FRS 7 and FRS 107: <i>Supplier Finance Arrangements</i>	1 January 2024
Various	Amendments to FRS 1 and FRS Practice Statement 2: <i>Disclosure of Accounting Policies</i>	1 January 2023
Various	Amendments to FRS 1: <i>Non-current liabilities with Covenants</i>	1 January 2024

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

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

2.2 Town Council funds

In accordance with Section 47(1) of the Act, separate funds are established to account for the management of the different types of properties. The types of properties currently under the management of the Town Council are as follows:

Residential Property
Commercial Property

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

PASIR RIS - PUNGOL TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

2. Summary of significant accounting policies (Continued)

2.2 Town Council funds (Continued)

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

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

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

Sinking Fund

In accordance with Section 47(4) of the Act, Sinking Fund ("SF") is established for improvement to, management and maintenance of residential and commercial properties. This fund is maintained as part of the Town Council funds.

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

With effect from 1 April 2017, the amounts to be paid into the SF were revised and the minimum amounts to be paid, by property type, into the SF are as follows:

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

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

The Lift Replacement Fund Matching Grant is not subject to the minimum contribution rates to SF, even though it is a grants-in-aid.

The SF is utilised for cyclical major repainting, renewal or replacement of roofing system, water tanks, pumps and water supply system, lightning protection system, installation of any sensor and starter controller to the time-controlled booster pumping system, major repairs and maintenance of the common area and contributions to the HDB in respect of general upgrading works carried out on the common property as defined under the Housing and Development Act.

Lift Replacement Fund

In accordance to Section 47(5) of the Act, Lift Replacement Fund ("LRF") is established from 1 April 2017, to meet the cost of lift replacements and lift-related replacement works. This fund is maintained as part of the Town Council funds.

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

PASIR RIS - PUNGOL TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

2. Summary of significant accounting policies (Continued)

2.2 Town Council funds (Continued)

Lift Replacement Fund (Continued)

The minimum amounts to be paid, by property type, into the LRF are as follows:

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

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

The LRF is utilised for cyclical works, including major lift upgrading and lift renewal, installation or replacement of any video monitoring devices in lifts, major lift replacements and lift-related replacement works. To help Town Councils to cope with the operating need and long-term capital expenditure requirement for lift replacements and lift-related works, the Ministry of National Development ("MND") provides two additional grants-in-aids, namely Lift Maintenance Grant ("LMG") and LRF Matching Grant, from 1 April 2017. The LRF Matching Grant is not subject to the minimum contribution rates to LRF, even though it is a grants-in-aid.

Town Improvement and Project Fund

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

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

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

2.3 Inter-funds transfers

The Town Councils may make inter-fund transfers with the criteria set out/when needed in accordance to Sections 47(12) and 57(1)(i) of the Town Councils Act 1988 and Rule 11A of the Town Councils Financial Rules.

2.4 Allocation of general overheads

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

<u>Property Types</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

PASIR RIS - PUNGOL TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

2. Summary of significant accounting policies (Continued)

2.4 Allocation of general overheads (Continued)

The general overheads for operating expenditure are allocated to SF and LRF at end of financial year as follows:

- (i) 3% to the SF (2022: 3%)
- (ii) 2% to the LRF (2022: 2%)
- (iii) No overheads are allocated to TIPF

2.5 Property, plant and equipment

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

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

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

Office renovation	5 years
Furniture and fittings	5 years
Office equipment	1 year to 5 years
Leasehold premises	3 years

For right-of-use assets for which ownership of the underlying asset is not transferred to the Town Council by the end of the lease term, depreciation is charged over the lease term, using the straight-line method. The lease period is disclosed in Note 11.

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

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

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

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

2.6 Intangible asset

Acquired computer software is initially capitalised on the basis of the costs incurred to acquire and prepare the software for its intended use. Direct expenditure which enhances or extends the performance of computer software beyond its specifications, and which can be reliably measured is added to the original cost of the software. Costs associated with maintaining computer software are recognised as an expense as incurred.

PASIR RIS - PUNGGOL TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

2. Summary of significant accounting policies (Continued)

2.6 Intangible asset (Continued)

Computer software is subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to income and expenditure over their estimated useful lives of 6 years.

The amortisation charge is recognised in income and expenditure and is assessed for impairment when there is an indication that the intangible asset may be impaired. The estimated amortisation period and amortisation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

The intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal, with any gain or loss arising from the derecognition of an intangible asset, being the difference between the net disposal proceeds and the carrying amount of the asset, recognised in income and expenditure.

2.7 Impairment of non-financial assets

The Town Council reviews the carrying amounts of its non-financial assets as at each reporting date to assess for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Town Council estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is recognised immediately in income and expenditure, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined which has no impairment loss recognised for the asset (cash-generating unit) in prior financial years. A reversal of an impairment loss is recognised immediately in income and expenditure, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.8 Financial instruments

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

Financial assets

Initial recognition and measurement

With the exception of conservancy and service fees receivables that do not contain a significant financing component or for which the Town Council applies a practical expedient, all financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through income and expenditure, which are initially measured at fair value.

PASIR RIS - PUNGOL TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

2. Summary of significant accounting policies (Continued)

2.8 Financial instruments (Continued)

Financial assets (Continued)

Initial recognition and measurement (Continued)

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

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

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

Financial assets at amortised cost

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

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

Effective interest method

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

Impairment of financial assets

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

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

PASIR RIS - PUNGOL TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

2. Summary of significant accounting policies (Continued)

2.8 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

The Town Council uses a practical expedient to recognise the ECL for conservancy and service fees receivables, which is to measure the loss allowance at an amount equal to lifetime ECL using an allowance matrix derived based on historical credit loss experience adjusted for current conditions and forecasts of future economic conditions.

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

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

For details on the Town Council's accounting policy for its impairment of financial assets, refer to Note 26.

Derecognition of financial assets

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

Financial liabilities

Initial recognition and measurement

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

Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

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

PASIR RIS - PUNGGOL TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

2. Summary of significant accounting policies (Continued)

2.8 Financial instruments (Continued)

Financial liabilities (Continued)

Other financial liabilities

Payables and accrued expenses

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

Derecognition of financial liabilities

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

Offsetting of financial instruments

A financial asset and a financial liability shall be offset, and the net amount presented in the statement of financial position when, and only when, an entity:

- (a) Currently has a legally enforceable right to set off the recognised amounts; and
- (b) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits with financial institutions that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents exclude deposits with maturity of more than 3 months and which form an integral part of the Town Council's cash management.

2.10 Leases

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

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

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

PASIR RIS - PUNGGOL TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

2. Summary of significant accounting policies (Continued)

2.10 Leases (Continued)

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

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

Right-of-use assets are presented within "property, plant and equipment".

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

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

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

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

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

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

Operating Leases

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

PASIR RIS - PUNGOL TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

2. Summary of significant accounting policies (Continued)

2.11 Provisions

Provisions are recognised when the Town Council has a present legal or constructive obligation as a result of a past event, it is probable that the Town Council will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, which is discounted using a pre-tax discount rate.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in income and expenditure as they arise.

2.12 Government grants

For the past years, The Town Council receives three types of grants from the government; namely, Service and Conservancy Charges ("S&CC") operating grant, payments from CCC and GST Subvention Grant. From 1 April 2017, the MND provided two additional grants-in-aids, namely LMG and LRF Matching Grant to the Town Council.

- (i) S&CC operating grants to meet the current financial year's operating expenditure are taken to the statement of income and expenditure and other comprehensive income.
- (ii) Payments from CCCs are granted to provide funding support for community improvement projects under the CIPC scheme.
- (iii) The GST Subvention is given as grants-in-aid to the Town Council to assist the Town Council in absorbing the GST increases in service and conservancy charges for HDB residential flats.
- (iv) LMG and LRF Matching Grant are granted to help Town Councils to cope with the operating need and long-term capital expenditure requirement for the higher lift-related service and maintenance cost.

Lift Replacement Fund Matching Grant

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 LRF from S&CC collections and other grants-in-aid, including voluntary contributions beyond the minimum LRF contribution rate (i.e. beyond the minimum 14%); and
- Voluntary contribution of operating fund surpluses to the LRF at the end of a financial year, as allowed under Section 47(12) of the amended Town Councils Act 1988.

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to income and expenditure over the expected useful life of the relevant asset by equal annual instalment.

PASIR RIS - PUNGGOL TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

2. Summary of significant accounting policies (Continued)

2.13 Selective Lift Replacement Programme Disbursement

This represents advances received from HDB under the Selective Lift Replacement Programme (“SLRP”) to help replace the selected lifts with modern lifts that come with more energy-efficient motors, vision panels and infra-red doors with motion safety sensors for added energy efficiency, safety and security. These lifts were installed between 1992 and 2001, and are in blocks that are already barrier-free and do not need upgrading under the Lift Upgrading Programme (“LUP”).

HDB will co-fund 50% of the lift replacement cost (capped at \$125,000 per lift). The co-funding will be disbursed in two stages:

- (a) 25% of Lift Replacement Cost (capped at \$62,500) upon award of contract
- (b) 25% of Lift Replacement Cost (capped at \$62,500) at the completion of Lift Replacement

2.14 Recognition of income

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

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

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

2.15 Income tax

Tax is provided on the following income:

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

PASIR RIS - PUNGOL TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

2. Summary of significant accounting policies (Continued)

2.15 Income tax (Continued)

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

In respect of government grants received, the Town Council has been granted remission under Section 92(2) of the Income Tax Act 1947.

2.16 Contingencies

A contingent liability is:

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

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

3. Critical accounting judgments and key sources of estimation uncertainty

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

PASIR RIS - PUNGOL TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

3. Critical accounting judgments and key sources of estimation uncertainty (Continued)

3.1 Key sources of estimation uncertainty

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

Depreciation of property, plant and equipment

The Town Council depreciates the plant and equipment over their estimated useful life after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Town Council intends to derive future economic benefits from the use of the Town Council's plant and equipment. The residual value reflects management's estimated amount that the Town Council would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economics, useful life and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amount of the Town Council's property, plant and equipment as at 31 March 2023 is S\$388,625 (2022: S\$341,923) (Note 9).

Measurement of ECL of conservancy and service fees receivables

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

The ECL for conservancy and service fees receivables are estimated using an allowance matrix with fixed provision rates depending on the number of months that conservancy and service fees are past due with reference to the recommended guidelines by MND that are assessed by property type and household profile, and adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the financial assets.

The Town Council adjusts the allowance matrix at each reporting date. Such estimation of the ECL rates may not be representative of the actual default in the future. The expected loss allowance on the Town Council's conservancy and service fees receivables as at 31 March 2023 is S\$2,622,430 (2022: S\$2,644,171) (Note 13).

Provision for income tax

The Town Council is subject to income taxes in Singapore. Judgement is required in determining the deductibility of certain expenses during the estimation of the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of operations. The Town Council recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters differs from the amounts that were initially recognised, such differences will impact the income tax provisions in the period in which such determination is made. The carrying amount of the Town Council's current tax payable as at 31 March 2023 is S\$1,229,302 (2022: S\$1,146,787).

PASIR RIS - PUNGGOL TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

4. 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:

	<u>Note</u>	<u>2023</u> <u>S\$</u>	<u>Total</u> <u>2022</u> <u>S\$</u>	<u>Residential Property</u> <u>2023</u> <u>S\$</u>	<u>Commercial Property</u> <u>2022</u> <u>S\$</u>	<u>Carpark</u> <u>2023</u> <u>S\$</u>	<u>2022</u> <u>S\$</u>
OPERATING INCOME							
Conservancy and service fees							
Less: Operating income transfer to SF (minimum required by law)							
Less: Operating income transfer to LRF (minimum required by law)							
Agency fees							
Other income							
51,101,040 (53,600,506)							
Less: Operating expenditure							
(2,499,466) 580,780							
Add: Interest income							
Operating (deficit)/surplus before income tax and government grants							
Less: Income tax							
(Deficit)/Surplus before government grants							
Add: Government grants							
Add: Transfers to							
- SF							
- LRF							
- LRF Matching Grant							
- TIPF							
SURPLUS FOR THE FINANCIAL YEAR							
Add: Accumulated Surplus at 1 April							
Transfer of Surplus from Carpark to Residential							
Less: LRF – voluntary contribution							
Less: Transfer to TIPF							
ACCUMULATED SURPLUS AT 31 MARCH							

PASIR RIS - PUNGGOL TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

5. Sinking Fund

	Note	2023 \$S	Total 2022 \$S	Residential Property 2023 \$S		Commercial Property 2022 \$S	
				2022 \$S	2022 \$S	2023 \$S	2022 \$S
Balance at 1 April							
Add:							
Investment income	5(i)	1,899,909	1,004,588	1,880,910	994,542	18,999	10,046
Liquidated damages	5(i)	-	4,000	-	4,000	-	-
Operating income transfers from conservancy and service fees	4	17,776,168	17,423,730	17,386,339	17,041,773	389,829	381,957
Transfer from government grants							
- S&CC Operating Grant	4 & 22	1,868,076	1,769,210	1,869,076	1,769,210	-	-
- GST Subvention	4 & 22	716,102	661,620	716,102	661,620	-	-
- Lift Maintenance Grant	4 & 22	316,992	305,448	316,680	305,136	312	312
Less: Expenditure	5(ii)	22,578,247	21,168,596	22,169,107	20,776,281	409,140	392,315
Less: Income Tax	21	(17,608,382)	(15,687,824)	(17,426,508)	(15,449,840)	(182,474)	(237,984)
		(265,396)	(115,646)	(263,336)	(114,490)	(2,660)	(1,156)
Surplus for the financial year		4,703,269	5,365,126	4,479,263	5,211,951	224,006	153,175
Balance at 31 March		92,590,762	87,887,493	83,906,225	79,426,962	8,684,537	8,460,531
<i>Represented by:</i>							
Non-current assets							
Investment in bonds	12	27,473,551	27,458,317				
Current assets							
Conservancy and service fees receivables		687,670	660,361				
Other receivables		325,086	219,651				
Balance due from Accumulated Surplus		5,353,859	5,215,068				
Investment in bonds	12	2,000,000	2,000,000				
Interest receivable		683,761	241,336				
Fixed deposits	15	54,000,000	50,000,000				
Cash at bank	15	3,609,905	3,345,272				
		66,660,081	61,681,688				
Total assets		94,133,832	89,140,005				
<i>Current liabilities</i>							
Payables and accrued expenses		1,161,274	934,453				
Provision for taxation		38,596	318,059				
Total liabilities		1,542,870	1,252,512				
NET ASSETS		92,590,762	87,887,493				

PASIR RIS - PUNGOL TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

5. Sinking Fund (Continued)

(i) Income

	<u>2023</u> S\$	<u>2022</u> S\$
Interest from investment in bonds	759,242	744,584
Interest from financial institutions	1,125,433	245,214
Bond amortisation income	15,234	14,790
Liquidated damages	-	4,000
	<u>1,899,909</u>	<u>1,008,588</u>

(ii) Expenditure

	<u>2023</u> S\$	<u>2022</u> S\$
Re-roofing works	2,662,024	1,192,820
Re-wiring works	-	97,445
Replacement of booster and water pumps and pipe	597,895	1,790,505
Replacement of refuse handling equipment	-	1,625,442
Repairs and redecoration	13,300,794	10,174,041
General and administrative expenses	876,801	670,096
Non-claimable GST	171,468	137,475
	<u>17,608,982</u>	<u>15,687,824</u>

PASIR RIS - PUNGGOL TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

6. Lift Replacement Fund

	Note	2023 \$	Total 2022 \$	Residential Property 2023 \$	Commercial Property 2023 \$	Residential Property 2022 \$	Commercial Property 2022 \$
Balance as at 1 April							
Add:							
Investment income	6(i)	1,627,881	1,238,679	1,611,602	1,226,292	16,279	12,387
SLRP disbursement		162,813	-	162,813	-	-	-
Lift Enhancement Programme disbursement		3,338,117	2,114,055	3,338,117	2,114,055	-	-
Operating income transfers from conservancy and service fees	4	9,571,775	9,381,996	9,361,867	9,176,327	209,908	205,669
Transfer from government grants							
- S&CC Operating Grant	4 & 22	1,006,426	952,651	1,006,426	952,651	-	-
- GST Subvention	4 & 22	385,592	356,255	385,592	356,255	-	-
- Lift Maintenance Grant	4 & 22	170,688	164,472	170,520	164,304	168	168
- LRF Matching Grant	4 & 22	5,557,481	6,928,127	5,455,089	6,823,580	102,392	104,547
Less: Expenditure							
Less: Income tax	6(ii) 21	(20,794,040) (212,500)	(20,495,159) (133,588)	(20,514,419) (210,375)	(20,260,087) (132,253)	(279,621) (2,125)	(235,072) (1,335)
Surplus for the financial year		814,233	507,488	767,232	421,124	47,001	86,364
Add: LRF – voluntary contribution	4	-	3,000,000	-	3,000,000	-	-
Balance at 31 March		72,766,655	71,952,422	70,110,226	69,342,994	2,656,429	2,609,428
<i>Represented by:</i>							
Non-current assets							
Investment in bonds	12	27,057,326	32,075,884				
Current assets							
Conservancy and service fees receivables				355,579			
Other receivables				370,284			
Balance due from accumulated surplus				3,377,172			
Investment in bonds	12	-	3,882,634	5,862,242			
Interest receivable				590,614	5,000,000		
Fixed deposits	15	31,000,000	26,000,000	287,489			
Cash at bank	15	8,383,389	1,225,175	47,604,093	45,032,728		
Total assets		74,661,419	77,108,612				
Current liabilities							
Payables and accrued expenses				1,548,726	4,838,597		
Provision for taxation				346,038	317,593		
Total liabilities		1,894,764	5,156,190				
NET ASSETS		72,766,655	71,952,422				

PASIR RIS - PUNGOL TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

6. Lift Replacement Fund (Continued)

Matching grant for voluntary contributions of operating fund surpluses

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 contribution to the LRF from S&CC collections and other grants-in-aids, including voluntary contributions beyond the minimum LRF contribution rate of 14%; and
- Voluntary contributions of Operating fund surpluses to the LRF at the end of a financial year.

(i) Investment income

	<u>2023</u> <u>S\$</u>	<u>2022</u> <u>S\$</u>
Interest from investment in bonds	951,659	1,139,286
Interest from financial institutions	694,780	117,289
Bonds amortisation expense	<u>(18,558)</u>	<u>(17,896)</u>
	<u>1,627,881</u>	<u>1,238,679</u>

(ii) Expenditure

	<u>2023</u> <u>S\$</u>	<u>2022</u> <u>S\$</u>
Replacement of Main sheaves/ropes	2,892,530	3,025,367
Replacement of Automatic Rescue Device and Emergency Battery Operator Power Supply batteries	287,929	550,773
Replacement of lift position display panel	1,416,097	3,375,385
Replacement of inverter units	494,717	3,137,794
Replacement of Lift Fire Detector	67,234	46,840
Lifts overhauls	90,538	2,256
SLRP expenditure	12,621,758	5,649,316
Lift Enhancement Programme expenditure	1,724,663	3,292,169
General and administrative expenses	845,634	953,038
Non-claimable GST	<u>352,940</u>	<u>462,221</u>
	<u>20,794,040</u>	<u>20,495,159</u>

MND on 23 January 2017, announced that all Town Councils will have to set up dedicated LRF. 14% of the SF amount as at 31 March 2017, will be carved out as initial fund amount for LRF. The LRF will be designated for future lift replacements and other lift-related replacement works. The effective date for the LRF was set on 1 April 2017.

PASIR RIS - PUNGGOL TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

7. Town Improvement and Project Fund

	<u>Note</u>	<u>2023</u> <u>S\$</u>	<u>Total</u> <u>2022</u> <u>S\$</u>	<u>Residential Property</u> <u>2023</u> <u>S\$</u>	<u>Commercial Property</u> <u>2023</u> <u>S\$</u>
Balance at 1 April		5,493,878	5,894,885	5,387,231	5,773,422
Add: Transfer from government grants		4 & 22	647,707	1,554,526	647,707
Less: Expenditure	7(i)	(2,054,859)	(1,955,533)	(2,029,475)	(1,940,717)
Deficit for the financial year		(1,407,152)	(401,007)	(1,381,768)	(386,191)
Add: Transfer from Accumulated Surplus		5,819,750	-	5,819,750	-
Adjusted Balance at 31 March		9,906,476	5,493,878	9,825,213	5,387,231
<i>Represented by:</i>					
Current assets					
Other receivables		98,039	1,177,613		
Balance due from Accumulated Surplus		10,467,969	4,518,097		
Total assets		10,566,008	5,695,710		
Current liability					
Payables and accrued expenses		659,532	201,832		
Total liability		659,532	201,832		
NET ASSETS		9,906,476	5,493,878		

PASIR RIS - PUNGOL TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

7. Town Improvement and Project Fund (Continued)

(i) Expenditure

	<u>2023</u> <u>S\$</u>	<u>2022</u> <u>S\$</u>
Consultancy fees and architectural fees	162,393	185,120
Town improvement works	<u>1,892,466</u>	<u>1,770,413</u>
	<u>2,054,859</u>	<u>1,955,533</u>

8. Neighbourhood Renewal Programme (“NRP”)

	<u>2023</u> <u>S\$</u>	<u>2022</u> <u>S\$</u>
Balance at 1 April	706,570	85,485
Funding from government	10,357,605	11,740,467
Other income	5,000	6,000
Payment to contractors	(9,519,281)	(11,125,382)
Movement during the financial year	<u>843,324</u>	<u>621,085</u>
Balance at 31 March	<u>1,549,894</u>	<u>706,570</u>

NRP balance is denominated in Singapore dollar as at reporting date.

9. Property, plant and equipment

	<u>Office renovation</u> <u>S\$</u>	<u>Furniture and fittings</u> <u>S\$</u>	<u>Office equipment</u> <u>S\$</u>	<u>Leasehold premises</u> <u>S\$</u>	<u>Total</u> <u>S\$</u>
<u>Cost</u>					
At 1 April 2021	-	20,120	307,639	509,970	837,729
Additions	2,520	3,690	18,611	282,549	307,370
Disposal	-	-	(1,056)	-	(1,056)
At 31 March 2022	2,520	23,810	325,194	792,519	1,144,043
Additions	2,020	-	5,200	249,308	256,528
Disposal	-	-	(4,776)	-	(4,776)
At 31 March 2023	4,540	23,810	325,618	1,041,827	1,395,795
<u>Accumulated depreciation</u>					
At 1 April 2021	-	12,868	157,395	341,927	512,190
Depreciation	42	4,451	108,755	177,738	290,986
Disposal	-	-	(1,056)	-	(1,056)
At 31 March 2022	42	17,319	265,094	519,665	802,120
Depreciation	773	3,970	27,797	177,286	209,826
Disposal	-	-	(4,776)	-	(4,776)
At 31 March 2023	815	21,289	288,115	696,951	1,007,170
<u>Carrying amount</u>					
At 31 March 2022	2,478	6,491	60,100	272,854	341,923
At 31 March 2023	3,725	2,521	37,503	344,876	388,625

PASIR RIS - PUNGOL TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

9. Property, plant and equipment (Continued)

Property, plant and equipment includes right-of-use assets with carrying amount of S\$344,876 (2022: S\$272,854) which are presented together with the owned assets of the same class as underlying assets. Details of right-of-use assets are disclosed in Note 11.

During the financial year, the Town Council acquired property, plant and equipment for an aggregate of S\$256,528 (2022: S\$307,370) of which S\$249,308 (2022: S\$282,549) was acquired by means of a lease, and S\$7,220 (2022: S\$24,821) was acquired by cash.

10. Intangible asset

	<u>Computer software</u> S\$
Cost	
At 1 April 2021, at 31 March 2022 and at 31 March 2023	677,739
Accumulated amortisation	
At 1 April 2021	28,239
Amortisation charge for the year	112,956
Balance as at 31 March 2022	141,195
Amortisation charge for the year	112,956
Balance as at 31 March 2023	254,151
Carrying amount	
At 31 March 2022	536,544
At 31 March 2023	423,588

The amortisation expense, which is recognised over the remaining period of the use of the computer software has been included as "general and administrative expenditure" in the statement of income and expenditure.

11. The Town Council as a lessee

Town Council leases office space under 3 years lease arrangement, with an option to renew the lease subject to certain conditions being met. Lease payments are made monthly and are at a fixed rate throughout the lease period.

Extension option

The leases contain extension periods, for which the related lease payments had not been included in lease liabilities as the Town Council is not reasonably certain to exercise the extension option. The Town Council negotiates extension options to maximise operational flexibility in terms of managing the assets used in the Town Council operations. The majority of the extension options are exercisable by the Town Council and not by the lessor.

PASIR RIS - PUNGOL TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

11. The Town Council as a lessee (Continued)

Recognition exemptions

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

11(a) Right-of-use assets

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

	Note	Leasehold premises S\$
At 1 April 2021		168,043
Addition		282,549
Depreciation		(177,738)
At 31 March 2022	9	272,854
Addition		249,308
Depreciation		(177,286)
At 31 March 2023	9	344,876

The total cash outflow for leases during the financial year ended 31 March 2023 is S\$192,000 (2022: S\$192,000).

11(b) Lease liabilities

	2023 S\$	2022 S\$
Lease liabilities - non-current	176,487	170,190
Lease liabilities - current	177,642	105,374
	354,129	275,564

11(c) Amounts recognised in profit or loss

	2023 S\$	2022 S\$
Interest expense on lease liabilities	21,257	8,528
Expense relating to low value assets	8,985	6,593

PASIR RIS - PUNGOL TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

12. Investment in bonds

	<u>2023</u> <u>S\$</u>	<u>2022</u> <u>S\$</u>
At amortised cost	<u>62,530,877</u>	<u>72,534,201</u>
Maturing:		
Within 1 year	8,000,000	13,000,000
After 1 year but within 5 years	45,535,956	40,540,126
More than 5 years	8,994,921	18,994,075
	<u>62,530,877</u>	<u>72,534,201</u>
Taken up in Accumulated Surplus	6,000,000	6,000,000
Taken up in Sinking Fund (Note 5)	29,473,551	29,458,317
Taken up in Lift Replacement Fund (Note 6)	27,057,326	37,075,884
	<u>62,530,877</u>	<u>72,534,201</u>

Investment in bonds represents investments in quoted bonds issued by statutory boards and government-linked companies, with a fixed interest rate of 2.00% to 4.05% (2022: 1.83% to 4.05%) per annum and maturity date of June 2023 to May 2028 (2022: August 2022 to January 2030), and are denominated in Singapore dollar as at reporting date.

The effective interest rates per annum for the bonds were as follows:

	<u>2023</u> <u>%</u>	<u>2022</u> <u>%</u>
Quoted bonds with fixed interest	<u>2.22</u>	<u>2.22</u>

The fair value of investment in bonds is based on the closing bid price at the end of the financial year as follows:

	<u>2023</u> <u>S\$</u>	<u>2022</u> <u>S\$</u>
Quoted bonds with fixed interest	<u>60,697,026</u>	<u>72,632,174</u>

13. Conservancy and service fees receivables

	<u>2023</u> <u>S\$</u>	<u>2022</u> <u>S\$</u>
Conservancy and service fees receivables	3,283,681	3,338,920
Add: Interest receivable on late payments	1,983,634	1,845,100
	<u>5,267,315</u>	<u>5,184,020</u>
Less: Loss allowance (Note 26)	(2,622,430)	(2,644,171)
	<u>2,644,885</u>	<u>2,539,849</u>

Conservancy and service fees receivables are generally on 30 (2022: 30) days' credit terms. Penalty fee is charged on the outstanding balances. Allowances are made in respect of estimated irrecoverable amounts that are determined by reference to the recommended guidelines by MND.

PASIR RIS - PUNGOL TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

13. Conservancy and service fees receivables (Continued)

Conservancy and service fees receivables are disclosed denominated in Singapore dollar as at reporting date.

The details of the impairment of conservancy and service fees receivables and credit exposures are disclosed in Note 26.

14. Other receivables

	<u>2023</u> S\$	<u>2022</u> S\$
Grant receivables		
– CIPC	32,894	1,206,831
– GST subvention	808,883	641,526
– LRF Matching Grant	<u>1,239,112</u>	<u>2,732,392</u>
GST receivables	2,080,889	4,580,749
Deposits	18,665	386,133
Prepayments	2,434,829	1,404,559
Other receivables	<u>110,030</u>	<u>65,329</u>
	<u>3,802,080</u>	<u>1,752,210</u>
	<u>8,446,493</u>	<u>8,188,980</u>

Other receivables are denominated in Singapore dollar as at reporting date.

15. Cash and bank balances

	<u>Note</u>	<u>2023</u> S\$	<u>2022</u> S\$
Cash at bank			
– Sinking Fund	5	3,609,905	3,345,272
– Lift Replacement Fund	6	8,383,389	1,225,175
– Accumulated Surplus		<u>7,217,194</u>	<u>6,846,831</u>
		19,210,488	11,417,278
Cash on hand			
– Accumulated Surplus		<u>2,867</u>	<u>4,000</u>
Cash and cash equivalents		<u>19,213,355</u>	<u>11,421,278</u>

PASIR RIS - PUNGOL TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

15. Cash and bank balances (Continued)

	<u>Note</u>	<u>2023</u> <u>S\$</u>	<u>2022</u> <u>S\$</u>
Fixed deposits with financial institutions			
– Sinking Fund	5	54,000,000	50,000,000
– Lift Replacement Fund	6	31,000,000	26,000,000
– Accumulated Surplus		<u>21,000,000</u>	<u>19,000,000</u>
		<u>106,000,000</u>	<u>95,000,000</u>
		<u>125,213,355</u>	<u>106,421,278</u>
Fixed deposits maturing:			
– Between 3 to 6 months		55,000,000	65,000,000
– Between 7 to 12 months		<u>51,000,000</u>	<u>30,000,000</u>
		<u>106,000,000</u>	<u>95,000,000</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Fixed deposits are placed for varying periods from 3 to 12 months (2022: 3 to 12 months), bear interest rates ranging from 3.55% to 4.50% (2022: 0.45% to 0.75%) per annum. The weighted average effective interest rates per annum relating to fixed deposits is 4.07% (2022: 0.58%) per annum.

Cash and bank balances are denominated in Singapore dollar as at reporting date.

For the purpose of presenting the statement of cash flows, cash and cash equivalents comprise of the following at the end of the financial year:

	<u>2023</u> <u>S\$</u>	<u>2022</u> <u>S\$</u>
Cash and bank balances	125,213,355	106,421,278
Less: Fixed deposits with maturity more than 3 months	(106,000,000)	(95,000,000)
Cash and cash equivalents	<u>19,213,355</u>	<u>11,421,278</u>

16. Payables and accrued expenses

	<u>2023</u> <u>S\$</u>	<u>2022</u> <u>S\$</u>
Work order accruals	650,855	55,712
Account payables	4,587,926	5,371,739
Sundry creditors – utilities	643,570	190,530
Amount payable to related party	261,803	942,268
Other payables and accruals	2,467,876	2,813,549
Refundable deposits	264,523	306,434
Total payable and accrued expenses, representing total financial liabilities carried at amortised cost	<u>8,876,553</u>	<u>9,680,232</u>

PASIR RIS - PUNGOL TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

16. Payables and accrued expenses (Continued)

Payables and accrued expenses are non-interest bearing and are denominated in Singapore dollar.

17. Agency fees

These are fees received for routine maintenance of HDB's carparks in the Town.

18. Other income

Other income comprises of the followings:

	<u>2023</u> S\$	<u>2022</u> S\$
Administrative fees	1,807	2,789
Interest on late payment of conservancy and service fees	537,024	572,130
Liquidated damages	551,313	441,012
Temporary occupation licence	1,253,746	1,251,699
Use of void deck, water, electricity and common property	816,685	357,136
Others	93,502	379,985
	<hr/> <u>3,254,077</u>	<hr/> <u>3,004,751</u>

Included in Others are one-off grant from MND and reimbursement for Safe Management Measure ("SMM") at markets amounting to S\$283,362 from MND in prior year.

19. Managing agent's fees

The Town Council's management of its daily operations has been outsourced to a managing agent.

PASIR RIS - PUNGOL TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

20. General and administrative expenditure

	<u>Note</u>	<u>2023</u> S\$	<u>2022</u> S\$
Advertising, publicity and public relations		372,946	219,564
Agency fees		168,861	157,322
Amortisation of intangible asset	10	112,956	112,956
Bad debts written-off		36,001	23,731
Bank commission		383	1,540
Computing services		404,583	442,744
Consultancy fee		46,083	44,299
Credit cards and NETs charges		47,100	47,250
Depreciation of fixed assets	9	32,540	113,248
Depreciation of right-of-use assets	9	177,286	177,738
Reversal allowance on financial assets	26	(21,741)	(203,545)
Expendable assets		46	2,310
Insurance premium		67,635	52,133
Lease interest expenses	11(c)	21,257	8,528
Newspaper and periodicals		1,193	1,401
Irrecoverable goods and services tax *		245,196	232,984
Office rental and upkeep expenses		121,389	113,044
Office stationery and supplies		27,574	54,001
Office water and electricity		65,834	57,448
Others		353,862	276,119
Postages		118,528	113,020
Property tax		90,497	111,032
Telecommunications expenses		101,181	127,536
Town Councillors' allowances	24	244,500	233,400
		<u>2,835,690</u>	<u>2,519,803</u>

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

This is allocated to the following expenditure:

	<u>2023</u> S\$	<u>2022</u> S\$
Operating expenditure	2,710,690	2,411,015
Sinking Fund expenditure	75,000	65,273
Lift Replacement Fund expenditure	50,000	43,515
	<u>2,835,690</u>	<u>2,519,803</u>

PASIR RIS - PUNGOL TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

21. Income tax

	<u>Note</u>	<u>2023</u> S\$	<u>2022</u> S\$
Income tax expense			
– Current year		758,980	470,320
– Under-provision in prior financial year		-	146
		<u>758,980</u>	<u>470,466</u>
Taken up in:			
Accumulated surplus	4	280,484	221,232
Sinking Fund	5	265,996	115,646
Lift Replacement Fund	6	212,500	133,588
		<u>758,980</u>	<u>470,466</u>

The Town Council is incorporated in Singapore and accordingly is subject to income tax rate of 17%.

The Town Council enjoys a concessionary tax rate of 10% for the income earned on investment in bonds.

Reconciliation of effective tax rate is as follows:

	<u>2023</u> S\$	<u>2022</u> S\$
Investment and interest income	4,111,894	2,459,336
Other income	1,270,115	1,295,877
Government grants	<u>17,367,358</u>	<u>19,006,776</u>
Taxable income	<u>22,749,367</u>	<u>22,761,989</u>
Income tax at statutory rate	3,867,392	3,869,538
Singapore statutory stepped income exemption	(17,425)	(17,425)
Tax effect on concessionary income	(129,899)	(142,062)
Tax remission of government grant under Section 92(2) of Singapore Income Tax Act 1947	(2,937,872)	(3,215,065)
Under-provision in prior financial year	-	146
Others	(23,216)	(24,666)
Tax expense	<u>758,980</u>	<u>470,466</u>

PASIR RIS - PUNGGOL TOWN COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

22. Government grants

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

	Note	2023 \$ \$	Total 2022 \$ \$	Service and Conservancy Charges Grant		GST Subvention 2023 \$ \$	Lift Maintenance 2023 \$ \$	LRF Matching 2022 \$ \$	Payment from CCC 2023 \$ \$	Payment from CCC 2022 \$ \$
				2023 \$ \$	2022 \$ \$					
Government grants received/receivable	4	17,367,358	19,006,776	7,188,753	6,804,653	2,754,217	2,544,670	1,219,200	1,174,800	5,557,481
Less: Transfers to										
- SF	4, 5	(2,902,170)	(2,736,278)	(1,869,076)	(1,769,210)	(716,102)	(661,620)	(316,992)	(305,448)	-
- LRF	4, 6	(1,562,706)	(1,473,378)	(1,006,426)	(952,651)	(355,592)	(356,255)	(170,688)	(164,472)	-
- LRF Matching										
- Grant	4, 6	(5,557,481)	(6,928,127)	-	-	-	-	-	(5,557,481)	(6,928,127)
- TIPF	4, 7	(647,707)	(1,554,526)	-	-	-	-	-	(647,707)	(1,554,526)
		<u>6,697,294</u>	<u>6,314,467</u>	<u>4,313,251</u>	<u>4,082,782</u>	<u>1,652,523</u>	<u>1,526,795</u>	<u>731,520</u>	<u>704,880</u>	<u>-</u>

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

	2023 \$ \$	2022 \$ \$
Total grants received/receivable at 1 April	274,076,084	255,069,308
Grants received during the financial year	<u>17,367,358</u>	<u>19,006,776</u>
Total grants received/receivable at 31 March	<u>291,443,442</u>	<u>274,076,084</u>

PASIR RIS - PUNGOL TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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 non-claimable portion is charged to the Income and Expenditure/Sinking Fund/Lift Replacement Fund during the financial year.

24. Significant related party transactions

Pasir Ris - Punggol Town Council is managed by the managing agent, EM Services Pte Ltd. Related party relates to the managing agent who manages the operations of the Town Council and provides key management personnel services to the Town Council.

During the financial year, in addition to those disclosed elsewhere in these financial statements, the Town Council entered into the following transactions with the managing agent:

	<u>2023</u> S\$	<u>2022</u> S\$
Expenditure paid to managing agent in relation to:		
Managing agent's fees	8,404,963	7,874,628
Energy saving project	2,188,755	2,188,681
Project management fees	1,581,216	1,733,097
Upgrading and consideration of playgrounds	144,881	50,385
Lift repairs and servicing	1,569,593	2,991,363
Others	<u>5,333</u>	<u>23,555</u>

Key management personnel

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

The Town Council pays the monthly fee to EM Services Pte Ltd and does not incur any manpower and related costs except for Town Councillors' allowances.

	<u>2023</u> S\$	<u>2022</u> S\$
Town Councillors' allowance (Note 20)	<u>244,500</u>	<u>233,400</u>

25. Capital commitments

Capital expenditures approved by the Town Council but not provided for in the financial statements as at reporting date are as follows:

	<u>2023</u> S\$	<u>2022</u> S\$
Amount approved and contracted for	72,196,435	57,743,641
Amount approved but not contracted for	<u>140,204,056</u>	<u>136,752,533</u>
	<u>212,400,491</u>	<u>194,496,174</u>

PASIR RIS - PUNGOL TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

26. Financial instruments and financial risks

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

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

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

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Town Council. Town Council performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

Town Council's major classes of financial assets are bank deposits, conservancy and service fees receivables, other receivables and investments in financial assets.

Bank deposits are mainly depositing with banks with high credit-ratings assigned by international credit rating agencies.

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

The other receivables comprise mainly of receivables from CIPC, other deposits and GST Subvention receivables that are not past due or impaired as at 31 March 2023.

The Town Council's investment portfolio comprises of investment in bonds and fixed deposits. Approximately 69% (2022: 66%) of the investment in bonds comprises Bonds issued by Statutory Boards and/or Government related agencies and the remaining 12% (2022: 34%) comprises of corporate bonds. Corporate bonds are placed with institutions which the Town Council considers to be of good credit standing.

Investments in debt securities are subject to adverse changes in the financial condition of the issuer, or in general economic conditions, or both, which may impair the ability of the issuer to make payment of interest and principal. Exposure to credit risk is monitored by the management with oversight from the Investment & Finance Committee and the Town Council. In addition, the Town Council is required to comply with the requirements as stated in the Town Council's Financial Rules on investments and investment criteria.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The Town Council's conservancy & service fees receivables comprise mainly from S&CC collections. The credit risk for S&CC receivable arise mainly from residents who are facing significant financial hardships and have difficulties paying their S&CC fees despite letter of demand sent. Procedures are in place for collecting the outstanding S&CC including prosecution orders.

PASIR RIS - PUNGOL TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

26. Financial instruments and financial risks (Continued)

Credit risk (Continued)

An allowance for impairment is made in respect of overdue S&CC receivable from residents where the amount is still outstanding after all collection procedures are adhered to. The allowance represents the aggregate amount by which management considers it necessary to write down its loans receivable in order to state it in the balance sheet at its estimated recoverable value.

To assess and manage its credit risks, the Town Council categorises the aforementioned financial assets according to their risk of default. The Town Council defines default to have taken place when internal or/and external information indicates that the financial asset is unlikely to be received, which could include a breach of debt covenant, default of interest due for more than 30 days, but not later than when the financial asset is more than 90 days past due as per FRS 109's presumption.

The Town Council has not rebutted the presumption included in FRS 109 that there has been a significant increase in credit risk since initial recognition when financial assets are more than 30 days past due.

In their assessment, the management considers, amongst other factors, the latest relevant credit ratings from reputable external rating agencies where available and deemed appropriate, historical credit experiences, latest available financial information and latest applicable credit reputation of the debtor.

The Town Council's internal credit risk grading categories are as follows:

Category	Description	Basis of recognising ECL
1	Low credit risks ^{Note 1}	12-months ECL
2	Non-significant increase in credit risks since initial recognition and financial asset is ≤ 30 days past due	12-months ECL
3	Significant increase in credit risk since initial recognition ^{Note 2} or financial asset is > 30 days past due	Lifetime ECL
4	Evidence indicates that financial asset is credit-impaired ^{Note 3}	Difference between financial asset's gross carrying amount and present value of estimated future cash flows discounted at the financial asset's original effective interest rate
5	Evidence indicates that the management has no reasonable expectations of recovering the write off amount ^{Note 4}	Written off

Note 1. Low credit risk

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

PASIR RIS - PUNGOL TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

26. Financial instruments and financial risks (Continued)

Credit risk (Continued)

Note 2. Significant increase in credit risk

In assessing whether the credit risk of the financial asset has increased significantly since initial recognition, the Town Council compares the risk of default occurring on the financial asset as of reporting date with the risk of default occurring on the financial asset as of date of initial recognition, and considered reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. In assessing the significance of the change in the risk of default, the Town Council considers both past due (i.e. whether it is more than 30 days past due) and forward looking quantitative and qualitative information. Forward looking information includes the assessment of the latest performance and financial position of the debtor, adjusted for the Town Council's future outlook of the industry in which the debtor operates based on independently obtained information and the most recent news or market talks about the debtor, as applicable. In its assessment, the Town Council will generally, for example, assess whether the deterioration of the financial performance and/or financial position, adverse change in the economic environment (country and industry in which the debtor operates), deterioration of credit risk of the debtor, etc. is in line with its expectation as of the date of initial recognition of the financial asset.

Irrespective of the outcome of the above assessment, the Town Council presumes that the credit risk on a financial asset has increased significantly since initial recognition when contract payments are >30 days past due, unless the Town Council has reasonable and supportable information that demonstrates otherwise.

Note 3. Credit impaired

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

- Significant financial difficulty of the debtor;
- Breach of contract, such as a default or being more than 30 days past due;
- It is becoming probable that the debtor will enter bankruptcy or another financial reorganisation; or
- The disappearance of an active market for the financial asset because of financial difficulties.

Note 4. Write off

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

Conservancy and service fees receivables (Note 13)

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

The ECL for conservancy and service fees receivables are estimated using an allowance matrix with fixed provision rates depending on the number of months that conservancy and service fees is past due by reference to the recommended guidelines by MND that are assessed by property type and household profile, and adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the financial assets.

PASIR RIS - PUNGOL TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

26. Financial instruments and financial risks (Continued)

Credit risk (Continued)

Conservancy and service fees receivables (Note 13) (Continued)

Conservancy and service fees receivables are written off when there is evidence to indicate that the customer is in severe financial difficulty such as being under liquidation or bankruptcy and there are no reasonable expectations for recovering the outstanding balances.

The loss allowance for conservancy and service fees receivables are determined as follows:

	Past due for 0 to 3 months	Past due for 3 to less than 6 months	Past due from 6 months	Past due more than 12 months	Past due more than 24 months	Ex arrears	Total
31 March 2023							
Expected credit loss rates	0%	0%	25%	50%	100%	100%	
Conservancy and service fees receivables (gross)	1,107,601	504,960	782,917	890,279	1,752,113	229,445	5,267,315
Loss allowance	-	-	195,731	445,141	1,752,113	229,445	2,622,430
31 March 2022							
Expected credit loss rates	0%	0%	25%	50%	100%	100%	
Conservancy and service fees receivables (gross)	1,145,983	458,149	632,020	923,404	1,825,295	199,169	5,184,020
Loss allowance	-	-	158,005	461,702	1,825,295	199,169	2,644,171

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

	Conservancy and service fees receivables S\$
<u>Internal credit risk grading</u>	
Loss allowance	
Balance at 1 April 2021	2,847,716
Decrease in loss allowance recognised in income and expenditure	(203,545)
Balance at 31 March 2022	2,644,171
Decrease in loss allowance recognised in income and expenditure	(21,741)
Balance at 31 March 2023	2,622,430
<u>Gross carrying amount</u>	
At 1 April 2022	5,184,020
At 31 March 2023	5,267,315
<u>Net carrying amount</u>	
At 1 April 2022	2,539,849
At 31 March 2023	2,644,885

PASIR RIS - PUNGOL TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

26. Financial instruments and financial risks (Continued)

Credit risk (Continued)

Other receivables (Note 14)

As of 31 March 2023, the Town Council recorded other receivables excluding prepayments and GST receivables of S\$8,317,798 (2022: S\$7,737,518).

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

Investment in bonds (Note 12)

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

Market risk

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

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Town Council's exposure to interest rate risk relates primarily to interest-earning fixed deposits with financial institutions and investments in government and corporate bonds.

The Town Council's surplus funds are placed with reputable financial institutions or invested in Singapore government bonds. The exposure to interest rate risk is minimal since the deposits are with fixed rate of interest throughout the term.

Liquidity risk

Liquidity risk refers to the risk in which the Town Council encounters difficulties in meeting its short-term obligations. The Town Council manages the liquidity risk by maintaining sufficient cash, internally generated cash flows, as well as on basis of expected payment dates of the financial liabilities.

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

PASIR RIS - PUNGOL TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

26. Financial instruments and financial risks (Continued)

Liquidity risk (Continued)

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

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

	<u>Total</u> <u>S\$</u>	<u>Less than</u> <u>1 year</u> <u>S\$</u>	<u>Between</u> <u>2 and 5</u> <u>years</u> <u>S\$</u>	<u>More than 5</u> <u>years</u> <u>S\$</u>
<u>As at 31 March 2023</u>				
Investment in bonds at amortised cost	67,308,615	8,058,460	48,626,028	10,624,127
Conservancy and service fees receivables	2,644,885	2,644,885	-	-
Other receivables (excluding prepayments & GST)	8,317,798	8,317,798	-	-
Interest receivables	1,545,088	1,545,088	-	-
Cash and bank balances	<u>125,213,355</u>	<u>125,213,355</u>	-	-
Lease liabilities	373,500	192,000	181,500	-
Payables and accrued expenses	<u>8,876,553</u>	<u>8,876,553</u>	-	-
<u>As at 31 March 2022</u>				
Investment in bonds at amortised cost	72,534,201	13,000,000	40,540,126	18,994,075
Conservancy and service fees receivables	2,539,849	2,539,849	-	-
Other receivables (excluding prepayments & GST)	7,737,518	7,737,518	-	-
Interest receivables	568,158	568,158	-	-
Cash and bank balances	<u>106,421,278</u>	<u>106,421,278</u>	-	-
Lease liabilities	280,500	102,000	178,500	-
Amount due to SKTC	190,787	190,787	-	-
Payables and accrued expenses	<u>9,680,232</u>	<u>9,680,232</u>	-	-

PASIR RIS - PUNGOL TOWN COUNCIL

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26. Financial instruments and financial risks (Continued)

Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the statement of financial position and as follows:

	<u>2023</u> S\$	<u>2022</u> S\$
<i>Investment in bonds, represent financial assets measured at amortised cost</i>	<u>62,530,877</u>	<u>72,534,201</u>
<i>Financial assets measured at amortised cost</i>		
Conservancy and service fees receivables	2,644,885	2,539,849
Other receivables	8,446,493	8,188,980
Less: Prepayments and GST receivables	(128,695)	(451,462)
Interest receivables	1,545,088	568,158
Cash and bank balances	<u>125,213,355</u>	<u>106,421,278</u>
Total	<u>137,721,126</u>	<u>117,266,803</u>
<i>Financial liabilities measured at amortised cost</i>		
Payables and accrued expenses	8,876,553	9,680,232
Amount due to SKTC	-	190,787
Lease liabilities	<u>354,129</u>	<u>275,564</u>
	<u>9,230,682</u>	<u>10,146,583</u>

27. Fair value of financial assets and liabilities

The carrying amounts of cash and bank balances, conservancy and service fees receivables and other current receivables and payables approximate their respective fair values due to the relative short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

The fair values of applicable assets and liabilities are determined and categorised using a fair value hierarchy as follows:

- (a) Level 1 – the fair values of assets and liabilities with standard terms and conditions and which trade in active markets that the Town Council can access at the measurement date are determined with reference to quoted market prices (unadjusted).
- (b) Level 2 – in the absence of quoted market prices, the fair values of the assets and liabilities are determined using the other observable, either directly or indirectly, inputs such as quoted prices for similar assets or liabilities in active markets or included within Level 1, quoted prices for identical or similar assets or liabilities in non-active markets.
- (c) Level 3 – in the absence of quoted market prices included within Level 1 and observable inputs included within Level 2, the fair values of the remaining assets and liabilities are determined in accordance with generally accepted pricing models.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

PASIR RIS - PUNGOL TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

27. Fair value of financial assets and liabilities (Continued)

Fair value hierarchy

The Town Council does not hold financial assets nor liabilities carried at fair value or at valuation. Accordingly, the disclosure requirements of the fair value hierarchy (Level 1, 2 and 3) under FRS 107 *Financial Instruments: Disclosures* does not apply.

28. Funds management

The Town Council's objectives when managing funds are:

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

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

There were no changes in the Town Council's approach to funds management from 31 March 2023.

The Town Council is not subjected to any externally imposed capital requirements during the financial years ended 31 March 2023 and 31 March 2022.

As at the end of the reporting period, the Town Council's total funds amounted to S\$186,562,120 (2022: S\$177,953,646).

29. Transfer to Sengkang Town Council due to boundary change

By virtue of a writ of election issued on 23 Jun 2020, the electoral boundaries of Pasir Ris - Punggol Town Council were redrawn. With effect from 28 October 2020, the fund balances for handover properties were transferred to Sengkang Town Council.