

ANNUAL REPORT

2022/2023



Bishan-Toa Payoh
Town Council



Chairperson's Review 2022/2023

Overcoming Challenges, Onward As One Community.



“It was heartening to see community stakeholders overcoming challenges together, supporting one another in solidarity and strength on the road to recovery from the pandemic in 2022-23.

Onward as one in the new fiscal year 2023-24, let's continue to co-create together exciting new developments in areas of infrastructure, digital & sustainability!”

A handwritten signature in black ink, appearing to read 'Hiong'.

Mr Chong Kee Hiong

Chairperson of Bishan-Toa Payoh Town Council

Code of Governance Practices

Governance is a key aspect of sustainability, and the Town Council remains focused on corporate governance. During the selection, appointment and re-appointment of the 15th Term of Office of Town Councillors, for the period August 2022 to July 2024, the Town Council had taken into consideration the relevant experience, skills, competencies and time commitment of the members. The Council utilised a referral process to search for potential members and ensured that at least two-thirds of the appointed Town Councillors were residents of the HDB housing estates within the Town. We had also carried out an assessment of key risks facing the Town Council and had ensured that the internal controls in place were adequate and effective.



Overcoming Challenges 2022/2023

1 April 2022 to 31 March 2023 was an interesting year where we made significant progress amidst the endemic challenges. As life slowly normalised, we stepped up our momentum of rolling out new projects and completed numerous infrastructural projects in the estates, with more on-going projects in the pipeline to benefit the community.

In continually building beautiful homes and a caring community in Bishan, Toa Payoh and Marymount, there were continuous construction, upgrading and renewal works in enlivening the estate and improving living spaces in the last fiscal year.



Repairs & Redecoration

- Blk 80 to 86 Lor 2/4 Toa Payoh
- Blk 141 to 144, 121 to 122, 107 to 115 & 205 to 209 Lor 1/2 Toa Payoh/Toa Payoh North



Neighbourhood Renewal Programme

- Blk 150 to 151A, 135 to 138 Bishan St 11/12
- Blk 221 to 237 Bishan St 22/23
- Blk 80 to 86 Lor 2/4 Toa Payoh



Shelters & Drop Off Porches

- Blk 145 Bishan St 11
- Blk 179 Bishan St 13
- Blk 81A Lor 4 Toa Payoh
- Blk 84B Lor 2 Toa Payoh
- Blk 153 Lor 1 Toa Payoh



Linkways & Walkways

- Blk 146 Bishan St 11
- Blk 151 & 151A Bishan St 11
- Blk 196 Bishan St 13
- Blk 405 to 410 Sin Ming Ave
- Blk 275A Bishan St 24
- Blk 281 & 288 Bishan St 24
- Blk 68 Lor 5 Toa Payoh
- Blk 80 to 82B Lor 4 Toa Payoh
- Blk 81B to 81C Lor 4 Toa Payoh
- Blk 83 to 86 Lor 2 Toa Payoh
- Blk 84A & 84B Lor 2 Toa Payoh
- Blk 239 Lor 1 Toa Payoh
- Blk 203 & 205 Toa Payoh North

Playgrounds



- Play@HeightsPark
- Blk 144, 148, 150 Lor 1 Toa Payoh
- Blk 138A & 138B Lor 1A Toa Payoh
- Blk 139A & 139B Lor 1A Toa Payoh
- Blk 195 Kim Keat Avenue
- Blk 150 & 151 Bishan St 11
- Blk 135 to 138 Bishan St 12
- Blk 506, 507, 510 & 513 Bishan St 11
- Blk 504 & 506 Bishan St 11
- Blk 273A Bishan St 24

BBQ Pits & Pavilions



- Blk 53 Lor 5 Toa Payoh
- Blk 228 Lor 8 Toa Payoh

Sports & Fitness Facilities

- Blk 118 Lor 1 Toa Payoh
- Blk 138A/B Lor 1A Toa Payoh
- Blk 195 Kim Keat Avenue
- Blk 222 Lor 8 Toa Payoh
- Blk 228 Lor 8 Toa Payoh
- Blk 135 to 138 Bishan St 12
- Blk 150 & 151 Bishan St 11
- Blk 504 & 506 Bishan St 11
- Blk 273A Bishan St 24



Writing our Sustainability Stories

Under the Action for Green Towns (AGT), 15 PAP Town Councils got together to improve sustainability practices in support of the SG Green Plan 2030. Bishan-Toa Payoh Town Council (BTPTC) Sustainability Office organised our first BTPTC Sustainability Exhibition in conjunction with the 1000th Tree Planting event in November 2022 to engage residents, volunteers, community partners and stakeholders. In addition to the exhibition, we had also achieved significant results in terms of waste paper collection, e-waste recycling and food rescue. Together with our residents, we had written another successful chapter under our three pillars of sustainability in 2022/23.



Zero Waste

- Smart Recycling Bins
- Food Waste Lockers
- E-waste Bins
- Food Rescues
- Upcycling Projects
- Paperless Communications (e-payments, feedback and information channels)



Energy Efficiency

- Solar Panels
- Bicycle Racks
- EV Charging Points



Greener Environment

- Community Gardens
- Vertical Farming
- Urban Farming



Onward as One Community 2023/2024

2023/2024 sets to be another happening year as BTPTC ramps up our energy and pace in enhancing infrastructure, facilities and living spaces for the community.

Residents may look forward to many exciting infrastructure enhancements coming your way. Highlights include barrier-free access ramps, covered linkways, sheltered drop-off points, lifts, playgrounds and fitness stations. In sprucing up the neighbourhood, repairs & redecoration and neighbourhood renewal programmes will also be happening at various precincts and town centres.

Estates will be enlivened with recreational revamps like the Harmony Park at Bishan and the Multi-purpose Covered Plaza at Toa Payoh. Community programmes like SG Clean Day to create more awareness in the community on estate cleanliness and joint agencies pest control exercises will continue in a concerted effort towards a clean estate.

Co-building a Green Town

In co-building a Green Town, BTPTC will continue to work hand in hand with community partners in creating more ground-up Greener Environment spaces like roof top community gardens, edible farms etc. More recycling stations and food rescue will be set up in various precincts as we work towards a Zero Waste community. Energy Efficiency features such as solar panels and smart LED lightings and more electrical vehicle charging points will be installed at more blocks.



Thank You Bishan, Toa Payoh & Marymount Community! Thank You BTPTC!

In the past year, it was gratifying to see more and more residents joining us on this incredible green journey and bonding brilliantly as one community.

On behalf of my fellow Members of Parliament and Town Councillors, we thank you for supporting and sharing your ideas, feedback and efforts in building a clean, green and sustainable home & heartland with us. I would also like to thank the dedicated staff from Bishan-Toa Payoh Town Council for steadfastly serving the community with passion and professionalism in pandemic and peace times. Keep up the good work and together, let's move onward as One SG, One Community!



Financial statements

BISHAN-TOA PAYOH TOWN COUNCIL

(Established under the Town Councils Act 1988)

For the year ended 31 March 2023

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**Independent auditor's report to the members of
BISHAN-TOA PAYOH TOWN COUNCIL**
(Established under the Town Councils Act 1988)

Report on the audit of the financial statements

Opinion

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

In our opinion, the accompanying financial statements 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 Town Council funds and cash flows of the Town Council for the financial year ended on that date.

Basis for Opinion

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

Other Information

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

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

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

**Independent auditor's report to the members of
BISHAN-TOA PAYOH TOWN COUNCIL (Cont'd)**
(Established under the Town Councils Act 1988)

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

**Independent auditor's report to the members of
BISHAN-TOA PAYOH TOWN COUNCIL (Cont'd)**
(Established under the Town Councils Act 1988)

Auditor's responsibilities for the Audit of the financial statements (Cont'd)

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

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

Report on Other Legal and Regulatory Requirements

Opinion

In our opinion,

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

**Independent auditor's report to the members of
BISHAN-TOA PAYOH TOWN COUNCIL (Cont'd)**
(Established under the Town Councils Act 1988)

Basis for Opinion

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

Responsibilities of Management for Compliance with Legal and Regulatory Requirements

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

Auditor's 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 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 internal control system, non-compliances may nevertheless occur and not be detected.



AT ADLER
Public Accountants and
Chartered Accountants

Singapore, 27 September 2023


Statement of financial position

as at 31 March 2023

		31 March 2023	31 March 2022
	Note	\$	\$
TOWN COUNCIL FUND			
Residential Property			
Accumulated surplus	3	3,745,816	3,677,262
Sinking Fund	4	88,923,147	85,142,065
Town Improvement and Project Fund	5	10,000	10,000
Lift Replacement Fund	6	34,682,313	31,186,086
		127,361,276	120,015,413
Commercial Property			
Accumulated surplus	3	3,565,928	3,261,416
Sinking Fund	4	35,448,279	35,192,976
Town Improvement and Project Fund	5	10,000	10,000
Lift Replacement Fund	6	11,895,972	10,860,511
		50,920,179	49,324,903
Carpark			
Accumulated surplus	3	-	2,468,136
		178,281,455	171,808,452
REPRESENTED BY:			
Non-Current Assets			
Property, plant and equipment	7	593,837	1,087,250
Investments at amortised cost	8	65,781,156	39,779,022
		66,374,993	40,866,272
Current Assets			
Investments at amortised cost	8	2,940,300	8,002,506
Conservancy and service fees receivables	9	723,031	678,115
Other receivables	10	1,190,176	953,442
Interest receivable		1,114,097	298,243
Grants receivable	11	5,554,764	4,952,142
Receivable for Electrical Load Upgrading Programme	12	76,268	367,733
Receivable for Neighbourhood Renewal Programme	13	4,459,898	7,105,652
Receivables for Selective Lift Replacement and Lift Enhancement Programme	14	5,127,560	6,145,253
Fixed deposits with financial institutions	15	93,268,964	102,146,960
Cash and bank balances	16	13,447,424	19,696,959
		127,902,482	150,347,005
Total Assets		194,277,475	191,213,277
Less:			
Non-Current Liabilities			
Payables and accrued expenses	17	106,920	145,800
Lease liabilities	18	141,885	399,818
		248,805	545,618
Current Liabilities			
Conservancy and service fees received in advance	19	924,211	825,690
Advances for Electrical Load Upgrading Programme	12	354,383	-
Advances for Neighbourhood Renewal Programme	13	1,266,560	1,122,775
Payables and accrued expenses	17	11,994,296	15,914,323
Lease liabilities	18	257,933	250,319
Income tax payable	23	949,832	746,100
		15,747,215	18,859,207
Total Liabilities		15,996,020	19,404,825
NET ASSETS		178,281,455	171,808,452


CHONG KEE HIONG
Chairperson

Date: 27 September 2023


NG KHENG HEONG, ERNEST
Secretary

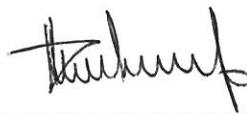
The accompanying notes form an integral part of and should be read in conjunction with the financial statements.

Statement of income and expenditure and other comprehensive income

for the financial year ended 31 March 2023

		2023	2022
	Note	\$	\$
Operating income			
Conservancy and service fees	3	42,157,108	42,238,241
Less: Operating transfer to sinking fund (minimum required by law)	3,4	(10,960,850)	(10,981,944)
Less: Operating transfer to lift replacement fund (minimum required by law)	3,6	(5,901,999)	(5,913,357)
		25,294,259	25,342,940
Agency fees	20	3,144,911	3,028,695
Other income	21	2,150,804	2,236,195
		30,589,974	30,607,830
Less: Operating expenditure			
Cleaning works		6,928,090	6,896,324
Lift maintenance		6,531,824	6,013,306
Other works and maintenance		6,086,232	5,723,140
Water and electricity		10,194,641	8,083,941
General and administrative expenditure	22	7,371,577	7,165,518
		(37,112,364)	(33,882,229)
Operating deficit		(6,522,390)	(3,274,399)
Add: Interest income	3	46,544	14,174
Deficit before taxation and government grants		(6,475,846)	(3,260,225)
Less: Income tax	3, 23	(141,552)	(183,668)
Deficit before government grants		(6,617,398)	(3,443,893)
Add:			
Government grants	24	13,532,742	15,725,733
Less: Transfer to			
- Sinking fund	3,4,24	(2,235,848)	(2,217,307)
- Town Improvement and Project fund	3,5,24	(1,395,493)	(3,619,920)
- Lift Replacement fund	3,6,24	(4,741,762)	(4,768,298)
		5,159,639	5,120,208
(DEFICIT)/SURPLUS FOR THE YEAR FROM ROUTINE FUND		(1,457,759)	1,676,315
Movement of various funds			
Sinking fund	4	4,036,385	866,611
Town Improvement and Project fund	5	(637,311)	(1,350,707)
Lift Replacement fund	6	4,531,688	3,235,975
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		6,473,003	4,428,194


CHONG KEE HIONG
Chairperson
Date: 27 September 2023


NG KHENG HEONG, ERNEST
Secretary

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

Statement of changes in funds

for the financial year ended 31 March 2023

	Residential property \$	Commercial property \$	Carpark \$	Total \$
31 March 2023				
Balance at 1 April 2022	120,015,413	49,324,903	2,468,136	171,808,452
Total comprehensive income for the year	3,858,709	1,595,276	1,019,018	6,473,003
Accumulated Surplus transfer from carpark to residential property	3,487,154	-	(3,487,154)	-
Balance at 31 March 2023	127,361,276	50,920,179	-	178,281,455
31 March 2022				
Balance at 1 April 2021	118,409,036	47,494,360	1,476,862	167,380,258
Total comprehensive income for the year	1,606,377	1,830,543	991,274	4,428,194
Balance at 31 March 2022	120,015,413	49,324,903	2,468,136	171,808,452

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

Statement of cash flows

for the financial year ended 31 March 2023

	Note	2023 \$	2022 \$
Cash Flows from Operating Activities			
Deficit before taxation and government grants	3	(6,475,846)	(3,260,225)
Adjustments for:			
Operating income transfer to Sinking Fund	3,4	10,960,850	10,981,944
Operating income transfer to Lift Replacement Fund	3,6	5,901,999	5,913,357
Depreciation of property, plant and equipment	7,22	515,401	527,615
Amortisation of investments - Bonds		7,372	5,983
Allowance for impairment in conservancy and service fee receivables	9,22	159,387	27,546
Interest expenses on lease liabilities	18,22	16,081	22,355
Interest income	3	(46,544)	(14,174)
Operating surplus before working capital changes		11,038,700	14,204,401
Decrease in operating receivables		164,294	1,016,816
Decrease in operating payables		(3,958,907)	(3,212,655)
Cash generated from operations before income tax		7,244,087	12,008,562
Sinking Fund expenditure	4	(11,581,205)	(13,159,997)
Town Improvement and Project Fund expenditure	5	(2,032,804)	(4,970,627)
Lift Replacement Fund expenditure	6	(6,655,420)	(7,578,923)
Electrical Load Upgrading expenditure	12	(987,257)	(1,313,044)
Neighbourhood Renewal Programme expenditure	13	(2,127,208)	(4,551,363)
Lift Enhancement Programme expenditure	14(b)	-	(1,189,832)
Income tax paid	23	(387,569)	(566,717)
Net cash used in operations before government grants		(16,527,376)	(21,321,941)
Lift Replacement Fund Matching Grant received		3,541,297	3,577,116
Lift Enhancement Programme Fund received	14(b)	1,017,693	-
Government grants received		7,431,183	10,979,640
GST subvention received		1,450,830	1,451,091
Government funds received for Electrical Load Upgrading Programme projects	12	1,633,105	653,909
Government funds received for Neighbourhood Renewal Programme projects	13	4,916,747	436,696
Net cash generated from/(used in) operating activities		3,463,479	(4,223,489)
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	7	(21,988)	(170,595)
Purchase of bonds		(28,947,300)	(18,013,000)
Maturity of bonds		8,000,000	-
Interest and investment income received		2,644,678	1,618,438
Net cash used in investing activities		(18,324,610)	(16,565,157)
Cash Flows used in Financing Activities			
Repayment of lease liabilities	18	(250,319)	(250,745)
Interest paid on lease liabilities	18	(16,081)	(22,355)
Net cash used in financing activities		(266,400)	(273,100)
Net decrease in cash and cash equivalents		(15,127,531)	(21,061,746)
Cash and cash equivalents at beginning of year		121,843,919	142,905,665
Cash and cash equivalents at end of year	16	106,716,388	121,843,919

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

Notes to the financial statements for the financial year ended 31 March 2023

1 General

Bishan-Toa Payoh Town Council (the "Town Council") was formed on 13 January 1997 under the Town Councils Act 1988. The principal functions of the Town Council are to control, manage, maintain and improve the common areas of residential and commercial property in the housing estates of the Housing and Development Board ("HDB") within the Town.

The principal office of operations is situated at Blk 125A #01-134, Lorong 2 Toa Payoh, Singapore 311125.

These financial statements for the financial year ended 31 March 2023 were authorized for issue in accordance with a resolution of the Town Council on 27 September 2023.

2(i) Basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Standards in Singapore ("FRS") as issued by the Singapore Accounting Standards Council as well as all related interpretations to FRS ("INT FRS") and the Town Councils Act 1988. The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below:

Adoption of new and revised standards

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Town Council has adopted all the new and amended standards which are relevant to the Town Council and are effective for annual financial periods beginning on 1 April 2022. The adoption of these standards did not have any material effect on the financial performance or position of the Town Council.

2(ii) Significant accounting estimates and judgements

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

Areas involving a high degree of judgement and estimates are described below:

(a) Income tax

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

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

2(ii) Significant accounting estimates and judgements (cont'd)**(b) Determination of lease term of contracts with renewal options**

The Town Council has significant lease contracts for office premises that included renewal options. The Town Council applies judgement in evaluating whether it is reasonably certain that the option to renew these leases will be exercised. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Town Council reassesses the lease term whether there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew.

The Town Council included the lease renewal in the recognition of right-of-use assets and lease liabilities for office premises because of the Town Council's intention to exercise these renewal option.

(c) Leases – estimating the incremental borrowing rate

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

(d) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of property, plant and equipment to be between 3 to 5 years. The right-of-use asset of office premises is included in property, plant and equipment and depreciated over the remaining lease term of 14 months and 20 months. The carrying amount of property, plant and equipment as at 31 March 2023 was S\$593,837 (2022: S\$1,087,250). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(e) Town Improvement Project Grants

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

(f) Legal action, contingent assets and contingent liabilities

As disclosed in Note 33 to the financial statements, the Town Council received a letter of demand in July 2019 from a contractor seeking compensation of S\$1.06 million. The Town Council has responded to the contractor in August 2019 to deny the basis of the claim and made a counter claim of S\$560,000 for the failure on the part of the contractor to meet the terms of the contract. Since then, the Town Council has not received any further communication from the said contractor. No provision in respect of the claim liability has been made in the financial statements as it was assessed that there was no merit and/or basis for the claim made by the contractor based on the Town Council's review and assessment. Pending a response from the contractor, the Town Council has also not recognised the contingent asset arising from the counter claim made.

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

2(ii) Significant accounting estimates and judgements (cont'd)**(g) Expected credit loss ("ECL") on receivables**

The Town Council uses a provision matrix to calculate ECLs for conservancy and service fee receivables. The provision rates are estimated based on the age of debts, results recovery efforts and historical experience. The provision matrix is initially based on the Town Council's historical observed default rates. At every reporting date, historical default is updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Town Council's historical credit loss experience and forecast economic conditions may also not be representative of the actual default in the future.

The Town Council has also considered the impact of other factors such as economic outlook when making estimates on the recoverability of its conservancy and service fee receivables based on currently available information. During the year ended 31 March 2023, the Town Council provided conservancy and service fee rebates to the commercial properties managed by the Town Council, totaling S\$32,037 (2022: S\$57,187). This has helped to cushion the adverse economic impact arising from the increase of 1% GST in 2023, and the closure of the properties due to repairs & redecoration works.

Together with the rebates, the Town Council has assessed the allowance for impairment for conservancy and service fee receivables as at 31 March 2023 to be adequate. The ECLs for conservancy and service fees receivables amounted to S\$1,645,015 (2022: S\$1,485,628). The carrying amount of the Town Council's conservancy and service fees receivables (net of ECL) as at 31 March 2023 is S\$723,031 (2022: S\$678,115).

For other receivables, the allowance for ECL is based on the Town Council's assessment of the collectability of each debtor taking into consideration the financial condition of those debtors. If there is deterioration in the debtors' financial condition, the Town Council makes allowance for credit losses, which would affect the profit or loss in the period when such adjustments are made.

2(iii) Standards issued but not yet effective

At the date of authorisation of these financial statements, the following FRS and INT FRS relevant to the Town Council were issued but not yet effective and which the Town Council has not early adopted:

Description	Effective for annual periods beginning on or after
Amendments to FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
Amendments to FRS 8: Definition of Accounting Estimates	1 January 2023
Amendments to FRS 1: Classifications of Liabilities as Current or Non-Current	1 January 2024
Amendments to FRS 1: Non-current Liabilities with Covenants	1 January 2024

The Town Council has performed a preliminary assessment and the management expects that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

2(iv) Summary of significant accounting policies**(a) Funds****Town Council Funds**

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

- Residential property
- Commercial property
- Carparks are managed by the Town Council for the Housing and Development Board (“HDB”) on an agency basis.

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

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

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

Sinking Fund

In accordance with section 47(4) of the Town Councils Act, separate Sinking Fund are established for the improvement to, management and maintenance of residential property and commercial property. The Sinking Fund are maintained as part of the Town Council Funds.

Under the Town Councils Act, the Minister for National Development may, from time to time, prescribe the minimum amounts of conservancy and service fees and grants-in-aid, excluding Lift Replacement Fund Matching Grant to be paid into the Sinking Fund.

The minimum amounts to be transferred to Sinking Fund are at least 26% of the conservancy and service fees and grants-in-aid for all residential flat types and commercial property.

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

The Sinking Fund are utilised for cyclical works, including major repainting, renewal or replacement of roofing systems, water tanks, pumps and water supply systems, lightning protection systems, major repairs and maintenance of the common area and contributions to the HDB in respect of general upgrading works carried out on the common property under the Housing and Development Act.

Town Improvement and Project Fund

Town Improvement and Project Fund (“TIPF”) are established and maintained as part of the Town Council Funds. This fund is utilised for improvement and development works in the town.

This fund is set up by transfer 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(iv) Summary of significant accounting policies (cont'd)**(a) Funds (Cont'd)****Town Improvement and Project Fund (cont'd)**

Expenditure on Town Improvement Projects is taken directly to the TIPIF. Payments from CCC are shown as part of Government Grants in the Statement of Income and Expenditure and then transferred to the TIPIF.

Lift Replacement Fund

Lift Replacement Fund ("LRF") are established and maintained as part of the Town Council Funds to meet the cost of any capital expenditure related to the replacement of lifts in the town for lift upgrading works, which were previously incurred under the Sinking Fund.

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

The minimum amounts to be transferred to Lift Replacement Fund are at least 14% of the conservancy and service fees and grants-in-aid for all residential flat types and commercial property. These contributions are treated as operating income transfers and are deducted from the conservancy and service fees and government grants in income or expenditure.

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

(b) Allocation of General Overheads

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

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

Such allocation by EDU is applied to all Town Council Funds.

Remuneration of certain employees are allocated to Sinking Fund, Town Improvement and Project Fund and Lift Replacement Fund in proportion to the expenditure incurred for the respective Funds during the year.

(c) Government grants

The Town Council receives five types of grants from the government: Service and Conservancy Charge Operating Grant, payments from Citizens' Consultative Committees, Goods and Services Tax ("GST") Subvention Grant, Lift Maintenance Grant and Lift Replacement Fund Matching Grant.

- (i) Service and Conservancy Charge Operating Grants to meet current year's operating expenditure are taken to income or expenditure.

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

2(iv) Summary of significant accounting policies (Cont'd)**(c) Government grants (Cont'd)**

- (ii) Payments from Citizens' Consultative Committees are granted to provide funding support for community improvement projects under the CIPC scheme.
- (iii) The GST Subvention Grant is given as grants-in-aid and is granted to assist town councils for absorbing the GST increases in service and conservancy charges for HDB residential flats.
- (iv) Lift Maintenance Grant is disbursed at S\$600 annually for each lift maintained by the Town Council. This is to cope with higher lift-related servicing and maintenance costs.
- (v) Lift Replacement Fund Matching Grant is given at 50% of the Town Council's quarterly contribution to its LRF for the replacement of their existing lifts and lift parts.

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

(d) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. Depreciation is computed utilising the straight-line method to allocate their depreciable amount over their estimated useful lives as follows:

Furniture, fixtures and fittings	5 years
Office equipment	3 years
Data processing equipment/software	3 years

The right-of-use of office premises has been included in property, plant and equipment and depreciated over the remaining lease term of 14 months and 20 months.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits in excess of the standard of performance of the asset before the expenditure was made will flow to the Town Council and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

Property, plant and equipment costing below S\$1,000 each are charged to income or expenditure in the year of purchase.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

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

2(iv) Summary of significant accounting policies (Cont'd)**(e) Impairment of non-financial assets**

The carrying amount of non-financial assets is reviewed at each reporting date for indications of impairment and where impairment is found, the asset is written down through the income and expenditure statement to its estimated recoverable amount.

The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in the income and expenditure statement. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value-in-use.

In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

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

(f) Financial assetsInitial recognition and measurement

Financial assets are recognised when, and only when, the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Town Council measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transactions costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in income or expenditure.

Conservancy and service fee receivables are measured at the amount of consideration to which the Town Council expects to be entitled in exchange for transferring promised services, excluding amounts collected on behalf of third party, if the conservancy and service fee receivables do not contain a significant financing component at initial recognition.

Subsequent measurementDebt instruments

Subsequent measurement of debt instruments depends on the Town Council's business model and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in income or expenditure when the assets are derecognised or impaired, and through amortisation process.

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

2(iv) Summary of significant accounting policies (Cont'd)**(f) Financial assets (Cont'd)**Subsequent measurement (Cont'd)**(ii) Fair value through other comprehensive income ("FVTOCI")**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Financial assets measured at FVTOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in income or expenditure. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to income or expenditure as a reclassification adjustment when the financial asset is derecognised.

(iii) Fair value through profit or loss ("FVTPL")

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at fair value through profit or loss and is not part of a hedging relationship is recognised in income or expenditure in the period in which it arises.

The Town Council only has debt instruments at amortised cost.

Equity instruments

The Town Council does not have investments in equity instruments.

Derecognition

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in income or expenditure.

(g) Impairment of financial assets

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

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

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

2(iv) Summary of significant accounting policies (Cont'd)**(g) Impairment of financial assets (Cont'd)**

For conservancy and service fees receivables, the Town Council applies a simplified approach in calculating ECLs. Therefore, the Town Council does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Town Council has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and fixed deposits that are readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value.

(i) Financial liabilitiesInitial recognition and measurement

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

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

Subsequent measurement

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

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in income or expenditure.

(j) Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2(iv) Summary of significant accounting policies (Cont'd)**(k) Provisions**

Provisions are recognised when the Town Council has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in income or expenditure in the period they occur.

(l) Employee benefitsDefined contribution plan

The Town Council contributes to the Central Provident Fund (“CPF”), a defined contribution plan regulated and managed by the Government of Singapore, which applies to majority of the employees. The contributions to CPF are charged to income or expenditure in the period to which the contributions relate.

Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the unconsumed leave as a result of services rendered by employees up to the end of reporting period.

Short-term employee benefits

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

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity. Key management personnel consist of Town Councillors and certain managers.

(m) Revenue recognition

Revenue is measured based on the consideration to which the Town Council expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Town Council satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

2(iv) Summary of significant accounting policies (Cont'd)**(m) Revenue recognition (Cont'd)****(i) Conservancy and service fees**

Conservancy and service fees are recognised on a time-proportion basis for the period when the services is rendered.

(ii) Agency fees

Agency fees for routine maintenance of HDB's carparks are recognised on a time-proportion basis for the period when the services is rendered.

(iii) Interest and investment income

Interest income from fixed deposits and investment in debt instruments is recognised on a time-proportion basis using the effective interest method.

(iv) Other income

Other income comprises mainly temporary occupation licences, liquidated damages claims and other miscellaneous income, and are recognised when due.

(n) Income tax

Income tax is provided on the following income:

(i) Income derived from investments and bank deposits;**(ii) Agency fee derived from acting as agents for HDB;****(iii) Fees, rents and other charges received from non-residents or non-owners of properties in the Town; and****(iv) Donations from non-residents or non-owners of properties in the Town.**

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

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

2(iv) Summary of significant accounting policies (Cont'd)**(o) Leases**

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

Town Council, as lessee

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

Right-of-use assets

The Town Council recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date plus an estimate of costs of dismantle and remove the underlying assets or to restore the underlying assets or site on which it located less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2(iv)(e).

The Town Council's right-of-use assets are presented within property, plant and equipment in Note 7.

Lease liabilities

At the commencement date of the lease, the Town Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments).

In calculating the present value of lease payments, the Town Council uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Town Council's lease liabilities are included in Note 18.

Short-term leases and leases of low-value assets

The Town Council applies the short-term lease recognition exemption to short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

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

2(iv) Summary of significant accounting policies (Cont'd)**(p) Inter-fund transfer**

Under Section 47(12) and 57(1)(i) of the Town Councils Act 1988, and Rule 11A of Town Councils Financial Rules ("TCFR"), the Town Council may transfer an amount not exceeding the surplus from operating fund to sinking fund or lift replacement fund, and from sinking fund to lift replacement fund to make good for any deficit in that fund. The Town Council may also transfer an amount not exceeding the surplus from any of its funds established for residential property to the commercial property under the same fund, only to make good any deficit and vice versa.

(q) Functional currency

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

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

BISHAN-TOA PAYOH TOWN COUNCIL

(Established under the Town Councils Act 1988)

Notes to the financial statements for the financial year ended 31 March 2023

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3 Accumulated surplus

	Note	Residential property 2023 \$	Residential property 2022 \$	Commercial property 2023 \$	Commercial property 2022 \$	Carpark 2023 \$	Carpark 2022 \$	Total 2023 \$	Total 2022 \$
OPERATING INCOME									
Conservancy and service fees		37,288,800	37,368,692	4,868,308	4,869,549	-	-	42,157,108	42,238,241
Less:									
Operating income transfer to Sinking Fund	4	(9,695,089)	(9,715,862)	(1,265,761)	(1,266,082)	-	-	(10,960,850)	(10,981,944)
Operating income transfer to Lift Replacement Fund	6	(5,220,435)	(5,231,620)	(681,564)	(681,737)	-	-	(5,901,999)	(5,913,357)
Agency fees and other income	20,21	22,373,276	22,421,210	2,920,983	2,921,730	-	-	25,294,259	25,342,940
		1,231,438	1,307,977	818,742	858,061	3,245,535	3,098,852	5,295,715	5,264,890
		23,604,714	23,729,187	3,739,725	3,779,791	3,245,535	3,098,852	30,589,974	30,607,830
Less:									
Operating Expenditure		(31,601,892)	(28,857,691)	(3,292,230)	(2,931,726)	(2,218,242)	(2,092,812)	(37,112,364)	(33,882,229)
Operating (Deficit)/Surplus		(7,997,178)	(5,128,504)	447,495	848,065	1,027,293	1,006,040	(6,522,390)	(3,274,399)
Add:									
Non-Operating Income - Interest income		39,697	12,089	2,790	849	4,057	1,236	46,544	14,174
(Deficit)/Surplus before taxation and government grants		(7,957,481)	(5,116,415)	450,285	848,914	1,031,350	1,007,276	(6,475,846)	(3,260,225)
Less:									
Income Tax	23	(120,726)	(156,649)	(8,494)	(11,017)	(12,332)	(16,002)	(141,552)	(183,668)
(Deficit)/Surplus after taxation but before government grants		(8,078,207)	(5,273,064)	441,791	837,897	1,019,018	991,274	(6,617,398)	(3,443,893)
Add:									
Government grants	24	13,190,474	15,376,797	342,268	348,936	-	-	13,532,742	15,725,733
Less: Transfer to:									
Sinking Fund	4,24	(2,234,288)	(2,215,747)	(1,560)	(1,560)	-	-	(2,235,848)	(2,217,307)
Town Improvement and Project Fund	5,24	(1,395,493)	(3,619,920)	-	-	-	-	(1,395,493)	(3,619,920)
Lift Replacement Fund	6,24	(4,404,654)	(4,424,521)	(337,108)	(343,777)	-	-	(4,741,762)	(4,768,298)
		5,156,039	5,116,609	3,600	3,599	-	-	5,159,639	5,120,208
(Deficit)/Surplus for the financial year		(2,922,168)	(156,455)	445,391	841,496	1,019,018	991,274	(1,457,759)	1,676,315
Add:									
Accumulated surplus at beginning of year		3,677,262	4,153,158	3,261,416	2,458,160	2,468,136	1,476,862	9,406,814	8,088,180
Accumulated surplus transferred from carpark to residential property		3,487,154	-	-	-	(3,487,154)	-	-	-
Less: Appropriation to town improvement and project fund	5	(496,432)	(319,441)	(140,879)	(38,240)	-	-	(637,311)	(357,681)
Accumulated surplus at end of year		3,745,816	3,677,262	3,565,928	3,261,416	2,468,136	2,468,136	7,311,744	9,406,814

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

BISHAN-TOA PAYOH TOWN COUNCIL
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Notes to the financial statements for the financial year ended 31 March 2023

4 Sinking Fund

	Note	Residential property 2023 \$	Residential property 2022 \$	Commercial property 2023 \$	Commercial property 2022 \$	Total 2023 \$	Total 2022 \$
Balance at beginning of year		85,142,065	84,441,551	35,192,976	35,026,879	120,335,041	119,468,430
Add:							
Operating income transfer from conservancy and service fees (minimum required by law)	3	9,695,089	9,715,862	1,265,761	1,266,082	10,960,850	10,981,944
Transfer from government grants	3,24	2,234,288	2,215,747	1,560	1,560	2,235,848	2,217,307
Other income	25(i)	2,595,599	929,841	182,412	65,298	2,778,011	995,139
		14,524,976	12,861,450	1,449,733	1,332,940	15,974,709	14,194,390
Less: Expenditure	25(ii)	(10,410,229)	(12,004,168)	(1,170,976)	(1,155,829)	(11,581,205)	(13,159,997)
Less: Income tax	23	(333,665)	(156,768)	(23,454)	(11,014)	(357,119)	(167,782)
Surplus for the financial year		3,781,082	700,514	255,303	166,097	4,036,385	866,611
Balance at end of year		88,923,147	85,142,065	35,448,279	35,192,976	124,371,426	120,335,041

Represented by:

Non-Current asset

Investments at amortised cost

57,521,988

Current assets

Investments at amortised cost
Conservancy and service fees receivables
Other receivables
Interest receivable
Grants receivable
Amount due from accumulated surplus
Fixed deposits with financial institutions
Cash and bank balances

-	8,002,506
187,988	176,310
336,081	141,755
839,396	214,458
116,404	94,363
949,094	956,917
65,296,503	75,963,856
2,454,789	6,846,327
70,180,255	92,396,492
127,702,243	123,915,769

Total assets

Less:

Current liabilities

Payables and accrued expenses
Income tax payable

Total liabilities

Net assets

2,805,647	3,184,130
525,170	396,598
3,330,817	3,580,728
124,371,426	120,335,041

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

5 Town Improvement and Project Fund

	Note	Residential property		Commercial property		Total	
		2023	2022	2023	2022	2023	2022
		\$	\$	\$	\$	\$	\$
Balance at beginning of year		10,000	866,027	10,000	146,999	20,000	1,013,026
Add:							
Transfer from Government Grants	3,24	1,395,493	3,619,920	-	-	1,395,493	3,619,920
Less: Expenditure	26	(1,891,925)	(4,795,388)	(140,879)	(175,239)	(2,032,804)	(4,970,627)
Deficit for the financial year		(496,432)	(1,175,468)	(140,879)	(175,239)	(637,311)	(1,350,707)
Add: Appropriation from accumulated surplus	3	496,432	319,441	140,879	38,240	637,311	357,681
Balance at end of year		10,000	10,000	10,000	10,000	20,000	20,000

Represented by:

Current assets

Grants receivable
Other receivables
Cash and bank balances

Total assets

4,346,119	3,824,818
526,164	246,868
908,916	993,282
5,781,199	5,064,968

Less:

Current liabilities

Payables and accrued expenses
Amount due to accumulated surplus

Total liabilities

Net assets

927,453	893,833
4,833,746	4,151,135
5,761,199	5,044,968
20,000	20,000

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

BISHAN-TOA PAYOH TOWN COUNCIL
(Established under the Town Councils Act 1988)
Notes to the financial statements for the financial year ended 31 March 2023

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6 Lift Replacement Fund

	Note	Residential property 2023 \$	2022 \$	Commercial property 2023 \$	2022 \$	Total 2023 \$	2022 \$
Balance at beginning of year		31,186,086	28,948,300	10,860,511	9,862,322	42,046,597	38,810,622
Add:							
Operating income transfer from conservancy and service fees (minimum required by law)							
Transfer from Government Grants							
- Other Government Grant	3	1,203,077	1,193,094	840	840	1,203,917	1,193,934
- Lift Replacement Fund Matching Grant		3,201,577	3,231,427	336,268	342,937	3,537,845	3,574,364
	3, 24	4,404,654	4,424,521	337,108	343,777	4,741,762	4,768,298
		594,207	149,257	41,770	10,489	635,977	159,746
Other income – Interest income		10,219,296	9,805,398	1,060,442	1,036,003	11,279,738	10,841,401
Less: Expenditure	27	(6,636,522)	(7,542,848)	(18,898)	(36,075)	(6,655,420)	(7,578,923)
Less: Income tax	23	(86,547)	(24,764)	(6,083)	(1,739)	(92,630)	(26,503)
Surplus for the financial year		3,496,227	2,237,786	1,035,461	998,189	4,531,688	3,235,975
Balance at end of year		34,682,313	31,186,086	11,895,972	10,860,511	46,578,285	42,046,597

Represented by:

Non-Current asset

Investments at amortised cost

8,259,168

Current assets

Investments at amortised cost
Conservancy and service fees receivables
Other receivables
Interest receivable
Grant receivables
Receivables for Selective Lift Replacement and Lift Enhancement Programme
Amount due from accumulated surplus
Fixed deposits with financial institutions
Cash and bank balances

2,940,300	-
101,225	94,936
76,928	147,088
262,281	82,050
823,615	815,199
5,127,560	6,145,253
2,241,467	1,305,912
25,823,908	23,033,061
4,232,054	6,214,188

Total assets

Less:

Current liabilities

Payables and accrued expenses
Income tax payable

Total liabilities

Net assets

3,190,592	4,001,915
119,629	48,920
3,310,221	4,050,835
46,578,285	42,046,597

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

7 Property, plant and equipment

	<u>Furniture, Fixtures and Fittings</u> \$	<u>Office Equipment</u> \$	<u>Data processing equipment/ software</u> \$	<u>Office Premises</u> \$	<u>Total</u> \$
Cost					
At 31 March 2021	942,268	32,088	723,226	1,419,742	3,117,324
Additions	7,120	-	163,475	-	170,595
Lease modification	-	-	-	(30,758)	(30,758)
At 31 March 2022	949,388	32,088	886,701	1,388,984	3,257,161
Additions	9,900	-	12,088	-	21,988
At 31 March 2023	959,288	32,088	898,789	1,388,984	3,279,149
Accumulated depreciation					
At 31 March 2021	938,378	29,347	162,933	511,638	1,642,296
Depreciation for the year (Note 22)	2,118	1,845	270,620	253,032	527,615
At 31 March 2022	940,496	31,192	433,553	764,670	2,169,911
Depreciation for the year (Note 22)	4,151	468	264,746	246,036	515,401
At 31 March 2023	944,647	31,660	698,299	1,010,706	2,685,312
Net book value					
At 31 March 2022	8,892	896	453,148	624,314	1,087,250
At 31 March 2023	14,641	428	200,490	378,278	593,837

Right-of-use assets from lease contracts are presented under Office Premises.

8 Investments at amortised cost

	2023 \$	2022 \$
Investments at amortised cost	68,721,456	47,781,528
Comprising:		
Quoted bonds and treasury bills issued by statutory boards	31,704,072	33,768,786
Quoted bonds issued by corporations and other non-governmental body/statutory boards	37,017,384	14,012,742
	68,721,456	47,781,528
Maturing:		
Within one year	2,940,300	8,002,506
After one year but within five years	37,763,527	15,756,506
After five years	28,017,629	24,022,516
	68,721,456	47,781,528
Market value	65,440,973	46,983,510

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

8 Investments at amortised cost (Cont'd)

Investments in quoted bonds have fixed interest rates ranging from 1.73% to 5.00% (2022: 1.73% to 4.20%) per annum and maturity dates ranging from May 2023 to October 2036 (2022: August 2022 to October 2036) as at reporting date.

The fair value of quoted bonds are based on the closing bid price at the end of the financial year and are within Level 1 of the fair value hierarchy.

9 Conservancy and service fees receivables

	2023 \$	2022 \$
Conservancy and service fees receivables	2,368,046	2,163,743
Less: Allowance for impairment	(1,645,015)	(1,485,628)
	<u>723,031</u>	<u>678,115</u>

Movements in allowance for impairment during the year are as follows:

	2023 \$	2022 \$
Balance at beginning of year	(1,485,628)	(1,458,082)
Allowance for the year (Note 22)	(159,387)	(27,546)
Balance at end of year	<u>(1,645,015)</u>	<u>(1,485,628)</u>

The age analysis of conservancy and service fees receivables is as follows:

	2023 \$	2022 \$
Not past due	165,875	156,095
Past due 1 - 3 months	349,072	344,442
Past due 4 - 5 months	112,122	103,520
More than 6 months	1,740,977	1,559,686
Total receivables	2,368,046	2,163,743
Less: Allowance for impairment	(1,645,015)	(1,485,628)
	<u>723,031</u>	<u>678,115</u>

10 Other receivables

	2023 \$	2022 \$
Deposits	223,000	207,725
GST receivable from Inland Revenue	289,926	348,531
Recoverable from HDB/NEA	8,197	14,800
Prepaid expenses	36,903	15,503
Other receivables	632,150	634,629
Less: Allowance for impairment*	-	(267,746)
	<u>632,150</u>	<u>366,883</u>
	<u>1,190,176</u>	<u>953,442</u>

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

10 Other receivables (Cont'd)

* The allowance for impairment relates to a receivable from an electricity utility company that is in the process of liquidation. The Town Council has written off the full provision made on the outstanding amount.

Included in other receivables was reimbursement for Safe Management Measure ("SMM") at markets from Ministry of National Development ("MND") of S\$Nil (2022: S\$210,258).

11 Grants receivable

	2023 \$	2022 \$
Receivable from Citizens' Consultative Committee	4,346,119	3,824,818
GST subvention receivable	447,930	362,936
Lift Replacement Fund Matching Grant	760,936	764,388
S&CC Grant Received in Advance	(221)	-
	5,554,764	4,952,142

12 Receivable/(Advance) for Electrical Load Upgrading Programme

	2023 \$	2022 \$
Balance at beginning of year	367,733	(291,402)
Government funds received/receivable	(1,633,105)	(653,909)
Payments/payable to contractors	987,257	1,313,044
	(645,848)	659,135
Balance at end of year	(278,115)	367,733

The balances comprise of:

	2023 \$	2022 \$
Receivables from HDB	76,268	367,733
Advances from HDB not yet utilised	(354,383)	-
	(278,115)	367,733

The Electrical Load Upgrading ("ELU") was introduced to upgrade the incoming electrical supply for HDB apartment blocks with a 40amps main switch instead of 30amps. The ELU works include supply and installation of new main switchboard including all accessories, connection, authority testing, commissioning and LEW licensing; replacement of all electrical sub-main risers including all tap-off boxes, accessories and connections; as well as replacement of all meter boards for residential units including authority testing and commissioning.

Blocks completed on or after 1 January 1994 and have undergone the Main Upgrading Programme ("MUP") are not eligible for ELU as they are already provided with a higher electrical loading of 40 amps main switch.

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

13 Receivable/(Advance) for Neighbourhood Renewal Programme

	2023 \$	2022 \$
Balance at beginning of year	5,982,877	1,868,210
Government funds received/receivables	(4,916,747)	(436,696)
Payments/payables to contractors	2,127,208	4,551,363
	(2,789,539)	4,114,667
Balance at end of year	3,193,338	5,982,877

The balances comprise of:

	2023 \$	2022 \$
Receivables from HDB	4,459,898	7,105,652
Advances from HDB not yet utilised	(1,266,560)	(1,122,775)
	3,193,338	5,982,877

Neighbourhood Renewal Programme (“NRP”) was introduced in August 2007 in response to feedback received from residents during the Forum on HDB Heartware for more active consultation on the improvements to be provided in their precincts. Blocks built up to 1989 and have not undergone the Main Upgrading Programme (“MUP”) or Interim Upgrading Programme (“IUP”) are eligible for NRP.

The Town Council receives funding from the government to cover NRP expenditure. If the cost of project works incurred exceeds the funding provided, the Town Council has to bear the cost of excess expenditure.

14 Receivables for Selective Lift Replacement (“SLRP”) and Lift Enhancement Programme (“LEP”)

	2023 \$	2022 \$
Receivable for Selective Lift Replacement Programme	4,051,698	4,051,698
Receivable for Lift Enhancement Programme	1,075,862	2,093,555
Total	5,127,560	6,145,253

(a) Receivable for SLRP

	2023 \$	2022 \$
Balance at beginning and end of year	4,051,698	4,051,698

SLRP was introduced to help replace old 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 old lifts were installed between 1987 and 1997, and are in blocks that are already barrier-free and do not need upgrading under the Lift Upgrading Programme (“LUP”). However, they lack certain safety and security features that come with modern lifts. HDB will help co-pay 50% for the replacement of these lifts (capped at \$125,000 per lift) when the Town Council is ready to replace them.

14 Receivables for Selective Lift Replacement ("SLRP") and Lift Enhancement Programme ("LEP") (Cont'd)

(b) Receivable for LEP

	2023 \$	2022 \$
Balance at beginning of year	2,093,555	903,723
Government funds received/receivable	(1,017,693)	-
Payments/payable to contractors	-	1,189,832
Balance at end of year	1,075,862	2,093,555

LEP was introduced in September 2016 for HDB to support the Town Council in its enhancements to existing lifts which have been in operation for 18 years or less (based on April 2017) and are not yet equipped with all the recommended lift components. With the LEP, HDB will co-fund 92.5% of the lift cost or 92.5% of actual LEP cost, whichever is lower.

Consistent with accounting policy adopted for Government Grants, where the conditions on the co-funding are met and that the funds from the co-funding will be received, the Town Council has adopted the policy where the co-funding from HDB for SLRP and LEP are recognised over the periods necessary to match them with related expenditure that they are intended to co-fund.

15 Fixed deposits with financial institutions

	2023 \$	2022 \$
Fixed deposits with financial institutions (Note 16)	93,268,964	102,146,960

Fixed deposits with financial institutions mature on varying dates within 12 months (2022: 12 months) from the end of the financial year. Interest rates at the reporting date were between 2.10% and 4.11% (2022: between 0.19% and 0.96%) per annum. Fixed deposits are also callable on demand by the Town Council without incurring any significant penalties and interest costs.

16 Cash and bank balances

	2023 \$	2022 \$
Cash and bank balances	13,447,424	19,696,959

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

	2023 \$	2022 \$
Cash and bank balances	13,447,424	19,696,959
Fixed deposits with financial institutions (Note 15)	93,268,964	102,146,960
Cash and cash equivalents in statement of cash flows	106,716,388	121,843,919

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

17 Payables and accrued expenses

	2023 \$	2022 \$
Refundable deposits	472,103	368,620
Payables to contractors	3,307,671	6,126,798
Accrued operating expenses	8,196,607	9,555,255
Other creditors	124,835	9,450
	12,101,216	16,060,123
	2023 \$	2022 \$
Current		
- Due within one year	11,994,296	15,914,323
Non-current		
- Due after one year but within five years	106,920	145,800
- Due after five years	-	-
	106,920	145,800
	12,101,216	16,060,123

18 Lease liabilities

Town Council has leases for office premises. The lease term for office premises are 3 years, with further 3 years' renewal option. Town Council exercises significant judgement (as disclosed in Note 2(ii)(b)) in determining whether the renewal options for lease of office premises are reasonably certain to be exercised. The carrying amount of lease liabilities for office premises are as follows:

	2023 \$	2022 \$
Current		
- Due within one year	257,933	250,319
Non-current		
- Due after one year but within five years	141,885	399,818
	399,818	650,137

The table below details changes in the Town Council's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Town Council's statement of cash flows as cash flows from financing activities.

	Beginning of financial year	Financing cash flows		Non-cash changes		End of financial year
	\$	Repayments made	Interest paid	Change of consideration	Interest expenses	\$
2023						
Lease liabilities	650,137	(250,319)	(16,081)	-	16,081	399,818
2022						
Lease liabilities	931,640	(250,745)	(22,355)	(30,758)	22,355	650,137

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

19 Conservancy and service fees received in advance

Conservancy and service fees received in advance is a contract liability relating to the Town Council's obligation to transfer goods or services to customers for which the Town Council has received advances from customers for goods or services to be delivered. Contract liabilities are recognised as income as the Town Council performs under the contract.

Conservancy and service fee recognised during the financial year ended 31 March 2023 included in contract liabilities at the beginning of the year was S\$825,690 (2022: S\$874,618).

20 Agency fees

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

21 Other income

	2023 \$	2022 \$
Agency fees	2,027	2,316
Late payment fees	153,603	154,024
Liquidated damages	368,557	321,930
Sale of tender documents	10,100	21,200
Sundry fines	7,700	2,900
Sundry income	111,933	199,349
Temporary occupation licences	1,334,220	1,423,241
Use of void decks and common property	53,377	41,872
Use of water and electricity	109,287	69,363
	2,150,804	2,236,195

Included in sundry income was a one-off government grant of S\$Nil (2022: S\$1,050) for the Town Council's implementation of Safe Distancing Measures at community facilities.

22 General and administrative expenditure

	2023 \$	2022 \$
Advertising, publicity and public relations	185,400	163,655
Computer services	351,460	333,965
Conservancy and service fees receivables		
- allowance for impairment (Note 9)	159,387	27,546
Depreciation of property, plant and equipment (Note 7)	515,401	527,615
Employee remuneration (Note 28)	5,631,565	5,636,189
Office expenses	186,956	209,595
Others	267,331	249,356
Professional fees	200,052	136,302
Property tax	131,076	150,000
Unclaimable GST	391,457	353,961
Interest on lease liabilities	16,081	22,355
Conservancy and service fee rebate	32,037	57,187
Allocation of general and administrative expenditure to:		
- Sinking Fund (Note 25 (ii))	(384,506)	(361,440)
- Town Improvement and Project Fund (Note 26)	(78,395)	(135,702)
- Lift Replacement Fund (Note 27)	(233,725)	(205,066)
	7,371,577	7,165,518

The Town Council has set off the reimbursement for SMM from MND of S\$Nil (2022: S\$435,167) against the relevant implementation costs.

23 Income tax

	2023 \$	2022 \$
Current tax expense		
- Current year	591,301	358,531
- Under provision in respect of previous years	-	19,422
	591,301	377,953
Taken up in:		
Accumulated surplus (Note 3)	141,552	183,668
Sinking Fund (Note 4)	357,119	167,782
Lift Replacement Fund (Note 6)	92,630	26,503
	591,301	377,953

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

23 Income tax (Cont'd)

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

	2023 \$	2022 \$
Government grants	13,532,742	15,725,733
Investment and interest income	3,459,970	1,168,246
Other income	791,710	953,114
	17,784,422	17,847,093
Tax calculated at Singapore tax rate of 17% (2022 - 17%)	3,023,352	3,034,006
Income taxed at concession tax rate of 10%	(128,743)	-
Singapore statutory stepped income exemption	(17,425)	(17,425)
Tax remission of government grants under Section 92(2) of Singapore Income Tax Act	(2,285,778)	(2,658,021)
Under provision in respect of previous years	-	19,422
Others	(105)	(29)
	591,301	377,953

Movements in income tax payable are as follows:

	2023 \$	2022 \$
Balance at beginning of year	746,100	934,864
Payments during the year	(387,569)	(566,717)
Under provision in respect of previous years	-	19,422
Tax expense on income for current year	591,301	358,531
Balance at end of year	949,832	746,100

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

BISHAN-TOA PAYOH TOWN COUNCIL

(Established under the Town Councils Act 1988)

Notes to the financial statements for the financial year ended 31 March 2023

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24 Government grants

Note		Service and conservancy charge operating grant		GST Subvention grant		Payment from Citizens' Consultative Committee		Lift Maintenance Grant		Lift Replacement Fund Matching Grant		Total	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
3	Government grants received/receivable during the year	6,246,980	6,264,252	1,535,824	1,451,197	1,395,493	3,619,920	816,600	816,000	3,537,845	3,574,364	13,532,742	15,725,733
Less:													
3, 4	Transfer to Sinking Fund	(1,624,215)	(1,628,706)	(399,317)	(376,441)	-	-	(212,316)	(212,160)	-	-	(2,235,848)	(2,217,307)
	Transfer to Town Improvement and Project Fund	-	-	-	-	(1,395,493)	(3,619,920)	-	-	-	-	(1,395,493)	(3,619,920)
3, 6	Transfer to Lift Replacement Fund	(874,577)	(876,995)	(215,016)	(202,699)	-	-	(114,324)	(114,240)	(3,537,845)	(3,574,364)	(4,741,762)	(4,768,298)
		3,748,188	3,758,551	921,491	872,057	-	-	489,960	489,600	-	-	5,159,639	5,120,208

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

	2023	2022
	\$	\$
Total grants received as at beginning of year	326,870,698	310,862,851
Grants received during the year	12,423,311	16,007,847
Total grants received as at end of year	339,294,009	326,870,698

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

25 Sinking Fund income and expenditure**(i) Income**

	2023 \$	2022 \$
Interest income from bank deposits	1,152,611	220,689
Interest income from quoted bonds	1,624,763	773,638
Others	637	812
	2,778,011	995,139

(ii) Expenditure

	2023 \$	2022 \$
Other works	195,170	768,976
Replacement of generator and water pumpset	4,203,680	2,215,524
Replacement of water pipes	(41,293)	214,638
Replacement of booster pump	-	165,200
Re-decoration and repainting works	5,906,096	8,334,607
Re-roofing works	784,990	954,270
Unclaimable GST	148,056	145,342
General and administrative expenditure (Note 22)	384,506	361,440
	11,581,205	13,159,997

26 Town Improvement and Project Fund expenditure

	2023 \$	2022 \$
Covered linkways	1,045,306	1,464,010
Construction/upgrading of playground and fitness corner	117,600	952,689
Open Space improvement	753,091	2,267,754
Construction of facilities and other amenities	38,412	150,472
General and administrative expenditure (Note 22)	78,395	135,702
	2,032,804	4,970,627

27 Lift Replacement Fund expenditure

	2023 \$	2022 \$
Replacement of main sheaves/ropes	2,103,405	2,090,636
Replacement of ARD/EBOPS battery	216,585	242,565
Other lift related works and unclaimable GST*	4,101,705	5,040,656
General and administrative expenditure (Note 22)	233,725	205,066
	6,655,420	7,578,923

* Net of funding for SLRP and LEP of S\$Nil and S\$ (1,017,693) (2022: S\$Nil and S\$1,189,832) respectively.

28 Employees' remuneration

	2023 \$	2022 \$
Councillors' allowance	169,200	171,600
Salaries and related costs	4,890,873	5,024,689
Contributions to CPF	664,517	740,918
Job Support Scheme, Job Growth Incentive and Wage Credit Scheme	(93,025)	(301,018)
	5,631,565	5,636,189

Employees' remuneration include the following:

	2023 \$	2022 \$
Key management personnel remuneration		
- Councillors' allowance*	169,200	171,600
- Salaries and related costs	645,651	618,329
- Contribution to CPF	27,576	28,209
	842,427	818,138

* The Town Councillors consist of elected members and other members appointed by the Chairman. The Town Councillors receive a monthly allowance.

During the financial year, the Town Council recognised government grants in the form of Job Support Scheme ("JSS") of S\$Nil (2022: \$84,188) where the Government co-funded between 10% to 75% of the first S\$4,600 of gross monthly wages paid to each local employee employed by the Town Council. Grant income is recognised in the statement of income and expenditure on a systematic basis from 1.4.2021 to 31.3.2022 and is set off against related salary costs for which the grant is intended to compensate.

29 Expenditure and capital commitments

Expenditure and capital commitments approved by the Town Council but not provided for in the financial statements are as follows:

	2023 \$	2022 \$
Amount approved and contracted for	37,323,329	24,268,550
Amount approved but not contracted for	56,657,596	50,914,243

30 Financial instruments and financial risks

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

30.1 Credit risk

Credit risk is the potential financial loss resulting from the failure of a counterparty to settle its contractual obligations to the Town Council when they fall due. Financial assets that are potentially subject to credit risk consist principally of fixed deposits and bank balances, conservancy and service fees receivables, other receivables, grants receivable and investments. The maximum exposure to credit risk is the fair value of the financial instruments as at the end of the reporting period.

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

30 Financial instruments and financial risks (Cont'd)**30.1 Credit risk (Cont'd)**

Bank balances and fixed deposits are placed with Singapore-regulated financial institutions.

Investments comprised of bonds, real estates investment trust and treasury bills issued by statutory boards and corporations with good credit standing.

For receivables, an ongoing credit evaluation is performed on the financial conditions of the receivables and losses on impairment are recognised in income or expenditure. The allowance for doubtful conservancy and service fees receivables totalling S\$1,645,015 (2022: S\$1,485,628) has been determined at the reporting date. There are no concentrations of credit risk with respect to conservancy and service fees receivables as the exposure is spread over a large number of residents.

The tables below detail the credit quality of the Town Council's receivables as well as maximum exposure to credit risk by credit risk rating grades:

Town Council	Internal credit rating	12-month/ Lifetime ECL	Gross carrying amount \$	Loss allowance \$	Net carrying amount \$
2023					
<u>Financial assets</u>					
Conservancy and service fees receivables (Note 9)	(1)	Lifetime ECL (Simplified approach)	2,368,046	(1,645,015)	723,031
Other receivables (Note 10)	(2)	12-month ECL	1,190,176	-	1,190,176
Grants receivable (Note 11)	(2)	Performing	5,554,764	-	5,554,764
Receivables for Electrical Load Upgrading Programme (Note 12)	(2)	Performing	76,268	-	76,268
Receivables for Neighbourhood Renewal Programme (Note 13)	(2)	Performing	4,459,898	-	4,459,898
Receivables for Selective Lift Replacement and Lift Enhancement Programme (Note 14)	(2)	Performing	5,127,560	-	5,127,560

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

30 Financial instruments and financial risks (Cont'd)**30.1 Credit risk (Cont'd)**

Town Council	Internal credit rating	12-month/ Lifetime ECL	Gross carrying amount \$	Loss allowance \$	Net carrying amount \$
2022					
<u>Financial assets</u>					
Conservancy and service fees receivables (Note 9)	(1)	Lifetime ECL (Simplified approach)	2,163,743	(1,485,628)	678,115
Other receivables (Note 10)	(3)	12-month ECL	1,221,188	(267,746)	953,442
Grants receivable (Note 11)	(2)	Performing	4,952,142	-	4,952,142
Receivables for Electrical Load Upgrading Programme (Note 12)	(2)	Performing	367,733	-	367,733
Receivables for Neighbourhood Renewal Programme (Note 13)	(2)	Performing	7,105,652	-	7,105,652
Receivables for Selective Lift Replacement and Lift Enhancement Programme (Note 14)	(2)	Performing	6,145,253	-	6,145,253

- (1) For conservancy and service fees receivables, the Town Council has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL. The Town Council determines the expected credit losses on these receivables by reference to their historical credit loss experience based on the past due status of the debtors, adjusted for forward looking factors specific to the receivables and the economic conditions.

There are no other material classes of financial assets that are past due except for the conservancy and service fees receivables. The age analysis of conservancy and service fees receivables is disclosed in Note 9.

The impaired conservancy and service fees receivables arise mainly from residents who are facing significant financial hardships and have difficulties in paying their conservancy and service fees despite reminders and notices sent.

- (2) Counterparties with a low risk of default.

- (3) Impaired other receivables is due from an electric utility company that is undergoing liquidation.

30.2 Market risk*Interest rate risk*

The exposure in interest rate risk mainly arises from changes in interest rates as disclosed in Notes 8 and 15.

Equity price risk

Equity price risk is applicable to investments in equity shares or similar instruments.

There is no exposure to equity price risk as the Town Council has no investment in equity shares or similar instruments.

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

30 Financial instruments and financial risks (Cont'd)**30.3 Liquidity risk**

Liquidity risk is the risk that the Town Council will not be able to meet its financial obligations from shortage of funds. The Town Council manages the liquidity risk by maintaining sufficient cash and internally generated cash flows. Besides, the Town Council's operations are partially supported by various grants from the government and the Town Council is satisfied that funds for operations are available when required.

The normal credit period for settlement of payables and accrued expenses is 30 days (2022: 30 days). It is expected that all the liabilities will be paid when due with cash inflows from operating activities and government grants.

The following are the contractual maturities of financial assets and financial liabilities, based on contractual undiscounted cash flows:-

	Carrying amount	Contractual cash flows	One year or less	Two to five years	After five years
	\$	\$	\$	\$	\$
2023					
Financial assets					
Investments at amortised cost	68,721,456	80,162,667	5,068,221	44,737,803	30,356,643
Conservancy and service fees receivables	723,031	723,031	723,031	-	-
Other receivables, excluding prepaid expenses	1,153,273	1,153,273	1,153,273	-	-
Interest receivable	1,114,097	1,114,097	1,114,097	-	-
Grants receivable	5,554,764	5,554,764	5,554,764	-	-
Receivables for ELU	76,268	76,268	76,268	-	-
Receivables for NRP	4,459,898	4,459,898	4,459,898	-	-
Receivables for SLRP and LEP	5,127,560	5,127,560	5,127,560	-	-
Fixed deposits with financial institutions	93,268,964	93,268,964	93,268,964	-	-
Cash and bank balances	13,447,424	13,447,424	13,447,424	-	-
	193,646,735	205,087,946	129,993,500	44,737,803	30,356,643
Financial liabilities					
Payables and accrued expenses	12,101,216	12,101,216	11,994,296	106,920	-
Advances for ELU	354,383	354,383	354,383	-	-
Advances for NRP	1,266,560	1,266,560	1,266,560	-	-
Lease liabilities	399,818	409,800	266,400	143,400	-
	14,121,977	14,131,959	13,881,639	250,320	-

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

30 Financial instruments and financial risks (Cont'd)**30.3 Liquidity risk (Cont'd)**

The following are the contractual maturities of financial assets and financial liabilities, based on contractual undiscounted cash flows:- (Cont'd)

	Carrying amount	Contractual cash flows	One year or less	Two to five years	After five years
	\$	\$	\$	\$	\$
2022					
Financial assets					
Investments at amortised cost	47,781,528	54,784,270	9,182,403	19,411,247	26,190,620
Conservancy and service fees receivables	678,115	678,115	678,115	-	-
Other receivables, excluding prepaid expenses	937,939	937,939	937,939	-	-
Interest receivable	298,243	298,243	298,243	-	-
Grants receivable	4,952,142	4,952,142	4,952,142	-	-
Receivables for ELU	367,733	367,733	367,733	-	-
Receivables for NRP	7,105,652	7,105,652	7,105,652	-	-
Receivables for SLRP and LEP	6,145,253	6,145,253	6,145,253	-	-
Fixed deposits with financial institutions	102,146,960	102,146,960	102,146,960	-	-
Cash and bank balances	19,696,959	19,696,959	19,696,959	-	-
	190,110,524	197,113,266	151,511,399	19,411,247	26,190,620
Financial liabilities					
Payables and accrued expenses	16,060,123	16,060,123	15,914,323	145,800	-
Advances for NRP	1,122,775	1,122,775	1,122,775	-	-
Lease liabilities	650,137	676,200	266,400	409,800	-
	17,833,035	17,859,098	17,303,498	555,600	-

31 Funds management

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

- (i) To maintain the value of the funds;
- (ii) To safeguard against the impact of inflation; and
- (iii) To reduce the future financial burden on residents.

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

There were no changes in the Town Council's policies and procedures in the management of its surplus funds during the financial year. The Town Council is not subject to externally imposed capital requirements. As at the end of the reporting period, the Town Council's total funds amounted to S\$178,281,455 (2022: S\$171,808,452).

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

32 Fair value measurements

The carrying amounts of current financial assets and liabilities approximate their respective fair values due to the short-term maturity of these financial instruments.

The Town Council classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. There are three fair value hierarchy level as follows:

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

The fair value of investments as disclosed in Note 8 is categorised as Level 1.

33 Contingent Liabilities

On July 2019, the Town Council received a letter of demand from a contractor seeking compensation of S\$1.06 million for costs overruns from the works in respect of a covered plaza and open space facilities completed on 5 September 2015. The Town Council has responded in August 2019 to deny the basis of the claims in accordance with the terms of the contract and made a counterclaim of S\$560,000 against the contractor.

There has been no further communication and/or legal correspondence since August 2019 in respect of this matter. No provision in respect of the claim liability has been made in the financial statements as it was assessed that there was no merit and/or basis for the claim in accordance with the terms of the contract. Pending a response from the contractor, the Town Council has also not recognised the contingent asset arising from the counter claim made.

34 Events occurring after the reporting period

- (i) Increased in Service & conservancy charges ("S&CC")

Due to the increased operating costs on estate maintenance (manpower costs, materials and energy costs) in the Town Council, driven by other external factors, the Town Council has revised its S&CC for residential flats, commercial premises, and market/food stalls with effect from 1 July 2023.

- (ii) Time-limited special funding support from the Ministry of National Development ("MND")

In view of the impact of external factors on operational costs, the Town Council will receive a time-limited special funding support from MND to buffer the full impact of cost increases on residents and the Town Council. On 22 August 2023, the Town Council received the first tranche of the special funding of S\$2,333,885 from MND. The special funding support will be subject to the minimum contribution rates of 26% to the Sinking Fund and 14% to the Lift Replacement Fund and the resisting regulations under the Town Councils Act.

35 Comparative information

Reclassification has been made to the prior year's payables and accrued expenses to enhance comparability with the current year's financial statements. As a result, certain line items have been amended in Note 17.

	After reclassification 2022/2023 S\$	Previously reported 2021/2022 S\$
Current Liabilities		
Payables to contractors	6,126,798	815,041
Accrued operating expenses	<u>9,555,255</u>	<u>14,867,012</u>

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

