

MAKE *Sembawang* SPECIAL TOGETHER

SEMBAWANG TOWN COUNCIL

ANNUAL REPORT 2021/2022



Photo by Kevin O



SAYANG SEMBAWANG

三巴旺 心希望

அன்தூடற செம்பவாங்



MAKE OUR
Sembawang
GREEN TOO!

Photo taken at Sembawang GRC's semi-automated hydroponics HDB rooftop farm at Blk 354 Admiralty Drive MSCP, run by SG Veg Farm

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CHAIRMAN'S REVIEW

FY2021/2022 was a busy and challenging year for Sembawang Town Council.

Despite the pandemic, Sembawang Town Council continued to ensure that serving our residents remains our top priority. Essential cyclical works such as electrical re-wiring, pumps and pipes replacement, repainting and redecoration works were carried out in the financial year despite the cost increase in such cyclical works.

In FY 2021/22, our Town Council achieved Green Bands across all four categories in the Town Council Management Report (TCMR) for this financial year, which includes Estate Cleanliness, Estate Maintenance, Lift Performance, and S&CC Arrears Management. While improving on the various aspects of the Town Council's operations as stated in the existing TCMR, we are also reviewing our financial adequacy to ensure that our Town Council's financial position is healthy and there is enough sinking fund and lift replacement fund to support the various costly cyclical works as and when they are due for replacement.

We are also constantly progressing our efforts to enhance our sustainability plans. In the same financial year, among other green initiatives, we saw 5 community gardens opened in our Town. More community gardens are set to open in the coming years, helping us move towards our sustainability goals to #MakeSembawangGreen.



FINANCE

In FY 2021/2022, Sembawang Town Council had an operating surplus of \$8.90 million. As of 31 March 2022, our Town Council's Sinking Funds, Lift Replacement Funds and Accumulated Surplus stood at \$183.22 million, \$72.13 million, and \$12.91 million respectively.

The arrears cases for three months and above formed 2.47% of the total residential units under our management. This was made possible due to the strong partnership and support from our Town Councillors, Grassroots Leaders, agencies and staff in conducting house visits and offering assistance to households in arrears.



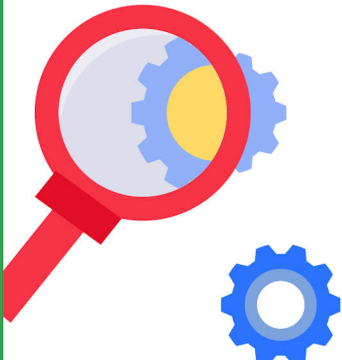
Sembawang Town Council





CODE OF GOVERNANCE

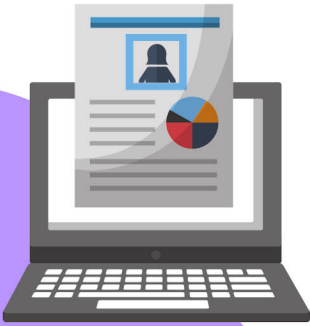
The Code of Governance for Town Councils, launched by the Ministry of National Development (MND), took effect from 1 April 2020. It aims to promote greater transparency and accountability, thus raising governance standards in town councils.



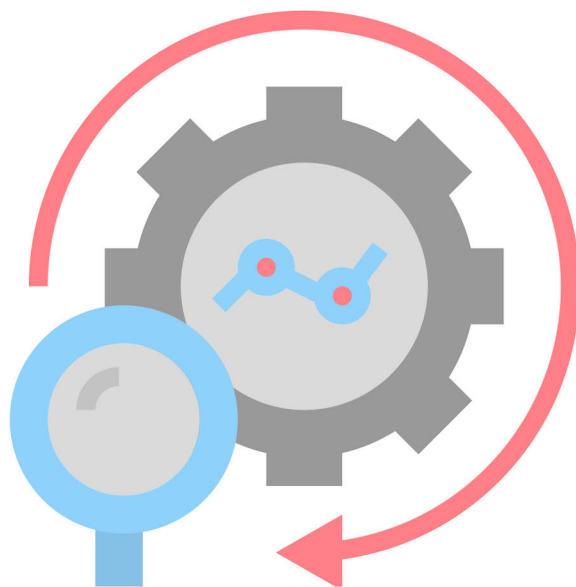
The Code of Governance consists of four main parts - Council Effectiveness, Internal Control & Process, Financial Management, and Vendor Management.

Risk Management Framework is an important feature in the Code of Governance. With the help of external consultants and guidance of our Audit Committee, Sembawang Town Council had implemented our own comprehensive framework for Enterprise Risk Management (ERM). Through our annual risk assessment, we have identified 21 key risks which was reported to the Council. The effectiveness of our internal controls has also been assessed.

Our Council is of the opinion that the Risk Management Framework and the supporting internal control policies and procedures are adequate to address the risks of the Town Council.



On the selection and appointment of Town Councillors, the elected members nominated candidates based on their relevant experience, skills, understanding of the residents' needs, involvement and contributions to the community. They would then be appointed and placed in the five standing committees ensuring that each committee has the necessary core skills and competencies to carry out the duties and responsibilities of the respective committees. In addition, two-thirds of members must be residents staying in HDB housing estates within the town in accordance with Town Council Act.



CYCLICAL WORKS

To ensure that our estates are kept in good working condition for our residents, the Town Council also undertakes a range of cyclical works. Examples of cyclical works include repairs and redecoration (R&R), re-roofing, replacement of lift parts, pumps and pipes.

Of the total sum of \$25.21 million spent on cyclical works in FY2021/2022, \$7.36 million was used for lift replacement works; another \$5.48 million and \$4.2 million were expended on R&R and electrical re-wiring works respectively.



TOWN IMPROVEMENT PROJECTS

Town improvements Projects, through the addition and enhancement of amenities, are important to meet the needs of residents. Such projects are set in motion after consultation with grassroots organizations and gathering feedback from residents on the facilities necessary to enhance our Town.

Sembawang Town Council spent a total of \$3.81 million in town improvement projects in FY 2021/2022. Of this expenditure, \$1.1 million and \$0.65 million were spent on construction of covered linkways and upgrading of playgrounds and fitness corners respectively. Another \$0.48 million was expended on Large-Scale Town-Wide (LSTW) projects.

In the same financial year, the Neighbourhood Renewal Programme (NRP) was launched in Sembawang West division. The consensus gathering was held via a webinar instead of the usual gatherings due to Covid-19's restrictions. The NRP will proceed as more than 80% of support was garnered from residents. New improvements under the NRP include multi-generation playgrounds and fitness stations, revamped open spaces, landmark structures, wider footpaths and more.



On 16 January 2022, we witnessed the opening of the first urban farm in our town at Blk 354 Admiralty Drive. This addition has moved us one step closer towards our goal of making our carpark rooftops green – be it community gardens or urban farms.

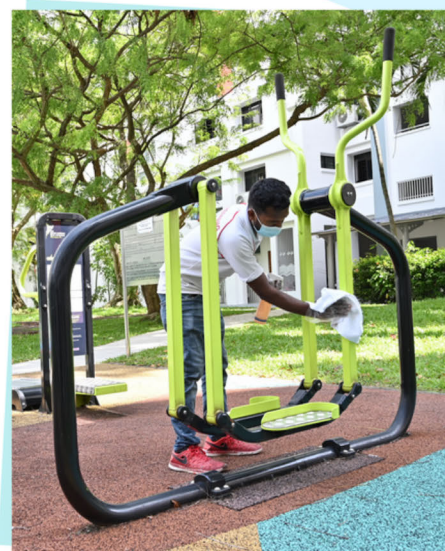
Residents can also look forward to the completion of upcoming large-scale upgrading projects such as Montreal Green Park, Woodlands Sports Park and Sembawang Central Sports-In-Precinct.



SEMBAWANG CARES

Despite Covid-19 restrictions slowly being eased, Sembawang Town Council still takes precautionary measures to minimise the spread of the virus. Increased frequency of cleaning and sanitising high touch surfaces and using antimicrobial coating are still being continued in our cleaning efforts. Additional measures include the installation of auto dispensing hand sanitisers at lift lobbies for residents' use.

Media platforms remain key avenues for us to stay in touch with our residents as we continually engage residents during the pandemic.



CREATING A SUSTAINABLE SEMBAWANG

It is through the concerted effort of our community that the Clean and Green Movement can gain momentum in Sembawang GRC. Sembawang Town Council resumed our “Keep Clean, Singapore” and Tree Planting Day initiatives in different divisions. Residents and grassroot leaders gathered to clean and plant trees around the neighbourhood. We also took the opportunity to express our appreciation to our cleaners for their hard work and efforts in keeping our town clean.

In line with Singapore Green Plan 2030, the Action Green Town Plan is an initiative among the 15 PAP Town Councils and residents that aims to enhance sustainability plans and efforts nationwide. Concerted efforts have been taken, and we will continue to work closely with various agencies to make Sembawang GRC a zero waste, energy efficient and greener Town, while maintaining the high level of cleanliness in our estates.



Recycling campaigns are still being held regularly to encourage our residents to recycle items that they no longer need or use. It is also through publicity materials, regular recycling drives, and working closely with community partners like ALBA, we continually educate residents on how to recycle right.

In addition, e-waste collection bins by ALBA such as 3-in-1, Battery & Bulb, and Battery-Only, and paper-recycling machines by SGRecycle are placed around our estates.

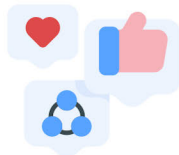
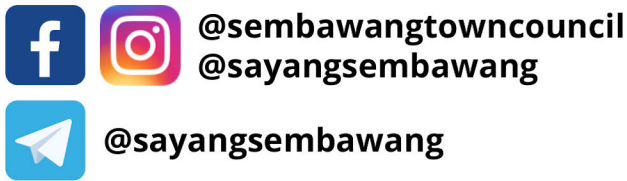
In the same financial year, 23 lifts were installed with Elevator Energy Regeneration System (EERS) to reduce energy consumption. The regenerative drive in the system recovers the potential energy of the lift car moving and converts it into electricity which will be used to power up other services within the lift. In total, 664 lifts in Sembawang GRC had been installed with EERs, and have helped us save 700,000kWh in energy consumption per year.

Sembawang Town Council has adopted the practice of reusing and recycling tree pruning waste as well. The waste is converted into mulch for our trees and shrubs as it helps retain moisture and reduce weed growth. It also turns into fertiliser over time.

Moving forward, we also are looking into the possibilities of recycling garden waste. Let us all work together to make Sembawang clean and green!



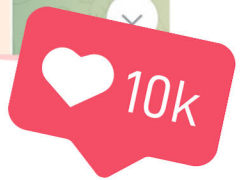
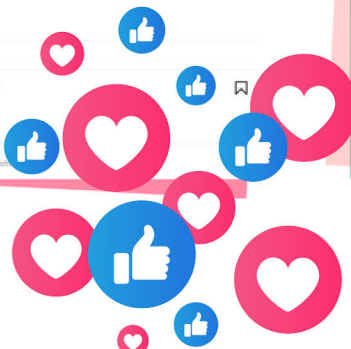
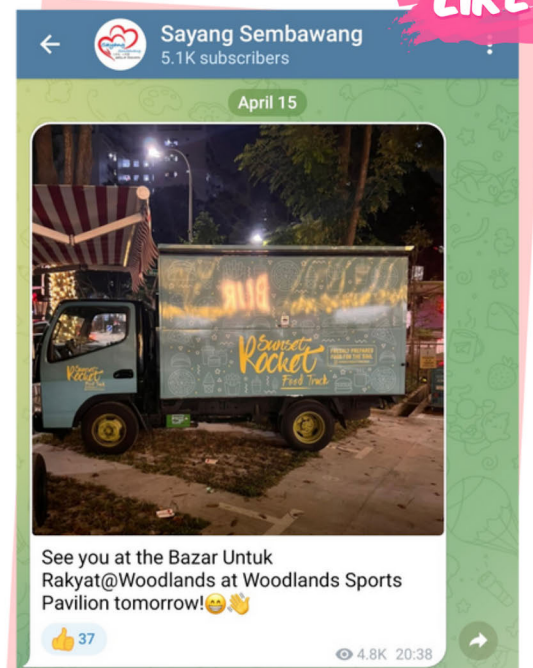
ENGAGING OUR RESIDENTS



We are always exploring new ways to engage with our residents. Thus, Sembawang Town Council has continually strengthened our existing communications channels in FY2021/2022. Residents can submit their feedback through our email, website and our Facebook page. These platforms help us to continuously engage with residents, keep their opinions in view and stay receptive to new ideas and constructive feedback.

We also leverage on our strong social media presence to reach out to our residents. Our Facebook pages --- Sayang Sembawang Facebook page and Sembawang Town Council Facebook page --- have a combined fan base of 57,100 as of 31 March 2022.

Other avenues that we use to further reach out to residents in Sembawang GRC include our fortnightly digital newsletter (to keep residents updates on the latest town happenings and developments). A Telegram Channel "Sayang Sembawang" has also been created as a supplementary platform to reach out to the younger audience in our Town, and provide instant updates to our residents.



SAYANG OUR FUTURE

Sembawang GRC is constantly transforming with new developments sprucing up many areas in our Town.

The highly anticipated Woodlands Integrated Transport Hub was opened on 13 June 2022. The fully air-conditioned bus interchange with inclusive features, seamlessly connects Point shopping mall to the Woodlands North-South Line (NSL) and Woodlands Thomson-East Coast Line (TEL) MRT stations. It brings residents more convenient transfers between the rail network and bus services.

We also saw the topping out ceremony of Woodlands Health Campus on 12 February 2022. Residents can look forward to the progressive opening of the various facilities such as indoor sports hall, food centre, swimming pools, gyms, etc. in Bukit Canberra in the 4th quarter of 2022.

This would not have been possible without the support of our Town Councillors, Grassroot Leaders and the Town Council staff. I would also like to thank our residents for their valuable feedback to help us continually improve our Town, and also for their unwavering support.

Let us continue to work together for a better home, a better Sembawang.

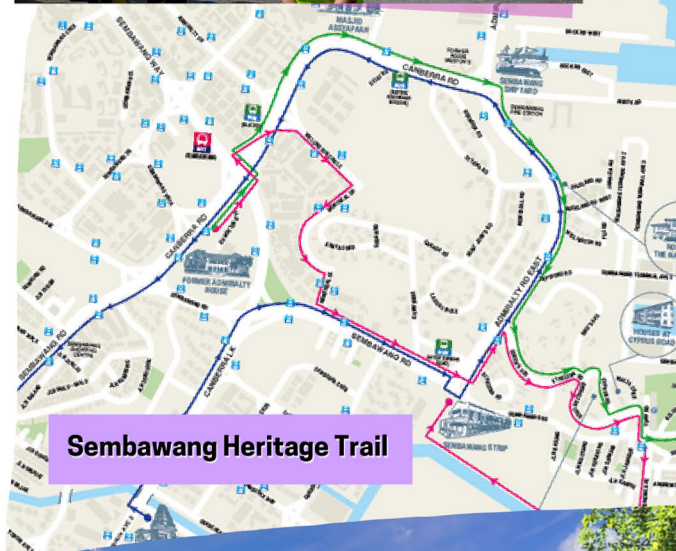
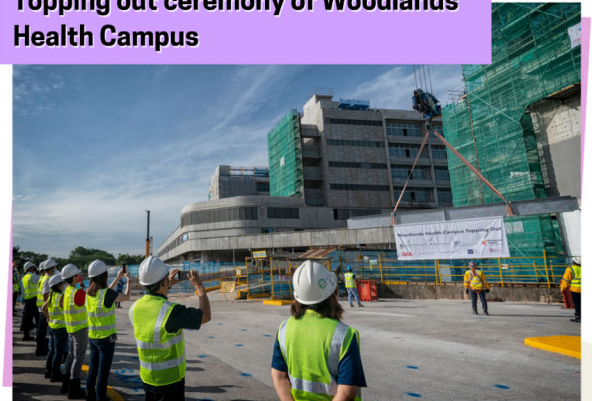
#MakeSembawangSpecial

Vikram Nair
Chairman
Sembawang Town Council

Woodlands Integrated Transport Hub



Topping out ceremony of Woodlands Health Campus



Sembawang Heritage Trail

Canberra House Library



ANNUAL FINANCIAL STATEMENTS

31 March 2022



SEMBAWANG TOWN COUNCIL

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

ADDRESS

Block 504C Canberra Link #01-63 Singapore 753504

INDEPENDENT AUDITOR

Ecovis Assurance LLP

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEMBAWANG 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 Sembawang Town Council (the "Town Council"), which comprise the statement of financial position of the Town Council as at 31 March 2022, the income and expenditure statement, statement of comprehensive income, statement of changes in Town Council funds and cash flow statement for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 53.

In our opinion, the accompanying financial statements of the Town Council are properly drawn up in accordance with the provisions of the Town Councils Act 1988 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to present fairly, in all material respects, the financial position of the Town Council as at 31 March 2022 and of the financial performance, changes in funds and cash flows of the Town Council for the financial year ended on that date.

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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 SEMBAWANG TOWN COUNCIL

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEMBAWANG TOWN COUNCIL

(Established under the Town Councils Act 1988)

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

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

Report on Other Legal and Regulatory Requirements

Opinion

In our opinion:

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

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SEMBAWANG TOWN COUNCIL

(Established under the Town Councils Act 1988)

Responsibilities of Management for Compliance with Legal and Regulatory Requirements

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

Auditor's responsibilities for the Compliance Audit

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

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



Ecovis Assurance LLP
Public Accountants and
Chartered Accountants
Singapore

7 September 2022



INCOME AND EXPENDITURE STATEMENT

For the financial year ended 31 March 2022

	Note	2022 \$'000	2021 \$'000
OPERATING INCOME			
Conservancy and service fees		53,863	59,303
Less: Operating income transfer to Sinking Funds		(14,004)	(15,419)
Operating income transfer to Lift Replacement Funds		(7,540)	(8,303)
		<u>32,319</u>	<u>35,581</u>
Agency fees	6	5,580	5,716
Other income	10(a)	2,385	2,689
		<u>40,284</u>	<u>43,986</u>
Less: Operating expenditure			
Cleaning work		(8,049)	(8,821)
Managing agents' fees	5	(5,910)	(6,417)
Lift maintenance		(5,747)	(5,599)
Other works and maintenance		(5,420)	(5,394)
Water and electricity		(8,773)	(9,447)
General and administrative expenditure	7	(2,280)	(2,621)
		<u>(36,179)</u>	<u>(38,299)</u>
OPERATING SURPLUS		4,105	5,687
NON-OPERATING INCOME			
Add: Interest income		76	125
		<u>76</u>	<u>125</u>
SURPLUS BEFORE TAXATION AND GRANTS		4,181	5,812
Less: Income tax expense	8(a)	(280)	(293)
		<u>3,901</u>	<u>5,519</u>
SURPLUS BEFORE GOVERNMENT GRANTS			
Add: Government Grants	9	19,066	23,240
Less: Transfer to Sinking Funds	9,11	(2,165)	(2,475)
Transfer to Lift Replacement Funds	9,12	(9,011)	(9,681)
Transfer to Town Improvement and Project Funds	9,13	(2,892)	(5,373)
		<u>4,998</u>	<u>5,711</u>

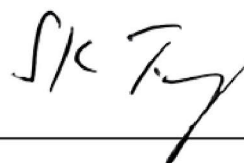
INCOME AND EXPENDITURE STATEMENT

For the financial year ended 31 March 2022

	Note	2022 \$'000	2021 \$'000
SURPLUS FOR THE FINANCIAL YEAR		8,899	11,230
Add: Accumulated Surplus at 1 April		12,139	13,653
Less: Voluntary Contribution to Lift Replacement Funds	12	(7,000)	(7,000)
Less: Surpluses transfer to Sinking Funds	11	-	(1,368)
Surpluses transfer to Lift Replacement Funds	12	-	(737)
Less: Transfer to Marsiling-Yew Tee Town Council	15	-	(433)
Transfer to Nee Soon Town Council	15	-	(2,217)
Less: Transfer from Accumulated Surplus to Town Improvement and Project Funds	13	(1,125)	(989)
ACCUMULATED SURPLUS AT 31 MARCH		<u>12,913</u>	<u>12,139</u>



Vikram Nair
Chairman



Dr. Ting Seng Kiong
Secretary

Singapore
7 September 2022

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

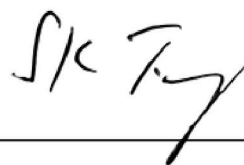
STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 March 2022

	Note	2022 \$'000	2021 \$'000
SURPLUS FOR THE FINANCIAL YEAR	10	8,899	11,230
MOVEMENT OF VARIOUS FUNDS			
Sinking Funds	11	81	16,556
Lift Replacement Funds	12	10,701	9,275
Town Improvement and Project Funds	13	(913)	(999)
		<u>18,768</u>	<u>36,062</u>
OTHER COMPREHENSIVE INCOME			
Item that may not be reclassified to income and expenditure statement			
Fair value gain on equity investments	21	160	563
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ATTRIBUTABLE TO TOWN COUNCIL FUNDS		<u>18,928</u>	<u>36,625</u>



Vikram Nair
Chairman



Dr. Ting Seng Kiong
Secretary

Singapore
7 September 2022

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Note	2022 \$'000	2021 \$'000
TOWN COUNCIL FUNDS			
Residential Property			
Accumulated surplus	10	8,958	10,253
Sinking Funds	11	169,889	169,920
Lift Replacement Funds	12	67,811	50,431
Town Improvement and Project Funds	13	1,776	1,567
		<u>248,434</u>	<u>232,171</u>
Commercial Property			
Accumulated surplus	10	1,012	908
Sinking Funds	11	12,130	12,018
Lift Replacement Funds	12	4,324	4,003
Town Improvement and Project Funds	13	20	17
		<u>17,486</u>	<u>16,946</u>
Carpark			
Accumulated surplus	10	2,943	978
Fair Value Reserve			
Sinking Funds	11	1,205	1,045
Total Town Council Funds		<u>270,068</u>	<u>251,140</u>
Represented by:			
Current Assets			
Cash and cash equivalents	16	200,191	176,699
Interest receivables		647	942
Financial assets at fair value through profit or loss	17	47,745	50,495
Conservancy and service fee receivables	19	1,131	1,311
Other receivables and prepayments	20	12,170	14,788
Debt investments at amortised cost	22	3,045	1,514
Receivables from Neighbourhood Renewal Programme and Electrical Load Upgrading Programme	28	584	-
Receivables from Sport-in-Precinct Programme	29	394	125
		<u>265,907</u>	<u>245,874</u>
Non-Current Assets			
Equity investments at fair value through other comprehensive income	21	3,117	2,946
Debt investments at amortised cost	22	8,914	12,075
Plant and equipment	23	133	166
Right-of-use assets	24	1,753	2,344
		<u>13,917</u>	<u>17,531</u>
Total Assets		<u>279,824</u>	<u>263,405</u>

STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Note	2022 \$'000	2021 \$'000
Current Liabilities			
Conservancy and service fee received in advance		1,097	935
Creditors and accrued expenses	26	5,657	7,076
Current income tax liabilities	8(b)	1,470	2,018
Lease liabilities	27	364	585
Advances received for Neighbourhood Renewal Programme and Electrical Load Upgrading Programme	28	-	112
		<u>8,588</u>	<u>10,726</u>
Non-Current Liabilities			
Creditors and accrued expenses	26	94	94
Lease liabilities	27	1,074	1,445
		<u>1,168</u>	<u>1,539</u>
Total liabilities		<u>9,756</u>	<u>12,265</u>
Net Assets		<u>270,068</u>	<u>251,140</u>



Vikram Nair
Chairman



Dr. Ting Seng Kiong
Secretary

Singapore
7 September 2022

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

STATEMENT OF CHANGES IN TOWN COUNCIL FUNDS

For the financial year ended 31 March 2022

	Note	Residential property \$'000	Commercial property \$'000	Carpark \$'000	Fair value reserve \$'000	Total \$'000
Balance as at 1 April 2020		243,528	17,333	(683)	482	260,660
Surplus for the financial year		33,472	923	1,667	-	36,062
Other comprehensive loss						
Fair value gain on equity investments	25	-	-	-	563	563
Total comprehensive income for the financial year		33,472	923	1,667	563	36,625
Funds transferred to Marsiling-Yew Tee Town Council	15	(9,736)	(189)	(1)	-	(9,926)
Funds transferred to Nee Soon Town Council	15	(35,093)	(1,121)	(5)	-	(36,219)
Balance as at 31 March 2021		232,171	16,946	978	1,045	251,140
Balance as at 1 April 2021		232,171	16,946	978	1,045	251,140
Surplus for the financial year		16,263	540	1,965	-	18,768
Other comprehensive income						
Fair value gain on equity investments	25	-	-	-	160	160
Total comprehensive income for the financial year		16,263	540	1,965	160	18,928
Balance as at 31 March 2022		248,434	17,486	2,943	1,205	270,068

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CASH FLOW STATEMENT

For the financial year ended 31 March 2022

	Note	2022 \$'000	2021 \$'000
Operating activities			
Surplus before taxation and government grants	10	4,181	5,812
Adjustments:			
Operating income transfer to Sinking Funds	10,11	14,004	15,419
Operating income transfer to Lift Replacement Funds	10,12	7,540	8,303
Interest income		(76)	(125)
(Reversal) Allowance for impairment loss on receivables		(276)	276
Depreciation of plant and equipment	23	100	217
Amortisation of Right-of-use assets	24	584	323
Lease interest expenses	7	32	25
Operating surplus before changes in working capital		26,089	30,250
Decrease in receivables		459	1,298
Decrease in payables		(1,257)	(7,751)
Cash flows generated from operations		25,291	23,797
Sinking Funds expenditure	11	(17,038)	(8,804)
Town Improvement and Project Funds expenditure	13	(3,805)	(6,372)
Lift Replacement Funds expenditure	12	(8,174)	(10,476)
Neighbourhood Renewal Programme and Electrical Load Upgrading Programme expenditure	28	(913)	(573)
Sport-in-Precinct Programme expenditure	29	(269)	(1,380)
Taxes paid		(1,135)	(924)
Net cash flows used in operating activities		(6,043)	(4,732)
Investing activities			
Purchase of plant and equipment	23	(67)	(158)
Return of capital from equity investments	21	15	52
Purchase of equity investments	21	(26)	(27)
Proceeds from debt investments		1,514	-
Proceeds from financial assets at fair value through profit or loss		-	12
Investment and interest income received		2,020	3,941
Direct cost and payment related to right-of-use assets		-	(224)
Net cash flows generated from investing activities		3,456	3,596
Financing activities			
Government grants received	9	21,786	21,377
Funding received for Neighbourhood Renewal Programme and Electrical Load Upgrading Programme	28	217	473
Funding received for Lift Enhancement Programme	12	2,067	1,268
Funding received for Sport-in-Precinct Programme	29	-	672
Repayment of lease liabilities	27	(617)	(347)
Cash flows generated from financing activities		23,453	23,443
Net increase in cash and cash equivalents		20,866	22,307
Funds transferred to Marsiling-Yew Tee Town Council	15	-	(10,066)
Funds transferred to Nee Soon Town Council	15	-	(37,119)
Cash and cash equivalents at the beginning of financial year		165,774	190,652
Cash and cash equivalents at the end of financial year	16	186,640	165,774

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

1. General information

Sembawang Town Council was formed on 1 September 1990 under the Town Councils Act 1988 and has its registered office at Block 504C Canberra Link, #01-63, Singapore 753504.

The main functions of the Town Council are to control, manage, maintain and improve the common property of residential and commercial property in the housing estates of the Housing and Development Board ("HDB") within the Town. The HDB estates within Admiralty, Canberra, Sembawang Centre, Sembawang West and Woodlands divisions of Sembawang Group Representation Constituency ("GRC") make up Sembawang Town.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Town Council have been prepared in accordance with the provisions of the Town Councils Act 1988 (the "Act") and Financial Reporting Standards in Singapore ("FRSs").

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

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

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

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

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

The financial statements are presented in Singapore dollar which is the Town Council's functional currency. All financial information presented in Singapore dollar has been rounded to the nearest thousand ("'\$'000"), unless otherwise stated.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. Summary of significant accounting policies (cont'd)

2.2 *Adoption of new and amended standards and interpretations*

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 effective for annual financial periods beginning on or after 1 April 2021. The adoption of these standards did not have any significant effect on the financial statements of the Town Council for the current or prior years.

2.3 *Standards issued but not yet effective*

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

2.4 *Plant and equipment*

All items of plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses, if any.

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

Furniture, fixtures and fittings	-	5 years
Office equipment	-	2 to 3 years
Data processing equipment	-	3 years
Leasehold improvement	-	5 years

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

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in Income and Expenditure Statement in the year the asset is derecognised.

Plant and equipment costing below \$1,000 each are charged to the Income and Expenditure Statement in the financial year of purchase. Fully depreciated plant and equipment are retained in the books of accounts until they are no longer in use.

Depreciation methods, useful lives and residual lives are reviewed and adjusted as appropriate at the end of each reporting period as a change in estimates.

2.5 *Funds*

(a) *Town Council Funds*

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

- Residential Property;
- Commercial Property.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. Summary of significant accounting policies (cont'd)

2.5 Funds (cont'd)

(a) Town Council Funds (cont'd)

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

All monies received by the Town Council are paid into and related expenditure 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.

(b) Sinking Funds

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

With the establishment of the Lift Replacement Funds, the minimum contribution rates for service and conservancy fees and grants-in-aid for Sinking Funds and Lift Replacement Funds would be 26% and 14% respectively.

Under the Town Councils Act, the Ministry of National Development ("MND") may, from time-to-time, prescribe the minimum amounts of conservancy and service fees and grants-in-aid (Note 9), to be paid into the Sinking Funds. The Lift Replacement Fund Matching Grant, which is a grants-in-aid, is not subject to the minimum contribution rates.

The minimum amounts to be paid into the Sinking Funds is 26% (2021: 26%) of conservancy and service fees and grants-in-aid for residential property and commercial property.

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

The Sinking Funds are utilised for major cyclical works such as repair and redecoration, re-roofing, rewiring and replacement of pumps, water tanks and water pipes.

(c) Lift Replacement Funds

In accordance with Section 47(5) of the Town Councils Act, the Lift Replacement Funds is established specifically for lift-related replacements and lift upgrading works of residential property and commercial property. These Lift Replacement Funds are maintained as part of the Town Council Funds.

Under the Town Councils Act, the Ministry of National Development ("MND") may, from time-to-time, prescribe the minimum amounts of conservancy and service fees and grants-in-aid (Note 9) to be paid into the Lift Replacement Funds. The Lift Replacement Fund Matching Grant, which is a grants-in-aid, is not subject to the minimum contribution rates.

The minimum amounts to be paid into the Lift Replacement Funds is 14% (2021: 14%) of conservancy and service fees and grants-in-aid for residential property and commercial property.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. Summary of significant accounting policies (cont'd)

2.5 Funds (cont'd)

(d) Town Improvement and Project Funds

Town Improvement and Project Funds are established and maintained as part of the Town Council Funds. These funds are utilised for improvement and development works in the Town. The funds are set up by transfer from the accumulated surplus to fund specific town improvement projects, which are to be carried out. In addition, the Town Council receives funds under Community Improvement Projects Committee scheme and are given through the Citizens' Consultative Committees ("CCC") for the approved projects.

2.6 Allocation of general overheads

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

Property type	Equivalent Dwelling Unit(s)	
	2022	2021
1 Residential Property Unit	1	1
1 Commercial Property Unit	2	2
6 Car lots or 36 Motorcycle lots or 4 Lorry lots	1	1

3.5% (2021: 3.5%) of general overheads are allocated to the Lift Replacement Funds and 6.5% (2021: 6.5%) of general overheads are allocated to the Sinking Funds.

2.7 Government grants

The Town Council receives from the Government, namely, Conservancy and Service Charges Grant, Lift Maintenance Grant, Lift Replacement Fund Matching Grant, payments from CCC and GST subvention grant.

Government grants are accounted in the Income and Expenditure Statement on an accrual basis. Conservancy and Service Charges Grant, Lift Maintenance Grant and GST Subvention Grant are transferred to Sinking Funds and Lift Replacement Funds based on the amount prescribed in Note 2.5(b) and Note 2.5(c) to the financial statements.

The Lift Maintenance Grant and Lift Replacement Fund Matching Grant are given to help Town Council with the operating needs and to ensure sufficient funds are set aside for long-term capital expenditure requirements for lift replacements and lift-related works.

The payment from CCC is given as reimbursement claims under the Community Improvement Projects Committee scheme.

The GST subvention is given as a grants-in-aid to assist Town Councils to absorb the increase in GST on Conservancy and Service Charge for HDB households.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. Summary of significant accounting policies (cont'd)

2.8 Funds with fund managers

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

Funds with fund managers comprise mainly of equities, bonds, treasury bills, cash and fixed deposits. Equities and bonds are stated on an aggregate portfolio basis and are classified as financial assets at fair value through profit or loss (FVPL) in the statement of financial position.

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

2.9 Financial instruments

(a) Financial assets

Classification

The Town Council classifies its financial assets in the following measurement categories: (1) Amortised cost; (2) Fair value through other comprehensive income (FVTOCI); and (3) Fair value through profit or loss (FVPL).

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

Initial recognition

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

Subsequent measurement

(i) Debt instruments

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

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

- **Amortised cost:** Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in Income and Expenditure Statement or the respective funds when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. Summary of significant accounting policies (cont'd)

2.9 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement (Cont'd)

(i) Debt instruments (Cont'd)

- FVOCI: Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in Income and Expenditure Statement or the respective funds. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from fair value reserve to Income and Expenditure Statement or the respective funds.
- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in Income and Expenditure Statement or the respective funds in the period in which it arises.

(ii) Funds with fund managers

The Town Council measures its equities and bonds with fund managers at their fair values. These instruments are classified as FVPL with movements in their fair values recognised in Income and Expenditure Statement or the respective funds in the period in which the changes arise and presented in "Gain in financial assets at fair value through profit or loss" in Sinking Funds. Dividends and interest income from fund with fund managers are included in the changes in the FVPL.

(iii) Equity Investments

The Town Council measures all its equity investments at their fair values. Changes in fair values of equity investments which are not held for trading are recognised in other comprehensive income as these are strategic investments and the Town Council considers this to be more relevant. Movements in fair values of equity investments classified as FVOCI are presented as "fair value gain on equity investments" in other comprehensive income. Dividends from equity investments are recognised in Sinking Funds as "Income from other investments".

Amortised cost and effective interest method

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. Summary of significant accounting policies (cont'd)

2.9 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Amortised cost and effective interest method (cont'd)

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

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

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

Impairment of financial assets

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

The Town Council always recognises lifetime ECL for conservancy and service fee receivables and penalty on late payment receivables.

The Town Council applies a simplified approach in calculating ECLs. Therefore, the Town Council does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Town Council uses the practical expedient under FRS 109 in the form of allowance matrix to measure the ECL for conservancy and service fee receivables and penalty on late payment receivables (Note 19 and Note 20) where the loss allowance is equal to lifetime ECL. The following allowance matrix is used:

	<u>Rate of Provision</u>
Live accounts with arrears 12 months and above	100%
Terminated accounts with arrears	100%

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. Summary of significant accounting policies (cont'd)

2.9 *Financial instruments (cont'd)*

(a) **Financial assets (cont'd)**

Amortised cost and effective interest method (cont'd)

Impairment of financial assets (cont'd)

The Town Council has reviewed and assessed the allowance matrix based on the conservancy and service fee arrears report as at 31 March 2022 and opined that the rate of provision as stated above remains appropriate and sufficient.

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

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

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

The Town Council considers a financial asset to be in default when internal or external information indicates that the Town Council is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Town Council.

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

De-recognition of financial assets

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. Summary of significant accounting policies (cont'd)

2.9 *Financial instruments (cont'd)*

(b) Financial liabilities

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value plus in the case of other financial liabilities not at FVPL, directly attributable transaction costs.

Subsequent measurement

Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in Income and Expenditure statement when the liabilities are derecognised, and through the amortisation process.

De-recognition

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

2.10 *Impairment of non-financial assets*

The Town Council assesses at the end of each reporting period whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Town Council estimates the recoverable amount of the cash-generating unit to which the asset belongs. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount and the impairment losses are recognised as an expense in income and expenditure statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income in income and expenditure statement.

2.11 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand, fixed deposits, treasury bills and cash balances with fund managers that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. Summary of significant accounting policies (cont'd)

2.12 Provisions

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

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

2.13 Leases

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

As lessee

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

Right-of-use assets

The Town Council recognises right-of-use assets at the commencement date of the lease (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 re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are amortised on a straight-line basis over the lease term, as disclosed below.

Data management system	-	6 years
Office premises	-	3 years
Office equipment	-	5 years

The Town Council's right-of-use assets are presented in Note 24.

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. 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 or a change in the assessment of an option to purchase the underlying asset. The Town Council's lease liabilities are presented in Note 27.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. Summary of significant accounting policies (cont'd)

2.13 Leases (cont'd)

Short-term leases and leases of low-value assets

The Town Council applies the short-term lease recognition exemption to its short-term leases of office premises and equipment (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 of office equipment 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.

2.14 Revenue recognition

Conservancy and service fee is charged on a monthly to the lessees and tenants of the Housing and Development Board (HDB) flats and other commercial properties towards the maintenance and upkeep of the common property under the Town Council. Conservancy and service fees are allocated between operating income, Sinking Funds and Lift Replacement Funds in accordance with the Town Councils Act 1988. Conservancy and service fees, net of operating transfer to Sinking Funds and Lift Replacement Funds, are recognised as a performance obligation over time.

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

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

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

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

Income from temporary occupation licenses is recognised over the passage of time.

Usage of void deck or other common property that are of short duration is recognised at point of receipt.

2.15 Income tax

Tax is provided on the following income:

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

In respect of Government grants received, the Town Council has been granted remission under Section 92(2) of the Income Tax Act 1947. Conservancy and service fees and agency fees are not subject to tax.

Income tax expense comprises current tax. Current tax is recognised in the Income and Expenditure Statement or Sinking Funds or Lift Replacement Funds, except to the extent that it relates to items recognised directly in equity.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

2. Summary of significant accounting policies (cont'd)

2.15 *Income tax (cont'd)*

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

3. Significant accounting judgements and estimates

The preparation of the Town Council's financial statements requires management to exercise its judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future period.

3.1 *Judgements made in applying accounting policies*

In the process of applying the Town Council's accounting policies, management has not made any significant judgements, apart from those involving estimations.

3.2 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying value amounts of assets and liabilities within the next financial year are discussed below. The Town Council based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Town Council. Such changes are reflected in the assumptions when they occur.

(a) *Classification of debt investments at amortised cost*

Debt investments held by the Town Council are measured at amortised cost as both the 'business model test' and the 'contractual cash flow characteristics test' are satisfied. The business model test is whether the objective of the Town Council's is to hold the financial asset to collect the contractual cash flows rather than have the objective to sell the instrument before its contractual maturity to realise its fair value changes.

The contractual cash flow characteristics test is whether the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) *Provision for expected credit losses ("ECLs") of conservancy and services fee receivables*

The Town Council uses a provision matrix to calculate ECLs for conservancy and service fee receivables. The provision matrix is initially based on the historical observed default rates. The Town Council will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The Town Council assesses at the end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For the case of conservancy and service fee receivables, the Town Council considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments to determine whether there is objective evidence of impairment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

3. Significant accounting judgements and estimates (cont'd)

3.2 Key sources of estimation uncertainty (cont'd)

(b) *Provision for expected credit losses ("ECLs") of conservancy and services fee Receivables (cont'd)*

Allowance for impairment is made in the financial statements for amount in arrears that are outstanding for twelve months and above and/or where collection is doubtful. All known bad debts are written-off in accordance with the Town Council Financial Rules.

The carrying amount and the information about the ECLs of the Town Council's conservancy and service fee receivables at the end of the reporting period is disclosed in Note 19 to the financial statements. If the present value of estimated future cash flows decreases by 10% from management's estimates, the Town Council's allowance for impairment will increase by \$113,100 (2021: \$131,100).

(c) *Leases – estimating the incremental borrowing rate*

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

4. Inter-fund transfer

The Town Council may transfer funds in accordance to the Section 47(12) and Section 57(1)(i) of the Town Council Act 1988, and Rule 11A of Town Council Financial Rules.

5. Managing agents' fees

The Town Council does not have any other employees on its payroll as management of its daily operations have been outsourced to managing agents for a total fee of \$6,486,333 (2021: \$7,044,522) for the financial year ended 31 March 2022. Included in the managing agents' fee, there is a total allocation of 10% managing agents' fee of \$576,480 (2021: \$627,389), for which \$374,712 (2021: \$407,803) and \$201,768 (2021: \$219,586) have been allocated to Sinking Funds and Lift Replacement Funds respectively, during the financial year (Note 11b, 12b).

Total managing agent fee to a related party (Note 31) amounting to \$6,456,573 (2021: \$7,025,100) in year 2022.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

6. Agency fees

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

7. General and administrative expenditure

The general and administrative expenditure comprise the following:

	2022 \$'000	2021 \$'000
Office rental and upkeep expenditure	110	110
Computer services	40	418
Advertising, publicity and public relations	307	305
Office supplies and stationery	158	178
Town Councillors' allowances	222	202
Property tax	150	190
Legal fee	33	5
Depreciation of plant and equipment	100	217
Depreciation of right-of-use assets	584	323
Insurance premium	30	30
Lease interest expense	32	25
Plant and equipment not capitalised	3	34
Staff costs	1	3
Non-claimable goods and services tax (Note 14)	161	162
Others	565	671
Allocation of 6.5% (2021: 6.5%) general and administrative expenditure to Sinking Funds	(140)	(164)
Allocation of 3.5% (2021: 3.5%) general and administrative expenditure to Lift Replacement Funds	(76)	(88)
	2,280	2,621

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

8. Income tax expense

(a) *Income tax expense*

	2022 \$'000	2021 \$'000
Income tax expense attributable to income is made up of:		
- Current income tax	588	882
- (Over) Under provision in respect of previous years	(1)	51
	<u>587</u>	<u>933</u>
Accumulated surplus:		
- Current income tax	279	294
- Under (Over) provision in respect of previous years	1	(1)
	<u>280</u>	<u>293</u>
Sinking Funds:		
- Current income tax	257	487
- (Over) Under provision in respect of previous years	(2)	52
	<u>255</u>	<u>539</u>
Lift Replacement Funds:		
- Current income tax	52	101
Current income tax expense	<u>587</u>	<u>933</u>

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

	2022 \$'000	2021 \$'000
Investment and interest income received	2,354	4,115
Other income	1,742	1,801
Allowable expenses	(174)	(194)
	<u>3,922</u>	<u>5,722</u>
Tax calculated at a tax rate of 17% (2021: 17%)	666	973
Tax effect of certain income taxed at concessionary tax rate	(78)	(91)
(Over) Under provision in respect of previous years	(1)	51
	<u>587</u>	<u>933</u>

(b) *Current income tax liabilities*

	2022 \$'000	2021 \$'000
Taken up in:		
Accumulated surplus	574	653
Sinking Funds (Note 11)	741	1,099
Lift Replacement Funds (Note 12)	155	266
	<u>1,470</u>	<u>2,018</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

9. Government grants

Government grants recognised in the Income and Expenditure Statement and the transfer to the respective funds during the financial year are as follows:

	Note	Total		Conservancy and Service Charges Grant		Lift Maintenance Grant		Lift Replacement Fund Matching Grant		Payment from Citizen's Consultative Committee		GST Subvention Grant	
		2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Government Grants received/receivable during the financial year	10	19,066	23,240	5,451	6,335	831	930	7,845	8,348	2,892	5,373	2,047	2,254
Less: Transfer to -													
Sinking Funds	11	(2,165)	(2,475)	(1,417)	(1,647)	(216)	(242)	-	-	-	-	(532)	(586)
Lift Replacement Funds	12	(9,011)	(9,681)	(763)	(887)	(116)	(130)	(7,845)	(8,348)	-	-	(287)	(316)
Town Improvement and Project Funds	13	(2,892)	(5,373)	-	-	-	-	-	-	(2,892)	(5,373)	-	-
		<u>4,998</u>	<u>5,711</u>	<u>3,271</u>	<u>3,801</u>	<u>499</u>	<u>558</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,228</u>	<u>1,352</u>

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

	2022 \$'000	2021 \$'000
Total grants received at 1 April	442,086	420,709
Add: Grants received during the financial year	21,786	21,377
Total grants received at 31 March	<u>463,872</u>	<u>442,086</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

10. Accumulated surplus

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

	Note	Total		Residential		Commercial		Car park	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Operating income									
Conservancy and Service Fees		53,863	59,303	52,708	58,041	1,155	1,262	-	-
Less: Operating transfer to Sinking Funds	11	(14,004)	(15,419)	(13,704)	(15,091)	(300)	(328)	-	-
Operating transfer to Lift Replacement Funds	12	(7,540)	(8,303)	(7,379)	(8,126)	(161)	(177)	-	-
		32,319	35,581	31,625	34,824	694	757	-	-
Agency Fee		5,580	5,716	-	-	-	-	5,580	5,716
Other Income	10(a)	2,385	2,689	2,084	2,339	92	178	209	172
		40,284	43,986	33,709	37,163	786	935	5,789	5,888
Less: Operating Expenditure		(36,179)	(38,299)	(31,790)	(33,536)	(588)	(561)	(3,801)	(4,202)
Operating Surplus		4,105	5,687	1,919	3,627	198	374	1,988	1,686
Add: Interest Income		76	125	67	110	1	1	8	14
Surplus before Taxation and Grants		4,181	5,812	1,986	3,737	199	375	1,996	1,700
Less: Income tax expense	8(a)	(280)	(293)	(246)	(257)	(3)	(3)	(31)	(33)
Surplus before Government Grants		3,901	5,519	1,740	3,480	196	372	1,965	1,667
Add: Government Grants	9	19,066	23,240	18,897	23,036	169	204	-	-
Less: Transfer to Sinking Funds	11	(2,165)	(2,475)	(2,162)	(2,472)	(3)	(3)	-	-
Transfer to Lift Replacement Funds	12	(9,011)	(9,681)	(8,885)	(9,550)	(126)	(131)	-	-
Transfer to Town Improvement and Project Funds	13	(2,892)	(5,373)	(2,858)	(5,310)	(34)	(63)	-	-
		4,998	5,711	4,992	5,704	6	7	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

10. Accumulated surplus (cont'd)

	Note	Total		Residential		Commercial		Car park	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Surplus for the financial year		8,899	11,230	6,732	9,184	202	379	1,965	1,667
Add: Accumulated Surplus (Deficit) at 1 April		12,139	13,653	10,253	12,109	908	2,227	978	(683)
Less: Voluntary Contribution to Lift Replacement Funds [^]	12	(7,000)	(7,000)	(6,916)	(6,917)	(84)	(83)	-	-
Less: Surpluses transfer to Sinking Funds	11	-	(1,368)	-	(399)	-	(969)	-	-
Surpluses transfer to Lift Replacement Funds	12	-	(737)	-	(215)	-	(522)	-	-
Less: Transfer to Marsiling-Yew Tee Town Council	15	-	(433)	-	(406)	-	(26)	-	(1)
Transfer to Nee Soon Town Council	15	-	(2,217)	-	(2,122)	-	(90)	-	(5)
Less: Appropriation to Town Improvement and Project Funds	13	(1,125)	(989)	(1,111)	(981)	(14)	(8)	-	-
Accumulated surplus at 31 March		12,913	12,139	8,958	10,253	1,012	908	2,943	978

[^] The transfer is a voluntary contribution made in accordance with Section 47(12) of the Town Council Act 1988.

(a) Other income

	2022 \$'000	2021 \$'000
Late payment penalty	216	167
Liquidated damages	44	51
Sale of tender documents	12	18
Sundry fines	21	49
Sundry income	253	239
Government Grant income:		
Safe Distancing Measures One-Off Grant	-	8
Rental related rebates	-	46
Temporary Occupational Licence income	1,571	1,905
Use of common property income	3	1
Use of void decks	3	(3)
Use of water and electricity at void decks	262	208
	2,385	2,689

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

11. Sinking Funds

	Note	Total		Residential property		Commercial property	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
At 1 April		181,938	195,638	169,920	184,096	12,018	11,542
Transfer from Accumulated Surplus	10	-	1,368	-	399	-	969
		181,938	197,006	169,920	184,495	12,018	12,511
Add:							
Income	11(a)	1,205	8,005	1,190	7,905	15	100
Operating income transfer from conservancy and service fees	10	14,004	15,419	13,704	15,091	300	328
Transfer from government grants	9,10	2,165	2,475	2,162	2,472	3	3
		17,374	25,899	17,056	25,468	318	431
Less: Expenditure	11(b)	(17,038)	(8,804)	(16,835)	(8,720)	(203)	(84)
Income tax expense	8(a)	(255)	(539)	(252)	(532)	(3)	(7)
Surplus (Deficit) for the financial year		81	16,556	(31)	16,216	112	340
Less: Transfer to Marsiling-Yew Tee Town Council	15	-	(7,197)	-	(7,079)	-	(118)
Less: Transfer to Nee Soon Town Council	15	-	(24,427)	-	(23,712)	-	(715)
		182,019	181,938	169,889	169,920	12,130	12,018
Add: Fair value reserves	25	1,205	1,045				
At 31 March		183,224	182,983				

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

11. Sinking Funds (cont'd)

	Note	2022 \$'000	2021 \$'000
Represented by:			
Current assets			
Cash and cash equivalents	16	120,515	113,747
Amount due from accumulated surplus		1,812	2,733
Interest receivables		463	716
Financial assets at fair value through profit or loss	17,18	47,745	50,495
Conservancy and service fee receivables		161	182
Debt investments	22	3,045	1,514
Other receivables		542	660
		<u>174,283</u>	<u>170,047</u>
Non-current assets			
Equity investments	21	3,117	2,946
Debt investments	22	8,914	12,075
		<u>12,031</u>	<u>15,021</u>
Total assets		<u>186,314</u>	<u>185,068</u>
Current liabilities			
Creditors and accrued expenses		(2,349)	(986)
Current income tax liabilities	8(b)	(741)	(1,099)
Total liabilities		<u>(3,090)</u>	<u>(2,085)</u>
Net assets		<u>183,224</u>	<u>182,983</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

11. Sinking Funds (cont'd)

(a) Income

	2022 \$'000	2021 \$'000
Fixed deposit interest income	714	1,683
Gain on financial assets at fair value through profit or loss	-	5,992
Bonds interest income	348	199
Income from other investments	143	131
	1,205	8,005

(b) Expenditure

	Note	2022 \$'000	2021 \$'000
Reroofing works		1,075	114
Electrical rewiring		4,198	1,195
Redecoration and repainting		5,477	3,750
Replacement of			
- lamp posts		319	-
- transfer and booster pump sets		694	359
- water pipes and stainless steel water tank lining		401	319
- refuse handling plant and chute flushing system		1,714	1,379
Modification of rooftop water tank overflow pipes		-	95
Replacement of Fire Alarm Panel		2	-
Replacement of Pressure Tank		35	-
Replacement of fire detector		22	26
Safety provisions at rooftops		1,638	458
Consultancy fee and other charges		841	567
Loss in financial assets at fair value through profit or loss		135	-
Non-claimable goods and services tax	14	112	134
Allocation of 6.5% (2021: 6.5%) managing agents' fee	5	375	408
		17,038	8,804

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

12. Lift Replacement Funds

	Note	Total		Residential property		Commercial property	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
At 1 April		54,434	49,007	50,431	45,467	4,003	3,540
Transfer from Accumulated Surplus	10	-	737	-	215	-	522
		<u>54,434</u>	<u>49,744</u>	<u>50,431</u>	<u>45,682</u>	<u>4,003</u>	<u>4,062</u>
Add:							
Income	12(a)	309	600	305	592	4	8
Operating income transfer from Conservancy and Service Fees	10	7,540	8,303	7,379	8,126	161	177
Transfer from government grants	9, 10	1,166	1,333	1,164	1,331	2	2
Lift Replacement Fund Matching Grant ^	9	7,845	8,348	7,721	8,219	124	129
Funding for Lift Enhancement Programme ^^		2,067	1,268	2,048	1,258	19	10
		<u>18,927</u>	<u>19,852</u>	<u>18,617</u>	<u>19,526</u>	<u>310</u>	<u>326</u>
Less: Expenditure	12(b)	(8,174)	(10,476)	(8,102)	(10,367)	(72)	(109)
Income tax expense	8(a)	(52)	(101)	(51)	(99)	(1)	(2)
		<u>10,701</u>	<u>9,275</u>	<u>10,464</u>	<u>9,060</u>	<u>237</u>	<u>215</u>
Surplus for the financial year		7,000	7,000	6,916	6,917	84	83
Transfer from Accumulated Surplus – Voluntary Contribution ^	10	-	(2,262)	-	(2,218)	-	(44)
Transfer to Marsiling-Yew Tee Town Council	15	-	(9,323)	-	(9,010)	-	(313)
Transfer to Nee Soon Town Council	15	-	-	-	-	-	-
At 31 March		<u>72,135</u>	<u>54,434</u>	<u>67,811</u>	<u>50,431</u>	<u>4,324</u>	<u>4,003</u>
Represented by:							
Current assets							
Cash and cash equivalents	16	57,904	41,281				
Amount due from accumulated surplus		8,608	8,887				
Interest receivables		161	180				
Conservancy and service fee receivables		187	199				
Lift Enhancement Programme funding receivables		1,499	-				
Other receivables		4,575	4,682				
		<u>72,934</u>	<u>55,229</u>				
Current liabilities							
Creditors and accrued expenses		(644)	(529)				
Current income tax liabilities	8(b)	(155)	(266)				
Total liabilities		<u>(799)</u>	<u>(795)</u>				
Net assets		<u>72,135</u>	<u>54,434</u>				

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

12. Lift Replacement Funds (cont'd)

^The total Lift Replacement Matching Grant of \$7,844,900 (2021: \$8,348,200) included \$3,500,000 (2021: \$3,500,000) from voluntary contribution during the financial year ended 31 March 2022. With the voluntary contribution of \$7,000,000 (2021: \$7,000,000), the Town Council is entitled to receive a matching grant of \$3,500,000 for the voluntary contribution respectively. The voluntary contribution was made in accordance with Section 47(12) of the Town Council Act 1988.

^^HDB announced a new Lift Enhancement Programme in September 2016 to help Town Councils modernised their existing Housing Development Board (HDB) lifts that have been in operation for 18 years or less. Town Council will have 10 years to carry out the modernisation works progressively. HDB will fund about 92.5% of the costs. During current financial year, Sembawang Town Council had carried out the enhancement programme for a total of 100 lifts (2021: 71 lifts). 514 lifts of the Town Council are eligible for the Lift Enhancement Programme. Of which, 226 lifts had been enhanced through the Programme.

(a) Income

	Note	2022 \$'000	2021 \$'000
Bank and fixed deposit interest income		309	600

(b) Expenditure

		2022 \$'000	2021 \$'000
Replacement of hoisting ropes and sheaves of lifts		1,143	1,583
Replacement of batteries for ARD		211	212
Replacement of batteries for EBOPS		116	98
Overhauling and upgrading of lifts		701	5,126
Replacement of lift position display panel		2,457	756
Replacement of lift inverter drive		512	357
Lift Enhancement Programme ^		2,225	1,458
Consultancy fees and other charges		234	436
Non-claimable goods and services tax	14	373	230
Allocation of 3.5% managing agents' fee	5	202	220
		<u>8,174</u>	<u>10,476</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

13. Town Improvement and Project Funds

	Note	Total		Residential property		Commercial property	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
At 1 April		1,584	1,880	1,567	1,856	17	24
Transfer from government grants	9	2,892	5,373	2,858	5,310	34	63
Less: Expenditure	13(a)	(3,805)	(6,372)	(3,760)	(6,298)	(45)	(74)
Deficit for the financial year		(913)	(999)	(902)	(988)	(11)	(11)
		671	881	665	868	6	13
Transfer to Marsiling-Yew Tee Town Council	15	-	(34)	-	(33)	-	(1)
Transfer to Nee Soon Town Council	15	-	(252)	-	(249)	-	(3)
Appropriation from accumulated surplus	10	1,125	989	1,111	981	14	8
At 31 March		1,796	1,584	1,776	1,567	20	17
Represented by:							
Current asset							
Other receivables		4,273	7,094				
Current liabilities							
Creditors and accrued expenses		(81)	(2,194)				
Amount due to accumulated surplus		(2,396)	(3,316)				
Total liabilities		(2,477)	(5,510)				
Net assets		1,796	1,584				

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

13. Town Improvement and Project Funds (cont'd)

(a) Expenditure

	2022 \$'000	2021 \$'000
Construction of covered walkways	1,106	1,617
Upgrading of open spaces	583	907
Construction/Upgrading of playgrounds/fitness corners etc.	647	1,760
Residents'/Senior citizens' corners	12	48
Lift Surveillance System	199	51
General and administrative charges	4	14
Consultancy fees and project management fees	346	557
Other amenities	209	282
Construction of barrier free access facilities	221	20
Large Scale Town Wide (LSTW) Projects	478	1,116
	<u>3,805</u>	<u>6,372</u>

14. Non-claimable goods and services tax

Government grants received by the Town Council are considered non-taxable supplies. Therefore, input tax claimable is based on a formula determined by the Inland Revenue Authority of Singapore ("IRAS"). The non-claimable portion is charged to the respective funds.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

15. Funds transferred to Town Councils after the General Election 2020

Following the General Election on 10 July 2020 and the gazetting of the Town Councils (Declaration of Towns) Order 2020 on 30 July 2020, Sembawang Town Council was reconstituted. Following this reconstitution, the following are funds transferred to Marsiling-Yew Tee Town Council and Nee Soon Town Council:

(a) Funds transferred to Marsiling-Yew Tee Town Council

	Note	Residential Property Funds \$'000	Commercial Property Funds \$'000	Carpark Fund \$'000	Total \$'000
Accumulated surplus	10	406	26	1	433
Sinking Funds	11	7,079	118	-	7,197
Lift Replacement Funds	12	2,218	44	-	2,262
Town Improvement and Project Funds	13	33	1	-	34
Net funds transferred as at 27 October 2020		9,736	189	1	9,926

Represented by:

Current assets

Cash and cash equivalents	10,066
Conservancy and service fee receivables	26
Other receivable and prepayment	20
	<u>10,112</u>

Current liabilities

Conservancy and service fee received-in-advance	28
Sundry refundable deposits	1
Government grants received in advanced	157
	<u>186</u>

Net assets

9,926

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

15. Funds transferred to Town Councils after the General Election 2020 (cont'd)

(b) Funds transferred to Nee Soon Town Council

	Note	Residential Property Funds \$'000	Commercial Property Funds \$'000	Carpark Fund \$'000	Total \$'000
Accumulated surplus	10	2,122	90	5	2,217
Sinking Funds	11	23,712	715	-	24,427
Lift Replacement Funds	12	9,010	313	-	9,323
Town Improvement and Project Funds	13	249	3	-	252
Net funds transferred as at 27 October 2020		<u>35,093</u>	<u>1,121</u>	<u>5</u>	<u>36,219</u>
Represented by:					
Non-current asset					
Plant and equipment	23				<u>44</u>
Current assets					
Cash and cash equivalents					37,119
Conservancy and service fee receivables					141
Other receivable and prepayment					<u>71</u>
					<u>37,331</u>
Total assets					<u>37,375</u>
Current liabilities					
Conservancy and service fee received-in-advance					127
Other payable					176
Government grants received in advanced					738
Advances received for Neighbourhood Renewal Programme	28				<u>115</u>
					<u>1,156</u>
Net assets					<u>36,219</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

16. Cash and cash equivalents

	Note	2022 \$'000	2021 \$'000
Cash and bank balances		15,460	10,861
Fixed deposits		171,180	154,913
Treasury bills held in trust by fund managers	18	12,686	8,696
Cash and fixed deposits held in trust by fund managers	18	865	2,229
		<u>200,191</u>	<u>176,699</u>
Taken up in:			
Accumulated surplus:			
- Cash and bank balances		10,575	7,947
- Fixed deposits		11,197	13,724
		<u>21,772</u>	<u>21,671</u>
Sinking Funds:			
- Cash and bank balances		2,459	2,282
- Fixed deposits		104,505	100,540
- Treasury bills held in trust by fund managers	18	12,686	8,696
- Cash and fixed deposits held in trust by fund managers	18	865	2,229
	11	<u>120,515</u>	<u>113,747</u>
Lift Replacement Funds:			
- Cash and bank balances		2,427	632
- Fixed deposits		55,477	40,649
	12	<u>57,904</u>	<u>41,281</u>
Total cash and bank balances		<u>200,191</u>	<u>176,699</u>

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

The fixed deposits with financial institutions mature between one month to eleven months (2021: between twenty six days to eleven months) after the financial year end. The interest rate as at 31 March 2022 was between 0.50% and 1.10% (2021: between 0.3% and 1.21%) per annum.

For the purposes of the cash flow statement, the cash and cash equivalents comprise the following:

	2022 \$'000	2021 \$'000
Total cash and bank equivalents	200,191	176,699
Less: Treasury bills held in trust by fund managers (Note 18)	(12,686)	(8,696)
Less: Cash and fixed deposits held in trust by fund managers (Note 18)	(865)	(2,229)
Cash and cash equivalents per cash flow statement	<u>186,640</u>	<u>165,774</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

17. Financial assets at fair value through profit or loss

	Note	2022 \$'000	2021 \$'000
Sinking Funds:			
- Listed Equities		14,605	18,986
- Bonds Securities		33,140	31,509
	11, 18, 33(d), 34(a)	47,745	50,495

The financial assets at fair value through profit or loss have been designated to be held for trading purposes.

18. Funds with fund managers

At the end of the reporting period, the funds with fund managers comprise the followings:

	Note	2022 \$'000	2021 \$'000
Financial assets at fair value through profit or loss	11, 17, 34(a)	47,745	50,495
Treasury bills	16, 34(a)	12,686	8,696
Cash and fixed deposits	16	865	2,229
Accrued interest	20	144	155
Management fees payable to fund managers		(19)	(19)
		61,421	61,556

19. Conservancy and service fee receivables

	2022 \$'000	2021 \$'000
Conservancy and service fee receivables	1,988	2,172
Less: Allowance for impairment losses	(857)	(861)
	1,131	1,311

Concentration of credit risk relating to conservancy and service fee receivables is limited due to the Town Council's large base of residents. Town Council's historical experience in the non-collection of conservancy and service fee receivables shows that no additional credit risk beyond amounts provided for collection losses is inherent in the Town Council's conservancy and service fee receivables.

The Town Council applies a simplified approach in calculating expected credit loss (ECL). Therefore, the Town Council does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECL at each reporting date. The Town Council uses the practical expedient under FRS 109 in the form of allowance matrix to measure the ECL for conservancy and service fee receivables and penalty on late payment receivables (Note 20) where the loss allowance is equal to lifetime ECL. The following allowance matrix is used:

	Rate of Provision
Arrears in 12 months and above – live accounts	100%
Arrears - terminated accounts	100%

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

19. Conservancy and service fee receivables (cont'd)

Based on its historical observed default rates which is adjusted for forward-looking estimates and establishes that ECL for the conservancy and service fee receivables would be calculated as follows:

	Gross conservancy and service fee receivables		Allowance for impairment losses	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Not past due	85	47	-	-
Past due 0 - 30 days	332	378	-	-
Past due 31 - 120 days	297	404	3	1
Past due 121 - 364 days	422	486	2	3
Past due 365 days and above	852	857	852	857
	<u>1,988</u>	<u>2,172</u>	<u>857</u>	<u>861</u>

Movement in allowance for impairment is as follows:

	2022	2021
	\$'000	\$'000
At 1 April	861	838
Transfer to Marsiling-Yew Tee Town Council	-	(30)
Transfer from Nee Soon Town Council	-	(179)
(Reversal) Charge for the financial year	(4)	232
At 31 March	<u>857</u>	<u>861</u>

Based on historical experience, the Town Council believes that no impairment allowance is necessary in respect of conservancy and service fee receivables not past due or past due but not impaired.

20. Other receivables and prepayments

	Note	2022	2021
		\$'000	\$'000
Penalty on late payment		249	349
Less: Allowance for impairment losses		(89)	(130)
		<u>160</u>	<u>219</u>
Citizens' Consultative Committee grant receivables		4,273	7,094
Lift Replacement Fund Matching grant receivables		4,480	4,487
Conservancy and service charges grant receivables		29	-
Lift Enhancement Programme funding receivables		1,499	-
Neighbourhood Renewal Programme funding receivables		24	779
Sport-in-Precinct Programme funding receivables	29	-	414
GST subvention grant		512	510
Accrued interest	18	144	155
Others		922	1,285
		<u>12,043</u>	<u>14,943</u>
Less: Allowance for impairment losses		-	(274)
		<u>12,043</u>	<u>14,669</u>
Prepayments		127	119
Other receivables and prepayments		<u>12,170</u>	<u>14,788</u>

The credit risk for penalty on late payment receivables is further disclosed in Note 19.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

20. Other receivables and prepayments (cont'd)

The ageing of other receivables (excluding prepayments) at the end of the reporting period is as follows:

	Gross other receivables		Allowance for impairment losses	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Not past due	11,671	11,958	-	-
Past due 0 - 30 days	92	49	-	-
Past due 31 - 120 days	202	105	-	-
Past due 121 - 364 days	51	1,937	-	-
Past due 365 days and above	116	1,024	89	404
	<u>12,132</u>	<u>15,073</u>	<u>89</u>	<u>404</u>

The change in impairment losses in respect of other receivable during the financial year is as follows:

	2022	2021
	\$'000	\$'000
At 1 April	404	151
Transfer to Marsiling-Yew Tee Town Council	-	(13)
Transfer to Nee Soon Town Council	-	(81)
(Reversal) Charge for the financial year	(41)	347
Written off during the year	(274)	-
At 31 March	<u>89</u>	<u>404</u>

Based on historical default rates, the Town Council believes that no impairment allowance is necessary in respect of other receivables beyond what has been set up.

21. Equity investments at fair value through other comprehensive income

	Note	2022	2021
		\$'000	\$'000
At 1 April		2,946	2,408
Additions		26	27
Return of capital		(15)	(52)
Fair value gain recorded in fair value reserve	25	160	563
At 31 March	33(d),34(a)	<u>3,117</u>	<u>2,946</u>
Taken up in:			
Sinking Funds	11	<u>3,117</u>	<u>2,946</u>

Equity investments comprise of the following:

	2022	2021
	\$'000	\$'000
Quoted real estate investment trusts	<u>3,117</u>	<u>2,946</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

22. Debt investments at amortised cost

Included in below are the assets at carrying amounts, categorised by the earlier of contractual repricing or maturity dates:

	Note	2022 \$'000	2021 \$'000
Quoted bonds with fixed interest of 0.93% to 2.64% (2021: 0.93% to 2.75%) per annum			
- Current		3,045	1,514
- Non-current		8,914	12,075
		<u>11,959</u>	<u>13,589</u>
Taken up in: Sinking Funds	11	<u>11,959</u>	<u>13,589</u>

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

	2022 %	2021 %
Quoted bonds with fixed interest	<u>0.93 to 2.64</u>	<u>0.93 to 2.75</u>

The fair value for the investment in government and statutory board bonds are as follows:

	Fair value	
	2022 \$'000	2021 \$'000
Quoted bonds with fixed interest	<u>11,853</u>	<u>13,818</u>

The debt investments are denominated in Singapore dollar.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

23. Plant and equipment

	Furniture, fixtures and fittings \$'000	Office equipment \$'000	Data processing equipment \$'000	Leasehold improvement \$'000	Total \$'000
Cost					
At 31 March 2020 and 1 April 2020	48	138	122	859	1,167
Additions	-	14	144	-	158
Written off	-	(4)	(73)	-	(77)
	48	148	193	859	1,248
Transfer to Nee Soon Town Council	-	-	(7)	(111)	(118)
At 31 March 2021 and 1 April 2021	48	148	186	748	1,130
Additions	30	14	23	-	67
Written off	-	(11)	(8)	(7)	(26)
At 31 March 2022	78	151	201	741	1,171
Accumulated depreciation					
At 31 March 2020 and 1 April 2020	33	127	115	623	898
Depreciation charge for the year	7	10	38	162	217
Written off	-	(4)	(73)	-	(77)
	40	133	80	785	1,038
Transfer to Nee Soon Town Council	-	-	(6)	(68)	(74)
At 31 March 2021 and 1 April 2021	40	133	74	717	964
Depreciation charge for the year	11	11	53	25	100
Written off	-	(11)	(8)	(7)	(26)
As at 31 March 2022	51	133	119	735	1,038
Net carrying amount					
As at 31 March 2021	8	15	112	31	166
As at 31 March 2022	27	18	82	6	133

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

24. Right-of-use assets

	Data management system \$'000	Office Premises \$'000	Office Equipment \$'000	Total \$'000
Cost				
At 31 March 2020 and 1 April 2020	2,282	657	8	2,947
Additions	223	65	-	288
Adjustment for re-measurement	(344)	-	-	(344)
Written off	-	(25)	-	(25)
At 31 March 2021 and 1 April 2021	2,161	697	8	2,866
Adjustment for re-measurement	(7)	-	-	(7)
Written Off	-	(31)	-	(31)
As 31 March 2022	2,154	666	8	2,828
Accumulated amortisation				
At 31 March 2020 and 1 April 2020	-	223	1	224
Additions	90	232	1	323
Written off	-	(25)	-	(25)
At 31 March 2021 and 1 April 2021	90	430	2	522
Additions	360	222	2	584
Written off	-	(31)	-	(31)
As 31 March 2022	450	621	4	1,075
Net carrying amount				
As at 31 March 2021	2,071	267	6	2,344
As at 31 March 2022	1,704	45	4	1,753

The right-of-use assets of data management system is re-measured based on the property units managed by the Town Council on yearly basis, according to an apportionment agreement in relation to Town Council Management System which is made for all Town Councils collectively.

25. Fair value reserve

	Note	2022 \$'000	2021 \$'000
At 1 April		1,045	482
Fair value gain on equity investments at fair value through other comprehensive income for the financial year	21	160	563
At 31 March		1,205	1,045

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

26. Creditors and accrued expenses

	2022 \$'000	2021 \$'000
Accounts payable	3	3,209
Work order accruals	138	112
Project expenditure accruals	3,402	996
Other accruals	423	1,342
Sundry creditors – utilities	1,352	1,242
Sundry deposits	216	125
Others	217	144
Total creditors and accrued expenses	<u>5,751</u>	<u>7,170</u>
	2022 \$'000	2021 \$'000
Total creditors and accrued expenses	5,751	7,170
Less: Sundry deposits due after 12 months	(94)	(94)
Total creditors and accrued expenses (within 12 months)	<u>5,657</u>	<u>7,076</u>

Total amount of \$0.282 million (2021: \$0.826 million) is related to amount due to a related party (managing agent), which is unsecured, interest-free and is expected to be repaid in cash or settled within twelve months from the end of the reporting period.

The contractual undiscounted cash outflows on creditors and accrued expenses are expected to approximate their carrying amounts and settled within one year except for sundry deposits that are repayable on demand.

27. Lease liabilities

	2022 \$'000	2021 \$'000
<u>Lease liabilities</u>		
- Current	364	585
- Non-current	1,074	1,445
Total	<u>1,438</u>	<u>2,030</u>
<u>Contractual cash flows</u>		
- Within 1 year	406	618
- Between two and five years	1,353	1,495
- More than five years	-	272
	<u>1,759</u>	<u>2,385</u>
Less: Future interest expense	(321)	(355)
Present value of lease liabilities	<u>1,438</u>	<u>2,030</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

27. Lease liabilities (cont'd)

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	2022 \$'000	2021 \$'000
At 1 April	2,030	2,631
New leases during the year	-	65
Adjustment for re-measurement	(7)	(344)
<u>Changes from financing cash flows</u>		
Repayment of lease liabilities	(617)	(347)
<u>Non-cash changes</u>		
Interest expense	32	25
At 31 March 2022	1,438	2,030

Amount recognised in Income and Expenditure

	2022 \$'000	2021 \$'000
<u>Leases under FRS 116</u>		
Interest expense on lease liabilities	32	25
Expenses relating to short-term and low-value leases	4	363

The Town Council has entered into lease contracts for its office premises, office equipment and data management system. The lease for office premises typically run for a period of 3 years, with an option to renew the lease after that date. Lease payments are renegotiated upon renewal based on prevailing market conditions.

The lease term for the data management system is 6 years, with an option to enter for the maintenance services after that date. The Town Council reserves the right to exercise for the option years and there are uncertainties on execution the option as of this reporting date.

28. (Receivables) Advances for Neighbourhood Renewal Programme and Electrical Load Upgrading Programme

	2022 \$'000	2021 \$'000
At 1 April	112	327
Funding from HDB	217	473
Payments to contractors	(913)	(573)
	(584)	227
Transfer to Nee Soon Town Council (Note 15)	-	(115)
At 31 March	(584)	112
<u>Represented by:</u>		
Receivables for Neighbourhood Renewal Programme	() (892)	(215)
Advances received for Electrical Load Upgrading Programme	308	327
	(584)	112

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

29. Receivables for Sport-in-Precinct Programme

	2022 \$'000	2021 \$'000
At 1 April	(125)	583
Funding from Sport Singapore	-	672
Payments to contractors	(269)	(1,380)
At 31 March	<u>(394)</u>	<u>(125)</u>

Sport-in precinct programme is an initiative of the Vision 2030 sports master plan, aiming to provide the community with a wider range of sport facilities that are easily accessible and create common spaces for interaction and bonding in HDB neighbourhoods.

The Sport-in precinct programme is funded by Sport Singapore.

30. Commitments

Expenditure commitments approved by the Town Council but not provided for in the financial statements:

	2022 \$'000	2021 \$'000
Amount approved and contracted for	8,399	21,267
Amount approved but not contracted for	3,505	5,883
	<u>11,904</u>	<u>27,150</u>

31. Related Party Transactions

EM Services Pte Ltd, the managing agent, appointed by the Town Council is classified as a related party as the managing agent provides key management personnel services to the Town Council.

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Town Council and the managing agent took place during the financial year.

	2022 \$'000	2021 \$'000
Managing agent's fees	6,457	7,025
Energy saving project	687	1,764
Project management fees	886	726
Lift replacements	701	5,127
Lift Enhancement Programme	150	344
Lift repairs and servicing	376	494
Others	<u>177</u>	<u>170</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

32. Management of Town Council's funds

The Town Council's objectives when managing funds are:

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

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

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

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

The Town Council total funds amounted to \$270.068 million (2021: \$251.140 million).

33. Financial risk management

Overview

The Town Council has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Town Council's risk management process to ensure that an appropriate balance between risk and control is achieved.

The Town Council is exposed to credit, interest rate and other market risk in the normal course of the Town Council's operations.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting from financial loss to the Town Council. Financial assets that are subject to credit risk consist of fixed deposits and bank balances, conservancy and service fee receivables, other receivables and investment in financial assets.

Cash and fixed deposits with banks are held with regulated banks which have high credit ratings assigned by international credit rating agencies.

For conservancy and service fee receivables, at the end of the reporting period, there were no significant concentrations of credit risk.

Other receivables mainly comprises of receivables from government agencies with low credit risk.

For debt investments, the Town Council considered it to be low risk investments as the debt investments are largely with government agencies.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

33. Financial risk management (cont'd)

(a) Credit risk (cont'd)

The Town Council manages credit risk through the setting of guidelines for its investments. The guidelines are reviewed and approved by the Finance Committee. Ongoing monitoring is undertaken by management to ensure that all investment activities are in compliance with the guidelines.

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

An allowance for impairment is made in respect of overdue conservancy and service fee receivable and penalty on late payment receivable from residents where the amount is still outstanding after all collection procedures are adhered. The allowance represents the aggregate amount by which management considers it necessary to write down its receivable in order to state it in the statement of financial position at its estimated recoverable value.

Although the Town Council's credit exposure is concentrated mainly in Singapore, it has no significant concentration of credit risk with any single resident or category of resident as the Town Council has a large number of residential and commercial households.

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

(b) Liquidity risk

Liquidity risk is the risk that the Town Council may not be able to meet its financial obligations. The Town Council adopts prudent liquidity risk management by maintaining sufficient cash to meet its operating, Sinking and Lift Replacement Funds expenditure.

The financial assets and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations have a maturity of less than one year other than equity investments at fair value through other comprehensive income, debt investments at amortised costs, sundry deposits payables and lease liabilities as disclosed in Notes 21, 22, 26 and 27 respectively to the financial statements.

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices, will affect the Town Council's income or the value of its holdings of financial instruments:

(i) Interest rate risk

The Town Council's exposure to market risk for changes in interest rates relate to interest-bearing fixed deposits with financial institutions. The Town Council's surplus funds are placed with reputable financial institutions. The interest rates on these funds are at prevailing rates.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

33. Financial risk management (cont'd)

(c) Market risk (cont'd)

(i) Interest rate risk (cont'd)

Sensitivity analysis

A 1% change in interest rate at the reporting date would increase or decrease investment income by the amount shown below. The analysis assumed that all other variables remain constant.

	2022 \$ \$'000	2021 \$ \$'000
Fixed deposits	1,712	1,549

(ii) Price risk

Sensitivity analysis-equity price risk

The Town Council's equity instruments are quoted. A 10% increase (decrease) in the underlying equity prices at the reporting date would increase (decrease) fair value reserve and sinking funds by the following amount:

	2022 \$'000	2021 \$'000
Fair value reserves	312	295
Fair value through sinking fund	1,461	1,899

This analysis assumes that all other variables remain constant.

(d) Financial instruments by category

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

	Note	2022 \$'000	2021 \$'000
Financial assets at fair value through profit or loss	17	47,745	50,495
Financial assets at fair value through other comprehensive income	21	3,117	2,946
Financial assets at amortised cost		226,949	207,335
Less: financial liabilities at amortised cost		(7,189)	(9,200)
		<u>270,622</u>	<u>251,576</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

34. Fair value of financial instruments

(a) Financial instruments carried at fair value

The table below analyses financial instruments carried at fair value, by valuation method. Level 1: quoted prices (unadjusted) in active markets for identical assets are as follows:

	Note	2022 \$'000	2021 \$'000
Financial assets at fair value through profit or loss	17,18	47,745	50,495
Treasury bills carried at fair value through profit or loss	18	12,686	8,696
Equity investments at fair value through other comprehensive income	21	3,117	2,946
		<u>63,548</u>	<u>62,137</u>

Determination of fair values

The fair value of financial assets at fair value through profit or loss and equity investments are determined by reference to their quoted bid prices at the end of the reporting date.

(b) Financial instruments not carried at fair value and whose carrying amount are reasonable approximation of fair value

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including cash and cash equivalents, interest receivables, conservancy and service fee receivables, other receivables, creditors and accrued expenses) are assumed to approximate their fair values because of the short period to maturity.

The aggregate net fair values of financial assets and liabilities which are not carried at fair value in the statement of financial position as at 31 March are represented in the following table:

	2022		2021	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial assets				
Debt investments at amortised cost	11,959	11,853	13,589	13,818
Unrecognised (loss) gain		<u>(106)</u>		<u>229</u>

Determination of fair values

The fair value of held-to-maturity financial assets is determined by reference to their quoted bid prices at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 March 2022

35. Authorisation of financial statements for issue

The financial statements of the Town Council for the financial year ended 31 March 2022 were authorised for issue by the members of the Town Council on 7 September 2022.



**Photo by Canberra Secondary Students, Saikyu Shinji and Yeo Chee Seng Brian, and Teacher, Mr Ng Chuen Joo.
Taken at ABC Waters Project at Sungei Simpang Kanan**

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