



ANNUAL REPORT

FY2023 - 2024

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CHAIRMAN'S REVIEW

We have concluded another financial year of 2023/2024, and I would like to take this opportunity to share a brief review of Sembawang Town Council's performance over the past year. Despite the various challenges we have faced, I am pleased to report that we have made progress in several key areas to ensure that our estates are well-maintained, accessible and refreshed, for all residents.

We managed to achieve this while committed to sound financial management and accountability. With prudent budget management in place, we ensured that all our essential services were delivered efficiently. This included our key expenditures to upkeep our estate's amenities, as well as our various upgrading and maintenance works to improve the living environment for all residents.

Among our successfully completed projects are our Neighbourhood Renewal Programme (NRP) and the Lift Enhancement Programme (LEP), to ensure that our ageing estates continue to remain updated, safe and accessible for everyone.

All these are significant achievements despite keeping rising operational costs and the need to implement cost-saving measures as far as possible.

In line with Singapore's Green Efforts too, our Town Council continued to focus on sustainability initiatives. This year, we introduced more energy-efficient LED lightings in the estate; solar panels on rooftops, which will contribute to our long-term energy savings. This apart, we had also expanded our recycling programs, encouraged more residents to participate in waste reduction and resource conservation efforts as we go greener each year.

With this review, I am pleased to present our report to provide more details of the various aspects of our operations.



Financial Summary

In FY2023/2024, Sembawang Town Council had an operating surplus of \$7.7 million. As of 31 March 2024, our Town Council's Sinking Funds, Lift Replacement Funds and Accumulated Surplus stood at \$170.6 million, \$107.7 million, and \$18.6 million respectively.

This surplus was partly due to our effective management of arrears. Notably, arrears cases extending beyond three months accounted for only 2.95% of the total residential units under our care. We sincerely appreciate the invaluable contributions of our Town Councillors, Grassroots Leaders, agencies, and staff. Their commitment to conducting house visits and providing assistance to households with arrears has been instrumental in achieving these favourable results.

We would also like to express our gratitude to the residents for their timely and consistent monthly payments, which have greatly contributed to our financial health.



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.



Town Council Management Report (TCMR)

The Town Council's primary responsibility is to maintain cleanliness and upkeep across our towns for the benefit of our residents. This commitment will remain a top priority as we continuously seek to improve our services through various initiatives. Our dedication is evident in the Town Council Management Report (TCMR) for this financial year, where Sembawang Town Council has achieved Green Bands in four categories: Lift Performance, Estate Cleanliness, Estate Maintenance and S&CC Arrears Management.





Cyclical Works

The Town Council oversees a range of cyclical works to ensure our estates remain in optimal condition for our residents. These essential activities include redecoration and repainting (R&R) and electrical re-wiring works, among others. In FY2023/2024, we spent a total of \$44.5 million on these cyclical works. Specifically, \$11.9 million was allocated to R&R and \$12.2 million to electrical re-wiring works.



Town Improvement Projects

Town improvements Projects are essential to meet the needs of residents through the addition and enhancement of amenities or recreational facilities. These projects normally commence after consultation with grassroots organisations and feedback from residents on the necessary facilities to enhance our Town. Sembawang Town Council spent a total of \$1.4 million on town improvement projects in FY2023/2024. Of this expenditure, \$557,000 and \$120,000 were spent on the construction of covered linkways and the upgrading of open spaces.

Notable achievements this year include the new linkway at Blk 785E Woodlands Rise and the community garden near Blk 362C Sembawang Crescent, both of which exemplify our dedication to creating a more connected and vibrant town. As we continue to seek feedback and collaborate with grassroots organisations, we remain focused on delivering meaningful improvements that enrich the lives of all residents.



Making Sembawang Green

We are committed to supporting the Public Hygiene Council's quarterly SG Clean Day. A key aspect of this initiative involves suspending routine sweeping in selected areas to raise awareness of the important role of our cleaners and encourage residents to play their part in keeping the estates clean. Additionally, we work with community organisations to coordinate SG Clean Day events, including litter picking and tree planting activities, which also provide an opportunity to express our appreciation for the vital contributions of our cleaners in maintaining the cleanliness and greenery of our town.

Furthermore, we are actively involved in the Action Green Town Plan, which aligns with the Singapore Green Plan 2030. This collaborative initiative, involving 15 PAP Town Councils and residents, aims to advance sustainability efforts nationwide. We are dedicated to working closely with various agencies to transform Sembawang GRC into a zero-waste, energy-efficient, and greener community. Recent developments include converting selected multi-storey car park rooftops into Urban Farms, Skyrise Greenery, and Community Gardens using Prefabricated Extensive Green (PEG) roof trays, and installing solar panels as part of the SolarNova programme to contribute to Singapore's net-zero energy goals.



Engaging Our Residents

We are committed to continually enhancing our connection with our residents. By leveraging key performance indicators (KPIs), we aim to serve the community better by ensuring our prompt response to their needs and concerns.

In FY2023/2024, Sembawang Town Council has continually strengthened our communication channels, with our robust social media presence playing a key role in our outreach strategy. As of 31 March 2024, our Facebook pages, “Sayang Sembawang” and “Sembawang Town Council,” have a combined following of 61,237. Additionally, our “Sayang Sembawang” Instagram page, Telegram Channel, and bi-weekly digital newsletter offer further avenues for keeping residents informed about local news and upcoming events. We regularly update these platforms to maintain an active dialogue with our community and ensure we remain engaged with our residents.



SAYANG OUR FUTURE

Our Town has been bustling with exciting developments that aim to enhance our living environment and improve connectivity.

The opening of Woodlands Health brings advanced healthcare closer to our community, while the Thomson East Coast Line (TEL) Phase 4 extension offers greater convenience for our daily commutes. The upcoming Rapid Transit System (RTS) Link and North-South Corridor (NSC) will further boost connectivity across the region.

We are also expanding our network of cycling paths, promoting greener transportation options. Additionally, the Simpang Kiri park connector is coming alive as a scenic recreational space for families and nature lovers alike. Our SilverCare Upgrading Programme continues to ensure that our seniors enjoy safe and comfortable living environments.

As we move into the new financial year, we remain focused on improving our town's amenities, ensuring financial sustainability, and enhancing the quality of life for our residents.

In closing, I would like to thank all residents for your continued support and feedback. The success of our Town Council's initiatives is due in no small part to the cooperation and active involvement of our community. Together, we can build a more vibrant, sustainable, and inclusive Sembawang Town for everyone.
#MakeSembawangSpecial



Vikram Nair

Chairman, Sembawang Town Council



FY2023/2024

ANNUAL FINANCIAL STATEMENTS

31 MARCH 2024

SEMBAWANG TOWN COUNCIL

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

ADDRESS

Blk 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 2024, 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 material accounting policy information, as set out on pages 5 to 50.

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 2024 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

20 September 2024

Sembawang Town Council

**Income and Expenditure Statement
For the financial year ended 31 March 2024**

	Note	2024 \$'000	2023 \$'000
OPERATING INCOME			
Conservancy and service fees		55,999	53,936
Less: Operating income transfer to Sinking Funds		(14,560)	(14,024)
Operating income transfer to Lift Replacement Funds		(7,840)	(7,551)
		<u>33,599</u>	<u>32,361</u>
Agency fees	6	5,788	5,803
Other income	10(a)	2,621	3,128
		<u>42,008</u>	<u>41,292</u>
Less: Operating expenditure			
Cleaning work		(9,275)	(8,103)
Managing agents' fees	5	(6,368)	(6,164)
Lift maintenance		(7,673)	(6,184)
Other works and maintenance		(5,671)	(4,862)
Water and electricity		(10,574)	(11,084)
General and administrative expenditure	7	(2,420)	(2,179)
		<u>(41,981)</u>	<u>(38,576)</u>
OPERATING SURPLUS		27	2,716
NON-OPERATING INCOME			
Add: Interest income		576	306
SURPLUS BEFORE TAXATION AND GRANTS		603	3,022
Less: Income tax expense	8(a)	(376)	(337)
SURPLUS BEFORE GOVERNMENT GRANTS		227	2,685
Add: Government Grants	9	20,482	16,684
Less: Transfer to Sinking Funds	9,11	(3,244)	(2,250)
Transfer to Lift Replacement Funds	9,12	(8,527)	(8,574)
Transfer to Town Improvement and Project Funds	9,13	(1,224)	(668)
		<u>7,487</u>	<u>5,192</u>

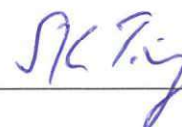
Sembawang Town Council

Income and Expenditure Statement
For the financial year ended 31 March 2024

	Note	2024 \$'000	2023 \$'000
SURPLUS FOR THE FINANCIAL YEAR		7,714	7,877
Add: Accumulated Surplus at 1 April		15,302	12,913
Less: Voluntary Contribution to Lift Replacement Funds	12	(4,000)	(6,000)
Less: Transfer from Accumulated Surplus to Town Improvement and Project Funds	13	(413)	512
		<u>18,603</u>	<u>15,302</u>



Vikram Nair
Chairman



Dr. Ting Seng Kiong
Secretary

Singapore
20 September 2024

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

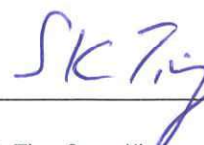
Sembawang Town Council

Statement of Comprehensive Income
For the financial year ended 31 March 2024

	Note	2024 \$'000	2023 \$'000
SURPLUS FOR THE FINANCIAL YEAR	10	7,714	7,877
MOVEMENT OF VARIOUS FUNDS			
Sinking Funds	11	(9,141)	(2,674)
Lift Replacement Funds	12	13,067	12,546
Town Improvement and Project Funds	13	(219)	(238)
		<u>11,421</u>	<u>17,511</u>
OTHER COMPREHENSIVE LOSS			
Item that may not be reclassified to income and expenditure statement			
Fair value loss on equity investments	20	(411)	(381)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ATTRIBUTABLE TO TOWN COUNCIL FUNDS		<u>11,010</u>	<u>17,130</u>



Vikram Nair
Chairman



Dr. Ting Seng Kiong
Secretary

Singapore
20 September 2024

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

Sembawang Town Council

**Statement of Financial Position
As at 31 March 2024**

	Note	2024 \$'000	2023 \$'000
TOWN COUNCIL FUNDS			
Residential Property			
Accumulated surplus	10	10,610	9,279
Sinking Funds	11	158,281	167,419
Lift Replacement Funds	12	102,774	86,035
Town Improvement and Project Funds	13	1,225	1,034
		272,890	263,767
Commercial Property			
Accumulated surplus	10	1,394	1,170
Sinking Funds	11	11,923	11,926
Lift Replacement Funds	12	4,974	4,646
Town Improvement and Project Funds	13	15	12
		18,306	17,754
Carpark			
Accumulated surplus	10	6,599	4,853
Fair Value Reserve			
Sinking Funds	11	413	824
Total Town Council Funds		298,208	287,198
Represented by:			
Current Assets			
Cash and cash equivalents	15	224,424	217,632
Interest receivables		3,250	3,032
Financial assets at fair value through profit or loss	16	60,995	53,949
Conservancy and service fee receivables	18	1,253	1,236
Other receivables and prepayments	19	11,047	8,111
Debt investments at amortised cost	21	5,150	2,781
Receivables from Neighbourhood Renewal Programme and Electrical Load Upgrading Programme	27	1,318	-
Receivables from Sport-in-Precinct Programme	28	659	650
		308,096	287,391
Non-Current Assets			
Equity investments at fair value through other comprehensive income	20	2,277	2,710
Debt investments at amortised cost	21	851	6,052
Plant and equipment	22	45	66
Right-of-use assets	23	1,236	1,760
		4,409	10,588
Total Assets		312,505	297,979

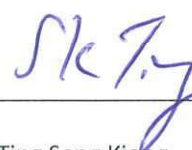
Sembawang Town Council

Statement of Financial Position
As at 31 March 2024

	Note	2024 \$'000	2023 \$'000
Current Liabilities			
Conservancy and service fee received in advance		1,554	1,197
Creditors and accrued expenses	25	8,936	6,167
Current income tax liabilities	8(b)	2,770	1,658
Lease liabilities	26	510	506
Advances received for Neighbourhood Renewal Programme and Electrical Load Upgrading Programme	27	-	180
		<u>13,770</u>	<u>9,708</u>
Non-Current Liabilities			
Creditors and accrued expenses	25	15	91
Lease liabilities	26	512	982
		<u>527</u>	<u>1,073</u>
Total liabilities		<u>14,297</u>	<u>10,781</u>
Net Assets		<u>298,208</u>	<u>287,198</u>



Vikram Nair
Chairman



Dr. Ting Seng Kiong
Secretary

Singapore
20 September 2024

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

Sembawang Town Council

Statement of Changes in Town Council Funds
For the financial year ended 31 March 2024

	Note	Residential property \$'000	Commercial property \$'000	Carpark \$'000	Fair value reserve \$'000	Total \$'000
Balance as at 1 April 2022		248,434	17,486	2,943	1,205	270,068
Surplus for the financial year		15,333	268	1,910	-	17,511
Other comprehensive loss Fair value loss on equity investments	24	-	-	-	(381)	(381)
Total comprehensive income (loss) for the financial year		15,333	268	1,910	(381)	17,130
Balance as at 31 March 2023		263,767	17,754	4,853	824	287,198
Surplus for the financial year		9,123	552	1,746	-	11,421
Other comprehensive loss Fair value loss on equity investments	24	-	-	-	(411)	(411)
Total comprehensive income (loss) for the financial year		9,123	552	1,746	(411)	11,010
Balance as at 31 March 2024		272,890	18,306	6,599	413	298,208

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

Sembawang Town Council

Cash Flow Statement

For the financial year ended 31 March 2024

	Note	2024 \$'000	2023 \$'000
Operating activities			
Surplus before taxation and government grants	10	603	3,022
Adjustments:			
Operating income transfer to Sinking Funds	10,11	14,560	14,024
Operating income transfer to Lift Replacement Funds	10,12	7,840	7,551
Interest income		(576)	(306)
Allowance for impairment loss on receivables		63	53
Depreciation of plant and equipment	22	40	83
Amortisation of Right-of-use assets	23	577	580
Lease interest expense	7	73	65
Operating surplus before changes in working capital		23,180	25,072
Decrease in receivables		111	499
Decrease in payables		2,944	605
Cash flows generated from operations		26,235	26,176
Sinking Funds expenditure	11	(36,786)	(20,767)
Town Improvement and Project Funds expenditure	13	(1,443)	(906)
Lift Replacement Funds expenditure	12	(7,743)	(5,667)
Neighbourhood Renewal Programme and Electrical Load Upgrading Programme expenditure	27	(2,080)	(3,207)
Sport-in-Precinct Programme expenditure	28	(9)	(256)
Taxes paid		(593)	(880)
Net cash flows used in operating activities		(22,419)	(5,507)
Investing activities			
Purchase of plant and equipment	22	(19)	(16)
Return of capital from equity investments	20	22	26
Proceeds from debt investments		2,781	3,047
Investment and interest income received		7,449	3,553
Direct cost and payment related to right-of-use assets		(1)	(2)
Net cash flows generated from investing activities		10,232	6,608
Financing activities			
Government grants received	9	20,646	20,232
Funding received for Neighbourhood Renewal Programme and Electrical Load Upgrading Programme	27	582	3,971
Funding received for Lift Enhancement Programme	12	1,032	906
Funding received for Safety Provision and Periodic Façade Inspection	11	856	-
Repayment of lease liabilities	26	(592)	(600)
Cash flows generated from financing activities		22,524	24,509
Net increase in cash and cash equivalents		10,337	25,610
Cash and cash equivalents at the beginning of financial year		212,250	186,640
Cash and cash equivalents at the end of financial year	15	222,587	212,250

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

Sembawang Town Council

Notes to the financial statements For the financial year ended 31 March 2024

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. Material 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.

2. Material 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 2023. 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 except as below.

Amendments to FRS 1 and FRS Practice Statement 2: Disclosure of Accounting Policies

The Town Council has adopted the amendments to FRS 1 *Presentation of Financial Statements* for the first time in the current year. The amendments change the requirements in FRS 1 with regard to disclosure of accounting policies. Accounting policy information is material if, when considered together with other information included in the Town Council's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in FRS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Town Council has applied materiality guidance in FRS Practice Statement 2 in identifying its material accounting policies for disclosures in the related notes. The previous term 'significant accounting policies' used throughout the financial statements has been replaced with 'material accounting policy information'.

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.

Sembawang Town Council

Notes to the financial statements For the financial year ended 31 March 2024

2. Material accounting policies (cont'd)

2.4 Plant and equipment (cont'd)

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.

These funds are segregated into Accumulated Surplus, Sinking Funds, Lift Replacement Funds and Town Improvement and Project Funds all of which 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 conservancy and service 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 minimum amounts to be paid into the Sinking Funds is 26% (2023: 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.

2. Material accounting policies (cont'd)

2.5 Funds (cont'd)

(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% (2023: 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.

(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)	
	2024	2023
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% (2023: 3.5%) of general overheads are allocated to the Lift Replacement Funds and 6.5% (2023: 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, GST subvention grant and Special Funding Support grant.

Government grants are accounted in the Income and Expenditure Statement on an accrual basis. Conservancy and Service Charges Grant, Lift Maintenance Grant, GST Subvention Grant and Special Funding Support 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.

2. Material accounting policies (cont'd)

2.7 Government grants (cont'd)

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.

The Special Funding Support grant is a time-limited grant provided by the Ministry of Nation Development to Town Councils that need to adjust S&CC to manage operations sustainability. This funding support is meant to buffer Town Councils and residents from the full impact of rising maintenance costs. The Town Council is eligible for the special funding support grant for the financial year 2023 and 2024 following an announcement of increase in S&CC on 1 July 2023 and 1 July 2024. The amount of the funding is equivalent to the additional income generated from gazetted conservancy and service fees increases from financial year 2023 and 2024, considering the number of residential units managed as of 3 April 2023, and is capped at 13% of the audited residential conservancy and service income for the financial year 2022.

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 (FVOCI); 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.

2. Material accounting policies (cont'd)

2.9 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise cash and cash equivalents, 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.
- **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 or loss on 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.

2. Material accounting policies (cont'd)

2.9 Financial instruments (cont'd)

(a) Financial assets (cont'd)

(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.

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.

2. Material accounting policies (cont'd)

2.9 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Impairment of financial assets (cont'd)

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 18 and Note 19) 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%

The Town Council has reviewed and assessed the allowance matrix based on the conservancy and service fee arrears report as at 31 March 2024 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.

2. Material 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. Material accounting policies (cont'd)

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.

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 23.

2. Material accounting policies (cont'd)

2.13 Leases (cont'd)

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 26.

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 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. Material accounting policies (cont'd)

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.

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 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.

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

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.

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 18 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 \$125,300 (2023: \$123,600).

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 \$6,990,235 (2023: \$6,765,795) for the financial year ended 31 March 2024. Included in the managing agents' fee, there is a total allocation of 10% managing agents' fee of \$622,077 (2023: \$601,895), for which \$404,350 (2023: \$391,232) and \$217,727 (2023: \$210,663) 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 30) amounting to \$6,960,475 (2023: \$6,736,035) in year 2024.

Sembawang Town Council

Notes to the financial statements For the financial year ended 31 March 2024

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:

	2024	2023
	\$'000	\$'000
Office rental and upkeep expenditure	124	119
Computer services	23	22
Advertising, publicity and public relations	300	327
Office supplies and stationery	195	158
Town Councillors' allowances	219	223
Property tax	160	157
Legal fee	15	1
Depreciation of plant and equipment	40	83
Depreciation of right-of-use assets	577	580
Insurance premium	62	48
Lease interest expense	73	65
Plant and equipment not capitalised	2	1
Staff costs	-	1
Non-claimable goods and services tax (Note 14)	321	156
Others	518	439
Allocation of 6.5% (2023: 6.5%) general and administrative expenditure to Sinking Funds	(136)	(131)
Allocation of 3.5% (2023: 3.5%) general and administrative expenditure to Lift Replacement Funds	(73)	(70)
	<u>2,420</u>	<u>2,179</u>

Sembawang Town Council

Notes to the financial statements
For the financial year ended 31 March 2024

8. Income tax expense

(a) *Income tax expense*

	2024 \$'000	2023 \$'000
Income tax expense attributable to income is made up of:		
- Current income tax	1,711	1,064
- (Over) Under provision in respect of previous years	(6)	4
	1,705	1,068
Accumulated surplus:		
- Current income tax	378	332
- (Over) Under provision in respect of previous years	(2)	5
	376	337
Sinking Funds:		
- Current income tax	801	490
- Over provision in respect of previous years	(2)	(2)
	799	488
Lift Replacement Funds:		
- Current income tax	532	242
- (Over) Under provision in respect of previous years	(2)	1
	530	243
Current income tax expense	1,705	1,068

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

	2024 \$'000	2023 \$'000
Investment and interest income received	8,949	5,131
Other income	1,829	1,821
Allowable expenses	(179)	(174)
	10,599	6,778
Tax calculated at a tax rate of 17% (2023: 17%)	1,802	1,152
Tax effect of certain income taxed at concessionary tax rate	(91)	(88)
(Over) Under provision in respect of previous years	(6)	4
	1,705	1,068

(b) *Income tax liabilities*

	2024 \$'000	2023 \$'000
Taken up in:		
Accumulated surplus	708	617
Sinking Funds (Note 11)	1,289	745
Lift Replacement Funds (Note 12)	773	296
	2,770	1,658

Sembawang Town Council

Notes to the financial statements
For the financial year ended 31 March 2024

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		Special Funding Support Grant	
		2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Government Grants received/receivable during the financial year	10	20,482	16,684	5,721	5,643	845	839	6,780	7,362	1,224	668	2,782	2,172	3,130	-
Less: Transfer to -															
Sinking Funds	11	(3,244)	(2,250)	(1,487)	(1,467)	(220)	(218)	-	-	-	-	(723)	(565)	(814)	-
Lift Replacement Funds	12	(8,527)	(8,574)	(801)	(790)	(118)	(118)	(6,780)	(7,362)	-	-	(390)	(304)	(438)	-
Town Improvement and Project Funds	13	(1,224)	(668)	-	-	-	-	-	-	(1,224)	(668)	-	-	-	-
		<u>7,487</u>	<u>5,192</u>	<u>3,433</u>	<u>3,386</u>	<u>507</u>	<u>503</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,669</u>	<u>1,303</u>	<u>1,878</u>	<u>-</u>

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

	2024 \$'000	2023 \$'000
Total grants received at 1 April	484,104	463,872
Add: Grants received during the financial year	<u>20,646</u>	<u>20,232</u>
Total grants received at 31 March	<u>504,750</u>	<u>484,104</u>

Sembawang Town Council

Notes to the financial statements
For the financial year ended 31 March 2024

10. Accumulated surplus

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

	Note	Total		Residential		Commercial		Car park	
		2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Operating income									
Conservancy and Service Fees		55,999	53,936	54,780	52,788	1,219	1,148	-	-
Less: Operating transfer to Sinking Funds	11	(14,560)	(14,024)	(14,243)	(13,725)	(317)	(299)	-	-
Operating transfer to Lift Replacement Funds	12	(7,840)	(7,551)	(7,669)	(7,390)	(171)	(161)	-	-
		33,599	32,361	32,868	31,673	731	688	-	-
Agency Fee		5,788	5,803	-	-	-	-	5,788	5,803
Other Income	10(a)	2,621	3,128	2,261	2,844	145	112	215	172
		42,008	41,292	35,129	34,517	876	800	6,003	5,975
Less: Operating Expenditure		(41,981)	(38,576)	(37,093)	(33,933)	(608)	(581)	(4,280)	(4,062)
Operating Surplus (Deficit)		27	2,716	(1,964)	584	268	219	1,723	1,913
Add: Interest Income		576	306	506	269	6	3	64	34
Surplus before Taxation and Grants		603	3,022	(1,458)	853	274	222	1,787	1,947
Less: Income tax expense	8(a)	(376)	(337)	(331)	(296)	(4)	(4)	(41)	(37)
Surplus (Deficit) before Government Grants		227	2,685	(1,789)	557	270	218	1,746	1,910
Add: Government Grants	9	20,482	16,684	20,346	16,546	136	138	-	-
Less: Transfer to Sinking Funds	11	(3,244)	(2,250)	(3,241)	(2,247)	(3)	(3)	-	-
Transfer to Lift Replacement Funds	12	(8,527)	(8,574)	(8,415)	(8,455)	(112)	(119)	-	-
Transfer to Town Improvement and Project Funds	13	(1,224)	(668)	(1,209)	(659)	(15)	(9)	-	-
		7,487	5,192	7,481	5,185	6	7	-	-

Sembawang Town Council

**Notes to the financial statements
For the financial year ended 31 March 2024**

10. Accumulated surplus (cont'd)

	Note	Total		Residential		Commercial		Car park	
		2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Surplus for the financial year		7,714	7,877	5,692	5,742	276	225	1,746	1,910
Add: Accumulated Surplus at 1 April		15,302	12,913	9,279	8,958	1,170	1,012	4,853	2,943
Less: Voluntary Contribution to Lift Replacement Funds^	12	(4,000)	(6,000)	(3,952)	(5,929)	(48)	(71)	-	-
Less: Appropriation to Town Improvement and Project Funds	13	(413)	512	(409)	508	(4)	4	-	-
Accumulated surplus at 31 March		<u>18,603</u>	<u>15,302</u>	<u>10,610</u>	<u>9,279</u>	<u>1,394</u>	<u>1,170</u>	<u>6,599</u>	<u>4,853</u>

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

(a) Other income

	2024 \$'000	2023 \$'000
Late payment penalty	216	221
Liquidated damages	121	54
Sale of tender documents	16	20
Sundry fines	28	8
Sundry income	286	234
Temporary Occupational Licence income	1,600	1,579
Use of common property income	19	20
Use of void decks	7	8
Use of water and electricity at void decks	328	984
	<u>2,621</u>	<u>3,128</u>

Sembawang Town Council

Notes to the financial statements
For the financial year ended 31 March 2024

11. Sinking Funds

	Note	Total		Residential property		Commercial property	
		2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
At 1 April		179,345	182,019	167,419	169,889	11,926	12,130
Add:							
Income	11(a)	7,470	2,307	7,380	2,281	90	26
Operating income transfer from conservancy and service fees	10	14,560	14,024	14,243	13,725	317	299
Transfer from government grants	9,10	2,430	2,250	2,427	2,247	3	3
Special Funding Support Grant	9,10	814	-	814	-	-	-
Funding for Safety Provision & Façade Enhancement Programme		3,170	-	3,153	-	17	-
		28,444	18,581	28,017	18,253	427	328
Less: Expenditure	11(b)	(36,786)	(20,767)	(36,383)	(20,241)	(403)	(526)
Income tax expense	8(a)	(799)	(488)	(772)	(482)	(27)	(6)
Deficit for the financial year		(9,141)	(2,674)	(9,138)	(2,470)	(3)	(204)
		170,204	179,345	158,281	167,419	11,923	11,926
Add: Fair value reserves	24	413	824				
At 31 March		170,617	180,169				

Sembawang Town Council**Notes to the financial statements
For the financial year ended 31 March 2024****11. Sinking Funds (cont'd)**

	Note	2024 \$'000	2023 \$'000
Represented by:			
Current assets			
Cash and cash equivalents	15	95,439	113,603
Amount due from accumulated surplus		5,580	1,815
Interest receivables		1,840	1,695
Financial assets at fair value through profit or loss	16,17	60,995	53,949
Conservancy and service fee receivables		183	179
Debt investments	21	5,150	2,781
Other receivables		3,631	1,127
		<u>172,818</u>	<u>175,149</u>
Non-current assets			
Equity investments	20	2,277	2,710
Debt investments	21	851	6,052
		<u>3,128</u>	<u>8,762</u>
Total assets		<u>175,946</u>	<u>183,911</u>
Current liabilities			
Creditors and accrued expenses		(4,040)	(2,997)
Current income tax liabilities	8(b)	(1,289)	(745)
Total liabilities		<u>(5,329)</u>	<u>(3,742)</u>
Net assets		<u>170,617</u>	<u>180,169</u>

Sembawang Town Council

Notes to the financial statements
For the financial year ended 31 March 2024

11. Sinking Funds (cont'd)

(a) Income

	2024 \$'000	2023 \$'000
Fixed deposit interest income	3,657	1,891
Bonds interest income	192	284
Gain on financial assets at fair value through profit or loss	3,505	-
Income from other investments	116	132
	<u>7,470</u>	<u>2,307</u>

(b) Expenditure

	Note	2024 \$'000	2023 \$'000
Reroofing works		-	392
Electrical rewiring		12,206	8,938
Redecoration and repainting		11,887	5,131
Replacement of			
- lamp posts		1,589	309
- transfer and booster pump sets		1,552	300
- water pipes and stainless steel water tank lining		2,882	1,663
- refuse handling plant and chute flushing system		398	-
- Metal Roof Connection System		1,728	-
- Metal Sun-Breaker and Connection System		1,964	584
Replacement of Alarm Alert System		293	-
Replacement of Pressure Tank		-	17
Replacement of fire detector		68	62
Consultancy fee and other charges		1,498	942
Loss on financial assets at fair value through profit or loss		-	1,897
Non-claimable goods and services tax	14	317	141
Allocation of 6.5% (2023: 6.5%) managing agents' fee	5	404	391
		<u>36,786</u>	<u>20,767</u>

Sembawang Town Council

Notes to the financial statements
For the financial year ended 31 March 2024

12. Lift Replacement Funds

	Note	Total		Residential property		Commercial property	
		2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
At 1 April		90,681	72,135	86,035	67,811	4,646	4,324
Income	12(a)	3,124	1,425	3,087	1,408	37	17
Operating income transfer from Conservancy and Service Fees	10	7,840	7,551	7,669	7,390	171	161
Transfer from government grants	9,10	1,309	1,212	1,307	1,210	2	2
Lift Replacement Fund Matching Grant ^	9,10	6,780	7,362	6,670	7,245	110	117
Special Funding Support Grant	9,10	438	-	438	-	-	-
Funding for Lift Enhancement Programme ^^		1,849	906	1,754	901	95	5
		21,340	18,456	20,925	18,154	415	302
Less: Expenditure	12(b)	(7,743)	(5,667)	(7,614)	(5,619)	(129)	(48)
Income tax expense	8(a)	(530)	(243)	(524)	(240)	(6)	(3)
Surplus for the financial year		13,067	12,546	12,787	12,295	280	251
Transfer from Accumulated Surplus – Voluntary Contribution ^	10	4,000	6,000	3,952	5,929	48	71
At 31 March		107,748	90,681	102,774	86,035	4,974	4,646
Represented by:							
Current assets							
Cash and cash equivalents	15	97,627	77,732				
Amount due from accumulated surplus		6,038	8,501				
Interest receivables		1,264	1,169				
Conservancy and service fee receivables		200	197				
Lift Enhancement Programme funding receivables	19	1,209	285				
Other receivables		3,366	4,476				
Total assets		109,704	92,360				
Current liabilities							
Creditors and accrued expenses		(1,183)	(1,383)				
Current income tax liabilities	8(b)	(773)	(296)				
Total liabilities		(1,956)	(1,679)				
Net assets		107,748	90,681				

Sembawang Town Council

Notes to the financial statements
For the financial year ended 31 March 2024

12. Lift Replacement Funds (cont'd)

^The total Lift Replacement Matching Grant of \$6,779,536 (2023: \$7,362,230) included \$2,000,000 (2023: \$3,000,000) from voluntary contribution during the financial year ended 31 March 2024. With the voluntary contribution of \$4,000,000 (2023: \$6,000,000), the Town Council is entitled to receive a matching grant of \$2,000,000 (2023: \$3,000,000) 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 69 lifts (2023: 35 lifts). 514 lifts of the Town Council are eligible for the Lift Enhancement Programme. Of which, 339 lifts had been enhanced through the Programme.

(a) Income

	Note	2024 \$'000	2023 \$'000
Bank and fixed deposit interest income		3,124	1,425

(b) Expenditure

		2024 \$'000	2023 \$'000
Replacement of hoisting ropes and sheaves of lifts		1,136	992
Replacement of batteries for ARD		353	96
Replacement of batteries for EBOPS		126	76
Replacement of lift position display panel		77	490
Replacement of lift inverter drive		2,597	2,180
Lift Enhancement Programme ^^		2,445	1,123
Consultancy fees and other charges		180	125
Non-claimable goods and services tax	14	611	374
Allocation of 3.5% managing agents' fee	5	218	211
		<u>7,743</u>	<u>5,667</u>

Sembawang Town Council

Notes to the financial statements
For the financial year ended 31 March 2024

13. Town Improvement and Project Funds

	Note	Total		Residential property		Commercial property	
		2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
At 1 April		1,046	1,796	1,034	1,776	12	20
Transfer from government grants	9,10	1,224	668	1,209	659	15	9
Less: Expenditure	13(a)	(1,443)	(906)	(1,427)	(893)	(16)	(13)
Deficit for the financial year		(219)	(238)	(218)	(234)	(1)	(4)
		827	1,558	816	1,542	11	16
Appropriation from accumulated surplus	10	413	(512)	409	(508)	4	(4)
At 31 March		1,240	1,046	1,225	1,034	15	12
Represented by:							
Current asset							
Other receivables		1,743	1,090				
Current liabilities							
Creditors and accrued expenses		(342)	(11)				
Amount due to accumulated surplus		(161)	(33)				
Total liabilities		(503)	(44)				
Net assets		1,240	1,046				

Sembawang Town Council

Notes to the financial statements
For the financial year ended 31 March 2024

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

(a) Expenditure

	2024 \$'000	2023 \$'000
Construction of covered walkways	557	125
Upgrading of open spaces	120	240
Construction/Upgrading of playgrounds/fitness corners etc.	126	-
Lift Surveillance System	25	-
General and administrative charges	21	7
Consultancy fees and project management fees	183	107
Other amenities	306	15
Construction of barrier free access facilities	105	45
Large Scale Town Wide (LSTW) Projects	-	367
	1,443	906

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.

15. Cash and cash equivalents

	Note	2024 \$'000	2023 \$'000
Cash and bank balances		27,097	16,302
Fixed deposits		195,490	195,948
Treasury bills held in trust by fund managers	17	999	4,668
Cash and fixed deposits held in trust by fund managers	17	838	714
		224,424	217,632
Taken up in:			
Accumulated surplus:			
- Cash and bank balances		20,674	12,570
- Fixed deposits		10,684	13,727
		31,358	26,297
Sinking Funds:			
- Cash and bank balances		3,219	2,894
- Fixed deposits		90,383	105,327
- Treasury bills held in trust by fund managers	17	999	4,668
- Cash and fixed deposits held in trust by fund managers	17	838	714
	11	95,439	113,603
Lift Replacement Funds:			
- Cash and bank balances		3,204	838
- Fixed deposits		94,423	76,894
	12	97,627	77,732
Total cash and bank balances		224,424	217,632

Notes to the financial statements
For the financial year ended 31 March 2024

15. Cash and cash equivalents (cont'd)

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 eight days to eleven months (2023: One month to eleven months) after the financial year end. The interest rate as at 31 March 2024 was between 3.02% and 4.15% (2023: between 1.86% and 4.35%) per annum.

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

	2024	2023
	\$'000	\$'000
Total cash and bank equivalents	224,424	217,632
Less: Treasury bills held in trust by fund managers (Note 17)	(999)	(4,668)
Less: Cash and fixed deposits held in trust by fund managers (Note 17)	(838)	(714)
Cash and cash equivalents per cash flow statement	<u>222,587</u>	<u>212,250</u>

16. Financial assets at fair value through profit or loss

	Note	2024	2023
		\$'000	\$'000
Sinking Funds:			
- Listed Equities		13,333	14,339
- Bonds Securities		47,662	39,610
	11, 17, 32(d), 33(a)	<u>60,995</u>	<u>53,949</u>

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

17. Funds with fund managers

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

	Note	2024	2023
		\$'000	\$'000
Financial assets at fair value through profit or loss	11, 16, 33(a)	60,995	53,949
Treasury bills	15, 33(a)	999	4,668
Cash and fixed deposits	15	838	714
Accrued interest	19	215	211
Management fees payable to fund managers		(18)	(18)
		<u>63,029</u>	<u>59,524</u>

Sembawang Town Council

**Notes to the financial statements
For the financial year ended 31 March 2024**

18. Conservancy and service fee receivables

	2024	2023
	\$'000	\$'000
Conservancy and service fee receivables	2,215	2,142
Less: Allowance for impairment losses	(962)	(906)
	<u>1,253</u>	<u>1,236</u>

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 that 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 19) where the loss allowance is equal to lifetime ECL. The following allowance matrix is used:

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

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	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Not past due	64	70	-	-
Past due 0 - 30 days	352	330	1	1
Past due 31 - 120 days	335	341	3	3
Past due 121 - 364 days	510	503	4	4
Past due 365 days and above	954	898	954	898
	<u>2,215</u>	<u>2,142</u>	<u>962</u>	<u>906</u>

Movement in allowance for impairment is as follows:

	2024	2023
	\$'000	\$'000
At 1 April	906	857
Charge (Reversal) for the financial year	56	49
At 31 March	<u>962</u>	<u>906</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.

Sembawang Town Council

Notes to the financial statements
For the financial year ended 31 March 2024

19. Other receivables and prepayments

	Note	2024 \$'000	2023 \$'000
Penalty on late payment		266	263
Less: Allowance for impairment losses		(100)	(93)
		<u>166</u>	<u>170</u>
Citizens' Consultative Committee grant receivables		1,743	1,090
Lift Replacement Fund Matching grant receivables		3,032	3,971
Conservancy and service charges grant receivables		-	40
Lift Enhancement Programme funding receivables		1,209	285
Façade Enhancement Programme receivables		2,314	-
GST subvention grant		796	634
Accrued interest	17	215	211
Others		1,198	1,157
		<u>10,673</u>	<u>7,558</u>
Prepayments		374	553
Other receivables and prepayments		<u>11,047</u>	<u>8,111</u>

The credit risk for penalty on late payment receivables is further disclosed in Note 18.

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

	Gross other receivables		Allowance for impairment losses	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Not past due	9,463	7,009	-	-
Past due 0 - 30 days	22	39	-	-
Past due 31 - 120 days	54	160	-	-
Past due 121 - 364 days	230	241	-	-
Past due 365 days and above	1,004	202	100	93
	<u>10,773</u>	<u>7,651</u>	<u>100</u>	<u>93</u>

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

	2024 \$'000	2023 \$'000
At 1 April	93	89
Charge for the financial year	7	4
At 31 March	<u>100</u>	<u>93</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.

Notes to the financial statements
For the financial year ended 31 March 2024

20. Equity investments at fair value through other comprehensive income

	Note	2024 \$'000	2023 \$'000
At 1 April		2,710	3,117
Return of capital		(22)	(26)
Fair value loss recorded in fair value reserve	24	(411)	(381)
At 31 March	32(d),33(a)	<u>2,277</u>	<u>2,710</u>
Taken up in:			
Sinking Funds	11	<u>2,277</u>	<u>2,710</u>
Equity investments comprise of the following:			
		2024 \$'000	2023 \$'000
Quoted real estate investment trusts		<u>2,277</u>	<u>2,710</u>

21. 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	2024 \$'000	2023 \$'000
Quoted bonds with fixed interest of 0.98% to 2.64% (2023: 0.93% to 2.64%) per annum			
- Current		5,150	2,781
- Non-current		851	6,052
		<u>6,001</u>	<u>8,833</u>
Taken up in:			
Sinking Funds	11	<u>6,001</u>	<u>8,833</u>

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

	Fair value	
	2024 \$'000	2023 \$'000
Quoted bonds with fixed interest	<u>5,913</u>	<u>8,645</u>

The debt investments are denominated in Singapore dollar.

Sembawang Town Council

Notes to the financial statements
For the financial year ended 31 March 2024

22. Plant and equipment

	Furniture, fixtures and fittings \$'000	Office equipment \$'000	Data processing equipment \$'000	Leasehold improvement \$'000	Total \$'000
Cost					
At 31 March 2022 and 1 April 2022	78	151	201	741	1,171
Additions	12	4	-	-	16
Written off	-	(5)	(2)	(1)	(8)
At 31 March 2023 and 1 April 2023	90	150	199	740	1,179
Additions	17	1	1	-	19
Written off	-	-	(1)	-	(1)
At 31 March 2024	107	151	199	740	1,197
Accumulated depreciation					
At 31 March 2022 and 1 April 2022	51	133	119	735	1,038
Depreciation charge for the year	9	12	56	6	83
Written off	-	(5)	(2)	(1)	(8)
At 31 March 2023 and 1 April 2023	60	140	173	740	1,113
Depreciation charge for the year	9	8	23	-	40
Written off	-	-	(1)	-	(1)
As at 31 March 2024	69	148	195	740	1,152
Net carrying amount					
As at 31 March 2023	30	10	26	-	66
As at 31 March 2024	38	3	4	-	45

Sembawang Town Council

Notes to the financial statements
For the financial year ended 31 March 2024

23. Right-of-use assets

	Data management system \$'000	Office Premises \$'000	Office Equipment \$'000	Total \$'000
Cost				
At 31 March 2022 and 1 April 2022	2,154	666	8	2,828
Additions	-	594	-	594
Adjustment for re-measurement	(7)	-	-	(7)
Written off	-	(601)	-	(601)
At 31 March 2023 and 1 April 2023	2,147	659	8	2,814
Additions	-	65	-	65
Adjustment for re-measurement	(12)	-	-	(12)
Written Off	-	(65)	-	(65)
As 31 March 2024	2,135	659	8	2,802
Accumulated amortisation				
At 31 March 2022 and 1 April 2022	450	621	4	1,075
Additions	358	220	2	580
Written off	-	(601)	-	(601)
At 31 March 2023 and 1 April 2023	808	240	6	1,054
Additions	357	219	1	577
Written off	-	(65)	-	(65)
As 31 March 2024	1,165	394	7	1,566
Net carrying amount				
As at 31 March 2023	1,339	419	2	1,760
As at 31 March 2024	970	265	1	1,236

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.

24. Fair value reserve

	Note	2024 \$'000	2023 \$'000
At 1 April		824	1,205
Fair value loss on equity investments at fair value through other comprehensive income for the financial year	20	(411)	(381)
At 31 March		413	824

Sembawang Town Council

Notes to the financial statements For the financial year ended 31 March 2024

25. Creditors and accrued expenses

	2024	2023
	\$'000	\$'000
Accounts payable	4,169	2,897
Work order accruals	212	730
Project expenditure accruals	1,110	130
Other accruals	715	218
Sundry creditors – utilities	1,108	795
Sundry deposits	236	231
Others	1,401	1,257
Total creditors and accrued expenses	<u>8,951</u>	<u>6,258</u>
	2024	2023
	\$'000	\$'000
Total creditors and accrued expenses	8,951	6,258
Less: Sundry deposits due after 12 months	(15)	(91)
Total creditors and accrued expenses (within 12 months)	<u>8,936</u>	<u>6,167</u>

Total amount of \$0.609 million (2023: \$0.113 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.

26. Lease liabilities

	2024	2023
	\$'000	\$'000
<u>Lease liabilities</u>		
- Current	510	506
- Non-current	512	982
Total	<u>1,022</u>	<u>1,488</u>
<u>Contractual cash flows</u>		
- Within 1 year	587	577
- Between two and five years	666	1,213
	1,253	1,790
Less: Future interest expense	(231)	(302)
Present value of lease liabilities	<u>1,022</u>	<u>1,488</u>

Notes to the financial statements
For the financial year ended 31 March 2024

26. Lease liabilities (cont'd)

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

	2024 \$'000	2023 \$'000
At 1 April	1,488	1,438
New leases during the year	65	592
Adjustment for re-measurement	(12)	(7)
<u>Changes from financing cash flows</u>		
Repayment of lease liabilities	(592)	(600)
<u>Non-cash changes</u>		
Interest expense	73	65
At 31 March 2024	1,022	1,488

Amount recognised in Income and Expenditure

	2024 \$'000	2023 \$'000
<u>Leases under FRS 116</u>		
Interest expense on lease liabilities	73	65
Expenses relating to short-term and low-value leases	3	4

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.

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

	2024 \$'000	2023 \$'000
At 1 April	180	(584)
Funding from HDB	582	3,971
Payments to contractors	(2,080)	(3,207)
At 31 March	(1,318)	180
<u>Represented by:</u>		
Receivables for Neighbourhood Renewal Programme	(1,476)	(29)
Advances received for Electrical Load Upgrading Programme	158	209
	(1,318)	180

Sembawang Town Council

Notes to the financial statements For the financial year ended 31 March 2024

28. Receivables for Sport-in-Precinct Programme

	2024 \$'000	2023 \$'000
At 1 April	650	394
Payments to contractors	9	256
At 31 March	<u>659</u>	<u>650</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.

29. Commitments

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

	2024 \$'000	2023 \$'000
Amount approved and contracted for	36,227	48,596
Amount approved but not contracted for	9,690	15,086
	<u>45,917</u>	<u>63,682</u>

30. 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.

	2024 \$'000	2023 \$'000
Managing agent's fees	6,960	6,736
Energy saving project	521	687
Project management fees	1,697	943
Lift repairs and servicing	1,636	982
Others	<u>113</u>	<u>169</u>

31. 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 \$298.208 million (2023: \$287.198 million).

32. 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.

32. 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, creditors and accrued expenses and lease liabilities as disclosed in Notes 20, 21, 25 and 26 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 2024

32. 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.

	2024	2023
	\$	\$
	\$'000	\$'000
Fixed deposits	1,955	1,959

(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:

	2024	2023
	\$'000	\$'000
Fair value reserves	228	271
Fair value through sinking fund	1,333	1,434

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	2024	2023
		\$'000	\$'000
Financial assets at fair value through profit or loss	16	60,995	53,949
Financial assets at fair value through other comprehensive income	20	2,277	2,710
Financial assets at amortised cost		247,578	235,188
Less: financial liabilities at amortised cost		(9,973)	(7,745)
		<u>300,877</u>	<u>284,102</u>

Notes to the financial statements
For the financial year ended 31 March 2024

33. 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	2024 \$'000	2023 \$'000
Financial assets at fair value through profit or loss	16,17	60,995	53,949
Equity investments at fair value through other comprehensive income	20	2,277	2,710
		<u>63,272</u>	<u>56,659</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:

	2024		2023	
	Carrying amount \$'000	Fair value \$'000	Carrying amount \$'000	Fair value \$'000
Financial assets				
Debt investments at amortised cost	<u>6,001</u>	<u>5,913</u>	<u>8,833</u>	<u>8,645</u>
Unrecognised loss		<u>(88)</u>		<u>(188)</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.

34. Subsequent events

(a) Increase in conservancy and service fees

On 1 June 2024, the Town Council enacted the second adjustment of a two-tier increase in the conservancy and service fees for flats, shops and offices due to rising operating costs and high inflation.

The increase quantum for the second adjustment ranges from 3% to 7% for 1-room flats to 4-room flats and above.

(b) Special Funding Support Grant

On 24 April 2023, the Ministry of National Development announced a time-limited grant for Town Councils that need to adjust S&CC to manage operations sustainability. The Town Council is eligible for the special funding support grant for the financial year 2023 and 2024 following an announcement of increase in S&CC on 1 July 2023 and 1 July 2024.

The special funding support grant for the financial year 2024 was disbursed to the Town Council on 3 June 2024 amounted to \$3,113,946.

The special grant is equivalent to the additional income generated from the increase in conservancy and service fees in the financial year 2024. The total amount of funding will be subject to a cap of 13% of residential conservancy and service income of financial year 2022 audited financial statements.

The special funding support would be subject to the minimum contribution rates of 26% to the Sinking Fund and 14% to the Lift Replacement Fund, and the existing regulations under the Town Councils Act.

35. Authorisation of financial statements for issue

The financial statements of the Town Council for the financial year ended 31 March 2024 were authorised for issue by the members of the Town Council on 20 September 2024.

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