

ANG MO KIO TOWN COUNCIL
(Established under the Town Councils Act 1988)

FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 MARCH 2024

FORVIS MAZARS LLP
(FORMERLY KNOWN AS MAZARS LLP)
Public Accountants and
Chartered Accountants
Singapore

Dear Residents (April 2023 to March 2024),

2023/2024 was another year in which AMKTC remained committed to ensuring that we continued with our mission to create a safe, comfortable, and inclusive home for everyone.

We completed over 30 Community Improvement Projects, including the addition of more senior-friendly infrastructure and the pilot of a dementia-friendly neighbourhood to enhance the convenience and safety of our residents. Notable new amenities include the Blue Court in Yio Chu Kang and the Aquatic Water Theme Park in Jalan Kayu, both designed to foster inter-generational bonding and build a more inclusive home for all.

In addition to infrastructure upgrades, we have completed the Repairs and Redecoration of over 130 blocks, and nearly 50 lifts have been replaced under the Lift Replacement Programme.

We are also happy to share that AMKTC has received green ratings in all four categories – estate cleanliness, estate maintenance, lift performance, and Service and Conservancy (S&CC) arrears management – in the latest Town Council Management Report released by the Ministry of National Development (MND).

Even as I extend my heartfelt thanks to our Town Councillors and the Town Council team for their hard work to ensure that we continue to provide quality service for our residents, I also appreciate the contributions and feedback from our residents themselves. We have introduced AMKTC's Linktree (linktr.ee/amktpc) to help residents stay connected to us and this also allows them to stay updated on the latest news and happenings in our town. Through Linktree, residents can also submit feedback which will be promptly addressed.

Let us continue to work together with One Heart to build a Town that we can all be proud to call One Home.



Darryl David
MP of Ang Mo Kio GRC
Chairman of Ang Mo Kio Town Council

Dementia-friendly Facilities for Seniors

To help residents with dementia live and age well, Ang Mo Kio Town Council has added colourful, distinctive and easily recognisable features in some parts of Yio Chu Kang, with more to come throughout the neighbourhood.

Dementia-friendly Blue Court



Block 646 Ang Mo Kio Avenue 6

One of the new dementia infrastructures is the Blue Court located at Block 646 Ang Mo Kio Avenue 6, a unique community space created to foster the kampung spirit in the neighbourhood. Within the Blue Court, there are activity corners created to engage seniors in cognitive games and other activities such as getting a ring through a simple maze to promote hand-eye coordination.

Large Block Numbers



Blocks 641 to 650 Ang Mo Kio Avenue 4/5/6



Blocks 301, 327 & 327 Ang Mo Kio Avenue 3



To assist our seniors locate and identify their blocks, Ang Mo Kio Town Council painted large block numbers at Blocks 641 to 650 Ang Mo Kio Avenue 4/5/6 in Yio Chu Kang division, and at Blocks 301, 327 & 327 Ang Mo Kio Avenue 3 in Teck Ghee division.

These large block numbers also help emergency services find addresses more efficiently, reducing response time during emergencies.

Encourage Intergenerational Bonding

Ang Mo Kio Town Council has completed several new facilities in our neighbourhood designed to encourage intergenerational bonding. These spaces provide opportunities for families to come together, share experiences, and create lasting memories. From playgrounds with senior-friendly exercise equipment to game courts and multi-purpose halls, there is something for everyone to enjoy.

Buangkok Square Aquatic Theme Park



Between Blocks 986D and 992A Buangkok Crescent

Located in Buangkok Square, the aquatic theme park is an exciting play venue offering a free water park and a village-themed dry playground for residents! Families will find many splash elements, including a Dragonfly spray fountain, a spray tunnel and even a mini splashing bucket. There is also a water play area for children to play at. It resembles a stream with fountains and water gates, where young children can run around or sit themselves into the stream while splashing about.

Redesigned Futsal Court



Block 436 Ang Mo Kio Avenue 10

The street soccer court has been newly painted by local artist, Tobyato. In collaboration with LALIGA and EA Sports FC, the mural design of the court reflected the iconic dragon playground in Cheng San - Seletar division.

The new design of the court features an artist rendition of the iconic AMK orange playground dragon intertwined with flowers, representing the neighbourhood's rich history as a forest reserve.

New Community Hall



Block 639 Ang Mo Kio Avenue 6

The new community hall at Block 639 Ang Mo Kio Avenue 6 serves as a hub for social interaction. The community hall allows residents to connect, build relationships, and foster a sense of community belonging. Residents can now engage in various activities in an indoor setting without being affected by weather conditions.

New Playgrounds and Fitness Corners



Block 575 Hougang Street 51



Block 685 Hougang Avenue 8

The newly upgraded children's playground at Block 575 Hougang Street 51 features modern and colourful play structures, spiral slides and new flooring for improved safety and an enriched play experience for our young residents.

The newly upgraded fitness corner at Block 685 Hougang Avenue 8 was designed to help residents keep fit and stay active.

New Basketball Court



Block 459 Sengkang West Way

Residents of Fernvale Glades can enjoy the new basketball court at Block 459 Sengkang West Way.

Inclusive Home for All – Repairs and Redecoration Works (R&R)

Ang Mo Kio Town Council has completed several Repairs and Redecoration (R&R) programme in Ang Mo Kio-Hougang, Fernvale, Kebun Baru and Teck Ghee divisions. These R&R works are part of the cyclical works undertaken by the Town Council to rejuvenate our estate. The works include repairs and upgrading of bin chutes, repairs to spalling concrete, upgrading of corridor and staircase landing lights with energy saving devices, upgrading of block aprons and drains, washing of external walls and new coats of paint for external walls.



Blocks 633 to 649 Hougang Ave 8
(Ang Mo Kio - Hougang Division)



Blocks 665 to 667 Hougang Ave 4
(Ang Mo Kio - Hougang Division)



Blocks 467A-B, 468A-C Fernvale Link
(Fernvale Division)



150 to 154 Ang Mo Kio Ave 4
(Kebun Baru Division)



Blocks 303 to 306 Ang Mo Kio Ave 1
(Teck Ghee Division)



Blocks 343 to 347 Ang Mo Kio Ave 3
(Teck Ghee Division)

Completed Repairs & Redecoration Works:

Divisions	Blocks
Ang Mo Kio - Hougang	552 to 556 Hougang Street 51
	609 to 615 Hougang Ave 8
	633 to 649 Hougang Ave 8
	650 to 660 Hougang Ave 8
	661 to 662 Hougang Ave 4
	698A-B Hougang Street 61
	698C-D Hougang Street 62
	699, 699A-C Hougang Street 52
	665 to 667 Hougang Ave 4
Fernvale	414A-B, 415A-C, 416A-C
	430A-D, 431 (Communal Hall) Fernvale Link
	436 (Communal Hall), 436A-D Fernvale Road
	438 (Communal Hall), 438A-B Sengkang West Avenue
	439A-C Sengkang West Avenue
	440 (Communal Hall), 440A-D Fernvale Link
	467A-B, 468A-C Fernvale Link
	469A-C Sengkang West Way
	470A-C Fernvale Link
Kebun Baru	471A-C, 472A-C, 473A Fernvale Street
	150 to 154 Ang Mo Kio Ave 4
	155 to 156 Ang Mo Kio Ave 5
Teck Ghee	303 to 306 Ang Mo Kio Ave 1
	311 to 314 Ang Mo Kio Ave 1
	318 to 321 Ang Mo Kio Ave 1
	343 to 347 Ang Mo Kio Ave 3

Cyclical Works – Replacement of Water Pipes

The Ang Mo Kio Town Council has replaced the water pipes at Blocks 411 to 412 Ang Mo Kio Avenue 10 to ensure good and clean water flow running through residents' flats.



Water Pipes Replaced at Blocks 411 to 421 Ang Mo Kio Avenue 10

Safety and Accessibility for Residents

Lift Replacement Programme

The Ang Mo Kio Town Council is progressively replacing old HDB lifts with new and modern ones to provide residents and visitors with a safer and smoother ride. The replacement is carried out to ensure that lifts are well-functioning. Close to 50 lifts were replaced in Ang Mo Kio-Hougang, Jalan Kayu, and Teck Ghee divisions.



New High Covered Linkways

The Ang Mo Kio Town Council has completed several high linkways in Ang Mo Kio GRC, Kebun Baru SMC and Yio Chu Kang SMC to provide sheltered connectivity for residents and commuters. Properly designed covered linkways enable weatherproof pedestrian connectivity between developments to transport nodes like bus stops and train stations.



Between Blocks 104B to 104C Ang Mo Kio Street 11

Code of Governance Practices

Ang Mo Kio Town Council adopts best practices to execute its fiduciary responsibilities, improve accountability and disclosure. By exercising the code of governance practices, The Town Council aims to promote greater transparency and raise governance standards.

In the appointment and re-appointment of town Councillors, the Town Council takes into consideration the composition of the Council and the relevant experience, skills and/or competencies of the members. The following factors are used as guidelines:

- The Council utilizes a referral process to search for potential candidates;
- The Council considers a variety of factors, including audit and financial skills, time commitment, and prior experience; and
- At least two-thirds of the appointed town Councillors must be residents of HDB estates under the Town Council's management.

In carrying out an assessment of key risks facing the Town Council and whether internal controls in place are adequate and effective, the Town Council has implemented a comprehensive Risk Management Framework where key risks are identified and reported to the Council.

An annual risk assessment has been performed and the effectiveness of internal control has been assessed. The Council is of the opinion that the Risk Management Framework and supporting internal controls policies and procedures are adequate to address the risks of the Town Council.

ANG MO KIO TOWN COUNCIL

**FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ANG MO KIO TOWN COUNCIL**

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Ang Mo Kio Town Council (the "Town Council"), which comprise the statement of financial position as at 31 March 2024, and the statements of income and expenditure, comprehensive income, changes in funds and cash flows of the Town Council for the financial year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements of the Town Council are properly drawn up in accordance with the provisions of the Town Councils Act 1988 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Town Council as at 31 March 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Town Council in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

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

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ANG MO KIO TOWN COUNCIL**

Report on the Audit of the Financial Statements (Continued)

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

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

The Town Council is established under the Town Councils Act 1988 and may be dissolved by the Minister's order published in the Gazette. In preparing the financial statements, management is responsible for assessing the Town Council's ability to continue as going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is intention to wind up the Town Council or for the Town Council to cease operations.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Town Council to cease to continue as a going concern.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ANG MO KIO TOWN COUNCIL**

Report on the Audit of the Financial Statements (Continued)

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Opinion

In our opinion:

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

Basis for Opinion

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

Management's responsibilities for Compliance with Legal and Regulatory Requirements

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

Auditors' Responsibilities for the Compliance Audit

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

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
ANG MO KIO TOWN COUNCIL**

Report on Other Legal and Regulatory Requirements (Continued)

Auditors' Responsibilities for the Compliance Audit (Continued)

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

A handwritten signature in black ink that reads 'Forvis Mazars LLP'.

FORVIS MAZARS LLP
(FORMERLY KNOWN AS MAZARS LLP)
Public Accountants and
Chartered Accountants

Singapore
12 November 2024

ANG MO KIO TOWN COUNCIL

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024


	<u>Note</u>	<u>2024</u> \$	<u>2023</u> \$
TOWN COUNCIL FUNDS			
Residential property			
Accumulated surplus	3	130,528	7,772,969
Sinking Funds	4	101,338,530	117,028,095
Lift Replacement Funds	5	107,085,060	95,818,878
Town Improvement and Project Funds	6	8,400,309	4,511,088
		216,954,427	225,131,030
Commercial property			
Accumulated surplus	3	3,165,680	3,752,399
Sinking Funds	4	45,834,635	52,830,977
Lift Replacement Funds	5	15,850,115	14,669,871
Town Improvement and Project Funds	6	1,384,320	139,519
		66,234,750	71,392,766
Carpark			
Accumulated surplus	3	12,698,822	10,350,701
		<u>295,887,999</u>	<u>306,874,497</u>
REPRESENTED BY:			
Non-current assets			
Plant and equipment	7	705,349	772,706
Right-of-use assets	8	678,967	856,395
Intangible asset	7	290,937	396,730
Total non-current assets		<u>1,675,253</u>	<u>2,025,831</u>
Current assets			
Financial assets at fair value through profit or loss	9	1,981,200	1,891,060
Conservancy and service fees receivables	10	1,823,073	1,758,647
Receivables for Lift Enhancement Programme	12	3,218,539	2,845,406
Receivables for Neighbourhood Renewal Programme	13	1,852,454	741,013
Other receivables, deposits and prepayments	14	18,156,153	16,822,138
Cash and bank balances	15	299,471,764	303,523,835
Total current assets		<u>326,503,183</u>	<u>327,582,099</u>
Total assets		<u>328,178,436</u>	<u>329,607,930</u>

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

ANG MO KIO TOWN COUNCIL

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

	<u>Note</u>	<u>2024</u> \$	<u>2023</u> \$
Less: Liabilities			
Non-current liability			
Lease liabilities	16	209,164	426,911
Total non-current liability		209,164	426,911
Current liabilities			
Conservancy and service fees received in advance		2,166,925	1,791,636
Advances received for Lift Enhancement Programme	12	299,699	672,832
Advances received for Electrical Load Upgrading Programme	17	1,095,661	1,146,665
Lease liabilities	16	491,508	449,263
Payables and accrued operating expenses	18	24,943,108	16,718,201
Income tax payable	27	3,084,372	1,527,925
Total current liabilities		32,081,273	22,306,522
Total liabilities		32,290,437	22,733,433
Net assets		295,887,999	306,874,497



David Darryl Wilson
Chairman




Ho Juan San
General Manager/Secretary


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

ANG MO KIO TOWN COUNCIL

**STATEMENT OF INCOME AND EXPENDITURE AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

	<u>Note</u>	<u>2024</u> \$	<u>2023</u> \$
Operating income			
Conservancy and service fees	3	77,314,946	73,810,904
Less:			
Operating income transfer to Sinking Funds (26% transferred to Sinking Funds)	3, 4	(20,101,881)	(19,190,834)
Operating income transfer to Lift Replacement Funds (14% transferred to Lift Replacement Funds)	3, 5	(10,824,096)	(10,333,527)
		46,388,969	44,286,543
Agency fees	3, 19	8,008,674	5,875,501
Other income	3, 20	4,249,398	3,568,318
		56,647,041	53,730,362
Less:			
Operating expenditure			
Cleaning works	21	(13,396,072)	(10,955,144)
Managing agent's fees		(8,538,304)	(6,675,089)
Lift maintenance		(12,851,673)	(12,907,938)
Other works and maintenance		(12,339,293)	(11,311,058)
Water and electricity		(17,718,057)	(17,449,165)
General and administrative expenditure	22	(5,290,885)	(4,298,004)
		(70,134,284)	(63,596,398)
Operating deficit		(13,487,243)	(9,866,036)
Add: Interest income	3	1,188,011	607,223
Deficit before taxation and government grants		(12,299,232)	(9,258,813)
Less:			
Income tax	3, 27	(427,548)	(349,690)
Deficit before government grants		(12,726,780)	(9,608,503)
Add:			
Government grants	3, 28	31,118,518	26,019,895
Less: Transfer to			
- Sinking Funds	3, 4, 28	(5,755,293)	(4,406,853)
- Lift Replacement Funds	3, 28	(9,791,731)	(8,702,294)
- Town Improvement and Project Funds	3, 6, 28	(2,290,056)	(2,741,115)
		13,281,438	10,169,633
SURPLUS FOR THE YEAR		554,658	561,130
Add:			
(Deficit)/Surplus for the year from:			
- Sinking Funds	4	(22,685,907)	(12,599,130)
- Lift Replacement Funds	5	12,446,426	15,181,776
- Town Improvement and Project Funds	6	(1,301,675)	(26,159)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		(10,986,498)	3,117,617


David Darryl Wilson
Chairman


Ho Juan San
General Manager/Secretary

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

ANG MO KIO TOWN COUNCIL

**STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

	<u>Residential property</u> \$	<u>Commercial property</u> \$	<u>Carpark</u> \$	<u>Total</u> \$
Balance as at 1 April 2022	224,023,226	71,760,093	7,973,561	303,756,880
Surplus/(Deficit) for the year	<u>1,107,804</u>	<u>(367,327)</u>	<u>2,377,140</u>	<u>3,117,617</u>
Balance as at 31 March 2023	225,131,030	71,392,766	10,350,701	306,874,497
(Deficit)/Surplus for the year	<u>(8,176,603)</u>	<u>(5,158,016)</u>	<u>2,348,121</u>	<u>(10,986,498)</u>
Balance as at 31 March 2024	<u>216,954,427</u>	<u>66,234,750</u>	<u>12,698,822</u>	<u>295,887,999</u>

The (deficit)/surplus for the year comprises the following:

	<u>Note</u>	<u>2024</u> \$	<u>2023</u> \$
Accumulated surplus	3	554,658	561,130
Sinking Funds	4	(22,685,907)	(12,599,130)
Lift Replacement Funds	5	12,446,426	15,181,776
Town Improvement and Project Funds	6	<u>(1,301,675)</u>	<u>(26,159)</u>
		<u>(10,986,498)</u>	<u>3,117,617</u>

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

ANG MO KIO TOWN COUNCIL

**STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

	<u>Note</u>	<u>2024</u> \$	<u>2023</u> \$
Operating activities			
Deficit before taxation and government grants	3	(12,299,232)	(9,258,813)
Adjustments for:			
Depreciation of plant and equipment	7	219,234	208,936
Depreciation of right-of-use assets	8	482,321	488,413
Amortisation of intangible asset	7	105,793	105,793
Interest income	3	(1,188,011)	(607,223)
Interest expense on lease liabilities	16	34,975	42,690
Loss on disposal of plant equipment			-
Reversal of loss allowance on conservancy and service fees receivables	32	52,508	(138,230)
Loss allowance on late payment penalty	32	11,719	2,228
Fair value (gain)/loss on financial assets at fair value through profit & loss	23	(90,140)	117,600
Operating income transfer to Sinking Funds	4	20,101,881	19,190,834
Operating income transfer to Lift Replacement Funds	5	10,824,096	10,333,527
Operating surplus before working capital changes		18,255,144	20,485,755
(Decrease)/Increase in operating receivables		(2,558,950)	67,411
Increase in operating payables		7,616,340	3,985,359
Cash generated from operations before income tax		23,312,534	24,538,525
Interest received	3	1,188,011	607,223
Interest paid	16	(34,975)	(42,690)
Income tax paid	27	(472,148)	(682,579)
Sinking Funds income - Other income	23	203	43
Lift Replacement Funds income from Selective Lift Replacement Programme and Lift Enhancement Programme	24	746,268	2,735,082
Sinking Funds expenditure	23	(53,384,241)	(38,478,118)
Lift Replacement Funds expenditure	24	(12,022,894)	(7,802,816)
Town Improvement and Project Funds expenditure	25	(3,591,731)	(2,767,274)
Lift Enhancement Programme (income)/expenditure	12	(746,266)	2,277,283
Neighbourhood Renewal Programme Funds expenditure	13	(1,853,958)	(3,359,290)
Electrical Load Upgrading Programme Funds expenditure	17	(946,168)	(835,563)
Net cash used in operations before government grants		(47,805,365)	(23,810,174)
Government grants received		31,118,518	26,019,895
Funding from Housing & Development Board for Neighbourhood Renewal Programme	13	742,517	1,461,372
Funding from Housing & Development Board for Electrical Load Upgrading Programme	17	895,164	343,197
Funding from Housing & Development Board for Selective Lift Replacement Programme	11	-	2,796,581
Fixed deposit pledged		-	(101)
Net cash (used in)/generated from operating activities		(15,049,166)	6,810,770
Investing activities			
Interest and investment income received		11,629,367	1,640,995
Proceeds from redemption of bonds upon maturity		-	2,000,000
Purchase of plant and equipment	7	(151,877)	(737,708)
Net cash generated from investing activities		11,477,490	2,903,287
Financing activity			
Repayment of lease liabilities		(480,395)	(474,371)
Net cash used in financing activity		(480,395)	(474,371)
Net (decrease)/increase in cash and cash equivalents		(4,052,071)	9,239,686
Cash and cash equivalents at beginning of year		303,422,373	294,182,687
Cash and cash equivalents at end of year	15	299,370,302	303,422,373

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

ANG MO KIO TOWN COUNCIL

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

Reconciliation of liabilities arising from financing activity

	As at 1 April 2023 \$	Non-cash movements		Repayment \$	As at 31 March 2024 \$
		New leases \$	Interest expense \$		
Lease liabilities	876,174	304,893	34,975	(515,370)	700,672

	As at 1 April 2022 \$	Non-cash movements		Repayment \$	As at 31 March 2023 \$
		New leases \$	Interest expense \$		
Lease liabilities	220,369	1,130,176	42,690	(517,061)	876,174

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

ANG MO KIO TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

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

1. General information

Ang Mo Kio Town Council (the "Town Council") was formed in 1989 under the Town Councils Act 1988. The principal functions of the Town Council are to control, manage, maintain and improve the common areas of residential units, other commercial properties and market and food centres in the housing estates of the Housing & Development Board ("HDB") within the Town.

The Town Council manages the Yio Chu Kang and Kebun Baru Single Member Constituency ("SMC") and Ang Mo Kio Group Representation Constituency ("GRC"), comprising the divisions of Cheng San-Seletar, Ang Mo Kio - Hougang, Jalan Kayu, Fernvale and Teck Ghee.

The principal office of operations is situated at Block 342, Ang Mo Kio Avenue 1, #01-1561, Singapore 560342.

The financial statements of the Town Council for the financial year ended 31 March 2024 were authorised for issue by the Town Council on 30 September 2024.

2(a) Basis of preparation

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

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

Critical accounting judgments and key sources of estimation uncertainty

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

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

ANG MO KIO TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

2(a) Basis of preparation (Continued)

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

(a) Key sources of estimation uncertainty

Provision for income tax

The Town Council is subject to income taxes in Singapore. Judgement is required in determining the deductibility of certain expenses during the estimation of the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of operations. The Town Council recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters differs from the amounts that were initially recognised, such differences will impact the income tax provisions in the period in which such determination is made. The carrying amount of the Town Council's current tax payable as at 31 March 2024 is \$3,084,372 (2023: \$1,527,925).

Allowance for expected credit losses ("ECL") of conservancy and service fees receivables and late payment penalty receivables

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

The ECL for conservancy and service fees receivables are estimated using an allowance matrix with fixed provision rates depending on the number of months that conservancy and service fees are past due with reference to the recommended guidelines by MND that are assessed by property type and household profile.

Impairment for doubtful conservancy and service fees receivables and late payment penalty receivables amounting to \$802,640 (2023: \$773,999) and \$226,944 (2023: \$218,980), respectively.

As at 31 March 2024, the carrying amount of the Town Council's conservancy and service fees receivables and late payment penalty receivables are \$1,823,073 (2023: \$1,758,647) in Note 10, and \$151,297 (2023: \$145,986) in Note 14, respectively.

Depreciation of plant and equipment

The Town Council depreciates the plant and equipment over their estimated useful life after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Town Council intends to derive future economic benefits from the use of the Town Council's plant and equipment. The residual value reflects management's estimated amount that the Town Council would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. If depreciation on plant and equipment increases/decreases by 10% from management estimate would not have a material effect on the financial statements. The carrying amount of the Town Council's property plant and equipment as at 31 March 2024 is \$705,349 (2023: \$772,706) in Note 7.

Determination of incremental borrowing rate for leases

The Town Council recognises a lease liability at the present value of the remaining lease payments using the Town Council's incremental borrowing rate for the underlying lease asset; and recognises a corresponding right-of-use asset, on a lease-by-lease basis.

ANG MO KIO TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

2(a) Basis of preparation (Continued)

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

(a) Key sources of estimation uncertainty (Continued)

Determination of incremental borrowing rate for leases (Continued)

Management applied significant estimates and assumptions in determining the incremental borrowing rate, with key inputs to the computation comprising the term of the lease, nature and quality of the security, economic environment and credit spread. The carrying amount of the Town Council's right-of-use assets and lease liabilities are disclosed in Note 8 and 16, respectively. A 5% change in the estimated incremental borrowing rate would not have a material effect on the financial statements.

2(b) Adoption of new and revised standards

In the current financial year, the Town Council has adopted all the new and revised FRSs and INT FRSs that are relevant to its operations and effective for annual periods beginning on or after 1 April 2023. The adoption of these new or revised FRSs and INT FRSs did not result in changes to the Town Council's accounting policies and has no material effect on the amounts reported for the current or prior financial years.

The Town Council adopted the amendments to FRSs 1 and FRSs Practice Statement 2: Disclosure of Accounting Policies in the current financial year. The amendments require the disclosure of "material" instead of "significant" accounting policy information and provides guidance to assist the entity in providing useful, entity-specific accounting policy information for the users' understanding of the financial statements. Accordingly, management reviewed the accounting policies and updated the information disclosed in Note 2 Summary of material accounting policies in line with the amendments.

2(c) FRSs and INT FRSs issued but not yet effective

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

		Effective date (annual periods beginning on or after)
FRSs	Title	
FRS 1	Amendments to FRS 1: <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
FRS 116	Amendments to FRS 116: <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
FRS 7, FRS 107	Amendments to FRS 7 and FRS 107: <i>Supplier Finance Arrangements</i>	1 January 2024
Various	Amendments to FRS 1: <i>Non-current liabilities with Covenants</i>	1 January 2024
FRS 21, FRS 101	Amendment to FRS-21: <i>Lack of Exchangeability</i>	1 January 2025
FRS 110, FRS 28	Amendments to FRS 110 and FRS 28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

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

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

2(d) Summary of material accounting policies

(a) Town Council Funds

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

- Residential property
- Commercial property

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

The routine funds related to properties under management, together with Sinking Funds, Lift Replacement Funds and Town Improvement and Project Funds form the Town Council funds. All monies received by the Town Council are paid into and related expenditures are paid out of the appropriate funds set up for each property type managed.

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

Sinking Funds

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

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

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

- (a) At least 26% of all conservancy and service charges which are levied by the Town Council for residential property and for commercial property, respectively, and are paid or due and payable, or both, to the Town Council in that quarter; and
- (b) At least 26% of -
 - (i) the total grants-in-aid received by the Town Council in that relevant quarter for residential property and commercial property, respectively; less
 - (ii) the Lift Replacement Funds matching grant-in-aid received by the Town Council in that same relevant quarter for that same property.

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

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

2(d) Summary of material accounting policies (Continued)

(a) Town Council Funds (Continued)

Lift Replacement Funds

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

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

14% of the closing balance shown in the Town Council's audited accounts for financial year ended 31 March 2017 in respect of each ordinary sinking fund established for residential property and commercial property, respectively, has been paid by the Town Council into every lift replacement fund established by the Town Council for that residential property and commercial property, respectively.

The minimum amounts that are paid by each property type into the Lift Replacement Funds for every quarter of the financial year starting 1 April 2017, and for every quarter of any subsequent financial year end, are as follows:

- (a) At least 14% of all conservancy and service charges which are levied by the Town Council for residential property and for commercial property, respectively, and are paid or due and payable, or both, to the Town Council in that quarter; and
- (b) At least 14% of -
 - (i) the total grants-in-aid received by the Town Council in that relevant quarter for residential property and commercial property, respectively; less
 - (ii) the Lift Replacement Funds matching grant-in-aid received by the Town Council in that same relevant quarter for that same property.

The Lift Replacement Fund is utilised for cyclical works, including major lift upgrading and lift renewal, installation or replacement of any video monitoring devices in lifts, major lift replacements and lift-related replacement works. To help Town Councils to cope with the operating need and long-term capital expenditure requirement for lift replacements and lift-related works, the Ministry of National Development provides two additional grants-in-aids, namely Lift Maintenance Grant (LMG) and LRF Matching Grant, from 1 April 2017.

Town Improvement and Project Funds

Town Improvement and Project Funds ("TIPF") 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 comprise the amounts set aside for projects to be carried out in the next financial year. All expenditures on town improvement and projects are appropriated from these reserves.

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

2(d) Summary of material accounting policies (Continued)

(b) Inter-funds transfer

Under Section 47(12) of the Town Councils Act 1988 and Rule 11A(1) of the Town Council Financial Rules, if there is a surplus in an operating fund or a surplus in an ordinary sinking fund of the Town Council at the end of the financial year, the Town Council may transfer the whole or part of the surplus in the operating fund to a lift replacement fund or an ordinary sinking fund, or transfer the whole or part of the surplus in an ordinary sinking fund to a lift replacement fund, but only to make good any deficit in the lift replacement fund.

Under Section 57(1)(i) of the Act, the Minister may make rules for the circumstances under which a surplus in an operating fund, sinking fund or lift replacement fund established for residential property, may be transferred to the same fund established for commercial property, and vice versa.

Under Rule 11A(2) and (3) of the Town Council Financial Rules, a surplus in an operating fund, sinking fund or lift replacement fund established for residential property, may be transferred to the same fund established for commercial property, and vice versa, to make good any deficit.

(c) Allocation of General Overheads

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

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

Such allocation by EDU is not applied to the Sinking Funds, Town Improvement and Project Funds and Lift Replacement Funds.

(d) Government grants

The Town Council receives five types of grants from the government: Service and Conservancy Charge operating grant, payments from Citizens' Consultative Committees, Goods and Services Tax ("GST") subvention grant, Lift Maintenance grant and Lift Replacement Funds ("LRF") matching grant.

- (i) Service and Conservancy Charge operating grant to meet the current year's operating expenditure are taken to income or expenditure.
- (ii) Payments from Citizens' Consultative Committees are granted to provide funding support for community improvement projects under the CIPC scheme.
- (iii) The GST subvention is given as grants-in-aid and is granted to assist the Town Councils for absorbing the GST increases in service and conservancy charges for HDB residential flats.
- (iv) The Lift Maintenance grant is given to help the Town Councils cope with higher lift-related servicing and maintenance costs, with a disbursement of \$600 annually for each lift maintained by the Town Council.

ANG MO KIO TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

2(d) Summary of material accounting policies (Continued)

(d) Government grants (Continued)

- (v) The Lift Replacement Funds matching grant is given to encourage Town Councils to set aside sufficient funds for the replacement of their existing lifts and lift parts, with disbursements to Town Councils made every quarter, matching 50% of the Town Council's quarterly contribution to its LRF.
- (vi) The time-limited Special Funding Support was provided to Town Councils that need to adjust their S&CC to meet their long-term financial sustainability. This funding support is meant to help buffer Town Council and residents from the full impact of the rising maintenance costs. The funding is equivalent to the additional S&CC income generated from the gazetted S&CC increases (for each flat type excluding GST) from 1 July 2023 to 30 June 2024 based on the number of residential units managed by each Town Council as at 3 April 2023. The total amount of funding will be the sum of all the eligible flat types, subject to a cap of 13% based on the Town Council's residential S&CC income in FY2022 audited financial statements. The special funding support will be subject to the minimum contribution rates of 26% to the Sinking Fund and 14% to the Lift Replacement Fund under the Town Council Act.

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

(e) Plant and equipment and depreciation

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

Furniture, fixtures and fittings	5 years
Office equipment	3 - 5 years

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

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

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

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

2(d) Summary of material accounting policies (Continued)

(f) Impairment of non-financial assets

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

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

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

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

(g) Financial instruments

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

(i) Financial assets

Initial recognition and measurement

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

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

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

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

2(d) Summary of material accounting policies (Continued)

(g) Financial instruments (Continued)

(I) Financial assets (Continued)

Financial assets at amortised cost

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

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

Effective interest method

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

Impairment of financial assets

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

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

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

The Town Council uses the practical expedient under FRS 109 in the form of allowance matrix to measure the ECL for conservancy and service fees receivables, where the loss allowance is equal to lifetime ECL. The ECL for conservancy and service fees receivables are estimated using an allowance matrix with fixed provision rates depending on the number of months that conservancy and service fees are past due with reference to the recommended guidelines by MND that are assessed by property type and household profile.

2(d) Summary of material accounting policies (Continued)

(g) Financial instruments (Continued)

(I) Financial assets (Continued)

Impairment of financial assets (Continued)

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

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

For details on the Town Council's accounting policy for its impairment of financial assets, refer to Note 32.

Derecognition of financial assets

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

(II) Financial liabilities

Initial recognition and measurement

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

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

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

Other financial liabilities

Payables and accrued expenses

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

2(d) Summary of material accounting policies (Continued)

(g) Financial instruments (Continued)

(II) Financial liabilities (Continued)

Derecognition of financial liabilities

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

(III) Offsetting of financial instruments

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

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

(h) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and bank balances and demand deposits with financial institutions that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(i) Provisions

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

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

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

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

(j) Employee benefits

Defined contribution plan

The Town Council contributes to the Central Provident Fund ("CPF"), a defined contribution plan regulated and managed by the Government of Singapore. The Town Council contributes to the CPF for its two employees. Other personnel are under the direct payroll of its managing agent. The contributions to CPF are charged to income or expenditure in the period to which the contributions relate.

2(d) Summary of material accounting policies (Continued)

(j) Employee benefits (Continued)

Key management personnel

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

(k) Recognition of Income

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

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

(i) Conservancy and service fees

Conservancy and service fees are recognised when due.

(ii) Agency fees

Agency fees for routine maintenance of HDB's carparks are recognised when due.

(iii) Interest and investment income

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

Interest income from bonds is recognised using the effective interest method.

(iv) Other income

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

(l) Income tax

Income tax is provided on the following income:

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

2(d) Summary of material accounting policies (Continued)

(l) Income tax (Continued)

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

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

Tax shall be payable at the rate of 10% on interest income derived from qualifying debt securities which have been approved under Section 13 of the Income Tax Act 1947.

(m) Leases

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

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

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

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, as follows:

Office premises:	over lease term of 3 years
Office equipment:	over lease term of 5 years

2(d) Summary of material accounting policies (Continued)

(m) Leases (Continued)

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

The right-of-use assets are presented as a separate line item in the statement of financial position.

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

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

Lease payments included in the measurement of the lease liability comprise:

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

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

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

Operating Leases

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

2(d) Summary of material accounting policies (Continued)

(n) Intangible asset

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

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

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

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

(o) Contingencies

A contingent liability is:

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

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

ANG MO KIO TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

3. Accumulated surplus

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

Note	Residential property		Commercial property		Carpark		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$	\$	\$
ACCUMULATED SURPLUS AT BEGINNING OF YEAR								
Add/(Less):								
Transfer from Town Improvement and Project Funds	7,772,969	12,946,142	3,752,399	3,605,205	10,350,701	7,973,561	21,876,069	24,524,908
Appropriation to Town Improvement and Project Funds	3,240,791	1,385,468	108,141	75,170	-	-	3,348,932	1,440,638
	(8,400,309)	(4,511,088)	(1,384,320)	(138,519)	-	-	(9,784,629)	(4,650,607)
	2,613,451	9,800,522	2,476,220	3,540,856	10,350,701	7,973,561	15,440,372	21,314,939
OPERATING INCOME								
Conservancy and service fees	71,195,798	67,893,178	6,119,148	5,847,726	-	-	77,314,946	73,810,904
Less:								
Operating income transfer to Sinking Funds	(18,510,903)	(17,670,424)	(1,690,978)	(1,520,410)	-	-	(20,101,881)	(19,190,834)
Operating income transfer to Lift Replacements	(9,967,415)	(9,514,845)	(856,681)	(818,682)	-	-	(10,824,095)	(10,333,527)
(14% transferred to Lift Replacement Funds)	42,717,480	40,777,909	3,671,489	3,508,634	-	-	46,388,969	44,286,543
Agency fees	2,969,435	2,395,263	1,150,039	1,079,969	6,008,674	5,875,501	6,008,674	5,875,501
Other income	45,686,915	43,174,172	4,821,528	4,588,603	129,925	92,086	4,249,398	3,568,318
	(62,132,455)	(55,548,060)	(4,148,647)	(4,417,839)	8,138,599	5,967,587	56,647,041	53,730,382
Less: Operating expenditure	(16,445,540)	(12,373,888)	674,881	170,764	(3,855,183)	(3,630,489)	(70,134,284)	(63,596,398)
OPERATING (DEFICIT)/SURPLUS								
Add: Interest income	1,030,473	526,407	56,510	29,192	2,283,416	2,337,088	13,487,243	(9,896,036)
	(15,415,067)	(11,847,481)	731,391	199,956	101,028	51,624	1,188,011	607,223
(DEFICIT)/SURPLUS BEFORE INCOME TAX AND GOVERNMENT GRANTS								
Less: Income tax	(370,937)	(322,015)	(20,288)	(16,103)	(36,323)	(11,572)	(427,548)	(349,690)
	(15,786,004)	(12,169,496)	711,103	183,853	2,348,121	2,377,140	(12,726,780)	(9,608,503)
(DEFICIT)/SURPLUS BEFORE GOVERNMENT GRANTS								
Add: Government grants	30,596,719	25,426,214	531,799	593,681	-	-	31,118,518	26,019,895
Less: Transfer to Sinking Funds	(5,754,409)	(4,384,851)	(884)	(12,002)	-	-	(5,755,293)	(4,408,853)
Lift Replacement Funds	(9,379,479)	(8,292,865)	(412,252)	(409,429)	-	-	(9,791,731)	(8,702,294)
Town Improvement and Project Funds	(2,149,750)	(2,598,555)	(140,306)	(144,560)	-	-	(2,290,056)	(2,741,115)
	13,303,081	10,141,943	(21,643)	27,690	-	-	13,281,438	10,169,633
(DEFICIT)/SURPLUS FOR THE YEAR								
	(2,482,923)	(2,027,553)	689,460	211,543	2,348,121	2,377,140	554,658	561,130
ACCUMULATED SURPLUS AT END OF YEAR								
	130,528	7,772,969	3,165,680	3,752,399	12,698,822	10,350,701	15,995,030	21,876,069

ANG MO KIO TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

4. Sinking Funds

Note	Residential property		Commercial property		Total	
	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$
Balance as at beginning of year	117,028,095	127,887,156	52,830,977	54,571,046	158,859,072	182,458,202
Add:						
Income	5,507,687	1,887,152	298,914	843,752	5,806,601	2,740,904
Operating income transfer from conservancy and service fees	18,510,903	17,670,424	1,590,978	1,520,410	20,101,881	19,190,834
Transfer from special funding support grant (SFS)	1,026,258	-	-	-	1,026,258	-
Transfer from government grants	4,728,153	4,384,951	884	12,002	4,729,037	4,406,853
	29,772,999	23,962,427	1,890,776	2,376,164	31,663,775	26,338,591
Less:						
Expenditure	(44,546,809)	(34,505,323)	(8,837,432)	(3,972,795)	(53,384,241)	(38,478,118)
Income tax	(915,755)	(316,165)	(49,586)	(143,438)	(965,441)	(459,603)
Deficit for the year	(15,689,565)	(10,859,061)	(6,996,342)	(1,740,069)	(22,685,907)	(12,599,130)
Balance as at end of year	101,338,530	117,028,095	45,834,635	52,830,977	147,173,165	169,859,072
Represented by:						
Current assets						
Financial assets at fair value through profit or loss	9				1,981,200	1,891,080
Conservancy and service fees receivables	10				473,998	457,248
Other receivables, deposits and prepayments	14				2,166,354	2,852,773
Due from accumulated surplus					7,538,474	5,060,637
Cash and cash equivalents	15				141,466,923	168,459,667
Total assets					153,626,950	176,721,385
Less:						
Current liabilities						
Payables and accrued operating expenses	18				5,026,799	6,246,596
Income tax payable	27				1,424,986	615,717
Total liabilities					6,453,785	6,862,313
NET ASSETS					147,173,165	169,859,072

ANG MO KIO TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

5. Lift Replacement Funds

Note	Residential property		Commercial property		Total	
	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$
Balance as at beginning of year	95,818,878	81,800,710	14,669,871	13,506,263	110,488,749	95,306,973
Add:						
Income	4,276,660	4,085,283	212,439	111,648	4,489,099	4,196,931
Operating income transfer from conservancy and service fees	9,567,415	9,514,845	856,681	818,682	10,824,096	10,333,527
Transfer from special funding support grant (SFS)	552,602	-	-	-	552,602	-
Transfer from government grants (excluding Lift Replacement Funds matching grant)	2,545,928	2,365,464	476	5,462	2,546,404	2,372,926
Lift Replacement Funds matching grant	6,280,949	5,926,401	411,776	402,967	6,592,725	6,329,368
	23,623,554	21,892,993	1,481,372	1,339,759	25,104,926	23,232,752
Less:						
Expenditure	(11,754,727)	(7,635,622)	(268,167)	(187,194)	(12,022,894)	(7,802,816)
Income tax	(602,645)	(239,203)	(32,961)	(8,957)	(635,606)	(248,160)
Surplus for the year	11,266,182	14,018,168	1,180,244	1,163,608	12,446,426	15,181,776
Balance as at end of year	107,085,060	95,818,878	15,850,115	14,669,871	122,935,175	110,488,749

Represented by:

Current assets

Conservancy & service fees receivables	255,230	246,210
Other receivables, deposits and prepayments	3,332,281	2,549,930
Receivables for Lift Enhancement Programme	3,218,539	2,845,408
Due from accumulated surplus	3,460,836	2,685,388
Cash and cash equivalents	117,077,127	104,159,279

Total assets

	127,344,013	112,486,213
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Less:

Current liabilities

Advance for Lift Enhancement Programme	299,689	672,832
Payables and accrued operating expenses	3,225,373	1,013,538
Income tax payable	883,766	311,094

Total liabilities

	4,408,838	1,997,464
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NET ASSETS

	122,935,175	110,488,749
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ANG MO KIO TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

6. Town Improvement and Project Funds

Note	Residential property		Commercial property		Total	
	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$
Balance as at beginning of year	4,511,088	1,389,218	139,519	77,579	4,650,607	1,466,797
Add/(Less):						
Transfer from government grants	2,149,750	2,586,555	140,306	144,560	2,290,056	2,741,115
Expenditure	(3,420,047)	(2,620,305)	(171,684)	(146,969)	(3,591,731)	(2,767,274)
Deficit for the year	(1,270,297)	(23,750)	(31,378)	(2,409)	(1,301,675)	(26,159)
Less:						
Transfer to accumulated surplus*	3,240,791	1,365,468	108,141	75,170	3,348,932	1,440,638
	(3,240,791)	(1,365,468)	(108,141)	(75,170)	(3,348,932)	(1,440,638)
	-	-	-	-	-	-
Add:						
Appropriation from accumulated surplus**	8,400,309	4,511,088	1,384,320	139,519	9,784,629	4,650,607
Balance as at end of year	8,400,309	4,511,088	1,384,320	139,519	9,784,628	4,650,607

Represented by:

Current assets

Other receivables, deposits and prepayments
Cash and cash equivalents

Total assets

Less:

Current liabilities

Payables and accrued operating expenses
Amount due to accumulated surplus**

Total liabilities

NET ASSETS

8,562,779	8,957,677
1,318,852	-

9,881,431 8,957,677

371,559	418,930
(174,757)	3,888,140

196,802 4,307,070

9,784,629 4,650,607

* At the end of each financial year, the Town Council would transfer any surplus or deficit from the Town Improvement and Project Funds to the accumulated surplus.

** The amount required by the Town Improvement and Project Funds for the following financial year would then be appropriated from the accumulated surplus.

ANG MO KIO TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

7. Plant and equipment and intangible asset

<u>Plant and equipment</u>	<u>Furniture, fixtures and fittings</u> \$	<u>Office equipment</u> \$	<u>Total</u> \$
<u>Cost</u>			
At 1 April 2022	1,437,401	307,960	1,745,361
Additions	737,708	-	737,708
At 31 March 2023	2,175,109	307,960	2,483,069
Additions	46,827	105,050	151,877
At 31 March 2024	2,221,936	413,010	2,634,946
<u>Accumulated depreciation</u>			
At 1 April 2022	1,297,101	204,326	1,501,427
Depreciation (Note 22)	142,012	66,924	208,936
At 31 March 2023	1,439,113	271,250	1,710,363
Depreciation (Note 22)	179,126	40,108	219,234
At 31 March 2024	1,618,239	311,358	1,929,597
<u>Carrying amount</u>			
At 31 March 2024	603,697	101,652	705,349
At 31 March 2023	735,996	36,710	772,706
<u>Intangible asset</u>			<u>Computer software</u> \$
<u>Cost</u>			
At 1 April 2022			-
Reclassification for the year			634,765
At 31 March 2023 and 31 March 2024			634,765
<u>Accumulated depreciation</u>			
At 1 April 2022			-
Reclassification for the year			132,242
Amortisation charge for the year (Note 22)			105,793
At 31 March 2023			238,035
Amortisation charge for the year (Note 22)			105,793
At 31 March 2024			343,828
<u>Carrying amount</u>			
At 31 March 2024			290,937
At 31 March 2023			396,730

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

ANG MO KIO TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

8. Right-of-use assets

	<u>Office equipment</u> \$	<u>Office premises</u> \$	<u>Total</u> \$
<u>Cost</u>			
At 1 April 2022	18,545	1,672,067	1,690,612
Additions	-	1,130,176	1,130,176
Write off	-	(1,328,451)	(1,328,451)
At 31 March 2023	18,545	1,473,792	1,492,337
Additions	-	304,893	304,893
At 31 March 2024	18,545	1,778,685	1,797,230
<u>Accumulated depreciation</u>			
At 31 March 2022	11,226	1,464,754	1,475,980
Depreciation (Note 22)	3,742	484,671	488,413
Write off	-	(1,328,451)	(1,328,451)
At 31 March 2023	14,968	620,974	635,942
Depreciation (Note 22)	2,802	479,519	482,321
At 31 March 2024	17,770	1,100,493	1,118,263
<u>Carrying amount</u>			
At 31 March 2024	775	678,192	678,967
At 31 March 2023	3,577	852,818	856,395

9. Financial assets at fair value through profit or loss

	<u>2024</u> \$	<u>2023</u> \$
Quoted bond issued by a statutory board	1,981,200	1,891,060

Quoted bond issued by a statutory board bears weighted average fixed interest rates of 2.60% (2023: 2.60%) per annum with maturity date ending on 30 October 2029.

10. Conservancy and service fees receivables

	<u>2024</u> \$	<u>2023</u> \$
Conservancy and service fees receivables	2,625,713	2,532,646
Less: Loss allowance	(802,640)	(773,999)
	1,823,073	1,758,647
Recorded in:	Note	
Accumulated surplus	1,093,844	1,055,189
Sinking Funds	4 473,999	457,248
Lift Replacement Funds	5 255,230	246,210
	1,823,073	1,758,647

Conservancy and service fees receivables are denominated in Singapore dollars.

The Town Council generally extends 30 days (2023: 30 days) credit term to its conservancy and service fees customers.

ANG MO KIO TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

10. Conservancy and service fees receivables (Continued)

The details of the loss allowance of conservancy and service fees receivables and credit exposures are disclosed in Note 32.

11. Receivables for Selective Lift Replacement Programme

	<u>2024</u> \$	<u>2023</u> \$
Balance as at beginning of year	-	2,796,581
Amount received from Housing & Development Board	-	(2,796,581)
Balance as at end of year	-	-

Selective Lift Replacement Programme ("SLRP") was introduced to help replace old lifts with modern lifts that come with more energy-efficient motors, vision panels and infra-red doors with motion safety sensors for added energy efficiency, safety and security. These lifts were installed between 1987 and 1997, and are in blocks that are already barrier-free and do not need upgrading under the Lift Upgrading Programme ("LUP"). However, they lack certain safety and security features that come with modern lifts. HDB will help co-pay 50% for the replacement of these lifts when the Town Council is ready to replace them.

12. Receivables/(Advances received) for Lift Enhancement Programme

	<u>2024</u> \$	<u>2023</u> \$
Balance as at beginning of year	2,172,574	4,449,857
Amount received from Housing & Development Board	-	(4,449,857)
Advances for Lift Enhancement Programme	(299,699)	(672,832)
Claims submitted to Housing & Development Board	1,045,965	2,845,406
	746,266	(2,277,283)
Balance as at end of year	2,918,840	2,172,574

Lift Enhancement Programme ("LEP") was introduced in response to feedback received from residents after a spate of lift accidents. Due to technological advancements, existing lifts may not be equipped with modern features which enhance their safety, reliability and performance. Under the LEP, HDB will fund about 92.5% of Town Council's costs to install the recommended enhancement features.

13. Receivables/(Advances received) for Neighbourhood Renewal Programme

	<u>2024</u> \$	<u>2023</u> \$
Balance as at beginning of year	741,013	(1,156,905)
Amount received in advance from Housing & Development Board	(742,517)	(1,461,372)
Payment to contractors	1,853,958	3,359,290
	1,111,441	1,897,918
Receivables for Neighbourhood Renewal Programme	1,852,454	741,013

ANG MO KIO TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

13. Receivables/(Advances received) for Neighbourhood Renewal Programme (Continued)

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

14. Other receivables, deposits and prepayments

	<u>2024</u> \$	<u>2023</u> \$
Grant receivables		
- Citizens' Consultative Committees	8,616,634	8,929,368
- GST Subvention	1,039,632	816,103
- Lift Replacement Funds Matching Grant	1,429,601	1,335,241
- Service and Conservancy Charges	145,545	134,514
	<u>11,231,412</u>	<u>11,215,226</u>
Other receivables		
- Interest on fixed deposits and government bonds	999,854	3,079,991
- Late payment penalty receivables (Note 32)	378,241	364,966
- Less: Loss allowance (Note 32)	(226,944)	(218,980)
	151,297	145,986
- Claimable GST (Note 26)	2,325,219	907,401
- Recoverable from Housing & Development Board	337,408	124,368
- Recoverable from National Environment Agency	88,166	88,737
- Recoverable from contractors	249,452	149,012
- Recoverable from Public Utilities Board	608,568	-
	<u>4,759,964</u>	<u>4,495,495</u>
Deposits	926,702	855,982
Others	42,485	36,455
Prepayments	1,195,590	218,980
	<u>18,156,153</u>	<u>16,822,138</u>
Recorded in:	Note	
Accumulated surplus		3,994,739
Sinking Funds	4	2,166,354
Lift Replacement Funds	5	3,332,281
Town Improvement and Project Funds	6	8,662,779
		<u>18,156,153</u>
		<u>16,822,138</u>

Other receivables, deposits and prepayments are denominated in Singapore dollars.

The details of the loss allowance of late payment penalty receivables and credit exposures are disclosed in Note 32.

ANG MO KIO TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

15. Cash and bank balances

		<u>2024</u>	<u>2023</u>
		\$	\$
Cash on hand		15,500	15,500
Cash at bank		<u>107,104,847</u>	<u>30,209,280</u>
		107,120,347	30,224,780
Fixed deposits		<u>192,351,417</u>	<u>273,299,055</u>
		299,471,764	303,523,835
	<u>Note</u>	<u>2024</u>	<u>2023</u>
		\$	\$
Recorded in:			
Accumulated surplus		39,609,062	32,904,889
Sinking Funds	4	141,466,923	166,459,667
Lift Replacement Funds	5	117,077,127	104,159,279
Town Improvement and Project Funds	6	<u>1,318,652</u>	<u>-</u>
		299,471,764	303,523,835

Cash and bank balances are denominated in Singapore dollars.

The interest rates for fixed deposits range from 1.50% - 4.45% (2023: 1.05% - 4.40%) per annum, receivable one year in arrears. The weighted average effective interest rates is 3.44% (2023: 1.73%) per annum.

A fixed deposit of \$101,462 (2023: \$101,462) is pledged to a bank to secure a performance guarantee issued by the bank.

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

	<u>2024</u>	<u>2023</u>
	\$	\$
Cash and bank balances as above	299,471,764	303,523,835
Less:		
Fixed deposit pledged	<u>(101,462)</u>	<u>(101,462)</u>
Cash and bank balances per statement of cashflows	<u>299,370,302</u>	<u>303,422,373</u>

ANG MO KIO TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

16. Lease liabilities

Town Council leases office premises and office equipment for 3 to 5 years, with an option to renew the lease subject to certain conditions being met. Lease payments are made monthly and are at a fixed rate throughout the lease period.

Extension option

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

	<u>2024</u> \$	<u>2023</u> \$
Maturity analysis		
- Year 1	513,225	479,670
- Year 2	142,800	404,025
- Year 3	73,500	33,600
	<u>729,525</u>	<u>917,295</u>
Less: undue interest cost	(28,853)	(41,121)
	<u>700,672</u>	<u>876,174</u>
Analysed as:		
- Current	491,508	449,263
- Non-current	209,164	426,911
	<u>700,672</u>	<u>876,174</u>

Interest expense on lease liabilities of \$34,975 (2023: \$42,690) is recognised in the statement of income and expenditure.

In current and prior financial years, there are no rental expenses not capitalised in lease liabilities but recognised in the statement of income and expenditure and other comprehensive income.

Total cash outflows for all leases (including interest paid) during the year amount to \$480,395 (2023: \$474,371).

The lease liabilities are denominated in Singapore dollars.

17. Advances received for Electrical Load Upgrading Programme

	<u>2024</u> \$	<u>2023</u> \$
Balance as at beginning of year	1,146,665	1,639,031
Add/(Less):		
Funding from Housing & Development Board	895,164	343,197
Payment to contractors	(946,168)	(835,563)
	<u>(51,004)</u>	<u>(492,366)</u>
Balance as at end of year	<u>1,095,661</u>	<u>1,146,665</u>

ANG MO KIO TOWN COUNCIL**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024****17. Advances received for Electrical Load Upgrading Programme (Continued)**

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

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

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

18 Payables and accrued operating expenses

	<u>2024</u>	<u>2023</u>
	\$	\$
Accounts payable	17,834,909	11,403,418
Accrued operating expenses	6,379,284	4,492,155
GST payable	-	-
Deposits received	528,817	541,501
Payable to HDB	-	1,283
Others	200,098	279,844
	<u>24,943,108</u>	<u>16,718,201</u>
Recorded in:	<u>Note</u>	
Accumulated surplus	16,317,377	9,039,137
Sinking Funds	4 5,028,799	6,246,596
Lift Replacement Funds	5 3,225,373	1,013,538
Town Improvement and Project Funds	6 371,559	418,930
	<u>24,943,108</u>	<u>16,718,201</u>

Included in accounts payable is amount owing to the managing agent of \$58,150 (2023: \$237,322).

Payables and accrued operating expenses are non-interest bearing, repayable on demand and are to be settled in cash.

Payables and accrued operating expenses are denominated in Singapore dollars.

19. Agency fees

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

ANG MO KIO TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

20. Other income

	<u>2024</u> \$	<u>2023</u> \$
Community hall rental	47,210	41,685
Late payment penalty	292,018	270,020
Liquidated damages	679,307	176,342
Sale of tender documents	21,258	22,150
Sundry fines	40,175	60,250
Sundry income	103,117	160,907
Temporary Occupation Licence charges	2,272,673	2,258,761
Use of common property	16,295	11,865
Use of void decks	31,480	32,850
Use of water and electricity	565,377	318,408
Use of roof top access	168,060	212,430
Others	12,428	2,650
	<u>4,249,398</u>	<u>3,568,318</u>

21. Managing agent's fees

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

22. General and administrative expenditure

	<u>Note</u>	<u>2024</u> \$	<u>2023</u> \$
Advertising, publicity and public relations		311,517	298,763
Amortisation of intangible asset	7	105,793	105,793
Computer services		717,456	685,973
Depreciation of plant and equipment	7	219,234	208,936
Depreciation of right-of-use assets	8	482,321	488,413
Addition/(Reversal) of loss allowance on conservancy and service fees receivables	32	52,508	(138,230)
Loss allowance on late payment penalty	32	11,719	2,228
Office rental and upkeep expenditure		81,658	25,784
Office supplies and stationery		85,584	66,676
Plant and equipment not capitalised		-	280
Professional fees		187,406	181,473
Property tax		233,353	219,864
Key management personnel compensation			
- Town Councillors' allowances	29	302,400	302,400
- Town Councillors' expenses	29	1,236	16,300
Repairs and maintenance		22,373	16,673
Staff salary and related costs		647,977	413,918
Telephone, postage and courier expenditure		207,647	152,965
Unclaimable GST	26	1,250,827	873,467
Others		369,876	376,328
		<u>5,290,885</u>	<u>4,298,004</u>

ANG MO KIO TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

23. Sinking Funds income and expenditure

(i) Income

	<u>2024</u> \$	<u>2023</u> \$
Interest income from bank accounts and fixed deposits	5,664,499	2,673,851
Interest income from bonds	51,759	67,010
Fair value loss on financial assets at fair value through profit & loss	90,140	-
Other income	203	43
	<u>5,806,601</u>	<u>2,740,904</u>

(ii) Expenditure

	<u>Note</u>	<u>2024</u> \$	<u>2023</u> \$
Electrical rewiring		-	-
Fair value loss on financial assets at fair value through profit & loss		-	117,600
General and administrative charges		655	-
Modification of water tank overflow		-	-
Project management fees		1,753,284	1,203,101
Re-decoration and repairing		46,191,910	33,206,673
Replacement of water pipes		36,925	17,710
Re-roofing works		3,274,320	3,013,210
Rejuvenation works at Ang Mo Kio Centre		320,666	541,322
Replacement of booster/water pumps/lamp post		1,264,456	-
Unclaimable GST	26	542,025	378,502
		<u>53,384,241</u>	<u>38,478,118</u>

24. Lift Replacement Funds income and expenditure

(i) Income

	<u>2024</u> \$	<u>2023</u> \$
Interest income from bank accounts and fixed deposits	3,742,831	1,461,849
Income recognised from Selective Lift Replacement Programme	-	506,237
Income recognised from Lift Enhancement Programme	746,268	2,228,845
	<u>4,489,099</u>	<u>4,196,931</u>

ANG MO KIO TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

24. Lift Replacement Funds income and expenditure (Continued)

(ii) Expenditure

	<u>Note</u>	<u>2024</u> \$	<u>2023</u> \$
Lift Enhancement Programme's contractor claims		630,380	2,871,518
Lift position display panels		973,126	442,793
Lift inverter units		1,360,541	551,068
Project management fees		379,856	247,200
Replacement of hoisting ropes		1,484,638	956,883
Replacement of ARD batteries		592,394	211,471
Replacement of EBOP batteries		625,860	470,025
Replacement of encoders		3,287	-
Overhaul, upgrading and lift modernisation		5,680,488	1,847,876
Unclaimable GST	26	291,860	203,809
General and administrative expenses		464	173
		<u>12,022,894</u>	<u>7,802,816</u>

25. Town Improvement and Project Funds expenditure

	<u>2024</u> \$	<u>2023</u> \$
Consultancy fees and architectural fees	451,333	434,903
Town improvement works	<u>3,140,398</u>	<u>2,332,371</u>
	<u>3,591,731</u>	<u>2,767,274</u>

26. Goods and Services Tax ("GST")

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

27. Income tax

	<u>2024</u> \$	<u>2023</u> \$
Current tax expense	2,034,022	1,055,776
(Over)/Under provision of tax in previous financial year	<u>(5,427)</u>	<u>1,677</u>
	<u>2,028,595</u>	<u>1,057,453</u>
Recorded in:	<u>Note</u>	
Accumulated surplus	3	427,548
Sinking Funds	4	965,441
Lift Replacement Funds	5	635,606
		<u>2,028,595</u>
		<u>1,057,453</u>

ANG MO KIO TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

27. Income tax (Continued)

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

	<u>2024</u> \$	<u>2023</u> \$
Interest income	10,646,021	4,809,934
Government grants and other income	31,040,684	27,821,521
Allowable expenses	<u>(320,764)</u>	<u>(353,816)</u>
	<u>41,365,941</u>	<u>32,277,639</u>
Tax calculated at a tax rate of 17% (2023: 17%)	7,032,210	5,487,199
(Over)/Under provision of tax in previous financial year	(5,427)	1,677
Tax exempt income	(17,425)	(17,425)
Tax remission of government grants under section 92(2) of Singapore Income Tax Act 1947	(4,977,140)	(4,409,306)
Tax effect of certain income taxed at concessionary tax rate	<u>(3,623)</u>	<u>(4,692)</u>
	<u>2,028,595</u>	<u>1,057,453</u>

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

Movements in income tax payable are as follows:

	<u>2024</u> \$	<u>2023</u> \$
Balance as at 1 April	1,527,925	1,153,051
Current financial year's income tax expense	2,034,022	1,055,776
(Over)/Under provision of tax in previous financial year	(5,427)	1,677
Payments during the year	<u>(472,148)</u>	<u>(682,579)</u>
Balance as at 31 March	<u>3,084,372</u>	<u>1,527,925</u>
Recorded in:	<u>Note</u>	
Accumulated surplus	775,620	601,114
Sinking Funds	4 1,424,986	615,717
Lift Replacement Funds	5 883,766	311,094
Balance as at 31 March	<u>3,084,372</u>	<u>1,527,925</u>

ANG MO KIO TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

28. Government grants

(i) Government grants taken to the statement of income and expenditure and other comprehensive income during the year are as follows:

Note		Service and conservancy charge operating grant		GST subvention grant		Special Funding Support grant		Payment from citizens' consultative committee		Lift maintenance grant		Lift replacement funds matching grant		Total	
		2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Government grants - Received / receivable during the year	3	13,204,664	12,803,701	3,617,133	2,797,511	3,947,142	-	2,260,056	2,741,115	1,366,800	1,348,200	8,692,725	6,329,368	31,118,516	26,019,895
	3, 4	(3,433,213)	(3,328,963)	(940,466)	(727,357)	(1,026,255)	-	-	-	(355,368)	(350,533)	-	-	(5,755,293)	(4,408,853)
Less:															
Transfer to Sinking Funds															
Transfer to LRI															
Replacement Funds	3, 5	(1,848,652)	(1,792,516)	(506,400)	(391,659)	(562,602)	-	-	-	(191,352)	(188,746)	(6,662,725)	(5,329,368)	(9,791,731)	(8,702,294)
Transfer to Town Improvement and Project Funds	3, 6	-	-	-	-	-	-	(2,290,056)	(2,741,115)	-	-	-	-	(2,290,056)	(2,741,115)
		7,922,798	7,682,220	2,170,277	1,578,495	2,368,284	-	-	-	620,080	806,918	-	-	13,281,438	10,169,833

ANG MO KIO TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

28. Government grants (Continued)

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

	<u>2024</u> \$	<u>2023</u> \$
Total grants received/receivable at 1 April	499,368,511	473,348,617
Grants received/receivable during the year	<u>31,118,518</u>	<u>26,019,894</u>
Total grants received/receivable at 31 March	<u>530,487,029</u>	<u>499,368,511</u>

29. Key management remuneration

	<u>2024</u> \$	<u>2023</u> \$
Town Councillors' allowances (Note 22)	302,400	302,400
Town Councillors' expenses (Note 22)	<u>1,236</u>	<u>16,300</u>
	<u>303,636</u>	<u>318,700</u>

30. Significant related party transactions

Related party relates to the managing agent, CPG Facilities Management Pte Ltd, who manages the operations of the Town Council.

Apart from the disclosures made elsewhere in these financial statements, the following transactions took place between the Town Council and its related party on terms agreed between the parties during the financial year:

	<u>2024</u> \$	<u>2023</u> \$
Expenditure paid to Managing Agent in relation to:		
- Managing Agent Fees (Note 21)	8,538,304	6,675,089
- Project Management Fees	<u>2,324,785</u>	<u>1,635,393</u>
	<u>10,863,089</u>	<u>8,310,482</u>

31. Capital commitments

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

	<u>2024</u> \$	<u>2023</u> \$
Amount approved and contracted for	45,949,335	39,124,039
Amount approved but not contracted for	<u>131,950,419</u>	<u>117,428,237</u>
	<u>177,899,754</u>	<u>156,552,276</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

32. Financial instruments and financial risks

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

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

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

Credit risk

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

Town Council's major classes of financial assets are bank deposits, conservancy and service fees receivables, receivables for Lift Enhancement Programme, receivables for Neighbourhood Renewal Programme, other receivables and investments in bonds.

Bank deposits are placed with Singapore-regulated financial institutions.

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

Receivables for Lift Enhancement Programme, receivables for Neighbourhood Renewal Programme and grant receivables from statutory boards and the government are considered to have a low credit risk. At the reporting date, no loss allowance for these receivables was required.

The other receivables comprise mainly of grant receivables from Citizen's Consultative Committee, lift replacement funds matching grant, other deposits and GST Subvention receivables that are not past due or impaired as at 31 March 2024. For late payment penalty receivables, an ongoing credit evaluation is performed on the financial conditions of the receivables and losses on impairment are recognised in the statement of income and expenditure and other comprehensive income. The loss allowance of late payment penalty receivables totalling \$226,944 (2023: \$218,980) is determined at the reporting date (Note 14).

Investment in bond comprising bond issued by a statutory board with a good credit standing.

For conservancy and service fees receivables, an ongoing credit evaluation is performed on the financial conditions of the receivables and losses on impairment are recognised in the statement of income and expenditure and other comprehensive income. The loss allowance of conservancy and service fees receivables totalling \$802,640 (2023: \$773,999) is determined at the reporting date (Note 10).

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

32. Financial instruments and financial risks (Continued)

Credit risk (Continued)

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

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

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

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

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

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

Note 1. Low credit risk

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

32. Financial instruments and financial risks (Continued)

Credit risk (Continued)

Note 2. Significant increase in credit risk

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

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

Note 3. Credit impaired

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

- Significant financial difficulty of the debtor;
- Breach of contract, such as a default or being more than 90 days past due;
- It is becoming probable that the debtor will enter bankruptcy or another financial reorganisation;
or
- The disappearance of an active market for the financial asset because of financial difficulties.

Note 4. Write off

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

During the financial year ended 31 March 2024, the Town Council wrote off \$23,867 (2023: \$34,319) of conservancy and service fees receivables and \$3,755 (2023: \$5,162) of other receivables, of which \$Nil (2023: \$Nil) was recognised in profit or loss during the year. The amounts were conservancy and service fees receivables and late payment penalty receivables from debtors which have been long outstanding and are not secured. In consideration of the aforementioned factors and the financial ability of the debtors, the Town Council assessed there is no reasonable expectation of recovery.

As at the end of the financial year, other than as disclosed above, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

32. Financial instruments and financial risks (Continued)

Credit risk (Continued)

Conservancy and service fees receivables (Note 10)

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

The ECL for conservancy and service fees receivables are estimated using an allowance matrix with fixed provision rates depending on the number of months that conservancy and service fees is past due by reference to the recommended guidelines by MND that are assessed by property type and household profile.

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

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

	<u>Current</u>	<u>Past due more than 1 to 90 days</u>	<u>Past due more than 91 to 180 days</u>	<u>Past due more than 181 to 360 days</u>	<u>Past due more than 360 days</u>	<u>Ex arrears</u>	<u>Total</u>
<u>31 March 2024</u>							
Expected credit loss rates	0.1%	1.1%	1.2%	22%	86.3%	93.2%	
Conservancy and service fees receivables (gross)	739,949	376,965	339,448	339,370	801,550	28,431	2,625,713
Loss allowance	897	4,333	3,980	74,802	692,135	26,493	802,640
<u>31 March 2023</u>							
Expected credit loss rates	1.2%	1.5%	5.9%	27.6%	85.6%	96.8%	
Conservancy and service fees receivables (gross)	707,318	421,263	308,253	341,374	742,400	12,038	2,532,646
Loss allowance	8,563	6,340	18,122	94,180	635,139	11,655	773,999

Other receivables (Note 14)

As of 31 March 2024, the Town Council recorded other receivables excluding prepayments and GST receivables of \$14,635,344 (2023: \$15,695,757).

The Town Council assessed the latest performance and financial position of the counterparties, adjusted for the future outlook of the industry in which the counterparties operate in, and concluded that there has been no significant increase in the credit risk since the initial recognition of the financial assets. Accordingly, the Town Council measured the impairment loss allowance using 12-month ECL and determined that loss allowance for other receivables is \$226,944 (2023: \$218,980).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

32. Financial instruments and financial risks (Continued)

Credit risk (Continued)

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

<u>Internal credit risk grading</u>	<u>Conservancy and service fees receivables</u>			<u>Late payment penalty receivables</u>		
	<u>Note (i)</u> \$	<u>Category 5</u> \$	<u>Total</u> \$	<u>Note (i)</u> \$	<u>Category 5</u> \$	<u>Total</u> \$
<u>Loss allowance</u>						
Balance at 1 April 2022	946,548	-	946,548	221,914	-	221,914
(Reversal)/Allowance made	(138,230)	-	(138,230)	2,228	-	2,228
Reclassification between categories	(34,319)	34,319	-	(5,162)	5,162	-
Written off	-	(34,319)	(34,319)	-	(5,162)	(5,162)
Balance at 31 March 2023	773,999	-	773,999	218,980	-	218,980
(Reversal)/Allowance made	52,508	-	52,508	11,719	-	11,719
Reclassification between categories	(23,867)	23,867	-	(3,755)	3,755	-
Written off	-	(23,867)	(23,867)	-	(3,755)	(3,755)
Balance at 31 March 2024	802,640	-	802,640	226,944	-	226,944
<u>Gross carrying amount</u>						
At 31 March 2023	2,532,646	-	2,532,646	364,966	-	364,966
At 31 March 2024	2,625,713	-	2,625,713	378,241	-	378,241
<u>Net carrying amount</u>						
At 31 March 2023	1,758,647	-	1,758,647	145,986	-	145,986
At 31 March 2024	1,823,073	-	1,823,073	151,297	-	151,297

Note (i): For conservancy and service fees receivables and late payment penalty receivables, the Town Council uses the practical expedient under FRS 109 in the form of an allowance matrix to measure the ECL, where the loss allowance is equal to lifetime ECL.

Market risk

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

Interest rate risk

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

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

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32. Financial instruments and financial risks (Continued)

Liquidity risk

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

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

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

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

	<u>Total</u> \$	<u>Less than 1</u> <u>year</u> \$	<u>Between 2</u> <u>and 5 years</u> \$
As at 31 March 2024			
Financial assets at fair value through profit or loss	2,000,000	2,000,000	-
Conservancy and service fees receivables	1,823,073	1,823,073	-
Receivables for Lift Enhancement Programme	3,218,539	3,218,539	-
Receivables for Neighbourhood Renewal Programme	1,852,454	1,852,454	-
Other receivables and deposits (excluding prepayments & GST)	14,635,344	14,635,344	-
Cash and bank balances	299,471,764	299,471,764	-
Lease liabilities	700,672	491,508	209,164
Advances received for Lift Enhancement Programme	299,699	299,699	-
Advances received for Electrical Load Upgrading Programme	1,095,661	1,095,661	-
Payables and accrued operating expenses (excluding GST)	24,943,108	24,943,108	-
	<u>Total</u> \$	<u>Less than 1</u> <u>year</u> \$	<u>Between 2</u> <u>and 5 years</u> \$
As at 31 March 2023			
Financial assets at fair value through profit or loss	2,000,000	2,000,000	-
Conservancy and service fees receivables	1,758,647	1,758,647	-
Receivables for Lift Enhancement Programme	2,845,406	2,845,406	-
Receivables for Neighbourhood Renewal Programme	741,013	741,013	-
Other receivables and deposits (excluding prepayments & GST)	15,695,757	15,695,757	-
Cash and bank balances	303,523,835	303,523,835	-
Lease liabilities	917,295	479,670	437,625
Advances received for Lift Enhancement Programme	672,832	672,832	-
Advances received for Electrical Load Upgrading Programme	1,146,665	1,146,665	-
Payables and accrued operating expenses (excluding GST)	16,718,201	16,718,201	-

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024

32. Financial instruments and financial risks (Continued)

Financial instruments by category

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

	<u>2024</u> \$	<u>2023</u> \$
<i>Investments in bonds, represent financial assets measured at fair value through profit or loss</i>	<u>1,981,200</u>	<u>1,891,060</u>
<i>Loans and receivables, represent financial assets measured at amortised cost</i>		
Conservancy and service fees receivables	1,823,073	1,758,647
Receivables for Lift Enhancement Programme	3,218,539	2,845,406
Receivable for Neighbourhood Renewal Programme	1,852,454	741,013
Other receivables and deposits (excluding prepayments & GST)	14,635,344	15,695,757
Cash and bank balances	<u>299,471,764</u>	<u>303,523,835</u>
Total	<u>321,001,174</u>	<u>324,564,658</u>
<i>Financial liabilities at amortised cost</i>		
Lease liabilities	700,672	876,174
Advances received for Lift Enhancement Programme	299,699	672,832
Advances received for Electrical Load Upgrading Programme	1,095,661	1,146,665
Payables and accrued operating expenses (excluding GST)	<u>24,943,108</u>	<u>16,718,201</u>
	<u>27,039,140</u>	<u>19,413,872</u>

33. Funds management

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 funding structure to ensure optimal funding structure, taking into consideration the future funding requirements, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

There were no changes in the Town Council's approach to funds management during the year. The Town Council is not subject to externally imposed capital requirements. At the end of the reporting period, the Town Council's total funds amounted to \$295,887,999 (2023: \$306,874,497).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

34. Fair value of financial assets and liabilities

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

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

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

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

The financial assets at fair value through profit or loss in Note 9 are categorised as Level 1.

35. Events subsequent to the reporting date

The Town Council revised its Service and Conservancy Charges ("S&CC") for flats, shops/offices, and markets/cooked food stalls over the next two years, effective on 1 July 2023 and 1 July 2024, respectively. The S&CC increases range from 10% to 14%.

Ministry of National Development ("MND") has informed that for Town Councils that need to adjust their S&CC to manage operations sustainably, MND will co-share the burden on Town Councils and residents by providing a time-limited special grant equivalent to the additional S&CC income generated from gazetted S&CC increases from FY2023 and FY2024, subject to a cap of 13% of the Town Council's residential S&CC income in the FY 2022 audited financial statements.