

Building a
Safe
Inclusive
Sustainable
Vibrant

TOWN



ANNUAL REPORT
2021/2022



Nee Soon Town comprises 5 divisions
Chong Pang, Nee Soon Central,
Nee Soon East, Nee Soon South, and Nee Soon Link.

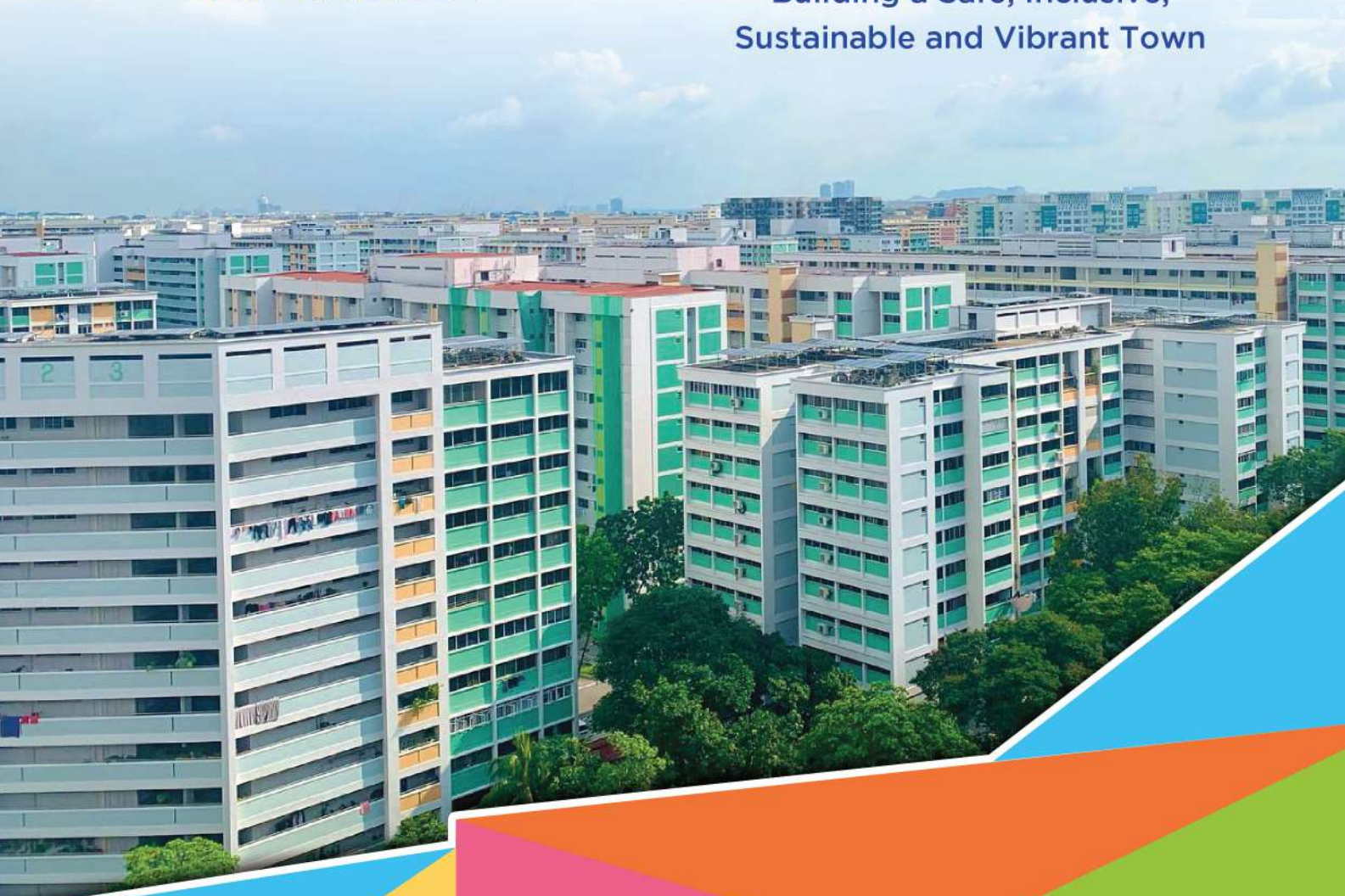
We manage over 710 blocks and 65,614 residential units in the town,
in addition to 1,179 commercial units comprising of shops, hawker stalls
and markets.

Vision

Home with a Heart

Mission

Building a Safe, Inclusive,
Sustainable and Vibrant Town





Contents

- 04 Our Members of Parliament
- 05 Our Town Councillors
- 08 Chairman's Review
- 12 Continuance of Strong Governance
- 14 Financial Management
- 16 Navigating through the Pandemic
- 18 Our Sustainability Journey
- 22 Enhancements to our Home
- 24 Embracing Digital Communications and Applications
- 28 Ground Communications
- 30 Home with a Heart
- 32 Financial Updates

Our Members of Parliament

FOR THE TERM 15 AUGUST 2020 TO 14 AUGUST 2022



Mr K. Shanmugam

Minister for Home Affairs and Minister for Law

MP for Nee Soon GRC
Adviser to Nee Soon Town Council



Assoc Prof Muhammad Faishal Ibrahim

Minister of State for Ministry of Home Affairs and Ministry of National Development

MP for Nee Soon GRC
Adviser to Nee Soon Town Council



Mr Louis Ng Kok Kwang

MP for Nee Soon GRC
Adviser to Nee Soon Town Council



Mr Derrick Goh Soon Hee

MP for Nee Soon GRC
Chairman of Nee Soon Town Council



Ms Carrie Tan Huimin

MP for Nee Soon GRC
Vice-Chairperson of Nee Soon Town Council

Town Councillors

AUDIT COMMITTEE



Mr Adrian Koh Hian Yan

Chairman



Mr Henry Foo Chee Kiou, BBM

Member



Mr John Lim Joon Leng

Member



Mr Jordan Lee Cheng Kok

Member



Mr Koh Wei Liang Clifton

Member



Mr Lawrence Koh Hock Siong, BBM

Member



Mr Wong Yong Kiat Bernard

Member

INVESTMENT & FINANCE COMMITTEE



Mr Nicky Tan Ng Kuang, PBM

Chairman



Mr Ho Jun Rong

Member



Mr Jonathan Lim Ngiap Wee

Member



Mr Koh Aik Kuan

Member



Prof Liow Kim Hiang

Member



Ms T Porchelvi, PBM

Member

Resources: Mr Victor Ng Fook Ai, PBM
Mr Yek Boon Seng

Town Councillors

MAINTENANCE & CUSTOMER SERVICE COMMITTEE



Mr Tan Meng, JP, BBM
Chairman



Ms Gogiladevi D/O Meande
Member



Ms Ip Kit Ling, PBM
Member



Mr Jackson Lam Weiliang
Member



Mr Jacky Wong Xi Jue
Member



Ms Lai Me Poh Mabel
Chairman



Mr Lewis Yong Fook Seng
Co-Chairman



Mr Poovendhran Kannayah, PBM
Member



Mr Toh Kim Seng
Member



Mr Xie Zixian Albert
Member



Mr Yee Kum Hong Ivan, PBM, PBS
Member

Resources: Ms Heng Kar Hong (Wang Qiaofeng)
Mr Sean Ler Zhi Wei

LEGAL & CONTRACTS COMMITTEE



Mr Koh Keen Chuan Jerry
Chairman



Mr Alex Lee Ke Hoo, JP, BBM
Co-Chairman



Ms Jennifer Yam Poh Choo
Member



Mr Lai Wee Yeong
Member



Mr Loh Seet Wah Jeremiah
Member



Mr Ng Hanjin
Member



Ms Shailaja D/O Kamalasanan
Member



Mr Toh Sze Wei, PBM
Member

Town Councillors

MASS COMMUNICATIONS COMMITTEE



Mr Quak Hiang Whai
Chairman



Mr Benny Lian Kiat Chye, PBM
Co-Chairman



Mr Eric Ng Xu Yong, PBM
Member



Ms Evelyn Hung Suet Leng
Member



Mr Jackson Tan Kun Seng, PBM
Member



Hj Mahmud Bin Hj Ali, BBM
Chairman



Mr Ramlee Bin Kasiman, PBM
Member



Mr Tan Jik Teck Johnny, PBM
Member



Ms Teo Soek Ling
Member

PROJECTS & DEVELOPMENT COMMITTEE



Mr Lim Ee Tiong
Chairman



Mr Kenny Pong Teck Koon
Member



Mr Leslie Gan Lee Han
Member



Mr Musa Bin Hamid
Member



Er Peh Eng Chee, PBM
Member



Mr Tan Kian Soon
Member



Mr Teng Chien Ming Adrian
Member



Revd Wilson Wong Leong Jiam, PBM
Member



Mr Wong Choon Weng
Member

Resources: Mr Ho Toon Bah
Mr Oliver Osman Junus, PBM

Chairman's Review



**Mr Derrick
Goh Soon Hee**

MP for Nee Soon GRC
Chairman of Nee Soon Town Council

2021 was a challenging year, as the global pandemic changed the way we live, work, and play. I am grateful to our residents and staff for staying vigilant and united to make Nee Soon Town a “Home with a Heart”.

During this period, Nee Soon Town Council (NSTC) executed swiftly on Safe Management Measures (SMM) in response to the evolving COVID-19 situation. Shared facilities and amenities such as the playgrounds, fitness corners, courts, BBQ pits, and hawker centres seats had to be quickly cordoned-off due to the restrictions. Additionally, manned check-in counters were put in place when Vaccination-Differentiated SMM (VDS) were required as unvaccinated individuals were not allowed to dine-in at coffeshops and hawker centres.

As we worked on SMM, we also faced manpower shortages as workers infected by Covid-19 had to be under quarantine. In spite of these challenges, we are proud to share that NSTC did well in our Town Council Management Report (TCMR) for the seventh consecutive year, scoring “Green” bands in these categories: Estate Cleanliness, Estate Maintenance, Lift Performance and Arrears Management.



During this period, NSTC also underwent a major transition. We appointed a new Managing Agent (MA), C&W Services (S) Pte Ltd (C&W), starting from 1 June 2021 for a five-year period.

C&W's bid was incidentally the lowest tender price. It was about the same level as EM Services Pte Ltd (EMS)'s prior contract price and \$6m lower than their new tender price across a five-year period. I would like to take this opportunity to thank EMS for serving NSTC since 2013. I am also delighted to report that there were no disruptions to ongoing projects during the hand-over process. Day-to-day operations and services to residents such as upgrading, cleaning and maintenance were smoothly executed.

Following the launch of the Action for Green Towns campaign, NSTC was fortunate to have Mr Louis Ng, MP and GPC Chair for Sustainability and the Environment as our champion to drive our town's sustainability efforts. We have and will continue to implement creative, yet practical sustainability initiatives. Together, we will work towards making Nee Soon Town zero waste, energy efficient and greener. We worked hard and awarded a 2-year electrical supply contract to Tuas Power with a discount of 9.9% in December 2021. With water and electricity costs comprising 21% of NSTC's total routine expenses, this contract has helped lower the expense increase in the first quarter of calendar year 2022, especially against the steep increase in the open electricity market price. NSTC is expected to benefit from this contract till 31 December 2023.



With the easing of Covid-19 restrictions and therefore potentially increase of manpower availability, we hope to catch up on projects that were delayed due to the pandemic. NSTC will step up efforts to reconnect and engage our residents with more physical community activities in line with the easing of Covid-19 restrictions.



The mutation of the Covid-19 virus is not over. Let us continue to stay vigilant as we reconnect back with our families, friends, neighbours, and colleagues. I thank all residents for your support and encouragement to NSTC. You can be assured that we will continue to put our hearts into making Nee Soon a safe, inclusive, sustainable and vibrant town!



MA Transition to C&W Services (S) Pte Ltd

2021 was an exceptional year for NSTC as we went through a major transition appointing C&W Services (S) Pte Ltd (C&W) as our new Managing Agent (MA) starting from 1 June 2021 in the midst of COVID-19. This appointment is for a five-year period with an option for a further two-year extension. Prior to this, NSTC formed a Tender Committee, along with an independent tender consultant to structure and conduct a public tender process to evaluate all options. The tender was a success and awarded after several rounds of interviews conducted by the tender committee and a comprehensive and extensive evaluation taking into consideration the price, quality of services, and experience.

Thank You
EM SERVICES



Hello
C&W SERVICES

We thank EM Services Pte Ltd (EMS) for serving NSTC over the past 8 years since NSTC was formed. We are glad that C&W took over as our new MA with no disruptions experienced by residents related to key services, ongoing projects, and day-to-day operations. Services such as upgrading, cleaning and maintenance, and financial management during this period were also closely monitored diligently through regular meetings to track the progress and goals.

In this new MA contract, we have an option to hire the management team directly under NSTC. It is in our plans to have our Secretary/ General Manager be a direct employee of NSTC. This is to strengthen the independence and improve the overall risk and governance of the Town Council.

Continuance of Strong Governance

Council Effectiveness

The Town Councillors continued to contribute to the Town Council actively. They were selected, reviewed, and appointed in August 2020 for a two-year term, based on their expertise and skillsets in areas such as audit, legal, finance, engineering, procurement, and management. Majority of our councillors are residents of Nee Soon GRC while the rest are professional volunteers to beef up expertise in the areas mentioned above.

Our councillors are assigned to one of the six council committees in order to best leverage their expertise, the namely - Audit, Investment & Finance, Legal & Contracts, Maintenance & Customer Service, Mass Communications and Projects & Development. This will allow them to focus and oversee a key operational function of the Town Council.

Induction and refresher trainings were conducted to new and existing councillors, to achieve the following purposes:

- Ensure that they are aligned with town council's vision and mission in serving the residents of Nee Soon Town,
- Familiarise them with the town council set-up, operating environment and its policies and governance structure,
- Acquaint them with the prevailing legislations that are relevant to town council operations, and
- Making them aware of their duties and obligations, and the standards of conduct expected.

Throughout the term, the Town Councillors are required to disclose on a regular basis any potential conflict of interest in relation to their roles.



Risk Management and Internal Controls

In this fast-paced and ever-changing industry, the Town Council needs to be resilient by being quick to adapt to changes and mitigate risks. The Town Council has in place a Risk Management Framework, which is reviewed annually. As part of this annual review, the Town Council carried out a re-assessment of the key risks that it may be exposed to, broadly under four main categories - Strategic, Operational, Financial and Compliance. Our framework includes a risk monitoring process that identifies changes to control environment in a timely manner and for the related risk treatment control measures to be activated.

We also have a business continuity plan in place to ensure that business operations are not disrupted when potentially catastrophic events, such as information technology (IT) system or power outage occur. The Town Council has also split the manpower of each office into Teams A and B. Split team operations will be activated when the situation arises. At the height of the Covid pandemic, from the period of July to December 2021, the split team operation was put into effect and the teams were not allowed to cross office to prevent cross contamination. The respective teams were

rostered for duty on alternate days either in the offices or on sites to ensure safe distancing at our workplace without compromising on delivery of our essential services. Additional laptops were also provided to enable some of the staff to work from homes.

We have an established whistle-blowing policy, which allows any whistle-blower (be it our employees, council members, contractors, or residents), to report to the Town Council, either through a return report or email, if he/ she observes or discovers any detrimental action and improper conduct of employees, council members or contractors in the Town Council.

As part of the annual statutory audit carried out by independent external auditors Ecovis Assurance LLP for the Town Council's financial statements for the year ended 31 March 2022, the key internal controls relating to our activities were reviewed to ensure compliance with the Town Council Financial Rules. A key area of our internal controls relating to our procurement and payment processes were also reviewed by our outsourced internal auditors, BDO LLP. Our internal controls were found to be adequate and effective.

Financial Management

The Town Council has always been committed in ensuring financial prudence throughout the years. With diligent financial management, we reported an operating deficit of \$2.7m after tax before government grant and an operating surplus of \$3.5m after tax and government grant.

The Town Council's Sinking Funds, Lift Replacement Funds, Town Improvement and Project Funds, and Accumulated Surplus stood at \$131.5m, \$58.9m, \$3.4m, and \$10.2m respectively.

Despite the global surge in energy prices from December 2021, NSTC achieved savings in our energy costs at \$0.8m throughout the entire FY21/22 and will continue to see savings in FY22/23 via our existing contract with Tuas Power. Coupled with HDB's SolarNova programme and replacement of LED lightings at the blocks, NSTC will continue to achieve cost savings amid the surge in electricity costs.

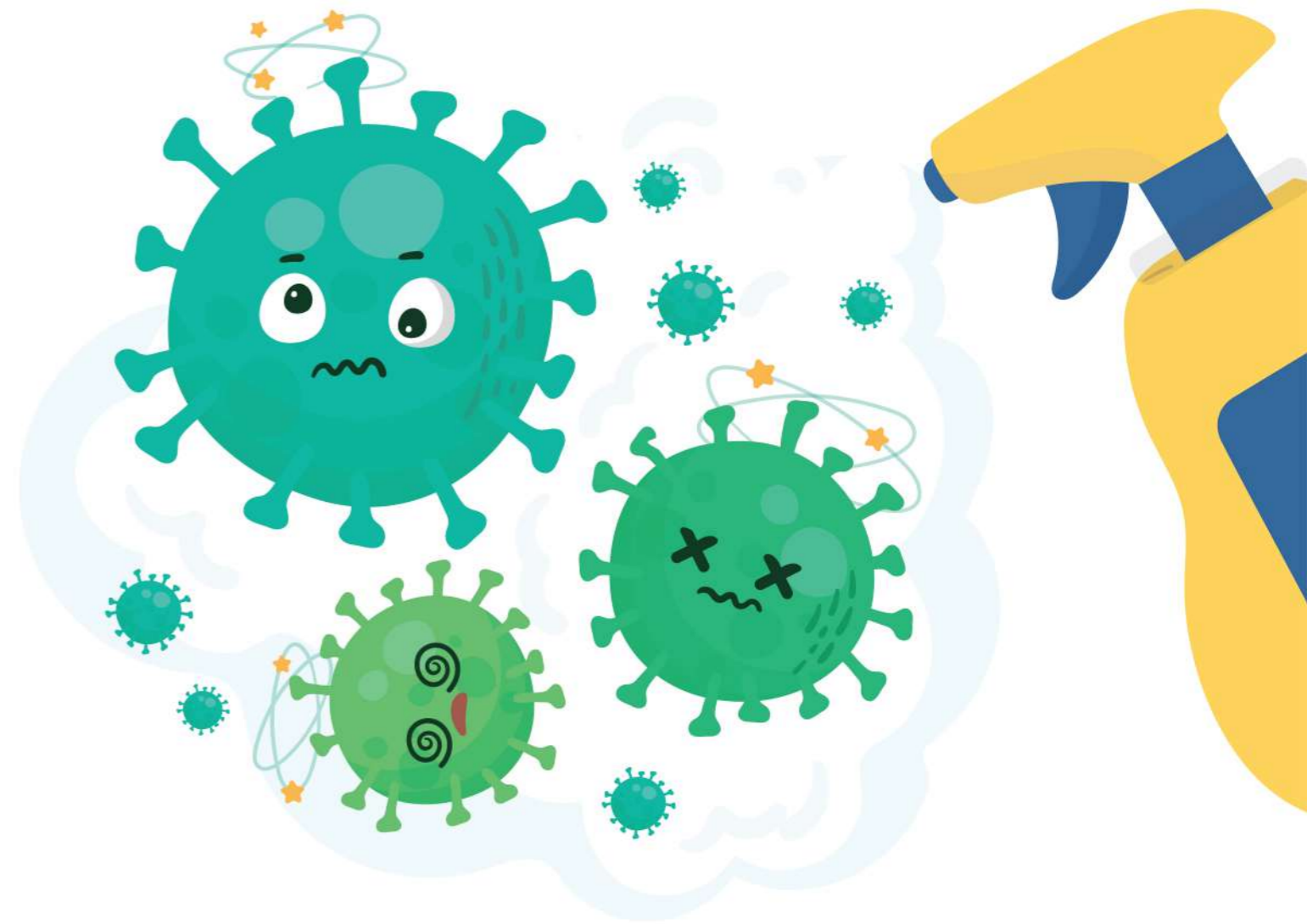


Long-term financial planning is also an important aspect to allow us to better manage our surplus funds. During the year, our surplus funds are placed into a portfolio of fixed deposits with banks along with appointed professional fund managers (M/s Lion Global Investors Ltd and UOB Asset Management Ltd) as investments. Another fund manager, M/s Manulife Singapore Pte Ltd was appointed to invest based on Balanced Mandate. Town Council also appointed UOB Asset Management Ltd for Singapore Balanced Bond Mandate. This investment strategy mitigates risks to capital, adheres to the Town Council Financial Rules, generates moderate returns to offset inflation as well as increase the value of our funds. The investments are regularly monitored and reviewed by the Town Council.

The effort and collaboration by our residents, Town Council, Grassroots Leaders, Community Liaison team, agencies and staff have contributed to the low number of arrears cases. We have scored 'Green' in our arrears management for the seventh consecutive year. It is one of our core values to be compassionate and always lend a helping hand to our residents in need for a more inclusive Nee Soon Town.

Navigating through the Pandemic

This year, we carried out government directed changes to the SMM due to the COVID-19 pandemic. Changes had to be made quickly to ensure that our operations comply with the SMM regulations. In terms of logistics and manpower, we made various arrangements for the implementation of SafeEntry at our markets and hawker centre. These include but are not limited to cordoning-off the seats according to the number of patrons allowed to dine-in at each table at the time, closing Chong Pang Market for deep cleaning when our stallholders were tested positive, putting up advisories and educational posters and signages to inform our patrons and stallholders to keep their masks on and sanitise their hands frequently, directing them to use the permitted entry and exit points. We also engaged Safe Distancing Ambassadors to man the access points and facilitate safe and more efficient entries at our markets and hawker centre during peak periods. They ensured that all patrons checked-in via their TraceTogether apps or tokens by scanning the SafeEntry QR codes or the SafeEntry Gateway Boxes and informed the patrons that only fully vaccinated individuals are allowed to dine-in by giving them stickers after they have checked-in and informed those who were unvaccinated or not fully vaccinated that they could order take-outs. Our cleaners also stepped up their cleaning and sanitising routines at the high touch points in the estates.



With the subsequent easing of the COVID-19 regulations, more residents are heading out for work and play. For the safety of our residents, we applied a self-disinfecting antimicrobial surface coating on all high touch points at the lifts maintained by the Town Council and ensured that the hand sanitisers at the lift lobbies are constantly filled. This helps to eliminate and prevent spread of viruses and bacteria. The coating is also environmentally friendly and safe for everyone, including children and pets.

It is important for residents to learn about the latest SMM. We share relevant and timely information through our social media platforms, notices, and posters so that our residents can be updated and reminded about the regulations, as well as made aware of our efforts in making Nee Soon Town safe for all.

On 8 Oct 2021, we were lauded by a forum writer in The Straits Times for our efforts in refilling the hand sanitisers regularly. The writer mentioned that Nee Soon Town Council is one of the three Town Councils who seem to care a lot for the health of their residents. He added that we have stated our

Our Sustainability Journey

We are constantly working towards making Nee Soon a modern sustainable town for our residents to live, work and play in. We are part of the Action for Green Towns initiative that began in 2021, with 15 PAP Town Councils collaborating to promote and enhance sustainability in our estates. We strive to raise awareness about the importance of going green and had launched various initiatives to put our ideas into real actions.

Upcycling Project

We worked with LTA to obtain 10 sets of two-seater train seats from decommissioned MRT trains. We installed these chairs all around Nee Soon for our residents. Nee Soon Town Council is the first Town Council to launch this initiative in the heartlands as part of our ongoing sustainability and upcycling efforts. The launch was featured in The Straits Times and Lianhe Zaobao, creating a buzz in our Nee Soon community. Our residents were definitely surprised and elated to spot the train seats in the neighbourhoods.



Waste Paper Recycling

One of our pilot projects is the collaboration with SGRecycle to adopt paper recycling machines in Nee Soon Town. The five machines were placed at high-traffic and convenient locations in the town, allowing our residents to recycle their waste paper with ease. Since September 2021, a total of 14,143kg of waste paper were recycled using these machines which is equivalent to saving 240 trees (as of April 2022).



SGRECYCLE



293

\$ 2.93



• Building a Greener Nee Soon Town

Nee Soon is putting sustainability at the heart of all we do! Tree Planting has been ongoing to help achieve Singapore's OneMillionTrees Movement that aims to restore nature back into our city through the planting of more than a million trees across Singapore over the next 10 years.

We continue to build community and rooftop gardens and farms, allowing our residents to enjoy the fruits of their labour through

gardening. The gardens help to promote community spirit among residents, as they gather, interact and work together to keep it clean and green. A good example is the community garden at Orchid Vista RN. There are now over 50 residents participating with over 50 edible greens, fruits and herbs planted at the garden. With this success under our belt, we are now more confident to scale up our community gardening efforts!



• Reducing Environmental Footprint



Nee Soon Town Council is introducing a newly enhanced service!

You can now choose to receive your S&CC notices via SMS notification.

Be part of this sustainable movement and a more convenient way of life by scanning the QR Code below for a short application form.

Successful applicants stand a chance to win an exclusive NSTC Goodie Bag worth \$20!

TO APPLY

For Enquiries:
Tel: 6758 0129
Email: feedback@nsmc.org.sg

Nee Soon Town Council is introducing a newly enhanced service!

You can now choose to receive your S&CC notices via SMS notification.

Be part of this sustainable movement and a more convenient way of life by scanning the QR Code below for a short application form.

Successful applications stand a chance to win NTUC EcoVoucher vouchers.* Increase your chances of winning by signing up early!

Draw 1: 31 Oct 2021
10 Winners x \$50 NTUC Voucher
Submission received on and before 31 Oct 2021

Draw 2: 30 Nov 2021
10 Winners x \$50 NTUC Voucher
Submission received on and before 30 Nov 2021

Draw 3: 31 Dec 2021
10 Winners x \$50 NTUC Voucher
Submission received on and before 31 Dec 2021

*To be drawn in open and fair conditions. Prizes are subject to availability. All prizes will be used for community purposes. For more details, please refer to the terms and conditions on the website.

TO APPLY

For enquiries:
Tel: 6758 0129
Email: feedback@nsmc.org.sg

We also play our part to reduce waste and to be more sustainable in our offices. We strongly encourage our residents to adopt digital payment modes, such as GIRO, RCCS (recurring credit card payment) and AXS, for their S&CC payments. We also introduced the SMS Notification Service where residents can opt in to get their S&CC notices via SMS instead of hardcopy letters and the application process is done digitally via an online form. Through encouraging residents to opt for the SMS Notification Service to receive their S&CC notice, we have been able to receive their contact information and build a database. This database will be useful for future social media campaigns and physical outreach events. This initiative has also helped to reduce paper usages in our offices significantly.

Energy, Water and Waste Efficiency at Town Council offices

We have reduced our energy usage by 2.25% in FY2021/2022 and received the Eco-Office Certificate with top Elite category for all four of our Town Council offices from the Singapore Environment Council. Our energy, water and waste efficiency management plans included the replacement of our fluorescent lights with LED light bulbs and replacement of our office appliances with Energy Star certified appliances. We also switched off all the lights and air-cons in our offices when not in use, set our computer screens to turn off after five minutes of inactivity, and set our computers to enter sleep/standby mode after ten minutes of inactivity. On top of that, we ensured that the taps are fully turned off after usage, used half-flush whenever possible, printed on both sides of the papers, avoided colour printing, reused and recycled waste papers and only used reusable utensils, water dispensers and cups in all our offices.

Collaborating for a Bigger Impact

Nee Soon Town Council is not alone in our sustainability journey. We have been collaborating with agencies like HDB, PHC, NEA and ALBA for projects such as SolarNova, SG Clean Day, Recycling Drives and Bins. Tapping on their resources and support, it accelerates our sustainability presence in Nee Soon Town.



Enhancements to Our Home

Estate improvement works remain the core function of the Town Council. In FY21/22, a total of \$22.36 million was spent on Town Improvement Projects, Neighbourhood Renewal Programme, and Cyclical Works, to upgrade and rejuvenate the estates.

Cyclical Works

The Town Council performs a series of repairs, repainting and replacements works on a cyclical basis in order to keep our estates in good condition. In FY21/22, we have spent a total of \$10.50 million towards cyclical works, \$5.61 million on cyclical maintenance, \$3.08 million on lift replacement works and \$1.81 million on Lift Enhancement Projects. This helps keep our facilities, especially our lifts, pumps, and etc in good working condition for the safety of our residents.

Town Improvement Projects

In FY21/22, Nee Soon Town Council spent an approximate amount of \$4.36 million on our Town Improvement Projects. These projects enhance the existing facilities and connectivity in the neighbourhoods and satisfy the evolving needs of our residents. We are heartened to hear from many residents that the enhancements were useful and have benefited them greatly.

The construction and/or upgrading of playgrounds and fitness corners is a staple for our Town Improvement Projects, allowing the young and old to lead an active lifestyle. Improving connectivity within the town is also essential as we built more drop-off porches, covered walkways, and barrier-free access facilities.



Neighbourhood Renewal Programme

The Neighbourhood Renewal Programme (NRP) upgrades the quality of older HDB estates and bring them closer to the standards of the latest HDB developments. In FY21/22, we have completed 1 NRP and another 7 NRPs are in the pipeline.

During the NRP process, we actively engage residents in shaping their environment through various engagement sessions. Residents can look forward to a rejuvenated neighbourhood with new facilities that are curated by the working committee based on residents' suggestions.



Lift Performance

To improve on our lift performance, our lift team holds regular meetings with our lift companies and increased the frequency of inspection at the lifts with higher breakdown rates. Through our lift team's collaborative efforts and working closely with the lift companies, we saw a decrease in the number of breakdown cases from 190 out of 1517 lifts in April 2021 to 138 out of 1518 lifts in March 2022. In FY21/22, we achieved green bands with lift performance scores of 10 across Nee Soon GRC every month.

Embracing Digital Communications and Applications

As physical events were ceased due to the pandemic, we lost this great platform to engage our residents. Hence, we shifted our focus to digital communications, making use of our social media platforms to reach out to our residents. We also made use of digital applications to streamline our processes to allow us to be more efficient in serving our residents.

Yishunite of the Year 2021

Yishunite of the Year encourages recognition of our Nee Soon residents who contributed to the community or made a difference in others' lives. This is the second year that we ran this social media campaign. The campaign was held from September to November 2021 via Facebook which includes the online nomination and voting. We garnered great interest from our residents and saw many well-deserved nominees.

Mr Mohamed Mansoor, was our Yishunite of

the Year 2021 after receiving the highest number of votes following a public online poll. The Yishun resident of more than 40 years has been helping out at Willing Hearts as a regular volunteer, distributing cooked meals 365 days a year to beneficiaries. Mr Mansoor is now a familiar figure in Chong Pang due to his perseverance in volunteering. He sought to impart the same traits in his children as they joined him at the award ceremony where he was presented with a plaque, photography package, and dining vouchers.

YISHUNITE OF THE YEAR 2021: Beneficiary to Volunteer

"I don't do this for the recognition or anything. I just do it voluntarily to help the community."

YISHUNITE of the year 2021 NOMINEES

Mohamed Mansoor Bin Khalid

Mr Mansoor has helped out at the Willing Hearts, a non-profit charity organisation with daily food preparation and monthly grocery distribution in the mornings and afternoons.

In addition, he has empowered his family to help out in the distributions, promoting the idea of family volunteerism; passing on the passion of volunteering onto his children, the next generation of Singapore.

Mr Mansoor was nominated by volunteers at the SG Cares Volunteer Centre @ Yishun, who have been very heartened by his efforts and sincerity and have decided to nominate him as a token of appreciation for his "heart" work!

Gai Gai in Nee Soon

Following the success of Gai Gai in Nee Soon in 2021, we have launched Gai Gai in Nee Soon - Season 2 in February 2022. Similarly, this season consists of 8 videos that promotes local tourism in Nee Soon by sharing places of interest and interesting food places with our residents. The videos are accompanied with quizzes and giveaways. We received warm responses for these videos as the statistics show a significant increase in reach and engagement as compared to other social media posts. Gai Gai in Nee Soon - Season 3 is in the pipeline to showcase sustainability efforts in Nee Soon through light-hearted videos.



National Day Choir

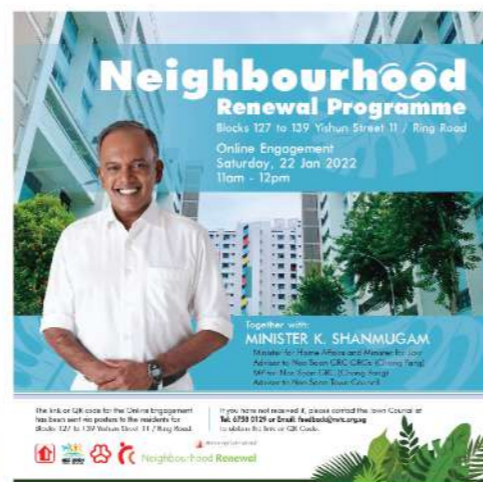
Large-scale event was not feasible for National Day 2021 and hence, we opted for a National Day Choir video which was shared on our social media platforms to show our love and support for Singapore. Nee Soon MPs and residents were invited to sing and record 'Count on Me, Singapore' on videos. The footages were then merged into a heart-warming singalong video. The video became one of our best performing videos with a staggering 60k reach and 16k views on Facebook.



Chong Pang NRP Online Engagement

The NRP engagement went online where Minister Shanmugam shared the NRP plans with the residents via Zoom platform. The online engagement helped residents understand how the NRP can revitalise the neighbourhood with new facilities, and enhance the living environment where they can live and play.

The NRP empowers residents to help shape their neighbourhood and they were encouraged to share their views on how their estate can be further improved. This was done via the Q&A session during the online engagement where Minister addressed their suggestions and queries.



Feedback Management

Over the years, digitalisation definitely helped the Town Council to accelerate our processes to better serve our residents. With the help of the Maintenance & Customer Service Committee, we have further streamlined and consolidated the feedback channels in a single platform under the Integrated Estate Management System (IEMS) to allow better standardisation. This is a timely review of the existing standard operating procedure as more feedback channels are available to residents with the growth in digitalisation. The update helps translate into speedier responses and actions by our team.



Sustainability

We produced the 'It's All Green' video featuring an interesting concept where our Sustainability Champion, Mr Louis Ng was painted in green. This is to support the idea of going green and showcase the important milestones we have achieved in Nee Soon in terms of our sustainability efforts.

On a day-to-day basis, we also schedule posts with sustainability messages. For example, posts on Action for Green Towns, Tree Planting, SG Clean Day, SGRecycle Machines, as well as cross-sharing agencies' content.



Digital Applications

Mobile IEMS was introduced to allow our officers to key in and update cases on the go, instead of having to access the computers in the offices. We continue to make use of technological advancements to help us perform our tasks more efficiently and in a more sustainable way.



Ground Communications

Other than digital communications, ground communications were also pushed out to connect with residents who are not IT-savvy.

Nee Soon News

Following the rebranding of Nee Soon News in 2020, we incorporated meaningful and fresh content in our newsletters. Faces of Nee Soon, showcasing strong human-interest stories of prominent individuals of Nee Soon, continues to be the focus of each issue. Ask Jasmine, a column that provides an avenue to help residents cope with their problems and highlight mental wellness, is also a staple in our newsletter.

On 16 February 2021, Deputy Prime Minister Heng Swee Keat revealed the \$11 billion Budget to tackle immediate issues in the wake of COVID-19 and prepare the nation for the future. Titled "Emerging Stronger Together", the Budget focuses on public health and safe reopening measures, support for jobs and businesses, and sectors that have been hard-hit by the pandemic. Through Nee Soon News Issue 32, we announced the various types of financial support for individuals and families, workers, households, and green initiatives.



NSL Ground Communications

This is a pilot project to provide additional physical publicity for upgrading projects in the neighbourhoods. Banners and standees, featuring our mascots - Nanas & Squish, were displayed at the hoarding areas during the progress of works. They inform residents of the upgrading work and also serve to brighten up the construction sites with vibrant and eye-catching designs.



Digital Display Panels

The Digital Display Panels were installed at our estates in early 2020, providing us with an additional channel to reach out to our residents. Apart from festive greetings, we also made use of the digital display panels to publicise initiatives such as Action for Green Towns and cycling paths in Nee Soon.

Smaller-Scale Physical Events

Adhering to the safe management measures, we were allowed to organise smaller-scale physical events such as Tree Planting Day, Litter Picking and Cleaners' Appreciation Day 2021 to engage some of our residents and cleaners. We would like to take this opportunity to thank our Chong Pang Grassroots Leaders for sponsoring the NTUC vouchers, ART kits, and masks that were distributed to our cleaners as appreciation gifts.



Home with a Heart

Many of our residents have been affected by the economic downturn during the pandemic. We have since expanded our Community Liaison team from one to three managers to identify households facing difficulties with S&CC payment through house visits conducted alongside our Property Officers. Our Community Liaison team reached out to families in financial hardship and referred them to our community partners such as the Social Service Office (SSO) and Welfare Committees of the various wards for further assistance.

With the easing of the safe management measures, we look forward to more physical resident-centric events that will better help us engage our residents. We also expect the upgrading works, which were delayed by the pandemic previously,

to speed up their developments.

C&W, our new Managing Agent have familiarised themselves with the job scope and processes in order to meet our residents' needs and expectations. We are also grateful for the hard work and contributions from our fellow MPs, Town Councillors, service providers and working partners, and our staff at Nee Soon Town Council especially during the transition.

We would like to thank our residents for their unwavering support to the Town Council and hope to reconnect with everyone at physical events soon. Let's look forward to a stronger year ahead and work together to make Nee Soon a Home with a Heart!



Annual Financial Statements

31 March 2022

Contents

- 34 Independent Auditor's Report
- 38 Statement of Financial Position
- 39 Income And Expenditure Statement
- 40 Statement of Comprehensive Income
- 42 Statement of Changes In Town Council Funds
- 44 Statement of Cash Flows
- 46 Notes to Financial Statements

**INDEPENDENT AUDITOR'S REPORT TO
THE MEMBERS OF NEE SOON TOWN COUNCIL**
(Established under the Town Council Act 1988)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Nee Soon Town Council (the "Town Council"), which comprise the statement of financial position of the Town Council as at 31 March 2022, the income and expenditure statement, statement of comprehensive income, statement of changes in Town Council funds and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 44.

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

Basis for opinion

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

Other Information

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

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

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

**INDEPENDENT AUDITOR'S REPORT TO
THE MEMBERS OF NEE SOON TOWN COUNCIL**
(Established under the Town Council Act 1988)

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

**INDEPENDENT AUDITOR'S REPORT TO
THE MEMBERS OF NEE SOON TOWN COUNCIL**
(Established under the Town Council Act 1988)

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

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

Report on Other Legal and Regulatory Requirements

Opinion

In our opinion:

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

Basis for opinion

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

**INDEPENDENT AUDITOR'S REPORT TO
THE MEMBERS OF NEE SOON TOWN COUNCIL**
(Established under the Town Council Act 1988)

Responsibilities of Management for compliance with legal and regulatory requirements

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

Auditor's responsibilities for the Compliance Audit

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

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

Ecovis Assurance LLP
Public Accountants and
Chartered Accountants
Singapore

27 September 2022

NEE SOON TOWN COUNCIL
(Established under Town Councils Act 1988)

STATEMENT OF FINANCIAL POSITION
As at 31 March 2022

	Note	2022 S\$	2021 S\$
TOWN COUNCIL FUNDS			
Residential Property			
Accumulated Surplus	3	8,858,358	7,293,423
Sinking Fund	4	103,233,273	94,168,292
Lift Replacement Fund	5	51,425,672	42,840,421
Town Improvement and Project Fund	6	3,160,932	2,842,408
		166,678,235	147,144,544
Commercial Property			
Accumulated Surplus	3	1,300,929	1,079,839
Sinking Fund	4	28,264,744	27,753,027
Lift Replacement Fund	5	7,472,782	6,898,321
Town Improvement and Project Fund	6	194,461	153,790
		37,232,916	35,884,977
Car Park			
Accumulated Surplus	3	-	-
		203,911,151	183,029,521
Represented by:			
Non-Current Assets			
Plant and equipment	8	2,386,285	2,859,510
Current Assets			
Financial assets at fair value through profit or loss	10	32,550,906	33,466,090
Conservancy and service fee receivables	11	1,363,902	1,839,427
Other receivables	12	11,401,627	10,578,587
Interest receivables		92,184	50,792
Receivables for Neighbourhood Renewal Programme, Electrical Load Upgrading Programme and Sport in Precinct	7	1,264,038	1,864,053
Cash and cash equivalents	13	164,432,462	156,100,791
		211,105,119	203,899,740
Total Assets		213,491,404	206,759,250
Non-Current Liabilities			
Lease liabilities	15	1,304,720	1,682,205
Current Liabilities			
Payables and accrued expenses	14	5,781,286	19,454,613
Conservancy and service fee received in advance		1,182,018	1,013,629
Lease liabilities	15	562,440	600,222
Provision for taxation		749,789	979,060
		8,275,533	22,047,524
Net assets		203,911,151	183,029,521

Mr Derrick Goh Soon Hee
Chairman

Ms Christina Gen Choy Boon
Secretary

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

NEE SOON TOWN COUNCIL
(Established under Town Councils Act 1988)

INCOME AND EXPENDITURE STATEMENT
For the Financial Year Ended 31 March 2022

	Note	2022 S\$	2021 S\$
Operating Income			
Conservancy and Service Fees	3	47,925,487	46,244,265
Operating transfer to Sinking Fund (minimum required by law)	3,4	(12,460,637)	(12,023,516)
Operating transfer to Lift Replacement Fund (minimum required by law)	3,5	(6,709,571)	(6,474,199)
		28,755,279	27,746,550
Agency Fees	16	3,153,064	2,764,846
Other Income	17	3,287,550	2,695,240
		35,195,893	33,206,636
Operating Expenditure			
Cleaning Works		(7,539,255)	(7,122,986)
Managing Agent Fees	18	(6,208,803)	(5,846,835)
Lift Maintenance		(7,268,995)	(7,445,182)
Other Works and Maintenance		(5,301,058)	(4,430,535)
Water and Electricity		(7,732,070)	(7,337,909)
General and Administrative Expenditure	21(a)	(3,624,690)	(3,698,541)
		(37,674,871)	(35,881,988)
Operating Deficit		(2,478,978)	(2,675,352)
Non-Operating Income			
Interest Income		13,334	29,674
Deficit before taxation and government grants		(2,465,644)	(2,645,678)
Taxation	22	(261,823)	(227,099)
Deficit after taxation but before government grants		(2,727,467)	(2,872,777)
Government Grants	3,24	17,450,170	16,770,705
Transfer to Sinking Fund	3,4,24	(2,692,518)	(2,550,744)
Transfer to Lift Replacement Fund	3,5,24	(5,527,452)	(5,332,115)
Transfer to Town Improvement and Project Fund	3,6,24	(3,016,708)	(3,001,526)
		6,213,492	5,886,320
Surplus for the financial year		3,486,025	3,013,543
Accumulated surplus as at 1 April		8,373,262	9,730,062
Transfer to Town Improvement and Project Fund	6	(1,700,000)	(750,000)
Section 34 Transferrable surplus transferred to Sinking Fund	4	-	(3,355,606)
Section 34 Transferrable surplus transferred to Lift Replacement Fund	5	-	(1,806,865)
Transfer of reserve as at 27 October 2020:			
- from Sembawang Town Council	30	-	2,217,768
- to Ang Mo Kio Town Council	30	-	(675,640)
Accumulated surplus as at 31 March	3	10,159,287	8,373,262

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

NEE SOON TOWN COUNCIL

(Established under Town Councils Act 1988)

STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 March 2022

	Note	<u>2022</u> S\$	<u>2021</u> S\$
Surplus/(deficit) for the financial year			
Accumulated Surplus	3	3,486,025	3,013,543
Sinking Fund	4	9,576,698	14,452,206
Lift Replacement Fund	5	9,159,712	9,031,634
Town Improvement and Project Fund	6	<u>(1,340,805)</u>	<u>(1,674,639)</u>
		<u>20,881,630</u>	<u>24,822,744</u>
Total comprehensive income for the year attributable to Town Council Funds		<u>20,881,630</u>	<u>24,822,744</u>

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

NEE SOON TOWN COUNCIL

(Established under Town Councils Act 1988)

STATEMENT OF CHANGES IN TOWN COUNCIL FUNDS

For the Financial Year Ended 31 March 2022

	<u>Residential Property</u> S\$	<u>Commercial Property</u> S\$	<u>Car Park</u> S\$	<u>Total</u> S\$
<u>2022</u>				
Balance as at 1 April 2021	147,144,544	35,884,977	-	183,029,521
Surplus for the financial year representing total comprehensive income	18,962,135	1,347,939	571,556	20,881,630
Transfer to Accumulated Surplus from carpark to residential property (Note 3)	571,556	-	(571,556)	-
Balance as at 31 March 2022	<u>166,678,235</u>	<u>37,232,916</u>	<u>-</u>	<u>203,911,151</u>
<u>2021</u>				
Balance as at 1 April 2020	102,528,409	40,516,796	-	143,045,205
Surplus for the financial year representing total comprehensive income	22,931,604	1,744,375	146,765	24,822,744
Transfer of reserve as at 27 October 2020:				
- from Sembawang Town Council (Note 30)	35,094,453	1,121,243	5,261	36,220,957
- to Ang Mo Kio Town Council (Note 30)	(13,568,146)	(7,497,437)	6,198	(21,059,385)
Transfer to Accumulated Surplus from carpark to residential property (Note 3)	158,224	-	(158,224)	-
Balance as at 31 March 2021	<u>147,144,544</u>	<u>35,884,977</u>	<u>-</u>	<u>183,029,521</u>

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

NEE SOON TOWN COUNCIL

(Established under Town Councils Act 1988)

STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 March 2022

	Note	2022 S\$	2021 S\$
Cash flows from operating activities			
Deficit before taxation and government grants		(2,465,644)	(2,645,678)
Adjustments for:			
Conservancy and service fee transferred to Sinking fund	3	12,460,637	12,023,516
Conservancy and service fee transferred to Lift replacement fund	3	6,709,571	6,474,199
Movement in impairment loss on conservancy and service fees	11	368,151	(18,275)
Provision for impairment loss on other receivable	12	-	46,233
Depreciation of plant and equipment	8	167,540	169,471
Depreciation of ROU assets	8	619,241	389,494
Lease interest expense	21(a)	46,058	24,618
Operating surplus before working capital changes		17,905,554	16,463,578
Decrease/(Increase) in conservancy and service fee and other receivables		427,990	(2,498,229)
(Decrease)/Increase in creditors and conservancy and service fee received in advance		(13,504,938)	7,912,016
Net movement in receivables for Neighbourhood Renewal Programme and Electrical Load Upgrading Programme	7	600,015	1,055,421
Cash generated from operations		5,428,621	22,932,786
Sinking fund other income	4	526	54
Sinking fund expenditure	4	(5,613,595)	(4,169,943)
Lift replacement fund other income	5	-	3,452
Lift replacement fund expenditure	5	(4,888,001)	(5,185,667)
Town improvement and project fund other income	6	4,500	10,500
Town improvement and project fund expenditure	6	(4,362,013)	(4,686,665)
Income tax paid		(601,564)	(545,195)
Net cash (used in)/generated from operating activities		(10,031,526)	8,359,322
Cash flows from investing activities			
Purchase of plant and equipment	8	(113,362)	(161,032)
Investment and interest income received		287,937	1,051,491
Withdrawal of fund from fund manager		1,610,118	-
Net cash generated from investing activities		1,784,693	890,459
Cash flows from financing activities			
Government grants and fundings		18,060,886	22,964,365
Payment of lease liabilities		(661,519)	(605,618)
Net cash generated from financing activities		17,399,367	22,358,747
Net increase in cash and cash equivalents		9,152,534	31,608,528
Fund transferred to Ang Mo Kio Town Council	30	-	(21,550,413)
Fund transferred from Sembawang Town Council	30	-	37,118,776
Cash and cash equivalents at the beginning of the financial year		154,784,755	107,607,864
Cash and cash equivalents at end of the financial year	13	163,937,289	154,784,755

NEE SOON TOWN COUNCIL

(Established under Town Councils Act 1988)

STATEMENT OF CASH FLOWS

For the Financial Year Ended 31 March 2022

	Note	2022 S\$	2021 S\$
Cash flows from operating activities			
Deficit before taxation and government grants		(2,465,644)	(2,645,678)
Adjustments for:			
Conservancy and service fee transferred to Sinking fund	3	12,460,637	12,023,516
Conservancy and service fee transferred to Lift replacement fund	3	6,709,571	6,474,199
Movement in impairment loss on conservancy and service fees	11	368,151	(18,275)
Provision for impairment loss on other receivable	12	-	46,233
Depreciation of plant and equipment	8	167,540	169,471
Depreciation of ROU assets	8	619,241	389,494
Lease interest expense	21(a)	46,058	24,618
Operating surplus before working capital changes		17,905,554	16,463,578
Decrease/(Increase) in conservancy and service fee and other receivables		427,990	(2,498,229)
(Decrease)/Increase in creditors and conservancy and service fee received in advance		(13,504,938)	7,912,016
Net movement in receivables for Neighbourhood Renewal Programme and Electrical Load Upgrading Programme	7	600,015	1,055,421
Cash generated from operations		5,428,621	22,932,786
Sinking fund other income	4	526	54
Sinking fund expenditure	4	(5,613,595)	(4,169,943)
Lift replacement fund other income	5	-	3,452
Lift replacement fund expenditure	5	(4,888,001)	(5,185,667)
Town improvement and project fund other income	6	4,500	10,500
Town improvement and project fund expenditure	6	(4,362,013)	(4,686,665)
Income tax paid		(601,564)	(545,195)
Net cash (used in)/generated from operating activities		(10,031,526)	8,359,322
Cash flows from investing activities			
Purchase of plant and equipment	8	(113,362)	(161,032)
Investment and interest income received		287,937	1,051,491
Withdrawal of fund from fund manager		1,610,118	-
Net cash generated from investing activities		1,784,693	890,459
Cash flows from financing activities			
Government grants and fundings		18,060,886	22,964,365
Payment of lease liabilities		(661,519)	(605,618)
Net cash generated from financing activities		17,399,367	22,358,747
Net increase in cash and cash equivalents		9,152,534	31,608,528
Fund transferred to Ang Mo Kio Town Council	30	-	(21,550,413)
Fund transferred from Sembawang Town Council	30	-	37,118,776
Cash and cash equivalents at the beginning of the financial year		154,784,755	107,607,864
Cash and cash equivalents at end of the financial year	13	163,937,289	154,784,755

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

1. GENERAL INFORMATION

Nee Soon Town Council ("Town Council") was formed on 1 April 2013 under the Town Councils Act 1988 following the restructuring of Sembawang-Nee Soon Town Council into two separate entities – Sembawang Group Representation Constituency ("GRC"), now known as Sembawang Town Council and Nee Soon GRC, now known as Nee Soon Town Council.

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

Prior to the 2020 change of electoral boundaries, the Town Council is made up of Nee Soon GRC which comprised of the Chong Pang Division, Kebun Baru Division, Nee Soon Central Division, Nee Soon East Division and Nee Soon South Division.

As a result of the redrawing of the electoral boundaries, there have been changes to the Nee Soon GRC. Pursuant to the issue of the Writ of Election, the Ministry of National Development has ordered, by virtue of the Town Councils (Declaration of Towns) Order 2020, Kebun Baru division ("Division") be transferred to Ang Mo Kio Town Council and taking over Nee Soon Link division from Sembawang Town Council on 28 October 2020, after the 90-days caretaking period.

The Town Council transferred 80% of its available surpluses as at 22 June 2020 to the sinking funds and lift replacement funds in accordance with Section 48 of the Town Councils Act and Rule 4A of the Town Councils Financial rules.

The financial statements of the Town Council for the financial year ended 31 March 2022 were authorised for issue by the members of Town Council on 27 September 2022.

The head office of the Town Council is situated at Block 290 Yishun Street 22, Singapore 760290.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with the Financial Reporting Standards in Singapore ("FRSs") as issued by the Accounting Standards Council Singapore as well as all related interpretations to FRS ("INT FRS") and the Town Councils Act 1988. The financial statements are prepared on a going concern basis under the historical cost convention, except where an FRS requires an alternative treatment (such as fair values), as disclosed where appropriate in these financial statements.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS (CONT'D)

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

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

The financial statements are presented in Singapore dollar which is the Town Council's functional currency. All financial information is presented in Singapore dollar, unless otherwise stated.

2.2 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent assets and liabilities at the end of each reporting period. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

Apart from those involving estimations, management has made judgements in the process of applying the Town Council's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements are disclosed in Note 2.22.

2.3 ADOPTION OF NEW AND AMENDMENT STANDARDS AND INTERPRETATIONS

Interpretations and amendments to published standards

The Town Council has adopted the new or revised FRSs and INT FRS that are mandatory for application on 1 April 2021. The adoption of these new or revised FRSs and INT FRS did not result in substantial changes to the Town Council's accounting policies and had no material effects on the financial statements for the current or prior years.

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

2.4 TOWN COUNCIL FUNDS

In accordance with Section 47(1) of the Town Councils Act, separate funds were established to account for the management of the various types of properties. The types of properties 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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 TOWN COUNCIL FUNDS (CONT'D)

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

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

ORDINARY SINKING FUND

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

Under the Town Councils Act, the Minister of National Development ("MND") 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.

The minimum amounts to be paid into the Sinking Fund is 26% (2021: 26%) of service and conservancy charges and grants-in-aid, excluding the Lift Replacement Fund ("LRF") matching grant-in-aid for Residential Property and Commercial Property.

These contributions are treated as operating transfers and deducted from the gross conservancy and service fees and government grants in the Income and Expenditure Statement.

The Sinking Funds are utilised for major cyclical works such as repairs and redecoration, re-roofing, rewiring and replacement of pumps, water tanks and water pipes and contributions to the HDB in respect of general upgrading works carried out on the common property under the Housing and Development Act.

LIFT REPLACEMENT FUND

In accordance with Section 47(5) of the Town Councils Act, a separate Lift Replacement Fund is established to meet the cost of any capital expenditure related to the replacement of lifts or lift upgrading works on Residential Property and Commercial Property.

To assist Town Councils in building up the LRF, MND will provide a 50% matching grant to the following contributions Town Councils make to the LRF:

- (i) Quarterly contributions to the LRF from service and conservancy charges collections and other grants-in-aids, including voluntary contributions beyond the minimum LRF contribution rate; and
- (ii) Voluntary contributions of Operating Fund surpluses to the LRF at the end of a financial year, as allowed under Section 47(12) of the amended Town Councils Act.

Under the Town Councils Act, the Minister for National Development may, from time to time, prescribe the minimum amount of service and conservancy charges and grants-in-aid to be paid into the Lift Replacement Fund. These lift replacement fund are maintained as part of the Town Council funds.

The minimum amounts to be paid into the Lift Replacement Fund is 14% (2021: 14%) of service and conservancy charges and grants-in-aid, excluding the LRF matching grant-in-aid for Residential Property and Commercial Property.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 TOWN COUNCIL FUNDS (CONT'D)

LIFT REPLACEMENT FUND (CONT'D)

This minimum contribution is treated as operating transfers and netted off against the service and conservancy charges and government grants in the Income and Expenditure Statement.

Selective Lift Replacement Programme

The Selective Lift Replacement Programme ("SLRP") was introduced in September 2014 to help replace eligible older lifts with new ones that come with updated features such as more energy-efficient motors, vision panels for added security, and doors with infra-red motion safety sensors.

Under the SLRP, the Government will co-fund 50% of the lift replacement cost capped at S\$125,000 (inclusive of GST) per lift.

The co-funding amount will be disbursed to Town Councils in two stages as shown below:

<u>Stage</u>	<u>Disbursement Quantum</u>
Award of Contract	25% of Lift Replacement Cost
Completion of Lift Replacement	25% of Lift Replacement Cost

TOWN IMPROVEMENT AND PROJECT FUND

Town Improvement and Project Fund is established and maintained as part of the Town Council Funds. These Funds are utilised for improvement and development works in the Town.

These funds are set up by transfer from the Accumulated Surplus based on specific projects to be carried out. In addition, the Town Council receives payments from Citizens' Consultative Committees for approved projects.

Expenditure on Town Improvement Projects is taken directly to the Town Improvement and Project Fund. Payments from Citizens' Consultative Committee ("CCC") are shown as part of Government Grants in the Income and Expenditure Statement and then transferred to the Town Improvement and Project Fund.

2.5 ALLOCATION OF GENERAL OVERHEADS

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

<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

No overheads are allocated to the Sinking Fund, Lift Replacement Fund and Town Improvement and Project Fund.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 GOVERNMENT GRANTS

The Town Council receives five types of grants from the Government, namely, Service and Conservancy Charge Grant, payments from Citizens' Consultative Committees, GST Subvention Grant, Lift Maintenance Grant and LRF Matching Grant.

- (i) Service and Conservancy Charge Grants are given to meet the current year's operating expenditure and are taken to the Income and Expenditure Statement.
- (ii) Payments from Citizen's Consultative Committees are given as reimbursement claims under the Community Improvement Projects Committee ("CIPC") scheme.
- (iii) The GST subvention grant is given as a grants-in-aid and is granted to Town Councils for absorbing the GST increases in service and conservancy charge for HDB residential flats.
- (iv) The Lift Maintenance Grant helps Town Councils cope with the higher lift-related servicing and maintenance costs.
- (v) The LRF Matching Grant is to assist Town Councils in building up the LRF.

Government grants are recognised at their fair values where there is reasonable assurance that the grants will be received and all required conditions will be complied with. Grants to meet the current year's operating expenditure are taken to the Income and Expenditure Statement.

2.7 PLANT AND EQUIPMENT

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

Office equipment	2 to 3 years
Data processing equipment	3 years
Furniture, fixtures and fittings	5 years
Right-of-use assets	Over the lease period

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the derecognition of an item of plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in the Income and Expenditure Statement. The residual value and the useful life of an asset is reviewed at least at each financial year-end and, if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent cost are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income and Expenditure Statement when they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 FINANCIAL ASSETS

(a) Classification

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

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

(b) Initial recognition

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

(c) Subsequent measurement

(i) Debt instruments

Debt instruments mainly comprise bank balances, conservancy and service fees receivables and other receivables.

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

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in Income and Expenditure Statement or the respective funds when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.
- FVOCI: Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in Other Comprehensive Income (OCI) and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in Income and Expenditure Statement or the respective funds. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from fair value reserve to Income and Expenditure Statement or the respective funds. Interest income from these financial assets is recognised using the effective interest rate method and presented under "Investment and interest income" in Sinking funds.
- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in Income and Expenditure Statement or the respective funds in the period in which it arises.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 FINANCIAL ASSETS (CONT'D)

(c) Subsequent measurement (cont'd)

(i) Debt instruments (cont'd)

Amortised cost and effective interest method

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

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

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

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

(ii) Equity investments

The Town Council subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in "Investment and interest income" under sinking fund in the period in which the changes arise. Dividends from equity investments are also recognised under "Investment and interest income" under sinking fund.

(d) Impairment of financial assets

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

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 FINANCIAL ASSETS (CONT'D)

(d) Impairment of financial assets (cont'd)

The Town Council always recognises lifetime ECL for conservancy and service receivables.

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

Before 1 April 2021

	<u>Rate of Provision</u>
Live accounts with arrears in excess of 6 months but less than 12 months	50%
Live accounts with arrears in excess of 12 months but less than 24 months	100%

From 1 April 2021

	<u>Rate of Provision</u>
Live accounts with arrears in excess of 6 months but less than 12 months	25%
Live accounts with arrears in excess of 12 months but less than 24 months	50%
Live accounts with arrears in excess of 24 months	100%
Terminated accounts with arrears	100%

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 FINANCIAL ASSETS (CONT'D)

(e) Derecognition of financial assets

The Town Council derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Town Council neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred 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 received.

2.9 IMPAIRMENT OF NON-FINANCIAL ASSETS

The Town Council assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Town Council makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

2.10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances, call deposits and fixed deposits, less cash and fixed deposits with fund managers, that are readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value.

2.11 RECEIVABLES/ADVANCES RECEIVED FOR NEIGHBOURHOOD RENEWAL PROGRAMME

Neighbourhood Renewal Programme (NRP) is established in respect of the NRP works carried out on the qualifying properties to upgrade the quality of HDB estates. It is implemented by the Town Council with full funding from the Government.

The funding for the programme belongs to the government which is for the specific use of projects under the programme. The Town Council receives a funding of S\$3,400 per dwelling unit to cover NRP construction costs, professional and consultancy fees. In addition, the Town Council shall be entitled to a sum of S\$150 per dwelling unit or S\$125,000, whichever is higher, to cover miscellaneous costs relating to the NRP project. However, if the cost of project works incurred exceeds the funding provided, the Town Council has to bear the cost of excess expenditure.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 RECEIVABLES/ADVANCES RECEIVED FOR ELECTRICAL LOAD UPGRADING PROGRAMME

The Electrical Load Upgrading Programme (ELU) was introduced to upgrade the incoming electrical supply for HDB apartment blocks with a 40amps main switch instead of 30amps.

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

2.13 PROVISION

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

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

2.14 FINANCIAL LIABILITIES

(i) *Initial recognition and measurement*

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

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

(ii) *Subsequent measurement*

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

(iii) *De-recognition*

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

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 LEASE

When the Town Council is the lessee

At the inception of the contract, the Town Council assesses if the contract contains a lease. A contract 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. Reassessment is only required when the terms and conditions of the contract are changed.

• Right-of-use assets

The Town Council recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets are presented within "Plant and equipment".

• Lease liabilities

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Town Council's assessment of whether it will exercise an extension option; or
- There are modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in Income and Expenditure Statement if the carrying amount of the right-of-use asset has been reduced to zero.

• Short-term and low-value leases

The Town Council has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases. Lease payments relating to these leases are expensed to Income and Expenditure Statement on a straight-line basis over the lease term.

• Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Town Council shall recognise those lease payments in Income and Expenditure Statement in the periods that triggered those lease payments.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.16 REVENUE RECOGNITION

Conservancy and service fees is charged on a monthly basis to the lessees and tenants of the Housing and Development Board (HDB) flats, shops/offices and market/food stalls towards the maintenance and upkeep of the common property under the Town Council. Conservancy and service fees are allocated between operating income, sinking fund and lift replacement fund in accordance with the Town Councils Act 1988. Conservancy and service fees are recognised as a performance obligation over time.

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

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

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

2.17 INCOME TAX

Tax is provided on the following income:

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

In respect of Government grants received, the Town Council has been granted remission under Section 92(2) of the Income Tax Act 1967. Conservancy and service charges and agency fees are not subject to tax.

Income tax expense comprises of current tax. Current tax is recognised in the Income and Expenditure Statement or the respective funds except to the extent that it relates to items recognised directly in equity.

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

2.18 EMPLOYEE BENEFITS

Defined contribution plan

Defined contribution plans are post-employment benefit plans under which the Town Council pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Town Council has no further payment obligations once the contributions have been paid. The expenses are disclosed under manpower cost and general administrative expenditure accordingly.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 FAIR VALUE ESTIMATION

The carrying amount of current financial assets and liabilities with a maturity of less than one year, are assumed to approximate their fair values due to their short-term nature.

The fair value of financial assets traded in active markets (such as exchanged-traded and over-the-counter securities) are based on quoted market bid-prices at the end of the reporting period.

2.20 FUNCTIONAL CURRENCY

The functional currency of the Town Council is Singapore dollar as it reflects the primary economic environment in which the entity operates.

2.21 INTER-FUND TRANSFER

The Town Council may make inter-fund transfers in accordance to Sections 47(12) and 57(1)(i) of the Town Councils Act 1988, and Rule 11A of the Town Councils Financial Rules.

2.22 CRITICAL ACCOUNTING JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Apart from information disclosed elsewhere in these financial statements, the following summarises 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 and significant judgements made in the process of applying the Town Council's accounting policies.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

(a) Impairment of conservancy and services fees receivables

The Town Council measures impairment loss based on an expected credit loss (ECL) on conservancy and service debts and related interest charged for late payment. When measuring ECL, the Town Council uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. The gross amount of conservancy and service fee and related ECL are disclosed in Note 11.

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 CRITICAL ACCOUNTING JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES (CONT'D)

(b) Income tax

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

(c) Town Improvement project grants

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

3 Accumulated Surplus

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

	Note	Total		Residential Property		Commercial Property		Carparks	
		2022 S\$	2021 S\$	2022 S\$	2021 S\$	2022 S\$	2021 S\$	2022 S\$	2021 S\$
Operating Income									
Conservancy and service fees		47,925,487	46,244,265	44,976,840	43,266,802	2,948,647	2,977,463	-	-
Operating transfer to Sinking Fund (minimum required by law)	4	(12,460,637)	(12,023,516)	(11,693,987)	(11,249,373)	(766,650)	(774,143)	-	-
Operating transfer to Lift Replacement Fund (minimum required by law)	5	(6,709,571)	(6,474,199)	(6,296,759)	(6,057,353)	(412,812)	(416,846)	-	-
		28,755,279	27,746,550	26,986,094	25,960,076	1,769,185	1,786,474	-	-
Agency Fees	16	3,153,064	2,764,846	-	-	-	-	3,153,064	2,764,846
Other Income	17	3,287,550	2,695,240	2,514,175	2,102,681	688,039	514,066	85,336	78,493
		35,195,893	33,206,636	29,500,269	28,062,757	2,457,224	2,300,540	3,238,400	2,843,339
Operating expenditure		(37,674,871)	(35,881,988)	(32,998,932)	(31,657,691)	(2,030,070)	(1,544,148)	(2,645,869)	(2,680,149)
Operating (deficit)/surplus		(2,478,978)	(2,675,352)	(3,498,663)	(3,594,934)	427,154	756,392	592,531	163,190
Non-operating income		13,334	29,674	11,765	26,160	447	1,129	1,122	2,385
(Deficit)/surplus before taxation and government grants		(2,465,644)	(2,645,678)	(3,486,898)	(3,568,774)	427,601	757,521	593,653	165,575
Taxation	22	(261,823)	(227,099)	(231,415)	(200,614)	(8,311)	(7,675)	(22,097)	(18,810)
(Deficit)/surplus after taxation but before government grants		(2,727,467)	(2,872,777)	(3,718,313)	(3,769,388)	419,290	749,846	571,556	146,765
Government Grants	24	17,450,170	16,770,705	17,241,748	16,556,086	208,422	214,619	-	-
Transfer to Sinking Fund	4,24	(2,692,518)	(2,550,744)	(2,691,738)	(2,549,964)	(780)	(780)	-	-
Transfer to Lift Replacement Fund	5,24	(5,527,452)	(5,332,115)	(5,321,610)	(5,120,574)	(205,842)	(211,541)	-	-
Transfer to Town Improvement and Project Fund	6,24	(3,016,708)	(3,001,526)	(3,016,708)	(3,001,028)	-	(498)	-	-
		6,213,492	5,886,320	6,211,692	5,884,520	1,800	1,800	-	-
Surplus for the year		3,486,025	3,013,543	2,493,379	2,115,132	421,090	751,646	571,556	146,765
Accumulated surplus at the beginning of year		8,373,262	9,730,062	7,293,423	6,638,025	1,079,839	3,092,037	-	-
Transfer to Town Improvement and Project Fund	6	(1,700,000)	(750,000)	(1,500,000)	(400,000)	(200,000)	(350,000)	-	-
Transfer to Accumulated Surplus from carpark to residential property		-	-	571,556	158,224	-	-	(571,556)	(158,224)
Transferrable surplus transferred to Sinking Fund	4	-	(3,355,606)	-	(1,856,245)	-	(1,499,361)	-	-
Transferrable surplus transferred to Lift Replacement Fund	5	-	(1,806,865)	-	(999,517)	-	(807,348)	-	-
Transfer of reserve as at 27 October 2020:									
- from Sembawang Town Council	30	-	2,217,768	-	2,122,287	-	90,220	-	5,261
- to Ang Mo Kio Town Council	30	-	(675,640)	-	(484,483)	-	(197,355)	-	6,198
Accumulated surplus at end of year		10,159,287	8,373,262	8,858,358	7,293,423	1,300,929	1,079,839	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2022

4 Sinking Fund

	Note	Total		Residential Property		Commercial Property	
		2022 S\$	2021 S\$	2022 S\$	2021 S\$	2022 S\$	2021 S\$
Balance at beginning of year		121,921,319	95,570,469	94,168,292	64,118,851	27,753,027	31,451,618
Add:							
Investment and interest income	19 (a)	131,828	4,127,248	125,339	3,972,124	6,489	155,124
Other income		526	54	513	54	13	-
Operating transfer from conservancy and service fees (minimum required by law)	3	12,460,637	12,023,516	11,693,987	11,249,373	766,650	774,143
Government grants	3,24	2,692,518	2,550,744	2,691,738	2,549,964	780	780
		15,285,509	18,701,562	14,511,577	17,771,515	773,932	930,047
Expenditure	19 (b)	(5,613,595)	(4,169,943)	(5,354,679)	(4,048,744)	(258,916)	(121,199)
Surplus before tax		9,671,914	14,531,619	9,156,898	13,722,771	515,016	808,848
Taxation	22	(95,216)	(79,413)	(91,917)	(76,487)	(3,299)	(2,926)
Surplus for the financial year		9,576,698	14,452,206	9,064,981	13,646,284	511,717	805,922
Transferrable surplus transferred from accumulated surplus	3	-	3,355,606	-	1,856,245	-	1,499,361
Transfer of reserve as at 27 October 2020:							
- from Sembawang Town Council	30	-	24,427,382	-	23,712,425	-	714,957
- to Ang Mo Kio Town Council	30	-	(15,884,344)	-	(9,165,513)	-	(6,718,831)
Balance at end of year		<u>131,498,017</u>	<u>121,921,319</u>	<u>103,233,273</u>	<u>94,168,292</u>	<u>28,264,744</u>	<u>27,753,027</u>
Represented by:							
Current Assets							
Financial assets at fair value through profit or loss	10	32,550,906	33,466,090				
Conservancy and service fee receivables		477,717	473,737				
Other receivables		689,742	216,504				
Interest receivable		74,775	42,589				
Amount due from accumulated surplus		3,631,308	3,296,795				
Cash and cash equivalents		95,517,575	86,111,432				
Total assets		<u>132,942,023</u>	<u>123,607,147</u>				
Less: Current Liabilities							
Payables and accrued expenses		1,242,342	1,361,464				
Provision for taxation		201,664	324,364				
Total liabilities		<u>1,444,006</u>	<u>1,685,828</u>				
Net Assets		<u>131,498,017</u>	<u>121,921,319</u>				

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

5 Lift Replacement Fund

	Note	Total		Residential Property		Commercial Property	
		2022 S\$	2021 S\$	2022 S\$	2021 S\$	2022 S\$	2021 S\$
Balance at beginning of year		49,738,742	33,377,895	42,840,421	27,488,612	6,898,321	5,889,283
Add:							
Interest income		89,691	145,065	86,477	138,697	3,214	6,368
Operating transfer from conservancy and service fees (minimum required by law)	3	6,709,571	6,474,199	6,296,759	6,057,353	412,812	416,846
Other income		-	3,452	-	3,452	-	-
Funding for Selective Lift Replacement Programme and Lift Enhancement Programme		1,736,253	2,287,654	1,676,071	2,285,657	60,182	1,997
Transfer from Government Grants							
– LRF Matching Grant		4,077,635	3,958,639	3,872,213	3,747,518	205,422	211,121
– Other government grants		1,449,817	1,373,476	1,449,397	1,373,056	420	420
	3,24	5,527,452	5,332,115	5,321,610	5,120,574	205,842	211,541
Less:							
Expenditure	20	(4,888,001)	(5,185,667)	(4,780,941)	(4,974,511)	(107,060)	(211,156)
Surplus before tax		9,174,966	9,056,818	8,599,976	8,631,222	574,990	425,596
Taxation	22	(15,254)	(25,184)	(14,725)	(24,257)	(529)	(927)
Surplus for the financial year		9,159,712	9,031,634	8,585,251	8,606,965	574,461	424,669
Transferrable surplus transferred from accumulated surplus	3	-	1,806,865	-	999,517	-	807,348
Transfer of reserve as at 27 October 2020:							
- from Sembawang Town Council	30	-	9,322,275	-	9,009,413	-	312,862
- to Ang Mo Kio Town Council	30	-	(3,799,927)	-	(3,264,086)	-	(535,841)
Balance at end of year		<u>58,898,454</u>	<u>49,738,742</u>	<u>51,425,672</u>	<u>42,840,421</u>	<u>7,472,782</u>	<u>6,898,321</u>
Represented by:							
Current Assets							
Conservancy and service fee receivables		257,232	255,089				
Other receivables		4,147,379	5,302,319				
Interest receivable		35,911	8,099				
Amount due from accumulated surplus		1,826,008	1,855,513				
Cash and cash equivalents		53,388,585	46,592,602				
Total assets		59,655,115	54,013,622				
Less: Current Liabilities							
Payables and accrued expenses		716,779	4,154,300				
Provision for taxation		39,882	120,580				
Total liabilities		756,661	4,274,880				
Net Assets		<u>58,898,454</u>	<u>49,738,742</u>				

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2022

6 Town Improvement and Project Fund

	Note	Total		Residential Property		Commercial Property	
		2022 S\$	2021 S\$	2022 S\$	2021 S\$	2022 S\$	2021 S\$
Balance at beginning of year		2,996,198	4,366,779	2,842,408	4,282,921	153,790	83,858
Government grants	24	3,016,708	3,001,526	3,016,708	3,001,028	-	498
Other income		4,500	10,500	4,078	10,060	422	440
Expenditure		(4,362,013)	(4,686,665)	(4,202,262)	(4,447,865)	(159,751)	(238,800)
Deficit for the financial year		(1,340,805)	(1,674,639)	(1,181,476)	(1,436,777)	(159,329)	(237,862)
Transfer from Accumulated Surplus	3	1,700,000	750,000	1,500,000	400,000	200,000	350,000
Transfer of reserve as at 27 October 2020:							
- from Sembawang Town Council	30	-	253,532	-	250,328	-	3,204
- to Ang Mo Kio Town Council	30	-	(699,474)	-	(654,064)	-	(45,410)
Balance at end of year		<u>3,355,393</u>	<u>2,996,198</u>	<u>3,160,932</u>	<u>2,842,408</u>	<u>194,461</u>	<u>153,790</u>
Represented by:							
Current Assets							
Other receivables		4,512,057	3,370,578				
Amount due (to) from accumulated surplus		(868,416)	1,936,955				
Total assets		3,643,641	5,307,533				
Less:							
Current Liabilities							
Payables and accrued expenses		288,248	2,311,335				
Net Assets		<u>3,355,393</u>	<u>2,996,198</u>				

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2022

7 Receivables for Neighbourhood Renewal Programme, Electrical Load Upgrading Programme and Sport in Precinct

	<u>2022</u> S\$	<u>2021</u> S\$
Balance at beginning of year	1,864,053	3,034,604
Transfer from Sembawang Town Council as at 27 October 2020 (Note 30)	-	(115,130)
Funding from Government - NRP	(7,330,247)	(4,733,167)
Reimbursement from HDB for Electrical Load Upgrading programme	(763,689)	(709,856)
Reimbursement for Sport-In-Precinct programme	-	(982,295)
Others	(1,600)	(500)
Expenditure incurred	7,495,521	5,370,397
Movements during the year	(600,015)	(1,055,421)
Balance at end of year	<u>1,264,038</u>	<u>1,864,053</u>

8 Plant and Equipment

	<u>Office Equipment</u> S\$	<u>Data Processing Equipment</u> S\$	<u>Furniture Fixtures and Fittings</u> S\$	<u>Right-of-use assets</u> S\$	<u>Total</u> S\$
2022					
Cost:					
Balance at 1 April 2021	384,548	259,214	1,301,883	2,878,928	4,824,573
Additions	27,350	86,012	-	200,194	313,556
Written off	(37,321)	(41,745)	(10,110)	(184,632)	(273,808)
Balance as at 31 March 2022	<u>374,577</u>	<u>303,481</u>	<u>1,291,773</u>	<u>2,894,490</u>	<u>4,864,321</u>
Accumulated depreciation:					
Balance at 1 April 2021	367,968	132,442	1,131,292	333,361	1,965,063
Charge for the financial year	11,297	67,907	88,336	619,241	786,781
Written off	(37,321)	(41,745)	(10,110)	(184,632)	(273,808)
Balance as at 31 March 2022	<u>341,944</u>	<u>158,604</u>	<u>1,209,518</u>	<u>767,970</u>	<u>2,478,036</u>
Net book value:					
Balance as at 31 March 2022	<u>32,633</u>	<u>144,877</u>	<u>82,255</u>	<u>2,126,520</u>	<u>2,386,285</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2022

8 Plant and Equipment (cont'd)

	<u>Office Equipment</u> S\$	<u>Data Processing Equipment</u> S\$	<u>Furniture Fixtures and Fittings</u> S\$	<u>Right-of-use assets</u> S\$	<u>Total</u> S\$
2021					
Cost:					
Balance at 1 April 2020	382,805	160,352	1,196,876	2,796,879	4,536,912
Transfer from Sembawang Town Council	460	7,368	110,266	-	118,094
Transfer to Ang Mo Kio Town Council	(6,157)	(3,892)	(5,259)	(160,156)	(175,464)
Additions	7,440	153,592	-	496,116	657,148
Written off	-	(58,206)	-	(253,911)	(312,117)
Balance as at 31 March 2021	<u>384,548</u>	<u>259,214</u>	<u>1,301,883</u>	<u>2,878,928</u>	<u>4,824,573</u>
Accumulated depreciation:					
Balance at 1 April 2020	331,460	151,686	973,649	277,282	1,734,077
Transfer from Sembawang Town Council	460	6,232	67,760	-	74,452
Transfer to Ang Mo Kio Town Council	(4,548)	(1,179)	(5,083)	(79,504)	(90,314)
Charge for the financial year	40,596	33,909	94,966	389,494	558,965
Written off	-	(58,206)	-	(253,911)	(312,117)
Balance as at 31 March 2021	<u>367,968</u>	<u>132,442</u>	<u>1,131,292</u>	<u>333,361</u>	<u>1,965,063</u>
Net book value:					
Balance as at 31 March 2021	<u>16,580</u>	<u>126,772</u>	<u>170,591</u>	<u>2,545,567</u>	<u>2,859,510</u>

Details of Right-of-use assets acquired under leasing arrangements are disclosed as below.

Right-of-use assets classified within plant and equipment

	<u>2022</u> S\$	<u>2021</u> S\$
(a) Carrying amounts		
Computer system	1,642,995	1,988,888
Office premises	483,525	556,679
	<u>2,126,520</u>	<u>2,545,567</u>
(b) Depreciation charge during the year		
Computer system	345,893	86,473
Office rental	273,348	303,021
	<u>619,241</u>	<u>389,494</u>
(c) Interest expense		
Interest expense on lease liabilities	46,058	24,618
(d) Lease expense not capitalised in lease liabilities		
Small value lease expense	7,640	6,845

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2022

8 Plant and Equipment (cont'd)

- (e) Total cash outflow for all leases in financial year ended 31 March 2022 was S\$661,519 (2021: S\$605,618).
- (f) Addition of ROU assets during the financial year ended 31 March 2022 was S\$200,194 (2021: S\$496,116).
- (g) Written off of ROU assets due to end of lease during the financial year ended 31 March 2022 was S\$184,632 (2021: S\$253,911).

9 Funds with Fund Managers

Funds with fund managers comprised the following:

	Note	2022 S\$	2021 S\$
Financial assets at fair value through profit or loss	10	32,550,906	33,466,090
Accrued interest	12	74,775	56,656
Cash and fixed deposits	13	495,173	1,316,036
Management fees payable to fund managers	14	(4,713)	(5,067)
		<u>33,116,141</u>	<u>34,833,715</u>

10 Financial assets at fair value through profit or loss

	2022 S\$	2021 S\$
Taken up in sinking funds and comprised of the following:		
-Equities - quoted	8,414,800	8,763,437
-Bonds - quoted	17,449,411	14,956,250
-Treasury Bills	6,686,695	9,746,403
	<u>32,550,906</u>	<u>33,466,090</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2022

11 Conservancy and Service Fee Receivables

	2022 S\$	2021 S\$
Conservancy and service fee receivables	2,378,177	2,477,003
Interest receivable on late payment	368,423	376,971
Impairment loss provision	(1,382,698)	(1,014,547)
	<u>1,363,902</u>	<u>1,839,427</u>

Movement in impairment loss during the year:

Balance at beginning of year	1,014,547	739,716
Transfer from Sembawang Town Council	-	205,633
Transfer to Ang Mo Kio Town Council	-	(115,519)
Reinstatement of provision previously written off	-	202,992
Provision/(Reversal) for impairment loss	368,151	(18,275)
Balance as at 31 March	<u>1,382,698</u>	<u>1,014,547</u>

Town Council holds SC/CC collections that do not have a significant financing component. In order to determine the amount of ECL to be recognised in the financial statements, it has set up a provision matrix based on its historical observed default rates which is adjusted for forward-looking estimates and establishes that ECL should be calculated as:

	SC/CC Debtors S\$	Amount to be provided S\$
2022		
Live accounts with arrears in excess of 6 months but less than 12 months @ 25%	320,222	80,055
Live accounts with arrears in excess of 12 months but less than 24 months @ 50%	586,571	293,286
Live accounts with arrears in excess of 24 months @ 100%	826,995	826,995
Terminated accounts with arrears @ 100%	182,362	182,362
Expected Credit loss as at 31 March 2022		<u>1,382,698</u>
2021		
Arrears in excess of 12 months but less than 24 months @ 50%	545,671	272,836
Arrears in excess of 24 months @ 100%	741,711	741,711
Expected Credit loss as at 31 March 2021		<u>1,014,547</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2022

12 Other Receivables

	<u>2022</u>	<u>2021</u>
	S\$	S\$
Other receivables from third parties	235,687	133,523
Recoverable from HDB	3,131,133	4,415,003
Receivable from MND	72,409	-
Citizens' Consultative Committee grant receivable	4,436,161	3,297,290
Prepayments	287,622	156,532
Accrued interest (Note 9)	74,775	56,656
GST subvention grant receivable	438,360	435,798
LRF Matching Grant Receivable	869,068	884,964
Amount due from Ang Mo Kio Town Council	-	19,799
Deposits Paid	374,904	228,858
Water and electricity receivables	1,191,464	617,969
Goods & Services Tax	290,044	332,195
	<u>11,401,627</u>	<u>10,578,587</u>

Movement in impairment loss during the year

Balance at beginning of year	-	100,774
Transfer from Sembawang Town Council	-	53,594
Provision for impairment loss	-	46,233
Written off	-	(200,601)
Balance as at 31 March	<u>-</u>	<u>-</u>

The Town Council believes that no allowance for expected credit loss is necessary for the current financial year.

13 Cash and cash equivalents

	<u>2022</u>	<u>2021</u>
	S\$	S\$
Cash in hand and bank balances	41,925,719	66,773,106
Cash and fixed deposits held in trust by fund managers (Note 9)	495,173	1,316,036
Fixed deposits	122,011,570	88,011,649
	<u>164,432,462</u>	<u>156,100,791</u>

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

The fixed deposits are with 6 (2021: 5) financial institutions. The fixed deposits mature between one month to twelve months (2021: one month to twelve months) after the financial year end. The interest rate as at 31 March 2022 was between 0.1% and 0.9% (2021: 0.06% and 0.6%) per annum.

For the purposes of statement of cash flows, the cash and cash equivalents comprised the following:

	<u>2022</u>	<u>2021</u>
	S\$	S\$
Cash and cash equivalents	164,432,462	156,100,791
Cash and fixed deposits held in trust by fund managers (Note 9)	(495,173)	(1,316,036)
Cash and cash equivalents per statement of cash flows	<u>163,937,289</u>	<u>154,784,755</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2022

14 Payables and Accrued Expenses

	<u>2022</u>	<u>2021</u>
	S\$	S\$
Work order accruals	126,372	600,020
Accounts payable	1,820,402	11,014,290
Water and electricity payables	968,429	455,542
Accrued operating expenses	2,058,082	5,734,043
Sundry deposits	189,330	159,828
Lift Enhancement Programme Funding Received in advance	566,120	1,436,474
Management fee payable to fund managers (Note 9)	4,713	5,067
Other payables	40,561	3,259
Amount due to Sembawang Town Council	7,277	46,090
	<u>5,781,286</u>	<u>19,454,613</u>

The contractual undiscounted cash outflows on payables and accrued expenses are expected to approximate their carrying amounts and settled within one year.

15 Lease liabilities

	<u>2022</u>	<u>2021</u>
	S\$	S\$
<u>Lease liabilities</u>		
Current	562,440	600,222
Non-current	1,304,720	1,682,205
Total	<u>1,867,160</u>	<u>2,282,427</u>
<u>Lease liabilities</u>		
Within 1 year	617,846	643,843
Between two and five years	1,577,453	1,731,414
More than five years	-	265,562
	<u>2,195,299</u>	<u>2,640,819</u>
Less: Future interest expense	(328,139)	(358,392)
Present value of lease liabilities	<u>1,867,160</u>	<u>2,282,427</u>

16 Agency Fees

Agency fees are received for routine maintenance of HDB's car parks and common property within the Town.

17 Other income

	<u>2022</u>	<u>2021</u>
	S\$	S\$
Late payment penalty	199,495	153,595
Liquidated damages	327,237	262,139
Temporary occupational licence income	1,983,669	1,820,158
Use of common property	4,070	1,200
Use of void decks	11,040	1,480
Use of water and electricity at void decks	382,640	147,350
Others	379,399	309,318
	<u>3,287,550</u>	<u>2,695,240</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2022

18 Managing Agent Fees

The Town Council daily operations have been outsourced to a managing agent for a fee of S\$6,208,803 (2021 : S\$5,846,835) for the financial year ended 31 March 2022.

19 (a) Investment and Interest Income on Sinking Fund

	2022 S\$	2021 S\$
Interest Income - fixed bank deposits	239,284	257,495
Fair value (loss)/gain from financial assets carried at fair value through profit or loss	(564,262)	3,440,212
Dividend income	134,847	99,797
Bond interest income	321,959	329,744
	<u>131,828</u>	<u>4,127,248</u>

19 (b) Sinking Fund Expenditure

	2022 S\$	2021 S\$
Electrical Rewiring	26,809	75,600
Escalators repairs	110,000	-
Replacement of Water & Booster Pump	714,010	977,615
Repairs & Redecoration	3,898,393	2,745,521
Replacement Water Pipes	166,155	85,700
Consultancy fee and other charges	201,468	145,236
Goods and services tax (Note 23)	91,950	102,291
Rooftop Safety Provision	119,380	37,980
Fire Protection System	285,430	-
	<u>5,613,595</u>	<u>4,169,943</u>

20 Lift Replacement Fund Expenditure

	2022 S\$	2021 S\$
Replacement of Main Sheaves and Ropes	867,304	1,607,618
Replacement of ARD Battery	144,214	68,512
Replacement of EBOPS Battery	80,666	33,136
Lift overhauls and replacement works	-	83,950
Replacement of Lift Position Display Panel	1,491,638	7,055
Replacement of Inverter Units	82,344	624,749
Lift Enhancement Programme	1,812,400	2,378,020
Replacement of Fire Detector for Lift Lobby	27,625	13,944
Consultancy fee and other charges	177,093	188,420
Goods and services tax (Note 23)	204,717	180,263
	<u>4,888,001</u>	<u>5,185,667</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2022

21 (a) General and Administrative Expenditure

The general and administrative expenditure comprised the following:

	2022 S\$	2021 S\$
Advertising and public relations	715,371	921,826
Provision/(Reversal) for expected credit loss on conservancy and service fee	368,151	(18,275)
Provision for doubtful debts - others	-	46,233
Computing services	18,427	466,097
Depreciation of plant and equipment (Note 8)	167,540	169,471
Depreciation of ROU assets (Note 8)	619,241	389,494
Short term office rental and upkeep expenditure	246,046	213,857
Office supplies and stationery	49,046	89,574
Postage / Telephone	200,456	187,053
Town Councillors' allowance	221,239	221,398
Insurance premium	29,453	26,664
Goods and services tax (Note 23)	197,050	168,181
Legal fee	786	7,416
Property tax	206,008	189,791
Lease interest expense	46,058	24,618
Waiver of rental cost from HDB	-	(57,200)
Others *	539,818	652,343
	<u>3,624,690</u>	<u>3,698,541</u>

* Includes manpower costs of S\$68,072 (2021: S\$85,540) (Note 21(b)).

21 (b) Manpower Cost

General administrative expenditure included cost of manpower as follows:-

	2022 S\$	2021 S\$
Staff salaries and related costs	61,353	77,927
CPF contribution	6,719	7,613
	<u>68,072</u>	<u>85,540</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2022

22 Income Tax

Taken up in:

	2022			
	Income and Expenditure Statement S\$	Sinking Fund Statement S\$	Lift Replacement Fund Statement S\$	Total S\$
Current income tax provision	261,871	95,229	15,253	372,353
(Over) Under provision in prior year	(48)	(13)	1	(60)
	<u>261,823</u>	<u>95,216</u>	<u>15,254</u>	<u>372,293</u>
	2021			
	Income and Expenditure Statement S\$	Sinking Fund Statement S\$	Lift Replacement Fund Statement S\$	Total S\$
Current income tax provision	232,859	93,284	24,629	350,772
(Over) Under provision in prior year	(5,760)	(13,871)	555	(19,076)
	<u>227,099</u>	<u>79,413</u>	<u>25,184</u>	<u>331,696</u>

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

	2022 S\$	2021 S\$
Interest income received	664,963	762,844
Dividend income	134,847	99,797
Government Grant	13,912,654	16,758,901
Other income	1,719,354	1,532,253
Allowable expenses	(183,325)	(185,671)
	<u>16,248,493</u>	<u>18,968,124</u>
Tax calculated at a tax rate of 17%	2,762,244	3,224,581
Tax exempt income	(17,425)	(17,425)
Tax effect of certain income taxed at concessionary tax rate	(22,537)	(23,082)
Tax remission of government grants under Section 92(2) of Singapore Income Tax	(2,349,929)	(2,833,345)
Others	-	43
Overprovision in prior year	(60)	(19,076)
	<u>372,293</u>	<u>331,696</u>

23 Goods and Services Tax

Government grants received by the Town Council are considered non-taxable supplies. Therefore, input tax claimable is based on a formula determined by the Inland Revenue Authority of Singapore. The unclaimed portion is charged to the sinking fund expenditure (Note 19(b)), lift replacement fund expenditure (Note 20) and general and administrative expenditure (Note 21(a)).

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2022

24 GOVERNMENT GRANTS

(i) Government grants taken to the Income and Expenditure Statement during the year are as follows :-

	Total		Conservancy and Service Grant		Payment from Citizens' Consultative Committee		GST Subvention Grant		Lift Maintenance Grant		LRF Matching Grant	
	2022 S\$	2021 S\$	2022 S\$	2021 S\$	2022 S\$	2021 S\$	2022 S\$	2021 S\$	2022 S\$	2021 S\$	2022 S\$	2021 S\$
Government Grants received/receivable during the year	17,450,170	16,770,705	7,721,171	7,252,444	3,016,708	3,001,526	1,746,656	1,680,162	888,000	877,934	4,077,635	3,958,639
Transfer to -												
Sinking Funds	(2,692,518)	(2,550,744)	(2,007,504)	(1,885,636)	-	-	(454,134)	(436,845)	(230,880)	(228,263)	-	-
Lift Replacement Funds	(5,527,452)	(5,332,115)	(1,080,964)	(1,015,342)	-	-	(244,533)	(235,223)	(124,320)	(122,911)	(4,077,635)	(3,958,639)
Town Improvement and Project Fund	(3,016,708)	(3,001,526)	-	-	(3,016,708)	(3,001,526)	-	-	-	-	-	-
	<u>6,213,492</u>	<u>5,886,320</u>	<u>4,632,703</u>	<u>4,351,466</u>	<u>-</u>	<u>-</u>	<u>1,047,989</u>	<u>1,008,094</u>	<u>532,800</u>	<u>526,760</u>	<u>-</u>	<u>-</u>

(ii) The total amount of grants received/receivable, since the formation of the Town Council, is as follows :-

	2022 S\$	2021 S\$
Balance at 1 April	117,376,394	100,605,689
Add : Grants received/receivable during the year	<u>17,450,170</u>	<u>16,770,705</u>
Balance at 31 March	<u>134,826,564</u>	<u>117,376,394</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2022

25 Capital Commitments

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

	<u>2022</u> S\$	<u>2021</u> S\$
Amount approved and contracted for	11,495,196	17,614,862
Amount approved but not contracted for	<u>32,009,545</u>	<u>26,336,831</u>
	<u>43,504,741</u>	<u>43,951,693</u>

26 Related party transactions and balances

Related party relates to the managing agent of the Town Council which manages the operations of the Town Council and town councillors.

(a) The following significant transactions took place between the Town Council and its managing agent at terms agreed between the parties:

	<u>2022</u> S\$	<u>2021</u> S\$
Managing Agent's Fees	6,208,803	5,846,835
Contract for services and works*	7,252	15,402
EMSU	751,919	-
Energy saving costs **	104,498	1,171,014
Lift Enhancement Programme	497,700	-
Project management fee	243,612	474,747
Repairs and maintenance	<u>2,047,799</u>	<u>682,597</u>

*Contract for services and works include mainly construction of playgrounds and electrical licensing fees.

** The Town Council has entered into an agreement with the related party to supply and install Light Emitting Diode ("LED") luminaries at the HDB blocks at no costs to the Town Council. Under the terms of the agreement, certain percentage of the energy cost saved from the usage of the LED will be shared with the related party.

The balances due to managing agent as at 31 March 2022 was S\$309,283 (2021: S\$1,047,740).

(b) During the financial year, town councillors allowances amounted to S\$221,239 (2021: S\$221,398).

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2022

27 Financial risk management objectives and policies

General Risk Management Principles

The Town Council's financial instruments comprise cash and liquid resources, investments in financial assets carried at fair value through profit or loss, conservancy and services fee receivables and other receivables, payables and accrued expenses. The main risks arising from the Town Council's financial instruments are credit risk, market risk and liquidity risk. The Town Council reviews and monitors policies for managing each of these risks and they are summarised below:

Credit Risk

Credit risk is the risk that counterparty to a financial asset fail to discharge an obligation or commitment entered into with the Town Council.

For conservancy and service receivables, at the end of the reporting period, there were no significant concentrations of credit risk. Investment in fixed deposits is with 6 (2021: 5) banks holding banking licences issued by the Monetary Authority of Singapore.

The Town Council's conservancy and service receivables has no significant concentration of credit risk with any single resident or category of resident. The credit risk for SC/CC receivable arise mainly from residents who are facing significant financial hardships and have difficulties paying their SC/CC fees despite letter of demand sent. Procedures are in place for collecting the outstanding SC/CCs. The Town Council measures loss allowance using simplified approach at an amount equal to lifetime expected credit losses ("ECL"), which is calculated using a provision matrix. As the Town Council's historical credit loss experience does not indicate significantly different loss patterns for different residential property room type and commercial property, the loss allowance based on past due status is not further disaggregated.

Credit risk on investments is managed through the setting of guidelines. The guidelines are reviewed and approved by the Investment & Finance Committee. Ongoing monitoring is undertaken by management to ensure that all investment activities are in compliance with the guidelines.

The ageing analysis of conservancy and service fee receivable past due and interest receivable on late payment and information on the impairment allowance are as follows:

	<u>Gross</u> <u>2022</u> S\$	<u>Gross</u> <u>2021</u> S\$	<u>Impairment</u> <u>2022</u> S\$	<u>Impairment</u> <u>2021</u> S\$
Past due <3 months	789,382	808,450	158,503	-
Past due 3 to 6 months	202,813	376,395	3,242	-
Past due 6 to 12 months	327,906	381,747	87,740	-
Past due 12 to 24 months	592,957	545,671	299,671	272,836
Past due > 24 months	833,542	741,711	833,542	741,711
	<u>2,746,600</u>	<u>2,853,974</u>	<u>1,382,698</u>	<u>1,014,547</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2022

27 Financial risk management objectives and policies (cont'd)

Credit risk (cont'd)

Other receivables comprised mainly recoverable from statutory boards and government agencies with low credit risk.

The Town Council's maximum exposure to credit risk arising from cash and cash equivalents, conservancy and service fee receivables, other receivables and other financial assets as at 31 March 2022 is equal to the carrying amount of these financial assets in the statement of financial position.

Market risk

Market risk is the risk of potential adverse changes to the value of the financial instruments because of changes in market conditions such as interest and volatility in security prices.

(i) Price risk

The Town Council is exposed to securities price risk from financial assets which are classified on the statement of financial position at fair value through profit or loss. Fluctuations in the market price of a security may result from perceived changes in the underlying economic characteristics of the financial assets and the market conditions. The investment portfolio with fund managers and debt investments are monitored by the fund managers, on a regular basis, so as to assess changes in fundamentals and valuation. Guidelines have been set by the Finance and Investment Committee to manage the exposure of the investment portfolio so as to reduce exposures to market volatility by diversifying the investment portfolio into equities, bonds and other financial assets.

Sensitivity analysis

The table below summarises the impact to the Town Council's financial assets at fair value through profit or loss as a result of a 10% increase / (decrease) in the fair value of funds with all other variable held constant:

	Increase / (Decrease)			
	Net Assets		Sinking Fund	
	10% increase S\$	10% decrease S\$	10% increase S\$	10% decrease S\$
31 March 2022				
Financial assets at fair value through profit or loss	3,255,091	(3,255,091)	3,255,091	(3,255,091)
31 March 2021				
Financial assets at fair value through profit or loss	3,346,609	(3,346,609)	3,346,609	(3,346,609)

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2022

27 Financial risk management objectives and policies (cont'd)

Market risk (cont'd)

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Fair value interest rate risk is the risk that the value of financial instrument will fluctuate because of changes in market interest rates.

The Town Council has interest-bearing fixed deposits with financial institutions. The interest rates are disclosed in Note 13 to the financial statements. The interest-bearing fixed deposits and debt investments are at fixed interest rates at the reporting date.

If the interest rates from the Town Council's fixed deposits with banks had been 25 basis points lower/higher, with all other variables held constant, the Town Council's deficit before government grants for the year would have been S\$305,029 (2021: S\$220,029) higher/lower.

(iii) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Town Council's operational activities are carried out in Singapore dollar. Hence, the Town Council is not exposed to significant foreign currency risk.

Liquidity risk

The Town Council manages its liquidity risk by maintaining sufficient cash and cash equivalents to meet its routine, sinking fund expenditure, lift replacement expenditure and town improvement project expenditure. This is managed via the regular monitoring of the Town Council's operating cash flow requirements and the budget set for capital expenditure.

The financial assets and financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations have a maturity of less than one year other than lease liabilities as disclosed in Note 15.

Financial instruments by category

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

	Note	2022 S\$	2021 S\$
Financial assets at fair value through profit or loss	10	32,550,906	33,466,090
Financial assets at amortised cost		178,266,591	170,277,118
Less: financial liabilities at amortised cost		(7,648,446)	(21,737,040)
		<u>203,169,051</u>	<u>182,006,168</u>

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2022

28 Management of Town Council's funds

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

- (a) To safeguard the Town Council's ability to continue as a going concern;
- (b) To support the Town Council's stability and growth; 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 fund structure to ensure optimal structure, taking into consideration the future funds requirements of the Town Council and fund efficiency, prevailing and projected service and conservancy charges, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities.

The Town Council is not subject to externally imposed capital requirements. As at end of the reporting date, the Town Council's total funds amounted to S\$203,911,151 (2021: S\$183,029,521).

29 Fair value of financial Instruments

Fair values

The carrying amount of financial assets and liabilities with a maturity of less than one year is assumed to approximate their fair values.

The Town Council does not anticipate that the carrying amounts recorded at the end of the reporting period would be significantly different from the values that would eventually be received or settled.

(a) Assets measured at fair value

The following table shows an analysis of each class of measured at fair value at 31 March 2022.

<u>Recurring fair value measurements</u>	<u>Level 1</u> S\$	<u>Level 2</u> S\$	<u>Level 3</u> S\$	<u>Total</u> S\$
31 March 2022 Financial assets at fair value through profit or loss (Note 10)	32,550,906	-	-	32,550,906
31 March 2021 Financial assets at fair value through profit or loss (Note 10)	33,466,090	-	-	33,466,090

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2022

30 Boundary change

Funds transferred in from Sembawang Town Council

	Residential Property Funds S\$	Commercial Property Funds S\$	Carparks Fund S\$	Total S\$
Accumulated surplus	2,122,287	90,220	5,261	2,217,768
Sinking Funds	23,712,425	714,957	-	24,427,382
Lift Replacement Funds	9,009,413	312,862	-	9,322,275
Town Improvement Project Funds	250,328	3,204	-	253,532
Net funds transferred in as at 27 October 2020	35,094,453	1,121,243	5,261	36,220,957

Represented by:

Non-Current Assets				S\$
Plant and equipment				43,642
Current Assets				
Conservancy and service fee receivables				141,335
Other receivables				71,479
Cash and cash equivalents				37,118,776
Total assets transferred in				37,375,232
Current Liabilities				
Other payables				175,185
Conservancy and service fee received in advance				126,217
Government grants received in advance				737,743
Advances received for Neighbourhood Renewal Programme				115,130
Total current liabilities transferred in				1,154,275
				36,220,957

Funds transferred out to Ang Mo Kio Town Council

	Residential Property Funds S\$	Commercial Property Funds S\$	Carpark Fund S\$	Total S\$
Accumulated surplus	484,483	197,355	(6,198)	675,640
Sinking Funds	9,165,513	6,718,831	-	15,884,344
Lift Replacement Funds	3,264,086	535,841	-	3,799,927
Town Improvement Project Funds	654,064	45,410	-	699,474
Net funds transferred out as at 27 October 2020	13,568,146	7,497,437	(6,198)	21,059,385

NEE SOON TOWN COUNCIL
(Established under Town Councils Act 1988)

NOTES TO THE FINANCIAL STATEMENTS
For the Financial Year Ended 31 March 2022

30 Boundary change (cont'd)

Funds transferred out to Ang Mo Kio Town Council (cont'd)

Represented by:	S\$
Non-Current Assets	
Right-of-use assets	80,652
Plant and equipment	4,498
Current Assets	
Conservancy and service fee receivables	205,046
Other receivables	45,794
Cash and cash equivalents	<u>21,550,413</u>
Total assets transferred out	<u>21,886,403</u>
Current Liabilities	
Other payables	13,056
Conservancy and service fee received in advance	96,910
Conservancy and service grant received in advance	578,023
Conservancy and service fee billing in advance	56,003
Lease liabilities	<u>83,026</u>
Total current liabilities transferred out	<u>827,018</u>
	<u>21,059,385</u>

Main Office

**Block 290 Yishun Street 22
Singapore 760290
Tel: 6758 0129**

**Email: feedback@nstc.org.sg
Website: www.nstc.org.sg**



@neesoontc