



ANNUAL REPORT



2022/2023

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CHAIRMAN'S MESSAGE

Dear Residents,




East Coast has been abuzz with renewed energy over the past year.

As Singapore becomes more COVID-resilient, we witnessed progress and positive changes in our beloved East Coast Town through various Repair & Redecoration works, Community Improvement Projects and the Neighbourhood Renewal Programme. These included block repainting, re-roofing, construction of new linkways and shelters, upgrading of linkway flooring and footpaths, enhancements to market and food centres and more.

The completed projects and structures are testament to the hard work, dedication and collaboration of our residents, the town council and the various agencies involved. It is also part of an ongoing effort to make our neighbourhoods in East Coast more liveable and comfortable, where residents are proud to call home.

Together with the Town Councillors and Town Council management, our team is committed to providing well-maintained and safe living environments for our residents. The Town Council has undertaken extensive maintenance and improvement works across Bedok, Changi Simei, Fengshan, Kampong Chai Chee, and Siglap. Repair and upgrading works of the estate's infrastructure have been done to ensure that our residential blocks, common areas, and facilities are in good condition and safe.

These achievements are only possible with the active participation and support of our residents. We are grateful for your unwavering commitment and passion to making our town a better place to live. Your feedback and suggestions have been valuable in guiding our decision-making process, ensuring that our initiatives align with your needs and aspirations.



As the estate infrastructure within East Coast gets older, more expenditure will be needed to maintain and replace these infrastructural assets. While the Town Council has been planning ahead to prepare for these longer-term expenditures, the situation is compounded by increasing cost pressures over time due to higher energy prices, maintenance costs and manpower costs. The Town Council has been adopting a prudent financial approach and exploring cost-saving measures to keep the costs down, and will continue to do so.

Looking ahead, we remain steadfast in our commitment to continuous improvement and progress. The Town Council will continue to work closely with residents and relevant stakeholders to identify areas for further enhancement and development.

Residents can look forward to some new and exciting developments in our town. We will be upgrading the popular Marketplace @ 58, which will see improvements to the washrooms, installation of energy-efficient High Volume Low Speed fans for better air circulation and more. We are also building a Community Hall at Changi Village to enable residents to come together for social and recreational activities.

For latest updates, do follow our Town Council's social media channels and subscribe to our digital newsletter, 'Our Sunny Side'.

On behalf of the Town Council, I thank each and every one of you for your continued support. Together, let us forge ahead with renewed optimism, unity, and a shared vision of a thriving and harmonious community.

Yours sincerely,



Jessica Tan
Chairman
East Coast Town Council

OUR TOWN

RESIDENTIAL

461 1-Room
Flats

15,714 4-Room
Flats

1,839 2-Room
Flats

8,468 5-Room
Flats

11,448 3-Room
Flats

908 Executive Apts/
Maisonette
Flats

COMMERCIAL

998 Markets/
Hawker Stalls

140 Miscellaneous

631 Shops

63 Banks/
Offices

BUILDING VIBRANT NEIGHBOURHOODS

Completed between 1 April 2022 and 31 March 2023

As part of the East Coast Plan, town and infrastructural improvements have been ongoing to improve the quality of life for residents. These completed projects and structures stand as a testament to the hard work and collaboration of residents, the town council and the various agencies involved.

All-weather connectors: Linking precincts and neighbourhoods - building communities



High/Low Covered Linkways (Bedok)

From Blk 3 to bus top shelter at Bedok South Ave 1
From Blk 6 to Function Court at Bedok South Ave 2



Covered Linkways & Shelters (Fengshan)

Blk 75 & 76 Bedok North Road
Blk 84 to 91 Bedok North Street 4
Bus Stop at Blk 95 Bedok North Ave 4

BUILDING VIBRANT NEIGHBOURHOODS

Completed between 1 April 2022 and 31 March 2023

Cyclical maintenance: Upkeep of residential blocks and common areas



Re-Roofing (Changi Simei)
33 blocks @ Simei Street 1 & 5



Block Repainting (Siglap)
Blk 155 to Blk 172
Bedok South Ave 3 /
Bedok South Road



**Linkway flooring/footpath
upgrading (Siglap)**
Blk 155 to Blk 172 Bedok South Ave 3 /
Bedok South Road

BUILDING VIBRANT NEIGHBOURHOODS

Completed between 1 April 2022 and 31 March 2023

**Rejuvenating our markets and hawker centres:
Common spaces to bond over
our shared love for food**



Market & Hawker Centre Repair & Redecoration
(Kampong Chai Chee)
Blk 216 Bedok North Street 1



Market & Hawker Centre Repair & Redecoration
(Siglap)
Blk 2 & 3 Changi Village Road

SUSTAINABILITY EFFORTS

Solar Panel Installation

In line with the Singapore Green Plan 2030 to intensify sustainability efforts around the island, installation of solar panels in East Coast began in 2022.

These panels play a crucial role in generating clean energy that powers the everyday amenities in our HDB blocks. From lifts and lights to water pumps, these essential services will now be powered by renewable energy harvested during the day. This is a significant step forward towards creating a sustainable future for East Coast.

For residents, solar panels can keep the top floor of flats cooler by providing an additional layer of shelter as the panels reduce direct sunlight on the roof during the day.



SUSTAINABILITY EFFORTS

EV Charging Stations

With growing concerns about the environment and rising energy prices, governments and automotive companies worldwide are progressively shifting their focus towards electric vehicles (EVs) as a viable substitute for traditional vehicles.

For our residents, EVs offer numerous advantages, including reduced carbon emissions and economic benefits associated with decreased dependence on oil.

Between 1 April 2022 to 31 March 2023, over 6 EV charging stations were installed across East Coast. 8 more are expected to follow towards the second half of 2023.



CORPORATE GOVERNANCE

Composition and Structure

The selection, appointment and reappointment of Town Councillors takes into consideration the composition of the Council and the relevant experience, skills and/or competencies of the members. In appointing the Town Councillors:

1. The Town Council utilises a referral process to search for potential candidates.
2. The Council considers a variety of factors including audit and financial skills, time commitment and prior experience.
3. At least two-thirds of the appointed Town Councillors must be residents of the HDB housing estates within the Town.
4. The Chairperson of the Committee overseeing audit matters should not chair or be a member in other Council committees. The majority of the members of the committee overseeing audit matters should not concurrently be members in the other council committees.
5. The Chairperson overseeing finance matters should not chair or be a member in other Council committees that oversee procurement matters. The majority of the members of the Committee overseeing finance should not concurrently be members in the other Council committees that oversee procurement matters
6. The tenure for a Chairperson of Council committees overseeing audit and risk management and finance and procurement should be a maximum of 10 consecutive years.

CORPORATE GOVERNANCE

Code of Governance Practices

The Code of Governance which took effect from 1 April 2020 sets out the principles of good governance and highlights best practices that guide the Town Councils in executing their fiduciary responsibilities, and improving accountability and disclosure.

East Coast Town Council exercises the code of governance practices, with the aim to provide greater transparency and raise governance standards. Policies and processes were developed and implemented in line with guiding principles of the Code across four main domains – Council Effectiveness, Internal Controls & Processes, Financial Management and Vendor Management.

The Town Council manages risks effectively by providing a systematic framework to support informed business decisions and improve outcomes. By identifying key risks through a structured risk assessment methodology, the Town Council was able to analyse the areas of impact and consequences and put in place risk response strategies to address these risks adequately. This systematic framework is an ongoing effort which supports the Town Council and management in making informed strategic and operational decisions in line with the objectives of the Town Council.

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

Financial statements

EAST COAST TOWN COUNCIL

(Established under Town Councils Act 1988)

For the year ended 31 March 2023

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Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements of the Town Council are properly drawn up in accordance with the provisions of the Town Councils Act 1988 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Town Council as at 31 March 2023, and of the financial performance, changes in Town Council funds and cash flows of the Town Council for the financial year ended on that date.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the Chairman's Review 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.



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

Management is responsible for the preparation and fair presentation of financial statements in accordance with the provisions of the Act and FRSs, and for 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 Town Councils Act and may be dissolved by the Singapore Minister's order published in the Gazette of Singapore. 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

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

Report on Other Legal and Regulatory Requirements

Opinion

In our opinion:

- (a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Town Council during the financial year ended 31 March 2023 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.

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 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.

JR CHAN COMPANY
Public Accountants and
Chartered Accountants

Singapore,
31 August 2023

Statement of financial position

as at 31 March 2023

	Notes	2022/2023 \$	2021/2022 \$
TOWN COUNCIL FUND			
Residential Property			
Accumulated surplus	3	54,820	1,342,746
Sinking Fund	4	29,507,454	34,882,678
Lift Replacement Fund	5	25,393,927	21,335,162
Town Improvement and Project Fund	6	783,023	923,364
		55,739,224	58,483,950
Other Commercial Property			
Accumulated surplus	3	1,344,793	1,624,972
Sinking Fund	4	28,131,529	31,769,564
Lift Replacement Fund	5	9,746,166	8,889,608
Town Improvement and Project Fund	6	78,654	80,194
		39,301,142	42,364,338
Carpark			
Accumulated surplus	3	1,969,359	1,286,711
		97,009,725	102,134,999
Represented by:			
Non-Current Assets			
Plant and equipment	7	944,767	915,422
Current Assets			
Financial assets at fair value through profit or loss	8	19,911,959	19,729,111
Receivable from Neighbourhood Renewal Programme	13(a)	1,859,223	847,093
Conservancy and service fee receivables	9	350,404	475,441
Other receivables	10	5,301,732	2,646,802
Interest/investment income receivable		638,539	125,902
Fixed deposits	11, 12	53,022,556	43,369,646
Cash and bank balances	12	19,662,955	41,222,285
		100,747,368	108,416,280
Total Assets		101,692,135	109,331,702
Less:			
Current Liabilities			
Conservancy and service fees received in advance		542,147	485,196
Payables and accrued expenses	13(b)	3,219,710	6,118,278
Lease Liability	15(b)	217,367	87,834
Current tax payable	21(b)	513,177	442,316
Total Liabilities		4,492,401	7,133,624
Less:			
Non-current Liabilities			
Lease liability	15(b)	190,009	63,079
Net Assets		97,009,725	102,134,999



JESSICA TAN
Chairman



KEVIN PANG JU HUI
Secretary

Date: 31 August 2023

Statement of income and expenditure for the financial year ended 31 March 2023

	Notes	2022/2023 \$	2021/2022 \$
OPERATING INCOME			
Conservancy and service fees	3	31,036,299	31,141,402
Less: Operating transfer to Sinking Fund	3,4	8,069,438	8,096,765
Less: Operating transfer to Lift Replacement Fund	3,5	4,345,080	4,359,793
		18,621,781	18,684,844
Agency fees	14	2,389,394	2,298,414
Other income	16	2,187,204	1,981,712
		23,198,379	22,964,970
Less:			
OPERATING EXPENDITURE			
Cleaning works		5,921,763	5,427,392
Managing agent's fees		4,192,914	4,281,850
Lift maintenance		4,693,728	4,339,204
Other works and maintenance		4,338,454	4,137,922
Water and electricity		6,285,380	4,969,333
General and administrative expenditure	18	2,249,916	2,197,137
		27,682,155	25,352,838
OPERATING DEFICIT		(4,483,776)	(2,387,868)
Add:			
NON-OPERATING INCOME			
Interest income		121,868	25,211
DEFICIT BEFORE TAXATION AND GOVERNMENT GRANTS		(4,361,908)	(2,362,657)
GRANTS			
Less:			
Income tax	21(a)	127,689	106,875
DEFICIT BEFORE GOVERNMENT GRANTS		(4,489,597)	(2,469,532)
Add:			
Government Grants	22	9,572,850	11,015,908
Less: Transfer to Sinking Fund	3,4,22	1,561,795	1,496,709
Less: Transfer to Lift Replacement Fund	3,5,22	3,442,686	3,384,083
Less: Transfer to Town Improvement and Project Fund	3,6,22	964,229	2,681,173
		3,604,140	3,453,943
(DEFICIT)/SURPLUS FOR THE YEAR		(885,457)	984,411
Add:			
Accumulated surplus at 1 April		4,254,429	3,770,018
Transfer to Sinking Fund and		-	-
Transfer to Lift Replacement Fund at in		-	-
Accordance with the Statement of Transferable Surplus		-	-
Appropriation to Town Improvement and Project Fund	3,6	-	(500,000)
ACCUMULATED SURPLUS AT 31 MARCH		3,368,972	4,254,429

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

Statement of comprehensive income for the financial year ended 31 March 2023

	Notes	Total		Residential Property		Commercial Property		Carpark	
		2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022
		\$	\$	\$	\$	\$	\$	\$	\$
(Deficit)/surplus for the year									
- Accumulated (deficit)/surplus	3	(885,457)	984,411	(1,287,926)	262,636	(280,179)	22,054	682,648	699,721
- Sinking Fund	4	(9,013,259)	1,048,941	(5,375,224)	107,654	(3,638,035)	941,287	-	-
- Lift Replacement Fund	5	4,915,323	5,204,068	4,058,765	4,386,965	856,558	817,103	-	-
- Town Improvement and Project Fund	6	(141,881)	(19,091)	(140,341)	(17,261)	(1,540)	(1,830)	-	-
Total (deficit)/surplus for the year,									
representing total comprehensive									
income for the year attributable to									
Town Council Fund		(5,125,274)	7,218,329	(2,744,726)	4,739,994	(3,063,196)	1,778,614	682,648	699,721

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

**Statement of changes in funds
for the financial year ended 31 March 2023**

	Total \$	Residential Property \$	Commercial Property \$	Carpark \$
Balance at 1 April 2021	94,916,670	53,743,956	40,585,724	586,990
Total comprehensive income for the year	7,218,329	4,739,994	1,778,614	699,721
Balance at 31 March 2022	102,134,999	58,483,950	42,364,338	1,286,711
Balance at 1 April 2022	102,134,999	58,483,950	42,364,338	1,286,711
Total comprehensive (loss)/income for the year	(5,125,274)	(2,744,726)	(3,063,196)	682,648
Balance at 31 March 2023	97,009,725	55,739,224	39,301,142	1,969,359

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

Statement of cash flows

for the financial year ended 31 March 2023

	Notes	2022/2023 \$	2021/2022 \$
Cash Flows from Operating Activities			
Deficit before taxation and government grants	3	(4,361,908)	(2,362,657)
Adjustments for:			
Impairment loss on conservancy and service receivables	9	-	166,000
Depreciation of plant and equipment	7	450,859	421,200
Lease interest expense	15(c)	22,144	13,530
Conservancy and service fees transferred to Sinking Fund	4	8,069,438	8,096,765
Conservancy and service fees transferred to Lift Replacement Fund	5	4,345,080	4,359,793
Interest income	3	(121,868)	(25,211)
Operating surplus before working capital changes		8,403,745	10,669,420
Increase/(Decrease) in conservancy and service fee received in advance		56,951	(19,894)
(Decrease)/Increase in conservancy and service fee receivables and other receivables		(2,102,104)	796,160
Net movement in receivable/advances received for Neighbourhood Renewal Programme		(1,012,130)	(547,799)
(Decrease) / Increase in payables		(2,848,525)	3,611,438
Cash generated from operations		2,497,937	14,509,325
Income tax paid	21(b)	(258,368)	(331,167)
Sinking Fund expenditure	4	(18,811,660)	(8,506,135)
Lift Replacement Fund Expenditure	5	(3,223,570)	(2,611,532)
Town Improvement and Project Fund expenditure	6	(1,106,110)	(2,700,264)
Net cash (used in) / generated from operating activities		(20,901,771)	360,227
Cash Flows from Investing Activities			
Purchase of plant and equipment	7	(10,841)	(364,981)
Interest and investment income received		553,552	245,086
Proceed from disposal of plant and equipment		-	-
Net cash generated from/(used in) investing activities		542,711	(119,895)
Cash Flows from Financing Activities			
Fixed deposit pledged		(31)	(81)
Payment of lease liability		(210,658)	(219,271)
Payment of lease interest	15(c)	(22,144)	(13,530)
Government grants received	22(b)	9,145,061	11,091,863
Net cash generated from financing activities		8,912,228	10,858,981
Net (decrease)/increase in cash and cash equivalents		(11,446,832)	11,099,313
Cash and cash equivalents at beginning of year		83,892,444	72,793,131
Cash and cash equivalents at end of year	12	72,445,612	83,892,444

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 2023

1 General information

The financial statements of the Town Council are presented in Singapore dollars. They are drawn up in accordance with the Financial Reporting Standards in Singapore and the provisions of the Town Councils Act 1988. The financial statements were approved and authorised for issue by the Town Council on 31 August 2023.

East Coast Town Council ("the Town Council") was formed on 13 January 1997 by the Town Councils (Declaration of Towns) Order 1997 under the Town Councils Act 1988 and was renamed as East Coast-Fengshan Town Council after General Election 2015. East Coast-Fengshan Town Council was managing and maintaining East Coast Group Representation Constituency (GRC), which comprises Bedok, Changi Simei, Kampong Chai Chee, Siglap – four divisions and one Single Member Constituency (SMC) – Fengshan division prior General Election 2020.

Under the Town Council (Declaration) Order 2020, as from 30 July 2020, the Town Council for the former Town of East Coast-Fengshan is known as the Town Council for the Town of East Coast following General Election 2020. The Town Council now consists of East Coast GRC which comprises Bedok, Changi Simei, Fengshan, Kampong Chai Chee and Siglap Divisions only.

The principal place of operation is at Block 206, Bedok North Street 1, #01-353, Singapore 460206.

The 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 within the Town.

The daily operation of the Town Council has been outsourced to EM Services Pte Ltd and the Town Council employs five employees as of 31 March 2023 (2021/2022 – two employees).

2(a) Basis of preparation

The financial statements are prepared in accordance with the provisions of the Town Councils Act and Financial Reporting Standards in Singapore ("FRS") including related Interpretations to FRS ("INT FRS") promulgated by the Accounting Standards Council ("ASC").

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

Critical judgements, assumptions and estimation uncertainties

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

East Coast Town Council
(Established under the Town Councils Act 1988)
Notes to the financial statements for the financial year ended 31 March 2023

2(a) Basis of preparation (cont'd)

Critical judgements, assumptions and estimation uncertainties (cont'd)

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:

(i) Depreciation of plant and equipment

The Town Council depreciates the plant and equipment over their estimated useful lives after taking into account their estimated residual values. The estimated useful life reflects management's estimate of the period that the Town Council intends to derive future economic benefits from the use of the Town Council's plant and equipment. The residual value reflects management's estimated amount that the Town Council would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amount of the Town Council's plant and equipment as at 31 March 2023 was **\$944,767** (2021/2022 - \$915,422) (Note 7).

(ii) Provision for income tax

The Town Council is subject to income taxes in Singapore. Judgement is required in determining the deductibility of certain expenses during the estimation of the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of operations. The Town Council recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters differs from the amounts that were initially recognised, such differences will impact the income tax provisions in the period in which such determination is made. The carrying amount of the Town Council's current tax payable as at 31 March 2023 was **\$513,177** (2021/2022 - \$442,316) (Note 21).

(iii) Allowance for trade and other receivables

The Town Council uses an allowance matrix to measure ECL for trade receivables. The ECL rates are based on the Town Council's historical loss experience of the customers for the last 3 years prior to the reporting date for various customer groups that are assessed by internal ratings, adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the trade receivables. The Town Council adjusts the allowance matrix at each reporting date. Such estimation of the ECL rates may not be representative of the actual default in the future. The expected loss allowance on the Town Council's trade receivables as at 31 March 2023 is **\$585,057** (2021/2022: S\$591,633) (Note 26.4).

(iv) Allowance for non-financial assets

At the end of each financial year, an assessment is made on whether there are indicators that the Town Council's investments are impaired. Where necessary, the Town Council's assessments are based on the estimation of the value-in-use of the assets defined in FRS 36 Impairment of Assets by forecasting the expected future cash flows for a year of up to 5 years, using a suitable discount rate in order to calculate the present value of those cash flows.

East Coast Town Council**(Established under the Town Councils Act 1988)****Notes to the financial statements for the financial year ended 31 March 2023****2(b) New or revised accounting standards and interpretations not yet effective**

In the current financial year, the Town Council has adopted all the new and revised FRS and INT FRS that are relevant to its operations and effective for the current financial year. The adoption of these new/revised FRS and INT FRS does not result in changes to the Town Council's accounting policies and has no material effect on the amounts reported for the current year.

FRS and INT FRS issued but not yet effective

At the date of authorisation of these statements, the following FRS and INT FRS that are relevant to the Town Council were issued but not yet effective:

	<i>Description</i>	<i>Effective date (annual periods beginning on or after)</i>
FRS 16	Amendments to FRS 1: Lease Liability in a Sale and Leaseback	1 January 2024
Various	Amendments to FRS 1: Non-current Liabilities with Covenants	1 January 2024
FRS 10, FRS 28	Amendments to FRS 10 and FRS 28: Sale or Contribution to Assets between an Investor and its Associate or Joint Venture	To be determined

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

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

East Coast Town Council**(Established under the Town Councils Act 1988)****Notes to the financial statements for the financial year ended 31 March 2023****2(c) Summary of significant accounting policies****(a) Funds****Town Council Fund**

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

The types of properties currently under the management of the Town Council are as follows:

- Residential Property
- Commercial Property
- Car parks are managed by the Town Council for the Housing and Development Board (HDB) on an agency basis.

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

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

Assets and liabilities of the various funds of the Town Council are pooled in the Statement of Financial Position.

Sinking Fund

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

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

For the past financial years up to FY 2016/2017, the minimum amounts to be paid into the Sinking Fund were as follows:

	Property Type	Percentage of Conservancy and Service Fees and Grant-in-Aid, less LRF Matching Grant-in-Aid
(i)	1-room to 3-room	30%
(ii)	4-room	35%
(iii)	5-room and Executive	35%
(iv)	Shop with living accommodation	35%
(v)	Commercial property	35%

The minimum amount to be paid into the Sinking Fund has been revised to 26% for all residential and commercial properties with effect from 1 April 2017.

East Coast Town Council**(Established under the Town Councils Act 1988)****Notes to the financial statements for the financial year ended 31 March 2023****2(c) Summary of significant accounting policies (cont'd)****(a) Funds (cont'd)**

These minimum contributions are treated as operating transfers and netted off against the conservancy and service fees and government grants in the Statement of Income and Expenditure.

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

Lift Replacement Fund ("LRF")

In accordance with Section 47(5) of the Town Councils Act, Lift Replacement Fund ("LRF") is established from 1 April 2017, to meet the cost of lift replacements and lift-related replacement works. This 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 LRF.

The minimum amount to be paid, by property type, into the LRF is 14% of conservancy and service fees and grants-in-aid for residential property and commercial property. These minimum contributions are treated as operating income transfers and are deducted from conservancy and service fees and government grants in the statement of income and expenditure.

To assist Town Councils cope with the operating need and long-term capital expenditure requirement for lift replacements and lift-related works, the MND provides two additional grants-in-aids, Lift Maintenance Grant (LMG) and LRF Matching Grant, from 1 April 2017.

- (i) Quarterly contributions to the LRF from S & CC 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.

The LRF Matching Grant is not subject to the minimum contribution rates to LRF, even though it is a grant-in-aid.

Town Improvement and Project Fund

The Town Council maintains a Town Improvement and Project Fund as part of the Town Council Fund. This Fund is utilised for improvement and development works in the Town.

The fund is set up by transfer from Accumulated Surplus based on specific projects to be carried out. In addition, the Town Council receives payments from Citizens' Consultative Committee (CCC) for approved projects.

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

East Coast Town Council**(Established under the Town Councils Act 1988)****Notes to the financial statements for the financial year ended 31 March 2023****2(c) Summary of significant accounting policies (cont'd)****(b) 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.

(c) Government Grants

The Town Council receives various types of grants from Government, namely, Conservancy and Service Grant, Lift Maintenance Grant, LRF Matching Grant, GST Subvention Grant, Payment from Citizens' Consultative Committee and the one-off support scheme grants.

Conservancy and Service Grant to meet the current year's expenditure is taken to the Statement of Income and Expenditure. The Lift Maintenance Grant helps Town Councils cope with the higher lift-related servicing and maintenance costs. The LRF Matching Grant is to assist Town Councils in building up the LRF.

The GST Subvention is given as grants-in-aid to Town Councils for absorbing the GST increase in conservancy and service charges for residential properties.

Payment from Citizens' Consultative Committee is given as reimbursement claims under the Community Improvement Projects Committee scheme.

The Jobs Support Scheme, Jobs Growth Incentive and Wage Credit Scheme grants provide wage support to employers to help them retain their local employees during this period of economic uncertainty.

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the fair value is recognised as deferred income on the statement of financial position and is recognised as income in equal amounts over the expected useful life of the related asset.

When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as an additional government grant.

East Coast Town Council**(Established under the Town Councils Act 1988)****Notes to the financial statements for the financial year ended 31 March 2023****2(c) Summary of significant accounting policies (cont'd)****(d) Plant and equipment and depreciation**

Plant and equipment are stated at cost less accumulated depreciation and any impairment loss. Depreciation is calculated on the straight-line basis to write off the cost of the assets over their estimated useful lives as follows:

Machinery	5 years
Furniture and fittings	5 years
Office equipment	5 years

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

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

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

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively.

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

(e) Financial instruments

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

Effective interest method

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

East Coast Town Council
(Established under the Town Councils Act 1988)
Notes to the financial statements for the financial year ended 31 March 2023

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

(e) Financial instruments (cont'd)

Financial assets

Initial recognition and measurement

All financial assets are recognised on trade date – the date on which the Town Council commits to purchase or sell the asset. With the exception of trade receivables that do not contain a significant financing component or for which the Town Council applies a practical expedient, all financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Such trade receivables that do not contain a significant financing component or for which the Town Council applies a practical expedient are measured at transaction price as defined in FRS 115.

Financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income (“FVTOCI”) and fair value through profit or loss (“FVTPL”). The classification at initial recognition depends on the Town Council’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

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

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

The Town Council’s financial assets consist only of financial assets that are subsequently measured at amortised cost and financial assets subsequently measured at FVTPL.

Financial assets at amortised cost

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

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

Financial assets held at FVTOCI

A financial asset that is an investment in debt instrument is subsequently measured at FVTOCI if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Gains or losses are recognised in other comprehensive income, except for impairment gains or losses, foreign exchange gains or losses and interest which are recognised in profit or loss.

East Coast Town Council

(Established under the Town Councils Act 1988)

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

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

(e) Financial instruments (cont'd)

At initial recognition, the Town Council may make an irrevocable election to classify its investment in equity instruments, for which the equity instrument is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which FRS 103, as subsequently measured at FVTOCI so as to present subsequent changes in fair value in other comprehensive income. The election is made on an investment-by-investment basis.

Upon derecognition, other than the abovementioned equity instruments for which their subsequent cumulative fair value changes would be transferred to accumulated profits, the cumulative fair value changes recognised in other comprehensive income is recycled to profit or loss.

Dividends from equity instruments are recognised in profit or loss only when the Town Council's right to receive payment of the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the Town Council and the amount of the dividend can be measured reliably.

Financial assets at FVTPL

A financial asset is subsequently measured at FVTPL if the financial asset is a financial asset held for trading, is not measured at amortised cost or at FVTOCI, or is irrevocably elected at initial recognition to be designated FVTPL if, by designating the financial asset as FVTPL, eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Gains or losses are recognised in income and expenditure accounts.

Impairment of financial assets

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

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

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

The amount of ECL or reversal thereof that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised in profit or loss. The Town Council directly reduces the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

East Coast Town Council
(Established under the Town Councils Act 1988)
Notes to the financial statements for the financial year ended 31 March 2023

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

(e) Financial instruments (cont'd)

Derecognition of financial assets

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

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and any equity instruments issued by Town Council are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Town Council after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Initial recognition and measurement

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

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

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

Other financial liabilities

Other payables

Other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

East Coast Town Council**(Established under the Town Councils Act 1988)****Notes to the financial statements for the financial year ended 31 March 2023****2(c) Summary of significant accounting policies (cont'd)****(e) Financial instruments (cont'd)**Derecognition of financial liabilities

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

(f) Funds with fund manager

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

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

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

(g) Cash and cash equivalents

Cash and cash equivalents are defined as cash on hand, demand deposits and short term, highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Cash on hand and in banks and short-term deposits which are held to maturity are carried at cost.

(h) Receivable/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 received in advance and is for the specific use of projects under the programme. The funding is subject to a budget allocation of \$3,400 per dwelling unit to cover NRP expenditure and \$150 per dwelling unit or \$125,000, whichever is higher to cover miscellaneous NRP expenditure. However, if the cost of project works incurred exceeds the funding provided, the Town Council has to bear the cost of excess expenditure.

From 2015, the NRP included repainting of blocks and repair works for items such as spalling concrete/crack lines, apron drains & apron floors, etc. This allows the NRP works to be better coordinated with the Town Councils routine maintenance programme, thus enabling blocks and precincts to be more comprehensively enhanced without inconveniencing resident twice. As such, the NRP budget was increased from S\$3,400 to S\$4,700 per flat to fund the additional upgrading works.

East Coast Town Council**(Established under the Town Councils Act 1988)****Notes to the financial statements for the financial year ended 31 March 2023****2(c) Summary of significant accounting policies (cont'd)****(i) Provisions**

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

(j) Revenue recognition

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

Conservancy and service fees

Conservancy and service fees are recognised on a monthly basis and charged to the residents over time.

Agency fees

Agency fees for routine maintenance of HDB's car parks are recognised as a performance obligation over time.

Interest income

Interest income from fixed deposits is recognised on a time proportion basis using the effective interest rates. Income from funds placed with fund managers is recognised based on fair value through income and expenditure.

Other income

Other income comprises mainly temporary occupation licenses ("TOL"), liquidated damages claims and other miscellaneous income and are recognised when due.

(k) Income tax

Income tax is provided on the following income:

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

East Coast Town Council**(Established under the Town Councils Act 1988)****Notes to the financial statements for the financial year ended 31 March 2023****2(c) Summary of significant accounting policies (cont'd)**

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

In respect of government grants received, the Town Council has been granted remission under Section 92(2) of the Income Tax Act 1947. Tax shall be payable at the rate of 10% on the income derived from certain investments which have been approved under Section 43G(2) of the Income Tax Act 1947.

(l) Employee benefitsDefined contribution plan

The Town Council operates a defined contribution plan in the form of Central Provident Fund. The Town Council's obligation, in regard to the defined contribution plan, is limited to the amount it contributes to the fund. The expenses are disclosed under manpower cost (Note 17) and general administrative expenditure accordingly (Note 18).

Employee leave entitlements

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

(m) Impairment of non-financial assets

At the end of each reporting period, the Town Council reviews the carrying amounts of its assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Town Council estimates the recoverable amount of the cash-generating unit to which the asset belongs. If the recoverable amount of an asset (or cash-generating unit) is estimated to be

East Coast Town Council
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Notes to the financial statements for the financial year ended 31 March 2023

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

(m) Impairment of non-financial assets

less than its carrying amount, the carrying amount of the asset (cash-generating) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount to the extent that it does not exceed the carrying value that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately or credited to the fund to which the asset relates.

(n) Inter-fund transfer

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

(o) Leases

The Town Council applied FRS 116 using the modified retrospective approach and therefore the comparative information has not been restated. Accordingly, the comparative information was prepared and disclosures made in accordance with the requirements of FRS 17 Leases and FRS INT 4 Determining whether an Arrangement contains a lease. The impact of the lease obligation to the opening retained earnings is insignificant and hence there is no adjustment to the changes in equity.

At inception of a contract, the Town Council assessed whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Where a contract contains more than one lease component, the Town Council allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component. Where the contract contains non-lease components, the Town Council applied the practical expedient to not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

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

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

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. When the lease transfers ownership of the underlying asset to the Town Council by the end of the lease term or the cost of the right-of-use asset reflects that the Town Council will exercise a purchase option, the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. The right-of-use asset is also reduced

East Coast Town Council**(Established under the Town Councils Act 1988)****Notes to the financial statements for the financial year ended 31 March 2023****2(c) Summary of significant accounting policies (cont'd)****(o) Leases (cont'd)**

by impairment losses, if any, and adjusted for certain re-measurements of the lease liability, where applicable.

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. The Town Council generally uses the incremental borrowing rate as the discount rate. To determine the incremental borrowing rate, the Town Council obtains a reference rate and makes certain adjustments to reflect the terms of the lease and the asset leased.

The lease payments included in the measurement of the lease liability comprise the following:

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

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

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

Operating leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

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

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

(p) Functional currency

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

(q) Related Parties

A related party is defined as follows:

- a) A person or close member of that person's family is related to the Town Council if that person:
- (i) has control or joint control over the Town Council;
 - (ii) has significant influence over the Town Council; or
 - (iii) is a member of the key management personnel of the Town Council or of a parent of the Town Council.
- b) An entity is related to the Town Council if any of the following conditions applies:
- (i) the entity and the Town Council are members of the same Town Council (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Town Council of which the other entity is a member);
 - (iii) both entities are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Town Council or an entity related to the Town Council. If the Town Council is itself such a plan, the sponsoring employers are also related to the Town Council;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(r) Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Town Council, directly or indirectly, including any director (whether executive or otherwise) of the Town Council.

**East Coast Town Council
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3 Accumulated surplus

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

	Note	2022/2023 \$	2021/2022 \$	Residential property 2022/2023 \$	2021/2022 \$	Commercial property 2022/2023 \$	2021/2022 \$	Carpark 2022/2023 \$	2021/2022 \$
OPERATING INCOME									
Conservancy and service fees		31,036,299	31,141,402	27,107,075	27,051,320	3,929,224	4,090,082	-	-
Less: Operating transfer to Sinking Fund	4	8,069,438	8,096,765	7,047,841	7,033,345	1,021,597	1,063,420	-	-
Less: Operating transfer to Lift Replacement Fund	5	4,345,080	4,359,793	3,794,988	3,787,181	550,092	572,612	-	-
Agency fees	14	18,621,781	18,684,844	16,284,246	16,230,794	2,357,535	2,454,050	2,389,394	2,298,414
Other income	16	2,187,204	1,981,712	1,501,772	1,436,315	631,765	501,481	53,667	43,916
		22,198,379	22,964,970	17,766,018	17,667,109	2,989,300	2,955,531	2,443,061	2,342,330
Less:									
OPERATING EXPENDITURE		27,682,155	25,352,838	22,640,983	20,777,989	3,281,269	2,939,330	1,759,903	1,635,519
OPERATING (DEFICIT)/SURPLUS		(4,483,776)	(2,387,868)	(4,874,965)	(3,110,880)	(291,969)	16,201	683,158	706,811
Add:									
NON-OPERATING INCOME		121,868	25,211	101,584	21,012	9,577	1,981	10,707	2,218
(DEFICIT)/SURPLUS BEFORE TAXATION AND GOVERNMENT GRANTS		(4,361,908)	(2,362,657)	(4,773,381)	(3,089,868)	(282,392)	18,182	693,865	709,029
Less:									
Income tax	21(a)	127,689	106,875	106,432	89,215	10,041	8,352	11,217	9,308
(DEFICIT)/SURPLUS BEFORE GOVERNMENT GRANTS		(4,489,597)	(2,469,532)	(4,879,813)	(3,179,083)	(292,432)	9,830	682,648	699,721
Add:									
Government grants	22	9,572,650	11,015,908	9,190,956	10,439,439	381,894	576,469	-	-
Less: Transfer to Sinking Fund	4,22	1,561,795	1,496,709	1,556,485	1,491,412	5,310	5,297	-	-
Less: Transfer to Lift Replacement Fund	5,22	3,442,686	3,384,083	3,161,821	3,092,342	280,865	291,741	-	-
Less: Transfer to Town Improvement and Project Fund	6,22	964,229	2,681,173	880,763	2,413,966	83,466	267,207	-	-
		3,604,140	3,453,943	3,591,887	3,441,719	12,253	12,224	-	-
(DEFICIT) / SURPLUS FOR THE YEAR		(885,457)	984,411	(1,287,926)	262,636	(280,179)	22,054	682,648	699,721
Add:									
ACCUMULATED SURPLUS AT 1 APRIL		4,254,429	3,770,018	1,342,746	1,537,310	1,624,972	1,645,718	1,286,711	586,990
Transfer of Accumulated Surplus from Carpark Fund to Residential Property Fund		-	-	-	-	-	-	-	-
Transfer to Sinking Fund and		-	-	-	-	-	-	-	-
Transfer to Lift Replacement Fund in accordance with the Statement of Transferable Surpluses		-	-	-	-	-	-	-	-
Less:									
Appropriation to Town Imp. and Project Fund	6	-	(500,000)	-	(457,200)	-	(42,800)	-	-
		4,254,429	3,270,018	1,342,746	1,080,110	1,624,972	1,602,918	1,286,711	586,990
ACCUMULATED SURPLUS AT 31 MARCH		3,368,972	4,254,429	54,820	1,342,746	1,344,793	1,624,972	1,969,359	1,286,711

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4 Sinking Fund

	Note	Total		Residential property		Commercial property	
		2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022
		\$	\$	\$	\$	\$	\$
Balance at 1 April							
Transfer from Accumulated Surpluses in accordance with the Statement of Transferable Surpluses		66,652,242	65,603,301	34,882,678	34,775,024	31,769,564	30,828,277
		66,652,242	65,603,301	34,882,678	34,775,024	31,769,564	30,828,277
Add:							
Investment income	19(a)	297,315	24,041	155,615	12,775	141,700	11,266
Operating transfer from Conservancy and Service fees	3	8,069,438	8,096,765	7,047,841	7,033,345	1,021,597	1,063,420
Transfer from Government Grants	3,22	1,561,795	1,496,709	1,556,485	1,491,412	5,310	5,297
		9,928,548	9,617,515	8,759,941	8,537,532	1,168,607	1,079,983
Less:							
Expenditure	19(b)	18,811,660	8,506,135	14,067,046	8,396,779	4,744,614	109,356
Less:							
Income Tax	21(a)	130,147	62,439	68,119	33,099	62,028	29,340
(Deficit) / Surplus for the year		(9,013,259)	1,048,941	(5,375,224)	107,654	(3,638,035)	941,287
Balance at 31 March		57,638,983	66,652,242	29,507,454	34,882,678	28,131,529	31,769,564

Represented by:

Current Assets	8	20,007,254	20,232,365
Financial assets at fair value through profit or loss		168,264	199,770
Conservancy and service fee receivables		281,598	33,878
Interest receivable		550,349	266,895
Other receivables and investment income receivable		2,089,769	2,256,881
Amount due from routine fund		30,727,376	28,180,571
Fixed deposits		4,064,149	17,518,989
Cash and bank balances		57,888,759	68,689,349
Total Assets			
Less:			
Current Liabilities		57,193	1,869,277
Payables & accrued expenses		192,583	167,830
Current tax payable		249,776	2,037,107
Total Liabilities			
NET ASSETS		57,638,983	66,652,242

**East Coast Town Council
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Notes to the financial statements for the financial year ended 31 March 2023**

5 Lift Replacement Fund

	Note	Total 2022/2023 \$	2021/2022 \$	Residential property 2022/2023 \$	2021/2022 \$	Commercial property 2022/2023 \$	2021/2022 \$
Balance at 1 April		30,224,770	25,020,702	21,335,162	16,948,197	8,889,608	8,072,505
Transfer from Accumulated Surpluses In accordance with the Statement of Transferable surpluses		-	-	-	-	-	-
Add:		30,224,770	25,020,702	21,335,162	16,948,197	8,889,608	8,072,505
Investment income	20(a)	422,520	86,463	298,256	58,570	124,264	27,893
Operating transfer from Conservancy and Service fees	3	4,345,080	4,359,793	3,794,988	3,787,181	550,092	572,612
		4,767,600	4,446,256	4,093,244	3,845,751	674,356	600,505
Add:		2,601,718	2,578,160	2,323,712	2,289,272	278,006	288,888
Transfer from Government Grants – LRF Matching Grant		840,988	805,923	838,109	803,070	2,859	2,853
– Other government grants	3,22	3,442,686	3,384,083	3,161,821	3,092,342	280,865	291,741
– Total		3,223,570	2,611,532	3,145,904	2,541,144	77,666	70,388
Less:							
Expenditure	20(b)	3,223,570	2,611,532	3,145,904	2,541,144	77,666	70,388
Less:							
Income Tax	21(a)	71,393	14,739	50,396	9,984	20,997	4,755
Surplus for the year		4,915,323	5,204,068	4,058,765	4,386,965	856,558	817,103
Balance at 31 March		35,140,093	30,224,770	25,393,927	21,335,162	9,746,166	8,889,608

Represented by:

Current Assets	
Conservancy and service fee receivables	107,568
Interest receivable	27,013
Other receivables	610,873
Amount due from routine fund	949,111
Fixed deposits	15,106,638
Cash and bank balances	15,067,425
Total Assets	31,868,628
Less:	
Current Liabilities	
Payables and accrued expenses	1,601,630
Current tax payable	42,228
Total Liabilities	1,643,858
NET ASSETS	30,224,770

**East Coast Town Council
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6 Town Improvement and Project Fund

	Note	2022/2023 \$	Total 2021/2022 \$	Residential property 2022/2023 \$	Residential property 2021/2022 \$	Commercial property 2022/2023 \$	Commercial property 2021/2022 \$
Balance at 1 April		1,003,558	522,649	923,364	483,425	80,194	39,224
Transfer from Government Grants	3,22	964,229	2,681,173	880,763	2,413,966	83,466	267,207
Less: Expenditure	23	1,106,110	2,700,264	1,021,104	2,431,227	85,006	269,037
Deficit for the year		(141,881)	(19,091)	(140,341)	(17,261)	(1,540)	(1,830)
Appropriation from Accumulated Surplus	3	-	500,000	-	457,200	-	42,800
Balance at 31 March		861,677	1,003,558	783,023	923,364	78,654	80,194

Represented by:	
Current Assets	
Other receivables	662,138
Fund due from operating fund	456,420
	1,118,558
Less:	
Current Liabilities	
Payables and accrued expenses	115,000
Fund due to operating fund	-
	115,000
	861,677
	1,003,558

7 Plant and equipment

	<u>Total</u>	Lease <u>Office</u>	<u>Machinery</u>	Furniture <u>and fittings</u>	Office <u>equipment</u>
	\$	\$	\$	\$	\$
<u>Cost</u>					
At 1 April 2021	1,918,607	594,502	87,152	680,566	556,387
Additions	364,981	-	-	346,897	18,084
Initial recognition of right-of-use assets	181,052	181,052	-	-	-
Written-off/Disposals	(266,086)	-	(43,576)	(161,768)	(60,742)
At 31 March 2022	2,198,554	775,554	43,576	865,695	513,729
Additions	10,841	-	-	-	10,841
Initial recognition of right-of-use assets	469,363	469,363	-	-	-
At 31 March 2023	2,678,758	1,244,917	43,576	865,695	524,570
<u>Accumulated depreciation</u>					
At 1 April 2021	1,128,017	412,061	87,152	480,342	148,462
Depreciation for the year (Note 18)	204,472	-	-	125,275	79,197
Depreciation for the year (Right-of-use assets)	216,729	216,729	-	-	-
Written-off/Disposals	(266,086)	-	(43,576)	(161,768)	(60,742)
At 31 March 2022	1,283,132	628,790	43,576	443,849	166,917
Depreciation for the year (Note 18)	234,067	-	-	153,264	80,803
Depreciation for the year (Right-of-use assets)	216,792	216,792	-	-	-
At 31 March 2023	1,733,991	845,582	43,576	597,113	247,720
<u>Net book value</u>					
At 31 March 2023	944,767	399,335	-	268,582	276,850
At 31 March 2022	915,422	146,764	-	421,846	346,812

8 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss represents funds together with the related profits placed with professional fund managers.

The funds with fund managers are administered by UOB Asset Management Ltd who was re-appointed to invest and manage funds on behalf of the Town Council for a period of 5 years commencing 1 September 2020. The terms of the agreement are as follows:

- (i) Fund manager guarantees the maintenance of the principal amount at the end of the term of investment for mandate with principal guarantee feature and will make good any shortfall if the principal amount is diminished or reduced at the end of the term of the investment.
- (ii) The fund manager will be paid an administration fee. Additionally, performance fees will be levied based on the excess return of the funds above the Performance Benchmark (PB) at the earlier of the expiry date or the termination of the agreement with UOB.
- (iii) The investments are invested in accordance with the Town Councils Act.

Funds with a fund manager are designated at fair value through profit or loss at inception.

	2022/2023	2021/2022
	\$	\$
Balance at 1 April	20,232,365	20,342,173
Add/(Less):		
Investment income	209,167	584,864
Management fees	(126,874)	(132,735)
Fair value loss	(307,404)	(561,937)
Balance at 31 March	20,007,254	20,232,365

Represented by:

Quoted bonds	13,514,127	13,993,193
Treasury Bills	6,397,832	5,735,918
Financial assets at fair value through profit or loss	19,911,959	19,729,111
Cash and fixed deposits (Note 12)	207,542	667,162
Accrued interest	64,360	64,985
Fee payable to fund manager (Note 13)	(176,607)	(228,893)
	20,007,254	20,232,365

The fair value of quoted equities, quoted bonds and treasury bills is determined by reference to stock exchange quoted bid prices.

The quoted bonds managed by fund managers bear interest rates per annum ranging from 1.073% to 3.85% (2021/2022 – 1.073% to 4.0%) to be received semi-annually in arrears. The maturity period of the bonds ranges from September 2023 to August 2025 (2021/2022 – September 2023 to May 2031).

9 Conservancy and service fee receivables

	2022/2023	2021/2022
	\$	\$
Conservancy and service fee receivables	935,461	1,067,074
Less: Allowance for impairment	(585,057)	(591,633)
	350,404	475,441
<u>Allowance for impairment</u>		
Balance at 1 April	591,633	426,460
Allowance for the year	-	166,000
Amount written off against allowance - net	(6,576)	(827)
Balance at 31 March	585,057	591,633

The average credit period generally granted to conservancy and service fee receivables is about 30 days (2021/2022 - 30 days). Conservancy and service fee receivables with short duration are not discounted and the carrying amounts are assumed to be a reasonable approximation of fair value. The conservancy and service fee receivables are denominated in Singapore dollars.

10 Other receivables

	2022/2023	2021/2022
	\$	\$
GST receivable from IRAS	397,802	-
GST Subvention grant receivable	325,288	264,394
LRF matching grant receivables	562,854	565,217
Receivable from Citizens' Consultative Committee	1,093,117	662,138
Receivable from MND	-	518,337
Recoverable from HDB	2,110,759	194,542
Recoverable from NEA	16,683	10,865
Payment in advance/deposits	690,021	326,792
S & CC Grant Receivable	-	61,721
Others	105,208	42,796
	5,301,732	2,646,802

Other receivables with a short duration are not discounted and the carrying amounts are assumed to be a reasonable approximation of fair values. The other receivables are denominated in Singapore dollars.

11 Fixed deposits

Fixed deposits are denominated in Singapore dollars.

Included in fixed deposits is an amount of \$32,357 (2021/2022 - \$32,325) pledged with a bank as security for guarantee granted to the Town Council.

12 Cash and bank balances

	2022/2023	2021/2022
	\$	\$
Cash and bank balances	19,455,413	40,555,123
Cash and fixed deposits held by fund manager (Note 8)	207,542	667,162
	<u>19,662,955</u>	<u>41,222,285</u>

Cash and bank balances are denominated in Singapore dollars.

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

	2022/2023	2021/2022
	\$	\$
Cash and bank balances	19,455,413	40,555,123
Fixed deposits	53,022,556	43,369,646
	<u>72,477,969</u>	<u>83,924,769</u>
Less: Fixed deposit pledged	32,357	32,325
	<u>72,445,612</u>	<u>83,892,444</u>

13 Payables

(a) (Receivable from)/Advances received for Neighbourhood Renewal Programme

	2022/2023	2021/2022
	\$	\$
Balance at 1 April	(847,093)	(299,294)
Payment to contractors	<u>(1,012,130)</u>	<u>(547,799)</u>
Balance as at 31 March	<u>(1,859,223)</u>	<u>(847,093)</u>

(b) Payables and accrued expenses

	2022/2023	2021/2022
	\$	\$
Accounts payable	2,134,162	2,677,353
GST payable to IRAS	-	27,287
Accrued operating expenses	676,202	1,732,003
Advance received for LEP Cost sharing	-	1,257,023
Refundable deposits	232,739	195,719
Fee payable to fund manager (Note 8)	176,607	228,893
	<u>3,219,710</u>	<u>6,118,278</u>

Included in payables and accrued expense are amounts owing to a related party amounting to \$70,151 (2021/2022: \$446,026).

The average credit period taken to settle trade payables is about 30 days (2021/2022 - 30 days). The other payables are with short-term duration. The carrying amounts are assumed to be a reasonable approximation of fair values. Payables and accrued expenses are denominated in Singapore dollars.

14 Agency fees

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

15 The Town Council as a lease

The Town Council has leased offices for 36 months as at 31 March 2023. Lease payments are made monthly. Apart from the office leases, the town council does not have any significant short term or low value leases.

15(a) Right-of-use assets

The carrying amount of right-of-use assets by class of underlying assets classified with plant and equipment as follows:

	2022/2023	2021/2022
	\$	\$
As at 1 April	146,764	182,441
Additions	469,363	181,052
Depreciation	<u>(216,792)</u>	<u>(216,729)</u>
As at 31 March	<u>399,335</u>	<u>146,764</u>

15(b) Finance lease liabilities

	2022/2023	2021/2022
	\$	\$
Within one year	217,367	87,834
After one year but within five years	<u>190,009</u>	<u>63,079</u>
	<u>407,376</u>	<u>150,913</u>

The finance lease terms are generally 3 years on inception.

The effective interest rates charged during the financial year ended 31 March 2023 is 5.00% (2021/2022 – 5.00%) per annum. Interest rates are fixed at the contract dates, and thus expose the town council to fair value interest rate risk. As at the end of the financial year, the fair values of the town council's finance lease obligations approximate their carrying amounts. The town council's obligations under finance leases are secured by the lessors' title to the leased assets, which will revert to the lessors in the event of default by the town council. The lessor has the sole and unfettered discretion to allow the Town Council to extend the lease on the expiry date of the lease term. The estimated reinstatement cost for the above lease is insignificant.

15(c) Amounts recognised in profit or loss

	2022/2023	2021/2022
	\$	\$
Interest expenses on lease liabilities	22,144	13,530
	<u>22,144</u>	<u>13,530</u>

The total cash outflow for leases in the current financial year is **\$232,801** (2022: \$232,801).

16 Other income

Other income comprises the following:

	2022/2023	2021/2022
	\$	\$
Administrative fee	46,308	33,021
Agency fees	1,101	1,041
Late payment fees	97,023	92,267
Liquidated damages	229,872	140,613
Sale of tender documents	35,850	50,770
Sundry fines	28,175	24,375
Temporary Occupation Licence ("TOL") income	1,486,650	1,387,777
Use of void decks/common property	9,600	2,400
Use of water and electricity	131,989	162,635
Others *	120,636	86,813
	2,187,204	1,981,712

* Includes Jobs Support Scheme of \$NIL (2022:\$1,837), Jobs Growth Incentive of \$33,000 (2022:\$NIL), Wage Credit Scheme of \$3,040 (2022: \$1,318), and one-off Grant of \$Nil (2022:\$850) for Safe Distancing Measures.

17 Manpower Cost

Included in general administrative expenditure are the cost of manpower provided by the Town Council.

	2022/2023	2021/2022
	\$	\$
Staff salaries and related costs	300,229	60,542
CPF contributions	36,228	7,086
	336,457	67,628

18 General and administrative expenditure

The general and administrative expenditure comprises the following:

	2022/2023	2021/2022
	\$	\$
Advertising, publicity and public relations	208,966	413,522
Agency fees - HDB/NEA collection	6,496	8,247
Audit fee	60,950	47,700
Impairment loss on conservancy and service receivables (Note 9)	-	166,000
Computer services	233,312	242,715
Depreciation of plant and equipment (Note 7)	234,067	204,472
Depreciation Charge – Right of Use	216,792	216,729
Lease interest Expense – Right of Use	22,144	13,530
Plant and equipment not capitalized	4,260	2,684
Maintenance of machinery and equipment	3,285	595
Office rental and upkeep expenditure	115,681	103,839
Office supplies and stationery	61,591	59,002
Postage and telephone	126,994	118,179
Property tax	153,608	146,525
Service charges *	391,650	166,994
Town councillors' allowances **	168,509	162,600
Irrecoverable GST	238,687	121,660
Others	2,924	2,144
	2,249,916	2,197,137

* Includes manpower costs of \$336,457 (2021/2022 - \$67,628) (Note 17)

** Town councillors are key management of the Town Council. Key management remuneration refers to Town Councillors' allowances.

19 Sinking Fund income and expenditure

(a) Income

	2022/2023 \$	2021/2022 \$
Interest income from fixed deposits/current account	522,426	133,850
Deficit from funds with fund manager	(225,111)	(109,809)
	<u>297,315</u>	<u>24,041</u>

(b) Expenditure

	2022/2023 \$	2021/2022 \$
Electrical Rewiring	19,600	609,684
Reroofing works	4,553,693	2,098,539
Replacement of water pumps	-	63,761
Replacement of booster pumps	-	108,465
Replacement of FRP Tanks Lining	282,000	-
Redecoration and repainting	12,904,311	5,134,587
Replacement of Water Pipe	183,133	106,405
Project management fees	768,659	325,038
Irrecoverable GST	100,264	59,656
	<u>18,811,660</u>	<u>8,506,135</u>

20 Lift Replacement Fund income and expenditure

(a) Income

	2022/2023 \$	2021/2022 \$
Interest income from fixed deposits/current account	422,520	86,463
	<u>422,520</u>	<u>86,463</u>

(b) Expenditure

	2022/2023 \$	2021/2022 \$
Replacement of Main Sheaves / Ropes	1,398,436	728,455
Replacement of ARD Battery	136,672	124,694
Replacement of EBOPS Battery	63,384	65,436
Lift Overhauls / Replacement / Enhancement works	543,706	516,112
Replacement of Lift Position Display Panel (CPI/HPI)	378,763	424,945
Replacement of Inverter Units	323,415	537,016
Project management fees	110,336	77,281
Irrecoverable GST	268,858	137,593
	<u>3,223,570</u>	<u>2,611,532</u>

21 Income tax

(a) Income tax expense

Income tax expense attributable to profit is made up of:

	2022/2023	2021/2022
	\$	\$
- Current income tax provision	329,229	184,053
	<u>329,229</u>	<u>184,053</u>
Taken up in:		
Statement of Income and Expenditure		
- Current financial year	127,689	106,875
	<u>127,689</u>	<u>106,875</u>
Sinking Fund		
- Current financial year	130,147	62,439
	<u>130,147</u>	<u>62,439</u>
Lift Replacement Fund		
- Current financial year	71,393	14,739
	<u>71,393</u>	<u>14,739</u>

The income tax expense on the income for the financial year varies from the amount of income tax determined by applying the Singapore standard rate of income tax to taxable income due to the following factors:

	2022/2023	2021/2022
	\$	\$
Government grants	9,572,850	11,015,908
Investment and interest income	1,493,406	649,281
Other income	706,971	681,244
Allowable expenses	(72,615)	(74,240)
	<u>11,700,612</u>	<u>12,272,193</u>
Tax calculated at a tax rate of 17% (2021/2022 - 17%)	1,989,104	2,086,273
Singapore statutory stepped income exemption	(17,425)	(17,425)
Tax effect of certain income taxed at concessionary tax rate	(29,861)	(28,263)
Tax remission of government grants under Section 92(2) of Singapore income Tax Act 1947	(1,612,589)	(1,856,531)
	<u>329,229</u>	<u>184,054</u>

(b) Income tax payable

	2022/2023	2021/2022
	\$	\$
Balance at 1 April	442,316	589,430
Current financial year's income tax expense	329,229	184,053
Payments during the year	(258,368)	(331,167)
Balance at 31 March	<u>513,177</u>	<u>442,316</u>

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

22 Government grants

(a) Government grants taken to the Income & 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	
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Government grants received/receivable	9,572,850	11,015,908	4,326,944	4,157,077	964,229	2,681,173	1,116,559	1,050,498	563,400	549,000	2,601,718	2,578,160
Less: Transfer to Sinking Fund (Note 4)	1,561,795	1,496,709	1,125,006	1,080,840	-	-	290,305	273,129	146,484	142,740	-	-
Less: Transfer to Lift Replacement Fund (Note 5)	3,442,686	3,384,083	605,772	581,991	-	-	156,320	147,072	78,876	76,860	2,601,718	2,578,160
Less: Transfer to Town Improvement and Projects Fund (Note 6)	964,229	2,681,173	-	-	964,229	2,681,173	-	-	-	-	-	-
	3,604,140	3,453,943	2,596,166	2,494,246	-	-	669,934	630,297	338,040	329,400	-	-

(b) The total amounts of grants received (including grants transferred from other Town Councils) since the formation of the Town Council is as follows:

	2022/2023	2021/2022
	\$	\$
Total grants received at 1 April	202,464,051	191,372,188
Add: Grants received during the year	9,145,061	11,091,863
Total grants received at 31 March	211,609,112	202,464,051

23 Town improvement projects

These projects are partially funded by Government grants under the Community Improvement Projects Committee (CIPC) scheme and are given through the Citizens' Consultative Committee (CCC).

Expenditure

	2022/2023	2021/2022
	\$	\$
Construction of covered walkways/pavillion	389,006	1,255,357
Construction/upgrading of playground and fitness corner	-	340,400
Games Court	-	52,652
Miscellaneous projects	569,903	845,573
Professional/project management fee	147,201	206,282
	1,106,110	2,700,264

Out of the total of **\$1,106,110** (2021/2022 - \$2,700,264) spent on town improvement projects, **\$964,229** (2021/2022 - \$2,681,173) was met from CIPC grants.

24 Commitments for capital expenditure

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

	2022/2023	2021/2022
	\$	\$
Amount approved and contracted for	12,435,438	21,337,327
Amount approved but not contracted for	50,467,371	26,244,560
	62,902,809	47,581,887

Included in the amount approved and contracted for are commitments for the Neighbourhood Renewal Programme of **\$1,655,808** (2021/2022 - \$1,959,887).

25 Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions with related parties on terms mutually agreed during the financial year are as follows:

	2022/2023	2021/2022
	\$	\$
Managing agent fee charged by a related party	4,192,914	4,281,850
Energy saving cost charged by a related party*	638,432	638,432
Repair and maintenance works charged by a related party	1,798,458	934,972
Consultancy and project management fee charged by a related party	1,086,806	615,467
Reimbursement of Cost for Project Development Office	51,760	-

* The Town Council has entered into an agreement for 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, a certain percentage of the energy cost saved from the usage of the LED will be shared with the related party.

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

26 Financial risk management objectives and policies

The Town Council's activities expose it to a variety of financial risks: market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk. Risk management is integral to the whole operation of the Town Council. The Town Council has a system of controls in place to create an acceptable balance between the costs of risks occurring and the cost of managing the risks. The management continually monitors the Town Council's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Town Council's activities.

The Town Council does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

26.1 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 dollars. Hence, the Town Council is not exposed to foreign currency risk.

26.2 Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

26 Financial risk management objectives and policies (cont'd)**26.2 Cash flow and fair value interest rate risk (cont'd)**

The Town Council's interest-bearing assets, comprises mainly of short-term bank deposits and financial assets at fair value through profit or loss, are exposed to financial market risk due to fluctuations in interest rates, which may affect the Town Council's interest income.

The Town Council manages this exposure by performing ongoing evaluations of their investment portfolio.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 75 (2021/2022 - 75) basis points lower/higher with all other variables held constant, the Town Council's surplus net of tax would have been **\$397,669** (2021/2022 - \$325,272) lower/higher.

In respect of interest-bearing financial assets the following table indicates their effective interest rates at reporting date:

	Note	Effective interest rate %	Total \$	Less than 1 year \$	1 to 5 years \$
31 March 2023					
Financial assets					
Fixed deposits	12	2.01%	53,022,556	12,188,536	40,834,020
31 March 2022					
Financial assets					
Fixed deposits	12	0.57%	43,369,646	9,604,994	33,764,652

26.3 Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

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

	Less than 1 year \$	1 to 5 years \$	Over 5 years \$	Total \$
At 31 March 2023				
Fixed deposits	12,188,536	40,834,020	-	53,022,556
Cash and bank balances	19,662,955	-	-	19,662,955
Other financial assets	6,945,109	-	-	6,945,109
<hr/>				
Other Current financial liabilities	3,437,075	-	-	3,437,075
Other non-current financial liabilities	-	190,009	-	190,009

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

26.3 Liquidity risk (cont'd)

	Less than <u>1 year</u> \$	1 to 5 <u>years</u> \$	Over <u>5 years</u> \$	<u>Total</u> \$
At 31 March 2022				
Fixed deposits	9,604,994	33,764,652	-	43,369,646
Cash and bank balances	41,222,285	-	-	41,222,285
Other financial assets	3,934,446	-	-	3,934,446
<hr/>				
Other current financial liabilities	6,178,824	-	-	6,178,824
Other non-current financial liabilities	-	63,079	-	63,079

26.4 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Town Council. The Town Council has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Town Council performs on-going credit evaluation of its counterparties' financial condition and generally does not require collateral.

The Town Council has no significant concentration of credit risk and categorised the receivables as low credit risks. Generally, the credit terms are 30 days and the Town Council has no significant trade receivables overdue. No other financial assets carry a significant exposure to credit risk. The Town Council has established credit limits for customers and monitors their balances. Cash and cash equivalents are placed with banks and financial institutions which are regulated.

The Town Council's major classes of financial assets are cash and cash equivalent, trade and other receivables. Bank deposits are mainly deposited with banks with high credit ratings.

To assess and manage its credit risks, the Town Council categorises the aforementioned financial assets according to their risk of default. The Town Council defines default to have taken place when internal or/and external information indicates that:

- the borrower is unlikely to pay its credit obligations to the Town Council in full, without recourse by the Town Council to actions such as realising security (if any is held); or
- the financial assets are more than 30 days past due.

26 Financial risk management objectives and policies (cont'd)**26.4 Credit risk (cont'd)**

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

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

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

Category	Description	Basis of recognising ECL
1	Counterparty has a low credit risk ^{Note 1} and does not have any past due amounts	12-months ECL
2	Significant increase in credit risk since initial recognition ^{Note 2} or financial asset is > 30 days past due	Lifetime ECL – not credit impaired
3	Evidence indicates that financial asset is credit-impaired ^{Note 3}	Difference between financial asset's gross carrying amount and present value of estimated future cash flows discounted at the financial asset's original effective interest rate
4	Evidence indicates that the management has no reasonable expectations of recovering the write off amount ^{Note 4}	Written off

Note 1. Low credit risk

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

Note 2. Significant increase in credit risk

In assessing whether the credit risk of the financial asset has increased significantly since initial recognition, the Town Council compares the risk of default occurring on the financial asset as of reporting date with the risk of default occurring on the financial asset as of date of initial recognition, and considered reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. In assessing the significance of the change in the risk of default, the Town Council considers both past due (i.e. whether it is more than 30 days past due) and forward looking quantitative and qualitative information.

26 Financial risk management objectives and policies (cont'd)**26.4 Credit risk (cont'd)**

Forward looking information includes the assessment of the latest performance and financial position of the debtor, adjusted for the Town Council's future outlook of the industry in which the debtor operates and the most recent news or market talks about the debtor, as applicable. In its assessment, the Town Council will generally, for example, assess whether the deterioration of the financial performance and/or financial position, adverse change in the economic environment (country and industry in which the debtor operates), deterioration of credit risk of the debtor, etc. is in line with its expectation as of the date of initial recognition of the financial asset. Irrespective of the outcome of the above assessment, the Town Council presumes that the credit risk on a financial asset has increased significantly since initial recognition when contract payments are >30 days past due, unless the Town Council has reasonable and supportable information that demonstrates otherwise.

The ageing analysis of conservancy and service fee receivables with number of months of fees past due but not impaired are as follows:

	2022/2023	2021/2022
	\$	\$
With less than 3 months of fees outstanding	238,201	244,873
With more than 3 months but less than 6 months of fees outstanding	90,295	111,291
With more than 6 months but less than 12 months of fees outstanding	7,778	119,198
With more than 12 months of fees outstanding	-	-

Based on historical default rates, the Town Council has provided an impairment allowance of **\$585,057** (2022: \$591,633) for the current financial year in respect of conservancy and service fee receivables past due as disclosed in Note 9.

Note 3. Credit impaired

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

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

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

26.4 Credit risk (cont'd)

Note 4. Write off

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

The Town Council performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

The Town Council does not have any significant credit exposure to any single counterparty or any groups of counterparties having similar characteristics.

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

Trade receivables

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

The ECL for trade receivables are estimated using an allowance matrix by reference to the historical credit loss experience of the customers for the last 3 years prior to the respective reporting dates for various customer groups that are assessed by service types and customer ratings, adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the financial assets. In considering the impact of the economic environment on the ECL rates, the Town Council assesses the growth rates of the major industries which its customers operate in.

The estimated credit loss of trade receivables is as follows:

	<u>2023</u>	Rate of Provision	<u>2022</u>	Rate of Provision
	\$	%	\$	%
<u>Based on invoice date</u>				
Arrears in excess of 6 months	98,021	90	-	-
Arrears in excess of 12 months	119,654	100	210,704	100
Arrears in excess of 24 months	338,494	100	343,039	100
Ex-arrears	28,888	100	37,890	100
Expected Credit Loss at 31 March	<u>585,057</u>		<u>591,633</u>	

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

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

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

26.5 Price risk

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices.

The Town Council is exposed to market price risks arising from its investment with fund managers classified as investment at fair value through profit or loss.

At the end of the reporting period, if the fair value had been 2% (2021/2022 - 2%) lower/higher with all other variables held constant, the Town Council's surplus for the year would have been **\$398,239** (2021/2022 - \$394,582) lower/higher, arising as a result of higher/lower fair value losses on investments.

27 Management of Town Council's funds

The Town Council's objectives when managing funds are:

- (a) To safeguard the Town Council's ability to continue as going concern; and
- (b) To provide capacity to support the Town Council's investment in public sector human capital, intellectual capital and technical capability development.

The Town Council actively and regularly reviews and manages its funds structure to ensure optimal capital structure, taking into consideration the future requirements, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected investments in public sector capability development.

There were no changes in the Town Council's approach to funds management during the year. The Town Council is not subject to externally imposed requirements. As at the end of the reporting period, the Town Council's total funds amounted to **\$97,009,725** (2021/2022 - \$102,134,999).

28 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.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

(a) Assets measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value as at 31 March 2023:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<u>Recurring fair value measurements</u>				
As at 31 March 2023				
<i>Financial assets through profit or loss</i>				
Quoted bonds (Note 8)	-	13,514,127	-	13,514,127
Treasury Bills (Note 8)	6,397,832	-	-	6,397,832
<hr/>				
As at 31 March 2022				
<i>Financial assets through profit or loss</i>				
Quoted bonds (Note 8)	-	13,993,193	-	13,993,193
Treasury Bills (Note 8)	5,735,918	-	-	5,735,918
<hr/>				

29 Event subsequent to the reporting date

Many Town Councils have provided feedback to MND on the increased costs of estate maintenance. The price hikes were mainly related to manpower, materials and energy; which were driven partly by COVID disruptions and other external factors.

The Town Council's operations rely heavily on manual labour such as cleaning, landscaping and pest control services. With the increase in these costs, it would translate to higher tender rates, resulting in higher costs to the Town Council over time.

The Town Council has to ensure the financial sustainability of the operations and continue to look for opportunities to raise productivity and realise cost savings.

Subsequent to the financial year end, the Town Council has gazetted the increase in Service and Conservancy Charges (S&CC) in two tiers with effect from 1 July 2023 and 1 July 2024 respectively. The range of increment is between 4.5% to 6.5% for the first year and 5.5% to 7.5% for the 2nd year. The increase in S&CC is expected to boost the operating income of the Town Council which is to be recognised upon materialization.

In recognising the recent sharp and steep cost increases faced by Town Councils, MND has also announced a time-limited special funding support for Town Councils that need to increase S&CC to meet the long-term financial sustainability of operations.

This special grant co-shares the burden of S&CC increase and helps to buffer the Town Council and residents from the full impact of such cost increases. The grant amount is equivalent to the additional S&CC income generated from gazetted S&CC increases from FY2023 and FY 2024, subject to a cap of 13% of S&CC increase and the same governing requirements in the Town Council Act.