



ANNUAL REPORT

FOR

FINANCIAL YEAR

1 APRIL 2023

TO

31 MARCH 2024



Holland-Bukit Panjang
Town Council

Chairman's Message

Overview

As we conclude the Financial Year 2023/2024, I would like to thank our Town Councillors and stakeholders for their contributions in ensuring our town and its residents are thriving. Together, we have made clear and collective progress in securing the holistic well-being of our residents.

The cornerstone of our remarkable progress in township management lies in productive partnerships, shared collaborations, and aligned stakeholders. While global economic and political headwinds ensue, Holland-Bukit Panjang Town Council has displayed resilience and dedication in navigating these challenges, making a positive difference in residents' lives through local initiatives and efforts.

Despite rising cost of infrastructural projects, we are proud to share that we have successfully completed several key projects and initiatives that we have set out for this financial year. We are optimistic that residents are eagerly looking forward to these enhancements in their neighbourhoods. This anticipation underscores our shared vision for a vibrant and thriving community. At the same time, I sincerely thank our residents for their understanding and support when we raised S&CC charges as part of our collective fiscal responsibility to ensure the town is well-maintained for you and your family.

Successful Launch of the HBPTC Progress Report

On January 13, 2024, we launched the HBPTC Progress Report titled "A Home of Possibilities," which encapsulates our town's achievements and progress from 2020 to 2023. Through this initiative, we highlighted key milestones and accomplishments in our infrastructure, sustainability, and community projects across all five divisions. We have also highlighted our enhanced roles as custodians of our Town by emphasising on our sustainability and community engagements on the ground, in line with our adopted Sustainable Development Goals (SDGs). We will provide a report card of our SDG progress in due course, exemplifying our collective efforts to grow our Town's social and environmental assets. We highly encourage you to view the report, which is digitally available via our website.

Infrastructures Upgrades and Enhancements

The major highlight of our infrastructural enhancement is the successful completion of multiple infrastructure upgrades, including the Repairs & Redecoration Works (R&R) across 22 blocks in Bukit Panjang and Cashew. These are part of the Town Council's cyclical improvement plan which consists of about 14 on-going projects in this financial year. We have also completed the Home Improvement Programme (HIP) at Blocks 1 to 19 Toh Yi Drive and Neighbourhood Renewal Programme (NRP) in Fajar estate along Blocks 436 to 442 and 447 to 453 Fajar Road/Bukit Panjang Ring Road. As part of our efforts to enhance barrier-free accessibility, we have also concluded the wayfinding pilot project in Zhenghua division at Blocks 548B, 549A Segar Road and 614 Senja Road. Apart from the major projects, we have also completed several enhancements works to serve residents' needs. These include 13 playgrounds and fitness corners, 10 sheltered linkways and drop-off points, and over 10 other amenities and improvement works across the 5 divisions.

Community and Engagement Initiatives

Beyond the built environment, we have also collaborated with other stakeholders to engage the community. These include events such as the LKY100 Tree Planting Events in Sunset and Bukit Panjang estates, Bukit Panjang's Annual Community Garden Day, Zhenghua Urban Farming, Food Rescue Operations, and the Green Library at Saujana Road.

As part of our annual collaboration with Zhenghua Primary School, we invited students to express the town's sincere appreciation for our conservancy cleaners by having interactive games, stage performances and lunch reception. Additionally, we supported events like Cashew's Pets Day and divisional National Day Celebrations. These initiatives play a vital role in cultivating a strong sense of community and enhancing the overall well-being of all residents.

Town Council Management Report (TCMR)

The annual Town Council Management Report (TCMR), mandated by the Ministry of National Development (MND), evaluates performance using a color-coded system: Green Band signifies the highest rating, followed by Amber and Red. HBPTC consistently attains the Green Band, reflecting good performance in Estate Cleanliness, Estate Maintenance, Lift Performance, and Service & Conservancy Charges (S&CC) Arrears Management. We have successfully maintained the Green Band rating for the last three years consecutively.

Composition and Structure of the Town Council

Our Town Councillors, primarily community leaders and/ residents, with a minimum of two-thirds residing in HDB public estates as per the Town Councils Act, maintain a close connection to local concerns and priorities. Selected for their expertise in Audit, Finance, Publicity, Contracts, Project and Estate Management, and Sustainability, they undergo rigorous selection in alignment and guided by Ministry of National Development (MND) established framework. This ensures effective governance, informed decision-making, and an improved quality of life through prudent financial management, effective public relations, efficient project execution, meticulous estate maintenance, and prioritization of sustainability initiatives.

Code of Governance

For this Financial Year, we updated our governance code in collaboration with our internal auditor, Mazars LLP. By evaluating our Town Council's internal frameworks, we leveraged audit insights to identify and mitigate risks in critical areas like Workplace Safety and Health, Business Continuity, Information Technology, and Whistleblowing policies. The Town Council has wholeheartedly adopted these measures and remains steadfast in their implementation. Our Audit Committee will persist in evaluating risks and identifying opportunities for enhancement to uphold robust governance standards in our internal controls and operations.

Our Heartfelt Thanks to Residents and Stakeholders

We recognize and appreciate the steadfast support of our residents and stakeholders, without whom these achievements would not have been possible. Your active participation, constructive feedback, and contributions have been a source of strength and motivation.

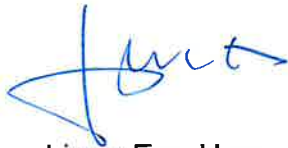
The Town Council team diligently maintains high standards to ensure the cleanliness, safety, and meticulous upkeep of our community heartlands. Regular inspections and proactive maintenance efforts are key to preserving our shared spaces. In addition, through continuous collaboration with various agencies and stakeholders, we have implemented innovative eco-friendly practices. These initiatives aim not only to reduce our environmental footprint but also to promote sustainability across our town. From enhancing green spaces to improving waste management systems, every effort is made to create a healthier and more sustainable environment for all residents.

Forging Our Future Together

I urge everyone to remain actively engaged, share your insights and ideas, and play a pivotal role in shaping the future of our town. Your involvement is crucial as we work together to enhance our community. I extend my heartfelt gratitude to all residents for your unwavering support and trust. I also express sincere appreciation to our town councillors, grassroots leaders, agencies, collaborative partners, and dedicated staff for their invaluable contributions. Your efforts are integral to our shared journey. It is a privilege to serve as your Town Council Chairman, and I am genuinely excited about the promising future ahead for our community.

Together, we will enhance and enrich the vibrant tapestry of Holland-Bukit Panjang Town. Our collective efforts will ensure that this community remains a cherished and thriving environment, where opportunities abound and dreams can flourish.

We are dedicated to cultivating a town where residents take pride in calling it "A Home of Possibilities," exemplifying a collective dedication to growth and inclusivity for every resident.



Liang Eng Hwa
Chairman
Holland-Bukit Panjang Town Council

HOLLAND-BUKIT PANJANG TOWN COUNCIL
(Established under Town Council Act 1988)

FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 MARCH 2024

JR Chan Company
Public Accountants and
Chartered Accountants
Singapore

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Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Holland-Bukit Panjang Town Council (the "Town Council"), which comprise the statement of financial position as at 31 March 2024, 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 material accounting policy information.

In our opinion, the accompanying financial statements of the Town Council are properly drawn up in accordance with the provisions of the Town Councils Act 1988 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Town Council as at 31 March 2024, and of the financial performance, changes in 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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
HOLLAND-BUKIT PANJANG TOWN COUNCIL
(ESTABLISHED UNDER THE TOWN COUNCIL ACT 1988)**

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 2024 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
HOLLAND-BUKIT PANJANG TOWN COUNCIL
(ESTABLISHED UNDER THE TOWN COUNCIL ACT 1988)**



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.

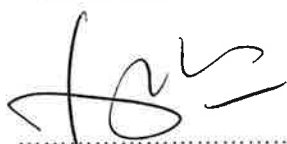
JR CHAN COMPANY
Public Accountants and
Chartered Accountants


Singapore,
27 September 2024

HOLLAND-BUKIT PANJANG TOWN COUNCIL

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024

	<u>Note</u>	<u>2024</u> S\$	<u>2023</u> S\$
TOWN COUNCIL FUNDS			
Residential Property			
Accumulated surplus	4	909,168	1,923,337
Sinking fund	5	66,232,432	65,943,649
Lift replacement fund	6	56,316,705	46,209,131
Town improvement and project fund	7	5,484,198	4,674,505
		128,942,503	118,750,622
Commercial Property			
Accumulated surplus	4	1,245,458	1,048,510
Sinking fund	5	8,818,047	8,739,196
Lift replacement fund	6	4,709,366	4,273,531
Town improvement and project fund	7	557,458	557,458
		15,330,329	14,618,695
Carpark Property			
Accumulated surplus	4	6,155,416	4,658,560
Fair value reserve			
Sinking fund	5	(334,576)	(439,000)
Lift replacement fund	6	(91,340)	(186,990)
		(425,916)	(625,990)
Total Town Council funds		<u>150,002,332</u>	<u>137,401,887</u>
REPRESENTED BY:			
Non-current assets			
Plant and equipment	9	704,286	513,779
Investment securities	10	7,367,475	10,712,810
		8,071,761	11,226,589
Current assets			
Investment securities	10	4,232,759	7,687,350
Conservancy and service fees receivables	11	1,402,049	1,314,959
Other receivables	12	9,909,095	9,698,231
Cash and cash equivalents	13	132,136,394	110,813,861
		147,680,297	129,514,401
Total assets		<u>155,752,058</u>	<u>140,740,990</u>
Less:			
Current liabilities			
Payables and accrued expenses	14	(4,392,598)	(2,585,425)
Income tax payable	15	(1,357,128)	(753,678)
Total liabilities		<u>(5,749,726)</u>	<u>(3,339,103)</u>
Net assets		<u>150,002,332</u>	<u>137,401,887</u>


LIANG ENG HWA
Chairman


LOUIS TAY BOK HOCK
Secretary

Date: 27 September 2024

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

HOLLAND-BUKIT PANJANG TOWN COUNCIL

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

	<u>Note</u>	<u>2024</u> S\$	<u>2023</u> S\$
Operating income			
Conservancy and service fees	4	41,733,202	39,710,382
Less: Operating income transfer to Sinking fund (minimum required by law)	4,5	(10,850,620)	(10,324,701)
Less: Operating income transfer to Lift replacement fund (minimum required by law)	4, 6	(5,842,643)	(5,559,452)
		<u>25,039,939</u>	<u>23,826,229</u>
Agency fees	4,16	3,967,598	3,796,050
Other income	4,17	2,229,852	1,898,442
		<u>31,237,389</u>	<u>29,520,721</u>
Less: Operating expenditure			
Cleaning works		(5,356,827)	(5,310,856)
Managing agent's fees	18	(5,126,492)	(4,883,794)
Lift maintenance		(6,194,984)	(6,243,877)
Other works and maintenance		(5,224,415)	(4,195,694)
Water and electricity		(8,067,389)	(8,133,102)
General and administrative expenditure	19	(2,101,368)	(1,933,494)
		<u>(32,071,475)</u>	<u>(30,700,817)</u>
Operating deficit		(834,086)	(1,180,096)
Add: Interest income		426,774	190,438
Deficit before income tax and government grants		<u>(407,312)</u>	<u>(989,658)</u>
Less: Income tax	15	(493,605)	(292,510)
Less: Goods and services tax	20	(162,434)	(137,244)
Deficit before government grants		<u>(1,063,351)</u>	<u>(1,419,412)</u>
Government grants	21	15,273,831	12,633,353
Less: Transfers to			
– Sinking fund	5,21	(2,488,629)	(1,793,520)
– Lift replacement fund	6,21	(5,923,728)	(5,201,657)
– Town improvement and project fund	7, 21	(1,118,488)	(1,499,285)
		<u>5,742,986</u>	<u>4,138,891</u>
SURPLUS FOR THE FINANCIAL YEAR		4,679,635	2,719,479
Add : Accumulated surplus at 1 April		7,630,407	7,910,928
Less : Lift replacement fund – voluntary contribution	4, 6	(2,000,000)	(2,000,000)
Less : Appropriation to Town improvement and project fund	4, 7	(2,000,000)	(1,000,000)
ACCUMULATED SURPLUS AT 31 MARCH		<u>8,310,042</u>	<u>7,630,407</u>

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

HOLLAND-BUKIT PANJANG TOWN COUNCIL**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024**

	<u>Note</u>	<u>2024</u> S\$	<u>2023</u> S\$
Surplus for the financial year			
– Accumulated surplus	4	4,679,635	2,719,479
– Sinking fund	5	367,634	8,492,347
– Lift replacement fund	6	8,543,409	6,025,917
– Town improvement and project fund	7	<u>(1,190,307)</u>	<u>(693,635)</u>
		12,400,371	16,544,108
Other comprehensive loss:			
<i>Items that may be reclassified subsequently to income and expenditure</i>			
Net fair value gain/(loss) on changes of Investment securities	8	<u>200,074</u>	<u>(562,746)</u>
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ATTRIBUTABLE TO TOWN COUNCIL FUNDS		<u>12,600,445</u>	<u>15,981,362</u>

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

HOLLAND-BUKIT PANJANG TOWN COUNCIL

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

	Residential Property S\$	Commercial Property S\$	Carpark Property S\$	Fair value reserve S\$	Total S\$
Balance at 1 April 2022	104,759,101	13,521,620	3,203,048	(63,244)	121,420,525
Surplus for the financial year	13,991,521	1,097,075	1,455,512	-	16,544,108
<u>Other comprehensive loss:</u>					
Net fair value loss on changes of investment securities	-	-	-	(562,746)	(562,746)
Total comprehensive income for the financial year	13,991,521	1,097,075	1,455,512	(562,746)	15,981,362
Balance at 31 March 2023	118,750,622	14,618,695	4,658,560	(625,990)	137,401,887
Surplus for the financial year	10,191,881	711,634	1,496,856	-	12,400,371
<u>Other comprehensive income:</u>					
Net fair value gain on changes of investment securities	-	-	-	200,074	200,074
Total comprehensive income for the financial year	10,191,881	711,634	1,496,856	200,074	12,600,445
Balance at 31 March 2024	128,942,503	15,330,329	6,155,416	(425,916)	150,002,332

HOLLAND-BUKIT PANJANG TOWN COUNCIL

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

	<u>Note</u>	<u>2024</u> S\$	<u>2023</u> S\$
Operating activities			
Deficit before income tax and government grants		(407,312)	(989,658)
Adjustments for:			
Reversal of allowance made for doubtful receivables	19	(225,742)	(200,520)
Conservancy and service fees transferred to Sinking fund	4, 5	10,850,620	10,324,701
Conservancy and service fees transferred to Lift replacement fund	4, 6	5,842,643	5,559,452
Depreciation of plant and equipment	9	170,409	206,588
Fair value gain on investment securities		200,074	(562,746)
Unrealized investment losses		3,748,851	1,839,783
Lease interest expenses		25,437	10,993
Interest expenses – banks		426,774	190,438
		<u>20,631,754</u>	<u>16,379,031</u>
Operating cash flows before movements in working capital			
Changes in working capital:			
Trade and other receivables		(201,438)	(927,537)
Trade and other payables		1,807,173	(139,863)
		<u>22,237,489</u>	<u>15,311,631</u>
Cash generated from operations			
Income taxes paid	15	(881,172)	(489,322)
Goods and services tax	20	(615,357)	(425,586)
Sinking fund expenditure paid	5	(15,172,286)	(4,578,260)
Lift replacement fund paid	6	(4,068,640)	(5,148,235)
Town improvement and project fund expenditure paid	7	(2,367,953)	(2,192,920)
		<u>(867,919)</u>	<u>2,477,308</u>
Net cash (used in)/generated from operating activities			
Investing activities			
Interest and other income		426,774	534,484
Purchase of plant and equipment	9	(9,064)	(34,800)
Proceeds from disposal of investment securities	10	7,000,000	5,285,300
		<u>7,417,710</u>	<u>5,784,984</u>
Net cash generated from investing activities			
Financing activity			
Payment on lease liabilities		(475,652)	(123,800)
Payment on lease interest		(25,437)	(10,993)
Government grants received	21	15,273,831	12,633,353
		<u>14,772,742</u>	<u>12,498,560</u>
Net cash generated from financing activity			
Net increase in cash and cash equivalents		21,322,533	20,760,852
Cash and cash equivalents at beginning of financial year		110,813,861	90,053,009
		<u>132,136,394</u>	<u>110,813,861</u>
Cash and cash equivalents at end of financial year	13		

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

HOLLAND-BUKIT PANJANG TOWN COUNCIL

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

1. General information

Holland-Bukit Panjang Town Council (the "Town Council") was formed on 13 November 2001 under the Town Councils Act 1988. The registered office and principal place of operations is at Block 256 Bangkit Road #01-71 Singapore 670256.

The principal functions of the Town Council are to control, manage, maintain and improve the common property of residential, other commercial property and market and food centres in the housing estates of the Housing and Development Board ("HDB") within the Town. The Town consists of the Holland-Bukit Timah Group Representation Constituency which comprises Bukit Timah, Cashew, Ulu Pandan and Zhenghua Divisions and a Single Member Constituency of Bukit Panjang Division only.

The financial statements for the financial year ended 31 March 2024 were authorised for issue in accordance with a resolution of the Town Council on 27 September 2024.

2. Summary of material accounting policy information

2.1 Basis of preparation

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

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

FRS and INT FRS issued but not yet effective

At the date of authorization of these financial statements, the following new FRSs and INT FRSs that are relevant to the Town Council were issued but not yet effective:

	Description	Effective date (annual periods beginning on or after)
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	1 January 2025

HOLLAND-BUKIT PANJANG TOWN COUNCIL

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

2. Summary of material accounting policy information (Continued)

2.1 Basis of preparation (Continued)

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

The Town Council does not intend to early adopt any of the above new/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.

2.2 Town Council funds

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

Residential Property
Commercial Property

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

These routine funds related to properties under management, together with Sinking fund, Lift replacement fund and Town improvement and project fund form the Town Council funds.

All moneys received by the Town Council are paid into and related expenditure is 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, separate sinking funds are established for improvement to, management and maintenance of residential and commercial properties. These sinking funds are maintained as part of the Town Council funds.

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 to be paid into the sinking fund.

With the establishment of the lift replacement funds, the minimum amount to be paid, by property type, into the sinking fund is 26%. However, the minimum amount for grants-in-aid to be paid into the sinking funds, does not apply to the lift replacement fund matching grant ("LRF Matching Grant"). These minimum contributions are treated as operating income transfers and are deducted from conservancy and service fees and government grants in the statement of income and expenditure and other comprehensive income.

The sinking funds are utilised for cyclical works, including major repainting, renewal or replacement of roofing system, water tanks, pumps and water supply system, lightning protection system, installation of any sensor and starter controller to the time-controlled booster pumping system, major repairs and maintenance of the common area and contributions to the HDB in respect of general upgrading works carried out on the common property as defined under the Housing and Development Act.

HOLLAND-BUKIT PANJANG TOWN COUNCIL

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

2. Summary of material accounting policy information (Continued)

2.2 Town Council funds (Continued)

Lift replacement fund

In accordance to 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)(a) 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

Town improvement and project fund ("TIPF") is established and maintained as part of the Town Council Fund. These funds are utilised for improvement and development works in the Town.

TIPF comprises the amounts set aside for projects to be carried out in the next financial year. All expenditures on town improvement and projects are appropriated from these reserves.

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

2.3 Inter-funds transfers

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

HOLLAND-BUKIT PANJANG TOWN COUNCIL

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

2. Summary of material accounting policy information (Continued)

2.4 Allocation of general overheads

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

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

Five percent of overheads are allocated to the Sinking fund.

2.5 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. 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 plant and equipment.

Subsequent costs recognised are added to the carrying amount of the asset only when it is probable that future economic benefits associated with the asset will flow to the Town Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to income and expenditure when incurred.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

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

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

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of plant and equipment is recognised in income and expenditure.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

2. Summary of material accounting policy information (Continued)

2.6 Impairment of tangible assets

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

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

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

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

2.7 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 income and expenditure.

2. Summary of material accounting policy information (Continued)

2.7 Financial instruments (Continued)

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 income and expenditure, 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 income and expenditure ("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.

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 income and expenditure 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 income and expenditure.

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.

2. Summary of material accounting policy information (Continued)

2.7 Financial instruments (Continued)

Financial assets (Continued)

Upon derecognition, other than the aforementioned equity instruments for which their subsequent cumulative fair value changes would be transferred to accumulated income, the cumulative fair value changes recognised in other comprehensive income is recycled to income and expenditure.

Dividends from equity instruments are recognised in income and expenditure 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 uses reasonable and supportable forward-looking information that is available without undue cost or effort as well as past due information when determining whether credit risk has increased significantly since initial recognition.

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

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

Derecognition of financial assets

The Town Council derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or 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.

HOLLAND-BUKIT PANJANG TOWN COUNCIL

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

2. Summary of material accounting policy information (Continued)

2.7 Financial instruments (Continued)

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.

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 income and expenditure, which are initially measured at fair value.

Financial liabilities are classified as either financial liabilities at fair value through income and expenditure or other financial liabilities.

Financial liabilities are classified as at fair value through income and expenditure 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 income and expenditure 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.

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.

2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits with financial institutions that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents exclude deposits pledged with the financial institutions as collateral and which form an integral part of the Town Council's cash management.

HOLLAND-BUKIT PANJANG TOWN COUNCIL

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

2. Summary of material accounting policy information (Continued)

2.9 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 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.

2. Summary of material accounting policy information (continued)

2.9 Leases (continued)

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

- fixed lease 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.

2.10 Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, which is discounted using a pre-tax discount rate. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. Changes in the estimated timing or amount of the expenditure or discount rate are recognised in income and expenditure as they arise.

HOLLAND-BUKIT PANJANG TOWN COUNCIL

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

2. Summary of material accounting policy information (continued)

2.11 Government grants

The Town Council receives six types of grants from the government: Service and Conservancy Charges ("S&CC") Operating Grant, Payments from CCC, GST Subvention Grant, Lift Maintenance Grant and LRF Matching Grant.

- (i) Service and Conservancy Charge operating grants to meet the current financial year's operating expenditure are taken to the statement of income and expenditure and other comprehensive income.
- (ii) Payments from CCCs are granted to provide funding support for community improvement projects under the CIPC scheme.
- (iii) The GST Subvention is given as grants-in-aid to the Town Council to assist the Town Council in absorbing the GST increases in service and conservancy charges for HDB residential flats.
- (iv) The Lift Maintenance Grant is provided as additional support to help Town Councils in coping with higher-related lift servicing and maintenance costs.
- (v) The LRF Matching Grant is provided to help the Town Councils to build up the Lift replacement fund for long-term expenditure requirements.
- (vi) The special Funding Support (SFS) is a time-limited special funding support package provided to buffer the Town Councils and residents from the full impact of the cost increases.*

*In view of the present exceptional and sustained impact of external factors on operational costs, the Government will provide further support to the Town Councils. At the Committee of Supply Debate in March 2023, it was announced that the Ministry of National Development (MND) will consider a time-limited special funding support for Town Council that need to adjust S&CC to meet their long-term financial sustainability.

The special funding support package to be provided to the Town Councils is structured such that MND and Town Councils co-share the burden of covering the cost increases, and residents are cushioned from the full impact.

For Town Councils that need to adjust their S&CC to manage operations sustainability, MND will co-share the burden on Town Councils and residents by providing a special grant equivalent to the additional S&CC income generated from gazetted S&CC increases from FY2023 and FY2024, subject to a cap of 13% S&CC increase. The cap is computed based on each Town Council's residential S&CC income (excluding GST) in the FY2022 audited financial statements.

Town Councils that gazetted S&CC increase on or before 31 October in FY2023 and FY2024 will be eligible for the special funding support for the entire financial year. Town Councils have the flexibility to effect the new S&CC rates anytime within the financial year.

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

Similar to the current S&CC Operating Grant and Lift Maintenance Grant, Town Councils can flexibly use this special funding support to defray their operational costs in general, subject to the same governing requirements in the Town Councils Act.

The Special Funding Support for FY2024 is \$2,121,197 (2023: \$2,032,960).

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.

2. Summary of material accounting policy information (continued)

2.11 Government grants (continued)

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.

2.12 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the counterparty.

2.13 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.

Service and Conservancy Charges (S&CC) Revision

S&CC is the main source of income for Town Councils. The S&CC collected goes into the general upkeep and maintenance of common property and open spaces in the HDB estates, such as cleaning, landscaping, pest control and maintenance of mechanical and electrical fixtures such as lifts and lights.

In addition, the Town Council is required to set aside 26% of the S&CC collected to Sinking Fund and 14% to Lift Replacement Fund for longer-term cyclical works such as repainting, electrical re-wiring, re-roofing, replacement of water supply systems, water pumps and water tanks, lift replacement works, etc.

Although our Town Council has been adopting a prudent financial approach and exploring cost-saving measures to keep the costs down, our Town Council have been facing greater cost pressures due to higher energy prices and maintenance costs from the higher tender rates. As our estate mature, higher expenditure is also expected.

Our Town Council had carefully assessed its financial position for the next 5 years, taking into consideration and increasing expenses and long-term financial needs to ensure that our estates are well-maintained. With the rising costs, our Town Council will not have sufficient funds to run the estates in the next 5 years at the current S&CC rates. As such, our Town Council has to adjust the S&CC.

The Town Council understands that residents are impacted by the rising costs. To help our residents cope with the increase, the S&CC adjustments will be staggered over 2 years, effective from 1 July

HOLLAND-BUKIT PANJANG TOWN COUNCIL

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

2. Summary of material accounting policy information (continued)

2.13 Revenue recognition (continued)

2023 and 1 July 2024. The Ministry of National Development (MND)'s special funding support for the Town Councils will also help in cushioning the full impact of rising maintenance costs on residents.

Our Town Council will continually look for opportunities to raise productivity and realize cost savings to reduce the burden of S&CC increases on residents.

Agency fees

Agency fees for routine maintenance of HDB's carparks 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.

2.14 Income tax

Tax is provided on the following income:

- (i) Income derived from investments and bank deposits;
- (ii) Fees, rent and other charges received from non-residents or non-owners of properties in the Town for the use of common property and maintenance of carparks where the Town Council opts to manage and maintain them; and
- (iii) Agency fees derived from acting as agent for the HDB.

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

In respect of government 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 43H(2) of the Income Tax Act 1947.

HOLLAND-BUKIT PANJANG TOWN COUNCIL

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

2. Summary of material accounting policy information (continued)

2.15 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).

2.16 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.

2.17 Current versus non-current classification

The Town Council presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- (i) Expected to be realised or intended to sold or consumed in normal operating cycle.
- (ii) Held primarily for the purpose of trading.
- (iii) Expected to be realised within twelve months after the reporting period.
- (iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- (i) It is expected to be settled in normal operating cycle.
- (ii) It is held primarily for the purpose of trading.
- (iii) It is due to be settled within twelve months after the reporting period.
- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Town Council classifies all other liabilities as non-current.

Deferred tax assets and liabilities, if any, are classified as non-current assets and liabilities.

3. Critical accounting judgments and key sources of estimation uncertainty

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

3.1 Critical judgements made in applying the Town Council's accounting policies

Key sources of estimation uncertainty

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

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 2024 was S\$704,286 (2023: S\$513,779) (Note 9).

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 2024 is S\$1,397,000 (2023: S\$1,176,000) (Note 26).

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 non-financial assets 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.

Provision for income tax

The Town Council is subject to income taxes in Singapore. Judgement is required in determining the deductibility of certain expenses during the estimation of the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of operations. The Town Council recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters differs from the amounts that were initially recognised, such differences will impact the income tax provisions in the period in which such determination is made. The carrying amount of the Town Council's current tax payable as at 31 March 2024 was S\$1,357,128 (2023: S\$753,678) (Note 15).

HOLLAND-BUKIT PANJANG TOWN COUNCIL

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

4. Accumulated surplus

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

	Note	Total		Residential Property		Commercial Property		Carpark Property	
		2024 S\$	2023 S\$	2024 S\$	2023 S\$	2024 S\$	2023 S\$	2024 S\$	2023 S\$
Operating income									
Conservancy and service fees		41,733,202	39,710,382	39,801,739	37,874,292	1,931,463	1,836,090	-	-
Less: Operating income transfer to Sinking fund (minimum required by law)		(10,850,620)	(10,324,701)	(10,348,453)	(9,847,316)	(502,167)	(477,385)	-	-
Less: Operating income transfer to Lift replacement fund (minimum required by law)	5	(5,842,643)	(5,559,452)	(5,572,245)	(5,302,399)	(270,398)	(257,053)	-	-
	6	25,039,939	23,826,229	23,881,041	22,724,577	1,158,898	1,101,652	-	-
Agency fees and other income	16, 17	6,197,450	5,694,492	1,899,115	1,587,290	299,411	289,528	3,998,924	3,817,674
Less: Operating expenditure		31,237,389	29,520,721	25,780,156	24,311,867	1,458,309	1,391,180	3,998,924	3,817,674
		(32,071,475)	(30,700,817)	(28,317,762)	(27,270,775)	(1,210,496)	(1,049,255)	(2,543,217)	(2,380,787)
Add: Non-operating income		(834,086)	(1,180,096)	(2,537,606)	(2,958,908)	247,813	341,925	1,455,707	1,436,887
		426,774	190,438	370,944	165,490	12,452	5,567	43,378	19,381
Operating surplus/(deficit) before income tax and government grants		(407,312)	(989,658)	(2,166,662)	(2,793,418)	260,265	347,492	1,499,085	1,456,268
Less: Income tax	15	(493,605)	(292,510)	(490,061)	(291,045)	(1,315)	(709)	(2,229)	(756)
Less: Goods and services tax	20	(162,434)	(137,244)	(156,959)	(132,330)	(5,475)	(4,914)	-	-
(Deficit)/surplus before government grants		(1,063,351)	(1,419,412)	(2,813,682)	(3,216,793)	253,475	341,869	1,496,856	1,455,512
Add: Government grants	21 (i)	15,273,831	12,633,353	15,091,352	12,457,712	182,479	175,641	-	-
Less: Transfer to									
- Sinking fund	5, 21 (i)	(2,488,629)	(1,793,520)	(2,484,957)	(1,789,854)	(3,672)	(3,666)	-	-
- Lift replacement fund	6, 21 (i)	(5,923,728)	(5,201,657)	(5,753,394)	(5,038,141)	(170,334)	(163,516)	-	-
- Town improvement and project fund	7, 21 (i)	(1,118,488)	(1,499,285)	(1,118,488)	(1,499,285)	-	-	-	-
		5,742,986	4,138,891	5,734,513	4,130,432	8,473	8,459	-	-
SURPLUS FOR THE FINANCIAL YEAR		4,679,635	2,719,479	2,920,831	913,639	261,948	350,328	1,496,856	1,455,512
Add: Accumulated surplus at 1 April		7,630,407	7,910,928	1,923,337	3,944,698	1,048,510	763,182	4,658,560	3,203,048
Less:									
- Lift replacement fund – voluntary contribution	6	(2,000,000)	(2,000,000)	(1,935,000)	(1,935,000)	(65,000)	(65,000)	-	-
- Appropriation to Town improvement & project fund	7	(2,000,000)	(1,000,000)	(2,000,000)	(1,000,000)	-	-	-	-
ACCUMULATED SURPLUS AT 31 MARCH		8,310,042	7,630,407	909,168	1,923,337	1,245,458	1,048,510	6,155,416	4,658,560

HOLLAND-BUKIT PANJANG TOWN COUNCIL

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

5. Sinking fund

	Note	2024 S\$	Total 2023 S\$	Residential Property 2024 S\$	Residential Property 2023 S\$	Commercial Property 2024 S\$	Commercial Property 2023 S\$
Balance at 1 April		74,682,845	66,190,498	65,943,649	57,856,991	8,739,196	8,333,507
Add:							
Operating income transfer from conservancy and service fees	4	10,850,620	10,324,701	10,348,453	9,847,316	502,167	477,385
Investment, interest and other income	5(i)	2,466,332	1,104,740	2,466,332	1,104,740	-	-
GST subvention	4, 21(i)	525,853	405,512	525,853	405,512	-	-
Lift maintenance grant	4, 21(i)	173,628	169,572	169,956	165,906	3,672	3,666
S&CC operating grant	4, 21(i)	1,260,578	1,218,436	1,260,578	1,218,436	-	-
Special Funding Support	4, 21(i)	528,570	-	528,570	-	-	-
Less: Expenditure	5(ii)	15,805,581	13,222,961	15,299,742	12,741,910	505,839	481,051
Less: Income tax	15	(15,172,286)	(4,578,260)	(14,750,543)	(4,506,170)	(421,743)	(72,090)
Less: Goods and services tax	20	(103,962)	(51,760)	(103,962)	(51,760)	-	-
Surplus for the financial year		(161,699)	(100,594)	(156,454)	(97,322)	(5,245)	(3,272)
		367,634	8,492,347	288,783	8,086,658	78,851	403,689
Add: Fair value reserve	8	75,050,479	74,682,845	66,232,432	65,943,649	8,818,047	8,739,196
Balance at 31 March		(334,576)	(439,000)				
		74,715,903	74,243,845				

Represented by:

Non-current assets	1,458,815
Investment securities	4,868,450

Current assets

Investment securities	4,232,759	2,718,700
Cash and cash equivalents	65,607,155	63,109,348
Conservancy and service fees receivables	414,955	371,260
Due from accumulated surplus	2,864,718	2,439,943
Interest receivable	934,437	693,245
Other receivables	355,787	155,174
Total assets	74,409,811	69,487,670
	75,868,626	74,356,120

Current liabilities

Payables and accruals	(997,143)	(18,651)
Income tax payable	(155,580)	(93,624)
Total liabilities	(1,152,723)	(112,275)

NET ASSETS

74,715,903	74,243,845
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HOLLAND-BUKIT PANJANG TOWN COUNCIL

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

5. Sinking fund (Continued)

(i) Investment, interest and other income

	<u>2024</u> S\$	<u>2023</u> S\$
Investment Income/ (Premium paid on redemption)	-	(35,300)
Interest from fixed deposits	2,136,343	860,493
Interest from bonds	162,157	249,310
Interest from other investments	29,844	30,237
Other income	137,988	-
	<u>2,466,332</u>	<u>1,104,740</u>

(ii) Expenditure

	<u>2024</u> S\$	<u>2023</u> S\$
Electrical rewiring	4,359,633	-
Redecoration and alteration	7,106,775	2,434,689
Replacement of chute	157,068	-
Replacement of fire protection system	2,325,555	240
Lamp Post Replacement	532,045	-
Replacement of water pipes	-	175,700
Replacement of water tank	-	798,800
Replacement of Rooftop Safety Installation	-	888,360
Project management fee	572,444	187,264
General and administrative fee	118,766	93,207
	<u>15,172,286</u>	<u>4,578,260</u>

General and administrative fee includes the five percent allocation from the operating fund.

HOLLAND-BUKIT PANJANG TOWN COUNCIL

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

6. Lift replacement fund

	Note	2024	Total	2023	Residential Property	Commercial Property
		S\$	S\$	S\$	2024	2023
					S\$	S\$
Balance as at 1 April		50,482,662	42,456,745	46,209,131	38,589,272	3,867,473
Add:						
Operating income transfer from conservancy and service fees	4	5,842,643	5,559,452	5,572,245	5,302,399	257,053
Investment, interest and other income	6(i)	1,420,507	745,843	1,420,507	745,843	-
GST subvention	4, 21(i)	283,153	218,353	283,153	218,353	-
Lift maintenance grant	4, 21(i)	93,492	91,308	91,515	89,335	1,973
S&CC operating grant	4, 21(i)	678,773	656,081	678,773	656,081	-
LRF matching grant *	4, 21(i)	4,583,696	4,235,915	4,415,339	4,074,372	161,543
Special Funding Support	4, 21(i)	284,614	-	284,614	-	-
		13,186,878	11,506,952	12,746,146	11,086,383	420,569
Less: Expenditure	6(ii)	(4,068,640)	(5,148,235)	(4,008,201)	(5,074,851)	(73,384)
Less: Income tax	15	(283,605)	(145,052)	(283,605)	(145,052)	-
Less: Goods and services tax	20	(291,224)	(187,748)	(281,766)	(181,621)	(6,127)
Surplus for the financial year		8,543,409	6,025,917	8,172,574	5,684,859	341,058
Add : Transfer from operating fund – voluntary contribution	4	2,000,000	2,000,000	1,935,000	1,935,000	65,000
		61,026,071	50,482,662	56,316,705	46,209,131	4,273,531
Add : Fair value Reserve	8	(91,340)	(186,990)			
Balance at 31 March		60,934,731	50,295,672			

Represented by:

Non-current assets
Investment securities

Current assets

Investment securities	4,968,650
Cash and cash equivalents	31,657,401
Conservancy and service fees receivables	201,867
Due from accumulated surplus	3,421,364
Interest receivable	280,867
Other receivables	4,153,027
Total assets	44,683,176

Current liabilities

Payables and accruals	(4,188)
Income tax payable	(227,676)
Total liabilities	(231,864)

NET ASSETS

60,934,731	50,295,672
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* Included in the LRF matching grant for FY2023/2024 was \$1,000,000 (FY2022/2023: \$1,000,000) matching grant in relation to \$2,000,000 (FY2022/2023: \$2,000,000) voluntary contribution made during the financial year ended 31 March 2024. This voluntary contribution was made in accordance with Section 47(12) of the Town Councils Act.

HOLLAND-BUKIT PANJANG TOWN COUNCIL**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2024****6. Lift replacement fund (Continued)**

(i) Investment, interest and other income

	<u>2024</u> S\$	<u>2023</u> S\$
Interest from bonds	1,196,476	435,233
Interest from fixed deposits	1,141	10
Other investment income	222,890	299,800
Other income	-	10,800
	<u>1,420,507</u>	<u>745,843</u>

(ii) Expenditure

	<u>2024</u> S\$	<u>2023</u> S\$
Replacement of main sheaves/ropes/lift overhauls	1,256,692	2,469,616
Replacement of ARD battery	280,967	189,749
Replacement of EBOPS battery	47,219	54,918
Replacement of lift position display panel	766,969	1,001,700
Replacement of inverter units	1,048,286	624,756
Lift Enhancement Programme (LEP)	475,063	600,378
Other lift works	32,300	-
Project management fee	160,989	204,287
General and admin charges	155	2,831
	<u>4,068,640</u>	<u>5,148,235</u>

HOLLAND-BUKIT PANJANG TOWN COUNCIL

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

7. Town improvement and project fund

	Note	Total		Residential Property		Commercial Property	
		2024 S\$	2023 S\$	2024 S\$	2023 S\$	2024 S\$	2023 S\$
Balance at 1 April		5,231,963	4,925,598	4,674,505	4,368,140	557,458	557,458
Add/(Less):							
Transfer from government grants	4, 21(i)	1,118,488	1,499,285	1,118,488	1,499,285	-	-
Other Income		59,158	-	59,158	-	-	-
Expenditure	7(i)	(2,367,953)	(2,192,920)	(2,367,953)	(2,192,920)	-	-
Deficit for the financial year		(1,190,307)	(693,635)	(1,190,307)	(693,635)	-	-
Add : Appropriation from accumulated Surplus *	4	2,000,000	1,000,000	2,000,000	1,000,000	-	-
Balance at 31 March		6,041,656	5,231,963	5,484,198	4,674,505	557,458	557,458
<i>Represented by:</i>							
Current assets							
CIPC Grants Receivables		1,638,529	2,281,900				
Other receivables		-	17,346				
Due from accumulated surplus		4,423,547	2,955,612				
Total assets		6,062,076	5,254,858				
Current liabilities							
Payables and accruals		(20,420)	(22,895)				
Total liabilities		(20,420)	(22,895)				
NET ASSETS		6,041,656	5,231,963				

*The amount required by the Town improvement and project fund for the following financial year would then be appropriated from the accumulated surplus.

HOLLAND-BUKIT PANJANG TOWN COUNCIL

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

7. Town improvement and project fund (Continued)

(i) Expenditure

	<u>2024</u> S\$	<u>2023</u> S\$
Construction of covered link way/playground or fitness corner	532,072	945,414
Other amenities	1,488,461	980,078
Consultancy and maintenance fee	268,977	251,293
General and administration charges	78,443	16,135
	<u>2,367,953</u>	<u>2,192,920</u>

8. Fair value reserve

	<u>2024</u> S\$	<u>2023</u> S\$
Fair value reserve from investment securities	<u>(425,916)</u>	<u>(625,990)</u>
Movements:		
Balance at 1 April	(625,990)	(63,244)
Fair value gain/(loss) on investment securities recognised in other comprehensive income (Note 10)	200,074	(562,746)
Balance at 31 March	<u>(425,916)</u>	<u>(625,990)</u>
Fair value reserve is taken up in:		
Sinking fund (Note 5)	(334,576)	(439,000)
Lift replacement fund (Note 6)	(91,340)	(186,990)
	<u>(425,916)</u>	<u>(625,990)</u>

HOLLAND-BUKIT PANJANG TOWN COUNCIL

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

9. Plant and equipment

	Furniture, fixtures and fittings	Office equipment	Data processing equipment	Leases	Total
	S\$	S\$	S\$	S\$	S\$
Cost					
At 1 April 2022	1,229,967	115,114	661,458	954,484	2,961,023
Additions	-	-	34,800	-	34,800
Disposals	-	(813)	(98,391)	-	(99,204)
Initial recognition of right-of-use assets	-	-	-	117,284	117,284
At 31 March 2023	1,229,967	114,301	597,867	1,071,768	3,013,903
Additions	9,064	-	-	-	9,064
Disposals	-	(1,119)	(2,792)	-	(3,911)
Initial recognition of right-of-use assets	-	-	-	586,420	586,420
At 31 March 2024	1,239,031	113,182	595,075	1,658,188	3,605,476
Accumulated depreciation					
At 1 April 2022	1,061,881	112,592	270,299	711,244	2,156,016
Depreciation	88,972	1,822	115,794	-	206,588
Disposals	-	(813)	(98,391)	-	(99,204)
Depreciation (right-of-use)	-	-	-	236,724	236,724
At 31 March 2023	1,150,853	113,601	287,702	947,968	2,500,124
Depreciation	71,440	672	98,297	-	170,409
Disposals	-	(1,119)	(2,792)	-	(3,911)
Depreciation (right-of-use)	-	-	-	234,568	234,568
At 31 March 2024	1,222,293	113,154	383,207	1,182,536	2,901,190
Carrying amount					
At 31 March 2023	79,114	700	310,165	123,800	513,779
At 31 March 2024	16,738	28	211,868	475,652	704,286

HOLLAND-BUKIT PANJANG TOWN COUNCIL

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

10. Investment securities

Financial instruments as at 31 March 2024

	<u>2024</u> S\$	<u>2023</u> S\$
At fair value through other comprehensive income:		
Equity securities (quoted)	10,847,985	17,661,060
Equity securities (unquoted)	752,249	739,100
At end of year	<u>11,600,234</u>	<u>18,400,160</u>
Equity securities (quoted):		
At beginning of year	18,400,160	24,248,206
Disposals	(7,000,000)	(5,285,300)
Net fair value gain/(loss) (Note 8)	200,074	(562,746)
At end of year	<u>11,600,234</u>	<u>18,400,160</u>
Classified as:		
Non-current portion	7,367,475	10,712,810
Current portion	4,232,759	7,687,350
	<u>11,600,234</u>	<u>18,400,160</u>
Details of the investment securities:		
Unit trusts	752,249	739,100
Corporate bonds	497,695	4,445,905
Government/Statutory Board bonds	10,350,290	13,215,155
	<u>11,600,234</u>	<u>18,400,160</u>

HOLLAND-BUKIT PANJANG TOWN COUNCIL

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

11. Conservancy and service fees receivables

	<u>2024</u> S\$	<u>2023</u> S\$
Conservancy and service fees receivables	1,742,052	1,599,834
Add: Interest receivable on late payments	1,056,997	891,125
	<u>2,799,049</u>	<u>2,490,959</u>
Less: Allowance for doubtful receivables (Note 26)	<u>(1,397,000)</u>	<u>(1,176,000)</u>
	<u>1,402,049</u>	<u>1,314,959</u>

Conservancy and service fees receivables are generally on 30 (2023: 30) days' credit terms. Penalty fee is charged on the outstanding balances.

Allowances made in respect of estimated irrecoverable amounts are determined by reference to past historic credit loss experience of the customers for the last 3 years prior to the respective reporting dates (Note 26).

12. Other receivables

	<u>2024</u> S\$	<u>2023</u> S\$
Billing for work carried out, reimbursement from contractors	2,136,527	369,934
Claims for Citizens' Consultative Committee funding	1,638,529	2,281,900
Deposits	23,345	23,170
GST subvention receivable	578,475	457,007
Interest receivable	1,492,706	1,004,930
Legal fee and disbursement	30,085	31,256
LRF matching grant receivable from government	1,763,986	1,709,326
Lift Enhancement Programme	132,033	2,307,013
Neighbourhood Renewal Programme (NRP)	1,505,519	742,630
Provision for property tax	91,829	112,513
Security deposits	413,994	403,791
Others	102,067	254,761
	<u>9,909,095</u>	<u>9,698,231</u>

Other receivables are denominated in Singapore dollar as at reporting date.

13. Cash and cash equivalents

	<u>2024</u> S\$	<u>2023</u> S\$
Cash on hand	5,184	5,519
Cash at bank	10,131,210	12,808,342
Fixed deposits with financial institutions	<u>122,000,000</u>	<u>98,000,000</u>
	<u>132,136,394</u>	<u>110,813,861</u>
Fixed deposits maturing:		
– Within 3 months	46,000,000	39,000,000
– Between 3 to 12 months	76,000,000	59,000,000
	<u>122,000,000</u>	<u>98,000,000</u>

Fixed deposits are placed for varying periods from two to twelve (2023: two to twelve) months, bear interest rates ranging from 3.00% to 3.85% (2023: 1.50% to 4.20%) per annum. The weighted average effective interest rates per annum relating to fixed deposits is 3.43% (2023: 2.85%). Cash and cash equivalents are denominated in Singapore dollar as at reporting date.

HOLLAND-BUKIT PANJANG TOWN COUNCIL

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

14. Payables and accrued expenses

	<u>2024</u> S\$	<u>2023</u> S\$
Accrued operating expenses	909,429	803,077
Accrued TIP work order expenses	20,421	22,896
Accruals for completed works/payables to contractors	1,054,887	128,798
Advance from conservancy and service fee receivables	1,058,142	867,880
Amount due to related party	519,343	438,163
Lease Liability – right-of-use	484,438	127,101
Others	345,938	197,510
	<u>4,392,598</u>	<u>2,585,425</u>

Payables are generally on 30 to 90 (2023: 30 to 90) days' credit terms.

Payables and accrued expenses are denominated in Singapore dollar as at reporting date.

The amount due to related party is unsecured, interest free and without fixed repayment terms.

15. Income tax

	<u>2024</u> S\$	<u>2023</u> S\$
Current income tax		
– Current year	874,672	475,955
– Under/(over) provision in prior financial years	6,500	13,367
Tax expense	<u>881,172</u>	<u>489,322</u>
Taken up in:		
Accumulated surplus (Note 4)	493,605	292,510
Sinking fund (Note 5)	103,962	51,760
Lift replacement fund (Note 6)	283,605	145,052
	<u>881,172</u>	<u>489,322</u>

The Town Council is incorporated in Singapore and accordingly is subject to income tax rate of 17% (2023: 17%). There were no changes in the enterprise income tax of the different applicable jurisdictions in the current financial year from the last financial year.

The Town Council enjoys a concessionary tax rate of 10% (2023: 10%) for the income earned on investment in bonds.

Reconciliation of effective tax rate is as follows:

	<u>2024</u> S\$	<u>2023</u> S\$
Taxable income:		
Government grants and other income	16,426,948	12,437,306
Investment and interest income	4,175,626	2,065,521
	<u>20,602,574</u>	<u>14,502,827</u>

HOLLAND-BUKIT PANJANG TOWN COUNCIL

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

15. Income tax (Continued)

Reconciliation of effective tax rate is as follows (Continued):

	<u>2024</u> S\$	<u>2023</u> S\$
Income tax at statutory tax rate	3,502,437	2,465,481
Singapore statutory stepped income exemption	(17,425)	(17,425)
Tax effect on concessionary income	(26,953)	(38,438)
Tax remission of government grants under Section 92(2) of Singapore Income Tax Act 1947	(2,583,387)	(1,933,663)
Under provision in prior financial years	6,500	13,367
Tax expense	<u>881,172</u>	<u>489,322</u>

Movements in the income tax payable are as follows:

	<u>2024</u> S\$	<u>2023</u> S\$
Balance at 1 April	753,678	555,480
Payments made during the financial year	(292,214)	(291,124)
Current financial year's income tax expense	874,672	475,955
Under provision in prior financial years	20,992	13,367
Balance at 31 March	<u>1,357,128</u>	<u>753,678</u>

16. Agency fees

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

17. Other income

	<u>2024</u> S\$	<u>2023</u> S\$
Administrative fees	29,829	16,441
Agency fees	459	479
Collection from coin operator	137,144	65,954
Interest on late payment of conservancy and service fees	309,766	268,768
Liquidated damages	33,863	61,842
Roof top access	65,712	564
Sale of tender documents	22,131	5,900
Sundry fines	17,430	35,370
Sundry income	200	8,601
Temporary occupation licence income	1,256,269	1,249,673
Use of common property - net	20,350	12,530
Use of void deck	24,150	23,600
Use of water and electricity	312,549	148,720
	<u>2,229,852</u>	<u>1,898,442</u>

HOLLAND-BUKIT PANJANG TOWN COUNCIL

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

18. Managing agent's fees

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

19. General and administrative expenditure

	<u>2024</u> S\$	<u>2023</u> S\$
Advertising, publicity and public relations	259,970	156,841
Allowance made for doubtful receivables	225,742	200,520
Agency fees – HDB collection	604	1,486
Audit fee	50,575	29,000
Computer services	276,401	263,952
Depreciation of plant and equipment	404,977	443,314
Lease Interest Expense – right-of-use	25,437	10,993
Office upkeep	148,242	137,445
Office supplies and stationery	31,717	27,603
Property tax	143,123	127,858
Town Councillors' allowance	198,000	198,000
Telephone and postage	178,401	143,746
Others	158,179	192,736
	<u>2,101,368</u>	<u>1,933,494</u>

20. Goods and services tax

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

Disallowed input tax in the respective funds is as follows:

	<u>2024</u> S\$	<u>2023</u> S\$
Accumulated surplus (Note 4)	162,434	137,244
Sinking fund (Note 5)	161,699	100,594
Lift replacement fund (Note 6)	291,224	187,748
	<u>615,357</u>	<u>425,586</u>

HOLLAND-BUKIT PANJANG TOWN COUNCIL

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

21. Government grants

(i) Government grants taken to income and expenditure during the financial year are as follows:

Note	Total		Service and Conservancy Charges Grant		Payment from Citizens' Consultative Committees		GST Subvention		Lift Maintenance Grant		LRF Matching Grant		Special Funding Support	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Government grant received/receivable	15,273,831	12,633,353	4,848,378	4,686,292	1,118,488	1,499,285	2,022,509	1,559,661	667,800	652,200	4,583,696	4,235,915	2,032,960	-
Less: Transfer to														
- Sinking fund	(2,488,629)	(1,793,520)	(1,260,578)	(1,218,436)	-	-	(525,853)	(405,512)	(173,628)	(169,572)	-	-	(528,570)	-
- Lift replacement fund	(5,923,728)	(5,201,657)	(678,773)	(656,081)	-	-	(283,153)	(218,353)	(93,492)	(91,308)	(4,583,696)	(4,235,915)	(284,614)	-
- Town improvement and project fund	(1,118,488)	(1,499,285)	-	-	(1,118,488)	(1,499,285)	-	-	-	-	-	-	-	-
	5,742,966	4,138,891	2,909,027	2,811,775	-	-	1,213,503	935,796	400,680	391,320	-	-	1,219,776	-

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

	2024	2023
	S\$	S\$
Total grants received/receivable at 1 April	177,007,823	164,374,470
Grants received/receivable during the financial year	15,273,831	12,633,353
Total grants received/receivable at 31 March	192,281,654	177,007,823

HOLLAND-BUKIT PANJANG TOWN COUNCIL

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

22. Inter-fund transfers

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

23. Capital commitments

Capital expenditures approved by the Town Council but not provided for in the financial statements as at reporting date are as follows:

	<u>2024</u> S\$	<u>2023</u> S\$
Amount approved and contracted for	48,695,528	32,907,506
Amount approved but not contracted for	104,755,000	89,233,000
	<u>153,450,528</u>	<u>122,140,506</u>

24. The Town Council as a lessee

The Town Council's operating lease commitments include office leases and photocopier leases for 36 to 60 months as at 31 March 2024. Lease payments are made monthly. Apart from the above, the Town Council does not have any significant short term or low value leases.

Right-of-use assets

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

	<u>2024</u> S\$	<u>2023</u> S\$
As at 1 April 2023	123,800	243,240
Additions	586,420	117,284
Depreciation	(234,568)	(236,724)
As at 31 March 2024	<u>475,652</u>	<u>123,800</u>

The total cash outflow for leases during the financial year ended 31 March 2024 is S\$501,089 (2023: \$134,792).

Lease liabilities

	<u>2024</u> S\$	<u>2023</u> S\$
Within one year	233,071	73,036
After one year but within five years	251,366	54,065
	<u>484,437</u>	<u>127,101</u>

The effective interest rates charged during the financial year ended 31 March 2024 is 5.00% (2023: 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 leases are a mix of fixed repayment and variable repayments based on the performance of the monthly retail sales. 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.

HOLLAND-BUKIT PANJANG TOWN COUNCIL

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

24. The Town Council as a lessee (continued)

Amounts recognised in profit or loss

	<u>2024</u> S\$	<u>2023</u> S\$
Interest expenses on lease liabilities	25,437	10,993
	<u>25,437</u>	<u>10,993</u>

25. Significant related party transactions

Holland-Bukit Panjang Town Council is managed by the managing agent, EM Services Pte Ltd. Related party relates to the managing agent who manages the operations of the Town Council and provides key management personnel services to the Town Council.

During the financial year, in addition to those disclosed elsewhere in these financial statements, the Town Council entered into the following transactions with the managing agent:

	<u>2024</u> S\$	<u>2023</u> S\$
Expenditure paid to managing agent in relation to:		
Managing agent's fee	5,126,492	4,883,794
Project management fees	986,906	618,340
Lift maintenance and other fees	2,401,771	2,479,531
Other installation and maintenance work	994,709	1,084,172
	<u>9,909,878</u>	<u>9,065,837</u>

Key management personnel

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

The Town Council pays the monthly fee to EM Services Pte Ltd and does not incur significant manpower and related costs except for Town Councillors' allowances.

	<u>2024</u> S\$	<u>2023</u> S\$
Town Councillors' allowances (Note 19)	<u>198,000</u>	<u>198,000</u>

26. Financial instruments and financial risks

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

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

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 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, conservancy and service fee receivables and other receivables. Bank deposits are mainly deposited with banks with high credit ratings.

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

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

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 90 days past due.

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.

HOLLAND-BUKIT PANJANG TOWN COUNCIL

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

26. Financial instruments and financial risks (Continued)

Credit risk (Continued)

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 fulfil its contractual cash flow obligations. Generally, this is the case when the Town Council assesses and determines that the debtor has been, is in and is highly likely to be, in the foreseeable future and during the (contractual) term of the financial asset, in a financial position that will allow the debtor to settle the financial asset as and when it falls due.

Note 2. Significant increase in credit risk

In assessing whether the credit risk of the financial asset has increased significantly since initial recognition, the Town Council compares the risk of default occurring on the financial asset as of reporting date with the risk of default occurring on the financial asset as of date of initial recognition, and considered reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. In assessing the significance of the change in the risk of default, the Town Council considers both past due (i.e. whether it is more than 30 days past due) and forward looking quantitative and qualitative information. Forward looking information includes the assessment of the latest performance and financial position of the debtor, adjusted for the Town Council's future outlook of the industry in which the debtor operates 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.

HOLLAND-BUKIT PANJANG TOWN COUNCIL

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

26. Financial instruments and financial risks (Continued)

Credit risk (Continued)

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

	<u>2024</u> S\$	<u>2023</u> S\$
With less than 3 months of fees outstanding	446,478	390,869
With more than 3 months but less than 6 months of fees outstanding	150,857	158,650
With more than 6 months but less than 12 months of fees outstanding	216,371	243,633
With more than 12 months of fees outstanding	588,343	521,807

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

Note 3. Credit impaired

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

- Significant financial difficulty of the debtor;
- Breach of contract, such as a default 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.

Note 4. Write off

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

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.

HOLLAND-BUKIT PANJANG TOWN COUNCIL

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

26. Financial instruments and financial risks (Continued)

Credit risk (Continued)

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 conservancy and service fees receivables are estimated using an allowance matrix with fixed provision rates depending on the number of months that conservancy and service fees is past due, assessed by property type and household profile, and 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.

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

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

	<u>Past due for 0 to 3 months</u>	<u>Past due for 3 to 6 months</u>	<u>Past due more than 6 months</u>	<u>Past due more than 12 months</u>	<u>Past due more than 24 months</u>	<u>Total</u>
31 March 2024						
Expected credit loss rates	0%	0%	0%	50%	75%	
Conservancy and service fees receivables (gross)	446,478	150,857	216,371	369,406	1,615,937	2,799,049
Loss allowance	-	-	-	185,000	1,212,000	1,397,000
1 April 2023						
Expected credit loss rates	0%	0%	0%	50%	75%	
Conservancy and service fees receivables (gross)	390,869	158,650	243,633	394,555	1,303,252	2,490,959
Loss allowance	-	-	-	198,000	978,000	1,176,000

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.

Market risk

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

HOLLAND-BUKIT PANJANG TOWN COUNCIL

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

26. Financial instruments and financial risks (Continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Town Council's exposure to interest rate risk relates primarily to interest-earning fixed deposits with financial institutions and investments in government and corporate bonds. The Town Council's surplus funds are placed with reputable financial institutions or invested in Singapore government bonds. The exposure to interest rate risk is minimal since the deposits are with fixed rate of interest throughout the term.

Equity price risk

Equity price risk is applicable to investments in equity shares or similar instruments. As the investment in equity is not significant, the exposure to price risk is minimal.

Liquidity risk

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

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

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

The contractual undiscounted cash flows of the non-derivative financial instruments due within 12 months equal their carrying amounts as the impact of discounting is not significant.

Financial instruments by category

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

2024	Total	Less than 1 year	Between 2 to 5 years	More than 5 years
	S\$	S\$	S\$	S\$
Financial assets				
Conservancy and service fees receivables	1,402,049	1,402,049	-	-
Other receivables	9,817,266	9,817,266	-	-
Cash and cash equivalents	132,136,394	132,136,394	-	-
Investment securities	11,600,234	4,232,759	4,431,555	2,935,920
Total	154,955,943	147,588,468	4,431,555	2,935,920
Financial liabilities				
Payables and accrued expenses	3,334,456	3,334,456	-	-
Total	3,334,456	3,334,456	-	-

HOLLAND-BUKIT PANJANG TOWN COUNCIL

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

26. Financial instruments and financial risks (Continued)

Liquidity risk (Continued)

Financial instruments by category (Continued)

2023	Total	Less than 1 year	Between 2 to 5 years	More than 5 years
	S\$	S\$	S\$	S\$
Financial assets				
Conservancy and service fees receivables	1,314,959	1,314,959	-	-
Other receivables	9,585,718	9,585,718	-	-
Cash and cash equivalents	110,813,861	110,813,861	-	-
Investment securities	18,400,160	7,687,350	7,828,830	2,883,980
Total	140,114,698	129,401,888	7,828,830	2,883,980
Financial liabilities				
Payables and accrued expenses	1,717,545	1,717,545	-	-
Total	1,717,545	1,717,545	-	-

27. Fair value of assets and liabilities

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

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

- Level 1 – the fair value of assets and liabilities with standard terms and conditions and which trade in active markets that the Town Council can access at the measurement date are determined with reference to quoted market prices (unadjusted).
- Level 2 – in the absence of quoted market prices, the fair values of the other financial assets and financial liabilities (excluding derivative instruments) are determined using the other observable, either directly or indirectly, inputs such as quoted prices for similar assets/liabilities in active markets, quoted prices for identical or similar assets/liabilities in non-active markets or inputs other than quoted prices that are observable for the asset or liability.

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

The Town Council holds its financial assets and financial liabilities carried at fair value or at valuation (Level 1 and 2) as follows:

	<u>2024</u> S\$	<u>2023</u> S\$
Financial assets		
Investment securities (Note 10):		
Level 1	1,249,944	5,185,005
Level 2	10,350,290	13,215,155
	<u>11,600,234</u>	<u>18,400,160</u>

HOLLAND-BUKIT PANJANG TOWN COUNCIL

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

27. Fair value of assets and liabilities (Continued)

Valuation policies and techniques

At least on an annual basis, the Town Council evaluates all significant changes in fair value measurements for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources, if necessary and appropriate. Valuation techniques are used for the determination of the fair values of bonds and funds with a bank. During the financial year, there is no change in the applicable valuation technique.

28. Funds management

The Town Council's objectives when managing funds are:

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

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

There were no changes in the Town Council's approach to funds management from 31 March 2024.

The Town Council is not subjected to any externally imposed capital requirements during the financial years ended 31 March 2024 and 31 March 2023.

The Town Council total funds amounted to \$150,002,332 (2023: \$137,401,887).