

Together, A Better Home For All

A BEAUTIFUL, INCLUSIVE
AND GRACIOUS COMMUNITY

Photo Credit: Gina Ng Zhi Ting

Contents

- 03 About Us
- 04 Co-Creating Our CCK Eco-Town
- 05 Our Members of Parliament
- 06 Our Town Councillors
- 07 Chairman's Message
- 13 Financial Statements



Photo Credit: CT Lin

About Us

Chua Chu Kang GRC comprises the four constituencies of Brickland, Bukit Gombak, Chua Chu Kang and Keat Hong. Together with Hong Kah North SMC, the five constituencies are collectively referred to as Chua Chu Kang Town.

Chua Chu Kang Town Council manages and maintains the HDB common property in Chua Chu Kang Town.

OUR AIM

To create an identity for Chua Chu Kang Town, promoting community awareness and pride in our Town

OUR OBJECTIVE

To improve the living environment and hence, the lifestyle for our residents



Photo Credit: Tan Wen Jin



Co-Creating Our CCK Eco-Town

CCK Town and our residents are actively contributing to Singapore's Green Plan 2030, a national effort to fight climate change. Together, we are co-creating green initiatives* to build a sustainable future. By pursuing a green lifestyle and embracing sustainability, we aim to foster a greener CCK Town that we can be proud of.

*Refer to Page 10

Photo Credit: Bryan Goh

Our Members of Parliament

Chua Chu Kang GRC



Mr Gan Kim Yong

Minister for Trade and Industry
MP for Chua Chu Kang GRC
(Chua Chu Kang)



Ms Low Yen Ling

Minister of State
Ministry of Culture, Community and Youth &
Ministry of Trade and Industry
Mayor of South West District
MP for Chua Chu Kang GRC (Bukit Gombak)
Chairman of Chua Chu Kang Town Council



Mr Zhulkarnain Abdul Rahim

MP for Chua Chu Kang GRC
(Keat Hong)
Vice-Chairman of Chua Chu Kang Town Council



Mr Don Wee

MP for Chua Chu Kang GRC
(Brickland)

Hong Kah North SMC



Dr Amy Khor Lean Suan

Senior Minister of State
Ministry of Sustainability and the Environment &
Ministry of Transport
MP for Hong Kah North SMC
Vice-Chairman of Chua Chu Kang Town Council

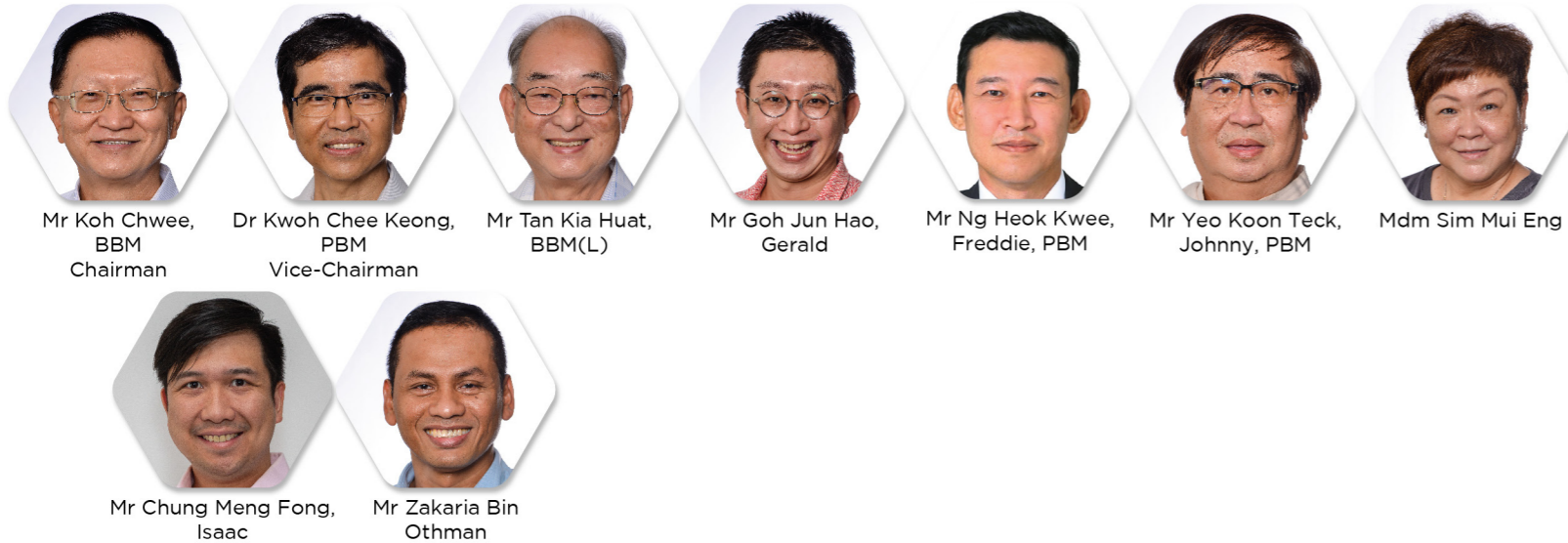


Photo Credit: Goh Koon Boh

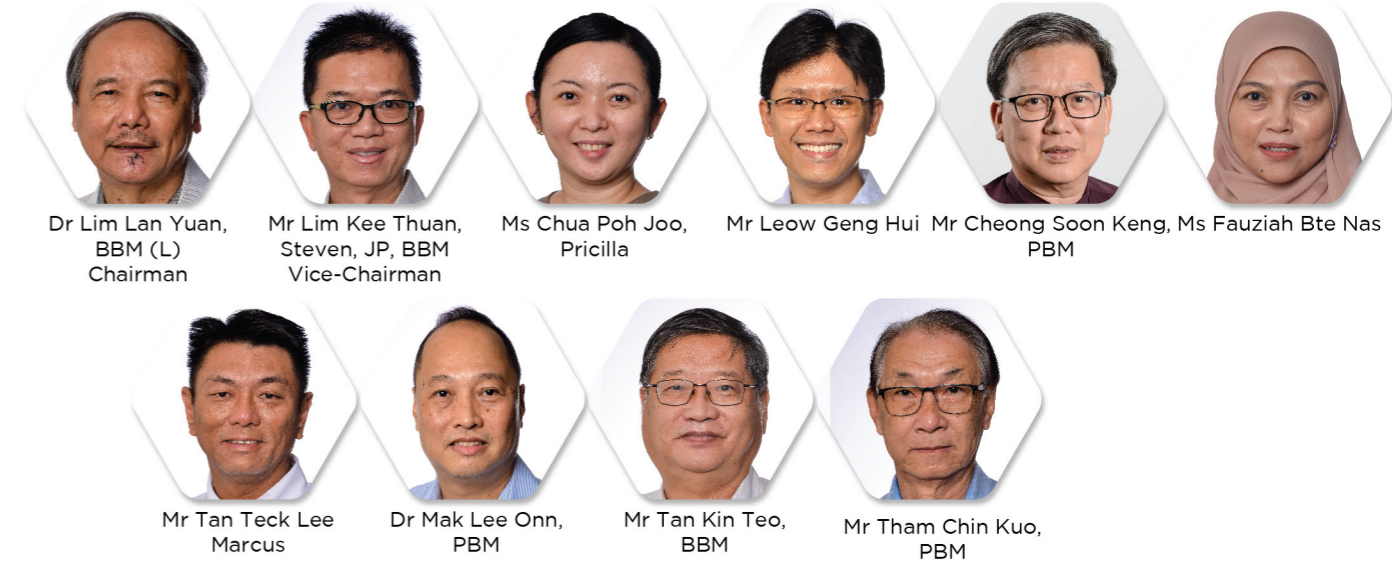
Our Town Councillors

Term: 1 August 2022 to 31 July 2024

Tenders and Contracts Committee (TCC)



Estate Management Committee (EMC)



Finance Committee (FC)



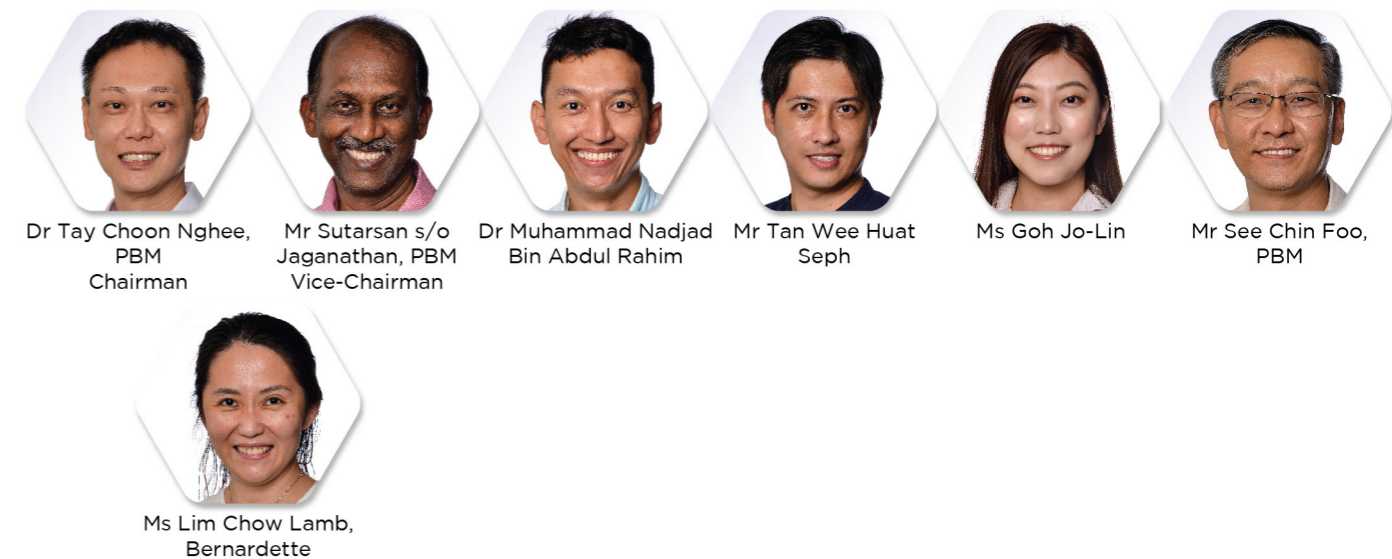
Audit & Risk Management Committee (ARMC)



Communications and Service Quality Committee (CSQC)



Eco Town Committee (ETC)



Chairman's Message

CO-CREATING A BETTER AND GREENER HOME FOR ALL

In FY2022/2023, as Singapore moved to a post-pandemic new normal, we saw the gradual easing of various restrictions. Face-to-face interactions returned, on the individual and the community level. In June 2022, for the first time in 2 years, thousands of us gathered to celebrate the opening of our mega sports facility, The Arena @ Keat Hong. It was wonderful to see so many happy faces, some meeting again for the first time since the pandemic.

The easing of rules also allowed us to resume the planned upgrading works to enhance our neighbourhoods to create better homes for everyone.

CONTINUING TO DELIVER ON OUR 2020 MASTERPLAN

In FY2022/2023, we continued to press on to deliver on the 2020 Masterplan for Chua Chu Kang GRC and Hong Kah North SMC. At this halfway mark of our journey, I am happy to report that we have made steady progress.

Under the Remaking Our Heartland (ROH) by HDB, a virtual focus group was held in 2022 to engage residents on the rejuvenation plans for Chua Chu Kang (CCK) Town. The Town Council also added more community and inclusive spaces for our residents to stay active, bond and socialise. We pressed on with our eco-town transformation by using less electricity with LED lights and recycling more. The Jurong Region Line is on track to connect our residents to Singapore's second-largest commercial district.

Low Yen Ling
Chairman
Chua Chu Kang Town Council



MAINTAINING AND ENHANCING OUR HOME

For FY2022/2023, \$1.4 million was spent on overall improvement works. These included new covered linkways, drop-off porches, upgrading of playgrounds, fitness corners, letterboxes, barbecue pits, and void deck seats.

An additional \$14.1 million was spent on cyclical works, such as repairs and redecoration, re-roofing, as well as replacement of water pumps and pipes, and refuse handling equipment.

In FY2022/2023, the Town Council oversaw 4 Neighbourhood Renewal Programmes (NRP) in various stages of implementation, costing a total of \$43.8 million. For example, The Arena @ Keat Hong was a key component of our \$15 million Keat Hong NRP for Blocks 401 to 428 in Choa Chu Kang Avenue 3 and 4. Residents now have a 639 sqm inter-generational sports and recreation hub cum mega-playground with an array of indoor and outdoor fitness options to stay fit and healthy.

The Town Council spent close to \$2.4 million to replace 23 lifts under the Selective Lift Replacement Programme (SLRP) and \$1.4 million to upgrade 97 lifts under the Lift Enhancement Programme (LEP). This brings us to a total of 120 lifts that have been replaced or upgraded to offer greater security and safety.



New Look for Bukit Gombak Neighbourhood Centre



MANAGING RISING COSTS PRUDENTLY

Despite consistent prudence in our expenditures and wide cost-saving measures, FY2022/2023 has been a difficult year. For the first time, CCK Town Council (CCKTC) is in a deficit of \$1.4 million due to intense cost pressures as a result of rising energy prices and higher maintenance and manpower costs.

Rest assured that we will spare no efforts to continue working closely with residents, partners, grassroots organisations, and government agencies to find and implement cost-effective measures to fight rising prices and seek to deliver the high standard of estate management as before. We will also carry on with planned estate improvement works and enhancement programmes and make good on our promise to create better homes for you in CCK Town.



CODE OF GOVERNANCE PRACTICES

CCKTC ensures the robust performance of our fiduciary responsibilities for greater accountability and transparency through our strong corporate governance practices. Town Councillors are appointed and/or reappointed based on their expertise, skillsets, track record, and commitment etc. Potential candidates are identified through a referral process and nominated by the elected MPs.

To ensure that they can perform their roles well, we conduct induction for the Town Councillors to familiarise them with the Town Council's operations, as well as their duties and obligations. Of the 49 appointed Town Councillors, we also require at least two-thirds to be residents of HDB estates managed by CCKTC.

On 1 August 2022, 32 Town Councillors were re-appointed and 17 were new.

Further, CCKTC has implemented a comprehensive Risk Management Framework to ensure that key risks are identified and reported to the Council. An annual risk assessment was performed to evaluate whether internal controls are adequate and effective. The Council is of the opinion that the Risk Management Framework and supporting internal controls are found to be effective and adequate to address and mitigate the risks of CCKTC.

MAKING HEADWAY IN OUR GREEN JOURNEY

We continue to make strides in creating a vibrant, green and liveable CCK Town. In FY2022/2023, we planted 358 trees as part of NParks' OneMillionTrees Movement in greening Singapore.

As of 31 March 2023, we have installed solar panels at 244 blocks in CCK Town to harness the sun's energy, which has helped to reduce close to 22 million kilograms of carbon dioxide emissions.

Under the Action for Green Towns upcycling effort by 15 PAP Town Councils, some 14,400 kilograms of plastics and other hard-to-recycle waste from old MRT seats will be rescued from going into Pulau Semakau, Singapore's only landfill.

The first of these decommissioned MRT train seats has been installed in the void deck of Block 252, Choa Chu Kang Avenue 2 as seats for residents. 17 more sets of these seats are progressively making their way across our estates.

The Town Council continues to support various government agencies and organisations in the 3Rs of Reduce, Reuse & Recycle. Besides adding 4 new paper recycling bins by SGRecycle, we have started to roll out 70 flyer recycling bins to be placed beside letterboxes. This ground-up initiative by Keat Hong resident, Mr Sutarsan s/o Jaganathan, allows residents to discard unwanted mail and advertisements while doing their bit for the environment.



Upcycled MRT train seats at the void deck of Block 252, Choa Chu Kang Avenue 2



Flyer Recycling Bins



ENGAGING OUR RESIDENTS

Involving residents remained an important priority for the Town Council in FY2022/2023 with our annual photo contest (in its third run) and Appreciate Our Cleaners campaign (in its second year) becoming key highlights. Residents are happy that our Town calendar contains the work of residents who obviously love our beautiful Town.



Top prize winner Bryan Goh's shot of Little Guilin is the fruit of at least 10 visits to the park near his home. Our calendar also showcased the various flora and fauna that call CCK Town home too.

Residents paid homage to our hardworking cleaners by nominating them for awards and our community partners like PCF Sparkletots preschool also got its children to show their appreciation too.



Our residents wore their love for Singapore by gamely donning family outfits and putting up red-and-white decorations as part of our National Day contest.

Discovering CCK Town
Bricklands: Blk 499E, Choa Chu Kang Ave 5

Discovering CCK Town
Hong Kah North
Blk 339/345, Bukit Batok St 34

Discovering CCK Town
Choa Chu Kang Park, CCK Estate

Get Fit & Fab
Tone Up Power!
It's time to tone up in the 2nd of this series on where to get fit & fab in CCK Town & your estate.

Get smarter as you play!
Yes, near you in CCK Town are playgrounds that you can turn into fun & free outdoor classrooms.

Yay, Let's Play!
Indulge your imagination
Get ready for a safari at Choa Chu Kang Park

Fascinating Green Spots
In the 2nd of our 3-partner, we got CCK Town residents to show us unique spots where fascinating flora, fauna & nature beckon.

Uncover your neighbours' thrilling finds!

To encourage residents to get more active, the Town Council ran a series of features entitled "Discovering CCK" on our lift Digital Display Panels and website to highlight the well-equipped fitness corners, interesting playgrounds as well as enticing green spots we have in CCK Town.

STRIVING TOWARDS A BETTER TOMORROW

All our achievements in FY2022/2023 would not have been possible without the support and hard work of our residents, Town Council staff, Town Councillors, government agencies, grassroots, and community partners.

Thank you, everyone, who has faithfully stood behind us through the past few challenging years. We look forward to serving you better in the coming years with more physical resident-centric events and engagements.

In the pipeline are more upgrading and improvement works, including 1 NRP and cyclical works such as repainting of blocks, replacement of booster and transfer pumps, and re-roofing and re-wiring, to achieve our 2020 Masterplan. We will also be launching our Eco-Playbook laying out our transformation journey into an eco-town.

Let's press on together to co-create a better and greener home for all our residents in CCK Town. Together, we can!

Photo Credit: Yong Kuo Hoong

**INDEPENDENT AUDITOR'S REPORT TO
THE MEMBERS OF CHUA CHU KANG TOWN COUNCIL**
(Established under the Town Councils Act 1988)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Chua Chu Kang Town Council (the "Town Council"), which comprise the statement of financial position of the Town Council as at 31 March 2023, the income and expenditure statement, statement of comprehensive income, statement of changes in Town Council funds and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 13 to 33.

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

Basis for opinion

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

Information Other than the Financial Statements and Auditor's Report Thereon

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

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

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

**INDEPENDENT AUDITOR'S REPORT TO
THE MEMBERS OF CHUA CHU KANG TOWN COUNCIL**
(Established under the Town Councils Act 1988)

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

(Established under the Town Councils Act 1988)

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

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

Report on Other Legal and Regulatory Requirements*Opinion*

In our opinion:

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

Basis for opinion

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

**INDEPENDENT AUDITOR'S REPORT TO
THE MEMBERS OF CHUA CHU KANG TOWN COUNCIL**

(Established under the Town Councils Act 1988)

Responsibilities of Management for compliance with legal and regulatory requirements

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

Auditor's responsibilities for the Compliance Audit

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

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

Ecovis Assurance LLP

Ecovis Assurance LLP
Public Accountants and
Chartered Accountants
Singapore

29 August 2023

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	2023 S\$	2022 S\$
TOWN COUNCIL FUNDS			
RESIDENTIAL PROPERTY			
Accumulated Surplus	4	2,004,471	4,712,868
Sinking Funds			
Ordinary Sinking Funds	5	79,204,376	79,794,178
Lift Replacement Funds	6	46,330,130	40,289,582
		125,534,506	120,083,760
Town Improvement and Project Funds	7	2,203,538	2,203,538
		129,742,515	127,000,166
COMMERCIAL PROPERTY			
Accumulated Surplus	4	2,048,187	1,799,159
Sinking Funds			
Ordinary Sinking Funds	5	17,343,835	17,278,850
Lift Replacement Funds	6	9,911,991	9,520,743
		27,255,826	26,799,593
Town Improvement and Project Funds	7	41,588	41,588
		29,345,601	28,640,340
CARPARK			
Accumulated Surplus	4	4,376,043	3,273,283
		163,464,159	158,913,789
Represented by:			
NON-CURRENT ASSETS			
Plant and Equipment	9	1,747,232	1,718,771
Debt investments at amortised cost	10	9,250,000	4,250,000
		10,997,232	5,968,771
CURRENT ASSETS			
Debt investments at amortised cost	10	-	5,000,000
Financial Assets at fair value through profit or loss	11	36,786,042	36,902,850
Conservancy and service fees receivables	12	879,460	813,300
Other receivables	13	5,197,066	8,790,663
Receivable for Neighbourhood Renewal Programme/ Electrical Load Upgrading Programme, Net	8	36,656	-
Interest receivable		1,313,141	253,893
Receivables for Selective Lift Replacement Programme and Lift Enhancement Programme	27	3,594,749	5,974,225
Cash and cash equivalents	14	118,237,053	105,562,238
		166,044,167	163,297,169
Total Assets		177,041,399	169,265,940
Less:			
NON-CURRENT LIABILITY			
Lease liabilities	16	964,504	1,070,826
CURRENT LIABILITIES			
Conservancy and service fees received in advance		1,156,807	1,028,083
Payables and accrued expenses	15	10,221,927	6,958,837
Advances received for Neighbourhood Renewal Programme/ Electrical Load Upgrading Programme, Net	8	-	114,618
Lease liabilities	16	483,887	328,200
Income tax payable	23	750,115	851,587
		12,612,736	9,281,325
NET ASSETS		163,464,159	158,913,789


LOW YEN LING
CHAIRMAN

Date : 29 August 2023

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


CHUA AIK BOON
SECRETARY

INCOME AND EXPENDITURE STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	Note	2023 S\$	2022 S\$
OPERATING INCOME			
Conservancy and service fees	4	41,336,317	40,995,038
Less:			
Operating income transfer to Ordinary Sinking Funds	4, 5	(10,747,444)	(10,658,714)
Operating income transfer to Lift Replacement Funds (minimum required by law)	4, 6	(5,787,084)	(5,739,305)
		24,801,789	24,597,019
Agency fees	17	3,657,785	3,454,163
Other income	18	2,494,856	1,886,022
		30,954,430	29,937,204
Less:			
OPERATING EXPENDITURE			
Cleaning works		(7,573,952)	(7,188,477)
Managing agent's fees	19	(5,320,118)	(4,015,892)
Lift maintenance		(6,010,090)	(5,616,110)
Other works and maintenance		(5,919,149)	(5,026,055)
Water and electricity		(9,916,719)	(7,180,857)
General and administrative expenditure	20	(1,876,202)	(1,742,873)
		(36,616,230)	(30,770,264)
OPERATING DEFICIT		(5,661,800)	(833,060)
LESS: NON OPERATING EXPENSE			
Finance costs	16	(48,996)	(43,110)
ADD: NON OPERATING INCOME			
Investment income	21	407,288	72,394
Less :			
Town Improvement Project Works	7	(487,511)	(500,010)
DEFICIT BEFORE TAXATION AND GOVERNMENT GRANTS		(5,791,019)	(1,303,786)
Less:			
Goods and Services Tax	22	(296,280)	(248,491)
Income Tax Expense	23	(192,886)	(149,078)
DEFICIT BEFORE GOVERNMENT GRANTS		(6,280,185)	(1,701,355)
Add:			
Government grants	24	12,641,550	14,172,375
Less:			
Transfer to Ordinary Sinking Funds	5	(2,133,551)	(2,048,793)
Transfer to Lift Replacement Funds	6	(4,633,959)	(4,535,169)
Transfer to Town Improvement and Project Funds	7	(950,464)	(2,860,431)
		4,923,576	4,727,982
(DEFICIT)/ SURPLUS FOR THE FINANCIAL YEAR		(1,356,609)	3,026,627
ACCUMULATED SURPLUS AT 1 APRIL		9,785,310	6,758,683
ACCUMULATED SURPLUS AT 31 MARCH		8,428,701	9,785,310

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

CHUA CHU KANG TOWN COUNCIL
(Established under the Town Councils Act 1988)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

	<u>Note</u>	<u>2023</u> S\$	<u>2022</u> S\$
(DEFICIT)/ SURPLUS FOR THE FINANCIAL YEAR			
Accumulated Surplus	4	(1,356,609)	3,026,627
Ordinary Sinking Funds	5	(524,817)	5,974,050
Lift Replacement Funds	6	6,431,796	6,143,197
		<u>4,550,370</u>	<u>15,143,874</u>
OTHER COMPREHENSIVE INCOME			
		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX			
		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO TOWN COUNCIL FUNDS			
		<u>4,550,370</u>	<u>15,143,874</u>

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

CHUA CHU KANG TOWN COUNCIL
(Established under the Town Councils Act 1988)

**STATEMENT OF CHANGES IN TOWN COUNCIL FUNDS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

	<u>Total</u> S\$	<u>Residential</u> Property S\$	<u>Commercial</u> Property S\$	<u>Carpark</u> S\$
Balance as at 1 April 2021	143,769,915	114,005,482	27,659,759	2,104,674
COMPREHENSIVE INCOME FOR THE YEAR				
Surplus for the year	15,143,874	12,994,684	980,581	1,168,609
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	<u>15,143,874</u>	<u>12,994,684</u>	<u>980,581</u>	<u>1,168,609</u>
Balance as at 31 March 2022	<u>158,913,789</u>	<u>127,000,166</u>	<u>28,640,340</u>	<u>3,273,283</u>
Balance as at 1 April 2022	158,913,789	127,000,166	28,640,340	3,273,283
COMPREHENSIVE INCOME FOR THE YEAR				
Surplus for the year	4,550,370	2,742,349	705,261	1,102,760
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	<u>4,550,370</u>	<u>2,742,349</u>	<u>705,261</u>	<u>1,102,760</u>
Balance as at 31 March 2023	<u>163,464,159</u>	<u>129,742,515</u>	<u>29,345,601</u>	<u>4,376,043</u>

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

	<u>Note</u>	<u>2023</u> S\$	<u>2022</u> S\$
Accumulated Surplus	4	(1,356,609)	3,026,627
Ordinary Sinking Funds	5	(524,817)	5,974,050
Lift Replacement Funds	6	6,431,796	6,143,197
		<u>4,550,370</u>	<u>15,143,874</u>

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

CHUA CHU KANG TOWN COUNCIL
(Established under the Town Councils Act 1988)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

	<u>Note</u>	<u>2023</u>	<u>2022</u>
		S\$	S\$
OPERATING ACTIVITIES			
Deficit before taxation and Government grants (after Goods and Services Tax)		(6,087,299)	(1,552,277)
Adjustments for :			
Depreciation	9	612,733	623,997
(Writeback of) Provision for doubtful debts	12	(484,861)	141,980
Bad debts written off	20	61,671	14,412
Fixed assets written off	9	675	-
Operating transfer to Ordinary Sinking Fund	4	10,747,444	10,658,714
Operating transfer to Lift Replacement Fund	4	5,787,084	5,739,305
Investment income of operating fund (included in investing activities)	21	(407,288)	(72,394)
Operating cash inflows before movements in working capital		<u>10,230,159</u>	<u>15,553,737</u>
Receivables		699,526	5,677,117
Payables		3,391,809	(10,981,034)
Decrease in advances received for Neighbourhood Renewal Programme/ Electrical Load Upgrading Programme, Net	8	(151,274)	(292,401)
Cash generated from operations		<u>14,170,220</u>	<u>9,957,419</u>
Income tax paid	23	(537,373)	(617,467)
Ordinary Sinking Fund expenditure inclusive of Goods and Services Tax	5	(14,220,663)	(7,275,475)
Ordinary Sinking Fund other income received	5	1,437	1,384
Lift Replacement Fund expenditure inclusive of Goods and Services Tax	6	(7,230,646)	(5,606,708)
Lift Replacement Fund other income received	6	21,437	17,427
Town Improvement and Project expenditure funded by grants	7	(950,464)	(2,860,431)
Net cash used in operating activities		<u>(8,746,052)</u>	<u>(6,383,851)</u>
INVESTING ACTIVITIES			
Purchase of plant and equipment	9	(114,658)	(27,039)
Proceeds from purchase/redemption of bonds, net		-	3,750,000
Interest received		1,312,850	1,010,528
Net cash generated from investing activities		<u>1,198,192</u>	<u>4,733,489</u>
FINANCING ACTIVITIES			
Government grants received		20,706,464	12,322,029
Repayment of lease liabilities	16	(428,850)	(457,856)
Interest paid for lease liabilities	16	(48,996)	(43,110)
Net cash generated from financing activities		<u>20,228,618</u>	<u>11,821,063</u>
Net increase in cash and cash equivalents		12,680,758	10,170,701
Cash and cash equivalents at the beginning of the year		<u>105,088,583</u>	<u>94,917,882</u>
Cash and cash equivalents at the end of the year	14	<u><u>117,769,341</u></u>	<u><u>105,088,583</u></u>

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

CHUA CHU KANG TOWN COUNCIL
(Established under the Town Councils Act 1988)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

1. General information

Chua Chu Kang Town Council (formerly known as Hong Kah Town Council) was formed on 5 July 1989 under the Town Councils Act 1988. The functions of the Town Council are to control, manage, maintain and improve the common property of residential and commercial property in the housing estates of the Housing and Development Board (HDB) within the Town. The principal place of operation is at 309 Choa Chu Kang Ave 4, #02-02 Choa Chu Kang Centre, Singapore 680309.

According to the Town Councils Act 1988, Town Councils (Declaration of Towns) order 2011 and Town Councils (Establishment) order 2011 published on 27 May 2011, the Town Council of Hong Kah shall be known as the Town Council for the Town of Chua Chu Kang from 27 May 2011. Chua Chu Kang Town Council ("Town Council") consists of the Chua Chu Kang Group Representation Constituency and Hong Kah North Single Member Constituency.

The financial statements of the Town Council for the financial year ended 31 March 2023 were authorised for issue by the management of the Town Council on 29 August 2023.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Financial Reporting Standards in Singapore ("FRS") including all related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the provisions of the Town Councils Act 1988.

The financial statements have been prepared on a historical cost basis, except as disclosed elsewhere in the financial statements.

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

2. Summary of significant accounting policies (Continued)

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Town Council has adopted all the new and amended standards which are effective for annual financial periods beginning on or after 1 April 2022. The adoption of these standards did not have any significant effect on the financial statements of the Town Council for the current or prior years.

2.3 Standards issued but not yet effective

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

2.4 Significant accounting estimates and judgements

The preparation of financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis.

Apart from those involving estimations, the management has made judgements in the process of applying the Town Council's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.5 Town Council Funds

In accordance with Section 47(1) of the Town Councils Act 1988, 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 managed by the Town Council for the Housing and Development Board on an agency basis

These routine funds related to properties under management, together with Ordinary Sinking Funds, Lift Replacement Funds and Town Improvement and Project Funds form the Town Council funds.

All monies received by the Town Council are paid into and related 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

2. Summary of significant accounting policies (Continued)

2.5 Town Council Funds (Continued)

Ordinary Sinking Funds

In accordance with Section 47(4) of the Town Councils Act 1988, separate Ordinary Sinking Funds are established for improvement to, management and maintenance of residential and commercial properties. These Ordinary Sinking Funds are maintained as part of the Town Council's Fund.

With the establishment of the Lift Replacement Funds, the minimum contribution rates for conservancy and service charges and grants-in-aid for Ordinary Sinking Funds is 26% (2022: 26%).

Under the Town Councils Act 1988, the Minister of 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 Ordinary Sinking Funds. These minimum contributions are treated as operating income transfers and are deducted from conservancy and service fees and government grants in the income and expenditure statement.

The minimum amounts to be paid, by property type, into the Ordinary Sinking Funds are as follows:

(i)	1-room to 3-rooms	26% (2022: 26%) of conservancy and service fees and grants-in-aid
(ii)	4-rooms	26% (2022: 26%) of conservancy and service fees and grants-in-aid
(iii)	5-rooms	26% (2022: 26%) of conservancy and service fees and grants-in-aid
(iv)	Executive	26% (2022: 26%) of conservancy and service fees and grants-in-aid
(v)	Shop with living accommodation	26% (2022: 26%) of conservancy and service fees and grants-in-aid
(vi)	Commercial property	26% (2022: 26%) of conservancy and service fees and grants-in-aid

The LRF matching grant which is grants-in-aid is not subject to the minimum contribution rates to Ordinary Sinking Funds.

The Ordinary Sinking Funds are utilised for cyclical 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 1959.

Lift Replacement Funds

In accordance with Section 47(5) of the Town Councils Act 1988, separate Lift Replacement Funds ("LRF") are established with effect from 1 April 2017. These Lift Replacement Funds are maintained as part of the Town Council's Fund. The establishment of the LRF is a standalone fund to be carved out from the existing Sinking Funds and ring-fenced specifically for lift replacements and other lift-related replacement works.

With the establishment of the LRF, the minimum contribution rates for conservancy and service charges and grants-in-aid for Lift Replacement Funds is 14% (2022: 14%).

Under the Town Councils Act 1988, the Minister of National Development may, from time to time, prescribe the minimum amounts of conservancy and service fees and grants-in-aid to be paid into the Lift Replacement Funds. These minimum contributions are treated as operating income transfers and are deducted from conservancy and service fees and government grants in the income and expenditure statement.

The LRF matching grant which is grants-in-aid is not subject to the minimum contribution rates to LRF.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

2. Summary of significant accounting policies (Continued)

2.5 Town Council Funds (Continued)

Town Improvement and Project Funds

Town Improvement and Project Funds (“TIPF”) are established and maintained as part of the Town Council funds. These funds are utilised for improvement and development works in the Town.

The TIPF comprise the amounts set aside for projects to be carried out in the next financial year. All expenditures on town improvement and projects are appropriated from this fund.

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”).

2.6 Inter-fund transfers

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

2.7 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	1
36 Motor Cycle Lots	1
4 Lorry Lots	1

A total of five percent of related overheads are allocated to Ordinary Sinking Funds and Lift Replacement Funds.

2.8 Government grants

The Town Council receives five types of grants from the Government, namely, Conservancy and Service Charges (“S&CC”) Grant, Payment from Citizens’ Consultative Committees (“CCC”), Goods and Services Tax (“GST”) Subvention Grant, Lift Replacement Fund Matching Grant (“LRF Matching Grant”) and Lift Maintenance Grant (“LMG”).

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to income and expenditure statement over the expected useful life of the relevant asset by equal annual instalment.

- (i) S&CC operating grants to meet the current year’s operating expenditure are taken to the Income and Expenditure Statement, except to the extent which is required to be transferred to Ordinary Sinking Funds and Lift Replacement Funds based on the amount prescribed.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

2. Summary of significant accounting policies (Continued)

2.8 Government grants (Continued)

- (ii) Payments from CCC are given as reimbursement claims under the Community Improvement Projects Committee (“CIPC”) Scheme.
- (iii) GST Subvention Grants are given as grants-in-aid to the Town Council to assist the Town Council in absorbing the GST increases in conservancy and service charges for HDB residential flats.
- (iv) LRF Matching Grant is given as grant-in-aid to the Town Council by MND to match 50% of Town Council's quarterly contributions and voluntary contribution to the LRF to supplement Town Council's savings.
- (v) LMG is given as grant-in-aid to the Town Council to cope with the higher lift-related servicing and maintenance costs. LMG will be disbursed to Town Council annually. The amount to be disbursed is S\$600 for every eligible lift maintained by the Town Council. The grant is taken to the Income and Expenditure Statement, except to the extent which is required to be transferred to Ordinary Sinking Funds and Lift Replacement Funds based on the amount prescribed.

2.9 Plant and equipment and depreciation

Plant and equipment are stated at cost less accumulated depreciation and 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.

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 - 5 years
- Right of use assets - over the lease term ranging from 2 to 6 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 statement.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

2. Summary of significant accounting policies (Continued)

2.10 Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned. All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

(i) Classification and measurement of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- 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.

On initial recognition, the Town Council may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at fair value through other comprehensive income (“FVTOCI”). Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which FRS 103 applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Town Council manages together and has evidence of a recent actual pattern of short-term profit-taking.

Amortised cost and effective interest method

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

2. Summary of significant accounting policies (Continued)

2.10 Financial assets (Continued)

(ii) Impairment of financial assets

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

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

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

	<u>Rate of Provision</u>
Live accounts with arrears in excess of 12 months	100%
Terminated accounts with arrears in excess of 12 months	100%

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

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

(iii) Derecognition of financial assets

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

2.11 Impairment of non-financial assets

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

Where it is not possible to estimate the recoverable amount of an individual asset, the Town Council estimates the recoverable amount of the cash-generating unit to which the asset belongs. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

2. Summary of significant accounting policies (Continued)

2.11 Impairment of non-financial assets (Continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

2.12 Funds with fund managers

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

Funds with fund managers comprise mainly of equities, bonds, cash and fixed deposits. Equities and bonds are stated on an aggregated portfolio basis.

2.13 Other receivables

Other receivables recognised initially at fair value and subsequently at amortised cost using the effective interest method, less any impairment losses.

2.14 Cash and cash equivalents

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

For the purpose of the statement of cash flows, cash and cash equivalents exclude those managed by the fund manager.

2.15 Financial liabilities

Initial recognition, measurement and derecognition of financial liabilities

A financial liability is recognised at each reporting date when, and only when, the Town Council becomes a party to the contractual provisions of the instrument. The initial recognition of financial liability at fair value is normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed off immediately. The transactions are recorded at the date of transaction.

The Town Council derecognises financial liability when, and only when, its obligations are discharged, cancelled or expired.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

2. Summary of significant accounting policies (Continued)

2.15 Financial liabilities (Continued)

Subsequent measurement

Subsequent measurement based on the classification of financial liabilities of the respective categories is as follows:

- (i) Liabilities at fair value through profit or loss: As at the reporting date, there were no financial liabilities classified under this category.
- (ii) Other financial liabilities: All liabilities, which have not been classified in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method. Payables and borrowings are classified under this category. Items classified within current payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

2.16 Fair value of financial instruments

The carrying values of current financial assets and financial liabilities approximate their fair values due to the short-term maturity of these instruments. The fair value of a financial instrument is derived from an active market. The appropriate quoted market price for an asset held or liability to be issued is usually the current bid price without any deduction for transaction costs that may be incurred on sale or other disposal and, for an asset to be acquired or liability held, the asking price.

2.17 Payables and accrued expenses

Liabilities for trade and other amounts payable, which are generally settled on 30-90 days terms, are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to Town Council.

2.18 Provisions

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

2.19 Revenue recognition

Conservancy and service fees and agency fees

Conservancy and service fees is charged on a monthly basis to the lessees and tenants of the Housing and Development Board (“HDB”) flats and shops/offices towards the maintenance and upkeep of the common property under the Town Council. Conservancy and service fees are allocated between Operating Funds, Ordinary Sinking Funds and Lift Replacement Funds in accordance with the Town Councils Act 1988. Conservancy and service fees are recognised as a performance obligation over time. Agency fees received for routine maintenance of HDB's car parks and common property within the town is recognised as a performance obligation over time.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

2. Summary of significant accounting policies (Continued)

2.19 Revenue recognition (Continued)

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 profit or loss.

Investment income

Investment income from investments at amortised cost is recognised, in the respective funds, on a time proportion basis using the effective interest method.

Other income

Other income comprises mainly licence fees ("TOL") income, liquidated damages claims and other miscellaneous income and are recognised when earned.

2.20 Leases

The Town Council assesses whether a contract is or contains a lease, at inception of the contract. The Town Council recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Town Council recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Town Council uses the incremental borrowing rate specific to the lessee.

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

2. Summary of significant accounting policies (Continued)

2.20 Leases (Continued)

The Town Council remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Town Council incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under FRS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated on straight-line basis over the lease term of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Town Council expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Right-of-use assets are amortised on a straight-line basis over the lease term, as disclosed below.

- | | | |
|-------------------|---|-------------|
| • Office space | - | 2 - 3 years |
| • Equipment | - | 3 - 5 years |
| • Computer system | - | 6 years |

The Town Council applies FRS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2.11.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in general and administrative expenditure within the income and expenditure statement.

As a practical expedient, FRS 116 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Town Council has not used this practical expedient. For a contract that contain a lease component and one or more additional lease or non-lease components, the Town Council allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

2. Summary of significant accounting policies (Continued)

2.21 Income tax

Tax is provided on the following income:

- (i) Interest 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
- (iii) Donations from non-residents or non-owners of properties in the Town.

Income tax is accounted using the asset and liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws, 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. The carrying amount of deferred tax assets is reviewed at each reporting date and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. Deferred taxes are recognised for all temporary differences.

In respect of government grants received, the Town Council has been granted remission under Section 92(2) of the Income Tax Act 1947. Conservancy and service charges are not subject to income tax.

2.22 Foreign currency transactions and translation

The financial statements of the Town Council are measured and presented in Singapore dollar, which is the currency of the primary economic environment in which the Town Council operates (its functional currency).

In preparing the financial statements of the Town Council, transactions in currencies other than the Town Council's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date.

2.23 Neighbourhood Renewal Programme and Electrical Load Upgrading Programme

The Neighbourhood Renewal Programme ("NRP") was introduced in August 2007 in response to feedback received from residents during the Forum on HDB Heartware for more active consultation on the improvements to be provided in their precincts.

The NRP, which replaces the Interim Upgrading Programme ("IUP") Plus, focuses on block and improvements. It is implemented on a larger area basis of 2 or more contiguous precincts.

Blocks built up to 1989 and have not undergone the Main Upgrading Programme ("MUP"), Interim Upgrading Programme ("IUP") or IUP Plus are eligible for NRP.

The funding for the NRP is provided by the government for the specified use of projects under the programme. The grant is subject to a budget allocation of S\$3,400 per dwelling unit for NRP works, as well as S\$150 per dwelling unit or S\$125,000, whichever is higher for miscellaneous expenditure. However, if the cost of project works incurred exceeds the grants provided, the Town Council will have to bear the cost of the excess expenditure.

The Electrical Load Upgrading Programme ("ELU") was introduced to upgrade the incoming electrical supply for HDB apartment blocks from 30amps to 40amps. This programme is fully funded by HDB and administered by the Town Council.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

2. Summary of significant accounting policies (Continued)

2.24 Selective Lift Replacement Programme

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

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

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

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

2.25 Lift Enhancement Programme

The Lift Enhancement Programme ("LEP") was introduced in September 2016 to help Town Councils modernized their existing Housing Development Board ("HDB") lifts that have been in operation for 18 years or less with installation of the recommended enhancement features. HDB will fund about 92.5% of the costs which is derived from the total of individual caps of each lift component required.

3. Critical accounting judgments and key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances. Apart from information disclosed elsewhere in these financial statements, the following summarises estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year and significant judgements made in the process of applying the Town Council's accounting policies.

(a) Critical accounting estimates and assumptions

The Town Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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.

(i) Impairment of conservancy and service receivables and grants receivables

The Town Council measures impairment loss based on an expected credit loss ("ECL") on conservancy and service debts and related interest charged for late payment. When measuring ECL, the Town Council uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. The gross amount of conservancy and service fee and related ECL are disclosed in Note 12.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

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

(a) Critical accounting estimates and assumptions (Continued)

(ii) 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 estimate 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. As at 31 March 2023, the tax payable by the Town Council was S\$750,115 (2022: S\$851,587).

(iii) Financial instruments measured at amortised cost

Debt investments held by the Town Council is measured at amortised cost as both the 'business model test' and the 'contractual cash flow characteristics test' are satisfied. The business model test is whether the objective of the Town Council's is to hold the financial asset to collect the contractual cash flows rather than have the objective to sell the instrument before its contractual maturity to realise its fair value changes. The contractual cash flow characteristics test is whether the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iv) Lease – estimating the incremental borrowing rate

The Town Council cannot readily determine the interest rate implicit in the lease, therefore it uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Town Council would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in similar economic environment. The incremental borrowing rate therefore reflect what the Town Council “would have to pay”, which requires estimation when no observable rates are available or when they need to adjusted to reflect the terms and conditions of the lease. The Town Council estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

The carrying amount of the Town Council’s lease liabilities as at the end of the reporting period is S\$1,448,391 (2022: S\$1,399,026).

(b) Key sources of estimation uncertainty

Management is of the opinion that there are no key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, except for those as disclosed above under critical accounting estimates and assumptions.

CHUA CHU KANG TOWN COUNCIL
(Established under the Town Councils Act 1988)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

4. ACCUMULATED SURPLUS

The (deficit) / surplus for the year attributable to the various activities is carried forward in the respective funds as follows :

Note	Total		Residential Property		Commercial Property		Carpark	
	2023	2022	2023	2022	2023	2022	2023	2022
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
OPERATING INCOME								
Conservancy and service fees	41,336,317	40,995,038	39,242,172	38,907,633	2,094,145	2,087,405	-	-
Less: Operating transfer to Ordinary Sinking Funds (minimum required by law)	(10,747,444)	(10,658,714)	(10,202,966)	(10,115,988)	(544,478)	(542,726)	-	-
Operating transfer to Lift Replacement Funds (minimum required by law)	(5,787,084)	(5,739,305)	(5,493,904)	(5,447,068)	(293,180)	(292,237)	-	-
Agency fees	24,801,789	24,597,019	23,545,302	23,344,577	1,256,487	1,252,442	-	-
Other income	3,657,785	3,454,163	-	-	-	-	3,657,785	3,454,163
	2,494,856	1,886,022	1,906,835	1,353,312	507,674	463,991	80,347	68,719
	30,954,430	29,937,204	25,452,137	24,697,889	1,764,161	1,716,433	3,738,132	3,522,882
Less: Operating Expenditure	(36,616,230)	(30,770,264)	(32,470,562)	(27,290,449)	(1,512,819)	(1,150,621)	(2,632,849)	(2,329,194)
OPERATING (DEFICIT) / SURPLUS	(5,661,800)	(833,060)	(7,018,425)	(2,592,560)	251,342	565,812	1,105,283	1,193,688
Less: Finance costs	(48,996)	(43,110)	(43,308)	(38,022)	(1,088)	(954)	(4,600)	(4,134)
Add: Investment Income	407,288	72,394	360,243	63,850	8,995	1,604	38,050	6,940
Less: Town Improvement Project Works	(487,511)	(500,010)	(477,574)	(478,730)	(9,937)	(21,280)	-	-
(DEFICIT) / SURPLUS BEFORE INCOME TAX AND GOVERNMENT GRANTS	(5,791,019)	(1,303,786)	(7,179,064)	(3,045,462)	249,312	545,182	1,138,733	1,196,494
Less: Goods and Services Tax	(296,280)	(248,491)	(262,100)	(219,181)	(6,531)	(5,545)	(27,649)	(23,765)
Income Tax Expense	(192,886)	(149,078)	(180,181)	(141,301)	(4,381)	(3,657)	(8,324)	(4,120)
(DEFICIT) / SURPLUS BEFORE GOVERNMENT GRANTS	(6,280,185)	(1,701,355)	(7,621,345)	(3,405,944)	238,400	535,980	1,102,760	1,168,609
Add: Government grants	12,641,550	14,172,375	12,453,146	13,924,292	188,404	248,083	-	-
Less: Transfer to								
Ordinary Sinking Funds	(2,133,551)	(2,048,793)	(2,128,945)	(2,044,287)	(4,606)	(4,506)	-	-
Lift Replacement Funds	(1,148,837)	(1,103,197)	(1,146,357)	(1,100,772)	(2,480)	(2,425)	-	-
Lift Replacement Funds matching grants	(3,485,122)	(3,431,972)	(3,338,255)	(3,284,825)	(146,867)	(147,147)	-	-
Town Improvement and Project Funds	(950,464)	(2,860,431)	(926,641)	(2,776,824)	(23,823)	(83,607)	-	-
	4,923,576	4,727,982	4,912,948	4,717,584	10,628	10,398	-	-
(DEFICIT) / SURPLUS FOR THE YEAR	(1,356,609)	3,026,627	(2,708,397)	1,311,640	249,028	546,378	1,102,760	1,168,609
ACCUMULATED SURPLUS AT 1 APRIL	9,785,310	6,758,683	4,712,868	3,401,228	1,799,159	1,252,781	3,273,283	2,104,674
ACCUMULATED SURPLUS AT 31 MARCH	8,428,701	9,785,310	2,004,471	4,712,868	2,048,187	1,799,159	4,376,043	3,273,283

CHUA CHU KANG TOWN COUNCIL
(Established under the Town Councils Act 1988)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

5 (a). ORDINARY SINKING FUNDS (CONTINUED)

CHUA CHU KANG TOWN COUNCIL (Established under the Town Councils Act 1988)							
NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023							
5. ORDINARY SINKING FUNDS	Note	Total		Residential Property		Commercial Property	
		2023	2022	2023	2022	2023	2022
		S\$	S\$	S\$	S\$	S\$	S\$
Balance at 1 April		97,073,028	91,098,978	79,794,178	73,881,403	17,278,850	17,217,575
Add:							
Investment Income	21	975,379	689,826	951,565	672,853	23,814	16,973
Other Income		1,437	1,384	1,437	1,384	-	-
Operating transfer from conservancy and services fees	4	10,747,444	10,658,714	10,202,966	10,115,988	544,478	542,726
Government grants	4, 24	2,133,551	2,048,793	2,128,945	2,044,287	4,606	4,506
		13,857,811	13,398,717	13,284,913	12,834,512	572,898	564,205
Less:							
Expenditure	5(a)	(14,092,200)	(7,167,853)	(13,591,267)	(6,671,160)	(500,933)	(496,693)
Goods and Services Tax	22	(128,463)	(107,622)	(125,336)	(104,970)	(3,127)	(2,652)
Income Tax Expense	23	(161,965)	(149,192)	(158,112)	(145,607)	(3,853)	(3,585)
		(14,382,628)	(7,424,667)	(13,874,715)	(6,921,737)	(507,913)	(502,930)
(Deficit) / Surplus for the year		(524,817)	5,974,050	(589,802)	5,912,775	64,985	61,275
Balance at 31 March		96,548,211	97,073,028	79,204,376	79,794,178	17,343,835	17,278,850
Represented by:		2023	2022				
		S\$	S\$				
Non-Current Asset							
Debt investments at amortised cost	10	4,250,000	4,250,000				
Current Assets							
Conservancy and service fees receivables		228,660	211,458				
Other receivables		463,023	147,909				
Interest receivable		818,087	207,930				
Financial assets at fair value through profit or loss	11	36,786,042	36,902,850				
Cash and cash equivalents		54,348,747	53,555,446				
Due from accumulated surplus		3,592,544	3,683,688				
		96,237,103	94,709,281				
Total Assets		100,487,103	98,959,281				
Current Liabilities							
Conservancy and services fees received in advance		300,770	267,302				
Payables and accrued expenses		3,360,860	1,238,131				
Income tax payable		277,262	380,820				
Total Liabilities		3,938,892	1,886,253				
NET ASSETS		96,548,211	97,073,028				

	2023	2022
	S\$	S\$
Reroofing works	4,690,163	1,637,982
Redecoration and repainting	5,190,255	2,750,209
Electrical rewiring	1,645,250	458,948
Replacement of water pipes	883,232	113,014
Replacement of water pumps & booster pumps	189,091	150,619
Centralised Pneumatic Waste Conveyance System	-	1,114,963
Replacement of water tank cover and lining	828,993	30,524
Others	665,216	911,594
	14,092,200	7,167,853

CHUA CHU KANG TOWN COUNCIL
(Established under the Town Councils Act 1988)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

CHUA CHU KANG TOWN COUNCIL
(Established under the Town Councils Act 1988)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

6. LIFT REPLACEMENT FUNDS

Note	Total		Residential Property		Commercial Property		
	2023	2022	2023	2022	2023	2022	
	S\$	S\$	S\$	S\$	S\$	S\$	
Balance at 1 April	49,810,325	43,667,128	40,289,582	34,519,313	9,520,743	9,147,815	
Add:							
Investment Income	21	866,674	258,587	845,555	252,255	21,119	6,332
Other Income		21,437	17,427	20,916	17,001	521	426
Operating transfer from conservancy and services fees	4	5,787,084	5,739,305	5,493,904	5,447,068	293,180	292,237
Government grants	4, 24	1,148,837	1,103,197	1,146,357	1,100,772	2,480	2,425
Lift Replacement Fund matching grants	4, 24	3,485,122	3,431,972	3,338,255	3,284,825	146,867	147,147
Fundings for Selective Lift Replacement Programme & Lift Enhancement Programme	27	2,434,338	1,253,664	2,382,946	1,236,672	51,392	16,992
		13,743,492	11,804,152	13,227,933	11,338,593	515,559	465,559
Less:							
Expenditure	6(a)	(6,988,719)	(5,331,897)	(6,872,271)	(5,247,408)	(116,448)	(84,489)
Goods and Services Tax	22	(241,927)	(274,811)	(236,048)	(268,022)	(5,879)	(6,789)
Income Tax Expense	23	(81,050)	(54,247)	(79,066)	(52,894)	(1,984)	(1,353)
		(7,311,696)	(5,660,955)	(7,187,385)	(5,568,324)	(124,311)	(92,631)
Surplus for the year		6,431,796	6,143,197	6,040,548	5,770,269	391,248	372,928
Balance at 31 March		56,242,121	49,810,325	46,330,130	40,289,582	9,911,991	9,520,743
Represented by:		2023	2022				
		S\$	S\$				
Non-Current Asset							
Debt investments at amortised cost	10	5,000,000	-				
Current Assets							
Debt investments at amortised cost	10	-	5,000,000				
Conservancy and service fees receivables		123,124	113,862				
Other receivables		582,364	823,673				
Interest receivable		418,779	39,011				
Receivables for Selective Lift Replacement Programme and Lift Enhancement Programme	27	3,594,749	5,974,225				
Cash and cash equivalents		46,572,708	37,993,209				
Due from accumulated surplus		1,708,116	1,799,451				
		52,999,840	51,743,431				
Total Assets		57,999,840	51,743,431				
Current Liabilities							
Conservancy and services fees received in advance		161,953	143,932				
Payables and accrued expenses *		1,465,376	1,640,168				
Income tax payable		130,390	149,006				
Total Liabilities		1,757,719	1,933,106				
NET ASSETS		56,242,121	49,810,325				

6 (a). LIFT REPLACEMENT FUNDS (CONTINUED)

	2023	2022
	S\$	S\$
Replacement of lift batteries	444,767	98,748
Lift overhauls & replacement works	2,665,711	2,709,984
Selective lift replacement works	2,365,563	2,405,728
Lift Enhancement works	1,441,543	61,202
Others	71,135	56,235
	<u>6,988,719</u>	<u>5,331,897</u>

* Included amount for Selective Lift Replacement Programme of S\$431,081 (2022: S\$Nil).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

7. TOWN IMPROVEMENT AND PROJECT FUNDS

Note	Total		Residential Property		Commercial Property	
	2023	2022	2023	2022	2023	2022
	S\$	S\$	S\$	S\$	S\$	S\$
Balance at 1 April	2,245,126	2,245,126	2,203,538	2,203,538	41,588	41,588
Add/(Less):						
Government grants	950,464	2,860,431	926,641	2,776,824	23,823	83,607
Expenditure	(1,437,975)	(3,360,441)	(1,404,215)	(3,255,554)	(33,760)	(104,887)
Town Improvement Project Works transfer from Accumulated Surplus	487,511	500,010	477,574	478,730	9,937	21,280
Surplus for the year	-	-	-	-	-	-
Balance at 31 March	2,245,126	2,245,126	2,203,538	2,203,538	41,588	41,588
Represented by:						
	2023	2022				
	S\$	S\$				
Current Assets						
Grants receivable	2,597,148	6,031,343				
Other receivable	-	63,049				
Amount due from accumulated surplus	484,221	-				
Total Assets	3,081,369	6,094,392				
Current Liabilities						
Payables and accrued expenses	836,243	428,442				
Amount due to accumulated surplus	-	3,420,824				
Total Liabilities	836,243	3,849,266				
NET ASSETS	2,245,126	2,245,126				

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023

8. RECEIVABLES/ (ADVANCES RECEIVED) FOR NEIGHBOURHOOD RENEWAL PROGRAMME/ ELECTRICAL LOAD UPGRADING PROGRAMME, NET

The movement in the balance is as follows:

	2023	2022
	S\$	S\$
Balance at 1 April	(114,618)	(407,019)
Funding from government for Neighbourhood Renewal Programme	(3,331,703)	(1,435,627)
Reimbursement from HDB for Electrical Loading Upgrading Programme	(754,368)	(863,473)
Payment and/or due to contractors	4,237,345	2,591,501
Net movement during the year	151,274	292,401
Balance at 31 March	36,656	(114,618)
	2023	2022
	S\$	S\$
Advances received for Neighbourhood Renewal Programme	(572,270)	(447,042)
Receivables for Electrical Loading Upgrading Programme	608,926	332,424
Net	36,656	(114,618)

9. PLANT AND EQUIPMENT

	Furniture, fixtures and fittings	Office equipment	Right of use - Office Space	Right of use - Equipments	Right of use - Computer system	Total
	S\$	S\$	S\$	S\$	S\$	S\$
Cost						
At 1 April 2021	503,125	371,503	664,971	25,299	1,870,960	3,435,858
Additions	27,039	-	141,434	-	-	168,473
At 31 March 2022 and 1 April 2022	530,164	371,503	806,405	25,299	1,870,960	3,604,331
Additions	84,676	29,982	523,785	-	-	638,443
Written off	(13,829)	-	(664,970)	(3,392)	-	(682,191)
Remeasurement of lease	-	-	-	-	3,426	3,426
At 31 March 2023	601,011	401,485	665,220	21,907	1,874,386	3,564,009
Accumulated Depreciation						
At 1 April 2021	483,376	250,638	449,076	12,290	66,183	1,261,563
Depreciation	11,432	50,574	232,900	5,491	323,600	623,997
At 31 March 2022 and 1 April 2022	494,808	301,212	681,976	17,781	389,783	1,885,560
Depreciation	22,678	48,542	222,471	5,006	314,036	612,733
Written off	(13,154)	-	(664,970)	(3,392)	-	(681,516)
At 31 March 2023	504,332	349,754	239,477	19,395	703,819	1,816,777
Net book value						
At 31 March 2022	35,356	70,291	124,429	7,518	1,481,177	1,718,771
At 31 March 2023	96,679	51,731	425,743	2,512	1,170,567	1,747,232

The initial measurement of Right of use - computer system is based on the physical property unit ("PPU") managed by the Town Council. In the year ended 31 March 2023, due to changes in numbers of units managed by various town councils and resultant change in sharing ratio for capital and maintenance costs between various town councils, the right of use asset has been remeasured, with a corresponding adjustment to the related lease liabilities (Note 16).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

10. DEBT INVESTMENTS AT AMORTISED COST

	2023	2022
	S\$	S\$
Quoted debt securities, at amortised cost	9,250,000	9,250,000
Quoted debt securities, at amortised cost	9,250,000	9,250,000
Less: current portion - quoted debt securities	-	(5,000,000)
Non-current portion	9,250,000	4,250,000
With maturity within 1 year : Nil (2022 : 1.825% p.a.)	-	5,000,000
With maturity 1 to 5 years : 1.645% p.a to 2.505% (2022: 1.645% p.a. to 2.505%)	4,250,000	4,250,000
With maturity over 5 years : 3.437% p.a (2022 : Nil)	5,000,000	-
At amortised cost	9,250,000	9,250,000
Market value at 31 March	9,099,823	9,231,233

Financial assets held at amortised costs are denominated in Singapore dollars. The fair value of government bonds are based on quoted market rates at the reporting date.

The Town Council purchased government bonds with the objective to hold them till maturity so as to collect the contractual interest. There is no intention to sell these bonds before their contractual maturity dates. Henceforth, these bonds are not adjusted to market value as at each financial year end, as the Town Council has assessed such fluctuations in market value to be temporary.

11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The financial assets at fair value through profit or loss represent funds and related investment income placed with professional fund managers. The investments are managed by fund managers appointed by the Town Council based on terms and conditions stipulated on the respective investment agreement. As at the reporting date, the funds invested through a fund manager comprised the following:

	2023	2022
	S\$	S\$
Quoted equities	4,597,972	5,818,053
Quoted debt securities	32,188,070	31,084,797
	36,786,042	36,902,850

12. CONSERVANCY AND SERVICE FEES RECEIVABLES

The Town Council has receivables arising from the performance of its function that do not have a significant financing component. In order to determine the amount of expected credit losses "(ECL)" to be recognised in the financial statements, a provision matrix is applied on accounts which are considered to be credit-impaired which is adjusted for forward-looking estimates and establishes that ECL should be calculated as:

	2023	2022
	S\$	S\$
Conservancy and service fees receivables	2,167,643	2,586,344
Rate of provision		
Live accounts with arrears in excess of 12 months	100% 1,213,040	1,716,484
Terminated accounts with arrears in excess of 12 months	100% 75,143	56,560
Expected credit loss as at 31 March	1,288,183	1,773,044
Net	879,460	813,300

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

12. CONSERVANCY AND SERVICE FEES RECEIVABLES - CONTINUED

The movements in above provision in respect of conservancy and service fees receivables during the year are as follows:

	2023	2022
	S\$	S\$
Balance at 1 April	1,773,044	1,631,064
(Write-back)/ Additional charge during the year	(484,861)	141,980
Balance at 31 March	1,288,183	1,773,044

13. OTHER RECEIVABLES

	2023	2022
	S\$	S\$
Claims from Citizens' Consultative Committee funding receivable	2,597,148	6,031,343
Receivables from Housing Development Board	139,776	459,983
GST receivable from Inland Revenue Authority of Singapore	201,979	199,526
Receivables from Ministry of National Development "(MND)"	475,785	427,861
Deposits and Prepayments	763,619	658,464
Receivables from contractors	109,943	109,871
S&CC operating grant receivables	111,153	50,118
Lift Replacement Fund Matching Grant receivables	763,757	740,158
Others	33,906	113,339
	5,197,066	8,790,663

All receivables are denominated in Singapore dollars.

14. CASH AND CASH EQUIVALENTS

	2023	2022
	S\$	S\$
Cash on hand	4,832	5,210
Cash at banks	9,319,487	10,883,441
Cash with fund managers	467,712	473,655
	9,792,031	11,362,306
Fixed deposits	108,445,022	94,199,932
	118,237,053	105,562,238

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

	2023	2022
	S\$	S\$
Cash and cash equivalents as above	118,237,053	105,562,238
Less: Cash placed with fund managers	(467,712)	(473,655)
	117,769,341	105,088,583

Fixed deposits are placed for varying periods from one month to one year (2022: one month to one year). The interest rates range from 0.10% to 4.40% (2022: 0.10% to 1.05%) per annum.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

15. PAYABLES AND ACCRUED EXPENSES

	2023	2022
	S\$	S\$
Accrued operating expenses	144,686	106,121
Deposits received	741,576	746,936
Payables	9,335,665	6,105,780
	<u>10,221,927</u>	<u>6,958,837</u>

All payables and accrued expenses are denominated in Singapore dollars.

Included in payables are amount due to the managing agent amounting to S\$844,130 (2022: S\$281,895).

16. LEASE LIABILITIES

	2023	2022
	S\$	S\$
<u>Maturity analysis:</u>		
Year 1	520,858	361,028
Year 2	479,224	332,794
Year 3	305,430	293,224
Year 4	213,806	283,830
Year 5	-	213,806
	<u>1,519,318</u>	<u>1,484,682</u>
Less: Future interest expense	(70,927)	(85,656)
	<u>1,448,391</u>	<u>1,399,026</u>
<u>Analysed as:</u>		
Current	483,887	328,200
Non-current	964,504	1,070,826
	<u>1,448,391</u>	<u>1,399,026</u>

The lease liabilities are denominated in Singapore dollar.

Reconciliation of liabilities arising from financing activities

	2023	2022
	S\$	S\$
At 1 April	1,399,026	1,758,558
New leases during the year (Note 9)	523,785	141,434
Remeasurement of lease (Note 9)	3,426	-
Financing cash flows	(428,850)	(457,856)
Interest expenses	(48,996)	(43,110)
At 31 March	<u>1,448,391</u>	<u>1,399,026</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

17. AGENCY FEES

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

18. OTHER INCOME

	2023	2022
	S\$	S\$
Interest on late payment of conservancy and service fees	136,558	151,066
Liquidated damages	130,943	64,229
Temporary occupation licenses	1,305,029	1,281,721
Usage of void deck, water, electricity and common property	163,655	97,609
Income from sale of tender documents/forfeiture of tender deposits	177,692	146,850
Write back of provision for doubtful debts (Note 12)	484,861	-
Others	96,118	144,547
	<u>2,494,856</u>	<u>1,886,022</u>

19. MANAGING AGENT'S FEES

The Town Council's management of its operations has been outsourced to a managing agent. The managing agent's fees incurred is disclosed in Note 26.

20. GENERAL AND ADMINISTRATIVE EXPENDITURE

	Note	2023	2022
		S\$	S\$
Advertising, publicity and public relations		320,760	245,497
Electronic collection charges		111,707	104,285
Audit fee		61,000	39,500
Computer services		99,017	57,740
Depreciation	9	612,733	623,997
Fixed assets not capitalised		5,422	1,596
Lease expenses for small value assets		55,252	56,536
Water and electricity		44,904	12,245
Cleaning costs		43,968	42,203
Upkeeps and repairs		12,437	13,489
Office supplies and stationery		99,737	104,173
Property tax		135,687	97,388
Town Councillors' allowance		177,700	178,200
Secretary's allowance		13,000	-
Allowance for doubtful debts	12	-	141,980
Bad debts written off		61,671	14,412
Others		88,238	98,113
		<u>1,943,233</u>	<u>1,831,354</u>
This is allocated to the following expenditure:			
Operating expenditure		1,876,202	1,742,873
Ordinary Sinking fund expenditure		43,570	57,513
Lift Replacement fund expenditure		23,461	30,968
		<u>1,943,233</u>	<u>1,831,354</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

21. INVESTMENT INCOME

	<u>Note</u>	<u>2023</u> S\$	<u>2022</u> S\$
<u>Accumulated Surplus</u>			
Interest income from fixed deposits and bank current accounts	4	407,288	72,394
<u>Ordinary Sinking Funds</u>			
Interest income from fixed deposits and bank current accounts		978,221	228,955
Interest from quoted debt securities, at amortised cost		95,712	128,897
Gain realised arising from changes in financial assets at fair value through profit or loss		974,764	1,132,379
Loss unrealised arising from changes in financial assets at fair value through profit or loss		(1,073,318)	(800,405)
	5	975,379	689,826
<u>Lift Replacement Funds</u>			
Interest income from fixed deposits and bank current accounts		735,260	167,337
Interest from quoted debt securities, at amortised cost		131,414	91,250
	6	866,674	258,587

22. 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 charged to the respective funds are as follows:-

	<u>Note</u>	<u>2023</u> S\$	<u>2022</u> S\$
Accumulated Surplus	4	296,280	248,491
Ordinary Sinking Funds	5	128,463	107,622
Lift Replacement Funds	6	241,927	274,811
		666,670	630,924

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

23. INCOME TAX EXPENSE

	<u>Note</u>	<u>2023</u> S\$	<u>2022</u> S\$
Current year income tax provision		438,656	314,215
(Over) / Under provision in respect of prior years		(2,755)	38,302
		435,901	352,517
Taken up in:			
Accumulated Surplus	4	192,886	149,078
Ordinary Sinking Funds	5	161,965	149,192
Lift Replacement Funds	6	81,050	54,247
Tax Expense		435,901	352,517

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

	<u>2023</u> S\$	<u>2022</u> S\$
Interest income	2,041,389	1,335,899
Other income	936,393	875,117
	2,977,782	2,211,016
Tax calculated at Singapore tax rate of 17%	506,223	375,873
Income tax exemption	(17,425)	(17,425)
Tax effect of certain income taxed at concessionary tax rate (Over) / Under provision in respect of prior years	(65,474)	(60,256)
Others	(2,755)	38,302
	15,332	16,023
	435,901	352,517

The movements in income tax payable are as follows:

	<u>2023</u> S\$	<u>2022</u> S\$
Balance at 1 April	851,587	1,116,537
Income tax paid	(537,373)	(617,467)
Provision during the year	435,901	352,517
Balance at 31 March	750,115	851,587

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

CHUA CHU KANG TOWN COUNCIL
(Established under the Town Councils Act 1988)
**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

24. GOVERNMENT GRANTS

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

Note	Total		Conservancy and Service		Citizens' Consultative Committee		GST Subvention Grant		Lift Maintenance Grant		LRF Matching Grant		
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	
Government Grants received/receivable during the financial year	4	12,641,550	14,172,375	5,875,403	5,656,210	950,464	2,860,431	1,615,961	1,510,962	714,600	712,800	3,485,122	3,431,972
Less: Transfer to Ordinary Sinking Funds	4, 5	(2,133,551)	(2,048,793)	(1,527,605)	(1,470,615)	-	-	(420,150)	(392,850)	(185,796)	(185,328)	-	-
Transfer to Lift Replacement Funds	4, 6	(4,633,959)	(4,535,169)	(822,557)	(791,869)	-	-	(226,236)	(211,536)	(100,044)	(99,792)	(3,485,122)	(3,431,972)
Transfer to Town Improvement and Project Funds	4, 7	(950,464)	(2,860,431)	-	-	(950,464)	(2,860,431)	-	-	-	-	-	-
		<u>4,923,576</u>	<u>4,727,982</u>	<u>3,525,241</u>	<u>3,393,726</u>	<u>-</u>	<u>-</u>	<u>969,575</u>	<u>906,576</u>	<u>428,760</u>	<u>427,680</u>	<u>-</u>	<u>-</u>

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

	2023	2022
	S\$	S\$
Cumulative total grants received / receivable up to 1 April	306,265,215	292,092,840
Grants received / receivable during the financial year	<u>12,641,550</u>	<u>14,172,375</u>
Cumulative total grants received / receivable up to 31 March	<u>318,906,765</u>	<u>306,265,215</u>

25. CAPITAL EXPENDITURE COMMITMENTS

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

	2023	2022
	S\$	S\$
Amount approved and contracted for	53,595,002	25,895,486
Amount approved and not contracted for	<u>45,618,376</u>	<u>56,621,012</u>
	<u>99,213,378</u>	<u>82,516,498</u>

The commitments amount included Neighbourhood Renewal Programme projects amounting to S\$30,263,933 (2022: S\$4,764,060), which is funded by HDB.

26. SIGNIFICANT RELATED PARTY TRANSACTIONS

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

	2023	2022
	S\$	S\$
Managing agent's fees	5,320,118	4,015,892
Lift testing fees	312,240	432,000
Project management and Fire safety manager fees	<u>1,031,537</u>	<u>547,574</u>

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

27. RECEIVABLES FOR SELECTIVE LIFT REPLACEMENT PROGRAMME AND LIFT ENHANCEMENT PROGRAMME

Under the Selective Lift Replacement Programme ("SLRP"), HDB on a cost-sharing basis with the Town Councils will replace selected old lifts with new ones that come with better safety and security features. The SLRP is a once-off programme and the advances would be spent when cyclical replacement is carried out.

Under the Lift Enhancement Programme, HDB on a cost-sharing basis with the Town Councils will modernise eligible lifts with new safety features.

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS

The Town Council's financial instruments comprised mainly cash & cash equivalents, and various items including investments in financial assets, conservancy and service fees receivable and other receivables, accrued expenses and other payables that arise from its operations.

The main risks arising from the financial instruments are credit risk and market risk. The Town Council is not exposed to foreign exchange risk for the year ended 31 March 2023. There is no significant liquidity risk as sufficient cash is maintained to meet its operational requirements. The Town Council's reviews on the policies for managing these risks are disclosed below.

(a) Credit Risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. Financial assets that are potentially subject to credit risk consist principally of cash equivalents, receivables and investment in financial assets, including funds with fund manager. The maximum exposure to credit risk is the carrying value of the financial instruments at the end of the financial year. Credit risk on cash and cash equivalents are limited because they are placed with financial institutions with acceptable credit ratings.

For receivables, an ongoing credit evaluation is performed on the financial conditions of the receivables and losses on impairment are recognised in the income and expenditure statement. The allowance for impairment of conservancy and service fees receivable totalling S\$1,288,183 (2022: S\$1,773,044) is determined at the reporting date.

There is no concentration of credit risk with respect to conservancy and service fees receivables, as the Town Council has a large number of household owners.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

There are no other material class of financial assets that are past due except for the conservancy and service fees receivables as disclosed below:

	<u>Note</u>	<u>2023</u>	<u>2022</u>
		S\$	S\$
Not past due		234,337	203,272
Past due 0-12 months		549,009	514,950
Past due 12-24 months		330,349	536,470
Over 24 months		1,053,948	1,331,652
		2,167,643	2,586,344
Allowance for impairment		(1,288,183)	(1,773,044)
	12	879,460	813,300

Conservancy and service fees receivables amounting to S\$879,460 (2022: S\$813,300) are not impaired, as the management believes that it will be collectible in the foreseeable future as a result of recovery efforts and based on historical experience.

Exposures to credit risk in funds with fund managers and other investments comprises mainly debt securities, equities and exchange traded products.

Investments in debt securities, equities and exchange traded products are subject to adverse changes in the financial condition of the issuer, or in general economic conditions, or both, which may impair the ability of the issuer to make payment of interest and principal. Exposure to credit risk is monitored by the Town Council's management and the professional investment advisors (in the case of funds with fund managers) with oversight from the Town Council. In addition, the Town Council is required to comply with the requirements as stated in the Town Councils Financial Rules on investments and investment criteria.

Investments classified as debt investments at amortised cost comprised bonds issued by Statutory Boards and/or Government related agencies.

(b) Market Risk

The Town Council is exposed to market risk arising from the Town Council's financial assets held in funds with a fund manager and held-to-maturity financial assets. Market risk is the risk of potential adverse changes to the value of the financial instruments because of changes in market conditions such as interest rates and volatility in security prices.

(i) Price risk

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

The Funds with Fund managers has investment in exchange traded derivatives which are used for hedging purposes.

The table below, summarises the impact to the Town Council's funds with a fund manager, stated at fair value through profit or loss as a result of a 10% increase / (decrease) in its fair value.

	<u>Increase/(Decrease)</u>			
	<u>Net Assets</u>		<u>Ordinary Sinking Fund Statement</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	S\$	S\$	S\$	S\$
Funds with a fund manager				
- increase by 10%	3,678,604	3,690,285	3,678,604	3,690,285
- decrease by 10%	(3,678,604)	(3,690,285)	(3,678,604)	(3,690,285)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISKS (CONTINUED)

(ii) Interest rate risk

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

The Town Council has interest-bearing fixed deposits placed with financial institutions, financial assets held at amortised and debt securities managed by the fund manager. As the Town Council's debt securities held by funds with a fund manager were mainly confined to trading portfolio managed by the fund manager, presentation of interest rates will not be meaningful to the users of financial statements.

The Town Council has interest-bearing fixed deposits with financial institutions and financial assets held at amortised cost. The interest rates are disclosed in Notes 10 and 14 to the financial statements. The interest-bearing fixed deposits and financial assets held at amortised cost are mainly at fixed rates at the reporting date.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest had been 25 basis points higher/lower with all other variables held constant, the Town Council's surplus net of tax would have been S\$88,172 (2022 : S\$41,632) higher/lower.

(iii) Foreign Currency Risk

Town Council is not exposed to foreign currency risk as at 31 March 2023 and 2022.

(c) Liquidity Risk

Liquidity risk is the risk that the Town Council will encounter difficulty in meeting financial obligations due to shortage of funds. The Town Council manages the liquidity risk by maintaining sufficient cash, internally generated cash flows, as well as on basis of expected payment dates of the financial liabilities.

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

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

	<u>Within</u>	<u>1-5 years</u>	<u>More than</u>	<u>Adjustments</u>	<u>Total</u>
	1 year	5 years	5 years	S\$	S\$
	S\$	S\$	S\$	S\$	S\$
As at 31 March 2023					
<u>Financial assets</u>					
Debt investments at amortised cost	-	4,418,570	6,110,198	(1,278,768)	9,250,000
Financial assets at fair value through profit or loss	36,786,042	-	-	-	36,786,042
Conservancy and service fees receivables	879,460	-	-	-	879,460
Other receivables (exclude prepayment)	5,078,674	-	-	-	5,078,674
Receivables for Selective Lift Replacement Programme/ Lift Enhancement Programme	3,594,749	-	-	-	3,594,749
Interest receivable	1,313,141	-	-	-	1,313,141
Cash and cash equivalents	118,237,053	-	-	-	118,237,053
<u>Financial liabilities</u>					
Payables and accrued expenses	10,221,927	-	-	-	10,221,927
Lease liabilities	520,858	998,460	-	(70,927)	1,448,391
As at 31 March 2022					
<u>Financial assets</u>					
Debt investments at amortised cost	5,037,500	4,514,282	-	(301,782)	9,250,000
Financial assets at fair value through profit or loss	36,902,850	-	-	-	36,902,850
Conservancy and service fees receivables	813,300	-	-	-	813,300
Other receivables (exclude prepayment)	8,699,187	-	-	-	8,699,187
Receivables for Selective Lift Replacement Programme/ Lift Enhancement Programme	5,974,225	-	-	-	5,974,225
Interest receivable	253,893	-	-	-	253,893
Cash and cash equivalents	105,562,238	-	-	-	105,562,238
<u>Financial liabilities</u>					
Payables and accrued expenses	6,958,837	-	-	-	6,958,837
Lease liabilities	361,028	1,123,654	-	(85,656)	1,399,026

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

29. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair values

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

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

Fair value hierarchy

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

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

(I) Assets measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value as at 31 March 2023 and 31 March 2022.

	<u>Level 1</u> S\$	<u>Level 2</u> S\$	<u>Level 3</u> S\$	<u>Total</u> S\$
<u>Recurring fair value measurement</u>				
31 March 2023				
Financial assets at fair value through profit or loss (Note 11)	36,786,042	-	-	36,786,042
31 March 2022				
Financial assets at fair value through profit or loss (Note 11)	36,902,850	-	-	36,902,850

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. These instruments are included in Level 1.

(II) Assets not carried at fair value but for which fair value is disclosed

The following table shows an analysis of the Town Council's assets not measured at fair value at 31 March 2023 and 31 March 2022 but for which fair value is disclosed :

	<u>Level 1</u> S\$	<u>Level 2</u> S\$	<u>Level 3</u> S\$	<u>Total</u> S\$	<u>Carrying amount</u> S\$
31 March 2023					
Debt investments at amortised cost (Note 10)	9,099,823	-	-	9,099,823	9,250,000
31 March 2022					
Debt investments at amortised cost (Note 10)	9,231,233	-	-	9,231,233	9,250,000

30. FAIR VALUE OF OTHER ASSETS AND LIABILITIES

The carrying amounts of short-term assets and liabilities approximate their respective fair values due to the relatively short term maturity of these financial instruments. The fair value of other classes of financial assets and liabilities are disclosed in the respective notes to the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

31. FUNDS MANAGEMENT

The Town Council's objectives when managing funds are:

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

The Town Council actively and regularly reviews and manages its funding structure through professional fund managers 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 fund management during the year.

The Town Council is not subject to externally imposed requirements.

The Town Council total funds amounted to S\$163,464,159 (2022: S\$158,913,789).

32. SUBSEQUENT EVENTS

On 1 June 2023, a joint announcement was made by 15 Town Councils, including Chua Chu Kang Town Council, on the revision of Service and Conservancy Charges (S&CC) for HDB residential flats and commercial units. The revision will be phased over the next two years and the revision amount will depend on the type of flat or commercial unit. The first revision will take effect from 1 July 2023, while the second revision will take effect from 1 July 2024. As the Government will be providing a Special Funding Support (SFS) for the Town Councils to help cushion the full impact of rising maintenance costs on residents, the S&CC increases are kept lower than they would have been.

Chua Chu Kang Town Council has gazetted our revised S&CC rates on 6 June 2023 and is eligible for the SFS in FY2023/2024 and FY2024/2025. The total SFS amount for the two financial years is estimated to be around \$4.5 million.

A photograph of a park path with large trees and people jogging. The path is paved and lined with tall, leafy trees. In the distance, a person in a red shirt and white shorts is jogging, followed by a child in a white shirt and blue shorts. The scene is captured in the late afternoon, with warm sunlight filtering through the leaves.

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