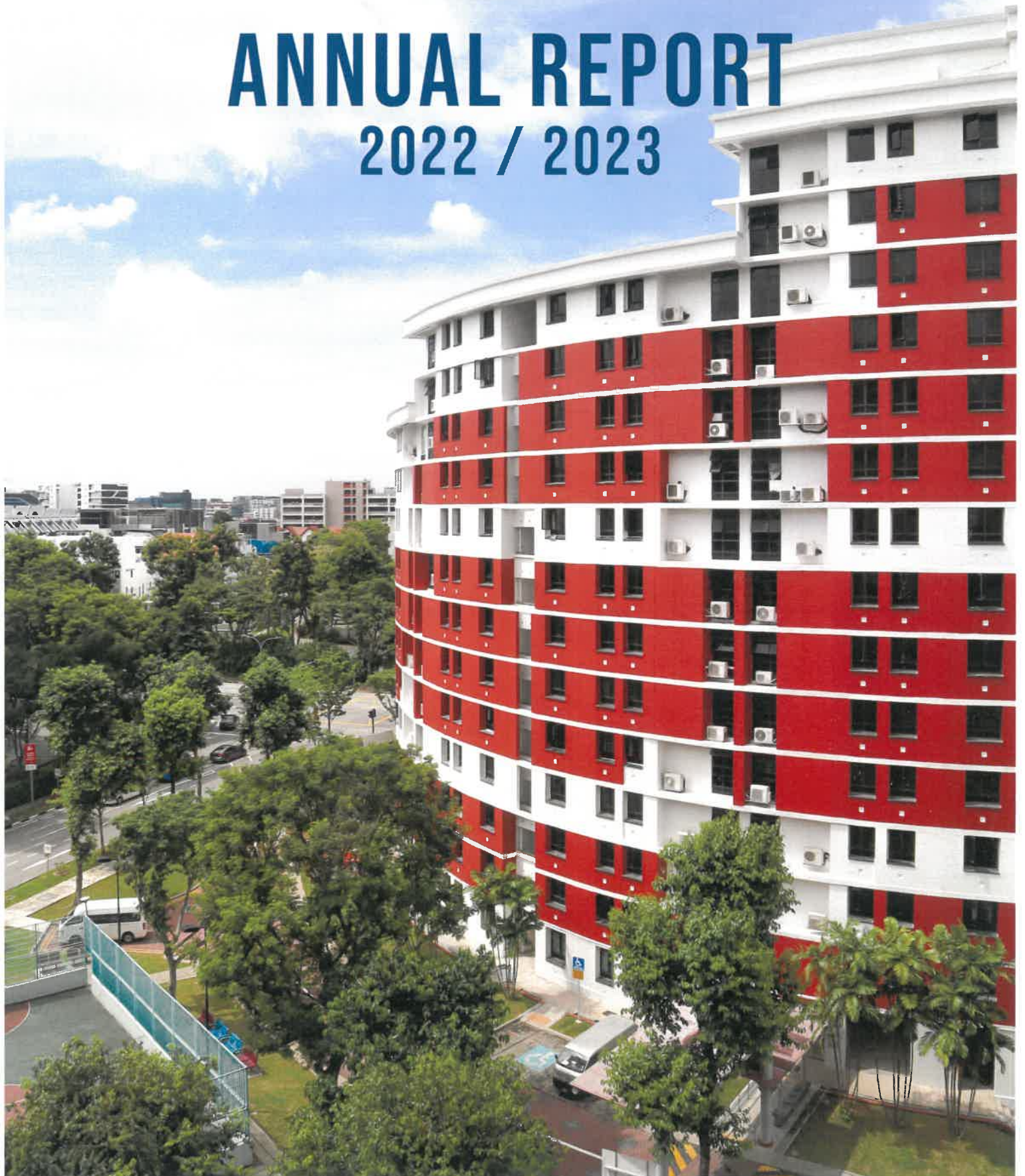




# ANNUAL REPORT

## 2022 / 2023



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## CHAIRMAN'S MESSAGE

Financial Year (FY) 2022-2023 commenced with Aljunied-Hougang Town Council (AHTC) endeavouring to complete a backlog of projects that had accumulated over the previous two financial years due to COVID-19. It was heartening to see that Repair & Redecoration (R&R) works, Neighbourhood Renewal Programmes (NRPs), reroofing and other estate works were started or picked up pace.

We are also delighted to share that approval has been obtained for a number of new Community Improvement Projects Committee (CIPC) projects over the next few years, such as sheltered linkways, barrier-free access ramps and drop-off points. We hope that the CIPC projects will be another step in making the Town more interconnected and accessible.

The progress of projects has however been hampered by some unfavourable external developments. Shipping delays in the immediate aftermath of the post-pandemic period hampered the supply of construction materials and essential spare parts. To compound the problem, prices began to rise due to global supply chain shortages and the effects of the war in Ukraine. These setbacks notwithstanding, AHTC strived to catch up on lost time while ensuring that the quality of works undertaken were not compromised. Residents' safety has always remained a priority.

As we worked to expedite completion of projects, cleanliness and maintenance of the common areas were duly attended to. AHTC has been awarded green ratings for Estate Cleanliness, Estate Maintenance, Lift Performance and S&CC Arrears Management for the period between April 2022 and March 2023, as highlighted in the Town Council Management Report (TCMR). Efforts are continuing.

A critical issue that AHTC has been attempting to tackle is the cluttering of the common areas such as corridors and staircase landings. This is an important aspect of maintenance as it concerns residents' safety and wellbeing. A cluttered corridor poses a fire hazard, enabling fire to spread easily during a mishap. Moreover, corridor clutter obstructs emergency crews and fellow residents who are wheelchair users or have mobility constraints. It is also difficult to keep a cluttered common area clean. AHTC seeks residents' kind understanding and cooperation in complying with the guidelines of the relevant authorities to keep the common areas clutter-free. Residents who face challenges in clearing their clutter may contact the Town Council for assistance.

Where car owners are concerned, we are pleased to share that traditional car wash taps found at Multi-Storey Carparks were progressively being converted to newer jet wash stations. In addition to this, as part of the larger green goal, plans were in place to expand



the Electric Vehicle (EV) charging infrastructure in the town. Residents will be given updates as more EV charging points become available.

AHTC is committed to going green and has been working collaboratively with several organisations to support green initiatives. Around the estate, residents may have seen yellow textile recycling bins operated by Cloop, e-waste recycling by ALBA and shoes recycling by Dow. To promote green awareness among residents, AHTC also organised the “Let’s Paint the Town Green carnival”. It was aimed at bringing the green message to the heartland and the various interesting ways to put sustainability into practice, such as reusing items that would otherwise be disposed of. AHTC is looking into conducting this event annually at different parts of the Town.

As always, our Members of Parliament (MPs) strive to keep themselves abreast of residents’ needs and concerns. Apart from the regular Meet-the-People sessions, various events have been organised to facilitate interaction between MPs and residents. We are delighted to revive our AHTC Tea Sessions with MPs (an event that goes around different precincts of Aljunied GRC and Hougang SMC). They aim to provide a conducive setting for residents, while enjoying a mini-carnival-like atmosphere with their families, to discuss or share their feedback on municipal matters. Residents could also engage our MPs from Aljunied GRC and Hougang SMC on other issues of concern during the Tea Session.

AHTC will continue to work hard to provide residents with a modern, pleasant, clean and green living environment. We deeply appreciate the invaluable cooperation we have received from residents and the many helpful insights you have generously shared to bring about improvements to the Town. These contributions will stand us in a good stead in better serving you in FY 2023-2024. We will cherish the trust and goodwill that residents have accorded to us.

On behalf of the management team of AHTC and all Town Councillors, we wish to thank our residents, commercial tenants, contractors, partners and other stakeholders for their continuous support, dedication and commitment. We would also like to express our heartfelt appreciation to the relevant government agencies and statutory boards for their assistance with AHTC’s work. The support of all stakeholders has been instrumental in making FY2022-2023 a fruitful year.

Thank you.

  
**Dennis Tan Lip Fong**  
Chairman  
Aljunied-Hougang Town Council



# TOWN COUNCIL MANAGEMENT REPORT

The Town Council Management Report (TCMR) was introduced by the Ministry of National Development (MND) to provide useful and objective information for residents regarding key areas of estate management. The information may come in handy when residents are engaging their Town Councils to share feedback on improvements.

This FY, with the support and cooperation of our residents, AHTC has scored “Green” ratings across all four operational indicators in the TCMR for the second year running.

| Estate Cleanliness | Estate Maintenance | Lift Performance | S&CC Arrears Management |
|--------------------|--------------------|------------------|-------------------------|
| Green              | Green              | Green            | Green                   |

The top five observations for our town’s cleanliness and maintenance were:

| No. | Type of Cleanliness Observations | % of Total Observations |
|-----|----------------------------------|-------------------------|
| 1   | Stain and litter                 | 68                      |
| 2   | Dumped bulky item / refuse       | 12                      |
| 3   | Cobwebs                          | 9                       |
| 4   | Moss                             | 5                       |
| 5   | Graffiti                         | 4                       |

| No. | Type of Maintenance Observations                       | % of Total Observations |
|-----|--|-------------------------|
| 1   | Obstruction of common areas                            | 39                      |
| 2   | Unauthorised fixtures e.g., blinds mounted as sunshade | 14                      |
| 3   | Damaged plaster / large cracks / spalling concrete     | 9                       |
| 4   | Storage of combustible items                           | 9                       |
| 5   | Wild plants / weeds                                    | 6                       |

## ESTATE UPGRADES

As part of the AHTC's continual efforts to maintain a safe and pleasant environment with facilities and amenities for added convenience for our residents, various estate upgrading projects have been undertaken throughout our Town. These included cyclical building maintenance, repair works, and enhancement or addition of amenities such as lifts, playgrounds and sheltered linkways.

### Neighbourhood Renewal Programme



The Neighbourhood Renewal Programme (NRP) is an initiative fully funded by the government and implemented by Town Councils. The programme focuses on block and precinct improvements, both functional and aesthetic, to provide residents with a more comfortable, convenient and pleasant living environment, in tandem with current trends and developments. Improvements include facilities and amenities such as sheltered linkways and drop-off points, fitness corners, playgrounds, and seating areas at void decks.

Residents have the opportunity to provide their feedback on the programme through dialogues and exhibitions. NRP will only proceed with the support of at least 75% of eligible flat owners. More information on NRP can be found on [Housing & Development Board \(HDB\)'s NRP webpage](#).

AHTC held a Public Consultation exhibition on 13 and 14 August 2022 for residents of 404 to 411, 460 to 468 and 465A (Multi-Storey Carpark) Hougang Avenue 8, 10 and Upper Serangoon Road to share their feedback and cast their votes for the programme. The suggestions shared by residents were given due consideration and those feasible were slated for implementation.



## NRP Status

| DIVISION                | ESTATE   | STATUS   |
|-------------------------|--|--|
| Bedok Reservoir-Punggol | <ul style="list-style-type: none"> <li>716–725 Bedok Reservoir Road</li> <li>417–434 Hougang Avenue 6, 8, 10</li> <li>404–411, 460–468, 465A (MSCP) Hougang Avenue 8, 10 / Upper Serangoon Road</li> </ul> | <ul style="list-style-type: none"> <li>Completed</li> <li>In Progress</li> <li>Tender Preparation</li> </ul> |
| Hougang SMC             | <ul style="list-style-type: none"> <li>701– 712 Hougang Avenue 2</li> <li>Addition and Alteration Works to 1, 2, 6, 7, 24, 25, 301–319 Hougang Avenue 3, 5, 7</li> </ul>                                   | <ul style="list-style-type: none"> <li>In Progress</li> <li>Completed</li> </ul>                             |
| Paya Lebar              | <ul style="list-style-type: none"> <li>154–161, 159A, 201–205, 208, 210–212, 220–222 Hougang Street 11, 21</li> </ul>  | <ul style="list-style-type: none"> <li>Completed</li> </ul>  |



1 Sheltered barrier-free access ramp between 718–721 Bedok Reservoir Rd | 2 Playground near 154 Hougang St 11 | 3 Residents' Corner at 710 Hougang Ave 2 | 4 Frontage Marker at 716 Bedok Reservoir Rd | 5 Fitness Corner and open plaza near 721 Bedok Reservoir Rd | 6 High-low linkway between 160 & 161 Hougang St 11



## Electrical Load Upgrading Programme



The Electrical Load Upgrading (ELU) programme is fully funded by HDB and implemented by the Town Councils to meet the growing demand for higher electricity capacity for residential units.

Under the ELU programme, about 1,500 HDB blocks built before 1994 will have their unit's electrical power supply upgraded from 30 amperes to 40 amperes by 2023. To minimise inconvenience to residents, HDB will prioritise the ELU programme to be carried out in tandem with other upgrading programmes such as the Home Improvement Programme (HIP) and NRP. With an upgraded 40-ampere electrical loading, residents will be able to install higher capacity electrical equipment or appliances, such as more air-conditioning systems, without the need to apply for a HDB permit.



1 New electrical sub-station at 147 Bedok Reservoir Rd | 2 Replacement of meter box at 326 Hougang Ave 7 | 3 Interlink cable installation at 135-141 Serangoon North Ave 2

### ELU Status

| DIVISION    | ESTATE   | STATUS      |
|-------------|--|-------------|
| Eunos       | 122-151 Bedok Reservoir Road                           | In Progress |
| Hougang SMC | 320-328, 332-341, 351-357, 358-363 Hougang Avenue 5, 7 | In Progress |
| Serangoon   | 121- 127, 135-148 Serangoon North Avenue 1, 2          | Completed   |



## Home Improvement Programme



The Home Improvement Programme (HIP) by HDB aims to resolve common maintenance issues in ageing HDB flats. The Town Council is involved in the nomination of eligible blocks for the programme. HIP comprises three components — Essential and Optional improvements, and Enhancement for Active Seniors (EASE). HIP requires the support of at least 75% of a block's eligible Singapore Citizen households before it can proceed. More details can be found on [HDB's HIP webpage](#).

### HIP Status

| DIVISION                | ESTATE  | STATUS      |
|-------------------------|---|-------------|
| Bedok Reservoir-Punggol | <ul style="list-style-type: none"> <li>▪ 417–434 Hougang Avenue 6, 8, 10</li> </ul>   | In Progress |
| Hougang SMC             | <ul style="list-style-type: none"> <li>▪ 309–312, 314, 317–319 Hougang Avenue 5, 7</li> <li>▪ 320–328 Hougang Avenue 5, 7</li> <li>▪ 332–341 Hougang Avenue 5</li> <li>▪ 351–357 Hougang Avenue 7</li> <li>▪ 701–712 Hougang Avenue 2</li> </ul>                  | Completed   |
| Paya Lebar              | <ul style="list-style-type: none"> <li>▪ 109–127 Hougang Avenue 1</li> </ul>  | Completed   |
| Serangoon               | <ul style="list-style-type: none"> <li>▪ 101–108 Serangoon North Avenue 1</li> <li>▪ 109–127 Serangoon North Avenue 1</li> <li>▪ 142–148 Serangoon North Avenue 1</li> <li>▪ 151–154 Serangoon North Avenue 1, 2</li> <li>▪ 218–222 Serangoon Avenue 4</li> </ul> | Completed   |

## Community Improvement Projects Committee



Some of the Town improvement projects are funded by the MND Community Improvement Projects Committee (CIPC). The funding supports facilities such as covered walkways, footpaths, cycling tracks and playgrounds.

### CIPC Status

| DIVISION                | ESTATE  | STATUS      |
|-------------------------|---|-------------|
| Bedok Reservoir-Punggol | Linkway to 707 Bedok North Road                       | In Progress |
| Kaki Bukit              | Barrier-free access ramp at 556A Bedok North Street 3 | In Progress |
| Paya Lebar              | Drop-off point at 116 Hougang Avenue 1                | Completed   |
| Serangoon               | High/low linkway at 107–109 Serangoon North Avenue 1  | In Progress |



1 Drop-off point at 116 Hougang Ave 1 | 2 Construction of linkway near 707 Bedok North Rd

## Cyclical Works



AHTC undertakes cyclical works to ensure common properties and areas are well maintained for the comfort and safety of our residents. The scope of cyclical works includes repair and redecoration of buildings, re-roofing, electrical re-wiring, replacement of water tanks and pumps, replacement of lifts and their components etc.

In this FY, a total of \$9.88 million was spent on cyclical works.

## Repair and Redecoration Works

Repair and Redecoration (R&R) works typically incorporate repair of bin chutes; repair of spalling concrete; upgrading of corridors and staircase landing lights with energy saving devices; repair of block aprons and drains; washing and application of new coats of paint on external walls and replacement of playground and fitness equipment.

### R&R Status

| DIVISION                  | ESTATE  | STATUS      |
|---------------------------|---|-------------|
| Bedok Reservoir - Punggol | 470, 470A - 470C, 471, 471A, 471B, 473, 473A-473D, 474, 475, 475A - 475D, 476, 476A-476D, 477, 477A-477D, 747, 747A-747D, 748A-748C Upper Serangoon Road / Crescent / View / Bedok Reservoir Crescent | In Progress |
| Hougang SMC               | 701-712 Hougang Avenue 2  | In Progress |
| Paya Lebar                | 154-161, 159A, 201-205, 208, 210-212, 220-222 Hougang Street 11, 21   | In Progress |
|                           | 109-137, 174A-174D Hougang Avenue 1 / Lorong Ah Soo   | Completed   |





1 Repainting of external walls of 704 Hougang Ave 2 | 2 Application of self-levelling screed at void deck of 120 Hougang Ave 1 | 3 Replacement of LED lights at linkway between 701–708 Bedok Reservoir Rd | 4 Façade repair works at 712 Hougang Ave 2 | 5 Repair of spalling concrete at 156 Hougang St 11 | 6 Washing of external façade at 475A to 475D Upper Serangoon Crescent

## Re-roofing Works

Re-roofing works are undertaken to prevent or fix seepage issues. It typically involves reapplying waterproofing membrane and, where necessary, replacing of secondary roof slabs.

### Re-roofing Status

| DIVISION                  | ESTATE   | STATUS         |
|---------------------------|--|----------------|
| Bedok Reservoir - Punggol | 401, 402, 405–409, 411, 413–416 Hougang Avenue 10  | Tender Awarded |
| Eunos                     | 633–649 Bedok Reservoir Road / Jalan Tenaga  | Tender Awarded |
| Hougang SMC               | 333 Hougang Avenue 5   | Tender Awarded |
| Paya Lebar                | 109, 110, 112–119, 121, 123–127, 138–145, 154–161 Hougang Avenue 1 / Lorong Ah Soo / Hougang Street 11 | Tender Awarded |
| Serangoon                 | 211–216 Serangoon Avenue 4   | In Progress    |



Re-roofing works at 211-216 Serangoon Ave 4

## Lift Works



The Town Council maintains 1,819 lifts across our Town and conducts regular checking and replacing of lift parts to enhance the reliability of the lifts. \$4.3 million was spent on lift maintenance this FY.

\$3.99 million from the Lift Replacement Fund was spent on lift works, Lift Enhancement Programme (LEP) and Selective Lift Replacement Programme (SLRP).

The newer lifts were also equipped with Elevator Energy Regeneration System (EERS), which saves up to 20% energy consumption — by converting energy generated during lift motions and braking into electrical energy to power up components within the lift such as lights and ventilation fans etc.



1 Modification of hoistway including lift hoisting equipment under SLRP | 2 Regenerative drive | 3 New lift under SLRP

## Lift Enhancement Programme

The Lift Enhancement Programme (LEP) is supported by HDB, which funds about 90% of the Town Councils' costs in installing enhancement features recommended by the Building and Construction Authority (BCA), as listed below. This FY, 101 older lifts underwent this programme. Another 128 lifts were slated to undergo this programme in the next FY.

1. **Ascending Car Overspeed Protection** | Stops the lift car in the event of uncontrolled upwards overspeeding
2. **Unintended Car Movement Protection** | Prevents passengers from getting hurt while entering or exiting the lift car
3. **Light Curtains as a Door Protective Device** | Allows lift doors to reopen when they detect an obstruction, without touching the obstruction
4. **Electrical Safety Interlocking for Multi-Panel Door** | Ensures that lift cars only move if all panels have been fully closed
5. **Car Apron** | Prevents passengers from falling into the lift pit during emergency evacuation



## Selective Lift Replacement Programme & Lift Modernisation

Under the Selective Lift Replacement Programme (SLRP) introduced by HDB, HDB works with Town Councils on a cost-sharing basis to replace old lifts with new lifts with improved safety and security features such as vision panels and doors with infra-red motion sensors, as well as energy efficient motors. 24 lifts were replaced with new ones this FY, with plans for another 20 lifts to be replaced.

21 lifts underwent Lift Modernisation this FY, which entails replacement of certain lift parts such as controller, indicators and traction motors. The modernisation of another 30 lifts was in the pipeline.

# DISCLOSURES

## Disclosure for Selection and Appointment Process for Town Councillors

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

- a. AHTC utilises a referral process to search for potential Town Councillors;
- b. AHTC considers a variety of factors, including audit and financial skills, time commitment and prior experience; and
- c. At least two-thirds of the appointed Town Councillors are residents of the HDB housing estates within the Town.

## Disclosure for Risk Assessments

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

## COMMUNITY ENGAGEMENT

AHTC continually engages with our residents through a wide range of activities and channels in order to serve them to the best of our ability.

### Tea Session with MPs

Four sessions were held on 23 July, 17 September, 19 November 2022 and 4 February 2023. These sessions were a great platform for our MPs and residents to interact and have fruitful conversations about estate-related matters. Residents also had the opportunity to learn more about important issues such as recycling, crime prevention and mosquito control from AHTC's partners at the sessions.





## AHTC Mascots

AHTC created a series of Mascots, each with a distinct personality and educational message, to remind and encourage residents to be good neighbours and to keep our estate clean and safe.

Banners, posters and [videos](#) of these Mascots are displayed and shown around the Town.

Mascots plushies are also available as gifts and prizes during events and for Telegram quizzes.



Plushies



Posters

## Telegram



To reach out to residents who prefer online engagement or access information through the convenience of their mobile devices, AHTC launched our Telegram channel in August 2022.

AHTC Mascot stickers for Telegram were also created for residents to download and use in their messaging, to further increase the awareness of the Mascots and spread their educational messages.

Weekly posts keep our residents informed of happenings in our Town and important announcements. Quizzes on neighbourly practices are also posted regularly. Residents who participate stand a chance to win a Mascot plushie.



## Good Neighbours Newsletters



*Good Neighbours*, AHTC's newsletter provides residents with useful information such as estate improvement projects; happenings and issues around our Town; parliamentary questions by our MPs; interesting facts about our Town and more. Each issue has a circulation of more than 60,000. The newsletter will be mailed to residents and can also be accessed via AHTC's website.

## Welcoming and Appreciating Our Residents

To welcome new residents and provide them with useful and essential information, AHTC sends each new household a welcome kit containing a welcome letter from their MP as well as useful and essential information. It aims to help residents to settle comfortably in their new homes and surroundings.

Every year, a small token of appreciation is given to each household. In 2022, in line with the national initiative to reduce the use of plastic bags, AHTC designed a reusable shopping bag as the year-end gift. More than 60,000 such bags were distributed to each household.





## SG Clean Day Videos

As part of the nation's SG Clean Day initiative, the Town Council produced a series of videos on topics such as keeping corridors clear of clutter, bird feeding and returning our trays. These videos aim to remind residents the importance of our collective efforts to keep our estate clean and safe. Watch the videos [here](#).



## 5-YEAR PLAN

AHTC implemented a 5-Year Plan in 2021 for a rejuvenated and inclusive Town through modernisation, with a focus on residents' needs and sustainability.

An estimated expenditure of \$196 million will be spent and \$40.19 million has been spent as at 31 March 2023.





Below are the updates on the progress of the plan since its implementation up to 31 March 2023.

## A Rejuvenated Town

A series of programmes such as NRP, R&R and Town Improvement projects were implemented to enhance the safety, convenience and aesthetics of our Town, and to make it more inclusive for all age groups.



*\*an additional block was included*

|  |  |
|--|--|
|  <b>Repair &amp; Redecoration</b><br>495 Blocks   \$53M<br><b>69</b> Blocks In Progress<br><b>\$15M</b> Spent |  <b>Reroofing Works</b><br>259 Blocks   \$19M<br><b>68</b> Blocks In Progress<br><b>\$9.5M</b> Spent  |
|  <b>Water Reticulation</b><br>173 Blocks   \$11M<br><b>62</b> Blocks Completed<br><b>\$2.3M</b> Spent         |  <b>Rewiring Works</b><br>117 Blocks   \$19M<br><b>Nil</b><br>Focused was on reroofing projects to address seepage issues. Projects expected to commence in 2024. |

## Building an Interconnected Town

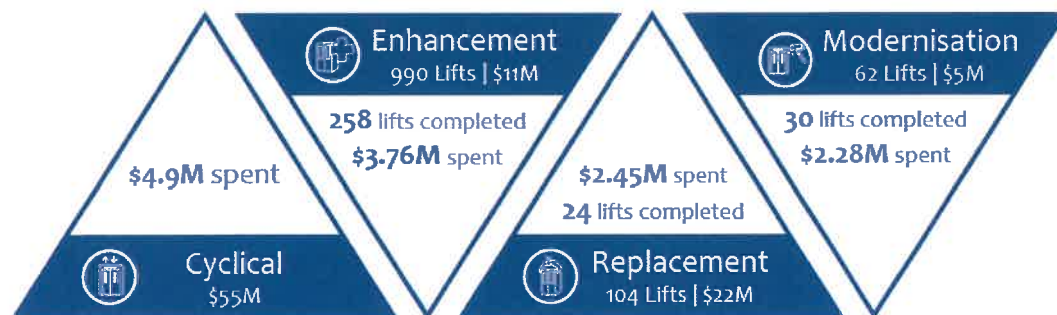
Amenities such as sheltered walkways and drop-off points, barrier-free access ramps, proper footpaths and canopies provide residents with more safety, accessibility and added convenience.





## Caring About the Daily Lives of Residents – Our Lifts

Lifts are an essential need for residents living in high-rise blocks. Hence, maintenance, which includes repair and replacement of defective and worn-out parts, are routinely undertaken to ensure serviceability of the lifts. Further to this, eligible lifts have undergone or will undergo major programmes such as lift parts cyclical replacement, Lift Enhancement Programme, Selective Lift Replacement Programme or Lift Modernisation.



## A Town that Facilitates Healthy Living

To promote healthy living and active ageing, the Town Council has planned for installation or upgrading of sports and fitness facilities for residents of all ages, including playgrounds for children.





## Towards a Greener Future and Sustainable Development

In alignment with national sustainability and green initiatives, AHTC has implemented various programmes as well as incorporated environmentally friendly and sustainably practices in our operations.

### Let's Paint the Town Green

The Town Council held its inaugural “Let’s Paint the Town Green” carnival on 18 March 2023. The carnival aimed to increase awareness on sustainability and encourage a more environmentally conscious lifestyle among our residents through fun and interactive activities for all age groups.

Residents had a fun and enriching time at the carnival, learning more about the importance and correct ways of recycling from the National Environment Agency (NEA), Dow, Life Line Clothing, Sembcorp and ALBA, partners which participated in the carnival.



Highlights also included hands-on upcycling workshops, educational games on recycling, an eco-artist's showcase of her works made from recycled items as well as performance by local artists.



## Textile Recycling

The Bloobins provided by the NEA are great for recycling but they do not process textile items.

Since November 2023, in collaboration with Cloop, AHTC has put up 26 textile recycle bins at accessible locations across our Town for residents to drop in unwanted textile items such as clothes, bags, shoes, soft toys etc. for re-use, upcycling and recycling.



## Cash-for-Trash Stations

To encourage residents to recycle, AHTC partners with the ezi and 800 Super to make available Cash-for-Trash stations at various locations around our Town and during events. Residents can bring their recyclable items such as newspapers to the locations or events and exchange them for a token sum of cash.



## Permanent Shoes Waste Collection Programme

This programme is a joint initiative between Sports Singapore and Dow to recycle used sports shoes into materials that can be used for construction of jogging tracks and floorings of fitness corners and playgrounds.

Shoes recycle bins are located at Hwi Yoh Park and Maplewood Park for residents to drop their unwanted shoes.



## E-waste Management

The Town Council partners with ALBA to educate and encourage residents to recycle their e-waste.

E-Drives to collect e-waste are held quarterly at various locations in our Town. E-waste collection bins are also available around our Town.

*\* According to ALBA's June Report Card, from June 2022 to June 2023, AHTC was one of the top Town Councils in e-waste recycling.*



## SolarNova

The SolarNova programme is a Whole-of-Government effort launched in 2014, led by the Economic Development Board (EDB) and HDB, to accelerate the deployment of solar photovoltaic (PV) systems in Singapore.

Under the latest tender (Phase 8), 1075 blocks will be installed with solar panels by the third quarter of 2026, including blocks in our Town.

To date, the following blocks have been installed with the solar panels: 17 and 20 Hougang Avenue 3, and 371 Hougang Street 31.



## Riding on the Digital Wave



AHTC launched our Telegram channel in August 2022 to connect with residents who prefer digital engagement.

Various promotional channels were utilised to promote awareness of AHTC's Telegram channel, including email and website banners, stickers in lift cars and lift lobbies as well as at front counters of AHTC's offices. AHTC staff also actively introduced Telegram to residents during events and encouraged them to follow the channel.



## Other Developments

### Cross Island Line (CRL)

Stretching over 50 kilometres, the Cross Island Line (CRL) will be the Land Transport Authority (LTA)'s longest fully underground line. Phase 1 covers 12 stations, which include one in Hougang and another in Serangoon North. Construction of Phase 1 has commenced and targeted for completion by 2030. Upon completion, the CRL Hougang Station will be connected to the existing North East Line (NEL) Hougang Station as an interchange station. The updates as at 31 March 2023 were as follows:

- CR111 (Defu Station and tunnel) had completed Stage 1 and Stage 1A of traffic diversion along Tampines Road
- CR112 (Hougang Station and tunnel) had progressed to the construction stage
- CR113 (Serangoon North Station and tunnel) site was undergoing noise barrier installation
- CR115 (Tavistock Station and tunnel) site was undergoing noise barrier installation





Image Credit: Land Transport Authority (LTA), Singapore

## Provision of Lifts and Ancillary Facilities

The LTA provides lifts and ancillary facilities to pedestrian overhead bridges. The following is an update of the status of works at the overhead bridges at these locations as at 31 March 2023:

- Near Block 708 Hougang Avenue 2 | Completed
- Near Block 1 Hougang Avenue 3 | Completed

## Silver Zones

As part of LTA's plan to implement 50 Silver Zones islandwide by 2025, works have been carried out at the following locations in our Town:

- Hougang Avenue 5 (operationalised on 28 June 2023)
- Serangoon North Avenue 1 and 2 (operationalised on 1 June 2023)



## PUB Improvement to Roadside Drain

Hougang Avenue 8 has been identified as a flood prone area and PUB was working to improve roadside drains along this stretch of road.



# ALJUNIED-HOUGANG TOWN COUNCIL

*(Established under the Town Councils Act 1988)*

## FINANCIAL STATEMENTS

For the financial year ended 31 March 2023



**ALJUNIED-HOUGANG TOWN COUNCIL**  
*(Established under the Town Councils Act 1988)*

**FINANCIAL STATEMENTS**  
For the financial year ended 31 March 2023

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALJUNIED-HOUGANG TOWN COUNCIL  
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

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**Report on the audit of the financial statements**

*Opinion*

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

In our opinion, the accompanying financial statements 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 funds and cash flows of the Town Council for the 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.

*Emphasis of matter*

We draw attention to Note 28 of the financial statements, which describes the contingencies arising from the Town Council's law suits against its former managing agent firm, Town Councillors and other defendants. Our opinion is not modified in respect of this matter.

*Other information*

Management is responsible for the other information. The other information refers to the Chairman's Review included in the Annual Report, but does not include in the financial statements and our auditor's report thereon, which are expected to be made available to us after the date of this audit report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALJUNIED-HOUGANG TOWN COUNCIL (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

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**Report on the audit of the financial statements (continued)**

*Other information (continued)*

When we read the Chairmen's Review of the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

*Responsibilities of management and those charged with governance for the financial statements*

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

The 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.

The Town Councillors 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 assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ALJUNIED-HOUGANG TOWN COUNCIL (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

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**Report on the audit of the financial statements (continued)**

*Auditor's responsibilities for the audit of the financial statements (continued)*

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

We communicate with the 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 requirement**

*Opinion*

In our opinion,

- i. 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
- ii. 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 ALJUNIED-HOUGANG TOWN COUNCIL (CONTINUED)**  
**FOR THE FINANCIAL YEAR ENDED 31 MARCH 2023**

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**Report on other legal and regulatory requirement (continued)**

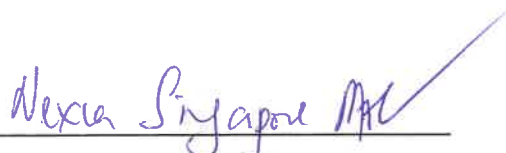
*Responsibilities of management for compliance with legal and regulatory requirements*

Management is responsible for ensuring that the receipts, expenditure and 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 determine are necessary to enable compliance with the provision 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 financial statements. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipts, expenditure and 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 controls relevant to the receipts, expenditure and investment of moneys and the acquisition and disposal of assets; and assessing the risk 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 limitation in any accounting and internal control system, non-compliances may nevertheless occur and not be detected.



**NEXIA SINGAPORE PAC**  
**(Formerly known as KRESTON ACA PAC)**  
Public Accountants and Chartered Accountants  
Singapore


Date: 28 September 2023

**ALJUNIED-HOUGANG TOWN COUNCIL***(Established under the Town Councils Act 1988)***STATEMENT OF FINANCIAL POSITION**

As at 31 March 2023

|   | <u>Note</u> | <u>2023</u><br>S\$ | <u>2022</u><br>S\$ |
|---|-------------|--------------------|--------------------|
| <b>TOWN COUNCIL FUNDS</b>                           |             |                    |                    |
| <b>RESIDENTIAL PROPERTY</b>                         |             |                    |                    |
| Accumulated surplus                                 | 4           | 1,787,077          | 1,517,680          |
| Sinking Fund  | 5           | 39,683,384         | 34,588,635         |
| Lift Replacement Fund                               | 6           | 41,411,834         | 33,980,693         |
| Town Improvement and Project Fund                   | 7           | 56,249             | 62,783             |
|   |             | <b>82,938,544</b>  | <b>70,149,791</b>  |
| <b>COMMERCIAL PROPERTY</b>                          |             |                    |                    |
| Accumulated surplus                                 | 4           | 4,926,816          | 4,558,175          |
| Sinking Fund  | 5           | 25,885,156         | 25,266,343         |
| Lift Replacement Fund                               | 6           | 9,822,758          | 8,845,386          |
| Town Improvement and Project Fund                   | 7           | 36,458             | 299,811            |
|   |             | <b>40,671,188</b>  | <b>38,969,715</b>  |
| <b>CAR PARK</b>                                     |             |                    |                    |
| Accumulated surplus                                 | 4           | -                  | 1,439,464          |
|   |             | <b>123,609,732</b> | <b>110,558,970</b> |
| <b>REPRESENTED BY:</b>                              |             |                    |                    |
| <b>NON-CURRENT ASSET</b>                            |             |                    |                    |
| Property, plant and equipment                       | 8           | 1,863,397          | 2,058,380          |
| <b>CURRENT ASSETS</b>                               |             |                    |                    |
| Conservancy and service fee receivables             | 9           | 1,241,357          | 855,980            |
| Other receivables                                   | 10          | 13,961,574         | 10,602,371         |
| Cash and cash equivalents                           | 11          | 133,009,625        | 121,978,080        |
|   |             | <b>148,212,556</b> | <b>133,436,431</b> |
| <b>TOTAL ASSETS</b>                                 |             | <b>150,075,953</b> | <b>135,494,811</b> |
| <b>LESS:</b>  |             |                    |                    |
| <b>NON-CURRENT LIABILITY</b>                        |             |                    |                    |
| Lease liabilities                                   | 13          | 1,062,743          | 1,405,860          |
| <b>CURRENT LIABILITIES</b>                          |             |                    |                    |
| Conservancy and service fee received in advance     |             | 1,139,803          | 827,335            |
| Deferred income from Temporary Occupational Licence |             | 611,562            | 440,642            |
| Payables and accrued expenses                       | 12          | 22,033,936         | 20,899,801         |
| Lease liabilities                                   | 13          | 343,118            | 334,321            |
| Provision for income tax                            | 14(b)       | 1,275,059          | 1,027,882          |
|   |             | <b>25,403,478</b>  | <b>23,529,981</b>  |
| <b>TOTAL LIABILITIES</b>                            |             | <b>26,466,221</b>  | <b>24,935,841</b>  |
| <b>NET ASSETS</b>                                   |             | <b>123,609,732</b> | <b>110,558,970</b> |

  
**DENNIS TAN LIP FONG**  
Chairman

  
**VINCENT KOH WENG KONG**  
Secretary

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

**ALJUNIED-HOUGANG 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><br>S\$ | <u>2022</u><br>S\$ |
|--|-------------|--------------------|--------------------|
| <b>OPERATING INCOME</b>                                  |             |                    |                    |
| Conservancy and service fees                             | 4           | 48,064,510         | 48,343,444         |
| Less: Operating income transfer to                       |             |                    |                    |
| - Sinking Fund (minimum required by law)                 | 4           | (12,496,773)       | (12,569,297)       |
| - Lift Replacement Fund (minimum required by law)        | 4           | (6,729,031)        | (6,768,082)        |
|  |             | 28,838,706         | 29,006,065         |
| Agency fees  | 4, 15       | 3,279,073          | 3,108,873          |
| Other income   | 4, 16       | 3,478,251          | 3,159,509          |
| <b>TOTAL INCOME</b>                                      |             | <b>35,596,030</b>  | <b>35,274,447</b>  |
| <b>LESS: OPERATING EXPENDITURE</b>                       |             |                    |                    |
| Cleaning works   |             | (8,919,099)        | (8,479,810)        |
| Lift maintenance   |             | (8,637,247)        | (8,242,758)        |
| Other works and maintenance                              |             | (6,921,257)        | (7,141,970)        |
| Water and electricity                                    |             | (8,368,357)        | (7,318,896)        |
| General and administrative expenditure                   | 17          | (7,583,967)        | (8,208,010)        |
|  |             | (40,429,927)       | (39,391,444)       |
| <b>OPERATING DEFICIT</b>                                 |             | <b>(4,833,897)</b> | <b>(4,116,997)</b> |
| Interest income  | 4           | 24,846             | 14,236             |
| <b>DEFICIT BEFORE INCOME TAX AND GOVERNMENT GRANTS</b>   |             | <b>(4,809,051)</b> | <b>(4,102,761)</b> |
| Less: Income tax   | 4, 14(a)    | (491,856)          | (380,630)          |
| <b>DEFICIT BEFORE GOVERNMENT GRANTS</b>                  |             | <b>(5,300,907)</b> | <b>(4,483,391)</b> |
| Add: Government grants                                   | 4, 18       | 14,460,879         | 13,992,240         |
| Less: Government grants transfer to                      |             |                    |                    |
| - Sinking Fund   | 4, 18       | (2,599,775)        | (2,575,095)        |
| - Lift Replacement Fund                                  | 4, 18       | (5,476,575)        | (5,474,617)        |
| - Town Improvement and Project Fund                      | 4, 18       | (385,048)          | -                  |
|  |             | 5,999,481          | 5,942,528          |
| <b>SURPLUS FOR THE FINANCIAL YEAR</b>                    | 4           | <b>698,574</b>     | <b>1,459,137</b>   |
| Add: Surplus/(deficit) for the financial year from       |             |                    |                    |
| - Sinking Fund   | 5           | 5,713,562          | 975,388            |
| - Lift Replacement Fund                                  | 6           | 8,408,513          | 4,153,798          |
| - Town Improvement and Project Fund                      | 7           | (1,769,887)        | (1,113,262)        |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b> |             | <b>13,050,762</b>  | <b>5,475,061</b>   |


  
DENNIS TAN LIP FONG

Chairman


  
VINCENT KOH WENG KONG

Secretary

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

**ALJUNIED-HOUGANG 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>       |             | <u>Residential property</u> |             | <u>Commercial property</u> |             | <u>Carpark</u>     |             |
|---|--------------------|-------------|-----------------------------|-------------|----------------------------|-------------|--------------------|-------------|
|   | <u>2023</u>        | <u>2022</u> | <u>2023</u>                 | <u>2022</u> | <u>2023</u>                | <u>2022</u> | <u>2023</u>        | <u>2022</u> |
|   | S\$                | S\$         | S\$                         | S\$         | S\$                        | S\$         | S\$                | S\$         |
| <b>BALANCE AT BEGINNING OF FINANCIAL YEAR</b> | <b>110,558,970</b> | 105,083,909 | <b>70,149,791</b>           | 67,264,628  | <b>38,969,715</b>          | 36,820,811  | <b>1,439,464</b>   | 998,470     |
| Surplus for the financial year                | <b>13,050,762</b>  | 5,475,061   | <b>10,699,581</b>           | 2,885,163   | <b>1,701,473</b>           | 2,148,904   | <b>649,708</b>     | 440,994     |
| Inter-fund transfer                           | -                  | -           | <b>2,089,172</b>            | -           | -                          | -           | <b>(2,089,172)</b> | -           |
| <b>BALANCE AT END OF FINANCIAL YEAR</b>       | <b>123,609,732</b> | 110,558,970 | <b>82,938,544</b>           | 70,149,791  | <b>40,671,188</b>          | 38,969,715  | <b>-</b>           | 1,439,464   |

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



**ALJUNIED-HOUGANG 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><br>S\$ | <u>2022</u><br>S\$ |
|---|-------------|--------------------|--------------------|
| <b>OPERATING ACTIVITIES</b>                               |             |                    |                    |
| Deficit before income tax and government grants           | 4           | (4,809,051)        | (4,102,761)        |
| Adjustments for:  |             |                    |                    |
| Allowance for impairment written back                     | 9, 17       | (425,753)          | (22,152)           |
| Conservancy and service fee receivables written off       | 17          | 56,316             | 12,479             |
| Depreciation of property, plant and equipment             | 8, 17       | 531,051            | 514,693            |
| Fine receivables written off                              | 17          | 10,502             | -                  |
| Lease interest expense                                    | 13, 17      | 41,280             | 41,867             |
| Property, plant and equipment written off                 | 17          | 2,272              | -                  |
| Operating income transfer to Sinking Fund                 | 4, 5        | 12,496,773         | 12,569,297         |
| Operating income transfer to Lift Replacement Fund        | 4, 6        | 6,729,031          | 6,768,082          |
| <b>SURPLUS BEFORE MOVEMENTS IN WORKING CAPITAL</b>        |             | <b>14,632,421</b>  | <b>15,781,505</b>  |
| Operating receivables                                     |             | (1,125,527)        | 3,491,900          |
| Operating payables  |             | 1,617,524          | (3,408,321)        |
| <b>CASH FROM OPERATIONS BEFORE INCOME TAX</b>             |             | <b>15,124,418</b>  | <b>15,865,084</b>  |
| Sinking Fund expenditure                                  | 5, 19(ii)   | (10,571,260)       | (14,406,209)       |
| Lift Replacement Fund expenditure                         | 6, 20(ii)   | (4,372,064)        | (8,240,538)        |
| Town Improvement and Project Fund expenditure             | 7, 21       | (2,154,935)        | (1,113,262)        |
| Income tax paid   | 14(b)       | (601,086)          | (499,822)          |
| <b>NET CASH USED IN OPERATING ACTIVITIES</b>              |             | <b>(2,574,927)</b> | <b>(8,394,747)</b> |
| <b>INVESTING ACTIVITIES</b>                               |             |                    |                    |
| Interest received   |             | 1,626,729          | 274,419            |
| Purchase of property, plant and equipment                 | 8           | (338,340)          | (191,108)          |
| <b>NET CASH FROM INVESTING ACTIVITIES</b>                 |             | <b>1,288,389</b>   | <b>83,311</b>      |
| <b>FINANCING ACTIVITIES</b>                               |             |                    |                    |
| Payment of lease liabilities                              | 13(a)       | (375,600)          | (377,000)          |
| Government grants received                                | 18          | 12,693,683         | 12,697,066         |
| <b>NET CASH FROM FINANCING ACTIVITIES</b>                 |             | <b>12,318,083</b>  | <b>12,320,066</b>  |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>          |             | <b>11,031,545</b>  | <b>4,008,630</b>   |
| Cash and cash equivalents at beginning of financial year  |             | 121,978,080        | 117,969,450        |
| <b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b> | 11          | <b>133,009,625</b> | <b>121,978,080</b> |

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

## **ALJUNIED-HOUGANG TOWN COUNCIL**

*(Established under the Town Councils Act 1988)*

### **NOTES TO THE FINANCIAL STATEMENTS**

For the financial year ended 31 March 2023

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#### **1. General information**

Aljunied-Hougang Town Council (the "Town Council") was formed on 7 October 2015 under the Town Councils Act 1988. The principal functions of the Town Council are to control, manage, maintain and improve the common property of residential and other commercial property in the housing estates of the Housing and Development Board ("HDB") within the Town.

The Town Council manages the Aljunied Group Representation Constituency ("GRC") and Hougang Single Member Constituency ("SMC"), comprising the divisions of Bedok Reservoir-Punggol, Eunos, Hougang, Kaki Bukit, Serangoon and Paya Lebar (collectively the "Town").

The principal place of operations is at Blk 810 Hougang Central #02-214, Singapore 530810.

#### **2. Summary of significant accounting policies**

##### **2.1 Basis of preparation**

The financial statements of the Town Council have been drawn up in accordance with Financial Reporting Standards in Singapore ("FRSs") and the provisions of the Town Councils Act. The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ("S\$"), which is the Town Council's functional currency. All financial information presented in Singapore Dollars has been rounded to the nearest dollar, unless otherwise indicated.

##### **2.2 Adoption of new and revised standards**

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 relevant to the Town Council and are effective for annual financial periods beginning on or before 1 April 2022. The adoption of these standards did not have any material effect on the financial statements of the Town Council.

## ALJUNIED-HOUGANG TOWN COUNCIL

(Established under the Town Councils Act 1988)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 March 2023

## 2. Summary of significant accounting policies (continued)

### 2.3 Standards issued but not yet effective

A number of new standards, amendments to standards and interpretation that have been issued are not yet effective and have not been applied in preparing these financial statements.

The Town Council expects that the adoption of these new and amended standards will have no material impact on the financial statements in the year of initial application.

| Description  | Effective date for annual periods beginning on or after |
|--|---|
| <i>Amendment to FRS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current</i>  | 1 January 2024  |
| <i>Amendment to FRS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates</i>  | 1 January 2023  |
| <i>Amendment to FRS 1 Presentation of Financial Statements and FRS Practice Statement 2: Disclosure of Accounting Policies.</i>  | 1 January 2024  |
| <i>Amendment to FRS 12 Income Tax: Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>  | 1 January 2023  |
| <i>Transaction FRS 117 Insurance Contracts</i>   | 1 January 2023  |
| <i>Amendments to FRS 116 Leases: Lease Liability in a Sale and Leaseback</i>   | 1 January 2024  |
| <i>Amendments to FRS 1 Presentation of Financial Statements: Non-current Liabilities with Covenants</i>  | 1 January 2024  |
| <i>Amendments to FRS 110 Consolidated Financial Statements and FRS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate and Joint Venture</i> | Date to be determined                                   |

### 2.4 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 are managed by the Town Council on behalf of HDB on an agency basis.

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

All 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.

## ALJUNIED-HOUGANG TOWN COUNCIL

(Established under the Town Councils Act 1988)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 March 2023

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#### 2. Summary of significant accounting policies (continued)

##### 2.4 Town Council Funds (continued)

###### Sinking Fund

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

Under the Town Councils Act 1988, the Minister for National Development may, from time to time, prescribe the minimum amount of conservancy and service fees and grants-in-aid to be paid into the Sinking Fund.

For every quarter of the financial year of a Town Council starting 1 April 2017, and for every quarter of any subsequent financial year of the Town Council -

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

must be paid or credited by that Town Council into every ordinary Sinking Fund established by the Town Council for that residential property and that commercial property, respectively.

These minimum contributions are treated as operating income transfers and are deducted from conservancy and service fees and government grants in the Statement of Comprehensive Income.

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



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2023

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**2. Summary of significant accounting policies (continued)**

**2.4 Town Council Funds (continued)**

Lift Replacement Fund

In accordance with Section 47(5) of the Town Councils Act 1988, every Town Council must establish and maintain, as part of the Town Council Fund, a sinking fund called a Lift Replacement Fund, each for residential property and for commercial property in the housing estates of the HDB.

For every quarter of the financial year of a Town Council starting 1 April 2017, and for every quarter of any subsequent financial year of the Town Council -

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

must be paid or credited by that Town Council into every Lift Replacement Fund established by the Town Council for that residential property and that commercial property, respectively.

The Lift Replacement Fund is utilised to meet the cost of any capital expenditure (including works, plant, equipment, appliances and insurance premiums) related to the replacement of lifts and for lift upgrading works (including any building operations, demolition or installation works necessary or ancillary to installing any lift or additional lift in a building or part thereof) in those residential property or commercial property.

Town Improvement and Project Fund

Town Improvement and Project Fund ("TIPF") is established and maintained as part of the Town Council Funds. The fund is utilised for improvement and development works in the Town.

The fund comprises the amounts set aside for project to be carried out in the next financial year. All expenditure on town improvement and project are appropriated from these reserves. The fund is set up by transfer from the accumulated surplus to fund specific project(s) to be carried out.

**2.5 Inter-fund transfers**

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

## ALJUNIED-HOUGANG TOWN COUNCIL

(Established under the Town Councils Act 1988)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 March 2023

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#### 2. Summary of significant accounting policies (continued)

##### 2.6 Allocation of general overheads

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

| <u>Property Type</u>                              | <u>Equivalent Dwelling Unit(s)</u> |
|---|------------------------------------|
| 1 Residential Property Unit                       | 1                                  |
| 1 Commercial Property Unit                        | 2                                  |
| 6 Car Lots or 30 Motor Cycle Lots or 4 Lorry Lots | 1                                  |

The Town Council apportions 10% (2022: 7%) of its general and administration expenses to Sinking Fund and Lift Replacement Fund in the following ratio:

- (a) 67% to Sinking Fund (2022: 67%)
- (b) 33% to Lift Replacement Fund (2022: 33%)
- (c) No overheads are allocated to Town Improvement and Project Fund

##### 2.7 Government grants

The Town Council receives various types of grants from the Government: Service and Conservancy Charges ("S&CC") Operating Grant, Goods & Services Tax ("GST") Subvention, Lift Maintenance Grant, Lift Replacement Fund Matching Grant and payments from Citizens' Consultative Committee.

S&CC Operating Grant disbursed to meet the current year's operating expenditure is recorded in the Statement of Comprehensive Income.

The GST Subvention is 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.

The Lift Maintenance Grant is disbursed to the Town Council annually, at S\$600 for each lift managed and maintained by the Town Council to cope with higher lift-related servicing and maintenance costs.

Lift Replacement Fund Matching Grant is disbursed to the Town Council every quarter, matching 50% of the Town Council's quarterly contribution to its Lift Replacement Fund.

Payments from Citizens' Consultative Committee are granted to provide funding support for community improvement projects under Community Improvement Projects Committee scheme.

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. Grants in recognition of specific expenditures are recognised as income over the periods necessary to match them with the related expenditure that they are intended to compensate, on a systematic basis unless the accounting treatment is specified.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2023

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**2. Summary of significant accounting policies (continued)**

**2.8 Property, plant and equipment**

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, 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 property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Depreciation is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

|  |             |
|--|-------------|
| • Data processing equipment                      | 3 years     |
| • Furniture and fittings                         | 5 years     |
| • Office equipment                               | 5 years     |
| • Office renovation                              | 5 years     |
| • Office premises ( <i>right-of-use assets</i> ) | 3 - 6 years |

The useful lives, residual values and depreciation method are reviewed at the end of each reporting period, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in Statement of Comprehensive Income in the financial year the asset is derecognised. Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

**2.9 Impairment of non-financial assets**

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in Statement of Comprehensive Income.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in Statement of Comprehensive Income.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2023

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**2. Summary of significant accounting policies (continued)**

**2.10 Financial instruments**

**Recognition and derecognition of financial instruments**

A financial asset or a financial liability is recognised in the Statement of Financial Position when, and only when, the Town Council becomes party to the contractual provisions of the instrument. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Town Council neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the Statement of Financial Position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires. At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

**(a) Financial assets**

**Classification and measurement of financial assets**

**(i) Financial asset classified as measured at amortised cost:**

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVPL), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) 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.

Conservancy and service fee receivables are measured at the amount of consideration to which the Town Council expects to be entitled in exchange for its services to control, manage, maintain and improve the common property of the residential and commercial properties within its town for the benefit of the residents and keep them in a state of good and serviceable condition.

**(ii) Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income (FVOCI):**

A debt asset instrument is measured at fair value through other comprehensive income (FVOCI) only if it meets both of the following conditions and is not designated as at FVPL, that is (a): the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and (b) 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.



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2023

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**2. Summary of significant accounting policies (continued)**

**2.10 Financial instruments (continued)**

**(a) Financial assets (continued)**

**Classification and measurement of financial assets (continued)**

- (ii) Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income (FVOCI): (continued)

Financial assets are not reclassified subsequent to their initial recognition, except when, and only when, the Town Council changes its business model for managing financial assets (expected to be rare and infrequent events). The previously recognised gains, losses, or interest cannot be restated. When these financial assets are derecognised, cumulative gains or losses previously recognised in other comprehensive income are reclassified to income or expenditure.

- (iii) Financial asset that is an equity investment measured at fair value through other comprehensive income (FVOCI):

On initial recognition of an equity investment that is not held for trading, an irrevocable election may be made to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. Fair value changes are recognised in OCI but dividends are recognised in income or expenditure unless the dividend clearly represents a recovery of part of the cost of the investment. The gain or loss that is presented in OCI includes any related foreign exchange component arising on non-monetary investments (eg, equity instruments). On disposal, the cumulative fair value changes are not recycled to income or expenditure but remain in reserves within equity. The weighted average or specific identification method is used when determining the cost basis of equities being disposed of.

- (iv) Financial asset classified as measured at fair value through profit or loss (FVPL):

All other financial assets are classified as measured at FVPL. In addition, on initial recognition, management may irrevocably designate a financial asset as measured at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**For the financial year ended 31 March 2023

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**2. Summary of significant accounting policies (continued)****2.10 Financial instruments (continued)****(b) Financial liabilities****Classification and measurement of financial liabilities**

Financial liabilities are classified as at fair value through profit or loss (FVPL) in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

**2.11 Impairment of financial assets**

The Town Council assesses on a forward-looking basis the expected credit loss ("ECLs") associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For conservancy and service fee 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 has established a provision matrix that is based on its historical credit loss experience and assessment of the existing or forecast adverse changes in economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations. The following provision matrix is used:

|   | <u>Rate of provision</u> |             |
|---|--------------------------|-------------|
|   | <u>2023</u>              | <u>2022</u> |
| Live accounts with arrears between 1 and 6 months old   | 0%                       | 50%         |
| Live accounts with arrears between 7 and 12 months old  | 45%                      | 50%         |
| Live accounts with arrears between 13 and 24 months old | 75%                      | 71%         |
| Live accounts with arrears more than 24 months old      | 75%                      | 100%        |
| Inactive accounts with arrears                          | 100%                     | 100%        |

The Town Council considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Town Council may also consider 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.

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

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

## ALJUNIED-HOUGANG TOWN COUNCIL

(Established under the Town Councils Act 1988)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 March 2023

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#### 2. Summary of significant accounting policies (continued)

##### 2.12 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and fixed deposits with financial institutions which are subject to an insignificant risk of change in value.

##### 2.13 Revenue recognition

Revenue is recognised when the Town Council satisfies a performance obligation by transferring promised services to the residents and commercial operators, which is when the residents and commercial operators obtain control of the goods or services. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Revenue is measured based on the consideration to which the Town Council expects to be entitled in exchange for transferring promised services to the residents and commercial operators, excluding amounts collected on behalf of third parties.

##### (i) Conservancy and service fees

The Town Council controls, manages, maintains and improves the common property of the residential and commercial property in the housing estates of HDB within the Town for the benefits of the residents and commercial operators and to keep them in a state of good and serviceable repair and in a proper and clean condition.

For the purposes of carrying out its duties and functions under the Town Councils Act 1988, the Town Council charges conservancy and service fees to every residential or commercial property and stall in any HDB's market or food centre within the Town. Revenue from conservancy and service fees are recognised over time when performance obligations are satisfied by transferring the services to the residents and commercial operators.

##### (ii) Agency fees

The HDB appoints the Town Council to maintain carparks within the Town. Revenue from rendering of the carpark management is recognised at a point in time when the performance obligations are satisfied by transferring the services to the residents and commercial operators.

##### (iii) Interest income

Interest income from fixed deposits is recognised over time on the time proportionment basis using the effective interest rates.

##### (iv) Other income

Other income comprises mainly Temporary Occupational Licence ("TOL") fees income, liquidated damages claims and other miscellaneous income and are recognised at a point in time when due.

## ALJUNIED-HOUGANG TOWN COUNCIL

(Established under the Town Councils Act 1988)

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 March 2023

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#### 2. Summary of significant accounting policies (continued)

##### 2.14 Taxes

###### *Income Tax*

Tax is provided on the following income:

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

Income tax is accounted based on taxable surplus for the current period 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 grant received, the Town Council has been granted remission under Section 92(2) of the Income Tax Act 1947.

###### *Goods and Services Tax (GST)*

Conservancy and service fees, other income, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2023

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**2. Summary of significant accounting policies (continued)**

**2.15 Employee benefits**

*Short-term employee benefits*

Short-term employee benefits obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Town Council has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

*Defined contribution plan: Singapore Central Provident Fund (CPF) Contributions*

Contributions on the Town Council's employees' salaries are made to the CPF as required by law. The CPF contributions are recognised in the Statement of Comprehensive Income in the period when the employees rendered their services entitling them to the contributions. The Town Council has no further payment obligations once the contributions have been paid.

*Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated undiscounted liability for annual leave expected to be settled wholly within 12 months from the reporting date as a result of services rendered by employees up to the end of the financial year.

*Key management personnel*

Key management personnel are key officers as defined under Section 22(7) of the Town Councils Act 1988.

**2.16 Leases**

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

**As lessee**

The Town Council applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Town Council recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

*Right-of-use assets*

The Town Council recognises right-of-use assets at the commencement date of the lease which the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2023

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**2. Summary of significant accounting policies (continued)**

**2.16 Leases (continued)**

**As lessee (continued)**

*Right-of-use assets (continued)*

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets (Note 2.8).

The Town Council's right-of-use assets are presented within property, plant and equipment (Note 8).

*Lease liabilities*

At the commencement date of the lease, the Town Council recognises lease liabilities measured at the present value of lease payment to be made over the lease term using incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable.

Lease payments includes fixed payment (including in-substance fixed payments) and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. Lease liabilities shall be remeasured if there are modifications, changes in the lease terms, changes in the lease payments and changes in the Town Council's assessment of whether it will exercise the extension options.

Lease liabilities are remeasured with a corresponding adjustment to the right-of-use assets, or is recorded in Statement of Comprehensive Income if the carrying amount of the right-of-use assets have been reduced to zero.

*Short-term leases and leases of low-value assets*

The Town Council applies the short-term lease recognition exemption to its short-term leases for those leases that have a lease term of 12 months or less from the commencement date and do not contain purchase option.

The Town Council also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Leases of low value assets are recognised as expenses on a straight-line basis over the lease terms.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2023

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**2. Summary of significant accounting policies (continued)**

**2.17 Neighbourhood Renewal 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 neighbourhood improvements. It is implemented on a larger area basis of 2 or more contiguous precincts.

The funding for the NRP by the government is received in advance and is for the specific use of projects under the programme. For projects announced before 2014, the funding 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 has to bear the cost of the excess expenditure.

**2.18 Electrical Load Upgrading Programme**

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

This programme is fully funded by HDB and implemented by the Town Council on behalf. HDB reimburses the Town Council for the expenses incurred on behalf.

**2.19 Contingent asset and liability**

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

A contingent liability is:-

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2023

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**2. Summary of significant accounting policies (continued)**

**2.20 Provisions**

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

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

**3. Critical accounting judgements and key sources of estimation uncertainty**

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

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

**(a) Provision for expected credit losses of conservancy and service fee receivables**

The Town Council uses a provision matrix to calculate ECLs for conservancy and service fee receivables. The provision rates are based on days past due for groupings of residents that have similar arrears status.

The provision matrix is initially based on the Town Council's historical observed default rates. The Town Council calibrates the matrix to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between the Town Council's historical credit loss experience, information available at the end of the period and forecast of economic conditions and ECLs is a significant estimate and may also not be representative of the actual default in the future. The amount of ECLs is sensitive to changes in circumstances and of constituents' financial ability in paying the conservancy and service fee.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2023

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**3. Critical accounting judgements and key sources of estimation uncertainty (continued)**

**(a) Provision for expected credit losses of conservancy and service fee receivables (continued)**

The information about the ECLs on the Town Council's conservancy and service fee receivables is disclosed in Note 9 and Note 23.

The carrying amount of the Town Council's conservancy and service fee receivable as at 31 March 2023 is S\$1,241,357 (2022: S\$855,980).

**(b) Depreciation of property, plant and equipment**

The cost of property, plant and equipment for the Town Council is depreciated on the straight-line basis over the property, plant and equipment's estimated economic useful lives. Changes in the expected useful lives and the technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised.

The carrying amount of the Town Council's property, plant and equipment as at 31 March 2023 is S\$1,863,397 (2022: S\$2,058,380).

**(c) Provision for income tax**

The Town Council is subject to income tax in Singapore. Judgement is required in determining the deductibility of certain expenses during the estimation of the provision for income tax. 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 provision in the period in which such determination is made.

The carrying amount of the Town Council's provision for income tax as at 31 March 2023 is S\$1,275,059 (2022: S\$1,027,882).

**(d) Accrued legal fee**

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

The estimated accrued legal fee of S\$2,350,000 (consisting of approximately S\$2,000,000 for Shook Lin & Bok LLP's fees and approximately S\$350,000 for KPMG's fees) (2022: S\$2,350,000) as disclosed in Note 12 for the legal services rendered was made for the legal proceeding described in Note 28.



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2023

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**3. Critical accounting judgements and key sources of estimation uncertainty (continued)**

**(d) Accrued legal fee (continued)**

The accrued legal fee was based on estimates as provided by the solicitors appointed by the Independent Panel, subject to any taxation by the Court in the future after the conclusion of the legal proceedings.

**(e) Leases**

**(i) *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 a similar economic environment. The incremental borrowing rate therefore reflects what the Town Council "would have to pay", which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Town Council estimated the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

**(ii) *Determination of lease term of contracts with extension options***

The Town Council determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Town Council has several lease contracts that include extension options. The Town Council applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to extend the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the extension. After the commencement date, the Town Council reassesses the lease term whether there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to extend (e.g. construction of significant leasehold improvements or significant customisation to the leased asset).

**ALJUNIED-HOUGANG TOWN COUNCIL**
*(Established under the Town Councils Act 1988)*
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2023

**4. Accumulated surplus**

|  | <u>Note</u> | <u>Total</u>       |                    | <u>Residential property</u> |                    | <u>Commercial property</u> |                  | <u>Carpark</u>   |                  |
|--|-------------|--------------------|--------------------|-----------------------------|--------------------|----------------------------|------------------|------------------|------------------|
|  |             | <u>2023</u>        | <u>2022</u>        | <u>2023</u>                 | <u>2022</u>        | <u>2023</u>                | <u>2022</u>      | <u>2023</u>      | <u>2022</u>      |
|  |             | <u>S\$</u>         | <u>S\$</u>         | <u>S\$</u>                  | <u>S\$</u>         | <u>S\$</u>                 | <u>S\$</u>       | <u>S\$</u>       | <u>S\$</u>       |
| <b>Operating income</b>  |             |                    |                    |                             |                    |                            |                  |                  |                  |
| Conservancy and service fees                                     |             | 48,064,510         | 48,343,444         | 43,323,537                  | 43,582,986         | 4,740,973                  | 4,760,458        | -                | -                |
| Less: Operating income transfer to                               |             |                    |                    |                             |                    |                            |                  |                  |                  |
| - Sinking Fund (minimum required by law)                         | 5           | (12,496,773)       | (12,569,297)       | (11,264,120)                | (11,331,577)       | (1,232,653)                | (1,237,720)      | -                | -                |
| - Lift Replacement Fund (minimum required by law)                | 6           | (6,729,031)        | (6,768,082)        | (6,065,295)                 | (6,101,619)        | (663,736)                  | (666,463)        | -                | -                |
|  |             | 28,838,706         | 29,006,065         | 25,994,122                  | 26,149,790         | 2,844,584                  | 2,856,275        | -                | -                |
| Agency fees  | 15          | 3,279,073          | 3,108,873          | 1,166                       | 1,280              | -                          | -                | 3,277,907        | 3,107,593        |
| Other income   | 16          | 3,478,251          | 3,159,509          | 2,252,332                   | 1,999,156          | 1,150,927                  | 1,105,334        | 74,992           | 55,019           |
|  |             | 35,596,030         | 35,274,447         | 28,247,620                  | 28,150,226         | 3,995,511                  | 3,961,609        | 3,352,899        | 3,162,612        |
| Less: Operating expenditure                                      |             | (40,429,927)       | (39,391,444)       | (35,680,305)                | (34,438,873)       | (2,176,017)                | (2,314,012)      | (2,573,605)      | (2,638,559)      |
| <b>Operating surplus/(deficit)</b>                               |             | <b>(4,833,897)</b> | <b>(4,116,997)</b> | <b>(7,432,685)</b>          | <b>(6,288,647)</b> | <b>1,819,494</b>           | <b>1,647,597</b> | <b>779,294</b>   | <b>524,053</b>   |
| Add: Interest income   |             | 24,846             | 14,236             | 24,846                      | 14,236             | -                          | -                | -                | -                |
| <b>Surplus/(deficit) before income tax and government grants</b> |             | <b>(4,809,051)</b> | <b>(4,102,761)</b> | <b>(7,407,839)</b>          | <b>(6,274,411)</b> | <b>1,819,494</b>           | <b>1,647,597</b> | <b>779,294</b>   | <b>524,053</b>   |
| Less: Income tax   | 14(a)       | (491,856)          | (380,630)          | (276,844)                   | (213,643)          | (85,426)                   | (83,928)         | (129,586)        | (83,059)         |
| <b>Surplus/(deficit) before government grants</b>                |             | <b>(5,300,907)</b> | <b>(4,483,391)</b> | <b>(7,684,683)</b>          | <b>(6,488,054)</b> | <b>1,734,068</b>           | <b>1,563,669</b> | <b>649,708</b>   | <b>440,994</b>   |
| Add: Government grants   | 18          | 14,460,879         | 13,992,240         | 14,092,791                  | 13,648,100         | 368,088                    | 344,140          | -                | -                |
| Less: Government grants transfer to                              |             |                    |                    |                             |                    |                            |                  |                  |                  |
| - Sinking Fund   | 5,18        | (2,599,775)        | (2,575,095)        | (2,596,967)                 | (2,572,287)        | (2,808)                    | (2,808)          | -                | -                |
| - Lift Replacement Fund  | 6,18        | (5,476,575)        | (5,474,617)        | (5,141,917)                 | (5,139,765)        | (334,658)                  | (334,852)        | -                | -                |
| - Town Improvement and Project Fund                              | 7,18        | (385,048)          | -                  | (360,906)                   | -                  | (24,142)                   | -                | -                | -                |
| <b>Surplus/(deficit) for the financial year</b>                  |             | <b>698,574</b>     | <b>1,459,137</b>   | <b>(1,691,682)</b>          | <b>(552,006)</b>   | <b>1,740,548</b>           | <b>1,570,149</b> | <b>649,708</b>   | <b>440,994</b>   |
| <b>Accumulated surplus at the beginning of financial year</b>    |             | <b>7,515,319</b>   | <b>6,919,470</b>   | <b>1,517,680</b>            | <b>2,069,686</b>   | <b>4,558,175</b>           | <b>3,851,314</b> | <b>1,439,464</b> | <b>998,470</b>   |
| Transfer to Town Improvement and Project Fund                    | 7           | (1,500,000)        | (863,288)          | (128,093)                   | -                  | (1,371,907)                | (863,288)        | -                | -                |
| Inter-fund transfer  |             | -                  | -                  | 2,089,172                   | -                  | -                          | -                | (2,089,172)      | -                |
| <b>Accumulated surplus at the end of financial year</b>          |             | <b>6,713,893</b>   | <b>7,515,319</b>   | <b>1,787,077</b>            | <b>1,517,680</b>   | <b>4,926,816</b>           | <b>4,558,175</b> | <b>-</b>         | <b>1,439,464</b> |

**ALJUNIED-HOUGANG TOWN COUNCIL**  
(Established under the Town Councils Act 1988)

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2023

**5. Sinking Fund**

|   | <u>Note</u> | <u>Total</u>       |                    | <u>Residential property</u> |                    | <u>Commercial property</u> |                    |
|---|-------------|--------------------|--------------------|-----------------------------|--------------------|----------------------------|--------------------|
|   |             | <u>2023</u><br>S\$ | <u>2022</u><br>S\$ | <u>2023</u><br>S\$          | <u>2022</u><br>S\$ | <u>2023</u><br>S\$         | <u>2022</u><br>S\$ |
| <b>Balance at the beginning of financial year</b>           |             | <b>59,854,978</b>  | 58,879,590         | <b>34,588,635</b>           | 33,820,795         | <b>25,266,343</b>          | 25,058,795         |
| Operating income transfer from conservancy and service fees | 4           | 12,496,773         | 12,569,297         | 11,264,120                  | 11,331,577         | 1,232,653                  | 1,237,720          |
| Transfer from government grants                             | 4,18        | 2,599,775          | 2,575,095          | 2,596,967                   | 2,572,287          | 2,808                      | 2,808              |
| Income  | 19(i)       | 1,429,661          | 286,653            | 1,429,661                   | 286,653            | -                          | -                  |
|   |             | 16,526,209         | 15,431,045         | 15,290,748                  | 14,190,517         | 1,235,461                  | 1,240,528          |
| Expenditure   | 19(ii)      | (10,571,260)       | (14,406,209)       | (9,954,612)                 | (13,373,229)       | (616,648)                  | (1,032,980)        |
| <b>Surplus before income tax</b>                            |             | <b>5,954,949</b>   | 1,024,836          | <b>5,336,136</b>            | 817,288            | <b>618,813</b>             | 207,548            |
| Income tax  | 14(a)       | (241,387)          | (49,448)           | (241,387)                   | (49,448)           | -                          | -                  |
| <b>Surplus for the financial year</b>                       |             | <b>5,713,562</b>   | 975,388            | <b>5,094,749</b>            | 767,840            | <b>618,813</b>             | 207,548            |
| <b>Balance at the end of financial year</b>                 |             | <b>65,568,540</b>  | 59,854,978         | <b>39,683,384</b>           | 34,588,635         | <b>25,885,156</b>          | 25,266,343         |

*Represented by:*

**Current Assets**

|                           |                   |                   |
|---------------------------|-------------------|-------------------|
| Other receivables         | 527,024           | 162,855           |
| Cash and cash equivalents | 76,942,757        | 72,565,628        |
| <b>Total Assets</b>       | <b>77,469,781</b> | <b>72,728,483</b> |

**Current Liabilities**

|                               |                   |                   |
|-------------------------------|-------------------|-------------------|
| Due to accumulated surplus    | 8,809,499         | 10,596,960        |
| Payables and accrued expenses | 2,801,924         | 2,121,216         |
| Provision for income tax      | 289,818           | 155,329           |
| <b>Total Liabilities</b>      | <b>11,901,241</b> | <b>12,873,505</b> |
| <b>Net Assets</b>             | <b>65,568,540</b> | <b>59,854,978</b> |

# ALJUNIED-HOUGANG TOWN COUNCIL

(Established under the Town Councils Act 1988)

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the financial year ended 31 March 2023

### 6. Lift Replacement Fund

|   | <u>Note</u> | <u>Total</u>      |             | <u>Residential property</u> |             | <u>Commercial property</u> |             |
|---|-------------|-------------------|-------------|-----------------------------|-------------|----------------------------|-------------|
|   |             | <u>2023</u>       | <u>2022</u> | <u>2023</u>                 | <u>2022</u> | <u>2023</u>                | <u>2022</u> |
|   |             | <u>S\$</u>        | <u>S\$</u>  | <u>S\$</u>                  | <u>S\$</u>  | <u>S\$</u>                 | <u>S\$</u>  |
| <b>Balance at the beginning of financial year</b>           |             | <b>42,826,079</b> | 38,672,281  | <b>33,980,693</b>           | 30,801,252  | <b>8,845,386</b>           | 7,871,029   |
| Operating income transfer from conservancy and service fees | 4           | 6,729,031         | 6,768,082   | 6,065,295                   | 6,101,619   | 663,736                    | 666,463     |
| Transfer from government grants                             |             |                   |             |                             |             |                            |             |
| - S&CC Operating Grant                                      |             | 1,000,161         | 999,628     | 1,000,161                   | 999,628     | -                          | -           |
| - GST Subvention  |             | 249,694           | 236,938     | 249,694                     | 236,938     | -                          | -           |
| - Lift Maintenance Grant                                    |             | 150,024           | 150,024     | 148,512                     | 148,512     | 1,512                      | 1,512       |
| - Minimum required by law                                   |             | 1,399,879         | 1,386,590   | 1,398,367                   | 1,385,078   | 1,512                      | 1,512       |
| - Lift Replacement Fund Matching Grant                      |             | 4,076,696         | 4,088,027   | 3,743,550                   | 3,754,687   | 333,146                    | 333,340     |
| Transfer from government grants                             | 4,18        | 5,476,575         | 5,474,617   | 5,141,917                   | 5,139,765   | 334,658                    | 334,852     |
| Income  | 20(i)       | 689,991           | 182,463     | 689,991                     | 182,463     | -                          | -           |
|   |             | 12,895,597        | 12,425,162  | 11,897,203                  | 11,423,847  | 998,394                    | 1,001,315   |
| Expenditure   | 20(ii)      | (4,372,064)       | (8,240,538) | (4,351,042)                 | (8,213,580) | (21,022)                   | (26,958)    |
| <b>Surplus before income tax</b>                            |             | <b>8,523,533</b>  | 4,184,624   | <b>7,546,161</b>            | 3,210,267   | <b>977,372</b>             | 974,357     |
| Income tax  | 14(a)       | (115,020)         | (30,826)    | (115,020)                   | (30,826)    | -                          | -           |
| <b>Surplus for the financial year</b>                       |             | <b>8,408,513</b>  | 4,153,798   | <b>7,431,141</b>            | 3,179,441   | <b>977,372</b>             | 974,357     |
| <b>Balance at the end of financial year</b>                 |             | <b>51,234,592</b> | 42,826,079  | <b>41,411,834</b>           | 33,980,693  | <b>9,822,758</b>           | 8,845,386   |

Represented by:

#### Current Assets

|                              |                   |            |
|------------------------------|-------------------|------------|
| Other receivables            | 2,425,456         | 933,530    |
| Cash and cash equivalents    | 50,792,121        | 44,377,417 |
| Due from accumulated surplus | 1,342,111         | 876,417    |
| <b>Total Assets</b>          | <b>54,559,688</b> | 46,187,364 |

#### Current Liabilities

|                               |                   |            |
|-------------------------------|-------------------|------------|
| Payables and accrued expenses | 3,179,250         | 3,274,377  |
| Provision for income tax      | 145,846           | 86,908     |
| <b>Total Liabilities</b>      | <b>3,325,096</b>  | 3,361,285  |
| <b>Net Assets</b>             | <b>51,234,592</b> | 42,826,079 |

**ALJUNIED-HOUGANG TOWN COUNCIL***(Established under the Town Councils Act 1988)***NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2023

**7. Town Improvement and Project Fund**

|   | <u>Note</u> | <u>Total</u>       |                  | <u>Residential property</u> |             | <u>Commercial property</u> |             |
|---|-------------|--------------------|------------------|-----------------------------|-------------|----------------------------|-------------|
|   |             | <u>2023</u>        | <u>2022</u>      | <u>2023</u>                 | <u>2022</u> | <u>2023</u>                | <u>2022</u> |
|   |             | S\$                | S\$              | S\$                         | S\$         | S\$                        | S\$         |
| <b>Balance at the beginning of financial year</b> |             | <b>362,594</b>     | 612,568          | <b>62,783</b>               | 572,895     | <b>299,811</b>             | 39,673      |
| Add:  |             |                    |                  |                             |             |                            |             |
| Government grants                                 | 4           | <b>385,048</b>     | -                | <b>360,906</b>              | -           | <b>24,142</b>              | -           |
| Less:   |             |                    |                  |                             |             |                            |             |
| Expenditure                                       | 21          | <b>(2,154,935)</b> | (1,113,262)      | <b>(495,533)</b>            | (510,112)   | <b>(1,659,402)</b>         | (603,150)   |
| <b>Deficit for the financial year</b>             |             | <b>(1,769,887)</b> | (1,113,262)      | <b>(134,627)</b>            | (510,112)   | <b>(1,635,260)</b>         | (603,150)   |
| Add:  |             |                    |                  |                             |             |                            |             |
| Appropriation from accumulated surplus            | 4           | <b>1,500,000</b>   | 863,288          | <b>128,093</b>              | -           | <b>1,371,907</b>           | 863,288     |
|   |             | <b>(269,887)</b>   | (249,974)        | <b>(6,534)</b>              | (510,112)   | <b>(263,353)</b>           | 260,138     |
| <b>Balance at the end of financial year</b>       |             | <b>92,707</b>      | 362,594          | <b>56,249</b>               | 62,783      | <b>36,458</b>              | 299,811     |
| <i>Represented by:</i>                            |             |                    |                  |                             |             |                            |             |
| <b>Current Asset</b>                              |             |                    |                  |                             |             |                            |             |
| Other receivables                                 |             | <b>385,048</b>     | -                |                             |             |                            |             |
| <b>Total Asset</b>                                |             | <b>385,048</b>     | -                |                             |             |                            |             |
| <b>Current Liability</b>                          |             |                    |                  |                             |             |                            |             |
| Due to accumulated surplus                        |             | <b>477,755</b>     | 362,594          |                             |             |                            |             |
| <b>Total Liability</b>                            |             | <b>477,755</b>     | 362,594          |                             |             |                            |             |
| <b>Net Asset/(Liability)</b>                      |             | <b>(92,707)</b>    | <b>(362,594)</b> |                             |             |                            |             |



**ALJUNIED-HOUGANG TOWN COUNCIL***(Established under the Town Councils Act 1988)***NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2023

**8. Property, plant and equipment**

|                                   | Office<br>equipment<br>S\$ | Furniture<br>and<br>fittings<br>S\$ | Office<br>renovation<br>S\$ | Data<br>processing<br>equipment<br>S\$ | Office<br>premises<br>S\$ | Total<br>S\$ |
|-----------------------------------|----------------------------|-------------------------------------|-----------------------------|--|---------------------------|--------------|
| <b>2023</b>                       |                            |                                     |                             |  |                           |              |
| <b>Cost:</b>                      |                            |                                     |                             |  |                           |              |
| At 1 April 2022                   | 79,601                     | 93,462                              | 1,319,332                   | 1,357,401                              | 2,804,096                 | 5,653,892    |
| Additions                         | -                          | 82,500                              | 46,100                      | 209,740                                | -                         | 338,340      |
| Write-off                         | (4,228)                    | (6,050)                             | -                           | (54,046)                               | -                         | (64,324)     |
| At 31 March 2023                  | 75,373                     | 169,912                             | 1,365,432                   | 1,513,095                              | 2,804,096                 | 5,927,908    |
| <b>Accumulated depreciation:</b>  |                            |                                     |                             |  |                           |              |
| At 1 April 2022                   | 48,050                     | 52,501                              | 1,225,361                   | 1,183,186                              | 1,086,414                 | 3,595,512    |
| Depreciation                      | 9,022                      | 23,556                              | 42,901                      | 108,152                                | 347,420                   | 531,051      |
| Write-off                         | (2,726)                    | (5,280)                             | -                           | (54,046)                               | -                         | (62,052)     |
| At 31 March 2023                  | 54,346                     | 70,777                              | 1,268,262                   | 1,237,292                              | 1,433,834                 | 4,064,511    |
| <b>Net book value:</b>            |                            |                                     |                             |  |                           |              |
| At 31 March 2023                  | 21,027                     | 99,135                              | 97,170                      | 275,803                                | 1,370,262                 | 1,863,397    |
| <b>2022</b>                       |                            |                                     |                             |  |                           |              |
| <b>Cost:</b>                      |                            |                                     |                             |  |                           |              |
| At 1 April 2021                   | 48,676                     | 74,612                              | 1,314,732                   | 1,220,668                              | 1,964,957                 | 4,623,645    |
| Additions                         | 30,925                     | 18,850                              | 4,600                       | 136,733                                | -                         | 191,108      |
| Modification of lease liabilities | -                          | -                                   | -                           | -                                      | 839,139                   | 839,139      |
| At 31 March 2022                  | 79,601                     | 93,462                              | 1,319,332                   | 1,357,401                              | 2,804,096                 | 5,653,892    |
| <b>Accumulated depreciation:</b>  |                            |                                     |                             |  |                           |              |
| At 1 April 2021                   | 41,640                     | 40,992                              | 1,181,980                   | 1,079,141                              | 737,066                   | 3,080,819    |
| Depreciation                      | 6,410                      | 11,509                              | 43,381                      | 104,045                                | 349,348                   | 514,693      |
| At 31 March 2022                  | 48,050                     | 52,501                              | 1,225,361                   | 1,183,186                              | 1,086,414                 | 3,595,512    |
| <b>Net book value:</b>            |                            |                                     |                             |  |                           |              |
| At 31 March 2022                  | 31,551                     | 40,961                              | 93,971                      | 174,215                                | 1,717,682                 | 2,058,380    |

Right-of-use ("ROU") assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 13.

In the financial year ended 31 March 2022, the Town Council renegotiated the existing lease contracts for office premises by extending the lease term by another 6 years at revised lease payments. As these extensions are not part of the terms and conditions of the original lease contracts, they are accounted for as lease modifications to the right-of-use assets, presented under "Property, plant and equipment". The corresponding remeasurements to lease liabilities are presented under "Lease liabilities" (Note 13).

**ALJUNIED-HOUGANG TOWN COUNCIL***(Established under the Town Councils Act 1988)***NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2023

**9. Conservancy and service fee receivables**

|  | <u>2023</u>             | <u>2022</u>           |
|--|-------------------------|-----------------------|
|  | S\$                     | S\$                   |
| Conservancy and service fee receivables  | 1,738,070               | 1,778,446             |
| Less:  |                         |                       |
| Allowance made for impairment on conservancy and service fee receivables (Note 23) | <u>(496,713)</u>        | <u>(922,466)</u>      |
|  | <u><b>1,241,357</b></u> | <u><b>855,980</b></u> |

The credit term granted to conservancy and service fee receivables is 30 days.

Expected Credit Losses

The movement in allowance for expected credit losses ("ECLs") of conservancy and service fee receivables computed based on lifetime ECLs are as follows:

|   | <u>2023</u>           | <u>2022</u>           |
|---|-----------------------|-----------------------|
|   | S\$                   | S\$                   |
| At the beginning of financial year              | 922,466               | 944,618               |
| Allowance for impairment written back (Note 17) | <u>(425,753)</u>      | <u>(22,152)</u>       |
| At the end of financial year                    | <u><b>496,713</b></u> | <u><b>922,466</b></u> |

As at the reporting date, the expected credit losses amounting to S\$496,713 (2022: S\$922,466) relate to conservancy and service fees that are assessed to be credit impaired.

**ALJUNIED-HOUGANG TOWN COUNCIL***(Established under the Town Councils Act 1988)***NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2023

**10. Other receivables**

|  | <u>2023</u><br>S\$       | <u>2022</u><br>S\$       |
|--|--------------------------|--------------------------|
| Community Improvement Projects Committee receivable                            | 385,048                  | -                        |
| GST Subvention receivable  | 518,928                  | 423,111                  |
| Lift Replacement Fund Matching Grant receivable                                | 863,220                  | 872,063                  |
| <b>Government grants receivables (Note 18)</b>                                 | <b>1,767,196</b>         | <b>1,295,174</b>         |
| Interest receivable on fixed deposits  | 506,042                  | 194,697                  |
| Electrical Load Upgrading Programme receivable                                 | 1,335,795                | 228,771                  |
| Neighbourhood Renewal Programme receivable                                     | 8,182,663                | 7,261,670                |
| Selective Lift Replacement Programme and Lift Enhancement Programme receivable | 1,190,124                | -                        |
| Others receivables   | 679,176                  | 1,299,634                |
|  | <u>13,660,996</u>        | <u>10,279,946</u>        |
| Prepayments  | 300,578                  | 322,425                  |
|  | <u><b>13,961,574</b></u> | <u><b>10,602,371</b></u> |

**11. Cash and cash equivalents**

Cash and cash equivalents which are denominated in Singapore dollars consist of cash on hand, cash at bank balances and fixed deposits. Cash and cash equivalents comprise the following:

|   | <u>2023</u><br>S\$        | <u>2022</u><br>S\$        |
|---|---------------------------|---------------------------|
| Cash on hand  | 6,300                     | 6,300                     |
| Cash at bank  | 14,003,325                | 36,971,780                |
|   | <b>14,009,625</b>         | <b>36,978,080</b>         |
| Fixed deposits  |                           |                           |
| - Maturing in less than three months                        | 59,000,000                | 45,000,000                |
| - Maturing in more than three months but less than one year | 60,000,000                | 40,000,000                |
|   | <u><b>133,009,625</b></u> | <u><b>121,978,080</b></u> |

Fixed deposits have an average maturity period of 4 months (2022: 6 months) from the end of the financial year with an average effective interest rate of 3.98% (2022: 0.59%).

**ALJUNIED-HOUGANG TOWN COUNCIL***(Established under the Town Councils Act 1988)***NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2023

**12. Payables and accrued expenses**

|   | <u>2023</u>              | <u>2022</u>              |
|---|--------------------------|--------------------------|
|   | S\$                      | S\$                      |
| Advances received for Neighbourhood Renewal Programme                                     | <b>3,088,491</b>         | 2,325,650                |
| Advances received for Selective Lift Replacement Programme and Lift Enhancement Programme | <b>899,377</b>           | 1,769,169                |
| Refundable deposits   | <b>1,304,613</b>         | 1,123,063                |
| Accrued legal fee   | <b>2,350,000</b>         | 2,350,000                |
| Provision for office restoration cost   | <b>111,070</b>           | 111,070                  |
| Payables to contractors and accrued operating expenses                                    | <b>14,280,385</b>        | 13,220,849               |
|   | <u><b>22,033,936</b></u> | <u><b>20,899,801</b></u> |

As at reporting date, the Town Council accrued for S\$2,350,000 (consisting of approximately S\$2,000,000 for Shook Lin & Bok LLP's fees and approximately S\$350,000 for KPMG's fees) (2022: S\$2,350,000) of the legal fee estimates as provided by the solicitors appointed by the Independent Panel, subject to any taxation by the Court in the future after the conclusion of the legal proceedings.

**13. Lease liabilities****As lessee**

The Town Council leases office premises which are used for the purposes of Town Council's estate management and back office operations. The carrying amounts of office premises as right-of-use assets classified within property, plant and equipment is disclosed in Note 8. As at 31 March 2023, the Town Council's lease liabilities amounted to S\$1,405,861 (2022: S\$1,740,181).

Lease liabilities are presented in the Statement of Financial Position as follows:

|                               | <u>2023</u>             | <u>2022</u>             |
|-------------------------------|-------------------------|-------------------------|
|                               | S\$                     | S\$                     |
| Current lease liabilities     | <b>343,118</b>          | 334,321                 |
| Non-current lease liabilities | <b>1,062,743</b>        | 1,405,860               |
| Total lease liabilities       | <u><b>1,405,861</b></u> | <u><b>1,740,181</b></u> |

**(a) Movements of lease liabilities are as follows:**

|  | S\$                     | S\$                     |
|--|-------------------------|-------------------------|
| Lease liabilities at beginning of financial year | 1,740,181               | 1,236,175               |
| Modification of lease liabilities (Note 8)       | -                       | 839,139                 |
| Accretion of interest (Note 17)                  | 41,280                  | 41,867                  |
| Lease payments                                   | <u>(375,600)</u>        | <u>(377,000)</u>        |
| Total lease liabilities at end of financial year | <u><b>1,405,861</b></u> | <u><b>1,740,181</b></u> |

**ALJUNIED-HOUGANG TOWN COUNCIL***(Established under the Town Councils Act 1988)***NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2023

**13. Lease liabilities (continued)****As lessee (continued)****(b) Amounts recognised in Statement of Comprehensive Income:**

|  | <u>2023</u>    | <u>2022</u> |
|--|----------------|-------------|
|  | S\$            | S\$         |
| Depreciation of office premises (ROU assets) (Note 8)        | <b>347,420</b> | 349,348     |
| Lease interest expense on lease liabilities (Note 17)        | <b>41,280</b>  | 41,867      |
|  | <b>388,700</b> | 391,215     |
| Lease expense not capitalised in lease liabilities:          |                |             |
| - Expense relating to leases of low-value assets^            | <b>14,564</b>  | 14,889      |
| Total amount recognised in Statement of Comprehensive Income | <b>403,264</b> | 406,104     |

^ The Town Council has leases of office equipment with low value. The Town Council applies the "lease of low-value assets" recognition exemptions for these leases.

**(c) The total cash outflows for all the leases for the financial year ended 31 March 2023 is S\$390,164 (2022: S\$391,889).**

|                              | <u>2023</u>    | <u>2022</u> |
|------------------------------|----------------|-------------|
|                              | S\$            | S\$         |
| Payment of lease liabilities | <b>375,600</b> | 377,000     |
| Payment of low-value assets  | <b>14,564</b>  | 14,889      |
|                              | <b>390,164</b> | 391,889     |

**(d) The Town Council has several lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Town Council's business needs. Management exercises significant judgment in determining whether these extension options are reasonably certain to be exercised (Note 3(e)).****14. Income tax****(a) Income tax expense**

Income tax expense attributable to profit is made up of:

|  | <u>2023</u>    | <u>2022</u> |
|--|----------------|-------------|
|  | S\$            | S\$         |
| Current year                             | <b>829,297</b> | 426,803     |
| Under-provision in prior financial years | <b>18,966</b>  | 34,101      |
|  | <b>848,263</b> | 460,904     |



**ALJUNIED-HOUGANG TOWN COUNCIL***(Established under the Town Councils Act 1988)***NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2023

**14. Income tax (continued)**

| (a) | Income tax expense (continued) | <u>2023</u><br>S\$ | <u>2022</u><br>S\$ |
|-----|--------------------------------|--------------------|--------------------|
|     | Presented in:                  |                    |                    |
|     | Accumulated surplus (Note 4)   | 491,856            | 380,630            |
|     | Sinking Fund (Note 5)          | 241,387            | 49,448             |
|     | Lift Replacement Fund (Note 6) | 115,020            | 30,826             |
|     |                                | <u>848,263</u>     | <u>460,904</u>     |

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

|  | <u>2023</u><br>S\$ | <u>2022</u><br>S\$ |
|--|--------------------|--------------------|
| Investment and interest income   | 2,132,770          | 483,352            |
| Other income   | 2,771,869          | 2,042,929          |
| Government grants (Note 18)  | 14,460,879         | 13,992,240         |
|  | <u>19,365,518</u>  | <u>16,518,521</u>  |
| Singapore statutory stepped income exemption                                       | (102,500)          | (102,500)          |
| Taxable income   | <u>19,263,018</u>  | <u>16,416,021</u>  |
| Tax calculated using Singapore tax rate at 17%                                     | 3,274,713          | 2,790,723          |
| Tax remission of government grants under Section 92(2) of Singapore Income Tax Act | (2,445,416)        | (2,363,920)        |
| Under-provision in prior financial years   | 18,966             | 34,101             |
|  | <u>848,263</u>     | <u>460,904</u>     |

**(b) Provision for income tax**

The movement in provision for income tax is as follows:

|  | <u>2023</u><br>S\$ | <u>2022</u><br>S\$ |
|--|--------------------|--------------------|
| Balance at the beginning of financial year | 1,027,882          | 1,066,800          |
| Income tax expense                         | 829,297            | 426,803            |
| Income tax paid                            | (601,086)          | (499,822)          |
| Under-provision in prior financial years   | 18,966             | 34,101             |
| Balance at the end of financial year       | <u>1,275,059</u>   | <u>1,027,882</u>   |

**15. Agency fees**

These are fees received for routine maintenance of HDB's car parks on behalf of HDB.

**ALJUNIED-HOUGANG TOWN COUNCIL***(Established under the Town Councils Act 1988)***NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2023

**16. Other income**

|                                | <u>2023</u>      | <u>2022</u>      |
|--------------------------------|------------------|------------------|
|                                | S\$              | S\$              |
| Interest on late payments      | 150,690          | 145,234          |
| Liquidated damages             | 171,600          | 96,930           |
| Sundry income                  | 1,200,893        | 955,964          |
| Temporary occupational licence | 1,955,068        | 1,961,381        |
|                                | <u>3,478,251</u> | <u>3,159,509</u> |

**17. General and administrative expenditure**

The general and administrative expenditure comprises the following:

|  | <u>2023</u>      | <u>2022</u>      |
|--|------------------|------------------|
|  | S\$              | S\$              |
| Advertising, publicity and public relations            | 183,852          | 145,519          |
| Allowance for impairment written back (Note 9)         | (425,753)        | (22,152)         |
| Conservancy and service fee receivables written off    | 56,316           | 12,479           |
| Computing services                                     | 254,962          | 249,801          |
| Depreciation of property, plant and equipment (Note 8) | 531,051          | 514,693          |
| Fine receivables written off                           | 10,502           | -                |
| Insurance premium                                      | 93,599           | 62,116           |
| Irrecoverable GST                                      | 405,103          | 340,218          |
| Lease interest expense (Note 13 (a) and Note 13 (b))   | 41,280           | 41,867           |
| Legal fees   | 127,500          | 129,712          |
| Office upkeep expenses                                 | 72,936           | 70,453           |
| Office supplies and stationeries                       | 46,782           | 49,873           |
| Property, plant and equipment written off              | 2,272            | -                |
| Property tax   | 220,955          | 222,813          |
| Security services                                      | 55,355           | 79,451           |
| Staff costs (Note 24)                                  | 6,216,094        | 6,385,285        |
| Others   | 533,824          | 543,690          |
|  | <u>8,426,630</u> | <u>8,825,818</u> |

|   | <u>2023</u>      | <u>2022</u>      |
|---|------------------|------------------|
|   | S\$              | S\$              |
| Operating expenditure                           | 7,583,967        | 8,208,010        |
| Sinking Fund expenditure (Note 19(ii))          | 561,803          | 413,931          |
| Lift Replacement Fund expenditure (Note 20(ii)) | 280,860          | 203,877          |
|   | <u>8,426,630</u> | <u>8,825,818</u> |

# **ALJUNIED-HOUGANG TOWN COUNCIL**

(Established under the Town Councils Act 1988)

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2023

### **18. Government grants**

i) Government grants taken to the Statement of Comprehensive Income during the financial year are as follows:

|                                   | Note     | Total              |             | S&CC<br>Operating Grant |             | GST<br>Subvention |             | Lift Replacement Fund<br>Matching Grant |             | Lift Maintenance<br>Grant |             | Community Improvement<br>Projects Committee |             |
|-----------------------------------|----------|--------------------|-------------|-------------------------|-------------|-------------------|-------------|---|-------------|---------------------------|-------------|---|-------------|
|                                   |          | 2023<br>S\$        | 2022<br>S\$ | 2023<br>S\$             | 2022<br>S\$ | 2023<br>S\$       | 2022<br>S\$ | 2023<br>S\$                             | 2022<br>S\$ | 2023<br>S\$               | 2022<br>S\$ | 2023<br>S\$                                 | 2022<br>S\$ |
| Government grants:                |          |                    |             |                         |             |                   |             |   |             |                           |             |   |             |
| Received during the year          |          | <b>12,693,683</b>  | 12,697,066  | <b>7,144,010</b>        | 7,140,199   | <b>1,264,597</b>  | 1,269,303   | <b>3,213,476</b>                        | 3,215,964   | <b>1,071,600</b>          | 1,071,600   | -   | -           |
| Receivable during the year        | 10       | <b>1,767,196</b>   | 1,295,174   | -                       | -           | <b>518,928</b>    | 423,111     | <b>863,220</b>                          | 872,063     | -                         | -           | <b>385,048</b>                              | -           |
|                                   | 4, 14(a) | <b>14,460,879</b>  | 13,992,240  | <b>7,144,010</b>        | 7,140,199   | <b>1,783,525</b>  | 1,692,414   | <b>4,076,696</b>                        | 4,088,027   | <b>1,071,600</b>          | 1,071,600   | <b>385,048</b>                              | -           |
| Transfer to:                      |          |                    |             |                         |             |                   |             |   |             |                           |             |   |             |
| - Sinking Fund                    | 4, 5     | <b>(2,599,775)</b> | (2,575,095) | <b>(1,857,443)</b>      | (1,856,452) | <b>(463,716)</b>  | (440,027)   | -                                       | -           | <b>(278,616)</b>          | (278,616)   | -   | -           |
| - Lift Replacement Fund           | 4, 6     | <b>(5,476,575)</b> | (5,474,617) | <b>(1,000,161)</b>      | (999,628)   | <b>(249,694)</b>  | (236,938)   | <b>(4,076,696)</b>                      | (4,088,027) | <b>(150,024)</b>          | (150,024)   | -   | -           |
| - Town Improvement & Project Fund | 4        | <b>(385,048)</b>   | -           | -                       | -           | -                 | -           | -                                       | -           | -                         | -           | <b>(385,048)</b>                            | -           |
|                                   |          | <b>(8,461,398)</b> | (8,049,712) | <b>(2,857,604)</b>      | (2,856,080) | <b>(713,410)</b>  | (676,965)   | <b>(4,076,696)</b>                      | (4,088,027) | <b>(428,640)</b>          | (428,640)   | <b>(385,048)</b>                            | -           |
|                                   |          | <b>5,999,481</b>   | 5,942,528   | <b>4,286,406</b>        | 4,284,119   | <b>1,070,115</b>  | 1,015,449   | -                                       | -           | <b>642,960</b>            | 642,960     | -   | -           |

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

|                              | <u>2023</u><br>S\$ | <u>2022</u><br>S\$ |
|------------------------------|--------------------|--------------------|
| At 1 April                   | <b>266,471,193</b> | 252,478,953        |
| Grants receivables (Note 10) | <b>1,767,196</b>   | 1,295,174          |
| Grants received              | <b>12,693,683</b>  | 12,697,066         |
| At 31 March                  | <b>280,932,072</b> | 266,471,193        |

**ALJUNIED-HOUGANG TOWN COUNCIL***(Established under the Town Councils Act 1988)***NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2023

**19. Sinking Fund income and expenditure**

| (i)  | Income   | <u>2023</u>       | <u>2022</u>       |
|------|--|-------------------|-------------------|
|      |  | S\$               | S\$               |
|      | Interest income from bank accounts               | 13,172            | 25,810            |
|      | Interest income from fixed deposits              | 1,414,489         | 260,843           |
|      | Other income                                     | 2,000             | -                 |
|      | Total (Note 5)                                   | <u>1,429,661</u>  | <u>286,653</u>    |
|      |  |                   |                   |
| (ii) | Expenditure                                      | <u>2023</u>       | <u>2022</u>       |
|      |  | S\$               | S\$               |
|      | Other major works                                | 3,851,179         | 6,311,235         |
|      | Redecoration and repainting                      | 3,729,612         | 5,146,552         |
|      | Replacement of water distribution systems        | 1,812,722         | 1,014,872         |
|      | Replacement of waste management systems          | 399,826           | -                 |
|      | Reroofing works                                  | 94,535            | 1,372,238         |
|      | Unclaimable input tax                            | 121,583           | 147,381           |
|      | General and administrative expenditure (Note 17) | 561,803           | 413,931           |
|      | Total (Note 5)                                   | <u>10,571,260</u> | <u>14,406,209</u> |

**20. Lift Replacement Fund income and expenditure**

| (i)  | Income  | <u>2023</u>      | <u>2022</u>      |
|------|---|------------------|------------------|
|      |   | S\$              | S\$              |
|      | Interest income from bank accounts                                  | 7,617            | 6,560            |
|      | Interest income from fixed deposits                                 | 672,647          | 175,903          |
|      | Other income  | 9,727            | -                |
|      | Total (Note 6)  | <u>689,991</u>   | <u>182,463</u>   |
|      |   |                  |                  |
| (ii) | Expenditure   | <u>2023</u>      | <u>2022</u>      |
|      |   | S\$              | S\$              |
|      | Lift works  | 2,475,440        | 2,428,885        |
|      | Lift Upgrading work   | 3,875            | -                |
|      | Selective Lift Replacement Programme and Lift Enhancement Programme | 1,512,348        | 5,534,987        |
|      | Unclaimable input tax   | 99,541           | 72,789           |
|      | General and administrative expenditure (Note 17)                    | 280,860          | 203,877          |
|      | Total (Note 6)  | <u>4,372,064</u> | <u>8,240,538</u> |

**ALJUNIED-HOUGANG TOWN COUNCIL***(Established under the Town Councils Act 1988)***NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2023

**20. Lift Replacement Fund income and expenditure (continued)****(iii) Selective Lift Replacement Programme ("SLRP")**

In September 2014, HDB announced the SLRP to replace about 750 lifts installed between 1987 and 1997 lacking some safety and security features of modern lifts. Under this programme, HDB co-funds Town Councils 50% of the lift replacement cost, capped at S\$125,000 (inclusive of GST) per lift.

**(iv) Lift Enhancement Programme ("LEP")**

Lift Enhancement Programme ("LEP") was introduced in 2016 in response to feedback received from residents after a spate of lift accidents. Due to technological advancements, existing lifts may not be equipped with modern features which enhance their safety, reliability and performance. Under the LEP, HDB co-fund about 90% of the Town Council's costs to install the recommended enhancement features for the qualifying lifts.

**21. Town Improvement and Project Fund expenditure**

|  | <u>2023</u><br>S\$ | <u>2022</u><br>S\$ |
|--|--------------------|--------------------|
| Town improvement project works                 | 60,692             | 513,377            |
| Consultancy and architectural fees             | 96,501             | 31,782             |
| Neighbourhood Renewal Programme Shopshare      | 1,625,962          | 568,103            |
| Community Improvement Projects Committee Works | 371,780            | -                  |
| Total (Note 7)                                 | <u>2,154,935</u>   | <u>1,113,262</u>   |

**22. Capital Commitments**

As at reporting date, capital expenditure approved by the Town Council but not provided for in the financial statements is as follows:

|                                    | <u>2023</u><br>S\$ | <u>2022</u><br>S\$ |
|------------------------------------|--------------------|--------------------|
| Amount approved and contracted for | <u>82,425,967</u>  | <u>69,590,925</u>  |



**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2023

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**23. Financial risk management**

The Town Council's activities expose it to a variety of financial risks from its operations. The key financial risks include credit risk, market risk (including interest rate risk) and liquidity risk.

The Town Council reviews and agrees policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current and previous financial year, the Town Council's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Town Council's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Town Council's exposure to these financial risks or the manner in which it manages and measures the risks.

**Credit risk**

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Town Council. The Town Council's exposure to credit risk arises primarily from cash balances with banks and receivables. Credit risk on cash balances with banks is limited because these banks are of acceptable credit ratings.

The Town Council considers the probability of default upon initial recognition of financial asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

As at the reporting date, the Town Council's maximum exposure to credit risk is represented by the carrying amount of cash and cash equivalents and receivables.

For conservancy and service fee receivables, the Town Council's exposure to credit risk posed by unpaid conservancy and service fee receivables by residents is mitigated by Section 66 of the Town Councils Act 1988. The Town Council's priority of claim for S&CC arrears ranks after the mortgagee's and the CPF Board's claim to the flat. No other financial assets carry a significant exposure to credit risk.

The Town Council has applied the simplified approach in FRS 109 *Financial Instruments* to measure the loss allowance at lifetime ECLs. The Town Council determines the ECLs by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of conservancy and service fee receivables is presented based on their past due status.

**ALJUNIED-HOUGANG TOWN COUNCIL***(Established under the Town Councils Act 1988)***NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2023

**23. Financial risk management (continued)****Credit risk (continued)**

The Town Council considers available reasonable and supportive forward-looking information which includes the following indicators:

- Number of residents and commercial operators on Notice to Quit ("NTQ") status received from HDB and National Environment Agency ("NEA");
- Number of residents and commercial operators in arrears after two years of Town Council's arrears recovery procedures; and
- Actual or expected significant adverse changes in economic conditions that are expected to cause a significant change to the resident and commercial operator's ability to meet its obligations.

**Town Council's arrears recovery procedures**

The residents or commercial operators are deemed to be in default when the contractual payments are 90 days past due.

The Town Council categorises conservancy and service fee receivables for potential write-off when there is evidence that there are no realistic prospect of recovery in situations where the residents or commercial operators are in severe financial difficulties, where their properties are abandoned, their whereabouts is unknown and their account has been "terminated" by HDB or NEA.

The table below details the credit quality of the Town Council's financial assets, as well as maximum exposure to credit risk by credit risk rating categories:

|  | Note | 12 month<br>or lifetime<br>ECLs | Gross<br>carrying<br>Amount<br>S\$ | Loss<br>Allowance<br>S\$             | Net<br>carrying<br>Amount<br>S\$ |
|--|------|---------------------------------|------------------------------------|--------------------------------------|----------------------------------|
| <u><b>At 31 March 2023</b></u>             |      |                                 |                                    |                                      |                                  |
| Conservancy and<br>service fee receivables | 9    | Lifetime ECLs<br>(simplified)   | 1,738,070                          | <u>(496,713)</u><br><u>(496,713)</u> | 1,241,357                        |
| <u><b>At 31 March 2022</b></u>             |      |                                 |                                    |                                      |                                  |
| Conservancy and<br>service fee receivables | 9    | Lifetime ECLs<br>(simplified)   | 1,778,446                          | <u>(922,466)</u><br><u>(922,466)</u> | 855,980                          |

**ALJUNIED-HOUGANG TOWN COUNCIL***(Established under the Town Councils Act 1988)***NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2023

**23. Financial risk management (continued)****Credit risk (continued)**

There are no other material classes of financial assets that are past due except for the service and conservancy fee ("S&CC") receivables as disclosed below:

|                                      | Not in<br>arrears<br>S\$ | 1 - 6<br>months<br>S\$ | 7 - 12<br>months<br>S\$ | 13 - 24<br>months<br>S\$ | over 24<br>months<br>S\$ | Total<br>S\$     |
|--------------------------------------|--------------------------|------------------------|-------------------------|--------------------------|--------------------------|------------------|
| <b>31 March 2023</b>                 |                          |                        |                         |                          |                          |                  |
| Active accounts                      | 540,584                  | 486,808                | 164,837                 | 175,858                  | 317,360                  | 1,685,447        |
| Terminated accounts                  | 2,897                    | 6,511                  | 6,650                   | 8,088                    | 28,477                   | 52,623           |
| Total S&CC receivables               | 543,481                  | 493,319                | 171,487                 | 183,946                  | 345,837                  | 1,738,070        |
| <i>Active accounts</i>               |                          |                        |                         |                          |                          |                  |
| Expected credit loss rate            | 0%                       | 0%                     | 45%                     | 75%                      | 75%                      |                  |
| Loss allowance                       | -                        | -                      | (74,176)                | (131,894)                | (238,020)                | (444,090)        |
| <i>Terminated accounts</i>           |                          |                        |                         |                          |                          |                  |
| Expected credit loss rate            | 100%                     | 100%                   | 100%                    | 100%                     | 100%                     |                  |
| Loss allowance                       | (2,897)                  | (6,511)                | (6,650)                 | (8,088)                  | (28,477)                 | (52,623)         |
| <b>Total loss allowance (Note 9)</b> | <b>(2,897)</b>           | <b>(6,511)</b>         | <b>(80,826)</b>         | <b>(139,982)</b>         | <b>(266,497)</b>         | <b>(496,713)</b> |
| <b>31 March 2022</b>                 |                          |                        |                         |                          |                          |                  |
| Active accounts                      | 493,951                  | 420,090                | 198,154                 | 183,866                  | 334,940                  | 1,631,001        |
| Terminated accounts                  | 45,284                   | 3,376                  | 4,017                   | 18,141                   | 76,627                   | 147,445          |
| Total S&CC receivables               | 539,235                  | 423,466                | 202,171                 | 202,007                  | 411,567                  | 1,778,446        |
| <i>Active accounts</i>               |                          |                        |                         |                          |                          |                  |
| Expected credit loss rate            | 0%                       | 50%                    | 50%                     | 71%                      | 100%                     |                  |
| Loss allowance                       | -                        | (210,045)              | (99,077)                | (130,959)                | (334,940)                | (775,021)        |
| <i>Terminated accounts</i>           |                          |                        |                         |                          |                          |                  |
| Expected credit loss rate            | 100%                     | 100%                   | 100%                    | 100%                     | 100%                     |                  |
| Loss allowance                       | (45,284)                 | (3,376)                | (4,017)                 | (18,141)                 | (76,627)                 | (147,445)        |
| <b>Total loss allowance (Note 9)</b> | <b>(45,284)</b>          | <b>(213,421)</b>       | <b>(103,094)</b>        | <b>(149,100)</b>         | <b>(411,567)</b>         | <b>(922,466)</b> |

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

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2023

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**23. Financial risk management (continued)**

**Market risk**

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

*Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Town Council's financial instruments will fluctuate because of changes in market interest rates. The Town Council's exposure to interest rate risk arises primarily from the placement of fixed deposits with reputable financial institutions.

The Town Council does not expect any significant effect on the Town Council's Statement of Comprehensive Income arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the financial year.

**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.

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

The contractual undiscounted cash flows of financial assets and financial liabilities due within 12 months approximate their carrying amounts as the effect of discounting is not significant. The average credit period taken to settle these payables is about 30 to 90 days (2022: 30 to 90 days). It is expected that all the liabilities will be paid when due. The Town Council expects to meet its cash commitments with cash inflows from operating activities and government grants.

**ALJUNIED-HOUGANG TOWN COUNCIL***(Established under the Town Councils Act 1988)***NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2023

**23. Financial risk management (continued)****Liquidity risk (continued)***Analysis of financial instruments by remaining contractual maturities*

The table below summarises the maturity profile of the Town Council's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

|  | <b>Contractual<br/>cash flows<br/>S\$</b> | <b>1 year or less<br/>S\$</b> | <b>1 to 5 years<br/>S\$</b> | <b>More than 5<br/>years<br/>S\$</b> |
|--|---|-------------------------------|-----------------------------|--------------------------------------|
| <b><u>31 March 2023</u></b>                            |   |                               |                             |                                      |
| <b><u>Financial Assets</u></b>                         |   |                               |                             |                                      |
| Conservancy and service fee receivables                | 1,241,357                                 | 1,241,357                     | -                           | -                                    |
| Other receivables (excluding prepayments)              | 13,660,996                                | 13,660,996                    | -                           | -                                    |
| Cash and cash equivalents                              | 133,009,625                               | 133,009,625                   | -                           | -                                    |
| Total undiscounted financial assets                    | <u>147,911,978</u>                        | <u>147,911,978</u>            | <u>-</u>                    | <u>-</u>                             |
| <b><u>Financial liabilities</u></b>                    |   |                               |                             |                                      |
| Lease liabilities                                      | 1,481,400                                 | 375,600                       | 1,105,800                   | -                                    |
| Payables and accrued expenses                          | 22,033,936                                | 22,033,936                    | -                           | -                                    |
| Total undiscounted financial liabilities               | <u>23,515,336</u>                         | <u>22,409,536</u>             | <u>1,105,800</u>            | <u>-</u>                             |
| Total net undiscounted financial assets/ (liabilities) | <u>124,396,642</u>                        | <u>125,502,442</u>            | <u>(1,105,800)</u>          | <u>-</u>                             |
| <b><u>31 March 2022</u></b>                            |   |                               |                             |                                      |
| <b><u>Financial Assets</u></b>                         |   |                               |                             |                                      |
| Conservancy and service fee receivables                | 855,980                                   | 855,980                       | -                           | -                                    |
| Other receivables (excluding prepayments)              | 10,279,946                                | 10,279,946                    | -                           | -                                    |
| Cash and cash equivalents                              | 121,978,080                               | 121,978,080                   | -                           | -                                    |
| Total undiscounted financial assets                    | <u>133,114,006</u>                        | <u>133,114,006</u>            | <u>-</u>                    | <u>-</u>                             |
| <b><u>Financial liabilities</u></b>                    |   |                               |                             |                                      |
| Lease liabilities                                      | 1,857,000                                 | 375,600                       | 1,422,600                   | 58,800                               |
| Payables and accrued expenses                          | 20,899,801                                | 20,899,801                    | -                           | -                                    |
| Total undiscounted financial liabilities               | <u>22,756,801</u>                         | <u>21,275,401</u>             | <u>1,422,600</u>            | <u>58,800</u>                        |
| Total net undiscounted financial assets/ (liabilities) | <u>110,357,205</u>                        | <u>111,838,605</u>            | <u>(1,422,600)</u>          | <u>(58,800)</u>                      |

**ALJUNIED-HOUGANG TOWN COUNCIL***(Established under the Town Councils Act 1988)***NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2023

**24. Staff costs**

|                                     | <u>2023</u>      | <u>2022</u>      |
|-------------------------------------|------------------|------------------|
|                                     | S\$              | S\$              |
| Town Councillors' allowance         | 128,313          | 121,800          |
| Salaries, bonuses and related costs | 5,277,944        | 5,557,470        |
| Contribution to CPF                 | 809,837          | 706,015          |
| Total (Note 17)                     | <u>6,216,094</u> | <u>6,385,285</u> |

**25. Significant related party transactions**Key management personnel

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

The key management personnel are the General Manager, Deputy General Manager and Finance Manager of the Town Council as defined under Section 22(7) of the Town Councils Act 1988.

The Town Councillors consist of elected members and other members appointed by the Chairman. The Town Councillors receive a monthly allowance in accordance with the Town Councils (Allowances for Chairman and Members) Rules.

|                                     | <u>2023</u>    | <u>2022</u>    |
|-------------------------------------|----------------|----------------|
|                                     | S\$            | S\$            |
| Town Councillors' allowance         | 128,313        | 121,800        |
| Salaries, bonuses and related costs | 391,589        | 400,877        |
| Contribution to CPF                 | 43,756         | 46,644         |
|                                     | <u>563,658</u> | <u>569,321</u> |

**26. Financial instruments by category**

At the reporting date, the aggregate carrying amounts of financial assets and financial liability at amortised cost were as follows:

|   | <u>2023</u>        | <u>2022</u>        |
|---|--------------------|--------------------|
|   | S\$                | S\$                |
| <b>Financial assets at amortised cost</b>             |                    |                    |
| Conservancy and service fee receivables               | 1,241,357          | 855,980            |
| Other receivables (excluding prepayments)             | 13,660,996         | 10,279,946         |
| Cash and cash equivalents                             | 133,009,625        | 121,978,080        |
| Total financial assets measured at amortised cost     | <u>147,911,978</u> | <u>133,114,006</u> |
| <b>Financial liability measured at amortised cost</b> |                    |                    |
| Payables and accrued expenses                         | 22,033,936         | 20,899,801         |
| Financial liability measured at amortised cost        | <u>22,033,936</u>  | <u>20,899,801</u>  |



## **ALJUNIED-HOUGANG TOWN COUNCIL**

*(Established under the Town Councils Act 1988)*

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2023

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#### **27. Funds management**

The Town Council's objectives when managing funds are:

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

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

There were no changes in the Town Council's approach to funds management during the year.

The Town Council is not subject to externally imposed capital requirements.

The Town Council total funds amounted to S\$123,609,732 (2022: S\$110,558,970).

#### **28. Contingencies**

On 21 July 2017, the Town Council through an appointed Independent Panel ("IP"), commenced claim against its former managing agent firm, FM Solutions & Services Pte Ltd ("FMSS"), Ms How Weng Fan, the estate of Danny Loh Chong Meng and Town Councillors, Mr Pritam Singh, Ms Sylvia Lim Swee Lian and Mr Low Thia Khiang and other defendants, Mr Chua Zhi Hon and Mr Foo Seck Guan to seek recovery of any alleged improper payments to the Town Council's funds and alleged breach of fiduciary duties owed to Town Council.

On 11 October 2019, the High Court allowed in part the claim of the plaintiff, the Town Council against all the defendants, including for breach of fiduciary duties and allowing improper payments.

In November 2019, all the defendants filed notice to appeal against the High Court judgement. In November 2022 and July 2023, the Court of Appeal (the "CA") overturned several of the High Court's findings and, amongst other things, held that the Town Councillors did not owe nor breach any fiduciary or equitable duties to AHTC. The CA further found that the Town Councillors acted in good faith in awarding the first contract for managing agent and "Essential Maintenance Service Unit" services to FMSS. The CA also found that Mr Low Thia Khiang, Ms Sylvia Lim, Ms How Weng Fan, and Mr Danny Loh were liable to AHTC in negligence for permitting the control failures to exist in the payment process.

Now that the issue of liability has been determined, the next stage is the assessment of damages by the Court.

The CA asked the parties to submit the costs of appeal to be considered and based on the IP's estimate, the Town Council may be expected to pay an estimated appeal costs ranging from S\$150,000 to S\$300,000 to the defendants. The Town Council had accrued legal fee of S\$2,350,000 as highlighted in note 3(d).

On 26 September 2023, the Town Council received a letter from the solicitors appointed by the IP, Messrs Shook Lin & Bok LLP ("SLB"), informing the Town Council that FMSS has obtained an Order of Court on 18 September 2023 to set aside the stay of the arbitration proceedings between FMSS and the Town Council in SIAC Arbitration Nos 6 of 2016 and 310 of 2016 ("FMSS Arbitrations"). SLB requested the Town Council to appoint a new set of solicitors to take over conduct of the FMSS Arbitrations. The Town Council has since re-appointed Peter Low Chambers LLC, which was the law firm acting for the Town Council prior to the appointment of the IP, to handle the FMSS Arbitrations on behalf of the Town Council. The Town Council is in the process of finalising the re-appointment of Peter Low Chambers LLC to handle the FMSS Arbitrations on behalf of the Town Council.

## **ALJUNIED-HOUGANG TOWN COUNCIL**

*(Established under the Town Councils Act 1988)*

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the financial year ended 31 March 2023

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#### **29. Subsequent event**

On 1 August 2023, the Town Council had gazetted the increase in Service and Conservancy Charges (S&CC) over 2-tranches; effectively from 1 October 2023 and 1 July 2024 respectively. This S&CC hike will generate an estimated conservancy and service income ranging from \$6.7 million to \$6.9 million annually.

#### **30. Authorisation of financial statements**

The financial statements of the Town Council for the financial year ended 31 March 2023 were authorised for issue by the members of the Town Council on 28 September 2023.



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