



FY 2021/2022 *Marine Parade
Town Council*

ANNUAL REPORT





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Mr Lim Biow Chuan PBM,
Chairman of Marine Parade Town Council

CHAIRMAN'S MESSAGE

Introduction



With the easing of Covid-19 restrictions in April 2022, we are slowly moving towards normalcy as we learn to live with the virus endemically. However, we should remain vigilant and do our part to keep our communal spaces clean and safe for everyone. As part of our Town Council's ongoing effort to safeguard our residents' health, we continue to clean and disinfect our HDB common facilities and touchpoints daily. In addition, we had reapplied anti-microbial coating to all lift buttons in our HDB estate. I'm thankful to our residents for their effort to upkeep our estate environment and using our common facilities with care.

As we progress towards a post-pandemic future, our Town Council is also working to transform our Marine Parade Town into a sustainable home with better living environment for our residents. Under the Action for Green Towns (AGT) initiative by the PAP Town Councils, we shall enhance our green initiatives by collaborating with our stakeholders in the community. We hope to work with our residents to co-create a greener, sustainable future while incorporating the distinct flair of our Marine Parade Town.

Apart from boosting our sustainability efforts, we strive to improve our service standards through digitalisation. Such efforts include collaborating with the Municipal Services Office (MSO) to allow residents to book our HDB common facilities for events via the OneService App, and sending SMS and/or emails to keep our residents informed of their Service and Conservancy Charges (S&CC) information.

Going forth, our Town Council will continue to do our best to provide the best managed living environment for all by working closely together with our residents and partner agencies.

CHAIRMAN'S MESSAGE

Financial Overview

Our Town Council manages our funds prudently in compliance with a robust corporate governance framework as we carry out our routine and cyclical estate operations to maintain and enhance the communal spaces in our Marine Parade Town.

For Financial Year 2021/2022, we reported an operating surplus of \$3.73 million after appropriation to Town Improvement and Project Fund. The surplus is largely due to the government grants of \$6.05 million provided to our Town Council.

A total of \$32.50 million under our operating expenditure was incurred on our routine maintenance and operational works such as cleaning, water and electricity, and lift maintenance, to maintain and upkeep our estate and its facilities.

Cost pressures continue to increase due to the impact of Covid-19 pandemic and Ukraine war. This has affected our manpower, supply chain and global energy markets. To manage these increasing cost pressures on the finances, our Town Council will continue in our effort to seek and adopt more cost-saving measures as we work to provide a better-quality home environment for our residents.



**Some of these photos were taken after the easing of Covid-19 restrictions.*

CHAIRMAN'S MESSAGE

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Improving and Maintaining Communal Facilities in Our Town

As a community, everyone plays a part in enhancing the quality and comfort of our estate living environment. As such, our Town Council works closely with grassroots organisations and partner agencies to actively engage our residents as we look into ways to improve and provide better-quality communal facilities in our Town.

In Financial Year 2021/2022, we had carried out a total of \$2.95 million worth of estate improvement projects in Marine Parade Town that are customised to meet the specific needs of our residents living in the respective divisions. Residents in these divisions can enjoy brand-new common facilities and spaces such as covered linkways, playgrounds and fitness corners.

Moreover, our Town Council had implemented a total of \$13.74 million worth of cyclical maintenance works to uplift our older estate infrastructures. Cyclical works such as Repairs & Redecoration (R&R), electrical re-wiring and replacement of sanitary system (e.g., water pipes and water pump sets) were carried out to refresh and revitalise our mature estate to provide residents with a better-facilitated living environment.



CHAIRMAN'S MESSAGE

**Some of these photos were taken after the easing of Covid-19 restrictions.*

Improving and Maintaining Communal Facilities in Our Town

In addition, we had also carried out Lift Replacement Programme (LRP) to replace the older lifts in our Town with newer ones that are equipped with added safety and security features. This is part of our Town Council's continuous effort to improve our lift serviceability to serve our residents better. Thus far, we have utilised a total of \$5.58 million to replace 48 lifts across the six divisions. Under the LRP, we will gradually replace older and chronic lifts in different phases across our Marine Parade Town so that our residents and visitors can enjoy safer and smoother lift rides. We would like to thank our residents in advance for their patience and understanding as we carry out such replacement works.

Going forward, we strive to bring out the distinct character of each precinct in our Marine Parade Town by implementing more localised estate improvements designed to cater to our residents' needs through continuous active community engagements.

LIFT REPLACEMENT
PROGRAMME

Completed!

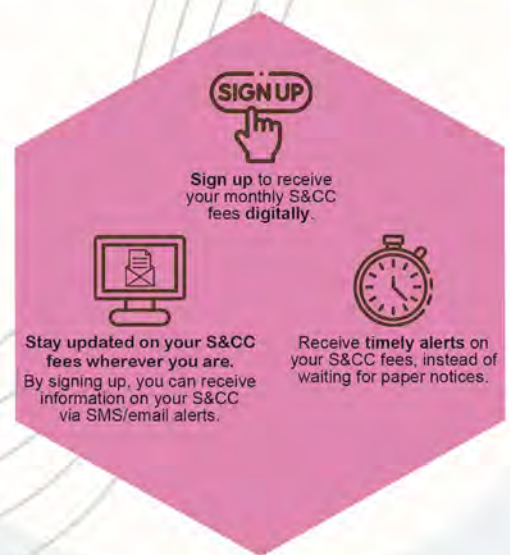
BEFORE

AFTER



CHAIRMAN'S MESSAGE

Providing Value-Added Services to Our Residents



With the acceleration of digitalisation due to the Covid-19 pandemic, our Town Council has tapped on technology to serve residents better. Residents can now book our common facilities with ease at their convenience. We had worked with the Municipal Services Office (MSO) to allow our residents to book the facilities such as void decks and pavilions in our Town for functions, etc., via the OneService App (<https://www.oneservice.gov.sg/>) under the category "Book Facilities". Bookings to use the facilities are strictly on a first-come, first-served basis, and are subject to the Town Council's approval. For more information on the eligibility and charges for the usage of facilities, residents may contact us directly.

Our Town Council had also rolled out a new e-Notification initiative to help our residents stay updated on their Service & Conservancy Charges (S&CC) information. Under this e-Notification initiative, residents can choose to subscribe to SMS and/or email notifications to receive their S&CC information monthly. To sign up for such service, residents can download the S&CC e-Notification form (<http://mptc.org.sg/Downloads>) and submit the completed form to us.

Through these value-added services, we seek to improve our service delivery by bringing greater convenience to our residents. As our Town Council is committed to serving our residents, we will continue to look into ways to integrate and leverage on technology to improve our services to address residents' needs more efficiently and effectively.

CHAIRMAN'S MESSAGE

Enterprise Risk Management

In managing the town council's associated risks, our Town Council has implemented a comprehensive Enterprise Risk Management (ERM) Framework, which takes reference from leading risk management standards (including ISO31000 and COSO ERM Framework).

The framework provides a structured and comprehensive guidance for the Town Council in: (a) identifying risks, (b) analysing and evaluating its likelihood and impact, and (c) implementing and monitoring risk mitigation plans.

Our Town Council had facilitated the annual enterprise risk assessment, which included the identification of risks affecting town council's business objectives. The review identified, analysed and evaluated the risks across 4 broad categories: Financial, Operational, Compliance and Information Technology. The internal controls associated with the risks have been assessed with implementation of mitigating plans to reduce our risk exposure.

The annual exercise provides a unified picture of risk to the Management Team, Town Councillors and Stakeholders. The exercise also facilitates the prioritisation and allocation of resources in managing risks, and promotes accountability and awareness of the Town Council in managing risks effectively.

The Council is of the opinion that our MPTC's ERM Framework and supporting internal control policies and procedures are adequate to manage the risks affecting the Town Council.



** Some of these photos were taken after the easing of Covid-19 restrictions.*

CHAIRMAN'S MESSAGE

Enhancing Our Sustainability Effort

Climate change is one of the key global issues faced by the world today. To do our part for our environment, our Town Council had implemented green initiatives such as installations of LED fittings and Solar Photovoltaic (PV) panels in our Town in the past years. We are also constantly exploring new avenues to ramp up our green efforts by working with our community to do more for our environment.

Last year, we embarked on a green journey to enhance our sustainability development plan for Marine Parade Town under the Action for Green Towns (AGT) initiative along with 14 other PAP Town Councils. As part of this AGT initiative, we have collaborated with SGRecycle and set up 6 paper recycling machines across our Marine Parade Town for residents to recycle paper items while earning incentives at the same time. In the span of 9 months (from October 2021 to June 2022), our residents had recycled a total of 32,598kg of paper, which translates to the saving of 554 trees.

Our Town Council has also partnered with ALBA Singapore to make recycling e-waste more convenient for our residents. A town-wide e-drive was conducted on 26 February 2022 with 13 e-waste collection points set up in our HDB estates across the Town, and we managed to collect a total of 2,019kg of e-waste. Aside from that, our residents can remove and recycle their bulky e-waste in their homes by engaging our Town Council's Bulky Item Removal Service.



CHAIRMAN'S MESSAGE

Enhancing Our Sustainability Effort



This year, we also continued to organise and conduct litter picking activities in our Town in support of Public Hygiene Council's SG Clean Day and 'Keep Clean, Singapore!' initiative, while abiding by the prevailing Safe Management Measures (SMMs). Residents in the different precincts joined our Members of Parliament (MPs) to do their part in upkeeping the cleanliness of their neighbourhoods. In addition, we took the opportunity to recognise and appreciate our cleaners for their hard work to keep our estate environment clean for our residents. Through these litter picking events, we hope to inculcate the value of taking up the responsibility of cleaning up after ourselves. With everyone doing their part to upkeep our environment, we can live, play and work in a cleaner and better home.

In addition, we are digitalising Our Town @ Marine Parade newsletter as part of our effort to go green and reduce paper wastage. To stay updated on the latest happenings in our Town, residents can register with us to receive an email notification whenever a new issue of the digital newsletter is out. We also took into consideration that some residents may still wish to receive physical copies of our newsletters. These residents can indicate their interest through our Facebook page or email us at prdept@mptc.org.sg. Our Town Council will then arrange to send out printed newsletters to them.

As we progressively work to create a zero-waste, energy-efficient, and greener Town, we hope to provide our residents with more opportunities to play their part in environmental sustainability. Together, we can reduce the impact of climate change and build a sustainable Marine Parade Town for all to live in.

CHAIRMAN'S MESSAGE

**Some of these photos were taken after the easing of Covid-19 restrictions.*

Conclusion

Managing and taking good care of our home in Marine Parade Town is a continuous collaborative effort between our residents, service partners, operational teams and the Council. This is particularly so during the Covid-19 pandemic as we unite as a community to fight against the virus while striving to improve our living environment. Hence, I am truly thankful to all the stakeholders, especially our residents, for playing their part in upkeeping our estate and providing their support to our Council over the years.

Residents are at the heart of everything we do. Our Council and staff together with grassroots organisations, community partners, and relevant agencies will continue to work diligently to bring about more estate improvements and sustainability initiatives designed to benefit our residents while meeting their evolving needs. As we move forward to transform our Town into a greener and more sustainable home for all, I hope our residents can continue to support us in the course of our work. Our Council also encourages residents to be more involved in estate management and welcomes their suggestions on estate-related matters as we work hand in hand towards a sustainable future for our Marine Parade Town.

Lim Biow Chuan PBM
Chairman
Marine Parade Town Council



TOWN COUNCILLORS & STANDING COMMITTEES

(28 August 2020 - 27 August 2022)

Marine Parade Town Council selects and appoints councillors based on personal attributes such as integrity, honesty, responsibility, and their alignment with the Town Council's Mission. Appointed councillors generally have the ability to communicate and reach out to residents, and build relationship to reflect their needs. At least two-thirds of the appointed councillors shall be residents of any housing estate of the Board within the Town. Key councillors taking charge of committees shall have the core skills and/or competencies in the relevant technical field (such as finance, accounting, audit, estate management, contract administration or communications).

Elected Members

Chairman: Mr Lim Biow Chuan PBM
Vice-Chairman: Ms Tin Pei Ling
Vice-Chairman: Mr Mohd Fahmi Aliman

Elected Members:
Mr Tan Chuan-Jin
Mr Edwin Tong Chun Fai
Dr Tan See Leng
Mr Seah Kian Peng

Executive Committee

Chairman: Mr Lim Biow Chuan PBM
Vice-Chairman: Mr Mohd Fahmi Aliman
Vice-Chairman: Ms Tin Pei Ling

Elected Members:
Mr Tan Chuan-Jin
Mr Edwin Tong Chuan Fai
Dr Tan See Leng
Mr Seah Kian Peng

Secretary:
Mr Anthony Ong PBM

Members:
Mr Ang Bee Hock BBM
Dr Chua Ee Chek BBM, JP
Ms Eileen Teo Cheo Tee PBM
Mr Frederick Ho Wee Khoo PBM
Mr Justin Fong Cheng Wah PBM
Mr Lee Tee Loon PBM
Dr Lim Lan Yuan BBM (L), JP
Ms Lydia Ong Li Yan PBM
Mr Philip Tan Ling Kwok PBM
Mr Yusof Bin Abdul Lateef BBM

Standing Committees

Finance Committee

Advisor: Mr Seah Kian Peng
Chairman: Mr Philip Tan Ling Kwok PBM
Vice Chairman: Mr Justin Fong Cheng Wah PBM

Members:
Ms Chris Chu Ai Keow
Ms Eunice Wang Bizi
Mr Jeryl Lim Tswen Jiann
Mr Lim Ming Hok
Mr Patrick Chua Song Hui
Mr Peter Fok Chen Meng
Mr Pradeep Kumar Doshi PBM
Mr Raymond Gan Chun Pin
Mr Stephen Lim Wee Tiong
Mr Tan Yong Min BBM
Mr Yu Tor Ann

Tenders & Contracts Committee

Advisor: Mr Mohd Fahmi Aliman
Chairman: Mr Lee Tee Loon PBM
Vice-Chairman: Dr Chua Ee Chek BBM, JP

Members:
Mr Daniel Chan Kok Leong PBM
Mr Dick Lum Chee Seng
Ms Jenny Ho Lay Hong
Mr Kum Jing Shen Joey
Mr Lim Liang Seng PBM
Mr Raymond Chan Leng Chye PBM
Ms Shirley Yong Mei Lin
Mr Simon Wong Sai Cheong
Mr Thomas Thong Ming Yap
Ms Tricia Soh Meng Hong PBM

TOWN COUNCILLORS & STANDING COMMITTEES

(28 August 2020 - 27 August 2022)

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Estate Maintenance Committee

Advisor: Mr Tan Chuan-Jin
Chairman: Ms Eileen Teo Cheo Tee PBM
Vice-Chairman: Ms Lydia Ong Li Yan PBM

Members:

Mr Baba Maharauf Carrim
Mr Chan Yee Kew PBM
Mr Govindan Meyyappan
Ms Hoe Kwee Eng
Ms Janet Chan
Mr Koh Chin Ann
Mr Lee Joon Yong PBM
Mr Loo Chin Nong PBM
Mr Rama Kerisna
Ms Tan Yun Juan Kittie
Mr William G Fletcher PBM
Ms Yayah Ambuhang Annatrasta

Publicity & Outreach Committee

Advisor: Ms Tin Pei Ling
Chairman: Mr Frederick Ho Wee Khoon PBM
Vice-Chairman: Mr Yusof Bin Abdul Lateef BBM

Members:

Ms Alice Low
Ms Joyce Wong Shu Ling
Mr Markus Tan Sien Hwong
Mr Melvin Chua Ee Song BBM
Ms Pang Yee Sum
Mr Steven Tan Bock Eng

Audit & Risk Committee

Advisor: Dr Tan See Leng
Chairman: Dr Lim Lan Yuan BBM (L), JP
Vice-Chairman: Mr Ang Bee Hock BBM

Members:

Mr Benny Ang
Mr Goh Yong Seng PBM
Ms Lily Teo Hiok Hoon PBM
Mr Ngoi Khor Peng PBM
Ms Nicole Chua Shu Ying
Mr Rahmat Sawie PBM
Ms Ruby Ong Siew Kim
Mr Seah Lian Chye Allan
Mr Tan Ai Koong PBM
Mr Yong Chun Yee PBM

MARINE PARADE TOWN COUNCIL
(Established under the Town Councils Act 1988)

AUDITED FINANCIAL STATEMENTS
FINANCIAL YEAR ENDED 31 MARCH 2022

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Marine Parade Town Council (the "Town Council"), which comprise the statement of financial position of the Town Council as at 31 March 2022, the statement of income and expenditure, statement of comprehensive income, statement of changes in Town Council funds and statement of cash flows of the Town Council for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 41.

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

Basis for opinion

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

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

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

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

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

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

Responsibility of Management and Those charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Opinion

In our opinion:

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

Basis for opinion

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

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

Responsibility of Management for compliance with legal and regulatory requirements

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

Auditor's responsibility for the compliance audit

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

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



Ecovis Assurance LLP
Public Accountants and
Chartered Accountants
Singapore

7 September 2022

MARINE PARADE TOWN COUNCIL

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022**

	Note	2022 \$	2021 \$
TOWN COUNCIL FUNDS			
Residential Property			
Accumulated surplus	4	13,253,232	9,687,002
Sinking Funds			
Ordinary Sinking Fund	5	47,950,180	47,695,820
Lift Replacement Fund	6	40,750,916	39,329,462
		88,701,096	87,025,282
Town Improvement and Project Fund	7	767,088	671,950
		102,721,416	97,384,234
Commercial Property			
Accumulated surplus	4	676,126	515,735
Sinking Funds			
Ordinary Sinking Fund	5	27,076,774	27,153,686
Lift Replacement Fund	6	9,940,104	8,977,687
		37,016,878	36,131,373
Town improvement and Project Fund	7	146,112	127,990
		37,839,116	36,775,098
Total funds		140,560,532	134,159,332
Represented by:			
Non-current assets			
Plant and equipment	9	76,659	92,974
Right-of-use assets	10	1,788,418	2,361,547
		1,865,077	2,454,521
Current assets			
Interest receivable		148,327	788,359
Conservancy and service fees receivables	12	1,128,253	1,419,829
Other receivables	13	9,609,078	7,614,423
Receivables for Neighbourhood Renewal Programme	16	1,201,204	567,692
Electrical Load Upgrading Programme			
Cash and short term deposits	14	138,055,244	142,510,258
		150,142,106	152,900,561
Total assets		152,007,183	155,355,082
Less:			
Non-current liability			
Lease liabilities	15	(1,044,164)	(1,557,497)
Current liabilities			
Lease liabilities	15	(504,608)	(553,741)
Conservancy and service fees received in advance		(722,845)	(682,867)
Payables and accrued expenses	17	(8,620,139)	(17,641,892)
Income tax payable	18	(554,897)	(759,753)
		(10,402,487)	(19,638,253)
Net assets		140,560,532	134,159,332



LIM BIOW CHUAN PBM
Chairman

Date : 7 September 2022



ANTHONY ONG ENG ANN PBM
Secretary

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

MARINE PARADE TOWN COUNCIL

**STATEMENT OF INCOME AND EXPENDITURE
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

	Note	2022 \$	2021 \$
Operating income			
Conservancy and Service fees	4	42,737,334	43,211,634
Less: Operating income transfer to Ordinary Sinking Fund	5	(11,111,717)	(11,235,032)
Operating Income transfer to Lift Replacement Fund (minimum required by law)	6	(5,983,225)	(6,049,626)
		25,642,392	25,926,976
Agency fees	4, 19	2,712,323	2,614,241
Other income	4, 20	2,800,286	2,330,030
		31,155,001	30,871,247
Less: Operating expenditure			
Cleaning works		(6,277,785)	(6,258,304)
Managing agent's fees	27	(4,516,113)	(4,425,096)
Lift maintenance		(7,754,771)	(7,467,762)
Other works and maintenance		(4,368,672)	(4,396,256)
Water and electricity		(7,595,772)	(6,728,778)
General and administrative expenditure	21	(1,984,406)	(1,970,890)
		(32,497,519)	(31,247,086)
Operating deficit		(1,342,518)	(375,839)
Add: Investment income		94,305	144,303
Deficit before income tax and government grants		(1,248,213)	(231,536)
Less: Income tax	18	(119,110)	(112,509)
Goods and services tax	22	(362,965)	(377,237)
		(482,075)	(489,746)
Deficit before government grants		(1,730,288)	(721,282)
Add: Government grants	23	16,277,199	15,201,926
Less: Transfer to Ordinary Sinking Fund	5, 23	(2,622,209)	(2,648,123)
Less: Transfer to Lift Replacement Fund	6, 23	(5,134,474)	(5,130,002)
Less: Transfer to Town Improvement and Project fund	7, 23	(2,469,271)	(1,312,754)
		6,051,245	6,111,047
SURPLUS FOR THE FINANCIAL YEAR		4,320,957	5,389,765
ACCUMULATED SURPLUS AS AT 1 APRIL		10,202,737	9,077,625
Less: Transferable Surplus to Ordinary Sinking Funds		-	(2,126,641)
Transferable Surplus to Lift Replacement Fund		-	(1,145,115)
Transfer of funds to Jalan Besar Town Council during Boundary Change		-	(414,268)
		10,202,737	5,391,601
Add: Transfer from Town Improvement Project Fund	7	318,864	221,311
Less: Appropriation to Town Improvement Project Fund	7	(913,200)	(799,940)
ACCUMULATED SURPLUS AT 31 MARCH		13,929,358	10,202,737



LIM BIOW CHUAN PBM
Chairman

Date : 7 September 2022



ANTHONY ONG ENG ANN PBM
Secretary

MARINE PARADE TOWN COUNCIL

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

	Note	2022 \$	2021 \$
SURPLUS FOR THE FINANCIAL YEAR		4,320,957	5,389,765
MOVEMENT OF VARIOUS FUNDS			
Ordinary Sinking Fund	5	177,448	6,958,921
Lift Replacement Fund	6	2,383,871	8,659,740
Town Improvement and Project Fund	7	(481,076)	(462,648)
		<u>6,401,200</u>	<u>20,545,778</u>
OTHER COMPREHENSIVE INCOME			
Item that may not be reclassified to income and expenditure statement			
Fair value loss on investment in bond	8	-	(42,750)
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ATTRIBUTABLE TO TOWN COUNCIL FUNDS		<u>6,401,200</u>	<u>20,503,028</u>



LIM BIOW CHUAN PBM
Chairman

Date : 7 September 2022



ANTHONY ONG ENG ANN PBM
Secretary

MARINE PARADE TOWN COUNCIL

**STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

	Note	Total \$	Residential Property \$	Commercial Property \$	Carpark \$	Fair value reserve \$
Balance as at 1 April 2020		117,019,592	81,099,427	35,877,415	-	42,750
Surplus (Deficit) for the year		20,503,028	18,109,547	1,407,416	1,028,815	(42,750)
Transfer of funds during Boundary Change		(3,363,288)	(2,853,555)	(509,733)	-	-
Inter-funds transfer	4	-	1,028,815	-	(1,028,815)	-
Balance as at 31 March 2021		134,159,332	97,384,234	36,775,098	-	-
Balance as at 1 April 2021		134,159,332	97,384,234	36,775,098	-	-
Surplus for the year		6,401,200	4,267,481	1,064,018	1,069,701	-
Inter-funds transfer	4	-	1,069,701	-	(1,069,701)	-
Balance as at 31 March 2022		140,560,532	102,721,416	37,839,116	-	-

The net surplus (deficit) for the year comprises the following:

	Note	2022 \$	2021 \$
Accumulated surplus	4	4,320,957	5,389,765
Ordinary Sinking Fund	5	177,448	6,958,921
Lift Replacement Fund	6	2,383,871	8,659,740
Town Improvement and Project Fund	7	(481,076)	(462,648)
Fair value reserve	8	-	(42,750)
		6,401,200	20,503,028

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

MARINE PARADE TOWN COUNCIL

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

	Note	2022 \$	2021 \$
Operating Activities			
Deficit before income tax and government grants		(1,248,213)	(231,536)
Adjustments for:			
Operating income transfer to Ordinary Sinking Fund	5	11,111,717	11,235,032
Operating income transfer to Lift Replacement Fund	6	5,983,225	6,049,626
Interest income		(94,305)	(144,303)
(Reversal) Allowance credit loss on operating receivables	12,13	(9,407)	416,440
Write off of other receivables		-	4,571
Depreciation of right-of-use assets	10	573,129	348,479
Rental waiver		-	(45,400)
Lease interest expenses	21	46,167	21,911
Depreciation of plant and equipment	9	42,503	30,400
Operating cash flows before changes in working capital		16,404,816	17,685,220
Movement in working capital:			
Operating receivables		2,753,705	277,163
Operating payables		(8,981,775)	7,223,031
Net cash flows generated from operations		10,176,746	25,185,414
Goods and services tax	22	(604,769)	(556,700)
Ordinary Sinking Fund expenditure	5	(13,740,189)	(7,521,753)
Lift Replacement Fund expenditure	6	(11,964,135)	(6,246,221)
Town Improvement and Project Fund expenditure paid	7	(2,950,347)	(1,775,402)
Neighbourhood Renewal Programme and Electrical Load Upgrading Programme expenditure paid	16	(801,784)	(695,745)
Income tax paid	18	(433,636)	(373,451)
Net cash (used in) generated from operating activities		(20,318,114)	8,016,142
Investing Activities			
Purchase of plant and equipment	9	(26,188)	(75,238)
Decrease/ (Increase) in fixed deposits	14	7,409,336	(24,409,336)
Interest and investment income received		1,379,720	2,024,427
Net cash generated from (used in) investing activities		8,762,868	(22,460,147)
Financing Activities			
Government grants received		11,829,822	15,287,313
Repayment of lease liabilities	15	(608,635)	(368,692)
Funding received for Neighbourhood Renewal Programme and Electrical Load Upgrading Programme		168,272	185,968
Funding received for Lift Enhancement Programme/ Selective Lift Replacement Programme		3,120,109	3,431,241
Net cash generated from financing activities		14,509,568	18,535,830
Net increase in cash and cash equivalents		2,954,322	4,091,825
Funds Transferred to Jalan Besar Town Council	24	-	(3,503,928)
Cash and cash equivalents at beginning of year		70,100,922	69,513,025
Cash and cash equivalents at end of year	14	73,055,244	70,100,922

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

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

1. General Information

Marine Parade Town Council (the "Town Council") was formed on 5 July 1989 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, other commercial property and market and food centres in the housing estates of the Housing and Development Board ("HDB") within the Town. The Town consists of Marine Parade Group Representation Constituency, MacPherson Single Member Constituency and Mountbatten Single Member Constituency.

The principal office of operations is at 50 Marine Terrace #01-265, Singapore 440050.

The financial statements of the Town Council for the financial year ended 31 March 2022 were authorised for issue in accordance with a resolution of the Town Council on 7 September 2022.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements of the Town Council have been prepared in accordance with the provisions of the Town Councils Act 1988 (the "Act") and Financial Reporting Standards in Singapore ("FRSs").

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

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

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

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

2. Summary of significant accounting policies (continued)

2.1 Basis of preparation of financial statements (continued)

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

2.2 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Town Council has adopted all the new and amended standards which are effective for annual financial periods beginning on or after 1 April 2021. The adoption of these standards did not have any significant effect on the financial statements of the Town Council for the current or prior years

Standards issued but not yet effective

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

2.3 Town Council Funds

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

- Residential Property
- Commercial Property

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

The routine fund related to properties under management, together with Sinking Funds 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.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

2. Summary of significant accounting policies (continued)

2.3 Town Council Funds (continued)

Sinking Funds

Sinking Funds comprise of Ordinary Sinking Fund and Lift Replacement Fund.

Under the Town Councils Act, the Ministry of National Development may, from time to time, prescribe the minimum amounts of conservancy and service fees and grants-in-aid to be paid into the Sinking Funds other than Lift Replacement Fund matching grant which does not have a prescribed minimum amount to be paid into the Sinking Funds.

(i) Ordinary Sinking Fund

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

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

Property type service	Percentage of conservancy and service fees and grants-in-aid
(i) 1-room to 5-room and Executive	26% (2021: 26%) of conservancy and service fees and grants-in-aid
(ii) Shop with living accommodation	26% (2021: 26%) of conservancy and service fees and grants-in-aid
(iii) Commercial property	26% (2021: 26%) of conservancy and service fees and grants-in-aid

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

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

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

2. Summary of significant accounting policies (continued)

2.3 Town Council Funds (continued)

(ii) Lift Replacement Fund

In accordance with Section 47(5) of the Town Councils Act, Town Councils are required to establish a new Lift Replacement Fund with effect from 1 April 2017. The establishment of the LRF is a standalone fund to be carved out from the existing Sinking Funds and ring-fenced specifically for lift replacements and other lift-related replacement works.

The minimum amounts to be paid by property type, into the Lift Replacement Fund is as follows:

Property type service	Percentage of conservancy and service fees and grants-in-aid
(i) 1-room to 5-room and Executive	14% (2021: 14%) of conservancy and service fees and grants-in-aid
(ii) Shop with living accommodation	14% (2021: 14%) of conservancy and service fees and grants-in-aid
(iii) Commercial property	14% (2021: 14%) of conservancy and service fees and grants-in-aid

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

The Lift Replacement Fund is utilised for major lift works such as capital expenditure including works, plant, equipment, appliances and insurance premium related to the replacement of lifts or lift upgrading works carried out on the common property under the Housing and Development Act.

Town Improvement and Project Fund

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

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

2.4 Inter-fund transfers

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

2.5 Allocation of general overheads

Expenditure not specifically related to any property type managed, such as administrative overheads, tree planting and pruning etc. are allocated to the various property types using equivalent dwelling units ("EDU") as follows:

Property Type	Equivalent Dwelling Unit(s)	
	2022	2021
1 Residential Property Unit	1	1
1 Commercial Property Unit	2	2
6 Car lots or 36 Motorcycle lots or 4 Lorry lots	1	1

Such allocation by EDU is not applied to the Sinking Funds and Town Improvement and Project Fund.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

2. Summary of significant accounting policies (continued)

2.6 Government grants

The Town Council receives five types of grants from the Government: Service and Conservancy Charges ("S&CC") grant, payment from CCCs, Goods and Services Tax ("GST") subvention grant, Lift Replacement Fund Matching Grant and Lift Maintenance Grant ("LMG").

- (i) Service and Conservancy Charges (S&CC) operating grants to meet the current year's operating expenditure are taken to the statement of income and expenditure, except to the extent which is required to be transferred to Ordinary Sinking Fund and Lift Replacement Fund based on the amount prescribed.
- (ii) Payments from CCC are granted to provide funding support for community improvement projects under CIPC scheme.
- (iii) The GST Subvention is given as grant-in-aid to the Town Council to assist Town Council for absorbing the GST increases in Service and Conservancy Charges for HDB residential flats. The grant is taken to the statement of income and expenditure, except to the extent which is required to be transferred to Ordinary Sinking Fund and Lift Replacement Fund based on the amount prescribed.
- (iv) Lift Replacement Fund (LRF) Matching Grant is given as grant-in-aid to the Town Council by MND to match 50% of Town Council's contributions to the Lift Replacement Fund to supplement Town Council's savings. The contributions inclusive of (a) quarterly contributions from Service and Conservancy Charges collections and other grants-in-aids, including voluntary contributions beyond the minimum LRF contribution rate; and (b) voluntary contribution of accumulated surplus to the LRF at the end of a financial year, as allowed under Section 47(12) of the amended Town Councils Act.
- (v) Lift Maintenance Grant (LMG) is given as grant-in-aid to the Town Council to cope with the higher lift-related servicing and maintenance costs. LMG disbursed to Town Council annually and the amount disbursed is \$600 for every lift (both residential and commercial) maintained by the Town Council. The grant is taken to the statement of income and expenditure, except to the extent which is required to be transferred to Ordinary Sinking Fund and Lift Replacement Fund based on the amount prescribed.

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

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

2. Summary of significant accounting policies (continued)

2.7 Revenue recognition

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

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

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

Investment income from financial assets designated at fair value through other comprehensive income is recognised as income when right to receive the income is established, unless such income clearly represents a recovery of part of the cost of the investment.

Income from temporary occupation licenses and usage of void deck or other common property is recognised on a cash basis.

2.8 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;
- (iii) Donations from non-residents or non-owners of properties in the Town; and
- (iv) Agency fees derived from acting as agent for the HDB.

In respect of government grants received, the Town Council has been granted remission under Section 92(2) of Income Tax Act 1947.

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

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

2. Summary of significant accounting policies (continued)

2.9 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of plant and equipment includes the purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the plant and equipment.

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

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

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

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

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

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

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

2.10 Financial assets

Classification of financial assets

The Town Council classifies its financial assets in the following measurement categories: (1) Amortised cost; and (2) Fair value through other comprehensive income (FVTOCI).

Initial recognition and measurement

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

Debt instruments mainly comprise cash and short-term deposits, conservancy and service fees receivables and other receivables that meet the following conditions are subsequently measured at amortised cost:

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

2. Summary of significant accounting policies (continued)

2.10 Financial assets (continued)

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Town Council's business model for managing the asset and the contractual cash flow characteristics of the asset.

(i) Amortised costs

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognized in statement of income and expenditure when the assets are derecognized or impaired, and through amortization process.

Amortised cost and effective interest method

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

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

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

(ii) Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payment of principal and interest, are measured at FVTOCI. Financial assets measured at FVTOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses. The cumulative gain or loss previously recognized in other comprehensive income is classified from equity to statement of income and expenditure as reclassification adjustment when the financial asset is de-recognised. Interest income from these financial assets is included in other income using effective interest rate method.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

2. Summary of significant accounting policies (continued)

2.10 Financial assets (continued)

Impairment of financial assets

The Town Council recognises an allowance for expected credit losses ("ECL") for all debt instruments that are measured at amortised cost through statement of income and expenditure or the respective funds. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Town Council recognises lifetime ECL for conservancy and service fees receivables and other receivables (relating solely to the fee incurred and penalty fee imposed on outstanding conservancy and service fees receivables disclosed in Note 12) using simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Town Council's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. The following provision matrix is used:

	Rate of Provision
Live accounts with arrears	
in excess of 6 – 11 months	25%
in excess of 12 – 23 months	50%
in excess of 24 months	100%
Terminated accounts with arrears	100%

Any subsequent changes in lifetime ECL, both positive and negative, will be recognised immediately in statement of income and expenditure or respective funds.

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

For debt instruments at fair value through other comprehensive income, the Town Council applies the low credit risk simplification. At every reporting date, the Town Council evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Town Council reassesses the internal credit rating of the debt instrument.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Town Council compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Town Council considers historical loss rates for each category of debtors and adjusts to reflect current and forward-looking macroeconomic factors affecting the ability of the debtors to settle the receivables. The Covid-19 pandemic has had no significant impact on the Town Council's overall credit risk as at 31 March 2022.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

2. Summary of significant accounting policies (continued)

2.10 Financial assets (continued)

The Town Council assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if (i) the financial instrument has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to meet its contractual cash flow obligations.

The Town Council regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Town Council considers the following as constituting an event of default for internal credit risk management purpose as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable: (i) where there is a breach of financial covenants by the counterparty; or (ii) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors including the Town Council in full without taking into account any collaterals held by the Town Council.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred.

Write-off policy

The Town Council writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over seven years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Town Council's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in statement of income and expenditure.

Measurement and recognition of expected credit losses

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Town Council in accordance with the contract and all the cash flows that the Town Council expects to receive, discounted at the original effective interest rate.

If the Town Council has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Town Council measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

2. Summary of significant accounting policies (continued)

2.10 Financial assets (continued)

Derecognition of financial assets

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in statement of income and expenditure. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified to statement of income and expenditure.

2.11 Impairment of non-financial assets

The Town Council assesses at the end of each reporting period whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

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

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

2.12 Cash and cash equivalents

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

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

2. Summary of significant accounting policies (continued)

2.13 Financial Liabilities

Initial recognition, measurement and derecognition of financial liabilities.

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

The financial liability is derecognised when, and only when, its obligations are discharged, cancelled or expired. On derecognition, the difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in statement of income and expenditure.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in statement of income and expenditure when the liabilities are derecognised, and through the amortisation process.

2.14 Lease as a lessee

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 (i.e. the date 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 re-measurement 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.

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

Data management system	-	6 years
Office premises	-	1 year to 3 years
Office equipment	-	2 years

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

2. Summary of significant accounting policies (continued)

2.14 Lease as a lessee (continued)

The Town Council's right-of-use assets are presented in Note 10.

Lease liabilities

At the commencement date of the lease, the Town Council recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

In calculating the present value of lease payments, the Town Council uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset. The Town Council's lease liabilities are presented in Note 15.

Short-term leases and leases of low-value assets

The Town Council applies the short-term lease recognition exemption to its short-term leases of office premises and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

2.15 Payables

Payables are initially measured at fair value (net of transaction costs), and subsequently measured at amortised cost, using the effective interest method.

2.16 Provisions

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

NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year Ended 31 March 2022

3. Critical accounting judgements and key sources of estimation uncertainty

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

Critical accounting estimates and assumptions used that are significant to the financial statements, and areas involving a high degree of judgements or complexity, are described below.

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

In the process of applying the Town Council's accounting policies, the management is of the opinion that there is no instance of application of judgement which is expected to have a significant effect on the amounts recognised in the financial statements, apart from these involving estimations described below.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follow:

Allowance for credit loss on conservancy and service fees receivables

Upon adoption of FRS 109 *Financial Instruments*, the Town Council measures impairment loss based on an expected credit loss (ECL) on conservancy and service debts and related interest charged for late payment. When measuring ECL, the Town Council uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions. The gross amount of conservancy and service fee and related ECL are disclosed in Note 12.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

4 Accumulated surplus

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

	Note	Total		Residential Property		Commercial Property		Carpark	
		2022	2021	2022	2021 Re-classified	2022	2021 Re-classified	2022	2021
		\$	\$	\$	\$	\$	\$	\$	\$
Operating income									
Conservancy and service fees		42,737,334	43,211,634	37,028,368	37,719,403	5,708,966	5,492,231	-	-
Less: Operating income transfer to Ordinary Sinking Fund	5	(11,111,717)	(11,235,032)	(9,627,385)	(9,807,051)	(1,484,332)	(1,427,981)	-	-
Operating income transfer to Lift Replacement Fund (minimum required by law)	6	(5,983,225)	(6,049,626)	(5,183,968)	(5,280,712)	(799,257)	(768,914)	-	-
		25,642,392	25,926,976	22,217,015	22,631,640	3,425,377	3,295,336	-	-
Agency fees	19	2,712,323	2,614,241	-	-	-	-	2,712,323	2,614,241
Other income	20	2,800,286	2,330,030	2,055,052	1,694,614	720,826	624,517	24,408	10,899
		31,155,001	30,871,247	24,272,067	24,326,254	4,146,203	3,919,853	2,736,731	2,625,140
Less: Operating expenditure		(32,497,519)	(31,247,086)	(26,925,733)	(26,263,640)	(3,906,582)	(3,384,710)	(1,665,204)	(1,598,736)
Operating (deficit) surplus		(1,342,518)	(375,839)	(2,653,666)	(1,937,386)	239,621	535,143	1,071,527	1,026,404
Add: Non-operating income		94,305	144,303	79,893	122,237	7,293	11,112	7,119	10,954
(Deficit) surplus before income tax and government grants		(1,248,213)	(231,536)	(2,573,773)	(1,815,149)	246,914	546,255	1,078,646	1,037,358
Less: Income tax	18	(119,110)	(112,509)	(100,993)	(95,215)	(9,172)	(8,751)	(8,945)	(8,543)
Less: Goods and services tax	22	(362,965)	(377,237)	(332,624)	(345,801)	(30,341)	(31,436)	-	-
(Deficit) surplus before government grants		(1,730,288)	(721,282)	(3,007,390)	(2,256,165)	207,401	506,068	1,069,701	1,028,815
Add: Government grants	23	16,277,199	15,201,926	15,600,633	14,804,636	676,566	397,290	-	-
Less: Transfer to Ordinary Sinking Fund	5, 23	(2,622,209)	(2,648,123)	(2,619,869)	(2,645,627)	(2,340)	(2,496)	-	-
Less: Transfer to Lift Replacement Fund	6, 23	(5,134,474)	(5,130,002)	(4,732,777)	(4,748,865)	(401,697)	(381,137)	-	-
Less: Transfer to Town Improvement and Project Fund	7, 23	(2,469,271)	(1,312,754)	(2,205,741)	(1,308,697)	(263,530)	(4,057)	-	-
		6,051,245	6,111,047	6,042,246	6,101,447	8,999	9,600	-	-
SURPLUS FOR THE YEAR		4,320,957	5,389,765	3,034,856	3,845,282	216,400	515,668	1,069,701	1,028,815
Add: Accumulated surplus as at 1 April		10,202,737	9,077,625	9,687,002	8,082,667	515,735	994,958	-	-
Less: Transfer Surplus to Ordinary Sinking Fund as at 22 June 2020 in accordance with Statement of Transferable Surpluses		-	(2,126,641)	-	(1,679,736)	-	(446,905)	-	-
Less: Transfer Surplus to Lift Replacement Fund as at 22 June 2020 in accordance with Statement of Transferable Surpluses		-	(1,145,115)	-	(904,474)	-	(240,641)	-	-
Less: Transfer of funds to Jalan Besar Town Council during Boundary Change	24	-	(414,268)	-	(393,629)	-	(20,639)	-	-
Add (Less): Inter-funds transfer		-	-	1,069,701	1,028,815	-	-	(1,069,701)	(1,028,815)
Add: Transfer surplus from (to) Town Improvement and Project Fund	7	318,864	221,311	228,761	380,027	90,103	(158,716)	-	-
Less: Appropriation to Town Improvement and Project Fund	7	(913,200)	(799,940)	(767,088)	(671,950)	(146,112)	(127,990)	-	-
ACCUMULATED SURPLUS AS AT 31 MARCH		13,929,358	10,202,737	13,253,232	9,687,002	676,126	515,735	-	-

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

5 Ordinary Sinking Fund

Note	Total		Residential Property		Commercial Property	
	2022	2021	2022	2021 Re-classified	2022	2021 Re-classified
	\$	\$	\$	\$	\$	\$
Balance as at 1 April	74,849,506	67,495,340	47,695,820	40,551,811	27,153,686	26,900,779
Add Transfer Surplus to Sinking Fund as at 22 June 2020 in accordance with Statement of Transferable Surpluses	-	2,126,641	-	1,679,736	-	446,905
Less Transfer of funds to Jalan Besar Town Council during Boundary Change	24	(1,688,646)	-	(1,317,528)	-	(371,118)
Add:						
Operating income transfer from conservancy and service fees	4	11,111,717	11,235,032	9,627,385	9,807,051	1,484,332
Investment and other income	5(i)	383,306	821,559	351,283	753,337	32,023
Transfer from government grants	4,23	2,622,209	2,648,123	2,619,869	2,645,627	2,340
		14,117,232	14,704,714	12,598,537	13,206,015	1,518,695
					1,518,695	1,498,699
Less: Expenditure	5(ii)	(13,740,189)	(7,521,753)	(12,161,245)	(6,218,937)	(1,578,944)
Less: Income tax	18	(65,077)	(134,108)	(59,656)	(122,859)	(5,421)
Goods and services tax	22	(134,518)	(89,932)	(123,276)	(82,418)	(11,242)
Surplus / (Deficit) for the year		177,448	6,958,921	254,360	6,781,801	(76,912)
		75,026,954	74,892,256	47,950,180	47,695,820	27,076,774
Less: Fair value reserve	8	-	(42,750)			
Balance as at 31 March		75,026,954	74,849,506			
Represented by:						
Current assets						
Cash and cash equivalents	14	73,335,400	71,782,562			
Interest receivable		56,305	497,871			
Conservancy and service fees receivables	12	250,931	340,567			
Other receivables	13	368,657	3,126,883			
Due from accumulated surplus		3,107,492	3,172,371			
		77,118,785	78,920,254			
Total assets		77,118,785	78,920,254			
Less:						
Current liabilities						
Payables and accrued expenses	17	(1,889,434)	(3,729,645)			
Income tax payable	18	(202,397)	(341,103)			
		(2,091,831)	(4,070,748)			
NET ASSETS		75,026,954	74,849,506			

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

5 Ordinary Sinking Fund (continued)

(i) Investment and other income	2022	2021
	\$	\$
Interest income - fixed deposits	382,805	742,696
Interest income - bonds	-	78,500
Other Income	501	363
	383,306	821,559
(ii) Expenditure	2022	2021
	\$	\$
Re-roofing works	28,279	803,365
Electrical rewiring	2,459,297	1,084,524
Replacement of water pump sets	447,834	906
Escalator works	13,266	23,241
Repairs and redecoration	10,095,014	4,967,284
Replacement of water pipes	99,550	-
Replacement of fire fighting & protection system	1,860	-
Replacement of refuse chute flushing system	-	140,975
Replacement of refuse handling equipment	-	108,230
Consultancy fees and other charges	557,138	305,879
Replacement of water tank lining	30,000	-
Replacement of (FRP) Water Tanks	7,951	87,349
	13,740,189	7,521,753

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

6 Lift Replacement Fund

	Note	Total 2022 \$	2021 \$	Residential Property 2022 \$	Property 2021 \$	Commercial Property 2022 \$	2021 \$
Balance as at 1 April		48,307,149	39,762,668	39,329,462	31,890,423	8,977,687	7,872,245
Add: Transfer Surplus to Lift Replacement Fund as at 22 June 2020 in accordance with Statement of Transferable Surpluses		-	1,145,115	-	904,474	-	240,641
Less: Transfer of funds to Jalan Besar Town Council during Boundary Change	24	-	(1,260,374)	-	(1,142,398)	-	(117,976)
Add:							
Operating income transfer from conservancy and service fees	4	5,983,225	6,049,626	5,183,968	5,280,712	799,257	768,914
Investment income	6(i)	262,077	463,467	240,149	424,624	21,928	38,843
Funding for Lift Enhancement Programme/ Selective Lift Replacement Programme		3,120,109	3,431,241	2,947,435	3,431,241	172,674	-
Transfer from LRF Matching Grant	4,23	3,722,513	3,704,088	3,322,076	3,324,295	400,437	379,793
Transfer from government grants on S&CC, GST Subvention and LMG	4,23	1,411,961	1,425,914	1,410,701	1,424,570	1,260	1,344
		14,499,885	15,074,336	13,104,329	13,885,442	1,395,556	1,188,894
Less: Expenditure	6(ii)	(11,964,135)	(6,246,221)	(11,543,660)	(6,054,183)	(420,475)	(192,038)
Less: Income tax	18	(44,593)	(78,844)	(40,878)	(72,231)	(3,715)	(6,613)
Goods and services tax	22	(107,286)	(89,531)	(98,337)	(82,065)	(8,949)	(7,466)
Surplus for the year		2,383,871	8,659,740	1,421,454	7,676,963	962,417	982,777
Balance as at 31 March		50,691,020	48,307,149	40,750,916	39,329,462	9,940,104	8,977,687

Represented by:

Current assets

Cash and cash equivalents	14	46,055,698	49,585,623
Interest receivable		72,230	210,261
Conservancy and service fees receivables	12	135,117	183,383
Other receivables	13	5,684,233	2,168,084
Due from accumulated surplus		1,665,755	1,683,433
		53,613,033	53,830,784
Total assets		53,613,033	53,830,784

Less:

Current liabilities

Payables and accrued expenses	17	(2,798,729)	(5,361,151)
Income tax payable	18	(123,284)	(162,484)
		(2,922,013)	(5,523,635)

NET ASSETS

		50,691,020	48,307,149
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MARINE PARADE TOWN COUNCIL**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022****6 Lift Replacement Fund (continued)**

(i) Investment income	2022	2021
	\$	\$
Interest income - fixed deposits	221,312	436,713
Interest income - bank	40,765	26,754
	262,077	463,467
(ii) Expenditure	2022	2021
	\$	\$
Lift cyclical maintenance works	2,434,010	2,126,397
Lift overhauls and replacement works	5,577,887	-
Replacement of Lift Position Display Panel	388,108	741,976
Lift Enhancement Programme	3,373,090	3,130,900
Project management and other charges	191,040	246,948
	11,964,135	6,246,221

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

7 Town Improvement and Project Fund

Note	Total		Residential Property		Commercial Property	
	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$
Balance as at 1 April	799,940	683,959	671,950	574,526	127,990	109,433
Transfer from government grants	4,23 2,469,271	1,312,754	2,205,741	1,308,697	263,530	4,057
Expenditure	7(i) (2,950,347)	(1,775,402)	(2,648,930)	(1,503,196)	(301,417)	(272,206)
(Deficit) / Surplus for the year	(481,076)	(462,648)	(443,189)	(194,499)	(37,887)	(268,149)
Transfer (to) / from accumulated surplus*	4 (318,864)	(221,311)	(228,761)	(380,027)	(90,103)	158,716
Appropriation from accumulated surplus **	4 913,200	799,940	767,088	671,950	146,112	127,990
Balance as at 31 March	<u>913,200</u>	<u>799,940</u>	<u>767,088</u>	<u>671,950</u>	<u>146,112</u>	<u>127,990</u>

Represented by:

Current asset

Due from accumulated surplus	<u>913,200</u>	<u>799,940</u>
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(i) Expenditure

Construction of covered linkways	710,353	494,304
Construction of pavilion	482,719	161,849
Construction/upgrading of playground, fitness corner etc	681,024	782,597
Residents' and study corner	254,319	52,789
Outdoor facilities	821,932	322,157
Lift lobbies upgrading	-	(38,594)
Improvement to bin chutes	-	300
	<u>2,950,347</u>	<u>1,775,402</u>

* At the end of each financial year, the Town Council would transfer any surplus or deficit from the Town Improvement Project Fund to the accumulated surplus.

** The amount required by Town Improvement Project Fund for the following year would then be appropriated from the accumulated surplus.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

8 Fair value reserve

	2022 \$	2021 \$
Fair value reserve from financial assets at fair value through other comprehensive income	-	-
Movements:		
Balance as at 1 April	-	42,750
Loss arising during the year	-	(42,750)
Balance as at 31 March	-	-
Fair value reserve is taken up in:		
Ordinary Sinking Fund	-	(42,750)

9 Plant and equipment

Note	Furniture, fixtures and fittings \$	Office equipment \$	Data processing equipment \$	Total \$
Cost				
As at 1 April 2020	918,185	201,187	162,389	1,281,761
Additions	3,320	-	71,918	75,238
Written off	(1,313)	-	(47,165)	(48,478)
As at 31 March 2021	920,192	201,187	187,142	1,308,521
Additions	11,795	2,987	11,406	26,188
Written off	(368)	(1,891)	(43,008)	(45,267)
As at 31 March 2022	931,619	202,283	155,540	1,289,442
Accumulated depreciation				
As at 1 April 2020	898,063	196,639	138,923	1,233,625
Depreciation	5,789	1,370	23,241	30,400
Written off	(1,313)	-	(47,165)	(48,478)
As at 31 March 2021	902,539	198,009	114,999	1,215,547
Depreciation	6,633	1,663	34,207	42,503
Written off	(368)	(1,891)	(43,008)	(45,267)
As at 31 March 2022	908,804	197,781	106,198	1,212,783
Net book value				
As at 31 March 2021	17,653	3,178	72,143	92,974
As at 31 March 2022	22,815	4,502	49,342	76,659

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

10 Right-of-use assets	Data management system \$	Office premises \$	Office equipment \$	Total \$
Cost				
As at 1 April 2020	1,963,732	650,877	39,964	2,654,573
Additions	-	320,563	-	320,563
End of lease term	-	(220,507)	-	(220,507)
Remeasurement of lease	(106,457)	-	-	(106,457)
As at 31 March 2021 and 2022	1,857,275	750,933	39,964	2,648,172
Accumulated depreciation				
As at 1 April 2020	-	150,911	7,742	158,653
Charge to profit or loss	77,386	257,821	13,272	348,479
End of lease term	-	(220,507)	-	(220,507)
As at 31 March 2021	77,386	188,225	21,014	286,625
Charge to profit or loss	309,546	250,311	13,272	573,129
As at 31 March 2022	386,932	438,536	34,286	859,754
Net carrying amount				
As at 31 March 2021	1,779,889	562,708	18,950	2,361,547
As at 31 March 2022	1,470,343	312,397	5,678	1,788,418

11 Financial assets at fair value through other comprehensive income ("FVTOCI")

	2022 \$	2021 \$
Balance as at 1 April	-	2,542,750
Fair value changes recognised in Ordinary Sinking Fund	-	(42,750)
Bond redemption	-	(2,500,000)
Balance as at 31 March	-	-

In 2021, this comprised of investment in a quoted bond issued by a statutory board (Housing & Development Board) that bore fixed interest rate of 3.14% per annum with maturity date on 18 March 2021. The Town Council had redeemed the bond in 2021 and received the proceeds in 2022. The proceeds was recorded as other receivable in Note 13. The effective interest rate earned for 2021 was 3.07% per annum. The Town Council had elected to measure the debts instrument at FVTOCI as the objective of which is both for collection of contracted cash flows and for selling the financial assets.

The financial assets at FVTOCI was taken up in Ordinary Sinking Fund.

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

12 Conservancy and service fees receivables

	Note	2022 \$	2021 \$
Conservancy and service fees receivables		2,831,123	3,159,731
Less: Allowance for impairment loss		(1,702,870)	(1,739,902)
Net		<u>1,128,253</u>	<u>1,419,829</u>
Taken up in:			
Accumulated surplus		742,205	895,879
Ordinary Sinking Fund	5	250,931	340,567
Lift Replacement Fund	6	135,117	183,383
		<u>1,128,253</u>	<u>1,419,829</u>

Conservancy and service fees receivables are non-interest bearing and are generally on 30 days (2021: 30 days) credit term.

The movements in allowance for credit loss are as follows:

		2022 \$	2021 \$
Balance as at 1 April		1,739,902	1,276,364
Write off during the year		(34,817)	(66,466)
(Reversal) / Charge to profit or loss	21	(2,215)	530,004
Balance as at 31 March		<u>1,702,870</u>	<u>1,739,902</u>

13 Other receivables

	Note	2022 \$	2021 \$
Deposits		170,722	193,172
Claims for Citizens' Consultative Committee funding receivable		1,725,335	1,443,967
Billing for work carried out, reimbursement from HDB		188,868	434,283
Billing for work carried out, reimbursement from contractors		6,588	159,709
Billing for work carried out, reimbursement from NEA		-	39,261
Receivable from MND		1,286,477	358,799
GST receivable		503,176	243,602
Grant receivable		795,266	767,274
Prepayments		-	9,763
SLRP funding receivable from HDB		4,493,573	1,283,234
Bond receivable	11	-	2,500,000
Other receivables*		849,586	625,771
Less: Allowance for credit loss		(410,513)	(444,412)
Net		<u>9,609,078</u>	<u>7,614,423</u>
Taken up in:			
Accumulated surplus		3,556,188	2,319,456
Ordinary Sinking Fund	5	368,657	3,126,883
Lift Replacement Fund	6	5,684,233	2,168,084
		<u>9,609,078</u>	<u>7,614,423</u>

The movements in allowance for credit loss for other receivables are as follows:

		2022 \$	2021 \$
Balance as at beginning of year		444,412	575,950
Reversal to profit or loss	21	(7,192)	(113,564)
Written off during the year		(26,707)	(17,974)
Balance as at year end		<u>410,513</u>	<u>444,412</u>

*Other receivables consist of fee incurred and penalty fee imposed on outstanding conservancy and service fees receivables. ECL is provided on the same basis as conservancy and service fees receivables.

MARINE PARADE TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

14 Cash and short term deposits

	Note	2022 \$	2021 \$
Cash on hand		11,000	11,000
Cash at banks		34,044,244	38,089,922
		<u>34,055,244</u>	<u>38,100,922</u>
Fixed deposits with financial institutions		104,000,000	104,409,336
		<u>138,055,244</u>	<u>142,510,258</u>
Taken up in:			
Accumulated surplus		18,664,146	21,142,073
Ordinary Sinking Fund	5	73,335,400	71,782,562
Lift Replacement Fund	6	46,055,698	49,585,623
		<u>138,055,244</u>	<u>142,510,258</u>
Fixed deposits			
- Maturing in more than 3 months		65,000,000	72,409,336
- Maturing within 3 months		39,000,000	32,000,000
		<u>104,000,000</u>	<u>104,409,336</u>

Fixed deposits are placed for varying periods from one month to one year. The interest rates range from 0.45% to 1.05% (2021: 0.75% to 1.95%) per annum. The weighted average effective interest rates per annum relating to fixed deposits is 0.63% (2021: 1.10%).

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

	2022 \$	2021 \$
Cash and short term deposits	138,055,244	142,510,258
Less: Fixed deposits maturing more than 3 months	(65,000,000)	(72,409,336)
Cash and cash equivalents per statement of cash flows	<u>73,055,244</u>	<u>70,100,922</u>

15 Lease liabilities

	2022 \$	2021 \$
Current liabilities	504,606	553,741
Non-current liabilities	1,044,164	1,557,497
Total	<u>1,548,770</u>	<u>2,111,238</u>
<u>Contractual cash flows</u>		
Within 1 year	550,643	608,635
Between two to five years	1,282,752	1,596,172
More than five years	-	237,222
	<u>1,833,395</u>	<u>2,442,029</u>
Less: Future interest expenses	(284,625)	(330,791)
Present value of lease liabilities	<u>1,548,770</u>	<u>2,111,238</u>

Reconciliation of movements of liabilities to cash flows arising from financing activities:

	2022 \$	2021 \$
At beginning of year	2,111,238	2,422,105
New leases during the year	-	320,563
Remeasurement of leases	-	(106,457)
<u>Changes from financing cash flows</u>		
Repayment of lease liabilities	(608,635)	(368,692)
<u>Non-cash changes</u>		
Transferred to other payables	-	(132,792)
Rental waiver	-	(45,400)
Interest expense	46,167	21,911
At end of year	<u>1,548,770</u>	<u>2,111,238</u>

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

15 Lease liabilities (continued)

Amount recognised in Income and Expenditure	2022 \$	2021 \$
<u>Leases under FRS 116</u>		
Interest expense on lease liabilities	46,167	21,911

The Town Council has entered into lease contracts for its office premises, office equipment and data management system. The lease for office premises typically run for of 3 years, with an option to renew the lease after that date. Lease payment are renegotiated upon renewal based on prevailing market conditions.

The lease term for the data management system is 6 years, with an option to enter for the maintenance services after that date. The Town Council reserves the right to exercise for the option years but the option years are not recognised for the reason of uncertainty from business perspective.

16 Receivables for Neighbourhood Renewal Programme (NRP) and Electrical Load Upgrading (ELU) Programme

	2022 \$	2021 \$
Balance as at 1 April	567,692	(6,278)
Funding from government	(168,272)	(185,968)
Payments to contractors	801,784	695,745
Payments to contractors - Boundary changes	-	64,193
	633,512	573,970
Balance as at 31 March	1,201,204	567,692

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. Blocks built up to 1989 and have not undergone the Main Upgrading Programme (MUP) or Interim Upgrading Programme (IUP) are eligible for NRP. The funding for the programme comes from the government and is for the specific use of projects under the programme. However, if the cost of project works incurred exceeds the funding provided, the Town Council has to bear the cost of excess expenditures.

The ELU Programme was introduced to upgrade the incoming electrical supply for HDB apartments blocks with a 40 amps main switch instead of 30 amps.

17 Payables and accrued expenses	Note	2022 \$	2021 \$
Accruals for completed works		528,817	7,103
Accrued operating expenses		7,698,310	17,227,471
Refundable deposits		330,689	328,858
Other payables		62,323	78,460
		8,620,139	17,641,892
Taken up in:			
Accumulated surplus		3,931,976	8,551,096
Ordinary Sinking Fund	5	1,889,434	3,729,645
Lift Replacement Fund	6	2,798,729	5,361,151
		8,620,139	17,641,892

Payables are non-interest bearing and are generally on 30 - 90 days (2021: 30 - 90 days) credit term.

As at 31 March 2022, included in the accrued operating expenses is an amount of \$329,260 (2021: \$774,464) payable to the managing agent with a credit term of 30 days (2021: 30 days).

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

18 Income tax

	Note	2022 \$	2021 \$
Current tax expense		226,717	325,824
Under/ (Over) provision of tax in previous financial years		2,063	(363)
		228,780	325,461
Taken up in:			
Accumulated surplus	4	119,110	112,509
Ordinary Sinking Fund	5	65,077	134,108
Lift Replacement Fund	6	44,593	78,844
		228,780	325,461

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

	2022 \$	2021 \$
Taxable income and deductible expenses		
Interest and investment income	739,423	1,429,289
Government grants and other income	16,178,383	15,203,185
Trade income	662,035	587,003
Allowable expenses	(65,074)	(57,218)
	17,514,767	17,162,259

Tax calculated at a tax rate of 17% (2021: 17%)	2,977,510	2,917,584
Tax remission of government grants under section 92(2) of Singapore Income Tax Act	(2,733,368)	(2,568,822)
Tax effect on concessionary income	-	(5,495)
Singapore statutory stepped income exemption	(17,425)	(17,425)
Others	-	(18)
Current tax expense	226,717	325,824
Under/ (Over) provision of tax in previous financial years	2,063	(363)
	228,780	325,461

The Town Council enjoys a concessionary tax rate of 10% for the income earned on investment in bond.

The movements in income tax payable are as follows:

	Note	2022 \$	2021 \$
Balance as at 1 April		759,753	807,743
Payments during the year		(433,636)	(373,451)
Current year income tax expense		226,717	325,824
Under/ (Over) provision of tax in previous financial years		2,063	(363)
Balance as at 31 March		554,897	759,753
Taken up in:			
Accumulated surplus		229,216	256,166
Ordinary Sinking Fund	5	202,397	341,103
Lift Replacement Fund	6	123,284	162,484
		554,897	759,753

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

19 Agency fees

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

20 Other income

	2022 \$	2021 \$
Penalty on late payment of conservancy and services fees	98,022	29,713
Liquidated damages imposed on contractors	372,823	105,328
Temporary occupational licenses	2,137,422	2,056,932
Usage of void deck, water, electricity and common property	133,171	22,074
Others	58,848	115,983
	2,800,286	2,330,030

21 General and administrative expenditure

	Note	2022 \$	2021 \$
Advertising, publicity and public relations		101,044	53,689
Audit fees		69,241	67,900
Computer services and fees		57,924	197,881
Depreciation of plant and equipment	9	42,503	30,400
Depreciation of right-of-use assets	10	573,129	348,479
Insurance premium		58,663	54,432
Lease interest expenses	15	46,167	21,911
Office upkeep expenditure		123,160	120,556
Office supplies and stationery		113,175	70,424
Others		197,321	182,822
Property tax		244,696	102,563
Staff salaries and related expenses		52,102	-
Telecommunication		93,230	92,191
Town Councillors' allowances		221,458	206,631
(Reversal) Allowance for credit loss on receivables, net	12,13	(9,407)	416,440
Write off of other receivables		-	4,571
		1,984,406	1,970,890

22 Goods and Services Tax ("GST")

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

Disallowed input tax in the respective funds are as follows:

	Note	2022 \$	2021 \$
Accumulated surplus	4	362,965	377,237
Ordinary Sinking Fund	5	134,518	89,932
Lift Replacement Fund	6	107,286	89,531
		604,769	556,700

MARINE PARADE TOWN COUNCIL

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

23 Government grants

Government grants taken to the statement of income and expenditure and other comprehensive income during the year are as follows:

Note	Total		Service and Conservancy Charges Grant		Lift Replacement Fund Matching Grant		Payment from Citizens Consultative Committees		GST Subvention Grant		Lift Maintenance Grant	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Government grants received/receivable	14,839,218	13,737,109	7,850,033	7,903,617	3,722,514	3,704,088	2,469,271	1,312,754	-	-	797,400	816,650
GST Subvention received/receivable	1,437,981	1,464,817	-	-	-	-	-	-	1,437,981	1,464,817	-	-
4	16,277,199	15,201,926	7,850,033	7,903,617	3,722,514	3,704,088	2,469,271	1,312,754	1,437,981	1,464,817	797,400	816,650
Less: Transfers to												
- Ordinary Sinking Fund	4, 5	(2,622,209)	(2,648,123)	(2,041,008)	(2,054,940)	-	-	-	(373,877)	(380,854)	(207,324)	(212,329)
- Lift Replacement Fund	4, 6	(5,134,474)	(5,130,002)	(1,099,003)	(1,106,506)	(3,722,514)	(3,704,088)	-	(201,321)	(205,077)	(111,636)	(114,331)
- Town Improvement and Project Fund	4, 7	(2,469,271)	(1,312,754)	-	-	-	-	(2,469,271)	(1,312,754)	-	-	-
	6,051,245	6,111,047	4,710,022	4,742,171	-	-	-	-	862,783	878,886	478,440	489,990

The total amount of grants received (including grants received in advance), since the formation of the Town Council, is as follow:

	2022	2021
	\$	\$
Balance as at beginning of the year	348,325,248	333,123,322
Add: Grants received/receivable	16,277,199	15,201,926
Balance as at end of the year	364,602,447	348,325,248

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

24 Funds transferred to Town Councils after the General Elections 2020

Following the General Elections on 10 July 2020 and the gazetting of the Town Councils (Declaration of Towns) Order 2020 on 30 July 2020, Marine Parade Town Council was reconstituted. Following this reconstitution, the following were funds transferred to Jalan Besar Town Council in 2021:

	Note	Residential Property Funds \$	Commercial Property Funds \$	Total \$
Accumulated surplus	4	393,629	20,639	414,268
Sinking funds	5	1,317,528	371,118	1,688,646
Lift Replacement Funds	6	1,142,398	117,976	1,260,374
Funds transferred		<u>2,853,555</u>	<u>509,733</u>	<u>3,363,288</u>
Represented by:				
Current assets				
Cash and cash equivalents		3,503,928		
Conservancy and service fee receivables		25,549		
Other receivables		4,686		
		<u>3,534,163</u>		
Current liabilities				
Conservancy and service fees received-in-advance		16,297		
Refundable deposits		12,900		
Government grants received in advance		77,485		
Advance received for Neighbouring Renewal Programme		64,193		
		<u>170,875</u>		
Net assets		<u>3,363,288</u>		

25 Inter-fund transfers

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

26 Capital commitments

Approved Town Council's capital expenditure but not provided for in the financial statements as at the financial year-end is as follows:

	2022 \$	2021 \$
Amount approved and contracted for	39,956,897	48,533,483
Amount approved but not contracted for	16,009,625	15,347,773
	<u>55,966,522</u>	<u>63,881,256</u>

27 Significant related party transactions

Marine Parade Town Council is managed by the managing agent, M/s C&W Services Operations Pte Ltd. Related party relates to the managing agent which provides key management personnel in the management of Town Council's operations. The Town Council does not incur any manpower and related costs except for the Town Councilors' allowances and Secretary's salary from October 2021.

	2022 \$	2021 \$
Town Councilors' allowances	221,458	206,631

The following are significant transactions took place between the Town Council and its managing agent on terms agreed between the parties during the financial year:

	2022 \$	2021 \$
- Managing agent fees	4,516,113	4,425,096
- Project management and other fees	2,016,090	1,671,265

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

28 Financial instruments and financial risk

The Town Council's financial instruments comprised of cash and cash equivalents, conservancy and service fees receivables and other receivables, accrued expenses and other payables that arise from its operations.

The main risks arising from the Town Council's financial instruments are credit risk and market risk. The Town Council is not exposed to foreign exchange risk. Risks management policies and systems are reviewed regularly to reflect changes in the operational environment and market conditions.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. Financial assets that potentially subject to concentrations of credit risk consist principally of cash balances with banks and receivables. The maximum exposure to credit risk is the fair value of the financial instruments at the end of the financial year.

The cash with banks are held with regulated banks. The other receivables comprises mainly receivables from government agencies. Impairment of these financial instruments are measured on the 12-month expected credit loss basis as there are no significant increase in credit risk of these financial instruments since initial recognition. The Town Council considers that these financial instruments have low credit risk.

For conservancy and service fees receivables, an ongoing credit evaluation is performed on the financial conditions of the receivables and credit losses are recognised in statement of income and expenditure. The allowance for credit loss of conservancy and service fees receivables totalling \$1,702,870 (2021: \$1,739,902) is determined at the reporting date (Note 12).

The Town Council measures loss allowance for conservancy and service fees receivables using simplified approach at an amount equal to lifetime expected credit losses ("ECLs"), which is calculated using a provision matrix. As the Town Council's historical credit loss experience does not indicate significantly different loss patterns for different debtor segments, the loss allowance based on past due status is not further distinguished between the Town Council's different debtor bases.

The following table provides information about the Town Council's exposure to credit risk and ECLs for conservancy and service fees receivables as at 31 March 2022.

	Past due				Total
	0 - 5 months	6 - 11 months	12 - 23 months	over 24 months	
31 March 2022					
Provision on individual basis					
Lifetime expected credit loss rate	100%	100%	100%	100%	
Gross carrying amount of terminated account (\$)	257,402	20,926	18,182	139,768	436,278
Loss allowance of terminated account (\$)	(257,402)	(20,926)	(18,182)	(139,768)	(436,278)
Provision on collective basis					
Lifetime expected credit loss rate	0%	25%	50%	100%	
Gross carrying amount excluding terminated account (\$)	610,757	320,613	592,978	889,950	2,414,298
Loss allowance excluding terminated account (\$)	-	(80,153)	(296,489)	(889,950)	(1,266,592)
Total loss allowance	(257,402)	(101,079)	(314,671)	(1,029,718)	(1,702,870)
	Past due				Total
	0 - 5 months	6 - 11 months	12 - 23 months	over 24 months	
31 March 2021					
Provision on individual basis					
Lifetime expected credit loss rate	100%	100%	100%	100%	
Gross carrying amount of terminated account (\$)	261,750	7,153	11,893	140,754	421,550
Loss allowance of terminated account (\$)	(261,750)	(7,153)	(11,893)	(140,754)	(421,550)
Provision on collective basis					
Lifetime expected credit loss rate	0%	25%	50%	100%	
Gross carrying amount excluding terminated account (\$)	653,861	448,294	859,493	776,533	2,738,181
Loss allowance excluding terminated account (\$)	-	(112,073)	(429,746)	(776,533)	(1,318,352)
Total loss allowance	(261,750)	(119,226)	(441,639)	(917,287)	(1,739,902)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022**

28 Financial instruments and financial risk (cont'd)

Credit risk (cont'd)

The Town Council keeps assessing the expected credit loss rates based on the Town Council's historical credit loss experience over the past years, adjusted for factors that are specific to the debtors, and an assessment of both the current and forecast general economic conditions at the end of the reporting period over the expected lives of the receivables.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period. A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

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

The total amount receivable from each individual account is aged based on the earliest invoice which is still outstanding as at each month end.

Market risk

Interest rate risk

Cash flow interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Town Council's interest rate risk primarily relates to its interest earning fixed deposits with banks.

Sensitivity analysis

At the end of the reporting period, if interest rates had been 100 (2021: 100) basis points lower/ higher with all other variables held constant, the Town Council's surplus net of tax would have been \$863,200 (2021: \$866,597) lower/ higher, arising mainly as a result of lower/higher interest income on fixed deposits.

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.

The contractual undiscounted cash flows of financial assets and financial liabilities due within 12 months approximate their carrying amounts as the impact of discounting is not significant.

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.

Financial instruments by category

The carrying amounts of the different categories of financial instruments other than those disclosed on the face of the statement of financial position and in the notes to the financial statements are as follows:

	2022 \$	2021 \$
Financial assets at amortised cost	149,638,930	152,890,798
Less: financial liabilities at amortised cost	(10,168,909)	(19,753,130)
Net	<u>139,470,021</u>	<u>133,137,668</u>

MARINE PARADE TOWN COUNCIL

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022

29 Fair value of financial assets and liabilities

The carrying amounts of current financial assets and liabilities approximate their respective fair values due to the relatively short term maturity of these financial instruments.

30 Funds management

The Town Council's objectives when managing funds are:

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

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

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

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

The Town Council's total funds amounted to \$140,560,532 (2021: \$134,159,332).

31 Reclassifications

Reclassifications have been made to the prior year's Government Grants transferred from Accumulated Surplus to Ordinary Sinking Fund incorrectly classified between residential property and commercial property. As a result, the Accumulate Surplus (Note 4) and Ordinary Sinking Fund (Note 5) have been reclassified.

The following shows the balances before and after the reclassification of the Town Council's financial statements for the financial year ended 31 March 2021.

	Previously reported 2021 \$	After reclassification 2021 \$
<u>Accumulated Surplus</u>		
Residential property	(2,648,123)	(2,645,627)
Commercial property	-	(2,496)
<u>Ordinary Sinking Fund</u>		
Residential property	2,648,123	2,645,627
Commercial property	-	2,496



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Town Council***

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