

Deloitte.

**PEOPLE'S ASSOCIATION
(Established under People's
Association Act 1960)**

**ANNUAL CONSOLIDATED
FINANCIAL STATEMENTS**

YEAR ENDED 31 MARCH 2022

PEOPLE'S ASSOCIATION

STATEMENT BY THE PEOPLE'S ASSOCIATION AND CONSOLIDATED FINANCIAL STATEMENTS

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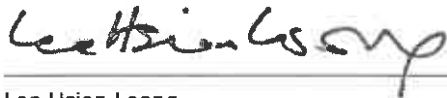
PEOPLE'S ASSOCIATION

STATEMENT BY THE PEOPLE'S ASSOCIATION

In our opinion,

- (a) the accompanying consolidated financial statements of People's Association (the "Association"), set out on pages 6 to 44 are drawn up in accordance with the provisions of the Public Sector (Governance) Act 2018 (No. 5 of 2018) (the "PSG Act"), the People's Association Act 1960 (the "PA Act"), the Singapore Charities Act 1994 and other relevant regulations (the "Charities Act and Regulations") and Statutory Board Financial Reporting Standards ("SB-FRS") so as to present fairly, in all material respects, the financial position of the Association as at 31 March 2022 and the financial performance and changes in equity and cash flows of the Association for the year ended on that date;
- (b) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Association during the year are, in all material respects, in accordance with the provisions of the PSG Act, the PA Act and the requirements of any other written law applicable to moneys of or managed by the Association; and
- (c) proper accounting and other records have been kept, including records of all assets of the Association whether purchased, donated or otherwise.

On behalf of People's Association



Lee Hsien Loong

Chairman



Lim Hock Yu

Chief Executive Director

Singapore
16 September 2022

INDEPENDENT AUDITOR'S REPORT TO THE PEOPLE'S ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2022

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of People's Association (the "Association") which comprise the consolidated statement of financial position as at 31 March 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, as set out on pages 6 to 44.

In our opinion, the accompanying consolidated financial statements of the Association are properly drawn up in accordance with the provisions of the Public Sector (Governance) Act 2018 (No. 5 of 2018) (the "PSG Act"), the People's Association Act 1960 (the "PA Act"), the Singapore Charities Act 1994 and other relevant regulations (the "Charities Act and Regulations") and Statutory Board Financial Reporting Standards ("SB-FRS") so as to present fairly, in all material respects, the financial position of the Association as at 31 March 2022 and the financial performance, changes in equity and cash flows of the Association for the year then ended.

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 Consolidated Financial Statements* section of our report. We are independent of the Association in accordance with the Accounting and Corporate Regulatory Authority *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 Financial Statements and Auditor's Report Thereon

The Management is responsible for the other information. The other information comprises the Statement by People's Association set out on page 1, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 PEOPLE'S ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2022

Responsibility of the Management for the Consolidated Financial Statements

The Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the provisions of the PSG Act, the PA Act, the Charities Act and Regulations and SB-FRS, and for such internal control as the Management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

A statutory board is constituted based on its constitutional act and its dissolution requires Parliament's approval.

In preparing the consolidated financial statements, the Management is responsible for assessing the Association'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 Association or for the Association to cease operations.

The Management is responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- (a) Identify and assess the risks of material misstatement of the consolidated 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.
- (b) 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 Association's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.
- (d) Conclude on the appropriateness of the 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 Association'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 consolidated 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 Association to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE PEOPLE'S ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2022

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

- (e) Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Association to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Association's audit. We remain solely responsible for our audit opinion.

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

Report on Other Legal and Regulatory Requirements

Opinion

In our opinion:

- (a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Association during the year are, in all material respects, in accordance with the provisions of the PSG Act, the PA Act and the requirements of any other written law applicable to moneys of or managed by the Association; and
- (b) proper accounting and other records have been kept, including records of all assets of the Association 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 Association in accordance with the ACRA Code together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on management's compliance.

Responsibilities of the Management for Compliance with Legal and Regulatory Requirements

The 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 PSG Act, the PA Act, and the requirements of any other written law applicable to moneys of or managed by the Association. This responsibility includes monitoring related compliance requirements relevant to the Association, and implementing internal controls as the Management determines are necessary to enable compliance with requirements.



**INDEPENDENT AUDITOR'S REPORT TO THE PEOPLE'S ASSOCIATION
FOR THE YEAR ENDED 31 MARCH 2022**

Auditor's Responsibilities for the Compliance Audit

Our responsibility is to express an opinion on the Management's compliance based on our audit of the consolidated 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 PSG Act, the PA Act and the requirements of any other written law applicable to moneys of or managed by the Association.

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 consolidated financial statements from non-compliance, if any, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Because of the inherent limitations in any internal control system, non-compliances may nevertheless occur and not be detected.

Deloitte & Touche LLP.

Public Accountants and
Chartered Accountants
Singapore

16 September 2022

PEOPLE'S ASSOCIATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 March 2022

	Note	2022	2021
		\$'000	\$'000
Equity			
Capital	4	1,734,257	1,592,186
Accumulated surplus:			
- General funds		917,480	924,693
- Specific funds		232,318	196,415
		<u>1,149,798</u>	<u>1,121,108</u>
Total equity		<u>2,884,055</u>	<u>2,713,294</u>
Non-current assets			
Property, plant and equipment	5	1,262,977	1,220,790
Intangible assets	6	20,709	18,063
Right-of-use assets	7	157,827	160,344
Total non-current assets		<u>1,441,513</u>	<u>1,399,197</u>
Current assets			
Investments	8	514,612	592,416
Deposits, prepayments and other receivables	9	53,862	40,205
Cash and cash equivalents	10	1,670,288	1,439,795
Total current assets		<u>2,238,762</u>	<u>2,072,416</u>
Current liabilities			
Accruals and other payables	11	315,850	325,901
Unutilised subvention for land rental	12	596	596
Lease liabilities	13	49,938	54,156
Unutilised administrative grant	14	159,671	98,824
Development grants received in advance	15	39,194	36,240
Total current liabilities		<u>565,249</u>	<u>515,717</u>
Net current assets		<u>1,673,513</u>	<u>1,556,699</u>
Non-current liabilities			
Unutilised subvention for land rental	12	6,273	6,868
Lease liabilities	13	55,424	52,687
Deferred capital grants	16	167,363	180,881
Provision for restoration costs	17	1,911	2,166
Total non-current liabilities		<u>230,971</u>	<u>242,602</u>
Net assets of the Association		<u>2,884,055</u>	<u>2,713,294</u>
Net assets of Delegated Schemes Fund	18	<u>3,879</u>	<u>3,695</u>

The accompanying notes form an integral part of these consolidated financial statements.

PEOPLE'S ASSOCIATION

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2022

	Note	General Funds		Specific Funds		Total	
		2022	2021	2022	2021	2022	2021
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income							
Operating income	19	110,708	92,230	29,811	33,606	140,519	125,836
Other miscellaneous gains - net	19	5,714	72,332	885	2,885	6,599	75,217
		<u>116,422</u>	<u>164,562</u>	<u>30,696</u>	<u>36,491</u>	<u>147,118</u>	<u>201,053</u>
Less: Expenditure							
Administrative expenses	20	(459,847)	(433,917)	(4,188)	(2,723)	(464,035)	(436,640)
Subsidies and contributions		(1,390)	(1,896)	(1,196)	(1,447)	(2,586)	(3,343)
Activities and projects		(85,414)	(66,143)	(124,081)	(55,359)	(209,495)	(121,502)
Goods and services tax expense		(10,576)	(11,405)	4	(6)	(10,572)	(11,411)
Depreciation of property, plant and equipment	5	(68,276)	(66,091)	(47)	(51)	(68,323)	(66,142)
Amortisation of intangible assets	6	(7,093)	(7,047)	-	-	(7,093)	(7,047)
Depreciation of right-of-use assets	7	(67,525)	(66,894)	(7)	(7)	(67,532)	(66,901)
Loss on disposal of property, plant and equipment		(2,457)	(364)	-	-	(2,457)	(364)
Loss on disposal of intangible assets		(4)	(23)	-	-	(4)	(23)
		<u>(702,582)</u>	<u>(653,780)</u>	<u>(129,515)</u>	<u>(59,593)</u>	<u>(832,097)</u>	<u>(713,373)</u>
Deficit from operations		<u>(586,160)</u>	<u>(489,218)</u>	<u>(98,819)</u>	<u>(23,102)</u>	<u>(684,979)</u>	<u>(512,320)</u>
Grants from the Government	22	582,811	546,548	126,542	70,621	709,353	617,169
Amortisation of deferred capital grants	16	19,901	19,740	2	3	19,903	19,743
		<u>602,712</u>	<u>566,288</u>	<u>126,544</u>	<u>70,624</u>	<u>729,256</u>	<u>636,912</u>
Total surplus for the year		16,552	77,070	27,725	47,522	44,277	124,592
Transfer between general and specific funds		<u>(8,178)</u>	<u>9,115</u>	<u>8,178</u>	<u>(9,115)</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>8,374</u>	<u>86,185</u>	<u>35,903</u>	<u>38,407</u>	<u>44,277</u>	<u>124,592</u>

The accompanying notes form an integral part of these consolidated financial statements.

PEOPLE'S ASSOCIATION

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 March 2022

Note	Accumulated surplus				
	Capital	General Funds	Specific Funds	Sub-total	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 April 2020	1,473,682	838,508	158,008	996,516	2,470,198
Surplus for the year	-	77,070	47,522	124,592	124,592
Transfer between general and specific funds	-	9,115	(9,115)	-	-
Total comprehensive income for the year	-	86,185	38,407	124,592	124,592
<i>Transaction with owners, recorded directly in equity:</i>					
Issuance of shares	4 118,504	-	-	-	118,504
Total transaction with owners	118,504	-	-	-	118,504
Balance as at 31 March 2021	1,592,186	924,693	196,415	1,121,108	2,713,294
Surplus for the year	-	16,552	27,725	44,277	44,277
Transfer between general and specific funds	-	(8,178)	8,178	-	-
Total comprehensive income for the year	-	8,374	35,903	44,277	44,277
<i>Transaction with owners, recorded directly in equity:</i>					
Issuance of shares	4 142,071	-	-	-	142,071
Dividends paid	4 -	(15,587)	-	(15,587)	(15,587)
Total transaction with owners	142,071	(15,587)	-	(15,587)	126,484
Balance as at 31 March 2022	1,734,257	917,480	232,318	1,149,798	2,884,055

The accompanying notes form an integral part of these consolidated financial statements.

PEOPLE'S ASSOCIATION

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 March 2022

	2022	2021
	\$'000	\$'000
Operating activities		
Total surplus for the year	44,277	124,592
Adjustments for:		
Grants from the Government	(709,353)	(617,169)
Amortisation of deferred capital grants	(19,903)	(19,743)
Amortisation of intangible assets	7,093	7,047
Depreciation of property, plant and equipment	68,323	66,142
Depreciation of right-of-use assets	67,532	66,901
Interest on lease liabilities	1,960	2,297
Interest income from fixed deposits	(2,882)	(8,042)
Interest income from quoted debt securities	(13,814)	(14,275)
Dividend income from quoted equity securities	(2,323)	(3,633)
Loss on disposal of intangible assets	4	23
Loss on disposal of property, plant and equipment	2,447	364
Loss on termination of lease	70	-
Net change in fair value of investments	29,867	(36,924)
Provision for restoration costs (net)	(255)	244
Operating cash flows before working capital changes	<u>(526,957)</u>	<u>(432,176)</u>
Changes in deposits, prepayments and other receivables	(14,492)	12,566
Changes in accruals and other payables	(48,054)	(39,877)
Payment for interest portion of lease liabilities	(1,960)	(2,297)
Net cash used in operating activities	<u>(591,463)</u>	<u>(461,784)</u>
Investing activities		
Interest received	17,360	29,860
Dividend received	2,497	3,749
Net receipt / (payment) for sale and purchase of financial assets at fair value through profit or loss	47,937	(29,729)
Purchase of intangible assets (Note A)	(3,277)	(3,359)
Purchase of property, plant and equipment (Note A)	(81,423)	(63,244)
Upfront payment for right-of-use assets	(172)	(120)
Net cash used in investing activities	<u>(17,078)</u>	<u>(62,843)</u>
Financing activities		
Grants received from the Government	783,897	687,544
Grants refunded to the Government	(4,951)	(8,259)
Dividends paid	(15,587)	-
Proceeds from issuance of shares	142,071	118,504
Payment for principal portion of lease liabilities (Note B)	(66,396)	(65,198)
Net cash from financing activities	<u>839,034</u>	<u>732,591</u>
Net increase in cash and cash equivalents	230,493	207,964
Cash and cash equivalents at 1 April	1,439,795	1,231,831
Cash and cash equivalents at 31 March	<u>1,670,288</u>	<u>1,439,795</u>

PEOPLE'S ASSOCIATION

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd) Year ended 31 March 2022

Note A: Reconciliation of acquisition of property, plant and equipment and intangible assets

The Association acquired property, plant and equipment amounting to \$112,957,000 (2021 : \$103,415,000) and intangible assets amounting to \$9,745,000 (2021 : \$8,934,000). As at year end, \$31,534,000 (2021 : \$40,171,000) and \$6,468,000 (2021 : \$5,574,000) respectively has not been paid at the end of the reporting period.

Note B: Reconciliation of liabilities arising from financing activities

The table below details changes in the Association's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be classified in the Association's consolidated statement of cash flows as cash flows from financing activities.

	2022
	<u>\$'000</u>
Balance as at 1 April 2021	<u>106,843</u>
Payment for principal portion of lease liabilities	<u>(66,396)</u>
Total changes from financing cash flows	(66,396)
Payment for interest portion of lease liabilities	(1,960)
New leases	64,915
Interest on lease liabilities	<u>1,960</u>
Balance as at 31 March 2022 (Note 13)	<u>105,362</u>
	2021
	<u>\$'000</u>
Balance as at 1 April 2020	<u>115,452</u>
Payment for principal portion of lease liabilities	<u>(65,198)</u>
Total changes from financing cash flows	(65,198)
Payment for interest portion of lease liabilities	(2,297)
New lease	56,589
Interest on lease liabilities	<u>2,297</u>
Balance as at 31 March 2021 (Note 13)	<u>106,843</u>

The accompanying notes form an integral part of these consolidated financial statements.

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 March 2022

These notes form an integral part of the consolidated financial statements.

The consolidated financial statements were authorised for issue by the Management on 16 September 2022.

1 DOMICILE AND ACTIVITIES

The People's Association (the "Association") was established on 1 July 1960 in the Republic of Singapore under the People's Association Act. The principal place of business and registered office is located at 9 King George's Avenue, Singapore 208581.

Its vision for the community is a Great Home and a Caring Community, where we share our values, pursue our passions, fulfil our hopes and treasure our memories. The mission of the Association is to build and to bridge communities in achieving One People, One Singapore.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Public Sector (Governance) Act 2018 (No. 5 of 2018) (the "PSG Act"), the People's Association Act 1960 (the "PA Act"), the Singapore Charities Act 1994 and other relevant regulations (the "Charities Act and Regulations") and Statutory Board Financial Reporting Standards ("SB-FRS"), including Interpretations of SB-FRS ("INT SB-FRS") and SB-FRS Guidance Notes.

The consolidated financial statements of the Association include the financial statements of the Association's Headquarters and its entities which consist of the Community Development Councils ("CDCs"), Community Club Building Fund ("CCBF"), Community Development Fund ("CDF"), Grassroots Organisations ("GROs"), National Community Leadership Institute ("NACLI"), Our Tampines Hub ("OTH"), Heartbeat@Bedok ("Heartbeat"), Wisma Geylang Serai ("WGS"), One Punggol ("OP"), PAssion WaVe Outlets ("PWOs"), The Grassroots' Club ("TGC"), onePeople.sg ("OPSG") and Marine Parade Leadership Foundation ("MPLF"). The GROs comprise the Citizens' Consultative Committees ("CCCs"), Community Club Management Committees ("CCMCs"), Residents' Committees ("RCs"), Neighbourhood Committees ("NCs"), Residents' Network ("RNs"), Community Sports Clubs ("CSCs") and their sub committees, various Clubs and Co-ordinating Councils. Transactions and balances between the Association and its entities are eliminated in the preparation of the consolidated financial statements of the Association.

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 Association 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 the consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of SB-FRS 116 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as value in use in SB-FRS 36 *Impairment of Assets*.

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 March 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.1 Basis of preparation (cont'd)

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

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

The preparation of the consolidated financial statements in conformity with SB-FRS requires the Management to exercise its judgement in the process of applying the Association's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. Areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

These consolidated financial statements are presented in Singapore Dollars (\$) and all values in the tables are rounded to the nearest thousand ("'\$'000"), except where otherwise indicated.

2.2 Adoption of new and revised standards

On 1 April 2021, the Association adopted all the new and revised SB-FRSs, INT SB-FRS and SB-FRS Guidance Notes that are effective from that date and are relevant to its operations. The adoption of these standards does not result in changes to the Association's accounting policies and has no material effect on the amounts reported for the current or prior years.

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 March 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Standards issued but not yet effective

At the date of authorisation of these consolidated financial statements, the following SB-FRS that is relevant to the Association was issued but not yet effective:

Amendments to SB-FRS 1	<i>Classification of Liabilities as Current or Non-current²</i>
Amendments to SB-FRS 16	<i>Property, Plant and Equipment - Proceeds before Intended Use¹</i>
Amendments to SB-FRSs	<i>Annual Improvements to FRS Standards 2018-2020¹</i>

¹ Effective for annual periods beginning on or after 1 January 2022.

² Effective for annual periods beginning on or after 1 January 2023.

Management anticipates that the adoption of the above amendments to SB-FRS that are issued as at the date of authorisation of these consolidated financial statements but effective only in future periods will not have a material impact on the consolidated financial statements in the period of its initial adoption.

2.4 General funds and specific funds

Income and expenditure are generally accounted for under the general funds in the consolidated statement of comprehensive income.

The income and expenditure relating to funds that are set up for specific purposes are accounted for under specific funds in the consolidated statement of comprehensive income. The specific funds include the CDF, CDC Project Funds, CCBF, CCC Community Development and Welfare Funds, OPSG and MPLF. The purposes of these funds are to support activities, programmes and facilities for the promotion of social cohesion, racial harmony and civic responsibility; provide financial assistance to needy residents; and finance the construction of the new CCs and upgrading of existing CCs. The main sources of these funds are government grant, donations, proceeds from activities and fund-raising projects.

These Funds are designated as Institutions of a Public Character ("IPCs") which upon liquidation of the Funds, the remaining assets are required to be channelled to other charities or IPC Funds approved by the Association with the concurrence of Charities Unit, the Sector Administrator of the Funds.

The Association includes the financial statements of these IPC Funds in its consolidated financial statements as under the framework in which the Association operates, the Association is able to direct the residual assets to other IPC Funds under its control to fulfil similar objectives and purposes.

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 March 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.5 Trust and agency funds

Trust and agency funds are government grants and contributions from other organisations where the Association is not the owner and beneficiary of the funds. The Association is merely administering the funds on behalf of the owners of these funds. Income and expenditure of these funds are taken to the funds accounts. The net assets relating to the funds are shown as a separate line item in the consolidated statement of financial position. Included in the trust and agency funds are the Ministry of Social and Family Development ("MSF") delegated schemes and programmes (collectively known as "Delegated Schemes Fund").

Trust and agency funds are accounted for on a cash basis.

2.6 Income recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Association and the income can be reliably measured, regardless of when the payment is made. Income is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

Income from activities and projects

Income from activities and projects is recognised over time during the financial year or where there is an enforceable right to receive. Contributions are recognised when there is reasonable assurance that the contributions will be received and all the attached conditions will be complied with.

Course fees

Course fees are recognised over time during the financial year as and when the courses are delivered.

Donations

Donations received are recognised at a point in time on a cash basis or where there is an enforceable right to receive.

Rental income

The Association's policy for recognition of income from operating leases is described in Note 2.13.

Interest income

Interest income is recognised over time, on a time proportion basis using the effective interest method.

Dividend income

Dividend income is recognised at a point in time when the Association's right to receive payment is established.

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 March 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.7 Grants

The Association receives various types of grant for its daily operating and development activities. The types of grant received are as follows:

Operating grant

Operating grant is received or receivable from the Government to meet the current year's operating expenses.

Land grant

Land grant is received from the Government for the financing of land rental expenses.

Development grant

Development grant comprise monies received or receivable from the Government and other organisations for the purchase of depreciable assets or the financing of capital projects.

Administrative grant

Administrative grant is received or receivable from the fund holders to meet the administrative expenses incurred for administering the various programmes.

Government grants are recognised as income on an accrual basis and only when there is reasonable assurance that the Association will comply with the conditions attached to the grants and the grants will be received.

Government grants whose primary condition is that the Association should purchase, construct or otherwise acquire non-current assets are recognised as deferred capital grant in the statement of financial position. The deferred capital grant is recognised in the consolidated statement of comprehensive income over the useful lives of the assets to match the depreciation of the PPE and intangible assets financed by the related grant. On disposal of an item of PPE or intangible assets, the balance of the related grant is recognised in the consolidated statement of comprehensive income to match the net carrying amount of the PPE or intangible assets disposed.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Association with no future related costs are recognised in income or expenses in the period in which they become receivable.

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 March 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.8 Property, plant and equipment

Measurement

Items of property, plant and equipment ("PPE") are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Items costing less than \$5,000 each are expensed off in the month of purchase.

When parts of an item of PPE have different useful lives, they are accounted for as separate items (major components) of PPE.

The Association had elected to measure certain items of PPE at fair value as at 1 April 2004 and applied the fair value as deemed cost during its application of Statutory Board Financial Reporting Standards ("SB-FRS") 101 - *First-time adoption of Financial Reporting Standards* for its first set of annual consolidated financial statements that comply with SB-FRS.

Subsequent expenditure

Subsequent expenditure relating to PPE is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Association and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in the consolidated statement of comprehensive income when incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. The Association adopts the component approach to depreciation whereby the amount initially recognised in respect of an item of PPE is allocated to its significant parts. Each significant part is depreciated separately if those parts have different useful lives.

Depreciation is recognised in the consolidated statement of comprehensive income on a straight-line basis over the estimated useful lives of each component of an item of PPE.

Community Club ("CC") buildings reside on land that are on tenancy agreements of one to three years and are depreciated over 30 years based on historical land lease renewal experience with the relevant authorities.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	-	15 to 50 years
Renovation	-	7 years
Machinery and equipment	-	3 to 25 years
Furniture and fittings	-	8 years

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 March 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.8 *Property, plant and equipment (cont'd)*

Depreciation (cont'd)

Heritage assets are not depreciated as the Management is of the opinion that the heritage assets have infinite useful lives.

Development projects-in-progress (DPIP) are not depreciated until construction is completed and the assets are transferred to the appropriate categories of PPE and are available for use.

The residual values, estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Derecognition

An item of PPE is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The gain or loss on disposal of PPE is determined as the difference between the sales proceeds and the carrying amount of the PPE, and is recognised in the consolidated statement of comprehensive income.

2.9 *Intangible assets*

Acquired computer software licenses are initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other directly attributable cost of preparing the asset for its intended use. Direct expenditure including employee costs, which enhances or extend the performance of computer software beyond its specifications and which can be reliably measured, are added to the original cost of the software. Costs associated with maintaining the computer software are recognised as an expense when incurred.

Computer software costing less than \$5,000 is expensed off in the month of purchase.

Computer software is measured at cost less accumulated amortisation and accumulated impairment losses.

These costs are amortised to the consolidated statement of comprehensive income using the straight-line method over their estimated useful lives of three to five years.

Intangible assets included in DPIP are not amortised until construction is completed and the assets are transferred to the category of computer software and are available for use.

The estimated useful lives, residual values and amortisation method of intangible assets are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

An item of intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the consolidated statement of comprehensive income in the year the asset is derecognised.

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 March 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.10 *Impairment of tangible and intangible assets*

At the end of each reporting period, the Association reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Association estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

The recoverable amount of an asset or CGU is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset or CGU for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of comprehensive income.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or CGU in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of comprehensive income.

2.11 *Financial assets*

Effective interest method

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

Initial recognition and measurement

Financial assets are recognised when, and only when the Association becomes party to the contractual provisions of the instruments. 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.

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 March 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 Financial assets (cont'd)

Classification of financial assets

(i) Financial assets at amortised cost

Financial assets 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.

Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in income or expenditure when the assets are derecognised or impaired, and through the amortisation process.

(ii) Financial assets at fair value through other comprehensive income

Financial assets 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.

(iii) Financial assets at fair value through profit or loss

By default, all other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

Despite the foregoing, the Association may make the following irrevocable election/designation at initial recognition of a financial asset:

- The Association may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- The Association may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Financial assets at FVTPL are measured at fair value as at each reporting date, with any fair value gains or losses recognised in income or expenditure to the extent they are not part of a designated hedging relationship. Financial assets at FVTPL include the Association's investment portfolio of quoted debt instruments, quoted equity securities and derivative financial instruments. The net gain or loss recognised in income or expenditure includes any dividend or interest earned on the financial assets and is included in the "operating income and other miscellaneous gains" (Note 19).

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 March 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 Financial assets (cont'd)

Impairment of financial assets

The Association recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Association expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For debtors, the Association applies a simplified approach in calculating ECLs. Therefore, the Association does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The ECLs on these financial assets are estimated based on the Association's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

The Association considers a financial asset in default when internal or external information indicates that the Association is unlikely to receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition of financial assets

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

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 March 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.12 Financial liabilities and equity instruments

Effective interest method

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

Classification as debt or equity

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

Equity instruments

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

The Association issues ordinary shares to the Minister for Finance, the body incorporated by the Minister for Finance (Incorporation) Act. All issued ordinary shares are fully paid and carry neither voting rights nor par value. The ordinary shares are issued in accordance with the Capital Management Framework (the "Framework") for statutory boards ("SBs") under the Finance Circular Minute No. M26/2008. Under this Framework, the Singapore Government (the "Government") would fund 90% of the development costs as equity injection and the Association would fund the remaining 10% through either third party loan or its own accumulated surplus.

Financial liabilities

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

Derivative financial instruments

The Association enters into a variety of derivative financial instruments, including foreign exchange forward contracts, to manage its exposure to interest rate and foreign exchange rate risk. Further details of derivative financial instruments are disclosed in Note 8 to the consolidated financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 March 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.12 *Financial liabilities and equity instruments (cont'd)*

Derecognition of financial liabilities

The Association derecognises financial liabilities when, and only when, the Association's obligations are discharged, cancelled or expired.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when the Association has a legally enforceable right to offset the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

2.13 *Leases*

The Association as lessor

The Association enters into lease agreements as a lessor with respect to rental space and buildings.

Leases for which the Association is a lessor are classified as finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the leased term.

When a contract includes lease and non-lease components, the Association applies SB-FRS 115 to allocate the consideration under the contract to each component.

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 March 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.13 Leases (cont'd)

The Association as lessee

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

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

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date; and
- the amount expected to be payable by the lessee under residual value guarantees.

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

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

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

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

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 March 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.13 Leases (cont'd)

The Association as lessee (cont'd)

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

Whenever the Association incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SB-FRS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfer ownership of the underlying asset or the cost of the right-of-use asset reflects that the Association expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Association applies SB-FRS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2.10.

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

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

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 March 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.14 *Employee benefit*

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Association pays fixed contributions into a separate entity such as the Central Provident Fund, and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as employee benefit expenses in the consolidated statement of comprehensive income in the periods during which services are rendered by employees.

Short-term employee benefits

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

Employee leave entitlements

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

2.15 *Provisions*

Provisions are recognised if, as a result of a past event, the Association has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.16 *Tax*

No tax is provided for as the Association is a tax exempted institution under Section 13(1)(e) with reference to the First Schedule (A19), of the Income Tax Act 1947.

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 March 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.17 Cash and cash equivalents in the statement of cash flows

Cash and cash equivalents in the consolidated statement of cash flows, excluding Delegated Schemes Fund, comprise cash and bank balances and deposits placed with the Accountant-General's Department ("AGD") and financial institutions, which are subject to an insignificant risk of change in value.

Under the AGD's Circular No. 4/2009 AG(S) 0138/07, the Association participated in the AGD's centralised liquidity management initiative to centrally manage cash of all Ministries and Statutory Boards. As at 31 March 2022, the cash balances placed with AGD amounted to \$1,179,276,359 (2021 : \$1,048,722,817). The Association's remaining cash balances are placed with banks and financial institutions which are regulated.

2.18 Foreign currency transactions

The consolidated financial statements of the Association are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Association are presented in Singapore dollars, which is the functional currency of the Association.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in income or expenditure for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in income or expenditure for the period except for differences arising on the retranslation of non-monetary items in respect of which gains or losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Association's accounting policies, which are described in Note 2, the Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Management is of the opinion that there are no critical judgements or significant estimates that would have a significant effect on the amounts recognised in the consolidated financial statements.

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 March 2022

4 CAPITAL

	2022	2021	2022	2021
	Number of ordinary shares		Amount	
	'000	'000	\$'000	\$'000
At 1 April	1,592,186	1,473,682	1,592,186	1,473,682
Issuance of shares	142,071	118,504	142,071	118,504
At 31 March	<u>1,734,257</u>	<u>1,592,186</u>	<u>1,734,257</u>	<u>1,592,186</u>

During the financial year, the Association issued 142,071,406 (2021 : 118,503,531) ordinary shares to the Ministry of Finance for a total consideration of \$142,071,406 (2021 : \$118,503,531).

The amount of \$1,734,256,815 (2021 : \$1,592,185,410) in the capital had been/would be utilised for the Association's construction of buildings and development projects.

The holder of ordinary shares is entitled to receive dividends as and when declared annually, in accordance with the Finance Circular Minute No. M26/2008 issued by the Ministry of Finance.

During the financial year ended 31 March 2022, the Association declared \$15,587,000 of dividends (2021 : \$NIL) on the shares issued to the Ministry of Finance in respect of the financial year ended 31 March 2021. The dividend for financial year ended 31 March 2021 was paid on 30 December 2021.

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 March 2022

5 PROPERTY, PLANT AND EQUIPMENT

	Buildings \$'000	Renovation \$'000	Machinery and equipment \$'000	Furniture and fittings \$'000	Heritage assets \$'000	Development projects- in-progress \$'000	Total \$'000
Cost:							
At 1 April 2020	1,149,339	11,023	233,870	53,661	342	278,588	1,726,823
Additions	360	95	1,134	583	-	101,243	103,415
Disposals	(619)	(163)	(1,544)	(1,269)	-	-	(3,595)
Transfers	16,078	339	5,183	2,207	-	(23,807)	-
At 31 March 2021	1,165,158	11,294	238,643	55,182	342	356,024	1,826,643
Additions	209	58	140	5	-	112,545	112,957
Disposals	(10,412)	(13)	(4,012)	(1,119)	-	-	(15,556)
Transfers	101,861	1,499	19,733	2,713	-	(125,806)	-
At 31 March 2022	1,256,816	12,838	254,504	56,781	342	342,763	1,924,044
Accumulated depreciation:							
At 1 April 2020	374,047	8,814	128,650	31,431	-	-	542,942
Depreciation charge for the year	40,063	776	19,949	5,354	-	-	66,142
Disposals	(422)	(163)	(1,481)	(1,165)	-	-	(3,231)
At 31 March 2021	413,688	9,427	147,118	35,620	-	-	605,853
Depreciation charge for the year	42,485	828	20,018	4,992	-	-	68,323
Disposals	(8,421)	(3)	(3,742)	(943)	-	-	(13,109)
At 31 March 2022	447,752	10,252	163,394	39,669	-	-	661,067
Carrying amounts:							
At 31 March 2021	751,470	1,867	91,525	19,562	342	356,024	1,220,790
At 31 March 2022	809,064	2,586	91,110	17,112	342	342,763	1,262,977

PEOPLE'S ASSOCIATION

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 March 2022**

6 INTANGIBLE ASSETS

	Computer software	Development projects-in- progress	Total
	\$'000	\$'000	\$'000
Cost:			
At 1 April 2020	40,220	1,594	41,814
Additions	-	8,934	8,934
Disposals	(157)	-	(157)
Transfers	7,308	(7,308)	-
At 31 March 2021	47,371	3,220	50,591
Additions	36	9,708	9,744
Disposals	(1,174)	-	(1,174)
Transfers	9,599	(9,599)	-
At 31 March 2022	55,832	3,329	59,161
Accumulated amortisation:			
At 1 April 2020	25,615	-	25,615
Amortisation for the year	7,047	-	7,047
Disposals	(134)	-	(134)
At 31 March 2021	32,528	-	32,528
Amortisation for the year	7,093	-	7,093
Disposals	(1,169)	-	(1,169)
At 31 March 2022	38,452	-	38,452
Carrying amounts:			
At 31 March 2021	14,843	3,220	18,063
At 31 March 2022	17,380	3,329	20,709

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 March 2022

7 RIGHT-OF-USE ASSETS

The Association leases several leasehold land, office space and void deck spaces with contract terms of varying years.

	Leasehold land	Office space	Others	Total
	\$'000	\$'000	\$'000	\$'000
Cost:				
At 1 April 2020	207,784	1,460	18,511	227,755
Additions	50,677	5,964	68	56,709
Disposal	(27)	-	(11)	(38)
At 31 March 2021	258,434	7,424	18,568	284,426
Additions	64,498	-	589	65,087
Disposal	(769)	(513)	(81)	(1,363)
At 31 March 2022	322,163	6,911	19,076	348,150
Accumulated depreciation:				
At 1 April 2020	55,057	934	1,228	57,219
Depreciation charge for the year	63,652	2,087	1,162	66,901
Disposals	(27)	-	(11)	(38)
At 31 March 2021	118,682	3,021	2,379	124,082
Depreciation charge for the year	64,243	1,995	1,294	67,532
Disposals	(769)	(512)	(10)	(1,291)
At 31 March 2022	182,156	4,504	3,663	190,323
Carrying amounts:				
At 31 March 2021	139,752	4,403	16,189	160,344
At 31 March 2022	140,007	2,407	15,413	157,827

During the financial year, the expired contracts were replaced by new leases for similar underlying assets. This resulted in additions to right-of-use assets of \$57,559,000 in 2022 (2021 : \$52,754,000).

8 INVESTMENTS

	2022	2021
	\$'000	\$'000
Financial assets at fair value through profit or loss:		
Quoted equity securities	92,580	104,643
Quoted debt securities	420,933	485,369
Net derivative financial assets	1,099	2,404
	<u>514,612</u>	<u>592,416</u>

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 March 2022

8 INVESTMENTS (cont'd)

The financial assets are externally managed and comprised funds placed with three professional fund managers. The investment management agreements with these fund managers matured on 31 March 2022. The new investment mandate begins on 1 April 2022 and will mature on 31 March 2027. The fund managers invest the funds within guidelines established by the Association. The Investment Advisory Committee of the Association and the fund managers hold quarterly meetings to review the performance of the funds.

The Association's exposure to market and credit risks related to investments is disclosed in Note 24.

9 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2022	2021
	\$'000	\$'000
Deposits	1,716	1,407
Prepayments	3,548	3,803
Interest income receivable	4,595	5,257
Dividend income receivable	87	260
Amounts due from other organisations	22,791	13,919
Other receivables	21,125	15,559
	<u>53,862</u>	<u>40,205</u>

Other organisations include Ministries, Statutory Boards and other government agencies. Amounts due from other organisations are non-trade related, unsecured, interest-free and repayable on demand.

The Association's exposure to credit risk related to loans and receivables is disclosed in Note 24.

10 CASH AND CASH EQUIVALENTS

	2022	2021
	\$'000	\$'000
Balance with AGD	1,179,276	1,048,723
Cash with external fund managers	83,219	19,538
Fixed deposits	110,950	137,365
Cash at bank and on hand	300,722	237,864
Less: Delegated Schemes Fund (Note 18)	(3,879)	(3,695)
	<u>296,843</u>	<u>234,169</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>1,670,288</u>	<u>1,439,795</u>

Cash at bank earns interest at floating rates based on daily bank deposit rates. Fixed deposits earn interest at the respective short-term deposit rates.

The Association's exposure to market, credit and liquidity risks is disclosed in Note 24.

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 March 2022

11 ACCRUALS AND OTHER PAYABLES

	2022	2021
	\$'000	\$'000
Accruals for operating expenses	79,001	83,288
Security and miscellaneous deposits	12,453	12,570
Amounts due to other organisations	174,158	170,527
Accruals for development projects	38,001	45,745
Other payables	12,237	13,771
	<u>315,850</u>	<u>325,901</u>

The amounts due to other organisations includes monies received in advance from these organisations as the Association was making payments on behalf of these organisations for cyclical maintenance costs and building costs. Amounts due to other organisations are non-trade related, unsecured, interest-free and repayable on demand.

The Association's exposure to liquidity risk related to accruals and other payables is disclosed in Note 24.

12 UNUTILISED SUBVENTION FOR LAND RENTAL

	2022	2021
	\$'000	\$'000
At 1 April	7,464	8,060
Grant utilised during the year (Note 22)	(595)	(596)
At 31 March	<u>6,869</u>	<u>7,464</u>
Represented by:		
Non-current portion	6,273	6,868
Current portion	596	596
	<u>6,869</u>	<u>7,464</u>

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 March 2022

13 LEASE LIABILITIES

	2022	2021
	\$'000	\$'000
Maturity analysis:		
Within one year	51,019	55,673
Between one and five years	46,923	43,505
More than five years	10,574	11,726
	<u>108,516</u>	<u>110,904</u>
Less: Unearned interest	(3,154)	(4,061)
At 31 March	<u>105,362</u>	<u>106,843</u>
Represented by:		
Non-current portion	55,424	52,687
Current portion	49,938	54,156
	<u>105,362</u>	<u>106,843</u>

The Association does not face significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Association's accounting function.

14 UNUTILISED ADMINISTRATIVE GRANT

	2022	2021
	\$'000	\$'000
At 1 April	98,824	45,326
Grant received or receivable during the year	230,626	159,183
Grant refunded during the year	(4,198)	(8,161)
Transfer to deferred capital grants (Note 16)	-	(987)
Grant utilised during the year (Note 22)	<u>(165,581)</u>	<u>(96,537)</u>
At 31 March	<u>159,671</u>	<u>98,824</u>
Represented by:		
Reinvestment Funding Programme	159,177	92,280
Other Programmes	494	6,544
	<u>159,671</u>	<u>98,824</u>

The Reinvestment Funding Programme includes the CDC Voucher Scheme, an assistance scheme to help Singapore citizens defray cost of living or help in daily expenses. As at 31 March 2022, the unutilised administrative grant balance was \$115,700,000 (2021: \$56,700,000).

PEOPLE'S ASSOCIATION**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 March 2022****15 DEVELOPMENT GRANTS RECEIVED IN ADVANCE**

	2022	2021
	\$'000	\$'000
At 1 April	36,240	36,211
Grant received during the year	3,936	624
Grant refunded during the year	(753)	(98)
Transfer from deferred capital grants (Note 16)	101	144
Grant utilised during the year (Note 22)	(330)	(641)
At 31 March	<u>39,194</u>	<u>36,240</u>

16 DEFERRED CAPITAL GRANTS

	2022	2021
	\$'000	\$'000
At 1 April	180,881	191,439
Transfer from / (to):		
Operating grant (Note 22)	6,486	8,342
Administrative grant (Note 14)	-	987
Development grant (Note 15)	(101)	(144)
Amortisation of deferred capital grant	(19,903)	(19,743)
At 31 March	<u>167,363</u>	<u>180,881</u>

17 PROVISION FOR RESTORATION COSTS

	2022	2021
	\$'000	\$'000
At 1 April	2,166	1,922
Provision made during the year	50	350
Provision reversed during the year	(305)	(106)
At 31 March	<u>1,911</u>	<u>2,166</u>
Provision for restoration costs:		
Non-current	<u>1,911</u>	<u>2,166</u>

In accordance with the Association's property lease contracts, the Association is legally obliged to restore the leased properties to their former state. The Association used an independent source as a basis for its estimation of the restoration costs.

PEOPLE'S ASSOCIATION

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 March 2022**

18 NET ASSETS OF DELEGATED SCHEMES FUND

The statement of receipts and payments and consolidated statement of financial position of Delegated Schemes Fund for the financial years ended 31 March 2022 and 2021 are as follows:

(a) Statement of receipts and payments

	2022	2021
	\$'000	\$'000
Receipts		
Grants for:		
Social Assistance ("SA") Schemes	1,371	107,069
Less: Payments		
Payments for:		
SA Schemes	(1,187)	(107,039)
Surplus for the year	184	30
Accumulated surplus at the beginning of the year	3,695	3,665
Accumulated surplus at the end of the year (Note 10)	3,879	3,695

(b) Consolidated statement of financial position

	2022	2021
	\$'000	\$'000
Accumulated surplus	3,879	3,695
Represented by:		
Current assets		
Cash and cash equivalents (Note 10)	3,879	3,695
Net assets of Delegated Schemes Fund	3,879	3,695

PEOPLE'S ASSOCIATION

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 March 2022**

19 OPERATING INCOME AND OTHER MISCELLANEOUS GAINS

	General Funds		Specific Funds		Total	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating income:						
Course fees	33,166	25,566	-	-	33,166	25,566
Rental income	61,160	48,323	236	198	61,396	48,521
Donations	1,452	4,297	27,037	32,203	28,489	36,500
Income from activities and projects	14,930	14,044	2,538	1,205	17,468	15,249
	110,708	92,230	29,811	33,606	140,519	125,836
Other miscellaneous gains						
Interest income from fixed deposits	2,334	6,624	548	1,418	2,882	8,042
Interest income from quoted debt securities	13,762	13,979	52	296	13,814	14,275
Dividend income from quoted equity securities	2,314	3,600	9	33	2,323	3,633
Fair value changes on financial assets at fair value through profit or loss:						
Loss on foreign exchange	(817)	(1,155)	(5)	(16)	(822)	(1,171)
Fair value (loss) / gain on hedging	(350)	(3,292)	3	(22)	(347)	(3,314)
Fair value (loss) / gain on investments	(28,590)	40,466	(108)	943	(28,698)	41,409
	(29,757)	36,019	(110)	905	(29,867)	36,924
Others	17,061	12,110	386	233	17,447	12,343
	5,714	72,332	885	2,885	6,599	75,217

PEOPLE'S ASSOCIATION

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 March 2022**

20 ADMINISTRATIVE EXPENSES

	General Funds		Specific Funds		Total	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Employee benefit expenses (Note 21)	294,513	269,107	543	544	295,056	269,651
Rental expense:						
Land	1,711	601	-	-	1,711	601
Others	4,967	4,247	243	13	5,210	4,260
Professional services	64,924	68,178	3,138	1,924	68,062	70,102
Repairs and maintenance	57,760	63,991	139	109	57,899	64,100
Supplies and materials	9,470	5,262	18	22	9,488	5,284
Communications	5,361	6,403	10	12	5,371	6,415
Utilities	14,027	9,109	62	58	14,089	9,167
Other expenses	7,114	7,019	35	41	7,149	7,060
	459,847	433,917	4,188	2,723	464,035	436,640

21 EMPLOYEE BENEFIT EXPENSE

	General Funds		Specific Funds		Total	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Wages and salaries	251,498	229,833	434	448	251,932	230,281
Contributions to Central Provident Fund	39,050	35,619	104	94	39,154	35,713
Pension contributions and gratuities	17	228	-	-	17	228
Other staff benefits	3,948	3,427	5	2	3,953	3,429
	294,513	269,107	543	544	295,056	269,651

The key management's remuneration includes fees, salaries, bonus and other emoluments (including benefits-in-kind) computed based on the cost incurred by the Association, and where the Association did not incur any costs, the value of the benefits. The key management's remuneration was as follows:

	2022	2021
	\$'000	\$'000
Salaries and other short-term employee benefits	3,471	3,060
Defined contribution plans	139	139
	3,610	3,199

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 March 2022

22 GRANTS FROM THE GOVERNMENT

The Association receives various types of grants from the Government to meet its operating and development expenditure. It also receives administrative grant from the Government to administer the various programmes. During the financial year, the Association received \$744,657,000 (2021 : \$655,679,000) from Ministry of Culture, Community and Youth.

	2022	2021
	\$'000	\$'000
Operating grant received or receivable during the year	481,900	460,298
Transfer to deferred capital grants (Note 16)	(6,486)	(8,342)
Operating grant	475,414	451,956
Land grant (Note 12)	595	596
Administrative grant (Note 14)	165,581	96,537
Development grant (Note 15)	330	641
Other grant	67,433	67,439
	<u>709,353</u>	<u>617,169</u>

23 COMMITMENTS

Capital commitments

Capital expenditure contracted for at the reporting date but not recognised in the consolidated financial statements, are as follows:

	2022	2021
	\$'000	\$'000
Amount contracted for the purchase of Property, Plant and Equipment	<u>335,758</u>	<u>440,107</u>

Operating lease commitments - where the Association is a lessee

As at 31 March 2022, the Association is committed to \$15,000 for short-term leases (2021 : \$59,000).

Operating lease commitments - where the Association is a lessor

At the end of the reporting period, commitments in respect of non-cancellable operating leases for the rental of premises are as follows:

	2022	2021
	\$'000	\$'000
Year 1	47,515	50,082
Year 2	22,187	28,310
Year 3	8,537	5,600
Year 4	569	260
Year 5	-	131
	<u>78,808</u>	<u>84,383</u>

Operating lease payments represent rentals receivable by the Association for rental of premises with an average lease term of 3 years.

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 March 2022

24 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	2022	2021
	\$'000	\$'000
Financial assets		
Financial assets at amortised cost:		
Deposits and other receivables	50,314	36,402
Cash and cash equivalents (Note 10)	1,670,288	1,439,795
Fair value through profit or loss (Note 8)	514,612	592,416
	<u>2,235,214</u>	<u>2,068,613</u>
Financial liabilities		
Financial liabilities at amortised cost:		
Accruals and other payables (Note 11)	315,850	325,901

(b) Financial risk management policies and objectives

The Association is subject to market risk (including foreign exchange risk, interest rate risk and equity price risk), credit risk and liquidity risk.

Risk management framework

The Association has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Management continually monitors the Association's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Association's activities.

Market risk

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

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 March 2022

24 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (cont'd)

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

Funds with fund managers

In connection with the funds placed with fund managers, the funds are exposed to a variety of financial risk: credit risk, liquidity risk and market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk).

The Association's exposure to market risk relates primarily to its quoted equity and debt securities. The market values of these securities are affected by, amongst others, changes in market prices as a result of changes in the global economic conditions, macro-and micro-economic factors affecting the country, and factors specific to the investee corporations. For externally managed securities, the fund managers monitor and respond to these changes as and when appropriate, and use discretion to diversify the Association's portfolios across different markets and industries whenever it is appropriate, in accordance with the investment guidelines.

(i) Foreign exchange risk management

The Association's exposure to foreign currency risk mainly arises from its externally managed investments (Note 8) denominated in currencies other than its functional currency. The currencies primarily giving rise to this risk are the United States Dollars ("USD"), Hong Kong Dollars ("HKD") and Euro ("EUR").

For the externally managed investments, the fund managers use foreign exchange derivative financial instruments when necessary to reduce exposure to fluctuation in foreign exchange rates. The Association's exposure to foreign currency risk was as follows based on notional amounts:

	USD	HKD	EUR	TWD
	\$'000	\$'000	\$'000	\$'000
2022				
Cash and cash equivalents	5,491	12	1	-
Quoted equity securities	51,782	7,839	8,331	-
Quoted debt securities	115,763	-	2,043	-
Gross exposure	173,036	7,851	10,375	-
Hedged by foreign exchange instruments	(105,065)	-	127	-
Net exposure	67,971	7,851	10,502	-
2021				
Cash and cash equivalents	5,022	9	-	1,914
Quoted equity securities	23,256	20,578	-	11,512
Quoted debt securities	165,810	-	-	-
Gross exposure	194,088	20,587	-	13,426
Hedged by foreign exchange instruments	(131,648)	(968)	-	-
Net exposure	62,440	19,619	-	13,426

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 March 2022

24 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (cont'd)

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

(i) Foreign exchange risk management (cont'd)

Foreign exchange risk sensitivity analysis

A strengthening of the SGD, as indicated below, against the USD, HKD and EUR at reporting date would have decreased surplus by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Association considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis performed using the same basis as 2021 is indicated below:

	Surplus 2022
	\$'000
USD (10% strengthening)	6,797
HKD (10% strengthening)	785
EUR (10% strengthening)	1,050
	<u>8,632</u>
	Surplus 2021
	\$'000
USD (10% strengthening)	6,244
HKD (10% strengthening)	1,962
TWD (10% strengthening)	1,343
	<u>9,549</u>

A weakening of the SGD against the above currencies at the reporting date would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

(ii) Interest rate risk management

The Association's exposure to movements in market interest rates relates primarily to its deposits with AGD, cash at bank and fixed deposits. The interest rates for deposits with AGD are based on deposit rates determined by the financial institutions with which the cash are deposited and are expected to move in tandem with market interest rate movements.

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 March 2022

24 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (cont'd)

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

(ii) Interest rate risk management (cont'd)

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the reporting date and the stipulated change taking place at the beginning of the year and held constant throughout the reporting period in the case of instruments that have floating rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Association's surplus for the year would increase or decrease by \$10,069,000 (2021 : \$9,547,000).

(iii) Equity price risk management

The Association is exposed to equity risk arising from equity investments designated as fair value through profit or loss (FVTPL) managed by fund managers. The Association diversifies its portfolio in accordance with its investment mandate to manage exposure to fluctuations in equity prices.

Further details of these equity investments can be found in Note 8 to the consolidated financial statements.

Equity price sensitivity

The sensitivity analysis has been determined based on the exposure to equity price risk at the end of the reporting period.

In respect of the FVTPL equity investments, if the underlying equity prices had been 10% higher or lower, the surplus of the Association will increase or decrease by \$9,258,000 (2021 : \$10,464,000).

(iv) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Association. In managing credit risk exposure, credit review and approval processes as well as monitoring mechanisms are applied.

The Association's major classes of financial assets include cash and cash equivalents, other receivables and financial assets held at fair value through profit or loss. The maximum exposure to credit risk for each class of financial assets is represented by the carrying amount of each financial asset on the consolidated statement of financial position.

Transactions involving quoted debt securities and derivative financial instruments are entered into only with counterparties that are of acceptable credit quality and the Management does not expect any counterparty to fail to meet its obligation.

PEOPLE'S ASSOCIATION

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 March 2022**

24 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (cont'd)

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

(v) Liquidity risk

Liquidity risk is the risk that the Association will not be able to meet its financial obligations as and when they fall due. The Association has minimal exposure to liquidity risk as its operating activities are mainly funded by government grants.

All financial assets and financial liabilities as at the end of the reporting period are non-interest bearing and repayable on demand or due within one year from the end of the reporting period.

(c) Fair value of financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities as reported on the consolidated statement of financial position are assumed to approximate their respective fair values because of their short period to maturity. The fair values of other classes of financial assets are disclosed in the respective notes.

The fair value of quoted equity securities is determined by reference to quoted bid prices reflected as at the financial year end in statements provided by the fund managers and custodian.

The fair value of quoted debt securities and financial derivative instruments are determined with reference to statements as at the financial year end provided by the fund managers and custodian, using inputs such as bankers' quotations, foreign exchange spot and forward rates.

The Association classifies fair value measurements using a fair value hierarchy as detailed in Note 2 which reflects the significance of the inputs used in making the measurements.

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
	\$'000	\$'000	\$'000
2022			
Financial assets at fair value through profit or loss (Note 8)	92,580	422,032	514,612
2021			
Financial assets at fair value through profit or loss (Note 8)	104,643	487,773	592,416

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the year.

(d) Capital management policies and objectives

The Association manages its capital to ensure that it will be able to continue as a going concern while fulfilling its objective as a statutory board.

The capital structure of the Association consists of accumulated surplus and capital account. The overall strategy of the Association remains unchanged from the previous financial year.

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 March 2022

25 RELATED PARTY TRANSACTIONS

For the purpose of these consolidated financial statements, related parties refer to Ministries, Organ of States and other Statutory Boards. The transactions with Government-related entities other than Ministries, Organ of States, and other Statutory Boards are not disclosed unless there are circumstances to indicate that these transactions are of interest to the readers of the consolidated financial statements.

Other than as disclosed elsewhere in the consolidated financial statements, the following significant transaction took place between the Association and its related parties during the financial year:

Nature and amount of individually significant transaction

The Association leases land from Singapore Land Authority.

	<u>2022</u>	<u>2021</u>
	\$'000	\$'000
Statutory board		
Land rental	68,284	68,175