



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

**ANNUAL CONSOLIDATED
FINANCIAL STATEMENTS**

YEAR ENDED 31 MARCH 2023

PEOPLE'S ASSOCIATION

STATEMENT BY THE PEOPLE'S ASSOCIATION AND CONSOLIDATED FINANCIAL STATEMENTS

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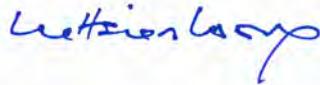
PEOPLE'S ASSOCIATION

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 43 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 2023 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



Jimmy Toh

Chief Executive Director

Singapore
28 September 2023

INDEPENDENT AUDITOR'S REPORT TO THE PEOPLE'S ASSOCIATION FOR THE YEAR ENDED 31 MARCH 2023

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 2023, 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 43.

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 2023 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 2023

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 2023

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 2023

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

28 September 2023

PEOPLE'S ASSOCIATION

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 March 2023**

	Note	2023	2022
		\$'000	\$'000
Equity			
Capital	4	1,873,814	1,734,257
Accumulated surplus:			
- General funds		968,668	917,480
- Specific funds		250,057	232,318
		<u>1,218,725</u>	<u>1,149,798</u>
Total equity		<u>3,092,539</u>	<u>2,884,055</u>
Non-current assets			
Property, plant and equipment	5	1,250,738	1,262,977
Intangible assets	6	16,407	20,709
Right-of-use assets	7	166,045	157,827
Total non-current assets		<u>1,433,190</u>	<u>1,441,513</u>
Current assets			
Investments	8	550,402	514,612
Deposits, prepayments and other receivables	9	72,644	53,862
Cash and cash equivalents	10	2,007,270	1,670,288
Total current assets		<u>2,630,316</u>	<u>2,238,762</u>
Current liabilities			
Accruals and other payables	11	352,369	315,850
Unutilised subvention for land rental	12	595	596
Lease liabilities	13	52,583	49,938
Unutilised administrative grant	14	301,640	159,671
Development grants received in advance	15	46,993	39,194
Total current liabilities		<u>754,180</u>	<u>565,249</u>
Net current assets		<u>1,876,136</u>	<u>1,673,513</u>
Non-current liabilities			
Unutilised subvention for land rental	12	5,679	6,273
Lease liabilities	13	58,857	55,424
Deferred capital grants	16	149,645	167,363
Provision for restoration costs	17	2,606	1,911
Total non-current liabilities		<u>216,787</u>	<u>230,971</u>
Net assets of the Association		<u>3,092,539</u>	<u>2,884,055</u>
Net assets of Delegated Schemes Fund	18	<u>3,898</u>	<u>3,879</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 2023

	Note	General Funds		Specific Funds		Total	
		2023	2022	2023	2022	2023	2022
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Income							
Operating income	19	169,371	110,708	24,494	29,811	193,865	140,519
Other miscellaneous gains - net	19	19,229	5,714	2,967	885	22,196	6,599
		<u>188,600</u>	<u>116,422</u>	<u>27,461</u>	<u>30,696</u>	<u>216,061</u>	<u>147,118</u>
Less: Expenditure							
Administrative expenses	20	(456,142)	(459,847)	(6,769)	(4,188)	(462,911)	(464,035)
Subsidies and contributions		(3,814)	(1,390)	(1,050)	(1,196)	(4,864)	(2,586)
Activities and projects		(171,882)	(85,414)	(386,851)	(124,081)	(558,733)	(209,495)
Goods and services tax expense		(11,951)	(10,576)	(2)	4	(11,953)	(10,572)
Depreciation of property, plant and equipment	5	(74,031)	(68,276)	(47)	(47)	(74,078)	(68,323)
Amortisation of intangible assets	6	(7,328)	(7,093)	-	-	(7,328)	(7,093)
Depreciation of right-of-use assets	7	(67,246)	(67,525)	(7)	(7)	(67,253)	(67,532)
Loss on disposal of property, plant and equipment		(4,103)	(2,457)	(13)	-	(4,116)	(2,457)
Loss on disposal of intangible assets		(6)	(4)	-	-	(6)	(4)
Impairment of property, plant and equipment	5	(8,207)	-	-	-	(8,207)	-
		<u>(804,710)</u>	<u>(702,582)</u>	<u>(394,739)</u>	<u>(129,515)</u>	<u>(1,199,449)</u>	<u>(832,097)</u>
Deficit from operations		<u>(616,110)</u>	<u>(586,160)</u>	<u>(367,278)</u>	<u>(98,819)</u>	<u>(983,388)</u>	<u>(684,979)</u>
Grants from the Government	22	636,313	582,811	396,636	126,542	1,032,949	709,353
Amortisation of deferred capital grants	16	19,365	19,901	1	2	19,366	19,903
		<u>655,678</u>	<u>602,712</u>	<u>396,637</u>	<u>126,544</u>	<u>1,052,315</u>	<u>729,256</u>
Total surplus for the year		<u>39,568</u>	<u>16,552</u>	<u>29,359</u>	<u>27,725</u>	<u>68,927</u>	<u>44,277</u>
Transfer between general and specific funds		<u>11,620</u>	<u>(8,178)</u>	<u>(11,620)</u>	<u>8,178</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>51,188</u>	<u>8,374</u>	<u>17,739</u>	<u>35,903</u>	<u>68,927</u>	<u>44,277</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 2023**

	Note	Accumulated surplus				Total
		Capital	General Funds	Specific Funds	Sub-total	
		\$'000	\$'000	\$'000	\$'000	
Balance as at 1 April 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
Surplus for the year		-	39,568	29,359	68,927	68,927
Transfer between general and specific funds		-	11,620	(11,620)	-	-
Total comprehensive income for the year		-	51,188	17,739	68,927	68,927
<i>Transaction with owners, recorded directly in equity:</i>						
Issuance of shares	4	139,557	-	-	-	139,557
Total transaction with owners		139,557	-	-	-	139,557
Balance as at 31 March 2023		<u>1,873,814</u>	<u>968,668</u>	<u>250,057</u>	<u>1,218,725</u>	<u>3,092,539</u>

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

PEOPLE'S ASSOCIATION

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 March 2023

	2023	2022
	\$'000	\$'000
Operating activities		
Total surplus for the year	68,927	44,277
Adjustments for:		
Grants from the Government	(1,032,949)	(709,353)
Amortisation of deferred capital grants	(19,366)	(19,903)
Amortisation of intangible assets	7,328	7,093
Depreciation of property, plant and equipment	74,078	68,323
Depreciation of right-of-use assets	67,253	67,532
Interest on lease liabilities	1,999	1,960
Interest income from fixed deposits	(18,212)	(2,882)
Interest income from quoted debt securities	(12,415)	(13,814)
Dividend income from quoted equity securities	(1,438)	(2,323)
Loss on disposal of intangible assets	6	4
Loss on disposal of property, plant and equipment	4,116	2,447
Loss on termination of lease	274	70
Net change in fair value of investments	30,622	29,867
Provision for restoration costs (net)	695	(255)
Impairment loss on property	8,207	-
Operating cash flows before working capital changes	<u>(820,875)</u>	<u>(526,957)</u>
Changes in deposits, prepayments and other receivables	(4,316)	(14,492)
Changes in accruals and other payables	47,700	(48,054)
Payment for interest portion of lease liabilities	(1,999)	(1,960)
Net cash used in operating activities	<u>(779,490)</u>	<u>(591,463)</u>
Investing activities		
Interest received	16,164	17,360
Dividend received	1,436	2,497
Net (payment) / receipt for sale and purchase of financial assets at fair value through profit or loss	(66,412)	47,937
Purchase of intangible assets (Note A)	(3,091)	(3,277)
Purchase of property, plant and equipment (Note A)	(85,307)	(81,423)
Upfront payment for right-of-use assets	-	(172)
Proceeds from disposal of property, plant and equipment	23	-
Net cash used in investing activities	<u>(137,187)</u>	<u>(17,078)</u>
Financing activities		
Grants received from the Government	1,183,769	783,897
Grants refunded to the Government	-	(4,951)
Dividends paid	-	(15,587)
Proceeds from issuance of shares	139,557	142,071
Payment for principal portion of lease liabilities (Note B)	(69,667)	(66,396)
Net cash from financing activities	<u>1,253,659</u>	<u>839,034</u>
Net increase in cash and cash equivalents	336,982	230,493
Cash and cash equivalents at 1 April	<u>1,670,288</u>	<u>1,439,795</u>
Cash and cash equivalents at 31 March	<u><u>2,007,270</u></u>	<u><u>1,670,288</u></u>

PEOPLE'S ASSOCIATION

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd) Year ended 31 March 2023

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

The Association acquired property, plant and equipment amounting to \$74,185,000 (2022 : \$112,957,000) and intangible assets amounting to \$3,032,000 (2022 : \$9,744,000). As at year end, \$20,412,000 (2022 : \$31,534,000) and \$6,409,000 (2022 : \$6,468,000) 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.

	2023
	\$'000
Balance as at 1 April 2022	<u>105,362</u>
Payment for principal portion of lease liabilities	(69,667)
Total changes from financing cash flows	(69,667)
Payment for interest portion of lease liabilities	(1,999)
New leases	75,745
Interest on lease liabilities	1,999
Balance as at 31 March 2023 (Note 13)	<u>111,440</u>
	2022
	\$'000
Balance as at 1 April 2021	<u>106,843</u>
Payment for principal portion of lease liabilities	(66,396)
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	1,960
Balance as at 31 March 2022 (Note 13)	<u>105,362</u>

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

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 March 2023

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

The consolidated financial statements were authorised for issue by the Management on 28 September 2023.

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 2023

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 2022, 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.

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 *Classification of Liabilities as Current or Non-current*¹

¹ 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.

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 March 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 March 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.6 *Income recognition (cont'd)*

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.

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.

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 March 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.7 Grants (cont'd)

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.

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.

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 March 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.8 Property, plant and equipment (cont'd)

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

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.

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 March 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 March 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 March 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 Financial assets (cont'd)

(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).

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.

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 March 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.11 *Financial assets (cont'd)*

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.

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.

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 March 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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.

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 2023

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 2023

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.

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.

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 March 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.14 *Employee benefit (cont'd)*

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.

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 2023, the cash balances placed with AGD amounted to \$1,414,153,818 (2022 : \$1,179,276,359). The Association's remaining cash balances are placed with banks and financial institutions which are regulated.

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 March 2023

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

4 CAPITAL

	2023	2022	2023	2022
	Number of ordinary shares		Amount	
	'000	'000	\$'000	\$'000
At 1 April	1,734,257	1,592,186	1,734,257	1,592,186
Issuance of shares	139,557	142,071	139,557	142,071
At 31 March	<u>1,873,814</u>	<u>1,734,257</u>	<u>1,873,814</u>	<u>1,734,257</u>

During the financial year, the Association issued 139,557,203 (2022 : 142,071,406) ordinary shares to the Ministry of Finance for a total consideration of \$139,557,203 (2022 : \$142,071,406).

The amount of \$1,873,814,018 (2022 : \$1,734,256,815) 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 2023, the Association declared \$NIL dividend (2022 : \$15,587,000) on the shares issued to the Ministry of Finance in respect of the financial year ended 31 March 2022.

PEOPLE'S ASSOCIATION

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 March 2023**

5 PROPERTY, PLANT AND EQUIPMENT

	Buildings	Renovation	Machinery and equipment	Furniture and fittings	Heritage assets	Development projects- in-progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost:							
At 1 April 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
Additions	1,507	889	542	1,451	-	69,796	74,185
Disposals	(13,478)	(228)	(3,621)	(3,016)	-	-	(20,343)
Transfers	112,594	90	25,858	711	-	(139,253)	-
At 31 March 2023	1,357,439	13,589	277,283	55,927	342	273,306	1,977,886
Accumulated depreciation:							
At 1 April 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
Depreciation charge for the year	47,025	824	21,314	4,915	-	-	74,078
Disposals	(9,668)	(226)	(3,434)	(2,876)	-	-	(16,204)
At 31 March 2023	485,109	10,850	181,274	41,708	-	-	718,941
Impairment:							
Impairment loss recognised in the year ended 31 March 2023 and balance as at 31 March 2023	8,207	-	-	-	-	-	8,207

PEOPLE'S ASSOCIATION

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 March 2023**

5 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Buildings	Renovation	Machinery and equipment	Furniture and fittings	Heritage assets	Development projects- in-progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amounts:							
At 31 March 2022	809,064	2,586	91,110	17,112	342	342,763	1,262,977
At 31 March 2023	864,123	2,739	96,009	14,219	342	273,306	1,250,738

During the financial year, the Association has recognised an asset impairment loss of \$8,207,224 (2022 : \$NIL) in relation to an integrated community hub which Management has plans to dispose part of the site due to ground settlement issues. The asset impairment loss is quantified based on affected site area and is recognised in profit or loss.

During the financial year, the Association transferred assets with net book value of \$3,267,641 (2022 : \$NIL) to another statutory board due to regulatory requirements (Note 25). These assets were infrastructure elements of an integrated community hub.

PEOPLE'S ASSOCIATION

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 March 2023**

6 INTANGIBLE ASSETS

	Computer software	Development projects-in- progress	Total
	\$'000	\$'000	\$'000
Cost:			
At 1 April 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
Additions	7	3,025	3,032
Disposals	(1,973)	-	(1,973)
Transfers	2,002	(2,002)	-
At 31 March 2023	55,868	4,352	60,220
Accumulated amortisation:			
At 1 April 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
Amortisation for the year	7,328	-	7,328
Disposals	(1,967)	-	(1,967)
At 31 March 2023	43,813	-	43,813
Carrying amounts:			
At 31 March 2022	17,380	3,329	20,709
At 31 March 2023	12,055	4,352	16,407

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 March 2023

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 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
Additions	75,488	1	256	75,745
Disposal	(409)	(2)	(139)	(550)
At 31 March 2023	397,242	6,910	19,193	423,345
Accumulated depreciation:				
At 1 April 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
Depreciation charge for the year	64,404	1,690	1,159	67,253
Disposals	(271)	-	(5)	(276)
At 31 March 2023	246,289	6,194	4,817	257,300
Carrying amounts:				
At 31 March 2022	140,007	2,407	15,413	157,827
At 31 March 2023	150,953	716	14,376	166,045

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 \$68,871,000 in 2023 (2022 : \$57,559,000).

8 INVESTMENTS

	2023	2022
	\$'000	\$'000
Financial assets at fair value through profit or loss:		
Quoted equity securities	108,222	92,580
Quoted debt securities	440,028	420,933
Net derivative financial assets	2,152	1,099
	<u>550,402</u>	<u>514,612</u>

The financial assets are externally managed and comprised funds placed with three professional fund managers. The investment management agreements with these fund managers 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.

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 March 2023

9 DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2023	2022
	\$'000	\$'000
Deposits	2,577	1,716
Prepayments	1,337	3,548
Interest income receivable	19,058	4,595
Dividend income receivable	89	87
Amounts due from other organisations	25,536	22,791
Other receivables	24,047	21,125
	<u>72,644</u>	<u>53,862</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

	2023	2022
	\$'000	\$'000
Balance with Accountant-General's Department ("AGD")	1,414,154	1,179,276
Cash with external fund managers	28,100	83,219
Fixed deposits	134,867	110,950
Cash at bank and on hand	434,047	300,722
Less: Delegated Schemes Fund (Note 18)	(3,898)	(3,879)
	<u>430,149</u>	<u>296,843</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>2,007,270</u>	<u>1,670,288</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 2023

11 ACCRUALS AND OTHER PAYABLES

	2023	2022
	\$'000	\$'000
Accruals for operating expenses	78,572	79,001
Security and miscellaneous deposits	15,500	12,453
Amounts due to other organisations	212,869	174,158
Accruals for development projects	26,821	38,001
Other payables	18,607	12,237
	<u>352,369</u>	<u>315,850</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

	2023	2022
	\$'000	\$'000
At 1 April	6,869	7,464
Grant utilised during the year (Note 22)	(595)	(595)
At 31 March	<u>6,274</u>	<u>6,869</u>
Represented by:		
Non-current portion	5,679	6,273
Current portion	595	596
	<u>6,274</u>	<u>6,869</u>

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 March 2023

13 LEASE LIABILITIES

	2023	2022
	\$'000	\$'000
Maturity analysis:		
Within one year	57,582	51,019
Between one and five years	49,263	46,923
More than five years	7,494	10,574
	<u>114,339</u>	<u>108,516</u>
Less: Unearned interest At 31 March	<u>(2,899)</u>	<u>(3,154)</u>
	<u>111,440</u>	<u>105,362</u>
Represented by:		
Non-current portion	58,857	55,424
Current portion	52,583	49,938
	<u>111,440</u>	<u>105,362</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

	2023	2022
	\$'000	\$'000
At 1 April	159,671	98,824
Grant received or receivable during the year	612,918	230,626
Grant refunded during the year	-	(4,198)
Grant utilised during the year (Note 22)	<u>(470,949)</u>	<u>(165,581)</u>
At 31 March	<u>301,640</u>	<u>159,671</u>
Represented by:		
Reinvestment Funding Programme	297,107	159,177
Other Programmes	4,533	494
	<u>301,640</u>	<u>159,671</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 2023, the unutilised administrative grant balance was \$253,600,000 (2022 : \$115,700,000).

PEOPLE'S ASSOCIATION**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 March 2023****15 DEVELOPMENT GRANTS RECEIVED IN ADVANCE**

	2023	2022
	\$'000	\$'000
At 1 April	39,194	36,240
Grant received during the year	7,956	3,936
Grant refunded during the year	-	(753)
Transfer from deferred capital grants (Note 16)	-	101
Grant utilised during the year (Note 22)	(157)	(330)
At 31 March	<u>46,993</u>	<u>39,194</u>

16 DEFERRED CAPITAL GRANTS

	2023	2022
	\$'000	\$'000
At 1 April	167,363	180,881
Transfer from / (to):		
Operating grant (Note 22)	1,648	6,486
Development grant (Note 15)	-	(101)
Amortisation of deferred capital grant	(19,366)	(19,903)
At 31 March	<u>149,645</u>	<u>167,363</u>

17 PROVISION FOR RESTORATION COSTS

	2023	2022
	\$'000	\$'000
At 1 April	1,911	2,166
Provision made during the year	740	50
Provision reversed during the year	(45)	(305)
At 31 March	<u>2,606</u>	<u>1,911</u>
Provision for restoration costs:		
Non-current	<u>2,606</u>	<u>1,911</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 2023**

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 2023 and 2022 are as follows:

(a) Statement of receipts and payments

	2023	2022
	\$'000	\$'000
Receipts		
Grants for:		
Social Assistance ("SA") Schemes	1,146	1,371
	<u>1,146</u>	<u>1,371</u>
Less: Payments		
Payments for:		
SA Schemes	(1,127)	(1,187)
	<u>(1,127)</u>	<u>(1,187)</u>
Surplus for the year	19	184
Accumulated surplus at the beginning of the year	3,879	3,695
Accumulated surplus at the end of the year (Note 10)	<u>3,898</u>	<u>3,879</u>

(b) Consolidated statement of financial position

	2023	2022
	\$'000	\$'000
Accumulated surplus	<u>3,898</u>	<u>3,879</u>
Represented by:		
Current assets		
Cash and cash equivalents (Note 10)	3,898	3,879
Net assets of Delegated Schemes Fund	<u>3,898</u>	<u>3,879</u>

PEOPLE'S ASSOCIATION

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 March 2023**

19 OPERATING INCOME AND OTHER MISCELLANEOUS GAINS

	<u>General Funds</u>		<u>Specific Funds</u>		<u>Total</u>	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating income:						
Course fees	45,146	33,166	-	-	45,146	33,166
Rental income	74,391	61,160	386	236	74,777	61,396
Donations	8,150	1,452	22,153	27,037	30,303	28,489
Income from activities and projects	41,684	14,930	1,955	2,538	43,639	17,468
	<u>169,371</u>	<u>110,708</u>	<u>24,494</u>	<u>29,811</u>	<u>193,865</u>	<u>140,519</u>
Other miscellaneous gains						
Interest income from fixed deposits	15,243	2,334	2,969	548	18,212	2,882
Interest income from quoted debt securities	12,364	13,762	51	52	12,415	13,814
Dividend income from quoted equity securities	1,430	2,314	8	9	1,438	2,323
Fair value changes on financial assets at fair value through profit or loss:						
Loss on foreign exchange	(2,926)	(817)	(21)	(5)	(2,947)	(822)
Fair value gain / (loss) on hedging	1,044	(350)	6	3	1,050	(347)
Fair value loss on investments	(28,668)	(28,590)	(57)	(108)	(28,725)	(28,698)
	<u>(30,550)</u>	<u>(29,757)</u>	<u>(72)</u>	<u>(110)</u>	<u>(30,622)</u>	<u>(29,867)</u>
Others	20,742	17,061	11	386	20,753	17,447
	<u>19,229</u>	<u>5,714</u>	<u>2,967</u>	<u>885</u>	<u>22,196</u>	<u>6,599</u>

PEOPLE'S ASSOCIATION

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 March 2023**

20 ADMINISTRATIVE EXPENSES

	<u>General Funds</u>		<u>Specific Funds</u>		<u>Total</u>	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Employee benefit expenses (Note 21)	276,649	294,513	703	543	277,352	295,056
Rental expense:						
Land	-	1,711	-	-	-	1,711
Others	5,714	4,967	42	243	5,756	5,210
Professional services	68,586	64,924	5,068	3,138	73,654	68,062
Repairs and maintenance	63,101	57,760	475	139	63,576	57,899
Supplies and materials	7,130	9,470	43	18	7,173	9,488
Communications	8,012	5,361	11	10	8,023	5,371
Utilities	17,605	14,027	357	62	17,962	14,089
Other expenses	9,345	7,114	70	35	9,415	7,149
	<u>456,142</u>	<u>459,847</u>	<u>6,769</u>	<u>4,188</u>	<u>462,911</u>	<u>464,035</u>

21 EMPLOYEE BENEFIT EXPENSE

	<u>General Funds</u>		<u>Specific Funds</u>		<u>Total</u>	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Wages and salaries	236,649	251,498	592	434	237,241	251,932
Contributions to Central Provident Fund	36,412	39,050	108	104	36,520	39,154
Pension contributions and gratuities	4	17	-	-	4	17
Other staff benefits	3,584	3,948	3	5	3,587	3,953
	<u>276,649</u>	<u>294,513</u>	<u>703</u>	<u>543</u>	<u>277,352</u>	<u>295,056</u>

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:

	2023	2022
	\$'000	\$'000
Salaries and other short-term employee benefits	3,709	3,471
Defined contribution plans	143	139
	<u>3,852</u>	<u>3,610</u>

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 March 2023

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 \$750,540,000 (2022 : \$744,657,000) from Ministry of Culture, Community and Youth.

	2023	2022
	\$'000	\$'000
Operating grant received or receivable during the year	504,417	481,900
Transfer to deferred capital grants (Note 16)	(1,648)	(6,486)
Operating grant	502,769	475,414
Land grant (Note 12)	595	595
Administrative grant (Note 14)	470,949	165,581
Development grant (Note 15)	157	330
Other grant	58,479	67,433
	1,032,949	709,353

23 COMMITMENTS

Capital commitments

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

	2023	2022
	\$'000	\$'000
Amount contracted for the purchase of property, plant and equipment	477,601	335,758

Operating lease commitments – where the Association is a lessee

As at 31 March 2023, the Association is committed to \$7,900 for short-term leases (2022 : \$15,000).

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:

	2023	2022
	\$'000	\$'000
Year 1	58,796	47,515
Year 2	41,867	22,187
Year 3	17,805	8,537
Year 4	79	569
Year 5	64	-
	118,611	78,808

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 2023

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:

	<u>2023</u>	<u>2022</u>
	\$'000	\$'000
Financial assets		
Financial assets at amortised cost:		
Deposits and other receivables	71,307	50,314
Cash and cash equivalents (Note 10)	2,007,270	1,670,288
Fair value through profit or loss (Note 8)	550,402	514,612
	<u>2,628,979</u>	<u>2,235,214</u>
Financial liabilities		
Financial liabilities at amortised cost:		
Accruals and other payables (Note 11)	352,369	315,850
Lease liabilities (Note 13)	111,440	105,362
	<u>463,809</u>	<u>421,212</u>

(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 2023**

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

(c) 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
	\$'000	\$'000	\$'000
2023			
Cash and cash equivalents	2,989	1,254	6
Quoted equity securities	55,831	13,539	6,300
Quoted debt securities	115,577	-	-
Gross exposure	174,397	14,793	6,306
Hedged by foreign exchange instruments	(100,242)	(3,172)	13
Net exposure	<u>74,155</u>	<u>11,621</u>	<u>6,319</u>
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	<u>67,971</u>	<u>7,851</u>	<u>10,502</u>

PEOPLE'S ASSOCIATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 31 March 2023

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

(d) *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 2022 is indicated below:

	Surplus 2023
	<u>\$'000</u>
USD (10% strengthening)	7,416
HKD (10% strengthening)	1,162
EUR (10% strengthening)	<u>632</u>
	<u>9,210</u>
	Surplus 2022
	<u>\$'000</u>
USD (10% strengthening)	6,797
HKD (10% strengthening)	785
EUR (10% strengthening)	<u>1,050</u>
	<u>8,632</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 2023**

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 \$12,115,000 (2022 : \$10,069,000).

(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 \$10,822,000 (2022 : \$9,258,000).

(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 2023

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
2023			
Financial assets at fair value through profit or loss (Note 8)	108,222	442,180	550,402
2022			
Financial assets at fair value through profit or loss (Note 8)	92,580	422,032	514,612

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 2023

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.

	2023	2022
	\$'000	\$'000
Statutory board		
Land rental	69,311	68,284