



EAST COAST
TOWN COUNCIL

Annual Report for Financial Year 2014/2015



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Corporate Information

1 April 2014 to 31 March 2015

East Coast Town Council manages and maintains the common properties of HDB estates in Bedok, Changi Simei, Fengshan, Kg Chai Chee, Siglap division of East Coast Group Representation Constituency and Joo Chiat Constituency.

RESIDENTIAL

- 1-room flat
308
- 2-room flat
1,197
- 3-room flat
11,389
- 4-room flat
14,648
- 5-room flat
8,090
- Executive Apt/Maisonette flats
905

COMMERCIAL

- Markets/Hawker Stalls
998
- Shops
627
- Miscellaneous
124
- Banks/Offices
66

CHAIRMAN'S REVIEW



As we celebrate Singapore's 50th year of independence this year, we reflect upon the improvements we have introduced to the Town.

This includes the daily and routine conservancy and maintenance works we carry out in our Town; as well as the upgrading and improvement works we have been carrying out in estate.

We have seen much improvement which had brought much vibrancy to our matured estate.

Together with my parliamentary colleagues, we hope that our regular house visits and consultation with the residents have gathered the right feedback meeting the residents' needs.

FINANCIAL OVERVIEW

With a prudent management of our resources, our financial position has much stabilised after the series of spike in rising cost over the past few years.

At the end of the last financial year – 1 April 2014 to 31 March 2015, we had an operating surplus of \$2.87 million and an accumulated surplus of \$4.78 million after government grants.

The Town Council sinking fund closed at \$62.54 million indicating a healthy fund which would be able to support the extensive cyclical works which are essential in maintaining our matured estate.

To ensure that our funds are able to meet the increasing cost, we invested our funds with prudence. Investments made are of low risk and capital guaranteed, safeguarding our interest.

COMMUNICATION

Feedback from the residents is an important source of information we valued as we strive to meet the expectations.

Depending on the resident's preference and lifestyle, we have different communication channels designed for them.

We have four channels where residents can reach us. First, they can choose to speak directly to us through our dedicated call centre or by sending an electronic mail.

Residents can also download the iTown application from the App Store or Google Play, onto their mobile phones and send in their feedback at the ease of mobility.

Lastly, residents can also send in their feedback via our facebook page.

We are glad to note that residents have been making good use of the various communication channels. We appreciate the resident's valuable feedback as we work towards continuous improvement in our services.

TOWN COUNCIL MANAGEMENT REPORT

Besides residents' feedback, the Ministry of National Development (MND) also monitors the performance and the services we provide.

The Town Council Management Report (TCMR) is a framework which measures the Town Councils' performance across five categories:

1. Lift Performance
2. Cleanliness
3. Maintenance
4. Service and Conservancy Charges
5. Corporate Governance

For the last period of assessment, April 2013 to March 2014, we were rated green for Estate Cleanliness, Lift Performance, S&CC Arrears Management and corporate governance, however we were rated amber for estate maintenance.

According to the report, the top observation under “Estate Maintenance” was obstruction along the corridors and staircases. This seemingly harmless habit becomes dangerous as it hampers safety evacuation during an emergency. This is evident in the fire cases in HDB flats which happened in the recent years.

We seek the co-operation of our residents to keep our corridors and staircases clear of obstruction. Hence, we offered a free Bulky Item Removal Service free of charge. Through this service, the Town Council hopes to reduce incidents of obstruction and illegal dumping.

APPRECIATION TO THE CLEANERS

We have to appreciate the work and dedication of our conservancy workers.

To show recognition to their work, our workers are placed on a progressive wage system to justify their experience and the amount of work they put in. In this way, we can benefit from a more motivated and competent cleaning workforce while residents would be able to enjoy a higher standard of cleaning services.

Thus, to show our appreciation to the workers, we held a Cleaners’ Appreciation Day where the workers were treated to a buffet lunch. The best cleaners from the respective divisions were also rewarded with shopping vouchers.

At the same time, our residents also organised an event, “Operation We Clean up”, where they went around picking up the litters in the estate in the morning.

Through this exercise, we hope to create greater awareness among the residents in maintaining the cleanliness of the estate.

CYCLICAL WORKS

At the beginning of each financial year, we set out our budget and plan for a comprehensive cyclical work programmes. This is one of our major expenditure which is essential to keep our home and facilities in good condition.

Cyclical works includes block electrical re-wiring, re-roofing, re-decoration & repainting, replacement of lifts, water pipes, water tanks, and refuse chute handling equipment etc.

In this financial year, a total of \$19 million was spent on these essential works.

REVITALISATION OF THE TOWN CENTRE

The Housing & Development Board released their plans to revitalise the Town Centre in January this year, and residents can look forward to a rejuvenated town centre by 2017.

In this financial year, Bedok Integrated Transport Hub and Bedok Interchange Hawker Centre was completed.

BEDOK INTEGRATED TRANSPORT HUB

On 30 November 2014, Transport Minister Mr Lui Tuck Yew, graced the opening ceremony of Bedok Integrated Transport Hub. Residents can now enjoy a seamless commuting when they switch between bus and MRT Services.

Spanning across 1.6 hectares, Bedok Integrated Transport Hub is one of the larger Bus Interchange in Singapore with ten boarding and five alighting berths. The bus interchange is also equipped with barrier-free facilities such as dedicated boarding points and graduated kerb edges, making it easier for passengers on wheelchairs to board the buses.

BEDOK INTERCHANGE HAWKER CENTRE

Working closely with the National Environment Agency, NTUC Foodfare and the stall holders, the transition of the old hawker centre to the new hawker centre at Block 208B was carried out smoothly.

On 11 January, together with my fellow parliamentary colleagues, we officiated the opening of the newly built hawker centre, which was aptly named “Bedok Interchange Hawker Centre”.

Conveniently located at Block 208B New Upper Changi Road, the hawker centre is located within walking distance from the Bedok MRT Station and Bus interchange, a new multi-storey carpark was also built next to the hawker centre for greater accessibility.

With 70 stalls, offering residents a great variety of food, the hawker centre was also designed to provide residents with a more comfortable dining experience.

The residents can also enjoy the convenience of cashless payment with a 5% rebate when they make their payment with Nets FlashPay.

We installed a centralised exhaust air cleaner system which helps to clean the air and five large high-volume, low-speed fan to further improve the ventilation in the hawker centre. The hawker centre also provides free wireless service for resident to stay connected.

Residents also find greater accessibility within the hawker centre with wider and barrier-free walkways and tables with seating for those on wheelchairs.

NEIGHBOURHOOD RENEWAL PROGRAMME

Initially, the Neighbourhood Renewal Programme (NRP) was only offered to blocks which were built up to 1989 which have not undergone the Main Upgrading Programme (MUP), Interim Upgrading Programme (IUP) or IUP Plus (IUP+).

After much consideration, the government extended the programme to include blocks built up to 1995, so that residents could enjoy the benefits of the NRP as well.

This programme is fully funded by the Government and implemented by the Town Council.

One of the successes of the NRP is the residents' feedback and suggestions we received during the series of dialogue sessions held before we put up the final design of the upgrading programme.

We were glad to hear of residents' suggestions and their concerns during the dialogue sessions.

TOWN IMPROVEMENT PROJECTS

Every Town Improvement Projects we implemented was chosen with careful consideration, in consultation with our grassroots organisations and residents in order to better meet their needs. For FY 14/15, a total of \$1.73 million was invested in town improvement projects.

The main focus of this year's projects was to create a more vibrant town, where we build more playgrounds and fitness corner, drop-off porches and upgraded the existing facilities.

HOME IMPROVEMENT PROGRAMME

The Home Improvement Programme (HIP) is another ongoing upgrading programme in our town. This project is managed and implemented by the Housing & Development Board (HDB). There are currently five clusters of blocks undergoing the HIP in our town.

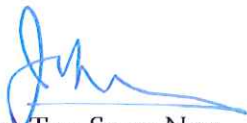
To keep the residents better informed, we provide regular updates of the HIP via our website and newsletters. To help residents to get their feedback attended to more promptly, we also channel the residents' feedback to the HIP service centre and the HDB.

CONCLUSION

On a concluding note, I would like to thank our residents' for their valuable support.

I am also grateful for the guidance and the active involvement of my parliamentary colleagues, grassroots leaders and the members of the town council, giving me valuable advice on the management of the town.

I am confident that working together, we will continue to build the Best Home, Brighter Future for East Coast Town.



Jessica Tan Soon Neo
Chairman

Financial statements

EAST COAST TOWN COUNCIL

(Established under Town Councils Act, Cap. 329A)

For the year ended 31 March 2015

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Report on the Financial Statements

We have audited the accompanying financial statements of East Coast Town Council (the "Town Council"), which comprise the statement of financial position as at 31 March 2015, the income and expenditure statement, statement of comprehensive income, the statement of changes in Town Council funds and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Town Council's management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Town Councils Act, Cap. 329A (the "Act") and Singapore Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town Council's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town Council's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of the Town Council are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Town Council as at 31 March 2015, and the results, changes in Town Council funds and cash flow statement for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

Management's Responsibility for Compliance with Legal and Regulatory Requirements

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on management's compliance.

Opinion

In our opinion:

- (a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Town Council during the financial year ended 31 March 2015 are, in all material respects, in accordance with the provisions of the Act; and
- (b) proper accounting and other records have been kept, including records of all assets of the Town Council whether purchased, donated or otherwise.

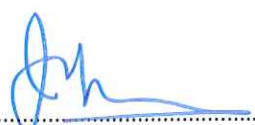



AT ADLER
Public Accountants and Chartered Accountants

Singapore, 14 August 2015

Statement of financial position as at 31 March 2015

	Notes	2014/2015 \$	2013/2014 \$
TOWN COUNCIL FUND			
Residential Property Funds			
Accumulated surplus	3	3,056,003	1,193,806
Sinking Fund	4	32,221,639	41,501,306
Town Improvement and Project Fund	5	270,000	-
		35,547,642	42,695,112
Other Commercial Property Funds			
Accumulated surplus	3	1,733,280	1,018,226
Sinking Fund	4	30,321,108	28,885,826
Town Improvement and Project Fund	5	30,000	-
		32,084,388	29,904,052
Carpark Fund			
Accumulated surplus	3	-	-
Neighbourhood Renewal Programme Fund			
	6	2,224,193	79,775
		69,856,223	72,678,939
Represented by:			
Non-Current Assets			
Plant and equipment	7	83,519	57,877
Held-to-maturity financial assets	8	2,000,000	4,000,000
		2,083,519	4,057,877
Current Assets			
Financial assets at fair value through profit or loss	9	10,412,987	18,492,608
Held-to-maturity financial assets	8	2,000,000	-
Conservancy and service fee receivables	10	438,807	406,149
Other receivables	11	2,860,018	1,714,405
Interest/investment income receivable		320,307	410,727
Fixed deposits	12	37,471,032	40,208,094
Cash and bank balances	13	18,851,151	10,951,895
		72,354,302	72,183,878
Total Assets		74,437,821	76,241,755
Less:			
Current Liabilities			
Conservancy and service fees received in advance		427,029	441,283
Payables and accrued expenses	14	3,582,964	2,536,850
Current tax payable	20(b)	571,605	584,683
		4,581,598	3,562,816
Total Liabilities		4,581,598	3,562,816
Net Assets		69,856,223	72,678,939


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JESSICA TAN
Chairman


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TAN GIM TAT
Secretary

Date: 14 August 2015

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

Statement of income and expenditure for the financial year ended 31 March 2015

	Notes	2014/2015 \$	2013/2014 \$
OPERATING INCOME			
Conservancy and service fees		25,894,990	25,272,000
Less: Operating transfer to Sinking Fund	3,4	8,760,154	8,547,293
		17,134,836	16,724,707
Agency fees	15	1,790,945	1,759,508
Other income	16	2,341,133	2,291,572
		21,266,914	20,775,787
Less:			
OPERATING EXPENDITURE			
Cleaning works		4,695,417	4,578,098
Managing agent's fees		2,452,776	2,629,803
Lift maintenance		3,599,122	3,490,512
Other works and maintenance		3,469,245	3,144,276
Water and electricity		5,492,787	6,601,972
General and administrative expenditure	18	1,449,578	1,383,633
		21,158,925	21,828,294
OPERATING SURPLUS/(DEFICIT)		107,989	(1,052,507)
Add:			
NON-OPERATING INCOME			
Interest income		33,262	12,987
Less:			
Town improvement works	3,5	405,182	208,887
DEFICIT BEFORE TAXATION AND GOVERNMENT GRANTS		(263,931)	(1,248,407)
GRANTS			
Less:			
Income tax	20(a)	143,930	122,486
DEFICIT BEFORE GOVERNMENT GRANTS		(407,861)	(1,370,893)
Add:			
Government Grants	21	6,170,059	5,531,493
Less: Transfer to Sinking Fund	3,4,21	1,553,641	1,534,391
Less: Transfer to Town Improvement and Project Fund	3,5,21	1,331,306	748,359
		3,285,112	3,248,743
SURPLUS FOR THE YEAR		2,877,251	1,877,850
Add:			
Accumulated surplus at 1 April		2,212,032	334,182
Less:			
Appropriation to Town Improvement and Project Fund		300,000	-
ACCUMULATED SURPLUS AT 31 MARCH		4,789,283	2,212,032

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

Statement of comprehensive income for the financial year ended 31 March 2015

	Notes	Total		Residential Property Funds		Commercial Property Funds		Carpark Fund		Neighbourhood Renewal Programme Fund	
		2014/2015 \$	2013/2014 \$	2014/2015 \$	2013/2014 \$	2014/2015 \$	2013/2014 \$	2014/2015 \$	2013/2014 \$	2014/2015 \$	2013/2014 \$
(Deficit)/surplus for the year											
- Accumulated surplus	3	2,877,251	1,877,850	1,629,676	785,764	745,054	684,044	502,521	408,042	-	-
- Sinking Fund	4	(7,844,385)	(2,264,587)	(9,279,667)	(3,495,382)	1,435,282	1,230,795	-	-	-	-
- Town Improvement and Project Fund	5	-	-	-	-	-	-	-	-	-	-
- Neighbourhood Renewal Programme Fund	6	2,144,418	(1,622,097)	-	-	-	-	-	-	2,144,418	(1,622,097)
Total (deficit)/surplus for the year		(2,822,716)	(2,008,834)	(7,649,991)	(2,709,618)	2,180,336	1,914,839	502,521	408,042	2,144,418	(1,622,097)
Other comprehensive income, net of taxation		-	-	-	-	-	-	-	-	-	-
Total comprehensive (loss)/income for the year attributable to Town Council Fund		(2,822,716)	(2,008,834)	(7,649,991)	(2,709,618)	2,180,336	1,914,839	502,521	408,042	2,144,418	(1,622,097)

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

Statement of changes in funds for the financial year ended 31 March 2015

	Total		Residential Property Funds		Commercial Property Funds		Carpark Fund		Neighbourhood Renewal Programme Fund	
	2014/2015 \$	2013/2014 \$	2014/2015 \$	2013/2014 \$	2014/2015 \$	2013/2014 \$	2014/2015 \$	2013/2014 \$	2014/2015 \$	2013/2014 \$
Balance at 1 April	72,678,939	74,687,773	42,695,112	44,996,688	29,904,052	27,989,213	-	-	79,775	1,701,872
Total comprehensive (loss)/income for the year	(2,822,716)	(2,008,834)	(7,649,991)	(2,709,618)	2,180,336	1,914,839	502,521	408,042	2,144,418	(1,622,097)
Transfer of Accumulated Surplus from Carpark Fund to Residential Property Funds:	-	-	502,521	408,042	-	-	(502,521)	(408,042)	-	-
Balance at 31 March	69,856,223	72,678,939	35,547,642	42,695,112	32,084,388	29,904,052	-	-	2,224,193	79,775

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

Statement of cash flows

for the financial year ended 31 March 2015

	Notes	2014/2015 \$	2013/2014 \$
Cash Flows from Operating Activities			
Deficit before taxation and government grants	3	(263,931)	(1,248,407)
Adjustments for:			
Depreciation of plant and equipment	7	21,718	9,236
Conservancy and service fees transferred to Sinking Fund	4	8,760,154	8,547,293
Interest income	3	(33,262)	(12,987)
Gain on disposal of plant and equipment		(3,187)	(20)
Operating surplus before working capital changes		8,481,492	7,295,115
(Decrease)/Increase in conservancy and service fees received in advance		(14,254)	40,081
(Increase)/Decrease in conservancy and service fee receivables and other receivables		(663,873)	5,502,754
Increase/(Decrease) in payables		1,040,235	(1,305,012)
Cash generated from operations		8,843,600	11,532,938
Income tax paid	20(b)	(297,651)	(291,368)
Sinking Fund income	4	34	215
Sinking Fund expenditure	4	(19,004,188)	(12,882,324)
Town Improvement and Project Fund expenditure	5	(1,331,306)	(748,359)
Neighbourhood Renewal Programme Fund expenditure	6	(1,091,367)	(2,962,480)
Net cash used in operating activities		(12,880,878)	(5,351,378)
Cash Flows from Investing Activities			
Purchase of plant and equipment	7	(47,360)	(44,909)
Interest and investment income received		540,701	607,539
Fixed deposits maturing in more than 3 months		2,921,369	(289,116)
Proceeds from disposal of plant and equipment		3,187	20
Net cash generated from investing activities		3,417,897	273,534
Cash Flows from Financing Activities			
Fixed deposit pledged		(81)	(79)
Funding received from HDB for NRP projects	6	3,235,785	1,340,383
Government grants received	21(b)	5,654,689	4,951,236
Net cash generated from financing activities		8,890,393	6,291,540
Net (decrease)/increase in cash and cash equivalents		(572,588)	1,213,696
Cash and cash equivalents at beginning of year		22,217,618	21,003,922
Cash and cash equivalents at end of year	13	21,645,030	22,217,618

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

Notes to the financial statements

for the financial year ended 31 March 2015

1 General information

The financial statements of the Town Council are presented in Singapore dollars. They are drawn up in accordance with the Singapore Financial Reporting Standards and the provisions of the Town Councils Act Cap. 329A. The financial statements were approved and authorised for issue by the Town Council on 14 August 2015.

East Coast Town Council (“the Town Council”) was formed on 13 January 1997 by the Town Councils (Declaration of Towns) Order 1997 under the Town Councils Act, Cap. 329A. East Coast Town Council is managing and maintaining East Coast Group Representation Constituency (GRC), which comprises Bedok, Changi Simei, Fengshan, Kampong Chai Chee, Siglap - five divisions. The Town Council is also managing and maintaining one Single Member Constituency (SMC) - Joo Chiat division.

The principal place of operation is at Block 206, Bedok North Street 1, #01-353, Singapore 460206.

The functions of the Town Council are to control, manage, maintain and improve the common property of residential, other commercial property and market and food centres in the housing estates of the Housing and Development Board within the Town.

The daily operation of the Town Council has been outsourced to EM Services Pte Ltd and the Town Council employs 2 employees as of 31 March 2015 (2013/2014 - 2).

2(a) Basis of preparation

The financial statements are prepared in accordance with the provisions of the Town Councils Act and Singapore Financial Reporting Standards (“FRS”) including related Interpretations to FRS (“INT FRS”) promulgated by the Accounting Standards Council (“ASC”).

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

Significant accounting estimates and judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management’s best knowledge of current events and actions, actual results may ultimately differ from those estimates.

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

2(a) Basis of preparation (cont'd)**Critical accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Town Council makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Impairment for bad and doubtful debts

Impairment for doubtful conservancy and service debts and legal fees amounting to \$371,872 (2013/2014 - \$352,004), have been estimated on the basis of age of debts, results of recovery efforts and historical experience.

(ii) Depreciation of plant and equipment

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of plant and equipment to be 5 years. The carrying amount of the plant and equipment as at 31 March 2015 was \$83,519 (2013/2014 - \$57,877). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(iii) Income tax

Significant judgement is required in determining the provision for income taxes. There are also claims for which the ultimate tax determination is uncertain during the ordinary course of business. The Town Council recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. When the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax provisions in the period in which such determination is made.

(iv) Classification of held-to-maturity financial assets

The Town Council follows the guidance of FRS 39 on classifying non-derivatives financial assets with fixed or determinable payments with fixed maturity as held-to-maturity.

This classification requires judgement. In making this judgement, the Town Council evaluates its intention and ability to hold such investments to maturity. If the Town Council fails to keep investments to maturity other than for specific circumstances, it will be required to reclassify these investments as available-for-sale. The investments would then be measured at fair value, and not amortised cost.

(v) Impairment of held-to-maturity financial assets

The Town Council follows the guidance of FRS 39 on determining when a financial asset is impaired. This determination requires significant judgement. The Town Council evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

2(a) Basis of preparation (cont'd)**(b) Key sources of estimation uncertainty**

Management is of the opinion that there are no key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year, except for those affecting the recovery prospects of aged service and conservancy debts.

Interpretations and amendments to published standards effective in 2014

On 1 April 2014, the Town Council has adopted the new or revised FRS that are mandatory for application from that date and are relevant to its operations.

The adoption of new or amended FRS did not result in substantial changes to the Town Council's accounting policies and had no material effects on the amounts reported for the current or prior financial years.

2(b) New or revised accounting standards and interpretations not yet effective

At the date of authorization of these financial statements, the following FRS and INT FRS that are relevant to the Town Council were issued but not yet effective and which the Town Council has not early adopted:

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to FRS 1	Disclosure/Initiatives	1 January 2016
Improvements to FRSs (January 2014)		
- FRS 24	Related Party Disclosures	1 July 2014
- FRS 113	Fair Value Measurement	1 July 2014
Improvements to FRSs (November 2014)		
- FRS 107	Financial Instruments: Disclosures	1 January 2016
FRS 16	Property, Plant and Equipment	1 January 2016
FRS 109	Financial Instruments	1 January 2018
FRS 115	Revenue from Contracts with Customers	1 January 2017

The Town Council does not anticipate that the adoption of the above in future periods will have a material impact on the financial statements of the Town Council in the period of their initial application, except for additional disclosures.

2(c) Summary of significant accounting policies**(a) Funds****Town Council Fund**

In accordance with Section 33(1) of the Town Councils Act, separate funds are established to account for the management of the various types of properties.

The types of properties currently under the management of the Town Council are as follows:

- Residential Property
- Commercial Property
- Carparks are managed by the Town Council for the Housing and Development Board (HDB) on an agency basis.

2(c) Summary of significant accounting policies (cont'd)**(a) Funds (cont'd)****Town Council Fund (cont'd)**

These funds together with Sinking Fund, Town Improvement and Project Fund and Neighbourhood Renewal Programme Fund form the Town Council Fund.

All monies received by the Town Council are paid into and related expenditure are met out of the appropriate funds set up for each property type managed.

Assets and liabilities of the various funds of the Town Council are pooled in the Statement of Financial Position.

Sinking Fund

In accordance with Section 33(4) of the Town Councils Act, a separate Sinking Fund is established for the improvement to, management and maintenance of residential property and other commercial property. This Sinking Fund is maintained as part of the Town Council Fund.

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

For the current financial year, the minimum amounts to be paid into the Sinking Fund are as follows:

	Property Type	Percentage of Conservancy and Service Fees and Grant-in-Aid
(i)	1-room to 3-room	30% of conservancy and service fees and grants-in-aid
(ii)	4-room	35% of conservancy and service fees and grants-in-aid
(iii)	5-room and Executive	35% of conservancy and service fees and grants-in-aid
(iv)	Shop with living accommodation	35% of conservancy and service fees
(v)	Commercial property	35% of conservancy and service fees

These minimum contributions are treated as operating transfers and netted off against the conservancy and service fees and government grants in the Statement of Income and Expenditure.

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

2(c) Summary of significant accounting policies (cont'd)**(a) Funds (cont'd)****Town Improvement and Project Fund**

The Town Council maintained a Town Improvement and Project Fund as part of the Town Council Fund. This Fund is utilised for improvement and development works in the Town.

The fund is set up by transfer from Accumulated Surplus based on specific projects to be carried out. In addition, the Town Council receives payments from Citizens' Consultative Committee (CCC) for approved projects.

Expenditure on Town Improvement Projects is taken directly to the Town Improvement and Project Fund. Payments from CCC are shown as part of Government Grants in the Statement of Income and Expenditure and then transferred to the Town Improvement and Project Fund.

Neighbourhood Renewal Programme Fund

Neighbourhood Renewal Programme Fund is maintained as part of the Neighbourhood Renewal Programme (NRP) and is established in respect of the NRP works carried out on the qualifying properties to upgrade the quality of HDB estates. This upgrading scheme was entered into between the Town Council, HDB and the Ministry of National Development.

The funding for the programme comes from the government and is for the specific use of projects under the programme. The funding is subject to a budget allocation of \$3,400 per dwelling unit to cover NRP expenditure and \$150 per dwelling unit or \$125,000, whichever is higher to cover miscellaneous NRP expenditure. However, if the cost of project works incurred exceeds the funding provided, the Town Council has to bear the cost of excess expenditure.

(b) Allocation of General Overheads

Expenditure not relating specifically to any property type managed, for example, administrative overheads, tree planting, pruning etc. is allocated to the various property types using equivalent dwelling units as follows:

<u>Property Type</u>	<u>Equivalent Dwelling Unit(s)</u>
1 Residential Property Unit	1
1 Commercial Property Unit	2
6 Car Lots or 36 Motor Cycle Lots or 4 Lorry Lots	1

No overheads are allocated to the Sinking Fund and Town Improvement and Project Fund.

2(c) Summary of significant accounting policies (cont'd)**(c) Government Grants**

The Town Council receives four types of grants from Government, namely, Conservancy and Service Grant, GST Subvention Grant and Payment from Citizens' Consultative Committee.

The GST Subvention is given as grants-in-aid to Town Councils for absorbing the GST increase in conservancy and service charges for residential properties.

Government grants are recognised at their fair value where there is reasonable assurance that the grants will be received and all required conditions will be complied with. Grants to meet the current year's operating expenditure are taken to the Statement of Income and Expenditure.

(d) Plant and equipment and depreciation

Plant and equipment are stated at cost less accumulated depreciation and any impairment loss. Depreciation is calculated on the straight line basis to write off the cost of the assets over their estimated useful lives as follows:

Machinery	5 years
Furniture and fittings	5 years
Office equipment	5 years

Plant and equipment costing below \$1,000 each are charged to the Statement of Income and Expenditure in the year of purchase. Fully depreciated plant and equipment are retained in the books of accounts until they are no longer in use.

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent expenditure relating to plant and equipment that have been recognized is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Town Council and the cost can be measured reliably. Other subsequent expenditure is charged to the Statement of Income and Expenditure during the financial year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the month of acquisition and to the month before disposal respectively.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date as a change in estimates.

2(c) Summary of significant accounting policies (cont'd)**(e) Financial assets****(a) Classification**

The Town Council classifies its investments in financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables and held-to-maturity investments. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date, with the exception that the designation of financial assets at fair value through profit or loss is not revocable.

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

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months after the end of the reporting period.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Town Council provides money, goods or services directly to a debtor with no intention of trading the receivables. They are included in current assets, except those maturing more than 12 months after the end of the reporting period. These are classified as non-current assets. Loans and receivables include conservancy and service fee receivables, other receivables, interest/investment income receivable, fixed deposits and cash and bank balances on the statement of financial position.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Town Council's management has the positive intention and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of income and expenditure when the held-to-maturity investments are derecognised or impaired, and through the amortisation process. The Town Council's held-to-maturity investments include investments in fixed rate government bonds.

(b) Recognition and derecognition

Purchase and sale of financial assets are recognised on trade-date, the date on which the Town Council commits to purchase or sell the assets. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Town Council has transferred substantially all risks and rewards of ownership.

2(c) Summary of significant accounting policies (cont'd)**(e) Financial assets (cont'd)****(c) Initial measurement**

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognized immediately as expenses.

(d) Subsequent measurement

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" investment category are included in the Statement of Income and Expenditure in the period in which they arise.

(e) Determination of fair value

The fair value of financial assets traded in active markets (such as exchange-traded and over-the-counter securities) are based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Town Council is the current bid price and the appropriate quoted market price for financial liabilities is the current ask price.

The carrying amount of current financial assets and liabilities, carried at amortised costs, are assumed to approximate their fair values.

(f) Impairment of financial assets

The Town Council assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. All impairment losses are recognised in the Statement of Income and Expenditure. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior years.

(g) Reversal of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the amortised cost had no impairment loss been recognized in prior periods.

2(c) Summary of significant accounting policies (cont'd)**(f) Funds with fund manager**

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

Funds with fund manager comprises mainly of equities, bonds, cash and fixed deposits. Equities and bonds are stated on an aggregate portfolio basis.

On expiry of the management term, any surplus over and above the performance benchmark will be shared between the Town Council and the fund manager on an agreed basis.

(g) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment. An allowance for impairment of receivables is established when there is objective evidence that the Town Council will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in the Statement of Income and Expenditure. When a receivable becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in the statement of Income and Expenditure.

(h) Cash and cash equivalents

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

Cash on hand and in banks and short-term deposits which are held to maturity are carried at cost.

(i) Payables

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

(j) Provisions

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

2(c) Summary of significant accounting policies (cont'd)**(k) Revenue recognition**

Conservancy and service fees and agency fees are recognised when due. Interest income from fixed deposits are recognised on a time-proportion basis using the effective interest method.

Investment income from investments in financial assets held at fair value through profit or loss is recognised in the Statement of Income and Expenditure while investment income from investments in held-to-maturity financial assets is recognised on a time-proportion basis using the effective interest method.

(l) Income tax

Income tax is provided on the following income:

- (i) Income derived from investments and bank deposits;
- (ii) Agency fee derived from acting as agents for HDB;
- (iii) Fees, rents and other charges, received from non-residents of properties in the Town; and
- (iv) Donations from non-residents or non-owners of properties in the Town.

The income taxes are accounted using the liability method that requires the recognition of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantially enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. Income tax expense represents the sum of the tax currently payable and deferred tax. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at each reporting date and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences.

In respect of government grant received, the Town Council has been granted remission under Section 92(2) of the Income Tax Act, Cap. 134.

(m) Employee benefitsDefined contribution plan

The Town Council operates a defined contribution plan in the form of Central Provident Fund. The Town Council's obligation, in regard to the defined contribution plan is limited to the amount it contributes to the fund. The expenses are disclosed under manpower cost and general administrative expenditure accordingly (Note 17).

Employee leave entitlements

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

2(c) Summary of significant accounting policies (cont'd)**(n) Impairment of non-financial assets**

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount to the extent that it does not exceed the carrying value that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately or credited to the fund to which the asset relates.

(o) Operating leases

Operating leases are accounted for in the Statement of Income and Expenditure on a straight-line basis over the periods of the respective leases.

(p) Inter-fund transfer

Under Section 33(9) of the Town Councils Act, Cap. 329A, the Town Council may transfer an amount not exceeding the surplus from any of its other funds established by the Town Council, to a fund which is in deficit to make good the deficit in that fund.

(q) Functional currency

Items included in the financial statements of the Town Council are measured using the currency of the primary economic environment in which the Town Council operates (the “functional currency”). The financial statements of the Town Council are presented in Singapore dollar which is also the functional currency of the Town Council.

East Coast Town Council
(Established under the Town Councils Act, Cap. 329A)
Notes to the financial statements for the financial year ended 31 March 2015

3 Accumulated surplus

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

	Note	Total		Residential property		Commercial property		Carpark	
		2014/2015 \$	2013/2014 \$	2014/2015 \$	2013/2014 \$	2014/2015 \$	2013/2014 \$	2014/2015 \$	2013/2014 \$
OPERATING INCOME									
Conservancy and service fees		25,894,990	25,272,000	22,608,781	22,095,956	3,286,209	3,176,044	-	-
Less: Operating transfer to Sinking Fund	4	8,760,154	8,547,293	7,609,980	7,435,677	1,150,174	1,111,616	-	-
		17,134,836	16,724,707	14,998,801	14,660,279	2,136,035	2,064,428	-	-
Agency fees	15	1,790,945	1,759,508	-	-	-	-	1,790,945	1,759,508
Other income	16	2,341,133	2,291,572	1,682,928	1,664,919	630,164	594,700	28,041	31,953
		21,266,914	20,775,787	16,681,729	16,325,198	2,766,199	2,659,128	1,818,986	1,791,461
Less:									
OPERATING EXPENDITURE		21,158,925	21,828,294	17,888,133	18,509,251	1,964,044	1,945,063	1,306,748	1,373,980
OPERATING (DEFICIT)/SURPLUS		107,989	(1,052,507)	(1,206,404)	(2,184,053)	802,155	714,065	512,238	417,481
Add:									
NON-OPERATING INCOME		33,262	12,987	27,601	10,795	2,741	1,073	2,920	1,119
Less:									
TOWN IMPROVEMENT WORKS	5	405,182	208,887	357,200	187,911	47,982	20,976	-	-
(DEFICIT)/SURPLUS BEFORE TAXATION AND GOVERNMENT GRANTS		(263,931)	(1,248,407)	(1,536,003)	(2,361,169)	756,914	694,162	515,158	418,600
Less:									
Income tax	20(a)	143,930	122,486	119,433	101,810	11,860	10,118	12,637	10,558
(DEFICIT)/SURPLUS BEFORE GOVERNMENT GRANTS		(407,861)	(1,370,893)	(1,655,436)	(2,462,979)	745,054	684,044	502,521	408,042
Add:									
Government grants	21	6,170,059	5,531,493	6,033,995	5,453,735	136,064	77,758	-	-
Less: Transfer to Sinking Fund	4, 21	1,553,641	1,534,391	1,553,641	1,534,391	-	-	-	-
Less: Transfer to Town Improvement and Project Fund	5, 21	1,331,306	748,359	1,195,242	670,601	136,064	77,758	-	-
		3,285,112	3,248,743	3,285,112	3,248,743	-	-	-	-
SURPLUS FOR THE YEAR		2,877,251	1,877,850	1,629,676	785,764	745,054	684,044	502,521	408,042
Add:									
ACCUMULATED SURPLUS AT 1 APRIL		2,212,032	334,182	1,193,806	-	1,018,226	334,182	-	-
Transfer of Accumulated Surplus from Carpark Funds to Residential Property Funds		-	-	502,521	408,042	-	-	(502,521)	(408,042)
Less:									
Appropriation to Town Improvement and Project Fund	5	(300,000)	-	(270,000)	-	(30,000)	-	-	-
		1,912,032	334,182	1,426,327	408,042	988,226	334,182	(502,521)	(408,042)
ACCUMULATED SURPLUS AT 31 MARCH		4,789,283	2,212,032	3,056,003	1,193,806	1,733,280	1,018,226	-	-

4 Sinking Fund

	Note	Total		Residential property		Commercial property	
		2014/2015 \$	2013/2014 \$	2014/2015 \$	2013/2014 \$	2014/2015 \$	2013/2014 \$
Balance at 1 April		70,387,132	72,651,719	41,501,306	44,996,688	28,885,826	27,655,031
Add:							
Investment income	19(a)	986,617	700,551	581,712	433,852	404,905	266,699
Other income		34	215	34	215	-	-
Operating transfer from Conservancy and Service fees	3	8,760,154	8,547,293	7,609,980	7,435,677	1,150,174	1,111,616
Transfer from Government Grants	3, 21	1,553,641	1,534,391	1,553,641	1,534,391	-	-
		11,300,446	10,782,450	9,745,367	9,404,135	1,555,079	1,378,315
Less:							
Expenditure	19(b)	19,004,188	12,882,324	18,942,111	12,797,510	62,077	84,814
		(7,703,742)	(2,099,874)	(9,196,744)	(3,393,375)	1,493,002	1,293,501
Less:							
Income Tax	20(a)	140,643	164,713	82,923	102,007	57,720	62,706
Surplus/(deficit) for the year		(7,844,385)	(2,264,587)	(9,279,667)	(3,495,382)	1,435,282	1,230,795
Balance at 31 March		62,542,747	70,387,132	32,221,639	41,501,306	30,321,108	28,885,826

Represented by:

Current Assets

Financial assets at fair value through profit or loss	9	10,412,987	18,492,608
Held-to-maturity financial assets	8	2,000,000	-
Conservancy and service fee receivables		174,281	162,882
Interest receivable		261,511	265,496
Other receivables and investment income receivable		204,578	432,725
Amount due from routine fund		401,900	419,201
Fixed deposits		33,846,882	40,176,411
Cash and bank balances		15,137,622	8,172,743
		62,439,761	68,122,066

Non-Current Assets

Held-to-maturity financial assets	8	2,000,000	4,000,000
Total Assets		64,439,761	72,122,066

Less:

Current Liabilities

Creditors and accrued expenses		1,590,949	1,401,654
Current tax payable		306,065	333,280
Total Liabilities		1,897,014	1,734,934

NET ASSETS		62,542,747	70,387,132
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5 Town Improvement and Project Fund

	Note	Total		Residential property		Commercial property	
		2014/2015 \$	2013/2014 \$	2014/2015 \$	2013/2014 \$	2014/2015 \$	2013/2014 \$
Balance at 1 April		-	-	-	-	-	-
Transfer from Government Grants	3, 21	1,331,306	748,359	1,195,242	670,601	136,064	77,758
Less:							
Expenditure	22	1,736,488	957,246	1,552,442	858,512	184,046	98,734
Add:							
Town improvement works transferred to income and expenditure statement	3	405,182	208,887	357,200	187,911	47,982	20,976
Surplus for the year		-	-	-	-	-	-
Appropriation from Accumulated Surplus	3	300,000	-	270,000	-	30,000	-
Balance at 31 March		300,000	-	270,000	-	30,000	-
Represented by:							
Current Assets							
Other receivables		1,271,334	751,967				
Less:							
Current Liabilities							
Creditors and accrued expenses		52,457	209,569				
Fund due to operating fund		918,877	542,398				
		971,334	751,967				
		300,000	-				

6 Neighbourhood Renewal Programme Fund

	2014/2015 \$	2013/2014 \$
Balance at 1 April	79,775	1,701,872
Funding from Government	3,235,785	1,340,383
Payment to contractors	(1,091,367)	(2,962,480)
Surplus/(Deficit) for the year	2,144,418	(1,622,097)
Balance at 31 March	2,224,193	79,775
Represented by:		
Current Assets		
Other receivables	526,310	-
Fund due from operating fund	2,637,740	79,855
	3,164,050	79,855
Less:		
Current Liabilities		
Creditors and accrued expenses	939,857	80
	2,224,193	79,775

7 Plant and equipment

	Total \$	Machinery \$	Furniture and fittings \$	Office equipment \$
<u>Cost</u>				
At 1 April 2013	789,251	90,545	463,118	235,588
Additions	44,909	-	-	44,909
Written-off/Disposals	(1,560)	-	-	(1,560)
At 31 March 2014	832,600	90,545	463,118	278,937
Additions	47,360	-	-	47,360
Written-off/Disposals	(163,451)	(3,393)	-	(160,058)
At 31 March 2015	716,509	87,152	463,118	166,239
<u>Accumulated depreciation</u>				
At 1 April 2013	767,047	90,545	458,450	218,052
Depreciation for the year	9,236	-	2,183	7,053
Written-off/Disposals	(1,560)	-	-	(1,560)
At 31 March 2014	774,723	90,545	460,633	223,545
Depreciation for the year	21,718	-	1,395	20,323
Written-off/Disposals	(163,451)	(3,393)	-	(160,058)
At 31 March 2015	632,990	87,152	462,028	83,810
<u>Net book value</u>				
At 31 March 2015	83,519	-	1,090	82,429
At 31 March 2014	57,877	-	2,485	55,392

8 Held-to-maturity financial assets

	2014/2015 \$	2013/2014 \$
Amortised cost at 1 April	4,000,000	4,000,000
Redemption of bonds upon maturity	-	-
Amortised cost at 31 March	<u>4,000,000</u>	<u>4,000,000</u>
Balance is made up of:		
Government bonds with fixed interest from 1.01% to 3.73% (2013/2014 – 1.01% to 3.73%) and maturing between 7 March 2016 and 19 September 2016 (2013/2014 – 7 March 2016 and 19 September 2016)	<u>4,000,000</u>	<u>4,000,000</u>
Maturing within the next 12 months	<u>2,000,000</u>	-
Maturing after 12 months	<u>2,000,000</u>	<u>4,000,000</u>
	<u>4,000,000</u>	<u>4,000,000</u>

Fair value for held-to-maturity financial assets is as follows:

	2014/2015 \$	2013/2014 \$
Government bonds with fixed interest from 1.01% to 3.73% (2013/2014 – 1.01% to 3.73%) and maturing between 7 March 2016 and 19 September 2016 (2013/2014 – 7 March 2016 and 19 September 2016)	<u>4,034,540</u>	<u>4,075,400</u>

The fair value of government bonds are based on quoted market prices at the end of the reporting period.

9 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss represents funds together with the related profits placed with professional fund managers.

The funds with fund managers are administrated by UOB Asset Management Ltd who was re-appointed to invest and manage funds of \$22,000,000 on behalf of the Town Council for a period of 5 years commencing 1 September 2010. The terms of the agreement are as follows:

- (i) Fund manager guarantees the maintenance of the principal amount at the end of the term of investment for mandate with principal guarantee feature and will make good any shortfall if the principal amount is diminished or reduced at the end of the term of the investment.
- (ii) The fund manager will be paid an administration fee. Additionally, performance fees will be levied based on the excess return of the funds above the Performance Benchmark (PB) at the earlier of the expiry date or the termination of the agreement with UOB.
- (iii) The investments are invested in accordance with the Town Councils Act.

Funds with fund manager are designated at fair value through profit or loss at inception.

9 Financial assets at fair value through profit or loss (cont'd)

	2014/2015 \$	2013/2014 \$
Balance at 1 April	23,858,251	23,718,915
Add:		
Investment income	407,369	493,775
Less:		
Profit/(loss) shared by fund manager	(381)	64,991
Management fees	(109,593)	(101,411)
Fair value (loss)/gain	166,557	(318,019)
Balance at 31 March	<u>24,322,203</u>	<u>23,858,251</u>
Represented by:		
Quoted equities	4,884,549	3,817,014
Quoted bonds	5,528,438	14,675,594
Financial assets at fair value through profit or loss	<u>10,412,987</u>	<u>18,492,608</u>
Cash and fixed deposits (Note 13)	13,965,482	5,309,412
Accrued interest	39,525	145,171
Net excess of funds shared by fund manager (Note 14)	(71,401)	(71,019)
Fee payable to fund manager (Note 14)	(24,390)	(17,921)
	<u>24,322,203</u>	<u>23,858,251</u>

The fair value of quoted equities and quoted bonds is determined by reference to stock exchange quoted bid prices.

The quoted bonds managed by fund managers bear interest rates per annum ranging from 1.95% to 4.88% (2013/2014 - 1.95% to 5.00%) to be received semi-annually in arrears. The maturity period of the bonds ranges from July 2015 to December 2015 (2013/2014 – April 2014 to December 2015).

10 Conservancy and service fee receivables

	2014/2015 \$	2013/2014 \$
Conservancy and service fee receivables	810,679	758,153
Less: Allowance for impairment	(371,872)	(352,004)
	<u>438,807</u>	<u>406,149</u>
<u>Allowance for impairment</u>		
Balance at 1 April	352,004	402,619
Allowance for the year (Note 18)	21,994	600
Amount written off against allowance	(2,126)	(17,241)
Allowance no longer required	-	(33,974)
Balance at 31 March	<u>371,872</u>	<u>352,004</u>

The average credit period generally granted to conservancy and service fee receivables is about 30 days (2013/2014 - 30 days). Conservancy and service fee receivables with short duration are not discounted and the carrying amounts are assumed to be a reasonable approximation of fair value. The conservancy and service fee receivables are denominated in Singapore dollar.

11 Other receivables

	2014/2015 \$	2013/2014 \$
GST receivable from IRAS	40,198	153,403
GST Subvention grant receivable	219,529	219,498
Receivable from Citizens' Consultative Committee	1,266,334	751,967
Recoverable from HDB	711,820	67,887
Recoverable from NEA	175,924	5,651
Payment in advance/deposits	395,051	504,117
Others	51,162	11,882
	<u>2,860,018</u>	<u>1,714,405</u>

Other receivables with a short duration are not discounted and the carrying amounts are assumed to be a reasonable approximation of fair values. The other receivables are denominated in Singapore dollar.

12 Fixed deposits

	2014/2015 \$	2013/2014 \$
Fixed deposits		
- Maturing in more than 3 months	20,679,906	23,601,275
- Maturing within 3 months (Note 13)	16,791,126	16,606,819
	<u>37,471,032</u>	<u>40,208,094</u>

Fixed deposits are denominated in Singapore dollar.

Included in fixed deposits is an amount of \$31,765 (2013/2014 - \$31,684) pledged with a bank as security for guarantee given on behalf of the Town Council.

13 Cash and bank balances

	2014/2015 \$	2013/2014 \$
Cash and bank balances	4,885,669	5,642,483
Cash and fixed deposits held by fund manager (Note 9)	13,965,482	5,309,412
	<u>18,851,151</u>	<u>10,951,895</u>

Cash and bank balances are denominated in Singapore dollar.

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

	2014/2015 \$	2013/2014 \$
Cash and bank balances	4,885,669	5,642,483
Fixed deposits maturing within 3 months (Note 12)	16,791,126	16,606,819
	<u>21,676,795</u>	<u>22,249,302</u>
Less:		
Fixed deposit pledged	31,765	31,684
	<u>21,645,030</u>	<u>22,217,618</u>

14 Payables and accrued expenses

	2014/2015	2013/2014
	\$	\$
Conservancy and service grant refundable	3,069	4,041
Accounts payable	2,760,998	1,808,051
Accrued operating expenses	640,559	526,604
Refundable deposits	82,547	109,214
Fees payable to fund manager (Note 9)	24,390	17,921
Net excess of funds payable to fund manager (Note 9)	71,401	71,019
	<u>3,582,964</u>	<u>2,536,850</u>

The average credit period taken to settle trade payables is about 30 days (2013/2014 - 30 days). The other payables are with short-term duration. The carrying amounts are assumed to be a reasonable approximation of fair values. Payables and accrued expenses are denominated in Singapore dollar.

15 Agency fees

These are fees received for routine maintenance of HDB carparks in the Town.

16 Other income

Other income comprises the following:

	2014/2015	2013/2014
	\$	\$
Administrative fee	41,668	34,231
Agency fees	2,235	2,332
Gain on disposal of plant and equipment	3,187	20
Late payment fees	97,019	91,605
Liquidated damages	96,146	132,281
Sale of tender documents	44,000	52,003
Sundry fines	17,450	20,440
Temporary Occupation Licence ("TOL") income	1,597,610	1,535,820
Use of void decks/common property	56,950	59,550
Use of water and electricity	219,021	286,913
Others	165,847	76,377
	<u>2,341,133</u>	<u>2,291,572</u>

17 Manpower Cost

Included in general administrative expenditure are cost of manpower provided by the Town Council.

	2014/2015	2013/2014
	\$	\$
Staff salaries and related costs	42,905	40,769
CPF contributions	2,749	2,267
	<u>45,654</u>	<u>43,036</u>

18 General and administrative expenditure

The general and administrative expenditure comprises the following:

	2014/2015	2013/2014
	\$	\$
Advertising, publicity and public relations	179,758	232,961
Agency fees - HDB/NEA collection	13,104	14,603
Audit fee	34,100	34,100
Impairment loss on conservancy and service fee receivables (Note 10)	21,994	600
Bad debts recovered	(276)	(600)
Computer services	132,340	73,888
Depreciation of plant and equipment (Note 7)	21,718	9,236
Plant and equipment not capitalized	19,303	1,250
Maintenance of vehicles, machinery and equipment	145	819
Office rental and upkeep expenditure	316,903	314,923
Office supplies and stationery	59,762	57,223
Postage and telephone	84,642	90,974
Property tax	156,714	157,424
Service charges *	81,380	76,139
Stamp duty	777	1,344
Town councillors' allowances	179,100	180,600
Irrecoverable GST	145,679	135,703
Others	2,435	2,446
	1,449,578	1,383,633

* Includes manpower costs of \$45,654 (2013/2014 - \$43,036) (Note 17)

19 Sinking Fund income and expenditure**(a) Income**

	2014/2015	2013/2014
	\$	\$
Interest income from fixed deposits/current account	427,865	466,415
Interest income from bonds	94,800	94,800
Income from funds with fund manager	463,952	139,336
	986,617	700,551

(b) Expenditure

	2014/2015	2013/2014
	\$	\$
Electrical Re-wiring	2,083,316	841,565
Reroofing works	1,275,138	1,513,988
Replacement of water pumps	-	58,680
Lift works	3,410,661	3,563,024
Replacement of booster pumps	-	161,220
Redecoration and repainting	8,084,131	5,029,344
Replacement of water pipes	2,231,520	930,538
Replacement of refuse chute handling equipment	697,232	-
Replacement of refuse chute flushing system	-	65,100
Replacement of water tanks	158,000	-
Project management fees	638,280	398,676
Irrecoverable GST	425,910	320,189
	19,004,188	12,882,324

20 Income tax

(a) Income tax expense attributable to profit is made up of:

	2014/2015 \$	2013/2014 \$
Current income tax provision	284,573	287,199
Taken up in:		
Statement of Income and Expenditure		
- Current financial year	143,930	122,486
Sinking Fund		
- Current financial year	140,643	164,713

The income tax expense on the income for the financial year varies from the amount of income tax determined by applying the Singapore standard rate of income tax to taxable income due to the following factors:

	2014/2015 \$	2013/2014 \$
Government grants	6,170,059	5,531,493
Investment and interest income	1,102,866	1,263,157
Other income	904,055	794,811
Allowable expenses	(80,810)	(79,929)
	8,096,170	7,509,532
Tax calculated at a tax rate of 17% (2013/2014 - 17%)	1,376,349	1,276,620
Singapore statutory stepped income exemption	(25,925)	(25,925)
Tax effect of certain income taxed at concessionary tax rate	(38,124)	(43,985)
Tax remission of government grants under Section 92(2) of Singapore income Tax Act	(1,027,727)	(919,511)
	284,573	287,199

(b) Income tax payable

	2014/2015 \$	2013/2014 \$
Balance at 1 April	584,683	588,852
Current financial year's income tax expense	284,573	287,199
Payments during the year	(297,651)	(291,368)
Balance at 31 March	571,605	584,683

East Coast Town Council
(Established under the Town Councils Act, Cap. 329A)
Notes to the financial statements for the financial year ended 31 March 2015

21 Government grants

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

	Total		Conservancy and Service grant		Payment from Citizens' Consultative Committee		GST Subvention grant	
	2014/2015 \$	2013/2014 \$	2014/2015 \$	2013/2014 \$	2014/2015 \$	2013/2014 \$	2014/2015 \$	2013/2014 \$
Government grants received/receivable	6,170,059	5,531,493	3,960,784	3,925,089	1,331,306	748,359	877,969	858,045
Less:								
Transfer to Sinking Fund (Note 4)	1,553,641	1,534,391	1,258,117	1,245,642	-	-	295,524	288,749
Less:								
Transfer to Town Improvement and Projects Fund (Note 5)	1,331,306	748,359	-	-	1,331,306	748,359	-	-
	<u>3,285,112</u>	<u>3,248,743</u>	<u>2,702,667</u>	<u>2,679,447</u>	<u>-</u>	<u>-</u>	<u>582,445</u>	<u>569,296</u>

(b) The total amounts of grants received (including grants transferred from other Town Councils) since the formation of the Town Council is as follows:

	2014/2015 \$	2013/2014 \$
Total grants received at 1 April	135,569,736	130,618,500
Add:		
Grants received during the year	5,654,689	4,951,236
Total grants received at 31 March	<u>141,224,425</u>	<u>135,569,736</u>

22 Town improvement projects

These projects are partially funded by Government grants under the Community Improvement Projects Committee (CIPC) scheme and are given through the Citizens' Consultative Committee (CCC).

Expenditure	2014/2015 \$	2013/2014 \$
Construction of covered walkways	1,049,987	367,970
Construction/upgrading of playground and fitness corner	158,052	288,805
Landscaping	850	16,847
Neighbourhood centre upgrading	-	702
Miscellaneous projects	298,066	195,360
Professional/project management fee	229,533	87,562
	1,736,488	957,246

Out of the total of \$1,736,488 (2013/2014 - \$957,246) spent on town improvement projects, \$1,331,306 (2013/2014 - \$748,359) was met from CIPC grants.

23 Commitments for capital expenditure

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

	2014/2015 \$	2013/2014 \$
Amount approved and contracted for	23,285,860	32,977,401
Amount approved but not contracted for	10,629,869	12,562,554
	33,915,729	45,539,955

24 Operating lease commitments

At the reporting date, the Town Council was committed to making the following payments in respect of operating lease of office premises and computer services with a term of more than one year:

	2014/2015 \$	2013/2014 \$
Due within 1 year	353,570	340,057
Due after 1 year but within 5 years	640,679	679,079
Due after 5 years	10,064	130,834
	1,004,313	1,149,970

The leases on the Town Council's office premises and computer services on which rentals are payable will expire earliest on 31 May 2016 (2013/2014 - 31 March 2015) and not later than 30 April 2020 (2013/2014 - 30 April 2020). The current rent payable on the leases range from \$5,400 to \$10,064 (2013/2014 - \$5,200 to \$10,064) per month.

25 Financial risk management objectives and policies

The Town Council's activities expose it to a variety of financial risks: market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk. Risk management is integral to the whole operation of the Town Council. The Town Council has a system of controls in place to create an acceptable balance between the costs of risks occurring and the cost of managing the risks. The management continually monitors the Town Council'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 Town Council's activities.

The Town Council does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

25.1 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Town Council's operational activities are carried out in Singapore dollar. Hence, the Town Council is not exposed to foreign currency risk.

25.2 Cash flow and fair value interest rate risk

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

The Town Council's interest-bearing assets comprised mainly of short-term bank deposits, financial assets at fair value through profit or loss and held-to-maturity financial assets are exposed to financial market risk due to fluctuations in interest rates, which may affect the Town Council's interest income and the fair values of the bonds recorded under held-to-maturity financial assets.

The Town Council manages this exposure by performing ongoing evaluations of their investment portfolio.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 75 (2013/2014 - 75) basis points lower/higher with all other variables held constant, the Town Council's surplus net of tax would have been \$311,033 (2013/2014 - \$331,561) lower/higher.

In respect of interest-bearing financial assets the following table indicates their effective interest rates at balance sheet date:

	Note	Effective interest rate %	Total \$	Less than 1 year \$	1 to 5 years \$
31 March 2015					
Financial assets					
Held-to-maturity financial assets	8	1.01 - 3.73%	4,000,000	2,000,000	2,000,000
Fixed deposits	12	1.23%	37,471,032	37,471,032	-
31 March 2014					
Financial assets					
Held-to-maturity financial assets	8	1.01 - 3.73%	4,000,000	-	4,000,000
Fixed deposits	12	1.16%	40,208,094	40,208,094	-

25 Financial risk management objectives and policies (cont'd)**25.3 Liquidity risk**

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

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

	←----- Interest-bearing -----→			Non-interest bearing	Total
	Less than 1 year \$	1 to 5 years \$	Over 5 years \$		
At 31 March 2015					
Fixed deposits	37,471,032	-	-	-	37,471,032
Cash and bank balances	-	-	-	18,851,151	18,851,151
Held-to-maturity financial assets	2,094,800	2,010,100	-	-	4,104,900
Other financial assets	-	-	-	3,224,081	3,224,081
Other financial liabilities	-	-	-	4,009,993	4,009,993

	←----- Interest-bearing -----→			Non-interest bearing	Total
	Less than 1 year \$	1 to 5 years \$	Over 5 years \$		
At 31 March 2014					
Fixed deposits	40,208,094	-	-	-	40,208,094
Cash and bank balances	-	-	-	10,951,895	10,951,895
Held-to-maturity financial assets	94,800	4,104,900	-	-	4,199,700
Other financial assets	-	-	-	2,027,164	2,027,164
Other financial liabilities	-	-	-	2,978,133	2,978,133

25.4 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The carrying amount of investments, conservancy and service fee receivables, other receivables, fixed deposits and bank balances represent the Town Council's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk. The Town Council has no significant concentrations of credit risk. Cash is placed with reputable financial institutions of good standing.

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

25.4 Credit risk (cont'd)

The credit risk for conservancy and service fee receivables based on the information provided to key management is as follows:

- (i) Financial assets that are neither past due nor impaired

Conservancy and service fee receivables that are neither past due nor impaired are substantially counterparties with good payment records with the Town Council.

- (ii) Financial assets that are past due but not impaired

The ageing analysis of conservancy and service fee receivables with number of months of fees past due but not impaired are as follows:

	2014/2015	2013/2014
	\$	\$
With less than 3 months of fees outstanding	236,738	222,101
With more than 3 months of fees outstanding	118,007	104,182
With more than 6 months of fees outstanding	76,908	71,419
With more than 12 months of fees outstanding	-	-

Based on historical default rates, the Town Council believes that no impairment allowance is necessary in respect of conservancy and service fee receivables not past due or past due but not impaired.

- (iii) Financial assets that are past due and impaired

The carrying amount of conservancy and service fee receivables individually determined to be impaired and the movements in the related allowance for impairment are as follows:

	2014/2015	2013/2014
	\$	\$
Gross amount	371,872	352,004
Less: Allowance for impairment	(371,872)	(352,004)
	-	-

The impaired conservancy and service fee receivables arise mainly from residents who are facing significant financial hardships and have difficulties paying their conservancy and service fees despite letter of demand sent.

25.5 Price risk

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices.

The Town Council is exposed to market price risks arising from its investment with fund manager classified as investment at fair value through profit or loss.

At the end of the reporting period, if the fair value had been 2% (2013/2014 - 2%) lower/higher with all other variables held constant, the Town Council's surplus for the year would have been \$208,260 (2013/2014 - \$369,852) lower/higher, arising as a result of higher/lower fair value losses on investments.

26 Management of Town Council's funds

The Town Council's objectives when managing funds are:

- (a) To safeguard the Town Council's ability to continue as going concern; and
- (b) To provide capacity to support the Town Council's investment in public sector human capital, intellectual capital and technical capability development.

The Town Council actively and regularly reviews and manages its funds structure to ensure optimal capital structure, taking into consideration the future requirements, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected investments in public sector capability development.

27 Fair value of financial instruments

Fair values

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

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

Fair value hierarchy

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

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

(a) Assets measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value as at 31 March 2015:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements				
As at 31 March 2015				
<i>Financial assets through profit or loss</i>				
Quoted equities (Note 9)	4,884,549	-	-	4,884,549
Quoted bonds (Note 9)	5,528,438	-	-	5,528,438
As at 31 March 2014				
<i>Financial assets through profit or loss</i>				
Quoted equities (Note 9)	3,817,014	-	-	3,817,014
Quoted bonds (Note 9)	14,675,594	-	-	14,675,594

27 Financial value of financial instruments (cont'd)**(b) Assets not carried at fair value but for which fair value is disclosed**

The following table shows an analysis of the Town Council's assets not measured at fair value at 31 March 2015 but for which fair value is disclosed:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$	Carrying amount \$
As at 31 March 2015					
Held-to-maturity financial assets (Note 8)	4,034,540	-	-	4,034,540	4,000,000
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$	Carrying amount \$
As at 31 March 2014					
Held-to-maturity financial assets (Note 8)	4,075,400	-	-	4,075,400	4,000,000