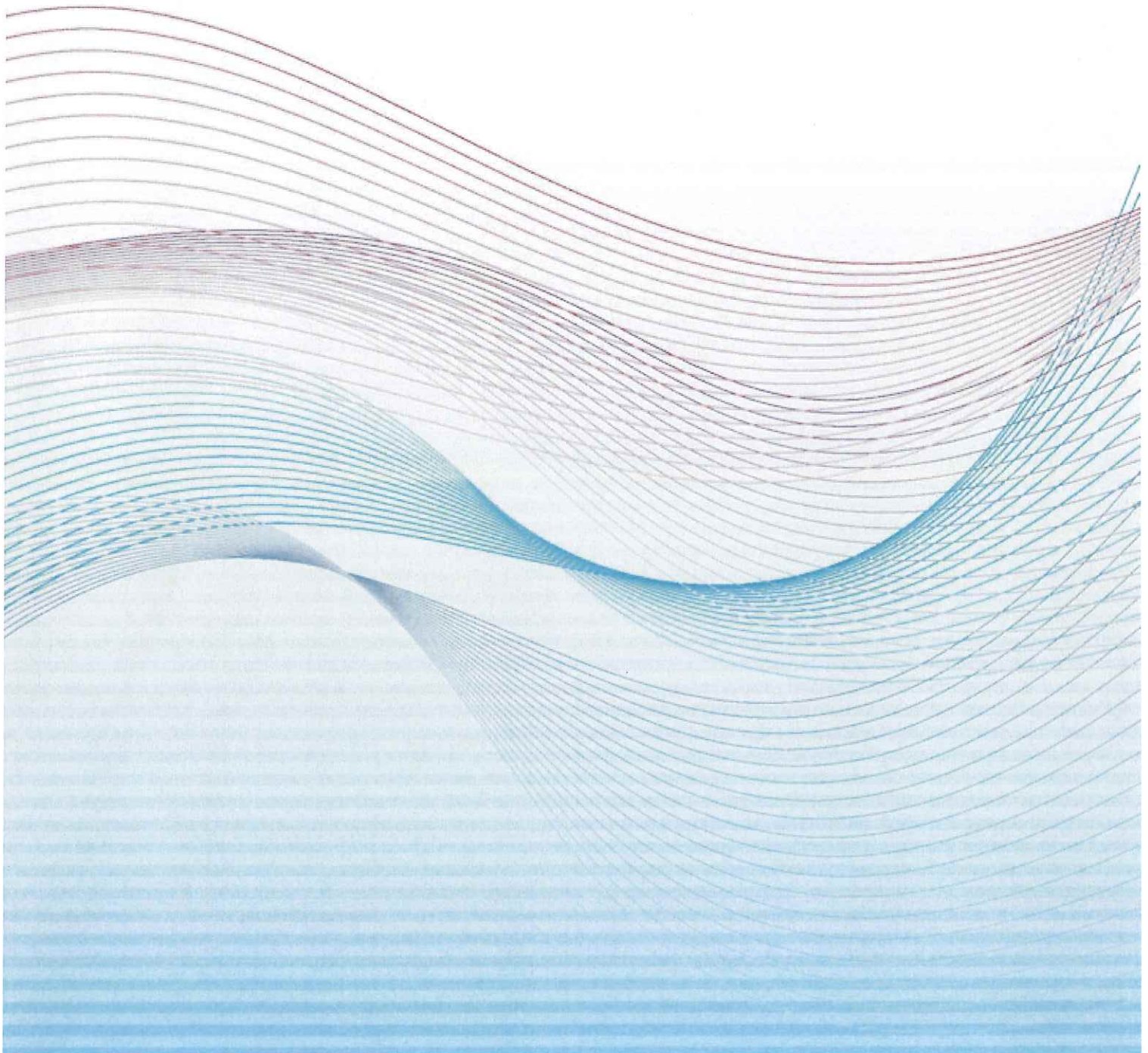




**EAST COAST-FENGSHAN
TOWN COUNCIL**

Annual Report for Financial Year 2015/2016

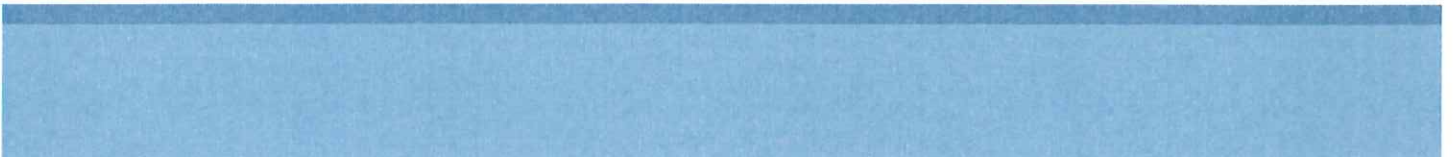


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Corporate Information

1 April 2015 to 31 March 2016

East Coast-Fengshan Town Council manages and maintains the common properties of the HDB estates in Bedok, Changi Simei, Kampong Chai Chee, Siglap of East Coast Group Representation Constituency and Fengshan Single Member Constituency.

Residential

- 1-Room Flat
308
- 2-Room Flat
1,082
- 3-Room Flat
11,389
- 4-Room Flat
14,646
- 5-Room Flat
8,090
- Executive Apt / Maisonette Flat
905

Commercial

- Markets / Hawker Stalls
998
- Shops
627
- Miscellaneous
118
- Banks / Offices
65

Chairman's Review



As we move forward into 2016 following our General Election in 2015, we reflect upon the improvements we have introduced to the Town.

This includes the daily 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 the estate.

Together with my parliamentary colleagues, we hope that our regular house visits and dialogue sessions with the residents have gathered the right feedback, hence, taking appropriate actions and meeting the needs of residents.

FINANCIAL OVERVIEW

In this financial year, from 1 April 2015 to 31 March 2016, we continued to meet our objectives to manage our resources with prudence.

I am pleased to report that as at 31 March 2016, we had an operating surplus of \$1.95 million and an accumulated surplus of \$2.66 million after government grants.

The Town Council's sinking fund closed at \$61.35 million indicating that we are financially healthy. The Sinking Fund is utilized for major cyclical repainting & repairs, renewal or replacement of roofing system, water tanks, pumps and water supply system, and major repairs, etc. by accumulating sinking fund over time, residents would not have to pay a large amount of money each time one of these major works needs to be carried out.

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 interests.

COMMUNICATION

Depending on resident's preference and lifestyle, we have different communication channels.

Residents can choose to speak to us directly through our dedicated call centre or by sending an electronic mail through our general email address.

Residents can download the iTown application from the App Store or Google Play onto their mobile phones. Through this channel, residents can send in timely feedback with ease and mobility.

Residents can also send in their feedback via our Facebook page or the Feedback Form on our Town Council official website.

The Municipal Services Office (MSO) offers another platform for the residents to provide their feedback. The project is currently in the early stages and will be implemented in 2017.

We are glad to note that residents have been making good use of the various communication channels. Feedback from residents is an important source of information as it provides insights to help us improve our services.

TOWN COUNCIL MANAGEMENT REPORT

Besides residents' feedback, the Ministry of National Development (MND) also monitors the performance and services we provide through the annual Town Council Management Report (TCMR). The TCMR is a framework which provides an additional source of information for dialogue between the Town Councils and residents on how to jointly improve their towns and it measures the Town Councils' performance across five categories:

1. Lift Performance
2. Estate Cleanliness
3. Estate Maintenance
4. S&CC Arrears Management
5. Corporate Governance

For the period of assessment from April 2015 to March 2016, 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 staircase landings. Cluttered corridors are dangerous as they hamper safe evacuation during an emergency as well as being potential fire hazards. This is evident in the fire cases which happened recently in HDB flats.

We seek the co-operation of our residents to keep our corridors and staircases clear of obstruction. Efforts to educate residents on the importance of clutter-free corridors include publishing educational posters in our bi-monthly newsletters – East Coast News – and putting up such notices on our estate noticeboards.

We do offer Bulky Item Removal Service free of charge. Through all these measures, the Town Council hopes to reduce incidents of obstruction and illegal dumping.

As for Lift Performance, we were rated green. We will continue to closely monitor the performance of our lifts. We will also tighten our processes to ensure that the maintenance are done promptly and all our lifts are safe for our residents.

APPRECIATION TO THE CLEANERS

To show our appreciation and recognition to the work and dedication of our conservancy workers, we held a Cleaners’ Appreciation Day in conjunction with the annual “Operation! WE Clean Up” project on 3rd May 2015. Member of Parliament, Ms Jessica Tan also joined the residents to pick up litter in the estates. During the event, grassroots leaders joined the cleaners for a meal. The best cleaners from the respective divisions were recognized with cash vouchers.

In a separate event on 11th March 2015, students from Temasek Junior College participated in “Operation! WE Clean Up” project. This event was supported by Bedok Constituency and the Town Council. The event provided an opportunity for the students to be in the shoes of the cleaners for a day, and they personally witnessed how litter affected the estate and inconvenienced residents. The students learnt that they have a part to play in keeping the neighbourhood clean, and were encouraged to spread this message to the public.

Through these exercises, we hope to create greater awareness and partnership among residents in maintaining the cleanliness of the estate.

CYCLICAL WORKS

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

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

In this financial year, a total of \$14.55 million was spent on these essential works.

REVITALISATION OF THE TOWN CENTRE

In this financial year, the projects from the Housing and Development Board (HDB) to revitalize the Town Centre are still in progress. Residents can look forward to a rejuvenated town centre by 2017.

BEDOK TOWN PLAZA

Works are currently in progress and the completion ceremony will be held on 20th May 2016. Residents in Bedok can look forward to a more vibrant social space and better connectivity once the Bedok Town Plaza is completed. The improvements are part of the

HDB's rejuvenation efforts for Bedok town under its Remaking Our Heartland (ROH) programme.

BEDOK TOWN CENTRE PEDESTRIAN MALL

Majority of the Pedestrian Mall at the Bedok Town Centre was completed in March 2016, with some sections still in progress. The Pedestrian Mall was upgraded at a cost of about \$3 million to provide for more pedestrian and wheelchair-friendly access. The integrated 320-metre long pedestrian mall is flanked by shops and F&B outlets on both sides.

On a larger scale, the pedestrian mall will also more seamlessly connect the key elements of Bedok Town Centre: Bedok Mall, the new Bedok Integrated Complex and the neighbourhood shops. The Mall will hopefully make the last-mile commute for 40,000 residents who use the Bedok bus interchange and MRT station daily a more pleasant experience

BEDOK INTEGRATED COMPLEX

To mark the physical completion of the eagerly-awaited Bedok Integrated Complex (BIC) – Kampong Chai Chee Grassroots Organisations (GROs) with the support of other agencies, organized a Topping-Up celebration on 9th April 2016.

At the celebration, residents were able to sample some of the latest programme contents that the various agencies plan to introduce at the new complex when it opens in phases from the first half of 2017. The co-location of the various agencies will allow for more creative cross-programming to maximise benefits to the residents.

The Bedok Integrated Complex will be one of the largest integrated Complexes in Singapore, housing Kampong Chai Chee Community Club (CC), Sport Singapore's indoor and outdoor sports facilities, Bedok Library, Bedok Polyclinic, Senior Care Centre, childcare centre, F&B and retail outlets. The complex sits on a 2.1 hector land, and is within walking distance from Bedok MRT Station and Bus Interchange.

BEDOK HERITAGE CORNER

As part of the ROH rejuvenation plans, a Heritage Corner, capturing the rich history of East Coast is located alongside the town plaza. Residents can learn about the distinctive identities of the various communities in Bedok and how their everyday life would have been in the past. The Heritage Corner will capture the long and rich history of East Coast from the earliest recorded settlers to the modern town we see today.

NEIGHBOURHOOD RENEWAL PROGRAMME

The Neighbourhood Renewal Programme (NRP) is a national project to inject new facilities and amenities into the estate. The NRP focuses on block and precinct improvements and covers a larger area spanning 2 or more neighbouring precincts. Residents can look forward to an upgraded neighbourhood with new common area facilities such as children playgrounds, drop-off point, jogging tracks etc. These improvements to the common spaces will enhance the living environment for residents.

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

We actively engage residents by seeking feedback and suggestions on the proposed improvements for the neighbourhood through dialogue sessions, block parties, NRP exhibitions and surveys. Feedback is then considered and if feasible, incorporated into the design proposal for the Consensus Gathering Exercise.

In East Coast GRC – Block 141, 142, 144-151, 153 -166 and 221-235 Simei Street / Road are currently undergoing the NRP and works are 90% completed. The expected completion date is August 2016.

On 7th August 2015, Ms Jessica Tan, Member of Parliament for East Coast GRC, Adviser to Changi Simei Grassroots Organisations announced that Block 242-247 and 253-256 Simei Street 5 and 1 will be undergoing NRP.

TOWN IMPROVEMENT PROJECTS

Every Town Improvement Projects we implemented was chosen with careful consideration. We consulted and held discussions with our grassroots organisations and residents to better understand the needs of the estate. For FY 15/16, a total of \$1.89 million was invested in town improvement projects.

The main focus of this year's projects was to create a more elder-friendly and vibrant town. We have constructed more integrated playgrounds and elder-fitness corner, drop-off porches, linkways, barrier-free access as well as upgraded our existing facilities.

REVITALISATION OF SHOPS

The Revitalisation of Shops (ROS) scheme was introduced in November 2007 to enhance the vibrancy and competitiveness of the HDB shops, so as to better serve the needs of residents. Under this scheme, the Merchants' Associations and retailers can apply for co-funding for upgrading and promotional events. Since its inception, over 4,000 shops or half of the shops in HDB Town and Neighbourhood Centres island-wide, have benefitted from this scheme.

ROS project at the Neighbourhood Centre of Block 248 Simei Street 3 has commenced. The project is expected to be completed by December 2016.

CYCLING TRACKS

In line with the National Cycling Plan, the Land Transport Authority (LTA) has been facilitating the development of dedicated off-road intra-town cycling paths in towns all over Singapore.

LTA has embarked on developing cycling paths in Changi Simei and Bedok towns. These cycling paths will complement the existing cycling infrastructure within HDB town and facilitate intra-town cycling to transport nodes and key local amenities.

The cycling paths in Changi Simei is expected to be completed at the end of 2016 while works for Bedok town are still in progress.

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 and Development Board (HDB).

No.	Division	Location	Status
1.	Bedok	Block 41 – 44, 57A, 59, 62 – 65 Bedok South Road/ New Upper Changi Road	Completed
2.	Siglap	Block 51 – 57 New Upper Changi Road Block 1, 4 and 5 Changi Village Road	Completed
3.	Kampong Chai Chee	Block 130 to 133 Bedok North Street 2	Completed
4.	Fengshan	Block 119 – 129 Bedok North Road / Street 2	Completed
5.	Kampong Chai Chee	Block 414 – 428 Bedok North Road / Avenue 2	In progress

To keep our residents informed of the progress, we provide regular updates of HIP in our website and newsletters. To ensure that residents' feedback are attended promptly, we ensure that feedback received is channelled to the HIP service centre and HDB.

CONCLUSION

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

As we close this financial year, I want to express my appreciation to my parliamentary colleagues, the Town Councillors, the various government and statutory agencies and grassroots organisations for all their contributions, co-operation and support.

I am confident that working together, we will continue to make East-Coast-Fengshan Town a home that meets the needs of the residents.



Jessica Tan Soon Neo
Chairman

Financial statements

EAST COAST-FENGSHAN TOWN COUNCIL

(FORMERLY KNOWN AS EAST COAST TOWN COUNCIL)

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

For the year ended 31 March 2016

East Coast-Fengshan Town Council
(Formerly known as East Coast Town Council)
(Established under the Town Councils Act, Cap. 329A)

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Report on the Financial Statements

We have audited the accompanying financial statements of East Coast-Fengshan Town Council (formerly known as East Coast Town Council) (the "Town Council"), which comprise the statement of financial position as at 31 March 2016, 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 financial position of the Town Council as at 31 March 2016, and the financial performance, 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 2016 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, 25 August 2016

Statement of financial position as at 31 March 2016

	Notes	2015/2016 \$	Restated 2014/2015 \$	Restated 2013/2014 \$
TOWN COUNCIL FUND				
Residential Property Funds				
Accumulated surplus	3	1,178,452	3,056,003	1,193,806
Sinking Fund	4	28,803,241	32,221,639	41,501,306
Town Improvement and Project Fund	5	322,000	270,000	-
		30,303,693	35,547,642	42,695,112
Other Commercial Property Funds				
Accumulated surplus	3	976,673	1,733,280	1,018,226
Sinking Fund	4	32,551,219	30,321,108	28,885,826
Town Improvement and Project Fund	5	32,000	30,000	-
		33,559,892	32,084,388	29,904,052
Carpark Fund				
Accumulated surplus	3	512,895	-	-
		64,376,480	67,632,030	72,599,164
Represented by:				
Non-Current Assets				
Plant and equipment	6	70,619	83,519	57,877
Held-to-maturity financial assets	7	-	2,000,000	4,000,000
		70,619	2,083,519	4,057,877
Current Assets				
Financial assets at fair value through profit or loss	8	14,267,930	10,412,987	18,492,608
Held-to-maturity financial assets	7	2,000,000	2,000,000	-
Conservancy and service fee receivables	9	502,460	438,807	406,149
Other receivables	10	2,390,723	2,860,018	1,714,405
Interest/investment income receivable		481,434	320,307	410,727
Fixed deposits	11	39,892,535	37,471,032	40,208,094
Cash and bank balances	12	11,652,046	18,851,151	10,951,895
		71,187,128	72,354,302	72,183,878
Total Assets		71,257,747	74,437,821	76,241,755
Less:				
Current Liabilities				
Conservancy and service fees received in advance		439,979	427,029	441,283
Advances received for Neighbourhood Renewal Programme	13(a)	1,885,738	2,224,193	79,775
Payables and accrued expenses	13(b)	4,003,441	3,582,964	2,536,850
Current tax payable	19(b)	552,109	571,605	584,683
		6,881,267	6,805,791	3,642,591
Total Liabilities		6,881,267	6,805,791	3,642,591
Net Assets		64,376,480	67,632,030	72,599,164


.....
JESSICA TAN
Chairman


.....
TAN GIM TAT
Secretary

Date: 25 August 2016

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 2016

	Notes	2015/2016 \$	2014/2015 \$
OPERATING INCOME			
Conservancy and service fees		25,993,725	25,894,990
Less: Operating transfer to Sinking Fund	3,4	8,795,491	8,760,154
		17,198,234	17,134,836
Agency fees	14	1,838,855	1,790,945
Other income	15	2,314,177	2,341,133
		21,351,266	21,266,914
Less:			
OPERATING EXPENDITURE			
Cleaning works		4,864,076	4,695,417
Managing agent's fees		2,553,839	2,452,776
Lift maintenance		3,549,097	3,599,122
Other works and maintenance		3,661,012	3,469,245
Water and electricity		6,403,749	5,492,787
General and administrative expenditure	17	1,584,581	1,449,578
		22,616,354	21,158,925
OPERATING (DEFICIT)/SURPLUS		(1,265,088)	107,989
Add:			
NON-OPERATING INCOME			
Interest income		77,073	33,262
Less:			
Town improvement works	3,5	-	405,182
DEFICIT BEFORE TAXATION AND GOVERNMENT GRANTS		(1,188,015)	(263,931)
Less:			
Income tax	19(a)	146,211	143,930
DEFICIT BEFORE GOVERNMENT GRANTS		(1,334,226)	(407,861)
Add:			
Government Grants	20	6,032,411	6,170,059
Less: Transfer to Sinking Fund	3,4,20	1,554,124	1,553,641
Less: Transfer to Town Improvement and Project Fund	3,5,20	1,193,309	1,331,306
		3,284,978	3,285,112
SURPLUS FOR THE YEAR		1,950,752	2,877,251
Add:			
Accumulated surplus at 1 April		4,789,283	2,212,032
Less:			
Transfer to Sinking Fund at 24.8.15 in accordance with the Statement of Transferable Surplus		(3,293,184)	-
Transfer of Accumulated Surplus to MPTC		(23,932)	-
Appropriation to Town Improvement and Project Fund	3,5	(754,899)	(300,000)
ACCUMULATED SURPLUS AT 31 MARCH		2,668,020	4,789,283

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 2016

	Notes	Total		Residential Property Funds		Commercial Property Funds		Carpark Fund	
		2015/2016	2014/2015	2015/2016	2014/2015	2015/2016	2014/2015	2015/2016	2014/2015
		\$	\$	\$	\$	\$	\$	\$	\$
Surplus/(deficit) for the year									
- Accumulated surplus	3	1,950,752	2,877,251	786,563	1,629,676	651,192	745,054	512,997	502,521
- Sinking Fund	4	(4,146,293)	(7,844,385)	(5,256,833)	(9,279,667)	1,110,540	1,435,282	-	-
- Town Improvement and Project Fund	5	(700,899)	-	(628,219)	-	(72,680)	-	-	-
Total (deficit)/surplus for the year		(2,896,440)	(4,967,134)	(5,098,489)	(7,649,991)	1,689,052	2,180,336	512,997	502,521
Other comprehensive income, net of taxation		-	-	-	-	-	-	-	-
Total comprehensive (loss)/income for the year attributable to Town Council Fund		(2,896,440)	(4,967,134)	(5,098,489)	(7,649,991)	1,689,052	2,180,336	512,997	502,521

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 2016

	Total \$	Residential Property Funds \$	Commercial Property Funds \$	Carpark Fund \$	Neighbourhood Renewal Programme Fund \$
Balance at 1 April 2014, as previously stated	72,678,939	42,695,112	29,904,052	-	79,775
Prior year adjustment (Note 28)	(79,775)	-	-	-	(79,775)
Balance at 1 April 2014, as restated	72,599,164	42,695,112	29,904,052	-	-
Total comprehensive (loss)/income for the year	(4,967,134)	(7,649,991)	2,180,336	502,521	-
Transfer of Accumulated Surplus from Carpark Fund to Residential Property Funds	-	502,521	-	(502,521)	-
Balance at 31 March 2015	67,632,030	35,547,642	32,084,388	-	-
Balance at 1 April 2015, as previously stated	69,856,223	35,547,642	32,084,388	-	2,224,193
Prior year adjustment (Note 28)	(2,224,193)	-	-	-	(2,224,193)
Balance at 1 April 2015, as restated	67,632,030	35,547,642	32,084,388	-	-
Total comprehensive (loss)/income for the year	(2,896,440)	(5,098,489)	1,689,052	512,997	-
Transfer to Marine Parade Town Council	(359,110)	(145,460)	(213,548)	(102)	-
Balance at 31 March 2016	64,376,480	30,303,693	33,559,892	512,895	-

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 2016

	Notes	2015/2016 \$	Restated 2014/2015 \$
Cash Flows from Operating Activities			
Deficit before taxation and government grants	3	(1,188,015)	(263,931)
Adjustments for:			
Depreciation of plant and equipment	6	23,600	21,718
Conservancy and service fees transferred to Sinking Fund	4	8,795,491	8,760,154
Interest income	3	(77,073)	(33,262)
Gain on disposal of plant and equipment		(601)	(3,187)
Operating surplus before working capital changes		7,553,402	8,481,492
Increase/(decrease) in conservancy and service fees received in advance		12,950	(14,254)
Decrease/(increase) in conservancy and service fee receivables and other receivables		250,175	(663,873)
(Decrease)/increase in advances received for Neighbourhood Renewal Programme		(338,455)	2,144,418
(Decrease)/Increase in payables		(870,924)	1,040,235
Cash generated from operations		6,607,148	10,988,018
Income tax paid	19(b)	(286,627)	(297,651)
Sinking Fund income	4	35	34
Sinking Fund expenditure	4	(14,552,363)	(19,004,188)
Town Improvement and Project Fund expenditure	5	(1,894,208)	(1,331,306)
Net cash used in operating activities		(10,126,015)	(9,645,093)
Cash Flows from Investing Activities			
Purchase of plant and equipment	6	(10,700)	(47,360)
Interest and investment income received		568,985	540,701
Withdrawal of funds with fund manager		5,745,615	-
Proceeds from held-to-maturity investments redeemed		2,000,000	-
Fixed deposits maturing in more than 3 months		(6,645,693)	2,921,369
Proceeds from disposal of plant and equipment		601	3,187
Net cash generated from investing activities		1,658,808	3,417,897
Cash Flows from Financing Activities			
Fixed deposit pledged		(79)	(81)
Government grants received	20(b)	6,188,906	5,654,689
Net cash generated from financing activities		6,188,827	5,654,608
Net decrease in cash and cash equivalents		(2,278,380)	(572,588)
Cash and cash equivalents at beginning of year		21,645,030	22,217,618
Cash and cash equivalents at end of year	12	19,366,650	21,645,030

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 2016

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 25 August 2016.

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.

As a result of the redrawing of the electoral boundaries after the General Elections held on 11 September 2015, there have been changes to the East Coast Town Council boundary and the Town Council has been renamed as East Coast-Fengshan Town Council with effect from 1 October 2015. The legal date of handing over of the maintenance of the common properties for Joo Chiat Division to Marine Parade Town Council was on 1 December 2015. The Town Council now consists of East Coast GRC and Fengshan SMC.

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 2016 (2014/2015 – 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 \$391,940 (2014/2015 - \$371,872), 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 2016 was \$70,619 (2014/2015 - \$83,519). 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 2015

On 1 April 2015, 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, except for additional disclosure on balances and transactions with its related parties.

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

At the date of authorization of these financial statements, the following are the FRS and INT FRS that are relevant to the Town Council which 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 (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 2018
FRS 116	Leases	1 January 2019

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 the following:

FRS 115 Revenue from Contracts with Customers

FRS 115 is effective for financial periods beginning on or after 1 January 2018. FRS 115 establishes a five-step model that apply to revenue earned from a contract with a customer (with limited exceptions), regardless the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment).

Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations; changes in contract asset and liability account balances between periods and key judgements and estimates.

2(b) New or revised accounting standards and interpretations not yet effective (cont'd)FRS 109 Financial Instruments

FRS 109 is effective for financial periods beginning on or after 1 January 2018. FRS 109 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in FRS 39. The approach in FRS 109 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets, and enables entities to reflect their risk management activities better in their financial statements, and, in turn, help to understand the effect of those activities on future cash flows. FRS 109 is principle-based, and will more closely align hedge accounting with risk management activities undertaken by entities when hedging their financial and non-financial risk exposures. The impairment requirement in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

FRS 116: Leases

FRS 116 will fundamentally alter the impact of leases on lessees' profit or loss and balance sheet – the current divide between finance and operating leases is removed, along with the off-balance sheet treatment for lessees in the latter. FRS 116 introduces a single on-balance sheet lease accounting model for lessees that is similar to current finance lease accounting. FRS 116 largely preserved the accounting for lessors other than enhanced disclosures about their risk exposures, in particular residual value risk. Lessors continue to assess whether an arrangement is an operating or a finance lease by using criteria similar to the current lease classification test.

The management is currently evaluating the impact of the changes and assessing whether the adoption of FRS 115, FRS 109 and FRS 116 will have an impact on the Town Council.

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.

These funds together with Sinking Fund and Town Improvement and Project 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.

(formerly known as East Coast Town Council)

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

Notes to the financial statements for the financial year ended 31 March 2016

2(c) Summary of significant accounting policies (cont'd)**(a) Funds (cont'd)****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.

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.

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

(c) Government Grants

The Town Council receives three 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.

2(c) Summary of significant accounting policies (cont'd)**(d) Plant and equipment and depreciation (cont'd)**

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.

(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.

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

(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.

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

(e) Financial assets (cont'd)

(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.

(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 and are classified as financial assets at fair value through profit or loss in the statement of financial position.

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.

2(c) Summary of significant accounting policies (cont'd)**(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) Advances received for Neighbourhood Renewal Programme

Neighbourhood Renewal Programme (NRP) is established in respect of the NRP works carried out on the qualifying properties to upgrade the quality of HDB estates. It is implemented by the Town Council with full funding from the Government.

The funding for the programme belongs to the government which is received in advance 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.

(j) Payables

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

(k) 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.

(l) 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.

2(c) Summary of significant accounting policies (cont'd)**(m) 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.

(n) 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 16).

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.

(o) 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.

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

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.

(p) 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.

(q) 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.

(r) 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.

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Notes to the financial statements for the financial year ended 31 March 2016**

3 Accumulated surplus

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

	Note	2015/2016	2014/2015	2015/2016	2014/2015	2015/2016	2014/2015	2015/2016	2014/2015	2015/2016	2014/2015
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
OPERATING INCOME											
Conservancy and service fees		25,993,725	25,894,990	22,592,248	22,608,781	3,401,477	3,286,209	-	-	-	-
Less: Operating transfer to Sinking Fund	4	8,795,491	8,760,154	7,604,972	7,609,980	1,190,519	1,150,174	-	-	-	-
Agency fees	14	17,198,234	17,134,836	14,987,276	14,998,801	2,210,958	2,136,035	-	-	-	-
Other income	15	1,838,855	1,790,945	1,693,875	1,682,928	581,951	630,164	1,838,855	1,790,945	38,351	28,041
		21,351,266	21,266,914	16,681,151	16,681,729	2,792,909	2,766,199	1,877,206	1,818,986	-	-
Less:											
OPERATING EXPENDITURE		22,616,354	21,158,925	19,122,204	17,888,133	2,136,010	1,964,044	1,358,140	1,306,748	-	-
OPERATING (DEFICIT)/SURPLUS		(1,265,088)	107,989	(2,441,055)	(1,206,404)	656,899	802,155	519,066	512,238	-	-
Add:											
NON-OPERATING INCOME		77,073	33,262	63,946	27,601	6,360	2,741	6,767	2,920	-	-
Less:											
TOWN IMPROVEMENT WORKS	5	-	405,182	-	357,200	-	47,982	-	-	-	-
(DEFICIT)/SURPLUS BEFORE TAXATION AND GOVERNMENT GRANTS		(1,188,015)	(263,931)	(2,377,107)	(1,536,003)	663,259	756,914	525,833	515,158	-	-
Income tax	19(a)	146,211	143,930	121,308	119,433	12,067	11,860	12,836	12,637	-	-
(DEFICIT)/SURPLUS BEFORE GOVERNMENT GRANTS		(1,334,226)	(407,861)	(2,498,415)	(1,655,436)	651,192	745,054	512,997	502,521	-	-
Add:											
Government grants	20	6,032,411	6,170,059	5,917,412	6,033,995	114,999	136,064	-	-	-	-
Less: Transfer to Sinking Fund	4,20	1,554,124	1,553,641	1,554,124	1,553,641	-	-	-	-	-	-
Less: Transfer to Town Improvement and Project Fund	5,20	1,193,309	1,331,306	1,078,310	1,195,242	114,999	136,064	-	-	-	-
		3,284,978	3,285,112	3,284,978	3,285,112	-	-	-	-	-	-
SURPLUS FOR THE YEAR		1,950,752	2,877,251	786,563	1,629,676	651,192	745,054	512,997	502,521	-	-
Add:											
ACCUMULATED SURPLUS AT 1 APRIL		4,789,283	2,212,032	3,056,003	1,193,806	1,733,280	1,018,226	-	-	-	-
Transfer of Accumulated Surplus from Carpark Funds to Residential Property Funds		-	-	-	502,521	-	-	-	-	-	(502,521)
Less:											
Transfer to Sinking Fund at 24.8.15 in accordance with the Statement of Transferable Surplus	4	(3,293,164)	-	(1,963,090)	-	(1,330,094)	-	-	-	-	-
Transfer of Accumulated Surplus to MPTC		(23,932)	-	(20,805)	-	(3,025)	-	(102)	-	-	-
Appropriation to Town Improvement and Project Fund	5	(754,899)	(300,000)	(680,219)	(270,000)	(74,680)	(30,000)	-	-	-	-
		717,268	1,912,032	391,889	1,426,327	325,481	988,226	(102)	(502,521)	-	-
ACCUMULATED SURPLUS AT 31 MARCH		2,668,020	4,789,283	1,178,452	3,056,003	976,673	1,733,280	512,895	-	-	-

**East Coast-Fengshan Town Council
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Notes to the financial statements for the financial year ended 31 March 2016**

4 Sinking Fund

	Note	2015/2016 \$	2014/2015 \$	Residential property 2015/2016 \$	2014/2015 \$	Commercial property 2015/2016 \$	2014/2015 \$
Balance at 1 April		62,542,747	70,387,132	32,221,639	41,501,306	30,321,108	28,885,826
Transfer from Accumulated Surpluses at 24.8.15 in accordance with the Statement of Transferable Surplus	3	3,293,184	-	1,963,090	-	1,330,094	-
Less: Transfer to Marine Parade Town Council		(335,178)	-	(124,655)	-	(210,523)	-
Add:							
Investment income	18(a)	177,340	986,617	91,366	581,712	85,974	404,905
Other income	35	35	34	35	34	-	-
Operating transfer from Conservancy and Service fees	3	8,795,491	8,760,154	7,604,972	7,609,980	1,190,519	1,150,174
Transfer from Government Grants	3,20	1,554,124	1,553,641	1,554,124	1,553,641	-	-
		10,526,990	11,300,446	9,250,497	9,745,367	1,276,493	1,555,079
Less:							
Expenditure	18(b)	14,552,363	19,004,188	14,445,032	18,942,111	107,331	62,077
		(4,025,373)	(7,703,742)	(5,194,535)	(9,196,744)	1,169,162	1,493,002
Less:							
Income Tax	19(a)	120,920	140,643	62,298	82,923	58,622	57,720
(Deficit)/Surplus for the year		(4,146,293)	(7,844,385)	(5,256,833)	(9,279,667)	1,110,540	1,435,282
Balance at 31 March		61,354,460	62,542,747	28,803,241	32,221,639	32,551,219	30,321,108

Represented by:

Current Assets			
Financial assets at fair value through profit or loss	8	14,267,930	10,412,987
Held-to-maturity financial assets	7	2,000,000	2,000,000
Conservancy and service fee receivables		200,615	174,281
Interest receivable		455,014	261,511
Other receivables and investment income receivable		178,020	204,578
Amount due from routine fund		2,946,006	401,900
Fixed deposits		36,219,735	33,846,882
Cash and bank balances		7,805,526	15,137,622
		64,072,846	62,439,761
Non-Current Assets			
Held-to-maturity financial assets	7	-	2,000,000
Total Assets		64,072,846	64,439,761
Less:			
Current Liabilities			
Payables and accrued expenses		2,455,531	1,590,949
Current tax payable		262,855	306,065
Total Liabilities		2,718,386	1,897,014
NET ASSETS		61,354,460	62,542,747

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5 Town Improvement and Project Fund

	Note	Total 2015/2016 \$	2014/2015 \$	Residential property 2015/2016 \$	2014/2015 \$	Commercial property 2015/2016 \$	2014/2015 \$
Balance at 1 April		300,000	-	270,000	-	30,000	-
Transfer from Government Grants	3,20	1,193,309	1,331,306	1,078,310	1,195,242	114,999	136,064
Less: Expenditure	21	1,894,208	1,736,488	1,706,529	1,552,442	187,679	184,046
Add: Town improvement works transferred to income and expenditure statement	3	-	405,182	-	357,200	-	47,982
Deficit for the year		(700,899)	-	(628,219)	-	(72,680)	-
Appropriation from Accumulated Surplus	3	754,899	300,000	680,219	270,000	74,680	30,000
Balance at 31 March		354,000	300,000	322,000	270,000	32,000	30,000

Represented by:		
Current Assets		
Other receivables	1,128,572	1,271,334
Less:		
Current Liabilities		
Payables and accrued expenses	75,759	52,457
Fund due to operating fund	698,813	918,877
	774,572	971,334
	354,000	300,000

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6 Plant and equipment

	<u>Total</u> \$	<u>Machinery</u> \$	<u>Furniture and fittings</u> \$	<u>Office equipment</u> \$
<u>Cost</u>				
At 1 April 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
Additions	10,700	-	-	10,700
Written-off/Disposals	(15,600)	-	-	(15,600)
At 31 March 2016	711,609	87,152	463,118	161,339
<u>Accumulated depreciation</u>				
At 1 April 2014	774,723	90,545	460,633	223,545
Depreciation for the year (Note 17)	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
Depreciation for the year (Note 17)	23,600	-	1,034	22,566
Written-off/Disposals	(15,600)	-	-	(15,600)
At 31 March 2016	640,990	87,152	463,062	90,776
<u>Net book value</u>				
At 31 March 2016	70,619	-	56	70,563
At 31 March 2015	83,519	-	1,090	82,429

7 Held-to-maturity financial assets

	2015/2016 \$	2014/2015 \$
Amortised cost at 1 April	4,000,000	4,000,000
Redemption of bonds upon maturity	(2,000,000)	-
Amortised cost at 31 March	2,000,000	4,000,000
Balance is made up of:		
Government bonds with fixed interest at 1.01% (2014/2015 – 1.01% to 3.73%) and maturing on 19 September 2016 (2014/2015 – 7 March 2016 and 19 September 2016)	2,000,000	4,000,000
Maturing within the next 12 months	2,000,000	2,000,000
Maturing after 12 months	-	2,000,000
	2,000,000	4,000,000
Fair value for held-to-maturity financial assets is as follows:		
	2015/2016 \$	2014/2015 \$
Government bonds with fixed interest at 1.01% (2014/2015 – 1.01% to 3.73%) and maturing on 19 September 2016 (2014/2015 – 7 March 2016 and 19 September 2016)	1,999,200	4,034,540

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

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8 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 \$18,000,000 (2014/2015: \$22,000,000) on behalf of the Town Council for a period of 5 years commencing 1 September 2015. 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.

	2015/2016	2014/2015
	\$	\$
Balance at 1 April	24,322,203	23,858,251
Add/(Less):		
Withdrawal of funds	(5,745,615)	-
Investment (loss)/income	(303,812)	407,369
Loss shared by fund manager	-	(381)
Management fees	(109,423)	(109,593)
Fair value gain	455	166,557
Balance at 31 March	18,163,808	24,322,203

Represented by:

Quoted equities	581,438	4,884,549
Quoted bonds	13,686,492	5,528,438
Financial assets at fair value through profit or loss	14,267,930	10,412,987
Cash and fixed deposits (Note 12)	4,820,488	13,965,482
Accrued interest	102,444	39,525
Net excess of funds shared by fund manager (Note 13)	-	(71,401)
Payable for unsettled trade (Note 13)	(1,000,000)	-
Fee payable to fund manager (Note 13)	(27,054)	(24,390)
	18,163,808	24,322,203

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 2.10% to 4.30% (2014/2015 - 1.95% to 4.88%) to be received semi-annually in arrears. The maturity period of the bonds ranges from October 2017 to November 2020 (2014/2015 - July 2015 to December 2015).

9 Conservancy and service fee receivables

	2015/2016 \$	2014/2015 \$
Conservancy and service fee receivables	894,400	810,679
Less: Allowance for impairment	(391,940)	(371,872)
	502,460	438,807
<u>Allowance for impairment</u>		
Balance at 1 April	371,872	352,004
Allowance for the year (Note 17)	30,000	21,994
Amount written off against allowance	(9,932)	(2,126)
	391,940	371,872

The average credit period generally granted to conservancy and service fee receivables is about 30 days (2014/2015 - 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.

10 Other receivables

	2015/2016 \$	2014/2015 \$
GST receivable from IRAS	356,275	40,198
GST Subvention grant receivable	218,806	219,529
Receivable from Citizens' Consultative Committee	1,111,590	1,266,334
Recoverable from HDB	100,673	711,820
Recoverable from NEA	17,050	175,924
Payment in advance/deposits	468,550	395,051
Others	117,779	51,162
	2,390,723	2,860,018

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.

11 Fixed deposits

	2015/2016 \$	2014/2015 \$
Fixed deposits		
- Maturing in more than 3 months	27,325,599	20,679,906
- Maturing within 3 months (Note 12)	12,566,936	16,791,126
	39,892,535	37,471,032

Fixed deposits are denominated in Singapore dollar.

Included in fixed deposits is an amount of \$31,844 (2014/2015 - \$31,765) pledged with a bank as security for guarantee granted to the Town Council.

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Notes to the financial statements for the financial year ended 31 March 2016

12 Cash and bank balances

	2015/2016 \$	2014/2015 \$
Cash and bank balances	6,831,558	4,885,669
Cash and fixed deposits held by fund manager (Note 8)	4,820,488	13,965,482
	11,652,046	18,851,151

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:

	2015/2016 \$	2014/2015 \$
Cash and bank balances	6,831,558	4,885,669
Fixed deposits maturing within 3 months (Note 11)	12,566,936	16,791,126
	19,398,494	21,676,795
Less: Fixed deposit pledged	31,844	31,765
	19,366,650	21,645,030

13 Payables

(a) Advances received for Neighbourhood Renewal Programme

	2015/2016 \$	Restated 2014/2015 \$	Restated 2013/2014 \$
Balance at 1 April	2,224,193	79,775	1,701,872
Received from Government	5,666,440	3,235,785	1,340,383
Payment to contractors	(6,004,895)	(1,091,367)	(2,962,480)
Balance as at 31 March	1,885,738	2,224,193	79,775

(b) Payables and accrued expenses

	2015/2016 \$	2014/2015 \$
Conservancy and service grant refundable	4,097	3,069
Accounts payable	2,119,276	2,760,998
Accrued operating expenses	394,975	640,559
Refundable deposits	92,109	82,547
Payable for unsettled trade (Note 8)	1,000,000	-
Fees payable to fund manager (Note 8)	27,054	24,390
Amount due to Marine Parade Town Council	365,930	-
Net excess of funds payable to fund manager (Note 8)	-	71,401
	4,003,441	3,582,964

Included in payables and accrued expense are amounts owing to a related party amounting to \$71,861 (2014/2015: \$63,328).

The average credit period taken to settle trade payables is about 30 days (2014/2015 - 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.

Amount due to Marine Parade Town Council relates to balances payable arising from the boundary changes.

14 Agency fees

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

15 Other income

Other income comprises the following:

	2015/2016	2014/2015
	\$	\$
Administrative fee	33,985	41,668
Agency fees	2,053	2,235
Gain on disposal of plant and equipment	601	3,187
Late payment fees	86,399	97,019
Liquidated damages	122,755	96,146
Sale of tender documents	42,200	44,000
Sundry fines	45,050	17,450
Temporary Occupation Licence ("TOL") income	1,572,117	1,597,610
Use of void decks/common property	47,425	56,950
Use of water and electricity	260,359	219,021
Others	101,233	165,847
	2,314,177	2,341,133

16 Manpower Cost

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

	2015/2016	2014/2015
	\$	\$
Staff salaries and related costs	44,897	42,905
CPF contributions	3,364	2,749
	48,261	45,654

17 General and administrative expenditure

The general and administrative expenditure comprises the following:

	2015/2016	2014/2015
	\$	\$
Advertising, publicity and public relations	203,590	179,758
Agency fees - HDB/NEA collection	12,329	13,104
Audit fee	51,100	34,100
Impairment loss on conservancy and service fee receivables (Note 9)	30,000	21,994
Bad debts recovered	-	(276)
Computer services	269,342	132,340
Depreciation of plant and equipment (Note 6)	23,600	21,718
Plant and equipment not capitalized	1,711	19,303
Maintenance of vehicles, machinery and equipment	209	145
Office rental and upkeep expenditure	310,201	316,903
Office supplies and stationery	65,270	59,762
Postage and telephone	86,379	84,642
Property tax	162,763	156,714
Service charges *	58,433	81,380
Stamp duty	-	777
Town councillors' allowances	176,250	179,100
Irrecoverable GST	130,393	145,679
Others	3,011	2,435
	1,584,581	1,449,578

* Includes manpower costs of \$48,261 (2014/2015 - \$45,654) (Note 16)

18 Sinking Fund income and expenditure

(a) Income

	2015/2016 \$	2014/2015 \$
Interest income from fixed deposits/current account	500,443	427,865
Interest income from bonds	89,676	94,800
Income from funds with fund manager	(412,779)	463,952
	<u>177,340</u>	<u>986,617</u>

(b) Expenditure

	2015/2016 \$	2014/2015 \$
Electrical Re-wiring	1,031,068	2,083,316
Reroofing works	579,344	1,275,138
Replacement of water pumps	129,056	-
Lift works	4,710,720	3,410,661
Replacement of booster pumps	486,200	-
Redecoration and repainting	6,321,527	8,084,131
Replacement of water pipes	246,024	2,231,520
Replacement of refuse chute handling equipment	-	697,232
Replacement of refuse chute flushing system	254,277	-
Replacement of water tanks	-	158,000
Project management fees	557,294	638,280
Irrecoverable GST	236,853	425,910
	<u>14,552,363</u>	<u>19,004,188</u>

19 Income tax

(a) Income tax expense

Income tax expense attributable to profit is made up of:

	2015/2016 \$	2014/2015 \$
Current income tax provision	267,131	284,573
Taken up in:		
Statement of Income and Expenditure		
- Current financial year	146,211	143,930
Sinking Fund		
- Current financial year	120,920	140,643

19 Income tax (cont'd)

(a) Income tax expense (cont'd)

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:

	2015/2016 \$	2014/2015 \$
Government grants	6,032,411	6,170,059
Investment and interest income	915,694	1,102,866
Other income	870,885	904,055
Allowable expenses	(73,906)	(80,810)
	<u>7,745,084</u>	<u>8,096,170</u>
Tax calculated at a tax rate of 17% (2014/2015 - 17%)	1,316,664	1,376,349
Singapore statutory stepped income exemption	(25,925)	(25,925)
Tax effect of certain income taxed at concessionary tax rate	(19,030)	(38,124)
Tax remission of government grants under Section 92(2) of Singapore income Tax Act	(1,004,578)	(1,027,727)
	<u>267,131</u>	<u>284,573</u>

(b) Income tax payable

	2015/2016 \$	2014/2015 \$
Balance at 1 April	571,605	584,683
Current financial year's income tax expense	267,131	284,573
Payments during the year	(286,627)	(297,651)
Balance at 31 March	<u>552,109</u>	<u>571,605</u>

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20 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	
	2015/2016	2014/2015	2015/2016	2014/2015	2015/2016	2014/2015	2015/2016	2014/2015
	\$	\$	\$	\$	\$	\$	\$	\$
Government grants received/receivable	6,032,411	6,170,059	3,961,904	3,960,784	1,193,309	1,331,306	877,198	877,969
Less:								
Transfer to Sinking Fund (Note 4)	1,554,124	1,553,641	1,258,841	1,258,117	-	-	295,283	295,524
Less:								
Transfer to Town Improvement and Projects Fund (Note 5)	1,193,309	1,331,306	-	-	1,193,309	1,331,306	-	-
	3,284,978	3,285,112	2,703,063	2,702,667	-	-	581,915	582,445

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

	2015/2016	2014/2015
	\$	\$
Total grants received at 1 April	141,224,425	135,569,736
Add:		
Grants received during the year	6,188,906	5,654,689
Total grants received at 31 March	147,413,331	141,224,425

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21 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	2015/2016 \$	2014/2015 \$
Construction of covered walkways	916,810	1,049,987
Construction/upgrading of playground and fitness corner	411,060	158,052
Landscaping	4,143	850
Resident's Corner	23,562	-
Games Courts	90,000	-
Miscellaneous projects	259,038	298,066
Professional/project management fee	189,595	229,533
	1,894,208	1,736,488

Out of the total of \$1,894,208 (2014/2015 - \$1,736,488) spent on town improvement projects, \$1,193,309 (2014/2015 - \$1,331,306) was met from CIPC grants.

22 Commitments for capital expenditure

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

	2015/2016 \$	2014/2015 \$
Amount approved and contracted for	29,235,877	23,285,860
Amount approved but not contracted for	7,400,409	10,629,869
	36,636,286	33,915,729

Included in the amount approved and contracted for are commitments for Neighbourhood Renewal Programme of \$2,202,460 (2014/2015 - \$8,208,729).

23 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:

	2015/2016 \$	2014/2015 \$
Due within 1 year	358,570	353,570
Due after 1 year but within 5 years	814,173	640,679
Due after 5 years	-	10,064
	1,172,743	1,004,313

The leases on the Town Council's office premises and computer services on which rentals are payable will expire earliest on 31 May 2019 (2014/2015 - 31 May 2016) and not later than 30 April 2020 (2014/2015 - 30 April 2020). The current rent payable on the leases ranges from \$5,400 to \$14,500 (2014/2015 - \$5,400 to \$14,000) per month.

24 Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions with related parties on terms mutually agreed during the financial year are as follows:

	2015/2016	2014/2015
	\$	\$
Managing agent fee charged by a related party	2,553,839	2,452,776
Essential maintenance service unit charged by a related party	467,921	483,081
Energy saving cost charged by a related party*	2,130,593	-
Repair and maintenance works charged by a related party	832,924	687,857
Consultancy and project management fee charged by a related party	909,241	865,320
Construction and upgrading works charged by a related party	93,345	67,288

* The Town Council and the related party has entered into an agreement for the related party to supply and install Light Emitting Diode (“LED”) luminaries at the HDB blocks at no costs to the Town Council. Under the terms of the agreement, certain percentage of the energy cost saved from the usage of the LED will be shared by the related party.

Related party relates to the managing agent of the Town Council which manages the operations of the Town Council.

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.

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25 Financial risk management objectives and policies (cont'd)**25.2 Cash flow and fair value interest rate risk (cont'd)**

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 (2014/2015 - 75) basis points lower/higher with all other variables held constant, the Town Council's surplus net of tax would have been \$314,194 (2014/2015 - \$311,033) 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 2016					
Financial assets					
Held-to-maturity financial assets	7	1.01%	2,000,000	2,000,000	-
Fixed deposits	11	1.45%	39,892,535	39,892,535	-
31 March 2015					
Financial assets					
Held-to-maturity financial assets	7	1.01 - 3.73%	4,000,000	2,000,000	2,000,000
Fixed deposits	11	1.23%	37,471,032	37,471,032	-

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 2016					
Fixed deposits	39,892,535	-	-	-	39,892,535
Cash and bank balances	-	-	-	11,652,046	11,652,046
Held-to-maturity financial assets	2,010,100	-	-	-	2,010,100
Other financial assets	-	-	-	2,906,067	2,906,067
Other financial liabilities	-	-	-	6,329,158	6,329,158

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

	←----- 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 (restated)	-	-	-	6,234,186	6,234,186

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.

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:

	2015/2016 \$	2014/2015 \$
With less than 3 months of fees outstanding	110,055	236,738
With more than 3 months of fees outstanding	115,689	118,007
With more than 6 months of fees outstanding	99,354	76,908
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.

25 Financial risk management objectives and policies (cont'd)**25.4 Credit risk (cont'd)**

(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:

	2015/2016	2014/2015
	\$	\$
Gross amount	391,940	371,872
Less: Allowance for impairment	(391,940)	(371,872)
	-	-

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% (2014/2015 - 2%) lower/higher with all other variables held constant, the Town Council's surplus for the year would have been \$285,359 (2014/2015 - \$208,260) 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.

The Town Council is not subject to externally imposed requirements.

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 2016:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements				
As at 31 March 2016				
<i>Financial assets through profit or loss</i>				
Quoted equities (Note 8)	581,438	-	-	581,438
Quoted bonds (Note 8)	13,686,492	-	-	13,686,492
As at 31 March 2015				
<i>Financial assets through profit or loss</i>				
Quoted equities (Note 8)	4,884,549	-	-	4,884,549
Quoted bonds (Note 8)	5,528,438	-	-	5,528,438

(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 2016 but for which fair value is disclosed:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$	Carrying amount \$
As at 31 March 2016					
Held-to-maturity financial assets (Note 7)	1,999,200	-	-	1,999,200	2,000,000
As at 31 March 2015					
Held-to-maturity financial assets (Note 7)	4,034,540	-	-	4,034,540	4,000,000

28 Prior year adjustment

In prior years, the Town Council had classified Neighbourhood Renewal Programme Fund (“NRP Fund”) as part of the Town Council Funds when the NRP Fund represents advances received from the government for carrying out certain projects to enhance HDB flats within their precinct. The HDB has clarified that these advances would be used for future expenditure to carry out approved NRP projects and therefore should have been classified as liabilities.

The effects of such restatement are as follows:

	Previously reported 2014/2015 \$	Restated 2014/2015 \$	Previously reported 2013/2014 \$	Restated 2013/2014 \$
<u>STATEMENT OF FINANCIAL POSITION</u>				
TOWN COUNCIL FUND				
Neighbourhood Renewal Programme Fund	2,224,193	-	79,775	-
CURRENT LIABILITIES				
Advances received for Neighbourhood Renewal Programme	-	2,224,193	-	79,775
<u>STATEMENT OF COMPREHENSIVE INCOME</u>				
Total deficit for the year	(2,822,716)	(4,967,134)		
Total comprehensive loss for the year attributable to Town Council Fund	(2,822,716)	(4,967,134)		
<u>STATEMENT OF CASH FLOWS</u>				
Cash flows from operating activities	(12,880,878)	(9,645,093)		
Cash flows from financing activities	8,890,393	5,654,608		