

Annual Report

2016/2017



EAST COAST-FENGSHAN
TOWN COUNCIL

S. 295 of 2017

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CORPORATE INFORMATION

1 April 2016 to 31 March 2017

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

308	1-Room Flat
1,082	2-Room Flat
11,387	3-Room Flat
14,646	4-Room Flat
8,090	5-Room Flat
906	Executive Apt / Maisonette Flat

Commercial

998	Markets / Hawker Stalls
627	Shops
123	Miscellaneous
64	Banks / Offices

CHAIRMAN'S REVIEW



On behalf of East Coast-Fengshan Town Council, I am pleased to present our annual report for Financial Year 2016/2017.

In our efforts to make the estate a beautiful place for all residents to work, play and live in, we have seen various improvement measures implemented, creating more vibrancy through the past year.

With the presence of Bedok Integrated Transport Hub and Interchange Hawker Centre, and the opening of Bedok Town Square in May 2016, it is our pleasure to see residents enjoying access to more social spaces and better connectivity.

We are also constantly on a lookout to improve our estate facilities. Through our upgrading programmes, several precincts have been rejuvenated, with additional covered walkways and barrier-free access routes constructed.

Safety is another important factor we highly value amongst our efforts to enhance the quality of living of our residents. Therefore, while working on our estate infrastructure development projects, we are also focused on carrying out daily conservancy and maintenance work so as to ensure that our home and common facilities are in good condition.

Together with my team, we would like to thank our residents for your strong support and kind feedback provided during our house visits and dialogue sessions. We are dedicated to make East Coast-Fengshan a caring home for our residents.

FINANCIAL OVERVIEW

In the last financial year, we continued to meet our objectives through prudent financial management. From 1st April 2016 to 31st March 2017, we had an operating surplus of \$1.64 million and an accumulated surplus of \$3.90 million after government grants.

The Town Council's sinking fund closed at \$52.48 million indicating that we are financially healthy. The Sinking Fund is utilised for extensive cyclical works which are essential in maintaining our matured estate. 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

We value the feedback from our residents as we strive to meet their expectations.

Residents can choose to speak to us directly through our dedicated call centre or by sending an electronic mail through our general email address. They can also send in their feedback via our Facebook page or the Feedback Form on our Town Council official website.

Working closely with The Municipal Services Office (MSO), we integrated our system in early September 2016 with MSO to offer residents another platform to provide their feedback on municipal issues via the OneService App. The app will automatically route each feedback to the relevant agency or directly to Town Council so that more timely service and response can be provided.



We appreciate the valuable feedback given by our residents, these are important information for us to continue improving our services.

TOWN COUNCIL MANAGEMENT REPORT

Besides residents' feedback, the Ministry of National Development (MND) also monitors the performance and services we provide. The Town Council Management Report (TCMR) is a framework which measures the Town Councils' performance across five categories:

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

For the interim period of assessment from April 2016 to September 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.

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 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.

Although we were rated green for Lift Performance, we will continue to closely monitor the performance of our aging lifts. We will also tighten our processes to ensure that the maintenance are done promptly with downtime reduced and to ensure that all our lifts are safe and reliable 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 4th June 2016.

Together with students of Changkat Changi Secondary School, Member of Parliament Mr Lee Yi Shyan braved the rain to pick up litter in the estates.



During the event, our resident cleaners were given a day off and treated to a sumptuous breakfast in the school. An award ceremony was also held as the Best Worker, Happy Toilet Award and appreciation gifts were given out to our resident cleaners.

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 common facilities in good condition.

Cyclical works include electrical re-wiring, re-roofing, re-decoration & repainting, replacement of lifts, water pipes, water pumps, refuse chute flushing system and etc.

In this financial year, a total of \$20.43 million was spent on these essential works.

REVITALISATION OF THE TOWN

In this financial year, the following HDB's projects to revitalize the Town Centre are still in progress. Residents can look forward to a rejuvenated town centre by end of 2017.

BEDOK TOWN PLAZA

The completion ceremony of the Bedok Town was held on 20th May 2016 and the official name was unveiled as Bedok Town Square.

The Bedok Town Square is the first of HDB's new generation town plazas to be completed. A key feature of the Remaking Our Heartland (ROH) rejuvenation plans, the town square is well integrated with surrounding developments, such as Bedok Mall and its integrated transport hub, the hawker centre and the upgraded Pedestrian Mall. A Heritage Corner, capturing the rich history of East Coast, is also located alongside the town square.



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, organised a Topping-Up celebration on 9th April 2016 where the new name of the Complex was unveiled as Heartbeat @ Bedok.



Heartbeat @ Bedok will be one of the largest integrated Complexes in Singapore, housing facilities such as the 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. Heartbeat @ Bedok will be unveiled progressively from mid-2017 onwards.

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.

The ROS project at the Neighbourhood Centre of Block 248 Simei Street 3 was completed in 2016.

NEIGHBOURHOOD RENEWAL

The Neighbourhood Renewal Programme (NRP) is a national project to inject new facilities and amenities into the existing estate. 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

public consultations, 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 substantially completed.

In August 2015, I announced that Block 242-247 and 253-256 Simei Street 5 and 1 will be undergoing NRP.

Residents of Block 242 to 247 and 253 to 256 Simei Street 5 and 1 participated in the first survey for the NRP in March 2016 and subsequently in December 2016 for the second survey. The feedback gathered will enable the NRP working committee to have residents' inputs before the finalisation of the proposed NRP plans.

The NRP working committee will be organising an exhibition to share with residents the proposed improvement works in the third quarter of 2017. This will allow us to hear from residents again during the session. We look forward to the residents' active participation and support for the NRP – enabling us to create a more vibrant and conducive environment for all residents of this precinct.

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 16/17, a total of \$1.50 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.

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.	Fengshan	Block 119 – 129 Bedok North Road / Street 2	In Progress
2.	Kampong Chai Chee	Block 414 – 428 Bedok North Road / Avenue 2	In progress
3.	Fengshan	Block 74 – 82 Bedok North Road	In Progress
4.	Fengshan	Block 84, 86 – 93, 95 – 97 Bedok North Street 4/ Avenue 4	In progress

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

CONCLUSION

I would like to express my deepest gratitude to all our residents. Thank you for your valuable support, it is my honour to serve you.

I would also like to extend my appreciation to my parliamentary colleagues, the Town Councillors, grassroots organisations, the various government and statutory agencies. Their commitment and co-operation have been a great support in our endeavour to provide the best for our residents.

Together, we will make East-Coast-Fengshan Town a more gracious and vibrant town for all.



Jessica Tan Soon Neo
Chairman

Financial statements

EAST COAST-FENGSHAN TOWN COUNCIL

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

For the year ended 31 March 2017

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Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of East Coast-Fengshan Town Council (the "Town Council"), which comprise the statement of financial position as at 31 March 2017, the statement of income and expenditure, statement of comprehensive income, statement of changes in Town Council funds and statement of cash flows of the Town Council for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Town Council's Act, Chapter 329A (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Town Council as at 31 March 2017, and of the financial performance, changes in Town Council funds and cash flows of the Town Council for the financial year ended on that date.

Basis for Opinion

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

Other Information

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

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

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

Responsibilities of Management's and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with the provisions of the Act and FRSs, 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.

*Responsibilities of Management's and Those Charged with Governance for the Financial Statements
(cont'd)*

A Town Council is constituted based on its Act and its dissolution requires Minister's approval. In preparing the financial statements, management is responsible for assessing the Town Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is intention to wind up the Town Council or for the Town Council to cease operations.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Town Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Town Council to cease to continue as a going concern.

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

Opinion

In our opinion:

- (a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Town Council during the financial year ended 31 March 2017 are, in all material respects, in accordance with the provisions of the Act; and
- (b) proper accounting and other records have been kept, including records of all assets of the Town Council whether purchased, donated or otherwise.

Basis for Opinion

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

Responsibilities of Management for Compliance with Legal and Regulatory Requirements

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

Auditor's Responsibilities for the Compliance Audit

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

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



AT ADLER
Public Accountants and Chartered Accountants

Singapore, 24 August 2017

Statement of financial position as at 31 March 2017

	Notes	2016/2017 \$	2015/2016 \$
TOWN COUNCIL FUND			
Residential Property Funds			
Accumulated surplus	3	1,674,246	1,178,452
Sinking Fund	4	21,003,894	28,803,241
Town Improvement and Project Fund	5	446,457	322,000
		23,124,597	30,303,693
Other Commercial Property Funds			
Accumulated surplus	3	1,384,790	976,673
Sinking Fund	4	31,481,128	32,551,219
Town Improvement and Project Fund	5	52,716	32,000
		32,918,634	33,559,892
Carpark Fund			
Accumulated surplus	3	849,131	512,895
		56,892,362	64,376,480
Represented by:			
Non-Current Assets			
Plant and equipment	6	47,706	70,619
		47,706	70,619
Current Assets			
Financial assets at fair value through profit or loss	8	17,375,722	14,267,930
Held-to-maturity financial assets	7	-	2,000,000
Receivable from Neighbourhood Renewal Programme	13(a)	117,021	-
Conservancy and service fee receivables	9	439,479	502,460
Other receivables	10	2,394,264	2,390,723
Interest/investment income receivable		394,948	481,434
Fixed deposits	11	38,561,614	39,892,535
Cash and bank balances	12	2,627,714	11,652,046
		61,910,762	71,187,128
Total Assets		61,958,468	71,257,747
Less:			
Current Liabilities			
Conservancy and service fees received in advance		389,833	439,979
Advances received for Neighbourhood Renewal Programme	13(a)	-	1,885,738
Payables and accrued expenses	13(b)	4,126,610	4,003,441
Current tax payable	19(b)	549,663	552,109
Total Liabilities		5,066,106	6,881,267
Net Assets		56,892,362	64,376,480

JESSICA TAN
Chairman

TAN GIM TAT
Secretary

Date: 24 August 2017

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

Statement of income and expenditure

for the financial year ended 31 March 2017

	Notes	2016/2017 \$	2015/2016 \$
OPERATING INCOME			
Conservancy and service fees		25,903,754	25,993,725
Less: Operating transfer to Sinking Fund	3,4	8,765,771	8,795,491
		17,137,983	17,198,234
Agency fees	14	1,826,263	1,838,855
Other income	15	2,239,058	2,314,177
		21,203,304	21,351,266
Less:			
OPERATING EXPENDITURE			
Cleaning works		4,903,960	4,864,076
Managing agent's fees		2,835,642	2,553,839
Lift maintenance		3,948,559	3,549,097
Other works and maintenance		3,982,851	3,661,012
Water and electricity		5,702,488	6,403,749
General and administrative expenditure	17	1,379,477	1,584,581
		22,752,977	22,616,354
OPERATING DEFICIT		(1,549,673)	(1,265,088)
Add:			
NON-OPERATING INCOME			
Interest income		71,067	77,073
DEFICIT BEFORE TAXATION AND GOVERNMENT GRANTS		(1,478,606)	(1,188,015)
GRANTS			
Less:			
Income tax	19(a)	144,709	146,211
DEFICIT BEFORE GOVERNMENT GRANTS		(1,623,315)	(1,334,226)
Add:			
Government Grants	20	6,060,328	6,032,411
Less: Transfer to Sinking Fund	3,4,20	1,546,259	1,554,124
Less: Transfer to Town Improvement and Project Fund	3,5,20	1,245,607	1,193,309
		3,268,462	3,284,978
SURPLUS FOR THE YEAR		1,645,147	1,950,752
Add:			
Accumulated surplus at 1 April		2,668,020	4,789,283
Less:			
Transfer to Sinking Fund at 24.8.15 in accordance with the Statement of Transferable Surplus	3,4	-	(3,293,184)
Transfer of Accumulated Surplus to MPTC		-	(23,932)
Appropriation to Town Improvement and Project Fund	3,5	(405,000)	(754,899)
ACCUMULATED SURPLUS AT 31 MARCH		3,908,167	2,668,020

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

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

Statement of comprehensive income

for the financial year ended 31 March 2017

	Notes	Total		Residential Property Funds		Commercial Property Funds		Carpark Fund	
		2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016
		\$	\$	\$	\$	\$	\$	\$	\$
Surplus/(deficit) for the year									
- Accumulated surplus	3	1,645,147	1,950,752	864,794	786,563	444,117	651,192	336,236	512,997
- Sinking Fund	4	(8,869,438)	(4,146,293)	(7,799,347)	(5,256,833)	(1,070,091)	1,110,540	-	-
- Town Improvement and Project Fund	5	(259,827)	(700,899)	(244,543)	(628,219)	(15,284)	(72,680)	-	-
Total (deficit)/surplus for the year		(7,484,118)	(2,896,440)	(7,179,096)	(5,098,489)	(641,258)	1,689,052	336,236	512,997
Other comprehensive income, net of taxation		-	-	-	-	-	-	-	-
Total comprehensive (loss)/income for the year attributable to Town Council									
Fund		(7,484,118)	(2,896,440)	(7,179,096)	(5,098,489)	(641,258)	1,689,052	336,236	512,997

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

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

Statement of changes in funds

for the financial year ended 31 March 2017

	Total \$	Residential Property Funds \$	Commercial Property Funds \$	Carpark Fund \$
Balance at 1 April 2015	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
Balance at 1 April 2016	64,376,480	30,303,693	33,559,892	512,895
Total comprehensive (loss)/income for the year	(7,484,118)	(7,179,096)	(641,258)	336,236
Balance at 31 March 2017	56,892,362	23,124,597	32,918,634	849,131

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

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

Statement of cash flows

for the financial year ended 31 March 2017

	Notes	2016/2017 \$	2015/2016 \$
Cash Flows from Operating Activities			
Deficit before taxation and government grants	3	(1,478,606)	(1,188,015)
Adjustments for:			
Depreciation of plant and equipment	6	22,913	23,600
Conservancy and service fees transferred to Sinking Fund	4	8,765,771	8,795,491
Interest income	3	(71,067)	(77,073)
Gain on disposal of plant and equipment		-	(601)
Operating surplus before working capital changes		7,239,011	7,553,402
(Decrease)/increase in conservancy and service fee received in advance		(50,146)	12,950
(Increase)/decrease in conservancy and service fee receivables and other receivables		(139,502)	250,175
Net movement in receivable/advances received for Neighbourhood Renewal Programme		(2,002,759)	(338,455)
Increase/(Decrease) in payables		1,487,156	(870,924)
Cash generated from operations		6,533,760	6,607,148
Income tax paid	19(b)	(286,228)	(286,627)
Funds transferred to Marine Parade Town Council		(365,930)	-
Sinking Fund income	4	-	35
Sinking Fund expenditure	4	(20,434,927)	(14,552,363)
Town Improvement and Project Fund expenditure	5	(1,505,434)	(1,894,208)
Net cash used in operating activities		(16,058,759)	(10,126,015)
Cash Flows from Investing Activities			
Purchase of plant and equipment	6	-	(10,700)
Interest and investment income received		736,590	568,985
Withdrawal of funds with fund manager		-	5,745,615
Proceeds from held-to-maturity investments redeemed		2,000,000	2,000,000
Fixed deposits maturing in more than 3 months		(6,881,996)	(6,645,693)
Proceeds from disposal of plant and equipment		-	601
Net cash generated from investing activities		(4,145,406)	1,658,808
Cash Flows from Financing Activities			
Fixed deposit pledged		(79)	(79)
Government grants received	20(b)	6,257,300	6,188,906
Net cash generated from financing activities		6,257,221	6,188,827
Net decrease in cash and cash equivalents		(13,946,944)	(2,278,380)
Cash and cash equivalents at beginning of year		19,366,650	21,645,030
Cash and cash equivalents at end of year	12	5,419,706	19,366,650

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

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

Notes to the financial statements for the financial year ended 31 March 2017

Notes to the financial statements for the financial year ended 31 March 2017

1 General information

The financial statements of the Town Council are presented in Singapore dollars. They are drawn up in accordance with the Financial Reporting Standards in Singapore and the provisions of the Town Councils Act Cap. 329A. The financial statements were approved and authorised for issue by the Town Council on 24 August 2017.

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 an employee as of 31 March 2017 (2015/2016 – 2).

2(a) Basis of preparation

The financial statements are prepared in accordance with the provisions of the Town Councils Act and Financial Reporting Standards in Singapore (“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.

(Established under the Town Councils Act, Cap. 329A)**Notes to the financial statements for the financial year ended 31 March 2017****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 \$383,551 (2015/2016 - \$391,940), 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 2017 was \$47,706 (2015/2016 - \$70,619). 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.

(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 2016

On 1 April 2016, 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.

(Established under the Town Councils Act, Cap. 329A)**Notes to the financial statements for the financial year ended 31 March 2017****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)
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.

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 statement of financial position – the current divide between finance and operating leases is removed, along with the off-statement of financial position treatment for lessees in the latter. FRS 116 introduces a single on-statement of financial position 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.

(Established under the Town Councils Act, Cap. 329A)**Notes to the financial statements for the financial year ended 31 March 2017****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.

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

(Established under the Town Councils Act, Cap. 329A)**Notes to the financial statements for the financial year ended 31 March 2017****2(c) Summary of significant accounting policies (cont'd)****(a) Funds (cont'd) Sinking****Fund (cont'd)**

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.

(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.

(Established under the Town Councils Act, Cap. 329A)**Notes to the financial statements for the financial year ended 31 March 2017****2(c) Summary of significant accounting policies (cont'd)****(c) Government Grants (cont'd)**

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

(d) Plant and equipment and depreciation

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

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

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

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

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

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

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

(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.

(Established under the Town Councils Act, Cap. 329A)**Notes to the financial statements for the financial year ended 31 March 2017****2(c) Summary of significant accounting policies (cont'd)****(e) Financial assets (cont'd)****(a) Classification (cont'd)****(i) Financial assets at fair value through profit or loss**

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

(b) Recognition and derecognition

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

(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.

(Established under the Town Councils Act, Cap. 329A)**Notes to the financial statements for the financial year ended 31 March 2017****2(c) Summary of significant accounting policies (cont'd)****(e) Financial assets (cont'd)****(d) Subsequent measurement**

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

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

(e) Determination of fair value

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

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

(f) Impairment of financial assets

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

(g) Reversal of impairment

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

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

(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.

(Established under the Town Councils Act, Cap. 329A)**Notes to the financial statements for the financial year ended 31 March 2017****2(c) Summary of significant accounting policies (cont'd)****(f) Funds with fund manager (cont'd)**

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

(g) Receivables

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

(h) Cash and cash equivalents

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

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

(i) Receivable/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.

(Established under the Town Councils Act, Cap. 329A)**Notes to the financial statements for the financial year ended 31 March 2017****2(c) Summary of significant accounting policies (cont'd)****(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.

(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.

(Established under the Town Councils Act, Cap. 329A)**Notes to the financial statements for the financial year ended 31 March 2017****2(c) Summary of significant accounting policies (cont'd)****(n) Employee benefits**Defined 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.

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.

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

Notes to the financial statements for the financial year ended 31 March 2017

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:

		Total		Residential property		Commercial property		Carpark	
	Note	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016
		\$	\$	\$	\$	\$	\$	\$	\$
OPERATING INCOME									
Conservancy and service fees		25,903,754	25,993,725	22,562,534	22,592,248	3,341,220	3,401,477	-	-
Less: Operating transfer to Sinking Fund	4	8,765,771	8,795,491	7,596,342	7,604,972	1,169,429	1,190,519	-	-
		17,137,983	17,198,234	14,966,192	14,987,276	2,171,791	2,210,958	-	-
Agency fees	14	1,826,263	1,838,855	-	-	-	-	1,826,263	1,838,855
Other income	15	2,239,058	2,314,177	1,638,347	1,693,875	555,164	581,951	45,547	38,351
		21,203,304	21,351,266	16,604,539	16,681,151	2,726,955	2,792,909	1,871,810	1,877,206
Less:									
OPERATING EXPENDITURE		22,752,977	22,616,354	18,947,073	19,122,204	2,276,751	2,136,010	1,529,153	1,358,140
OPERATING (DEFICIT)/SURPLUS		(1,549,673)	(1,265,088)	(2,342,534)	(2,441,053)	450,204	656,899	342,657	519,066
Add:									
NON-OPERATING INCOME		71,067	77,073	58,970	63,946	5,864	6,360	6,233	6,767
(DEFICIT)/SURPLUS BEFORE TAXATION AND GOVERNMENT GRANTS		(1,478,606)	(1,188,015)	(2,283,564)	(2,377,107)	456,068	663,259	348,890	525,833
Less:									
Income tax	19(a)	144,709	146,211	120,104	121,308	11,951	12,067	12,654	12,836
(DEFICIT)/SURPLUS BEFORE GOVERNMENT GRANTS		(1,623,315)	(1,334,226)	(2,403,668)	(2,498,415)	444,117	651,192	336,236	512,997
Add:									
Government grants	20	6,060,328	6,032,411	5,944,241	5,917,412	116,087	114,999	-	-
Less: Transfer to Sinking Fund	4,20	1,546,259	1,554,124	1,546,259	1,554,124	-	-	-	-
Less: Transfer to Town Improvement and Project Fund	5,20	1,245,607	1,193,309	1,129,520	1,078,310	116,087	114,999	-	-
		3,268,462	3,284,978	3,268,462	3,284,978	-	-	-	-
SURPLUS FOR THE YEAR		1,645,147	1,950,752	864,794	786,563	444,117	651,192	336,236	512,997
Add:									
ACCUMULATED SURPLUS AT 1 APRIL		2,668,020	4,789,283	1,178,452	3,056,003	976,673	1,733,280	512,895	-
Less:									
Transfer to Sinking Fund at 24.8.15 in accordance with the Statement of Transferable Surplus	4	-	(3,293,184)	-	(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	(405,000)	(754,899)	(369,000)	(680,219)	(36,000)	(74,680)	-	-
		2,263,020	717,268	809,452	391,889	940,673	325,481	512,895	(102)
ACCUMULATED SURPLUS AT 31 MARCH		3,908,167	2,668,020	1,674,246	1,178,452	1,384,790	976,673	849,131	512,895

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

Notes to the financial statements for the financial year ended 31 March 2017

4 Sinking Fund

	Note	Total		Residential property		Commercial property	
		2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016
		\$	\$	\$	\$	\$	\$
Balance at 1 April		61,354,460	62,542,747	28,803,241	32,221,639	32,551,219	30,321,108
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)	1,392,532	177,340	653,793	91,366	738,739	85,974
Other income		-	35	-	35	-	-
Operating transfer from Conservancy and Service fees	3	8,765,771	8,795,491	7,596,342	7,604,972	1,169,429	1,190,519
Transfer from Government Grants	3,20	1,546,259	1,554,124	1,546,259	1,554,124	-	-
		11,704,562	10,526,990	9,796,394	9,250,497	1,908,168	1,276,493
Less:							
Expenditure	18(b)	20,434,927	14,552,363	17,530,446	14,445,032	2,904,481	107,331
		(8,730,365)	(4,025,373)	(7,734,052)	(5,194,535)	(996,313)	1,169,162
Less:							
Income Tax	19(a)	139,073	120,920	65,295	62,298	73,778	58,622
(Deficit)/Surplus for the year		(8,869,438)	(4,146,293)	(7,799,347)	(5,256,833)	(1,070,091)	1,110,540
Balance at 31 March		52,485,022	61,354,460	21,003,894	28,803,241	31,481,128	32,551,219

Represented by:

Current Assets

Financial assets at fair value through profit or loss	8	17,375,722	14,267,930
Held-to-maturity financial assets	7	-	2,000,000
Conservancy and service fee receivables		175,915	200,615
Interest receivable		376,644	455,014
Other receivables and investment income receivable		560,820	178,020
Amount due from routine fund		286,854	2,946,006
Fixed deposits		34,822,272	36,219,735
Cash and bank balances		1,737,757	7,805,526
Total Assets		55,335,984	64,072,846

Less:

Current Liabilities

Payables and accrued expenses	2,589,681	2,455,531
Current tax payable	261,281	262,855
Total Liabilities	2,850,962	2,718,386

NET ASSETS	52,485,022	61,354,460
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(Established under the Town Councils Act, Cap. 329A)

Notes to the financial statements for the financial year ended 31 March 2017

5 Town Improvement and Project Fund

	Note	Total		Residential property		Commercial property	
		2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016
		\$	\$	\$	\$	\$	\$
Balance at 1 April		354,000	300,000	322,000	270,000	32,000	30,000
Transfer from Government Grants	3,20	1,245,607	1,193,309	1,129,520	1,078,310	116,087	114,999
Less:							
Expenditure	21	1,505,434	1,894,208	1,374,063	1,706,529	131,371	187,679
Deficit for the year		(259,827)	(700,899)	(244,543)	(628,219)	(15,284)	(72,680)
Appropriation from Accumulated Surplus	3	405,000	754,899	369,000	680,219	36,000	74,680
Balance at 31 March		499,173	354,000	446,457	322,000	52,716	32,000

Represented by:

Current Assets

Other receivables	1,171,459	1,128,572
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Less:

Current Liabilities

Payables and accrued expenses	155,280	75,759
Fund due to operating fund	517,006	698,813
	672,286	774,572
	499,173	354,000

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

Notes to the financial statements for the financial year ended 31 March 2017

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 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
Written-off/Disposals	(9,260)	-	-	(9,260)
At 31 March 2017	702,349	87,152	463,118	152,079
<u>Accumulated depreciation</u>				
At 1 April 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
Depreciation for the year (Note 17)	22,913	-	56	22,857
Written-off/Disposals	(9,260)	-	-	(9,260)
At 31 March 2017	654,643	87,152	463,118	104,373
<u>Net book value</u>				
At 31 March 2017	47,706	-	-	47,706
At 31 March 2016	70,619	-	56	70,563

7 Held-to-maturity financial assets

	2016/2017	2015/2016
	\$	\$
Amortised cost at 1 April	2,000,000	4,000,000
Redemption of bonds upon maturity	(2,000,000)	(2,000,000)
Amortised cost at 31 March	-	2,000,000

Balance is made up of:

Government bonds with fixed interest at Nil% (2015/2016 – 1.01% and matured on 19 September 2016)	-	2,000,000
Maturing within the next 12 months	-	2,000,000

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

	2016/2017	2015/2016
	\$	\$
Government bonds with fixed interest at Nil% (2015/2016 – 1.01% and matured on – 19 September 2016)	-	1,999,200

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

(Established under the Town Councils Act, Cap. 329A)**Notes to the financial statements for the financial year ended 31 March 2017****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 (2015/2016: \$18,000,000) 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.

	2016/2017	2015/2016
	\$	\$
Balance at 1 April	18,163,808	24,322,203
Add/(Less):		
Withdrawal of funds	-	(5,745,615)
Investment income/(loss)	517,961	(303,812)
Profit shared by fund manager	(21,528)	-
Management fees	(119,145)	(109,423)
Fair value gain	437,915	455
Balance at 31 March	18,979,011	18,163,808
Represented by:		
Quoted equities	2,837,262	581,438
Quoted bonds	14,276,870	13,686,492
Treasury Bills	261,590	-
Financial assets at fair value through profit or loss	17,375,722	14,267,930
Cash and fixed deposits (Note 12)	1,530,104	4,820,488
Accrued interest	104,152	102,444
Net excess of funds shared by fund manager (Note 13)	(21,528)	-
Payable for unsettled trade (Note 13)	-	(1,000,000)
Fee payable to fund manager (Note 13)	(9,439)	(27,054)
	18,979,011	18,163,808

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

The quoted bonds managed by fund managers bear interest rates per annum ranging from 2.455% to 4.30% (2015/2016 – 2.10% to 4.30%) to be received semi-annually in arrears. The maturity period of the bonds ranges from October 2017 to November 2020 (2015/2016 – October 2017 to November 2020).

(Established under the Town Councils Act, Cap. 329A)**Notes to the financial statements for the financial year ended 31 March 2017****9 Conservancy and service fee receivables**

	2016/2017 \$	2015/2016 \$
Conservancy and service fee receivables	823,030	894,400
Less: Allowance for impairment	(383,551)	(391,940)
	439,479	502,460
<u>Allowance for impairment</u>		
Balance at 1 April	391,940	371,872
Allowance for the year (Note 17)	-	30,000
Amount written off against allowance	(8,389)	(9,932)
	383,551	391,940

The average credit period generally granted to conservancy and service fee receivables is about 30 days (2015/2016 - 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

	2016/2017 \$	2015/2016 \$
GST receivable from IRAS	572,000	356,275
GST Subvention grant receivable	218,999	218,806
Receivable from Citizens' Consultative Committee	912,455	1,111,590
Recoverable from HDB	360,028	100,673
Recoverable from NEA	9,007	17,050
Payment in advance/deposits	306,756	468,550
Others	15,019	117,779
	2,394,264	2,390,723

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

	2016/2017 \$	2015/2016 \$
Fixed deposits		
- Maturing in more than 3 months	34,207,595	27,325,599
- Maturing within 3 months (Note 12)	4,354,019	12,566,936
	38,561,614	39,892,535

Fixed deposits are denominated in Singapore dollar.

Included in fixed deposits is an amount of \$31,923 (2015/2016 - \$31,844) pledged with a bank as security for guarantee granted to the Town Council.

(Established under the Town Councils Act, Cap. 329A)**Notes to the financial statements for the financial year ended 31 March 2017****12 Cash and bank balances**

	2016/2017 \$	2015/2016 \$
Cash and bank balances	1,097,610	6,831,558
Cash and fixed deposits held by fund manager (Note 8)	1,530,104	4,820,488
	2,627,714	11,652,046

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:

	2016/2017 \$	2015/2016 \$
Cash and bank balances	1,097,610	6,831,558
Fixed deposits maturing within 3 months (Note 11)	4,354,019	12,566,936
	5,451,629	19,398,494
Less: Fixed deposit pledged	31,923	31,844
	5,419,706	19,366,650

13 Payables

(a) (Receivable from)/Advances received for Neighbourhood Renewal Programme

	2016/2017 \$	2015/2016 \$
Balance at 1 April	1,885,738	2,224,193
Received from Government	-	5,666,440
Payment to contractors	(2,002,759)	(6,004,895)
Balance as at 31 March	(117,021)	1,885,738

(b) Payables and accrued expenses

	2016/2017 \$	2015/2016 \$
Conservancy and service grant refundable	2,127	4,097
Accounts payable	2,497,853	2,119,276
Accrued operating expenses	1,041,702	394,975
Advance for Selective Lift Replacement Programme (Note 28(b))	423,280	-
Refundable deposits	130,681	92,109
Payable for unsettled trade (Note 8)	-	1,000,000
Fees payable to fund manager (Note 8)	9,439	27,054
Amount due to Marine Parade Town Council	-	365,930
Net excess of funds payable to fund manager (Note 8)	21,528	-
	4,126,610	4,003,441

Included in payables and accrued expense are amounts owing to a related party amounting to \$681,874 (2015/2016: \$71,861).

The average credit period taken to settle trade payables is about 30 days (2015/2016 - 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.

(Established under the Town Councils Act, Cap. 329A)**Notes to the financial statements for the financial year ended 31 March 2017****15 Other income**

Other income comprises the following:

	2016/2017 \$	2015/2016 \$
Administrative fee	32,934	33,985
Agency fees	2,002	2,053
Gain on disposal of plant and equipment	-	601
Late payment fees	87,356	86,399
Liquidated damages	91,754	122,755
Sale of tender documents	59,525	42,200
Sundry fines	52,076	45,050
Temporary Occupation Licence ("TOL") income	1,552,857	1,572,117
Use of void decks/common property	43,400	47,425
Use of water and electricity	270,974	260,359
Others	46,180	101,233
	2,239,058	2,314,177

16 Manpower Cost

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

	2016/2017 \$	2015/2016 \$
Staff salaries and related costs	24,450	44,897
CPF contributions	1,726	3,364
	26,176	48,261

17 General and administrative expenditure

The general and administrative expenditure comprises the following:

	2016/2017 \$	2015/2016 \$
Advertising, publicity and public relations	165,463	203,590
Agency fees - HDB/NEA collection	10,409	12,329
Audit fee	34,100	51,100
Impairment loss on conservancy and service fee receivables (Note 9)	-	30,000
Computer services	123,024	269,342
Depreciation of plant and equipment (Note 6)	22,913	23,600
Plant and equipment not capitalized	-	1,711
Maintenance of vehicles, machinery and equipment	893	209
Office rental and upkeep expenditure	308,239	310,201
Office supplies and stationery	60,101	65,270
Postage and telephone	90,698	86,379
Property tax	156,771	162,763
Service charges *	57,979	58,433
Stamp duty	2,088	-
Town councillors' allowances	173,750	176,250
Irrecoverable GST	170,028	130,393
Others	3,021	3,011
	1,379,477	1,584,581

* Includes manpower costs of \$26,176 (2015/2016 - \$48,261) (Note 16)

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

Notes to the financial statements for the financial year ended 31 March 2017

18 Sinking Fund income and expenditure

(a) Income

	2016/2017 \$	2015/2016 \$
Interest income from fixed deposits/current account	567,951	500,443
Interest income from bonds	9,378	89,676
Income/(loss) from funds with fund manager	815,203	(412,779)
	1,392,532	177,340

(b) Expenditure

	2016/2017 \$	2015/2016 \$
Electrical Re-wiring	537,652	1,031,068
Reroofing works	123,765	579,344
Replacement of water pumps	541,730	129,056
Lift works	4,661,620	4,710,720
Replacement of booster pumps	124,260	486,200
Redecoration and repainting	13,101,384	6,321,527
Replacement of water pipes	46,685	246,024
Replacement of refuse chute flushing system	250,345	254,277
Project management fees	793,034	557,294
Irrecoverable GST	254,452	236,853
	20,434,927	14,552,363

19 Income tax

(a) Income tax expense

Income tax expense attributable to profit is made up of:

	2016/2017 \$	2015/2016 \$
Current income tax provision	283,782	267,131
Taken up in:		
Statement of Income and Expenditure		
- Current financial year	144,709	146,211
Sinking Fund		
- Current financial year	139,073	120,920

(Established under the Town Councils Act, Cap. 329A)**Notes to the financial statements for the financial year ended 31 March 2017****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:

	2016/2017	2015/2016
	\$	\$
Government grants	6,062,454	6,032,411
Investment and interest income	1,071,437	915,694
Other income	872,921	870,885
Allowable expenses	(80,763)	(73,906)
	7,926,049	7,745,084
Tax calculated at a tax rate of 17% (2015/2016 - 17%)	1,347,428	1,316,664
Singapore statutory stepped income exemption	(25,925)	(25,925)
Tax effect of certain income taxed at concessionary tax rate	(27,987)	(19,030)
Tax remission of government grants under Section 92(2) of Singapore income Tax Act	(1,009,734)	(1,004,578)
	283,782	267,131

(b) Income tax payable

	2016/2017	2015/2016
	\$	\$
Balance at 1 April	552,109	571,605
Current financial year's income tax expense	283,782	267,131
Payments during the year	(286,228)	(286,627)
Balance at 31 March	549,663	552,109

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

Notes to the financial statements for the financial year ended 31 March 2017

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	
	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016	2016/2017	2015/2016
	\$	\$	\$	\$	\$	\$	\$	\$
Government grants received/receivable	6,060,328	6,032,411	3,938,633	3,961,904	1,245,607	1,193,309	876,088	877,198
Less:								
Transfer to Sinking Fund (Note 4)	1,546,259	1,554,124	1,251,293	1,258,841	-	-	294,966	295,283
Less:								
Transfer to Town Improvement and Projects Fund (Note 5)	1,245,607	1,193,309	-	-	1,245,607	1,193,309	-	-
	3,268,462	3,284,978	2,687,340	2,703,063	-	-	581,122	581,915

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

	2016/2017	2015/2016
	\$	\$
Total grants received at 1 April	147,413,331	141,224,425
Add:		
Grants received during the year	6,257,300	6,188,906
Total grants received at 31 March	153,670,631	147,413,331

(Established under the Town Councils Act, Cap. 329A)**Notes to the financial statements for the financial year ended 31 March 2017****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

	2016/2017	2015/2016
	\$	\$
Construction of covered walkways/pavillion	432,220	916,810
Construction/upgrading of playground and fitness corner	535,832	411,060
Landscaping	29,359	4,143
Neighbourhood Upgrading	145,485	-
Resident's Corner	66,552	23,562
Games Courts	-	90,000
Miscellaneous projects	127,015	259,038
Professional/project management fee	168,971	189,595
	1,505,434	1,894,208

Out of the total of \$1,505,434 (2015/2016 - \$1,894,208) spent on town improvement projects, \$1,245,607 (2015/2016 - \$1,193,309) 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:

	2016/2017	2015/2016
	\$	\$
Amount approved and contracted for	8,908,350	29,235,877
Amount approved but not contracted for	10,259,630	7,400,409
	19,167,980	36,636,286

Included in the amount approved and contracted for are commitments for Neighbourhood Renewal Programme of \$441,980 (2015/2016 - \$2,202,460).

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:

	2016/2017	2015/2016
	\$	\$
Due within 1 year	359,570	358,570
Due after 1 year but within 5 years	454,604	814,173
	814,174	1,172,743

The leases on the Town Council's office premises and computer services on which rentals are payable will expire earliest on 31 March 2018 (2015/2016 - 31 March 2018) and not later than 30 April 2020 (2015/2016 - 30 April 2020). The current rent payable on the leases ranges from \$5,400 to \$14,500 (2015/2016 - \$5,400 to \$14,500) per month.

(Established under the Town Councils Act, Cap. 329A)**Notes to the financial statements for the financial year ended 31 March 2017****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:

	2016/2017	2015/2016
	\$	\$
Managing agent fee charged by a related party	2,835,642	2,553,839
Essential maintenance service unit charged by a related party	470,254	467,921
Energy saving cost charged by a related party*	2,125,130	2,130,593
Repair and maintenance works charged by a related party	1,159,447	832,924
Consultancy and project management fee charged by a related party	958,433	909,241
Construction and upgrading works charged by a related party	111,850	93,345

* The Town Council 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 with 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.

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

Notes to the financial statements for the financial year ended 31 March 2017

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 (2015/2016 - 75) basis points lower/higher with all other variables held constant, the Town Council's surplus net of tax would have been \$289,212 (2015/2016 - \$314,194) lower/higher.

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

	Note	Effective interest rate %	Total \$	Less than 1 year \$
31 March 2017				
Financial assets				
Fixed deposits	11	1.66%	38,561,614	38,561,614
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

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:

	← ----- Less than 1 year \$	Interest-bearing 1 to 5 years \$	----- Over 5 years \$	→ Non-interest bearing \$	Total \$
At 31 March 2017					
Fixed deposits	38,561,614	-	-	-	38,561,614
Cash and bank balances	-	-	-	2,627,714	2,627,714
Other financial assets	-	-	-	3,038,956	3,038,956
Other financial liabilities	-	-	-	4,126,610	4,126,610

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

Notes to the financial statements for the financial year ended 31 March 2017

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

	← ----- Interest-bearing ----- →			Non-interest bearing	Total
	Less than	1 to 5	Over		
	<u>1 year</u>	<u>years</u>	<u>5 years</u>	<u>bearing</u>	
	\$	\$	\$	\$	\$
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	-	-	-	5,889,179	5,889,179

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:

	2016/2017 \$	2015/2016 \$
With less than 3 months of fees outstanding	130,576	110,055
With more than 3 months of fees outstanding	64,634	115,689
With more than 6 months of fees outstanding	77,840	99,354
With more than 12 months of fees outstanding	1,114	-

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.

(Established under the Town Councils Act, Cap. 329A)**Notes to the financial statements for the financial year ended 31 March 2017****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:

	2016/2017	2015/2016
	\$	\$
Gross amount	383,551	391,940
Less: Allowance for impairment	(383,551)	(391,940)
	-	-

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% (2015/2016 - 2%) lower/higher with all other variables held constant, the Town Council's surplus for the year would have been \$347,514 (2015/2016 - \$285,359) 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.

(Established under the Town Councils Act, Cap. 329A)**Notes to the financial statements for the financial year ended 31 March 2017****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 2017:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Recurring fair value measurements				
As at 31 March 2017				
<i>Financial assets through profit or loss</i>				
Quoted equities (Note 8)	2,837,262	-	-	2,837,262
Quoted bonds (Note 8)	14,276,870	-	-	14,276,870
Treasury Bills (Note 8)	261,590	-	-	261,590
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
Treasury Bills (Note 8)	-	-	-	-

(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 2017 but for which fair value is disclosed:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$	Carrying amount \$
As at 31 March 2017					
Held-to-maturity financial assets (Note 7)	-	-	-	-	-
As at 31 March 2016					
Held-to-maturity financial assets (Note 7)	1,999,200	-	-	1,999,200	2,000,000

(Established under the Town Councils Act, Cap. 329A)**Notes to the financial statements for the financial year ended 31 March 2017****28 Significant event after year end**

In February 2017, Ministry of National Development had announced that additional support will be given to help Town Councils (TCs) with their operating needs and long-term capital expenditure requirements. The additional support is provided via two new grants as follows:

a) Lift Maintenance Grant (LMG)

The LMG helps TCs cope with the higher lift-related servicing and maintenance costs. LMG will be disbursed to TCs annually around end-April, together with the S & CC Operating Grant. The amount to be disbursed to each TC is \$600 for every lift (both residential and commercial) maintained by the TC as at 1 March of each year.

As with the S & CC Operating Grant, LMG will be subject to the minimum contribution rates of 26% to the Sinking Fund and 14% to the Lift Replacement Fund.

b) Lift Replacement Fund (LRF) Matching Grant

With effect from 1 April 2017, TCs are required to set up a dedicated LRF, to ensure that sufficient funds are set aside for the replacement of the TC's lifts when due. The initial transfer of 14% amounting to \$7,347,903 from Sinking Fund as at 31 March 2017 to the Lift Replacement Fund is as follows:

- (i) Residential property - \$2,940,545 and
- (ii) Commercial property - \$4,407,358

To assist TCs in building up the LRF, MND will provide a 50% matching grant to the following contributions TCs make to the LRF:

- (i) Quarterly contributions to the LRF from S & CC collections and other grants-in-aids, including voluntary contributions beyond the minimum LRF contribution rate; and
- (ii) Voluntary contributions of Operating Fund surpluses to the LRF at the end of a financial year, as allowed under Section 33(9) of the amended Town Councils Act.

The LRF Matching Grant will be disbursed to the TCs every quarter through a claim process.

TCs are required to plan ahead and take appropriate and timely steps to ensure that their long-term finances are sustainable.