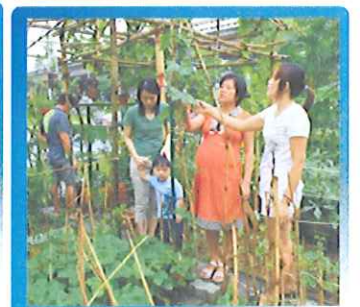


Annual Report for Financial Year 2013/2014



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Corporate Information

1 April 2013 to 31 March 2014

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

RESIDENTIAL

- 1-room flat
308
- 2-room flat
1,197
- 3-room flat
11,391
- 4-room flat
14,648
- 5-room flat
8,090
- Executive Apt/Maisonette flats
905

COMMERCIAL

- Markets/Hawker Stalls
998
- Shops
627
- Miscellaneous
125
- Banks/Offices
67

Annual Report

1 April 2013 to 31 March 2014

OVERVIEW

The financial year under review was a challenging one. As we support the Ministry of Manpower's Minimum Wage and Progressive Wage Model for the locals in the cleaning sector, we faced tighter restriction on the employment of foreign workers as well.

Nevertheless, with prudent cost management, we have managed to continue with the daily conservancy works and carry out the upgrading and regular maintenance programmes as planned.

FINANCIAL

We managed to generate an operating surplus of \$1.87 million for the financial year ending 31 March 2014 after taking into account government grants. Our total accumulated surplus stood at \$2.21 million as at 31 March 2014.

We continued with our prudent approach in our investments complying with all regulatory requirements.

Our sinking fund stood at \$70.38 million. Under the Town Councils Act, we are required to set aside between 30% and 35% of the service and conservancy charges and grants from the government in the sinking fund.

The sinking fund is utilised for major cyclical repainting & repairs, renewal or replacement of roofing system, water tanks, pumps and water supply system, major lift overhaul and repairs etc. By accumulating sinking fund over time, residents would not have to pay a large amount of money each time one of these major works needs to be carried out.

Annual Report

1 April 2013 to 31 March 2014

ENERGY & COST SAVINGS INITIATIVE

We have put in place plans to replace all existing T5 fluorescent lamps within the HDB blocks in our Town with LED (Light Emitting Diode) luminaires.

This includes the lightings at common areas of multi-storey car parks, corridors, staircases and void decks in our Town. This is in line with our principle of working efficiently with our resources.

LED luminaire gives an estimated reduction in electricity consumption of 65% and they have a longer lifespan of 50,000 hours compared to 8,000 hours for fluorescent lamps.

To achieve greater savings, the LED luminaire along the corridors of the flats and parking lots of MSCPs will be installed with built-in electronic timer which would power at 50% from 0100 hours to 0700 hours, when human traffic is low. It will then operate at full power from 1900 hours to 0100 hours.

The LED lights will also be fitted with dual motion sensors at staircase landings to provide bi-directional sensing, consuming only 30% of energy in the absence of human traffic to give us further savings.

The replacement work is in progress and is expected to complete by middle of 2015.

UPGRADING PROGRAMMES

One of the biggest upgrading projects is taking place at Bedok Town Centre. As part of the Housing & Development Board's (HDB's) plan to revitalise Bedok Town Centre, a new air-conditioned bus interchange and multi-storey carpark will be completed by the end of 2014. This will bring much convenience to our residents when they commute. There are further plans for Bedok Town Centre, which will be announced in the later part of the year.

Another major upgrading project is the Neighbourhood Renewal Programme at Changi Simei. Residents in Changi Simei Zones 3 and 4 will be experiencing this renewal programme and they can expect a revitalised estate in totality together with Changi Simei Zones 1 and 2 which were completed in January 2014.

Annual Report

1 April 2013 to 31 March 2014

SERVICE DELIVERY

Residents play an important role in the maintenance of the estates. As a result of the feedback sent to us from residents, we were able to resolve specific issues more efficiently.

While we will need to continue to improve our service levels, we do need to acknowledge the efforts of our conservancy workers as well. In this regard, we held a number of appreciation ceremonies across the various divisions in our estate to reward the workers for their hard work.

I am also pleased to note that residents have taken the effort to write in and provide feedback with compliments for the services provided. These compliments have certainly given our staff recognition and motivation to do better.

CONCLUSION

We expect increasing cost of operations as we move into the next financial year. However, we will continue to look into cost-effective measures to keep our operation costs down.

I appreciate the collaboration among the grassroots organisations, government agencies and the residents. With their contributions and collaboration, we strive to provide the best for our residents.

I also have my fellow advisers to thank. They have made time and effort to listen and understand the residents' feedback and worked towards resolving the issues raised. I believe that all these little efforts have made a difference in the lives of our residents.

Finally, I would also like to thank all our residents who took ownership and responsibility in the cleanliness and maintenance of their neighbourhood to make East Coast Town our best home for a brighter future.



JESSICA TAN SOON NEO

Chairman

East Coast Town Council

Financial statements

EAST COAST TOWN COUNCIL

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

For the year ended 31 March 2014

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Report on the Financial Statements

We have audited the accompanying financial statements of East Coast Town Council (the "Town Council"), which comprise the statement of financial position as at 31 March 2014, the income and expenditure statement, statement of comprehensive income, the statement of changes in Town Council funds and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes. The financial statements of the Town Council for the financial year ended 31 March 2013 were audited by another firm of independent public accountants, whose report dated 23 August 2013 expressed an unmodified audit opinion.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements of the Town Council are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Town Council as at 31 March 2014, and the results, changes in Town Council funds and cash flow statement for the financial year ended on that date.

Report on Other Legal and Regulatory Requirements

Management's Responsibility for Compliance with Legal and Regulatory Requirements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion:

- (a) the receipts, expenditure, investment of moneys and the acquisition and disposal of assets by the Town Council during the financial year ended 31 March 2014 are, in all material respects, in accordance with the provisions of the Act; and
- (b) proper accounting and other records have been kept, including records of all assets of the Town Council whether purchased, donated or otherwise.

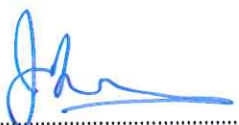


AT ADLER
Public Accountants and Chartered Accountants

Singapore, 14 August 2014

Statement of financial position as at 31 March 2014

	Notes	2013/2014 \$	2012/2013 \$
TOWN COUNCIL FUND			
Residential Property Funds			
Accumulated surplus	3	1,193,806	-
Sinking Fund	4	41,501,306	44,996,688
Town Improvement and Project Fund	5	-	-
		42,695,112	44,996,688
Other Commercial Property Funds			
Accumulated surplus	3	1,018,226	334,182
Sinking Fund	4	28,885,826	27,655,031
Town Improvement and Project Fund	5	-	-
		29,904,052	27,989,213
Carpark Fund			
Accumulated surplus	3	-	-
Neighbourhood Renewal Programme Fund			
	6	79,775	1,701,872
		72,678,939	74,687,773
Represented by:			
Non-Current Assets			
Plant and equipment	7	57,877	22,204
Held-to-maturity financial assets	8	4,000,000	4,000,000
		4,057,877	4,022,204
Current Assets			
Financial assets at fair value through profit or loss	9	18,492,608	22,070,418
Conservancy and service fee receivables	10	406,149	461,554
Other receivables	11	1,714,405	6,580,771
Interest/investment income receivable		410,727	668,610
Fixed deposits	12	40,208,094	39,720,194
Cash and bank balances	13	10,951,895	6,264,837
		72,183,878	75,766,384
Total Assets		76,241,755	79,788,588
Less:			
Current Liabilities			
Conservancy and service fees received in advance		441,283	401,202
Payables and accrued expenses	14	2,536,850	4,110,761
Current tax payable	20(b)	584,683	588,852
Total Liabilities		3,562,816	5,100,815
Net Assets		72,678,939	74,687,773


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JESSICA TAN
Chairman


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TAN GIM TAT
Secretary

Date: 14 August 2014

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

Statement of income and expenditure for the financial year ended 31 March 2014

	Notes	2013/2014 \$	2012/2013 \$
OPERATING INCOME			
Conservancy and service fees		25,272,000	23,295,847
Less: Operating transfer to Sinking Fund	3,4	8,547,293	7,870,170
		16,724,707	15,425,677
Agency fees	15	1,759,508	1,789,353
Other income	16	2,291,572	2,312,544
		20,775,787	19,527,574
Less:			
OPERATING EXPENDITURE			
Cleaning works		4,578,098	4,442,865
Managing agent's fees		2,629,803	2,929,737
Lift maintenance		3,490,512	3,285,057
Other works and maintenance		3,144,276	3,098,911
Water and electricity		6,601,972	6,785,829
General and administrative expenditure	18	1,383,633	1,525,723
		21,828,294	22,068,122
OPERATING DEFICIT		(1,052,507)	(2,540,548)
Add:			
NON-OPERATING INCOME			
Interest income		12,987	15,340
Less:			
Town improvement works	3,5	208,887	262,543
DEFICIT BEFORE TAXATION AND GOVERNMENT GRANTS		(1,248,407)	(2,787,751)
Less:			
Income tax	20(a)	122,486	129,545
DEFICIT BEFORE GOVERNMENT GRANTS		(1,370,893)	(2,917,296)
Add:			
Government Grants	21	5,531,493	5,326,203
Less: Transfer to Sinking Fund	3,4,21	1,534,391	1,518,213
Less: Transfer to Town Improvement and Project Fund	3,5,21	748,359	590,682
		3,248,743	3,217,308
SURPLUS FOR THE YEAR		1,877,850	300,012
Add:			
Accumulated surplus at 1 April		334,182	34,170
ACCUMULATED SURPLUS AT 31 MARCH		2,212,032	334,182

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

Statement of comprehensive income for the financial year ended 31 March 2014

	Note	Total		Residential Property Funds		Commercial Property Funds		Carpark Fund		Neighbourhood Renewal Programme Fund	
		2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
(Deficit)/surplus for the year											
- Accumulated surplus:											
- As previously stated		1,877,850	300,012	785,764	(414,563)	684,044	405,530	408,042	309,045	-	-
- Prior year adjustments (Note 29)		-	-	-	(267,425)	-	79,525	-	187,900	-	-
- As restated	3	1,877,850	300,012	785,764	(681,988)	684,044	485,055	408,042	496,945	-	-
- Sinking Fund	4	(2,264,587)	1,227,128	(3,495,382)	596,553	1,230,795	630,575	-	-	-	-
- Town Improvement and Project Fund	5	-	-	-	-	-	-	-	-	-	-
- Neighbourhood Renewal Programme Fund	6	(1,622,097)	3,061,587	-	-	-	-	-	-	(1,622,097)	3,061,587
Total (deficit)/surplus for the year, as restated		(2,008,834)	4,588,727	(2,709,618)	(85,435)	1,914,839	1,115,630	408,042	496,945	(1,622,097)	3,061,587
Other comprehensive income, net of taxation		-	-	-	-	-	-	-	-	-	-
Total comprehensive (loss)/income for the year attributable to Town Council Fund, as restated		(2,008,834)	4,588,727	(2,709,618)	(85,435)	1,914,839	1,115,630	408,042	496,945	(1,622,097)	3,061,587

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

Statement of changes in funds for the financial year ended 31 March 2014

	Total		Residential Property Funds		Commercial Property Funds		Carpark Fund		Neighbourhood Renewal Programme Fund	
	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 April	74,687,773	70,099,046	44,996,688	44,400,135	27,989,213	27,058,626	-	-	1,701,872	(1,359,715)
Total comprehensive (loss)/income for the year, as restated	(2,008,834)	4,588,727	(2,709,618)	(85,435)	1,914,839	1,115,630	408,042	496,945	(1,622,097)	3,061,587
Transfer of Accumulated Surplus from Commercial Property Funds and Carpark Fund to Residential Property Funds:										
- As previously stated	-	-	408,042	414,563	-	(105,518)	(408,042)	(309,045)	-	-
- Prior year adjustment (Note 29)	-	-	-	267,425	-	(79,525)	-	(187,900)	-	-
- As restated	-	-	408,042	681,988	-	(185,043)	(408,042)	(496,945)	-	-
Balance at 31 March	72,678,939	74,687,773	42,695,112	44,996,688	29,904,052	27,989,213	-	-	79,775	1,701,872

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

Statement of cash flows

for the financial year ended 31 March 2014

	Note	2013/2014 \$	2012/2013 \$
Cash Flows from Operating Activities			
Deficit before taxation and government grants	3	(1,248,407)	(2,787,751)
Adjustments for:			
Depreciation of plant and equipment	7	9,236	26,085
Conservancy and service fees transferred to Sinking Fund	4	8,547,293	7,870,170
Interest income	3	(12,987)	(15,340)
Gain on disposal of plant and equipment		(20)	(100)
Operating surplus before working capital changes		7,295,115	5,093,064
Increase/(decrease) in conservancy and service fees received in advance		40,081	(25,963)
Decrease/(increase) in conservancy and service fee receivables and other receivables		5,502,754	(5,179,922)
Decrease in payables		(1,305,012)	(266,868)
Cash generated from/(used in) operations		11,532,938	(379,689)
Income tax paid	20(b)	(291,368)	(251,007)
Sinking Fund income	4	215	242
Sinking Fund expenditure	4	(12,882,324)	(9,516,605)
Town Improvement and Project Fund expenditure	5	(748,359)	(590,682)
Neighbourhood Renewal Programme Fund expenditure	6	(2,962,480)	(5,804,399)
Net cash used in operating activities		(5,351,378)	(16,542,140)
Cash Flows from Investing Activities			
Purchase of plant and equipment	7	(44,909)	(11,313)
Interest and investment income received		607,539	644,659
Redemption of bonds	8	-	8,000,000
Fixed deposits maturing in more than 3 months		(289,116)	1,850,845
Proceeds from disposal of plant and equipment		20	100
Net cash generated from investing activities		273,534	10,484,291
Cash Flows from Financing Activities			
Fixed deposit pledged		(79)	(142)
Funding received from HDB for NRP projects	6	1,340,383	8,865,986
Government grants received	21(b)	4,951,236	6,817,091
Net cash generated from financing activities		6,291,540	15,682,935
Net increase in cash and cash equivalents		1,213,696	9,625,086
Cash and cash equivalents at beginning of year		21,003,922	11,378,836
Cash and cash equivalents at end of year	13	22,217,618	21,003,922

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

Notes to the financial statements

for the financial year ended 31 March 2014

1 General information

The financial statements of the Town Council are presented in Singapore dollars. They are drawn up in accordance with the Singapore Financial Reporting Standards and the provisions of the Town Councils Act Cap. 329A. The financial statements were approved and authorised for issue by the Town Council on 14 August 2014.

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

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

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

The daily operation of the Town Council has been outsourced to EM Services Pte Ltd and the Town Council employs 2 employees as of 31 March 2014 (2012/2013 - 2).

2(a) Basis of preparation

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

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

Significant accounting estimates and judgements

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

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

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

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

(a) Critical accounting estimates and assumptions

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

(i) Impairment for bad and doubtful debts

Impairment for doubtful conservancy and service debts and legal fees amounting to \$352,004 (2012/2013 - \$402,619), 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 2014 was \$57,877 (2012/2013 - \$22,204). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(iii) Income tax

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

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

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

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

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

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

2(a) Basis of preparation (cont'd)

(b) Key sources of estimation uncertainty

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

Interpretations and amendments to published standards effective in 2013

On 1 April 2013, the Town Council has adopted the new or revised FRS that are mandatory for application from that date and are relevant to its operations. This includes the following FRS:

Reference	Description
Amendments to FRS 1	Presentation of Items of Other Comprehensive Income
FRS 113	Fair Value Measurement

The adoption of these 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 in Note 27.

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

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

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to FRS 32	Offsetting of Financial Assets and Financial Liabilities	1 January 2014
Amendments to FRS 36	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014

The Town Council does not anticipate that the adoption of the above amendments to FRS in future periods will have a material impact on the financial statements of the Town Council in the period of their initial application.

2(c) Summary of significant accounting policies

(a) **Funds**

Town Council Fund

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

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

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

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

(a) Funds (cont'd)

Town Council Fund (cont'd)

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

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

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

Sinking Fund

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

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

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

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

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

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

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

(a) Funds (cont'd)

Town Improvement and Project Fund

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

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

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

Neighbourhood Renewal Programme Fund

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

The funding for the programme came from the government and is for the specific use of projects under the programme. The Town Council is entitled to keep the surplus from the \$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 if the actual expenditure is lower. However, if the cost of improvement works incurred exceeds the NRP funds, the Town Council has to bear the cost of excess expenditure.

(b) Allocation of General Overheads

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

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

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

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

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

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

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

(d) Plant and equipment and depreciation

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

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

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

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

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

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

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

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

(e) Financial assets

(a) Classification

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

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

(b) Recognition and derecognition

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

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

(e) Financial assets (cont'd)

(c) Initial measurement

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

(d) Subsequent measurement

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

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

(e) Determination of fair value

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

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

(f) Impairment of financial assets

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

(g) Reversal of impairment

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

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

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

(f) Funds with fund manager

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

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

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

(g) Receivables

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

(h) Cash and cash equivalents

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

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

(i) Payables

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

(j) Provisions

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

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

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

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

(l) Income tax

Income tax is provided on the following income:

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

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

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

(m) Employee benefitsDefined contribution plan

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

Employee leave entitlements

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

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

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

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

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

(o) Operating leases

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

(p) Inter-fund transfer

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

(q) Functional currency

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

East Coast Town Council
(Established under the Town Councils Act, Cap. 329A)
Notes to the financial statements for the financial year ended 31 March 2014

3 Accumulated surplus

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

	Note	Total		Residential property		Commercial property		Carpark	
		2013/2014 \$	2012/2013 \$	2013/2014 \$	Restated 2012/2013 \$	2013/2014 \$	Restated 2012/2013 \$	2013/2014 \$	Restated 2012/2013 \$
OPERATING INCOME									
Conservancy and service fees		25,272,000	23,295,847	22,095,956	20,757,516	3,176,044	2,538,331	-	-
Less: Operating transfer to Sinking Fund	4	8,547,293	7,870,170	7,435,677	6,981,754	1,111,616	888,416	-	-
		16,724,707	15,425,677	14,660,279	13,775,762	2,064,428	1,649,915	-	-
Agency fees	15	1,759,508	1,789,353	-	-	-	-	1,759,508	1,789,353
Other income	16	2,291,572	2,312,544	1,664,919	1,737,938	594,700	520,332	31,953	54,274
		20,775,787	19,527,574	16,325,198	15,513,700	2,659,128	2,170,247	1,791,461	1,843,627
Less:									
OPERATING EXPENDITURE		21,828,294	22,068,122	18,509,251	19,182,549	1,945,063	1,548,729	1,373,980	1,336,844
OPERATING (DEFICIT)/SURPLUS		(1,052,507)	(2,540,548)	(2,184,053)	(3,668,849)	714,065	621,518	417,481	506,783
Add:									
NON-OPERATING INCOME		12,987	15,340	10,795	12,955	1,073	1,043	1,119	1,342
Less:									
TOWN IMPROVEMENT WORKS	5	208,887	262,543	187,911	135,724	20,976	126,819	-	-
(DEFICIT)/SURPLUS BEFORE TAXATION AND GOVERNMENT GRANTS		(1,248,407)	(2,787,751)	(2,361,169)	(3,791,618)	694,162	495,742	418,600	508,125
Less:									
Income tax	20(a)	122,486	129,545	101,810	107,678	10,118	10,687	10,558	11,180
(DEFICIT)/SURPLUS BEFORE GOVERNMENT GRANTS		(1,370,893)	(2,917,296)	(2,462,979)	(3,899,296)	684,044	485,055	408,042	496,945
Add:									
Government grants	21	5,531,493	5,326,203	5,453,735	5,258,959	77,758	67,244	-	-
Less: Transfer to Sinking Fund	4, 21	1,534,391	1,518,213	1,534,391	1,518,213	-	-	-	-
Less: Transfer to Town Improvement and Project Fund	5, 21	748,359	590,682	670,601	523,438	77,758	67,244	-	-
		3,248,743	3,217,308	3,248,743	3,217,308	-	-	-	-
(DEFICIT)/SURPLUS FOR THE YEAR, AS RESTATED		1,877,850	300,012	785,764	(681,988)	684,044	485,055	408,042	496,945
Add:									
ACCUMULATED SURPLUS AT 1 APRIL		334,182	34,170	-	-	334,182	34,170	-	-
Transfer of Accumulated Surplus from Commercial Property Funds and Carpark Funds to Residential Property Funds, as restated		-	-	408,042	681,988	-	(185,043)	(408,042)	(496,945)
		334,182	34,170	408,042	681,988	334,182	(150,873)	(408,042)	(496,945)
ACCUMULATED SURPLUS AT 31 MARCH		2,212,032	334,182	1,193,806	-	1,018,226	334,182	-	-

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Notes to the financial statements for the financial year ended 31 March 2014

4 Sinking Fund

	Note	Total		Residential property		Commercial property	
		2013/2014 \$	2012/2013 \$	2013/2014 \$	2012/2013 \$	2013/2014 \$	2012/2013 \$
Balance at 1 April		72,651,719	71,424,591	44,996,688	44,400,135	27,655,031	27,024,456
Add:							
Investment income	19(a)	700,551	1,522,908	433,852	946,640	266,699	576,268
Other income		215	242	215	242	-	-
Operating transfer from Conservancy and Service fees	3	8,547,293	7,870,170	7,435,677	6,981,754	1,111,616	888,416
Transfer from Government Grants	3, 21	1,534,391	1,518,213	1,534,391	1,518,213	-	-
		10,782,450	10,911,533	9,404,135	9,446,849	1,378,315	1,464,684
Less:							
Expenditure	19(b)	12,882,324	9,516,605	12,797,510	8,745,991	84,814	770,614
		(2,099,874)	1,394,928	(3,393,375)	700,858	1,293,501	694,070
Less:							
Income Tax	20(a)	164,713	167,800	102,007	104,305	62,706	63,495
Surplus/(deficit) for the year		(2,264,587)	1,227,128	(3,495,382)	596,553	1,230,795	630,575
Balance at 31 March		70,387,132	72,651,719	41,501,306	44,996,688	28,885,826	27,655,031

Represented by:

Current Assets

Financial assets at fair value through profit or loss	9	18,492,608	22,070,418
Conservancy and service fee receivables		162,882	185,625
Interest receivable		265,496	298,833
Other receivables and investment income receivable		432,725	581,614
Amount due from routine fund		419,201	2,158,838
Fixed deposits		40,176,411	39,688,589
Cash and bank balances		8,172,743	4,857,877
		68,122,066	69,841,794

Non-Current Assets

Held-to-maturity financial assets	8	4,000,000	4,000,000
Total Assets		72,122,066	73,841,794

Less:

Current Liabilities

Creditors and accrued expenses		1,401,654	855,027
Current tax payable		333,280	335,048
Total Liabilities		1,734,934	1,190,075

NET ASSETS		70,387,132	72,651,719
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East Coast Town Council
(Established under the Town Councils Act, Cap. 329A)
Notes to the financial statements for the financial year ended 31 March 2014

5 Town Improvement and Project Fund

	Note	Total		Residential property		Commercial property	
		2013/2014 \$	2012/2013 \$	2013/2014 \$	2012/2013 \$	2013/2014 \$	2012/2013 \$
Balance at 1 April		-	-	-	-	-	-
Transfer from Government Grants	3, 21	748,359	590,682	670,601	523,438	77,758	67,244
Less:							
Expenditure	22	957,246	853,225	858,512	659,162	98,734	194,063
Add:							
Town improvement works transferred to income and expenditure statement	3	208,887	262,543	187,911	135,724	20,976	126,819
Surplus for the year		-	-	-	-	-	-
Balance at 31 March		-	-	-	-	-	-

Represented by:		
Current Assets		
Other receivables	751,967	428,887
Less:		
Current Liabilities		
Creditors and accrued expenses	209,569	10,645
Fund due to operating fund	542,398	418,242
	751,967	428,887
	-	-

6 Neighbourhood Renewal Programme Fund

	2013/2014 \$	2012/2013 \$
Balance at 1 April	1,701,872	(1,359,715)
Funding from Government	1,340,383	8,865,986
Payment to contractors	(2,962,480)	(5,804,399)
(Deficit)/surplus for the year	(1,622,097)	3,061,587
Balance at 31 March	79,775	1,701,872
Represented by:		
Current Assets		
Other receivables	-	4,925,796
Fund due from operating fund	79,855	-
	79,855	4,925,796
Less:		
Current Liabilities		
Fund due to operating fund	-	1,051,476
Creditors and accrued expenses	80	2,172,448
	80	3,223,924
	79,775	1,701,872

7 Plant and equipment

	Total \$	Machinery \$	Furniture and fittings \$	Office equipment \$
<u>Cost</u>				
At 1 April 2012	786,438	90,545	463,118	232,775
Additions	11,313	-	-	11,313
Written-off/Disposals	(8,500)	-	-	(8,500)
At 31 March 2013	789,251	90,545	463,118	235,588
Additions	44,909	-	-	44,909
Written-off/Disposals	(1,560)	-	-	(1,560)
At 31 March 2014	832,600	90,545	463,118	278,937
<u>Accumulated depreciation</u>				
At 1 April 2012	749,462	77,227	454,546	217,689
Depreciation for the year	26,085	13,318	3,904	8,863
Written-off/Disposals	(8,500)	-	-	(8,500)
At 31 March 2013	767,047	90,545	458,450	218,052
Depreciation for the year	9,236	-	2,183	7,053
Written-off/Disposals	(1,560)	-	-	(1,560)
At 31 March 2014	774,723	90,545	460,633	223,545
<u>Net book value</u>				
At 31 March 2014	57,877	-	2,485	55,392
At 31 March 2013	22,204	-	4,668	17,536

8 Held-to-maturity financial assets

	2013/2014 \$	2012/2013 \$
Amortised cost at 1 April	4,000,000	12,000,000
Redemption of bonds upon maturity	-	(8,000,000)
Amortised cost at 31 March	<u>4,000,000</u>	<u>4,000,000</u>

Balance is made up of:

Government bonds with fixed interest from 1.01% to 3.73% (2012/2013 – 1.01% to 3.73%) and maturing between 7 March 2016 and 19 September 2016 (2012/2013 – 7 March 2016 and 19 September 2016)	<u>4,000,000</u>	<u>4,000,000</u>
Maturing after 12 months	<u>4,000,000</u>	<u>4,000,000</u>
	<u>4,000,000</u>	<u>4,000,000</u>

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

	2013/2014 \$	2012/2013 \$
Government bonds with fixed interest from 1.01% to 3.73% (2012/2013 – 1.01% to 3.73%) and maturing between 7 March 2016 and 19 September 2016 (2012/2013 – 7 March 2016 and 19 September 2016)	<u>4,075,400</u>	<u>4,165,800</u>

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

9 Financial assets at fair value through profit or loss

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

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

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

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

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

	2013/2014	2012/2013
	\$	\$
Balance at 1 April	23,718,915	22,800,486
Add:		
Investment income	493,775	661,138
Less:		
Profit/(loss) shared by fund manager	64,991	(108,104)
Management fees	(101,411)	(83,201)
Fair value (loss)/gain	(318,019)	448,596
Balance at 31 March	<u>23,858,251</u>	<u>23,718,915</u>
Represented by:		
Quoted equities	3,817,014	3,749,546
Quoted bonds	14,675,594	18,320,872
Financial assets at fair value through profit or loss	<u>18,492,608</u>	<u>22,070,418</u>
Cash and fixed deposits (Note 13)	5,309,412	1,637,345
Accrued interest	145,171	164,899
Account receivable	-	204,818
Net excess of funds shared by fund manager (Note 14)	(71,019)	(136,010)
Fee payable to fund manager (Note 14)	(17,921)	(222,555)
	<u>23,858,251</u>	<u>23,718,915</u>

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

The quoted bonds managed by fund managers bear interest rates per annum ranging from 1.95% to 5.00% (2012/2013 - 1.35% to 5.00%) to be received semi-annually in arrears. The maturity period of the bonds ranges from April 2014 to December 2015 (2012/2013 - June 2013 to December 2015).

10 Conservancy and service fee receivables

	2013/2014	2012/2013
	\$	\$
Conservancy and service fee receivables	758,153	864,173
Less: Allowance for impairment	(352,004)	(402,619)
	<u>406,149</u>	<u>461,554</u>
<u>Allowance for impairment</u>		
Balance at 1 April	402,619	411,373
Allowance for the year (Note 18)	600	5,522
Amount written off against allowance	(17,241)	(14,276)
Allowance no longer required	(33,974)	-
Balance at 31 March	<u>352,004</u>	<u>402,619</u>

The average credit period generally granted to conservancy and service fee receivables is about 30 days (2012/2013 - 30 days). Conservancy and service fee receivables with short duration are not discounted and the carrying amounts are assumed to be a reasonable approximation of fair value. The conservancy and service fee receivables are denominated in Singapore dollar.

11 Other receivables

	2013/2014	2012/2013
	\$	\$
GST receivable from IRAS	153,403	158,754
GST Subvention grant receivable	219,498	207,453
Receivable from Citizens' Consultative Committee	751,967	183,029
Recoverable from HDB	67,887	5,380,235
Recoverable from NEA	5,651	23,002
Payment in advance/deposits	504,117	527,455
Others	11,882	100,843
	1,714,405	6,580,771

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

12 Fixed deposits

	2013/2014	2012/2013
	\$	\$
Fixed deposits		
- Maturing in more than 3 months	23,601,275	23,312,159
- Maturing within 3 months (Note 13)	16,606,819	16,408,035
	40,208,094	39,720,194

Fixed deposits are denominated in Singapore dollar.

Included in fixed deposits is an amount of \$31,684 (2012/2013 - \$31,605) pledged with a bank as security for guarantee given on behalf of the Town Council.

13 Cash and bank balances

	2013/2014	2012/2013
	\$	\$
Cash and bank balances	5,642,483	4,627,492
Cash and fixed deposits held by fund manager (Note 9)	5,309,412	1,637,345
	10,951,895	6,264,837

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:

	2013/2014	2012/2013
	\$	\$
Cash and bank balances	5,642,483	4,627,492
Fixed deposits maturing within 3 months (Note 12)	16,606,819	16,408,035
	22,249,302	21,035,527
Less:		
Fixed deposit pledged	31,684	31,605
	22,217,618	21,003,922

14 Payables and accrued expenses

	2013/2014	2012/2013
	\$	\$
Conservancy and service grant refundable	4,041	3,315
Accounts payable	1,808,051	2,849,765
Accrued operating expenses	526,604	806,608
Refundable deposits	109,214	92,508
Fees payable to fund manager (Note 9)	17,921	222,555
Net excess of funds payable to fund manager (Note 9)	71,019	136,010
	<u>2,536,850</u>	<u>4,110,761</u>

The average credit period taken to settle trade payables is about 30 days (2012/2013 - 30 days). The other payables are with short-term duration. The carrying amounts are assumed to be a reasonable approximation of fair values. Payables and accrued expenses are denominated in Singapore dollar.

15 Agency fees

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

16 Other income

Other income comprises the following:

	2013/2014	2012/2013
	\$	\$
Administrative fee	34,231	46,521
Agency fees	2,332	2,566
Gain on disposal of plant and equipment	20	100
Late payment fees	91,605	100,219
Liquidated damages	132,281	245,332
Sale of tender documents	52,003	14,493
Sundry fines	20,440	44,370
Temporary Occupation Licence ("TOL") income	1,535,820	1,427,676
Use of void decks/common property	59,550	54,750
Use of water and electricity	286,913	273,506
Others	76,377	103,011
	<u>2,291,572</u>	<u>2,312,544</u>

17 Manpower Cost

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

	2013/2014	2012/2013
	\$	\$
Staff salaries and related costs	40,769	36,067
CPF contributions	2,267	1,769
	<u>43,036</u>	<u>37,836</u>

18 General and administrative expenditure

The general and administrative expenditure comprises the following:

	2013/2014	2012/2013
	\$	\$
Advertising, publicity and public relations	232,961	191,504
Agency fees - HDB/NEA collection	14,603	17,797
Audit fee	34,100	30,800
Impairment loss on conservancy and service fee receivables (Note 10)	600	5,522
Bad debts recovered	(600)	(5,522)
Computer services	73,888	258,952
Depreciation of plant and equipment (Note 7)	9,236	26,085
Plant and equipment not capitalized	1,250	148
Maintenance of vehicles, machinery and equipment	819	2,514
Office rental and upkeep expenditure	314,923	300,558
Office supplies and stationery	57,223	73,632
Postage and telephone	90,974	88,051
Property tax	157,424	143,704
Service charges *	76,139	65,744
Stamp duty	1,344	-
Town councillors' allowances	180,600	180,600
Irrecoverable GST	135,703	143,240
Others	2,446	2,394
	1,383,633	1,525,723

* Includes manpower costs of \$43,036 (2012/2013 - \$37,836) (Note 17)

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

	2013/2014	2012/2013
	\$	\$
Interest income from fixed deposits/current account	466,415	465,291
Interest income from bonds	94,800	139,188
Income from funds with fund manager	139,336	918,429
	700,551	1,522,908

(b) Expenditure

	2013/2014	2012/2013
	\$	\$
Electrical Re-wiring	841,565	5,400
Reroofing works	1,513,988	515,840
Replacement of water pumps	58,680	353,070
Lift works	3,563,024	4,968,367
Replacement of booster pumps	161,220	21,700
Redecoration and repainting	5,029,344	3,250,720
Replacement of water pipes	930,538	-
Replacement of refuse chute flushing system	65,100	-
Project management fees	398,676	208,024
Irrecoverable GST	320,189	193,484
	12,882,324	9,516,605

20 Income tax

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

	2013/2014	2012/2013
	\$	\$
Current income tax provision	287,199	297,345
Taken up in:		
Statement of Income and Expenditure		
- Current financial year	122,486	129,545
Sinking Fund		
- Current financial year	164,713	167,800

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:

	2013/2014	2012/2013
	\$	\$
Government grants	5,531,493	5,326,203
Investment and interest income	1,263,157	1,298,404
Other income	794,811	825,813
Allowable expenses	(79,929)	(70,968)
	7,509,532	7,379,452
Tax calculated at a tax rate of 17% (2012/2013 - 17%)	1,276,620	1,254,407
Singapore statutory stepped income exemption	(25,925)	(25,925)
Tax effect of certain income taxed at concessionary tax rate	(43,985)	(46,341)
Tax remission of government grants under Section 92(2) of Singapore income Tax Act	(919,511)	(884,796)
	287,199	297,345

(b) Income tax payable

	2013/2014	2012/2013
	\$	\$
Balance at 1 April	588,852	542,514
Current financial year's income tax expense	287,199	297,345
Payments during the year	(291,368)	(251,007)
Balance at 31 March	584,683	588,852

East Coast Town Council
(Established under the Town Councils Act, Cap. 329A)
Notes to the financial statements for the financial year ended 31 March 2014

21 Government grants

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

	Total		Conservancy and Service grant		Payment from Citizens' Consultative Committee		LUP Assistant Grant		GST Subvention grant	
	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013	2013/2014	2012/2013
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Government grants received/receivable	5,531,493	5,326,203	3,925,089	3,929,535	748,359	590,682	-	-	858,045	805,986
Less:										
Transfer to Sinking Fund (Note 4)	1,534,391	1,518,213	1,245,642	1,247,117	-	-	-	-	288,749	271,096
Less:										
Transfer to Town Improvement and Projects Fund (Note 5)	748,359	590,682	-	-	748,359	590,682	-	-	-	-
	3,248,743	3,217,308	2,679,447	2,682,418	-	-	-	-	569,296	534,890

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

	2013/2014	2012/2013
	\$	\$
Total grants received at 1 April	130,618,500	123,801,409
Add:		
Grants received during the year	4,951,236	6,817,091
Total grants received at 31 March	135,569,736	130,618,500

22 Town improvement projects

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

Expenditure	2013/2014 \$	2012/2013 \$
Construction of covered walkways	367,970	517,497
Construction of pavilion/stage	-	42,756
Construction/upgrading of playground and fitness corner	288,805	66,067
Landscaping	16,847	-
Neighbourhood centre upgrading	702	120,486
Games court	-	263
Miscellaneous projects	195,360	-
Professional/project management fee	87,562	106,156
	957,246	853,225

Out of the total of \$957,246 (2012/2013 - \$853,225) spent on town improvement projects, \$748,359 (2012/2013 - \$590,682) was met from CIPC grants.

23 Commitments for capital expenditure

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

	2013/2014 \$	2012/2013 \$
Amount approved and contracted for	32,977,401	19,429,657
Amount approved but not contracted for	12,562,554	14,645,779
	45,539,955	34,075,436

24 Operating lease commitments

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

	2013/2014 \$	2012/2013 \$
Due within 1 year	340,057	109,518
Due after 1 year but within 5 years	679,079	535,967
Due after 5 years	130,834	251,604
	1,149,970	897,089

The leases on the Town Council's office premises and computer services on which rentals are payable will expire earliest on 31 March 2015 (2012/2013 - 30 April 2013) and not later than 30 April 2020 (2012/2013 - 30 April 2020). The current rent payable on the leases range from \$5,200 to \$10,064 (2012/2013 - \$5,200 to \$17,049) per month.

25 Financial risk management objectives and policies

The Town Council's activities expose it to a variety of financial risks: market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk. Risk management is integral to the whole operation of the Town Council. The Town Council has a system of controls in place to create an acceptable balance between the costs of risks occurring and the cost of managing the risks. The management continually monitors the Town Council's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Town Council's activities.

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

25.1 Currency risk

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

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

25.2 Cash flow and fair value interest rate risk

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

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

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

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 75 (2012/2013 - 75) basis points lower/higher with all other variables held constant, the Town Council's surplus net of tax would have been \$331,561 (2012/2013 - \$327,901) lower/higher.

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

	Note	Effective interest rate %	Total \$	Less than 1 year \$	1 to 5 years \$
31 March 2014					
Financial assets					
Held-to-maturity financial assets	8	1.01 - 3.73%	4,000,000	-	4,000,000
Fixed deposits	12	1.16%	40,208,094	40,208,094	-
31 March 2013					
Financial assets					
Held-to-maturity financial assets	8	1.01 - 3.73%	4,000,000	-	4,000,000
Fixed deposits	12	1.27%	39,720,194	39,720,194	-

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

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

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

	←----- Interest-bearing -----→			Non-interest bearing	Total
	Less than 1 year	1 to 5 years	Over 5 years		
	\$	\$	\$	\$	\$
At 31 March 2014					
Fixed deposits	40,208,094	-	-	-	40,208,094
Cash and bank balances	-	-	-	10,951,895	10,951,895
Other financial assets	-	-	-	2,027,164	2,027,164
Other financial liabilities	-	-	-	2,978,133	2,978,133
	←----- Interest-bearing -----→			Non-interest bearing	Total
	Less than 1 year	1 to 5 years	Over 5 years		
	\$	\$	\$	\$	\$
At 31 March 2013					
Fixed deposits	39,720,194	-	-	-	39,720,194
Cash and bank balances	-	-	-	6,264,837	6,264,837
Other financial assets	-	-	-	7,183,480	7,183,480
Other financial liabilities	-	-	-	4,511,963	4,511,963

25.4 Credit risk

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

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

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

25.4 Credit risk (cont'd)

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

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

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

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

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

	2013/2014 \$	2012/2013 \$
With less than 3 months of fees outstanding	222,101	247,829
With more than 3 months of fees outstanding	104,182	139,166
With more than 6 months of fees outstanding	71,419	67,133
With more than 12 months of fees outstanding	-	-

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

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

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

	2013/2014 \$	2012/2013 \$
Gross amount	352,004	402,619
Less: Allowance for impairment	(352,004)	(402,619)
	-	-

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% (2012/2013 - 2%) lower/higher with all other variables held constant, the Town Council's surplus for the year would have been \$369,852 (2012/2013 - \$441,408) lower/higher, arising as a result of higher/lower fair value losses on investments.

26 Management of Town Council's funds

The Town Council's objectives when managing funds are:

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

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

27 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 2014:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<u>Recurring fair value measurements</u>				
As at 31 March 2014				
<i>Financial assets through profit or loss</i>				
Quoted equities (Note 9)	3,817,014	-	-	3,817,014
Quoted bonds (Note 9)	14,675,594	-	-	14,675,594
As at 31 March 2013				
<i>Financial assets through profit or loss</i>				
Quoted equities (Note 9)	3,749,546	-	-	3,749,546
Quoted bonds (Note 9)	18,320,872	-	-	18,320,872

27 Financial instruments (cont'd)

(b) Assets not carried at fair value but for which fair value is disclosed

The following table shows an analysis of the Town Council's assets not measured at fair value at 31 March 2014 but for which fair value is disclosed:

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

28 Comparatives

A reclassification has been made to the prior year financial statements to enhance comparability with the current year's financial statements.

The items reclassified are as follows:

	Currently reported 2012/2013 \$	Previously reported 2012/2013 \$
In Statement of Financial Position		
Conservancy and service fee receivables	461,554	349,924
Other receivables	6,580,771	6,692,401

29 Prior year adjustment

Prior year adjustments have been made in the financial statements to correct the method used in the allocation of the managing agent's fee to the respective funds as follows:

	Residential Property Funds \$	Commercial Property Funds \$	Carpark Fund \$
2012/2013			
Statement of Comprehensive Income:			
Increase/(decrease) in surplus for the year - accumulated surplus	(267,425)	79,525	187,900
Statement of Changes in Funds:			
Increase/(decrease) in transfer of accumulated surplus from Commercial Property Funds and Carpark Fund to Residential Property Funds	267,425	(79,525)	(187,900)