

2018/2019 ANNUAL REPORT



**EAST COAST-FENGSAN
TOWN COUNCIL**

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CORPORATE INFORMATION

1 April 2018 to 31 March 2019

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

335	1-Room Flat
1,253	2-Room Flat
11,342	3-Room Flat
14,710	4-Room Flat
8,193	5-Room Flat
907	Executive Apt / Maisonette Flat

Commercial

998	Markets / Hawker Stalls
625	Shops
129	Miscellaneous
64	Banks / Offices

CHAIRMAN'S REVIEW

This Financial Year 2018/2019, East Coast – Fengshan Town Council continues to care for our residents and commits to improve on our estate maintenance.

East Coast Town is one of the older public housing estates in Singapore. With Community Improvement and Neighbourhood Renewal Projects, we are upgrading the Town to meet the evolving needs of our residents. At the same time, we have more Build-To-Order projects coming in the next few years. It is our pleasure to welcome more residents to our town and to see our old friends in the neighbourhood enjoying the estates.



Apart from the continual cyclical works, the Town Council has been committed to ensure safety and improve the quality of living of our residents. We are also focused on carrying out daily conservancy and maintenance work so as to ensure that our home and common facilities are clean and in good condition.

In our constant efforts to look after our residents, we continue to explore ways for the community to participate actively to make our town a better place to live in. Besides our annual Cleaners Appreciation day and clean-up event carried out by the various divisions, we did a mass clean-up exercise with the students from Ngee Ann Polytechnic. We hope to instil a stronger sense of social responsibility amongst our residents, young and old. Everyone has a part to play in keeping our estates clean and safe.

My Team and I are grateful to residents for your feedback and continued support. We are committed to make East Coast-Fengshan a more vibrant town for all.

FINANCIAL OVERVIEW

In the last financial year, we continued to meet our objectives through prudent financial management and corporate governance. From 1st April 2018 to 31st March 2019, we had an operating surplus of \$1.43 million and an accumulated surplus of \$4.52 million after government grants.

The Town Council's sinking fund and lift replacement fund closed at \$51.37 million and \$15.71 million respectively. The Sinking Fund is utilised for extensive cyclical works which are essential in maintaining our matured estate. We will continue to exercise prudence in spending, drive cost-saving and make adjustments where necessary to utilise our funds effectively.

COMMUNICATION

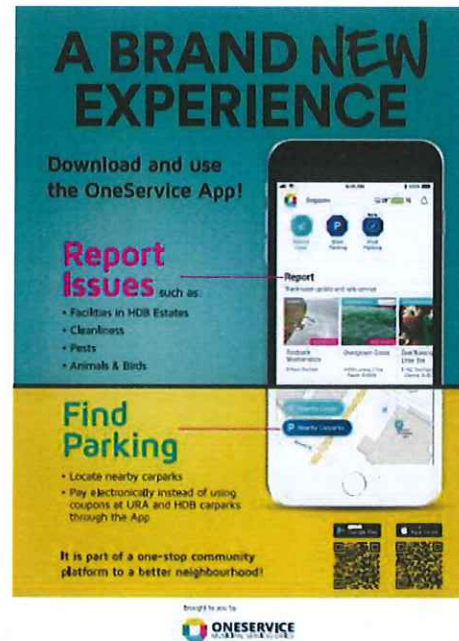
Residents can choose to speak to us directly through our dedicated call centre or by sending an electronic mail to our general email address. They can also send in their feedback via our Facebook page or the Feedback Form on our Town Council official website.

With the integration of Municipal Services Office (MSO) with our system, we continue to work closely with MSO to offer residents another platform to provide their feedback on municipal issues via the OneService App. The app enhances the coordination and delivery of municipal services through automatic routing of each feedback to the relevant agency promptly.

As part of our effort to be eco-friendly and improve on the communications with the residents, we are working on digitalising the information released to the public. We hope this will allow residents to receive more appealing and updated information in our Town.

With the increasing number of feedback for Personal Mobility Device (PMD) users, Land Transport Authority (LTA) are working towards building a common platform for residents to send in their feedback.

We value feedback from our residents, as these provide important information for us to continuously improve our services.



TOWN COUNCIL MANAGEMENT REPORT

The Ministry of National Development (MND) and Housing and Development Board (HDB) monitor the performance and services we provide. The Town Council Management Report (TCMR) is meant to provide residents with information on key areas of how their town is managed across all Town Councils, these are the five key areas:

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 2018 to September 2018, we achieved all-green rating across all five areas.

	Estate Cleanliness	Estate Maintenance	Lift Performance	S&CC Arrears Management	Corporate Governance
East Coast – Fengshan Town Council					

We would like to thank all the residents for working with us to keep the estate safe and clean. This collaboration between residents and Town Council enables us to better serve the needs of our residents. We will continue to conduct inspections and ensure our common areas are clear of obstruction.

Through messages in our newsletters, posters, banners and social media, we will continue to seek the co-operation of our residents in taking care of the environment and our neighbourhood.

APPRECIATION TO THE CLEANERS



The cleaners enjoying their breakfast and games



On 28th July 2018, we held our annual Cleaners' Appreciation Day at Bedok Community Hall in our Town Centre.

Our resident cleaners were given a day off where they were treated to a hearty breakfast. They enjoyed themselves with the table games which were specially arranged for them. The day ended with appreciation gifts given to them by my colleagues, Mr Lee Yi Shyan, Ms Cheryl Chan and myself.



Earlier in the year, more than 300 students from Ngee Ann Polytechnic volunteered to be our resident cleaners for a day to learn more about the roles of our estate cleaners. On the morning of 19 April 2018, the students geared themselves up and assembled at the different meeting point of our estates. They were briefed by our cleaners on the job scope and safety precaution before commencing the estate cleaning.



The students cleaning up the estate



The students presenting the Token of Appreciation

After the estate cleaning, the students mingled around with our cleaners and Tokens of Appreciation were presented to the cleaners. Many students feedbacked that they had a better understanding of the work done by the cleaners and they would like to express their gratitude towards them.

Through these exercises, we hope to cultivate empathy and understanding towards our unsung heroes. At the same time, these help to raise civic awareness and enable residents to learn the importance of everyone's effort in keeping our shared community spaces clean.

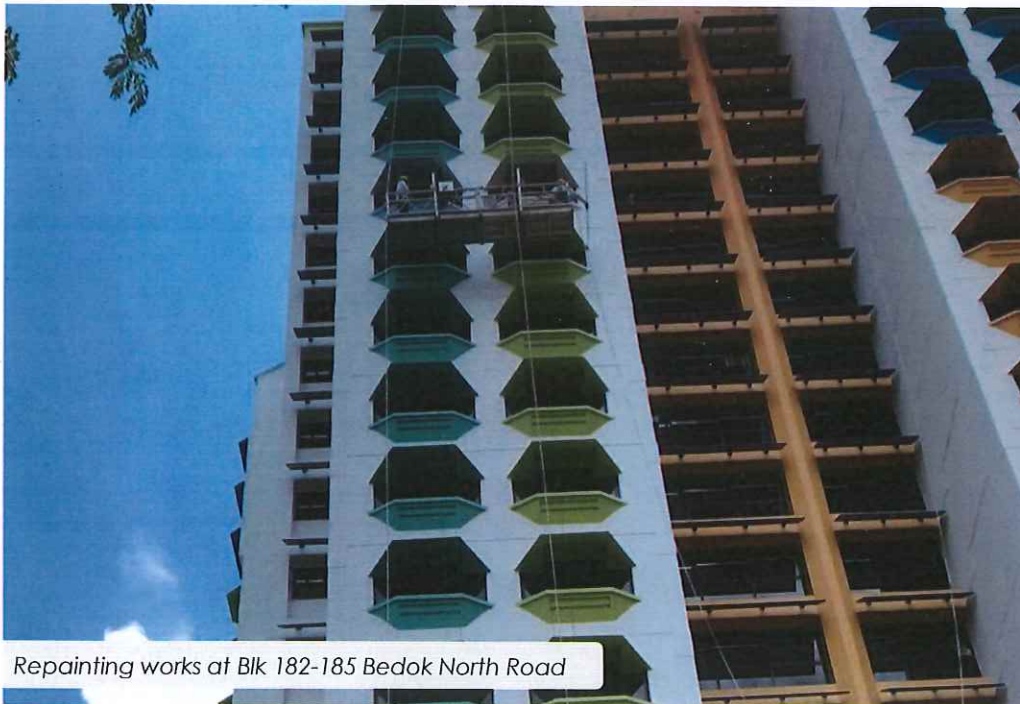
CYCLICAL WORKS

At the start of each financial year, we set aside our budget to plan for 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, water pipes, water pumps, refuse chute flushing system, etc. These works are carried out regularly to ensure optimum condition of our facilities and amenities.

In this financial year, a total of \$4 million was spent on these essential works.

With the implementation of the Lift Enhancement Programme to further improve and ensure the safety of the lifts in the estate, we have spent a total of \$1.72 million on lift replacement and maintenance works.



Repainting works at Blk 182-185 Bedok North Road



Lift upgrading works at Blk 253 Simei st 1

NEIGHBOURHOOD RENEWAL PROGRAMME

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 points, jogging tracks etc. These improvements to the common spaces will be able to enhance the living environment for residents.

This programme is fully funded by the Government and implemented by the Town Council. It is managed by the Working Committee consisting of Town Council, Grassroots organisations, HDB and appointed consultants.

We actively engage residents by seeking feedback and suggestions on the proposed improvements for the neighbourhood through dialogue sessions, NRP public consultations, exhibitions and surveys. Feasibility study has been conducted on the feedback received and incorporated into the design proposal for the Consensus Gathering Exercise.

In East Coast GRC –Block 242-247 and 253-256 Simei Street 5 and 1 will be undergoing NRP as we have garnered more than 75% support from the residents last April.

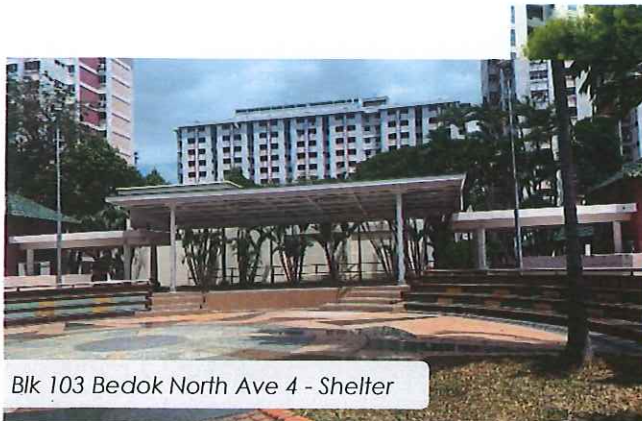
My colleague, Mr Lim Swee Say, has announced on 24 September 2018 that Block 9, 10A (MSCP), 10B-10F and 14 Bedok South Ave 2precinct have been selected for the upcoming NRP. Currently, the working committee has been working actively on the plan.



We look forward to the residents' active participation and support for the NRP. This will enable us to create a more lively and conducive environment for all residents in the precinct.

TOWN IMPROVEMENT PROJECTS

Town Improvement Projects we have implemented were 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 18/19, a total of \$1.87 million was invested in town improvement projects.



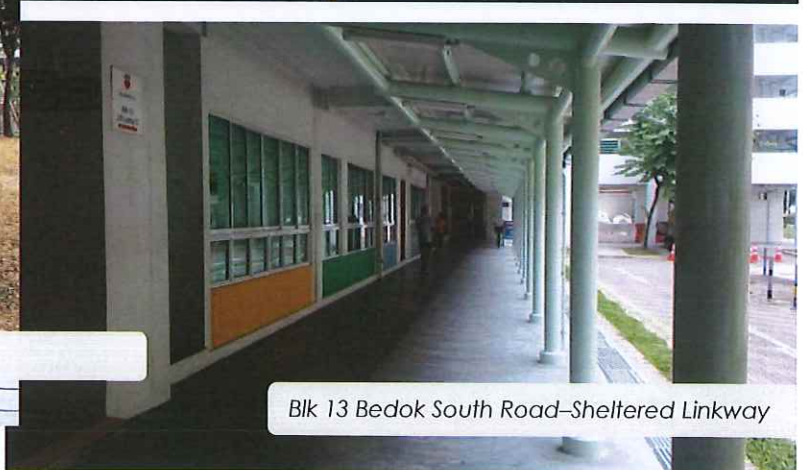
Blk 103 Bedok North Ave 4 - Shelter



Blk 765 Bedok Reservoir View - Playground



Blk 65 New Upper Changi Road - Sheltered ramp to bus stop



Blk 13 Bedok South Road - Sheltered Linkway

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	Expected Completion Date
1.	Fengshan	Block 84, 86 – 93, 95 – 97 Bedok North Street 4/ Avenue 4	In progress	Q4 2019
2.	Kampong Chai Chee	Block 204, 205, 208, 210, 211, 213, 214, 217 and 218 Bedok North Street 1/ New Upper Changi Road	Announced	Q4 2020
3.	Kampong Chai Chee	Block 401 – 413 Bedok North Avenue 2/3	In progress	Q4 2019
4.	Siglap	Block 155 -172 Bedok South Rd/ Avenue 3	In progress	Q2 2020


Information as of April 2019

To keep our residents informed of the progress, we provide regular updates of our projects on our website, newsletters and regular circulars. To facilitate the communication, we ensure that residents' feedback are channelled to HIP service centre and HDB.

CONCLUSION

On behalf of the Town Council, I would like to express my deepest gratitude to all our residents for their feedback, suggestions and passion for our neighbourhood. We will continue to work towards improving our services to you.

I would also like to extend my sincere appreciation to my parliamentary colleagues, the Town Councillors, grassroots organisations, the various government agencies and staff for their commitment and hard work. They have been instrumental in our endeavour to provide the best for our residents and to make East Coast Town a better home for all.



Jessica Tan Soon Neo

Chairman

East Coast-Fengshan Town Council

Financial statements

EAST COAST-FENGSHAN TOWN COUNCIL

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

For the year ended 31 March 2019

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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 2019, 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 of the Town Council 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 2019, 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 Matter

The financial statements of the Town Council for the financial year ended 31 March 2018 were audited by another firm of auditors who expressed an unmodified opinion on those statements on 30 August 2018.

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 devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

A Town Council is constituted based on its Act and its dissolution requires the Minister for National Development'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, or has no realistic alternative but to do so.

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

- 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.
- 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 2019 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
EAST COAST-FENGSHAN TOWN COUNCIL**
(Established under the Town Councils Act, Cap 329A)



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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.

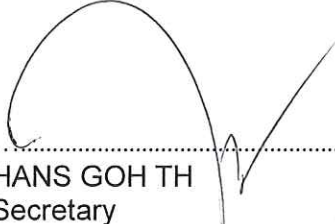
JR CHAN COMPANY
Public Accountants and
Chartered Accountants

Singapore,
29 August 2019

Statement of financial position as at 31 March 2019

	Notes	2018/2019 \$	2017/2018 \$
TOWN COUNCIL FUND			
Residential Property			
Accumulated surplus	3	635,323	1,263,191
Sinking Fund	4	22,805,551	18,366,294
Lift Replacement Fund	5	9,872,395	4,808,532
Town Improvement and Project Fund	6	726,291	173,177
		34,039,560	24,611,194
Other Commercial Property			
Accumulated surplus	3	2,399,530	1,798,742
Sinking Fund	4	28,573,567	27,603,164
Lift Replacement Fund	5	5,846,057	5,128,922
Town Improvement and Project Fund	6	71,937	26,167
		36,891,091	34,556,995
Carpark			
Accumulated surplus	3	1,489,265	1,129,284
		72,419,916	60,297,473
Represented by:			
Non-Current Assets			
Plant and equipment	7	368,747	441,930
		368,747	441,930
Current Assets			
Financial assets at fair value through profit or loss	8	18,787,635	19,568,310
Receivable from Neighbourhood Renewal Programme	13(a)	545,789	448,837
Conservancy and service fee receivables	9	465,850	462,944
Other receivables	10	2,758,583	2,567,184
Interest/investment income receivable		460,236	309,039
Fixed deposits	11	43,425,085	33,675,458
Cash and bank balances	12	10,036,478	6,433,788
		76,479,656	63,465,560
Total Assets		76,848,403	63,907,490
Less:			
Current Liabilities			
Conservancy and service fees received in advance		489,278	489,677
Payables and accrued expenses	13(b)	3,411,556	2,576,117
Current tax payable	20(b)	527,653	544,223
		4,428,487	3,610,017
Total Liabilities		4,428,487	3,610,017
Net Assets		72,419,916	60,297,473


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JESSICA TAN
Chairman


.....
HANS GOH TH
Secretary

Date : 29 August 2019

Statement of income and expenditure for the financial year ended 31 March 2019

	Notes	2018/2019 \$	2017/2018 \$
OPERATING INCOME			
Conservancy and service fees		29,694,797	27,637,581
Less: Operating transfer to Sinking Fund	3,4	7,720,646	7,185,771
Less: Operating transfer to Lift Replacement Fund	3,5	4,157,271	3,869,267
		17,816,880	16,582,543
Agency fees	14	1,990,528	1,905,807
Other income	15	2,208,652	2,283,677
		22,016,060	20,772,027
Less:			
OPERATING EXPENDITURE			
Cleaning works		4,579,265	4,769,064
Managing agent's fees		3,631,447	3,403,193
Lift maintenance		4,283,809	3,994,606
Other works and maintenance		3,681,956	3,529,280
Water and electricity		6,140,451	5,989,911
General and administrative expenditure	17	1,496,559	1,433,779
		23,813,487	23,119,833
OPERATING DEFICIT		(1,797,427)	(2,347,806)
Add:			
NON-OPERATING INCOME			
Interest income		69,879	57,046
DEFICIT BEFORE TAXATION AND GOVERNMENT GRANTS			
GRANTS		(1,727,548)	(2,290,760)
Less:			
Income tax	20(a)	133,114	138,795
DEFICIT BEFORE GOVERNMENT GRANTS		(1,860,662)	(2,429,555)
Add:			
Government Grants	21	9,330,047	8,960,630
Less: Transfer to Sinking Fund	3,4,21	1,427,644	1,401,664
Less: Transfer to Lift Replacement Fund	3,5,21	3,233,139	3,008,831
Less: Transfer to Town Improvement and Project Fund	3,6,21	1,374,701	1,315,530
		3,294,563	3,234,605
SURPLUS FOR THE YEAR		1,433,901	805,050
Add:			
Accumulated surplus at 1 April		4,191,217	3,908,167
Appropriation to Town Improvement and Project Fund	3,6	(1,101,000)	(522,000)
ACCUMULATED SURPLUS AT 31 MARCH		4,524,118	4,191,217

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 2019

	Notes	Total		Residential Property		Commercial Property		Carpark	
		2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018
		\$	\$	\$	\$	\$	\$	\$	\$
Surplus/(deficit) for the year									
- Accumulated surplus	3	1,433,901	805,050	371,132	62,945	702,788	461,952	359,981	280,153
- Sinking Fund	4	5,409,660	832,339	4,439,257	302,943	970,403	529,396	-	-
- Lift Replacement Fund	5	5,780,998	2,589,551	5,063,863	1,867,989	717,135	721,562	-	-
- Town Improvement and Project Fund	6	(502,116)	(821,829)	(445,886)	(747,280)	(56,230)	(74,549)	-	-
Total surplus for the year		12,122,443	3,405,111	9,428,366	1,486,597	2,334,096	1,638,361	359,981	280,153
Other comprehensive income, net of taxation		-	-	-	-	-	-	-	-
Total comprehensive income for the year attributable to Town Council Fund		12,122,443	3,405,111	9,428,366	1,486,597	2,334,096	1,638,361	359,981	280,153

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 2019

	Total \$	Residential Property \$	Commercial Property \$	Carpark \$
Balance at 1 April 2017	56,892,362	23,124,597	32,918,634	849,131
Total comprehensive income for the year	3,405,111	1,486,597	1,638,361	280,153
Balance at 31 March 2018	60,297,473	24,611,194	34,556,995	1,129,284
Balance at 1 April 2018	60,297,473	24,611,194	34,556,995	1,129,284
Total comprehensive income for the year	12,122,443	9,428,366	2,334,096	359,981
Balance at 31 March 2019	72,419,916	34,039,560	36,891,091	1,489,265

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 2019

	Notes	2018/2019 \$	2017/2018 \$
Cash Flows from Operating Activities			
Deficit before taxation and government grants	3	(1,727,548)	(2,290,760)
Adjustments for:			
Depreciation of plant and equipment	7	114,749	40,899
Conservancy and service fees transferred to Sinking Fund	4	7,720,646	7,185,771
Conservancy and service fees transferred to Lift Replacement Fund	5	4,157,271	3,869,267
Interest income	3	(69,879)	(57,046)
Operating surplus before working capital changes		10,195,239	8,748,131
Increase/(Decrease) in conservancy and service fee received in advance		(399)	99,844
Decrease/(Increase) in conservancy and service fee receivables and other receivables		405,862	164,379
Net movement in receivable/advances received for Neighbourhood Renewal Programme		(96,952)	(331,816)
(Decrease)/Increase in payables		(622,182)	(1,611,672)
Cash generated from operations		9,881,568	7,068,866
Income tax paid	20(b)	(285,756)	(267,392)
Sinking Fund expenditure	4	(4,005,860)	(8,827,689)
Lift Replacement Fund Expenditure	5	(1,721,931)	(4,346,603)
Town Improvement and Project Fund expenditure	6	(1,876,817)	(2,137,359)
Net cash generated from/ (used in) operating activities		1,991,204	(8,510,177)
Cash Flows from Investing Activities			
Purchase of plant and equipment	7	(41,566)	(435,123)
Interest and investment income received		451,184	564,623
Net cash generated from investing activities		409,618	129,500
Cash Flows from Financing Activities			
Fixed deposit pledged		(81)	(80)
Government grants received	21(b)	8,729,880	8,597,740
Net cash generated from financing activities		8,729,799	8,597,660
Net increase in cash and cash equivalents		11,130,621	216,983
Cash and cash equivalents at beginning of year		39,844,284	39,627,301
Cash and cash equivalents at end of year	12	50,974,905	39,844,284

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 2019

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 29 August 2019.

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 one employee as of 31 March 2019 (2017/2018 – 0).

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.

Critical judgements, assumptions and estimation uncertainties

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.

2(a) Basis of preparation (cont'd)**Critical judgements, assumptions and estimation uncertainties (cont'd)**

The 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 amounts of assets and liabilities are discussed below:

(i) Depreciation of plant and equipment

The Town Council depreciates the plant and equipment over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Town Council intends to derive future economic benefits from the use of the Town Council's plant and equipment. The residual value reflects management's estimated amount that the Town Council would currently obtain from the disposal of the asset, after deducting the estimated costs of disposal, as if the asset were already of the age and in the condition expected at the end of its useful life. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amount of the Town Council's plant and equipment as at 31 March 2019 was \$368,747 (2017/2018 - \$441,930)(Note 7).

(ii) Provision for income tax

The Town Council is subject to income taxes in Singapore. Judgement is required in determining the deductibility of certain expenses during the estimation of the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of operations. The Town Council recognises liabilities for expected tax issues based on estimate of whether additional taxes will be due. Where the final tax outcome of these matters differs from the amounts that were initially recognised, such differences will impact the income tax provisions in the period in which such determination is made. The carrying amount of the Town Council's current tax payable as at 31 March 2019 was \$527,653 (2017/2018 - \$544,223)(Note 20)

(iii) Allowance for trade and other receivables

The Town Council uses an allowance matrix to measure ECL for trade receivables. The ECL rates are based on the Town Council's historical loss experience of the customers for the last 3 years prior to the reporting date for various customer groups that are assessed by internal ratings, adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the trade receivables. The Town Council adjusts the allowance matrix at each reporting date. Such estimation of the ECL rates may not be representative of the actual default in the future. The expected loss allowance on the Town Council's trade receivables as at 31 March 2019 is S\$376,714 (2017/2018: S\$378,746) (Note 26.4)

(iv) Allowance for non-financial assets

At the end of each financial year, an assessment is made on whether there are indicators that the Town Council's investments are impaired. Where necessary, the Town Council's assessments are based on the estimation of the value-in-use of the assets defined in FRS 36 Impairment of Assets by forecasting the expected future cash flows for a year of up to 5 years, using a suitable discount rate in order to calculate the present value of those cash flows.

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

In the current financial year, the Town Council has adopted all the new and revised FRS and INT FRS that are relevant to its operations and effective for the current financial year. The adoption of these new/revised FRS and INT FRS does not result in changes to the Town Council's accounting policies and has no material effect on the amounts reported for the current year.

FRS and INT FRS issued but not yet effective

At the date of authorisation of these statements, the following FRS and INT FRS that are relevant to the Town Council were issued but not yet effective:

FRS	Title	Effective date (annual periods beginning on or after)
FRS 109	Amendments to FRS 109: Prepayment Features with Negative Compensation	1 January 2019
FRS 116	Leases	1 January 2019
Various	Annual Improvements to FRSs (March 2018)	1 January 2019
INT FRS 123	Uncertainty over Income Tax Treatments	1 January 2019

Consequential amendments were also made to various standards as a result of these new/revised standards.

The Town Council does not intend to early adopt any of the above new/revised standards, interpretations and amendments to the existing standards. Other than the following standards, management anticipates that the adoption of the aforementioned revised/new standards will not have a material impact on the financial statements of the Town Council in the period of their initial adoption.

FRS 116 Leases

FRS 116 supersedes FRS 17 *Leases*, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*, and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease* to set out the principles for the recognition, measurement, presentation and disclosure of leases and introduces a single, on-balance sheet accounting model for lessees.

FRS 116 requires, with limited exceptions, the lessee to recognize, at initial recognition, lease liabilities, measured at the present value of lease payments that are not paid as of that date to reflect the present value of the future lease payments, and right-of-use assets at cost, comprising elements including the amount of the initial measurement of the lease liabilities, initial direct costs incurred by the lessee and estimates of other contracted costs to be incurred by the lessee, for its lease contracts. Leases of "low-value" assets and qualifying short term leases entered into by lessees can be exempted from the new recognition criteria.

The Town Council plans to apply FRS 116 on 1 April 2019 and will apply the modified retrospective approach to recognise the cumulative effect of initially applying FRS 116 on 1 April 2019. Accordingly, the comparative financial statements will not be restated.

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, Lift Replacement 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, less LRF matching grant-in-aid to be paid into the Sinking Fund.

For the past financial years up to FY 2016/2017, the minimum amounts to be paid into the Sinking Fund were as follows:

	Property Type	Percentage of Conservancy and Service Fees and Grant-in-Aid, less LRF Matching Grant-in-Aid
(i)	1-room to 3-room	30%
(ii)	4-room	35%
(iii)	5-room and Executive	35%
(iv)	Shop with living accommodation	35%
(v)	Commercial property	35%

The minimum amount to be paid into Sinking Fund has been revised to 26% for all residential and commercial properties with effect from 1 April 2017.

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.

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

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 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.

Lift Replacement Fund ("LRF")

In accordance to Section 33(4A) of the Town Councils Act, Lift Replacement Fund ("LRF") is established from 1 April 2017, to meet the cost of lift replacements and lift-related replacement works. This fund is maintained as part of the Town Council Funds.

Under the Town Councils Act, the Minister of National Development ("MND") may, from time-to-time, prescribe the minimum amounts of conservancy and service fees and grants-in-aid to be paid into the LRF.

The minimum amount to be paid, by property type, into the LRF is 14% of conservancy and service fees and grants-in-aid for residential property and commercial property. These minimum contributions are treated as operating income transfers and are deducted from conservancy and service fees and government grants in the statement of income and expenditure.

To assist Town Councils cope with the operating need and long-term capital expenditure requirement for lift replacements and lift-related works, the MND provides two additional grants-in-aids, Lift Maintenance Grant (LMG) and LRF Matching Grant, from 1 April 2017.

- (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 is not subject to the minimum contribution rates to LRF, even though it is a grant-in-aid.

Town Improvement and Project Fund

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

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

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

2(c) Summary of significant accounting policies (cont'd)**(b) Allocation of General Overheads**

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

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

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

(c) Government Grants

The Town Council receives five types of grants from Government, namely, Conservancy and Service Grant, Lift Maintenance Grant, LRF Matching Grant, GST Subvention Grant and Payment from Citizens' Consultative Committee.

Conservancy and Service Grant to meet the current year's expenditure is taken to the Statement of Income and Expenditure.

The Lift Maintenance Grant helps Town Councils cope with the higher lift-related servicing and maintenance costs.

The LRF Matching Grant is to assist Town Councils in building up the LRF.

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.

Payment from Citizen's Consultative Committee is given as reimbursement claims under the Community Improvement Projects Committee scheme.

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

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

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 instruments

The Town Council recognises a financial asset or a financial liability in its statement of financial position when, and only when, the Town Council becomes party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Financial instruments from 1 January 2018

These accounting policies are applied on and after the initial application date of FRS109, (i.e. 1 January 2018).

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

All financial assets are recognised on trade date – the date on which the Town Council commits to purchase or sell the asset. With the exception of trade receivables that do not contain a significant financing component or for which the Town Council applies a practical expedient, all financial assets are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Such trade receivables that do not contain a significant financing component or for which the Town Council applies a practical expedient are measured at transaction price as defined in FRS 115.

Financial assets are classified as subsequently measured at amortised cost, fair value through other comprehensive income (“FVTOCI”) and fair value through profit or loss (“FVTPL”). The classification at initial recognition depends on the Town Council’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

The Town Council’s business model refers to how the Town Council manages its financial assets in order to generate cash flows which determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both.

The Town Council determines whether the asset’s contractual cash flows are solely payments of principal and interest (“SPPI”) on the principal amount outstanding to determine the classification of the financial assets.

The Town Council’s financial assets consist only financial assets that are subsequently measured at amortised cost and financial asset subsequently measured at FVTPL.

Financial assets at amortised cost

A financial asset is subsequently measured at amortised cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, the financial asset at amortised cost are measured using the effective interest method and is subject to impairment. Gains or losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets held at FVTOCI

A financial asset that is an investment in debt instrument is subsequently measured at FVTOCI if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Gains or losses are recognised in other comprehensive income, except for impairment gains or losses, foreign exchange gains or losses and interest which are recognised in profit or loss.

2(c) Summary of significant accounting policies (cont'd)**(e) Financial instruments (cont'd)**

At initial recognition, the Town Council may make an irrevocable election to classify its investment in equity instruments, for which the equity instrument is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which FRS 103, as subsequently measured at FVTOCI so as to present subsequent changes in fair value in other comprehensive income. The election is made on an investment-by-investment basis.

Upon derecognition, other than the aforementioned equity instruments for which their subsequent cumulative fair value changes would be transferred to accumulated profits, the cumulative fair value changes recognised in other comprehensive income is recycled to profit or loss.

Dividends from equity instruments are recognised in profit or loss only when the Town Council's right to receive payment of the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the Town Council and the amount of the dividend can be measured reliably.

Financial assets at FVTPL

A financial asset is subsequently measured at FVTPL if the financial asset is a financial asset held for trading, is not measured at amortised cost or at FVTOCI, or is irrevocably elected at initial recognition to be designated FVTPL if, by designating the financial asset as FVTPL, eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Gains or losses are recognised in income and expenditure account.

Impairment of financial assets

The Town Council recognises a loss allowance for expected credit losses ("ECL") on financial assets measured at amortised cost. At each reporting date, the Town Council assesses whether the credit risk on a financial asset has increased significantly since initial recognition by assessing the change in the risk of a default occurring over the expected life of the financial instrument. Where the financial asset is determined to have low credit risk at the reporting date, the Town Council assumes that the credit risk on a financial assets has not increased significantly since initial recognition.

The Town Council has reasonable and supportable forward-looking information that is available without undue cost or effort as well as past due information when determining whether credit risk has increased significantly since initial recognition.

Where the credit risk on that financial instrument has increased significantly since initial recognition, the Town Council measures the loss allowance for a financial instrument at an amount equal to the lifetime ECL. Where the credit risk on that financial instrument has not increased significantly since initial recognition, the Town Council measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

The amount of ECL or reversal thereof that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised in profit or loss.

The Town Council directly reduces the gross carrying amount of a financial asset when the entity has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

2(c) Summary of significant accounting policies (cont'd)**(e) Financial instruments (cont'd)**Derecognition of financial assets

The Town Council derecognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Town Council neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Town Council recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Town Council retains substantially all the risks and rewards of ownership of a transferred financial asset, the Town Council continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

Financial liabilities and equity instrumentsClassification as debt or equity

Financial liabilities and any equity instruments issued by Town Council are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Town Council after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilitiesInitial recognition and measurement

All financial liabilities are recognised on trade date – the date on which the Town Council commits to purchase or sell the asset. All financial liabilities are initially measured at fair value, minus transaction costs, except for those financial liabilities classified as at fair value through profit or loss, which are initially measured at fair value.

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities are classified as at fair value through profit or loss if the financial liability is either held for trading or it is designated as such upon initial recognition. Financial liabilities classified as at fair value through profit or loss comprise derivatives that are not designated or do not qualify for hedge accounting. The Town Council's financial liabilities consist only other financial liabilities.

Other financial liabilities*Other payables*

Other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

2(c) Summary of significant accounting policies (cont'd)**(e) Financial instruments (cont'd)**Derecognition of financial liabilities

The Town Council derecognises financial liabilities when, and only when, the Town Council's obligations are discharged, cancelled or they expire.

Financial assets before 1 January 2018**(a) Classification**

The Town Council classifies its investments in financial assets in the following categories: financial assets at fair value through profit or loss and loans and receivables. 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.

(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.

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

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

(g) 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.

(h) 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.

(i) 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)**(j) Revenue recognition**

This accounting policy is applied on and after the initial application date of FRS 115, 1 January 2018:

Revenue is recognised when the Town Council satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(k) 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.

(l) 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 (Note 16) 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)**(m) 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.

(n) Operating leases

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(o) Inter-fund transfer

The Town Council may make inter-fund transfers with the criteria as set out in Sections 33(9) and 43(1)(i) of Town Councils Act (Cap. 329A), and Rule 11A of Town Councils Financial Rules.

(p) 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.

(q) Related Parties

A related party is defined as follows:

- a) A person or close member of that person's family is related to the Town Council if that person:
 - (i) has control or joint control over the Town Council;
 - (ii) has significant influence over the Town Council; or
 - (iii) is a member of the key management personnel of the Town Council or of a parent of the Town Council.

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

(q) Related Parties (cont'd)

b) An entity is related to the Town Council if any of the following conditions applies:

- (i) the entity and the Town Council are members of the same Town Council (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Town Council of which the other entity is a member);
- (iii) both entities are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Town Council or an entity related to the Town Council. If the Town Council is itself such a plan, the sponsoring employers are also related to the Town Council;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); and
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Town Council, directly or indirectly, including any director (whether executive or otherwise) of the Town Council.

**East Coast-Fengshan Town Council
(Established under the Town Councils Act, Cap. 329A)
Notes to the financial statements for the financial year ended 31 March 2019**

3 Accumulated surplus

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

	Note	Total		Residential property		Commercial property		Carpark	
		2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018
		\$	\$	\$	\$	\$	\$	\$	\$
OPERATING INCOME									
Conservancy and service fees		29,694,797	27,637,581	25,678,237	23,974,083	4,016,560	3,663,498	-	-
Less: Operating transfer to Sinking Fund	4	7,720,646	7,185,771	6,676,342	6,233,264	1,044,304	952,507	-	-
Less: Operating transfer to Lift Replacement Fund	5	4,157,271	3,869,267	3,594,952	3,356,377	562,319	512,890	-	-
		17,816,880	16,582,543	15,406,943	14,384,442	2,409,937	2,198,101	-	-
Agency fees	14	1,990,528	1,905,807	-	-	-	-	1,990,528	1,905,807
Other income	15	2,208,652	2,283,677	1,597,387	1,657,239	573,684	591,011	37,581	35,427
		22,016,060	20,772,027	17,004,330	16,041,681	2,983,621	2,789,112	2,028,109	1,941,234
Less:									
OPERATING EXPENDITURE		23,813,487	23,119,833	19,873,892	19,143,974	2,277,100	2,322,027	1,662,495	1,653,832
OPERATING (DEFICIT)/SURPLUS		(1,797,427)	(2,347,806)	(2,869,562)	(3,102,293)	706,521	467,085	365,614	287,402
Add:									
NON-OPERATING INCOME		69,879	57,046	57,903	47,360	5,734	4,680	6,242	5,006
(DEFICIT)/SURPLUS BEFORE TAXATION AND GOVERNMENT GRANTS		(1,727,548)	(2,290,760)	(2,811,659)	(3,054,933)	712,255	471,765	371,856	292,408
Less:									
Income tax	20(a)	133,114	138,795	110,333	115,287	10,906	11,253	11,875	12,255
(DEFICIT)/SURPLUS BEFORE GOVERNMENT GRANTS		(1,860,662)	(2,429,555)	(2,921,992)	(3,170,220)	701,349	460,512	359,981	280,153
Add:									
Government grants	21	9,330,047	8,960,630	8,912,774	8,556,096	417,273	404,534	-	-
Less: Transfer to Sinking Fund	4,21	1,427,644	1,401,664	1,427,020	1,401,040	624	624	-	-
Less: Transfer to Lift Replacement Fund	5,21	3,233,139	3,008,831	2,950,938	2,755,572	282,201	253,259	-	-
Less: Transfer to Town Improvement and Project Fund	6,21	1,374,701	1,315,530	1,241,692	1,166,319	133,009	149,211	-	-
		3,294,563	3,234,605	3,293,124	3,233,165	1,439	1,440	-	-
SURPLUS FOR THE YEAR		1,433,901	805,050	371,132	62,945	702,788	461,952	359,981	280,153
Add:									
ACCUMULATED SURPLUS AT 1 APRIL		4,191,217	3,908,167	1,263,191	1,674,246	1,798,742	1,384,790	1,129,284	849,131
Less:									
Appropriation to Town Improvement and Project Fund	6	(1,101,000)	(522,000)	(999,000)	(474,000)	(102,000)	(48,000)	-	-
		3,090,217	3,386,167	264,191	1,200,246	1,696,742	1,336,790	1,129,284	849,131
ACCUMULATED SURPLUS AT 31 MARCH		4,524,118	4,191,217	635,323	1,263,191	2,399,530	1,798,742	1,489,265	1,129,284

**East Coast-Fengshan Town Council
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Notes to the financial statements for the financial year ended 31 March 2019**

4 Sinking Fund

	Note	Total		Residential property		Commercial property	
		2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018
Balance at 1 April		45,969,458	52,485,022	18,366,294	21,003,894	27,603,164	31,481,128
Transfer to Lift Replacement Fund as at 1 April 2017	5	-	(7,347,903)	-	(2,940,543)	-	(4,407,360)
		45,969,458	45,137,119	18,366,294	18,063,351	27,603,164	27,073,768
Add:							
Investment income	18(a)	380,261	1,183,693	151,918	473,715	228,343	709,978
Operating transfer from Conservancy and Service fees	3	7,720,646	7,185,771	6,676,342	6,233,264	1,044,304	952,507
Transfer from Government Grants	3,21	1,427,644	1,401,664	1,427,020	1,401,040	624	624
		9,528,551	9,771,128	8,255,280	8,108,019	1,273,271	1,663,109
Less:							
Expenditure	18(b)	4,005,860	8,827,689	3,770,867	7,760,573	234,993	1,067,116
Less:							
Income Tax	20(a)	113,031	111,100	45,156	44,503	67,875	66,597
Surplus for the year		5,409,660	832,339	4,439,257	302,943	970,403	529,396
Balance at 31 March		51,379,118	45,969,458	22,805,551	18,366,294	28,573,567	27,603,164

Represented by:

Current Assets		
Financial assets at fair value through profit or loss	8	19,568,310
Conservancy and service fee receivables		150,961
Interest receivable		249,318
Other receivables and investment income receivable		272,522
Amount due from routine fund		322,202
Fixed deposits		25,379,459
Cash and bank balances		918,692
Total Assets		46,861,464
Less:		
Current Liabilities		
Payables & accrued expenses		640,538
New Trade Bonds purchased payable		-
Current tax payable		251,468
Total Liabilities		892,006
NET ASSETS		45,969,458

Notes to the financial statements for the financial year ended 31 March 2019

5 Lift Replacement Fund

	Note	Total		Residential property		Commercial property	
		2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018
		\$	\$	\$	\$	\$	\$
Balance at 1 April		9,937,454	-	4,808,532	-	5,128,922	-
Transfer from Sinking Fund as at 1 April 2017	4	9,937,454	7,347,903	4,808,532	2,940,543	5,128,922	4,407,360
Add:							
Investment income	19(a)	135,560	70,113	65,560	28,059	70,000	42,054
Operating transfer from Conservancy and Service fees	3	4,157,271	3,869,267	3,594,952	3,356,377	562,319	512,890
		4,292,831	3,939,380	3,660,512	3,384,436	632,319	554,944
Add:							
Transfer from Government Grants		2,464,405	2,254,088	2,182,540	2,001,165	281,865	252,923
– LRF Matching Grant		768,734	754,743	768,398	754,407	336	336
– Other government grants		3,233,139	3,008,831	2,950,938	2,755,572	282,201	253,259
Less:							
Expenditure	19(b)	1,721,931	4,346,603	1,536,437	4,267,194	185,494	79,409
Less:							
Income Tax		23,041	12,057	11,150	4,825	11,891	7,232
Surplus for the year	20(a)	5,780,998	2,589,551	5,063,863	1,867,989	717,135	721,562
Balance at 31 March		15,718,452	9,937,454	9,872,395	4,808,532	5,846,057	5,128,922

Represented by:

Current Assets			
Conservancy and service fee receivables		81,287	
Interest receivable		41,189	
Other receivables		931,979	
Amount due from routine fund		1,140,371	
Fixed deposits		4,510,235	
Cash and bank balances		4,003,544	
Total Assets		10,708,605	
Less:			
Current Liabilities			
Payables and accrued expenses		759,094	
Current tax payable		12,057	
Total Liabilities		771,151	
NET ASSETS		9,937,454	

Notes to the financial statements for the financial year ended 31 March 2019

6 Town Improvement and Project Fund

	Note	2018/2019 \$	Total 2017/2018 \$	Residential property 2018/2019 \$	Residential property 2017/2018 \$	Commercial property 2018/2019 \$	Commercial property 2017/2018 \$
Balance at 1 April		199,344	499,173	173,177	446,457	26,167	52,716
Transfer from Government Grants	3,21	1,374,701	1,315,530	1,241,692	1,166,319	133,009	149,211
Less: Expenditure	22	1,876,817	2,137,359	1,687,578	1,913,599	189,239	223,760
Deficit for the year		(502,116)	(821,829)	(445,886)	(747,280)	(56,230)	(74,549)
Appropriation from Accumulated Surplus	3	1,101,000	522,000	999,000	474,000	102,000	48,000
Balance at 31 March		798,228	199,344	726,291	173,177	71,937	26,167

Represented by:		
Current Assets		
Other receivables	1,286,308	764,756
Less:		
Current Liabilities		
Payables and accrued expenses		158,559
Fund due to operating fund		406,853
	488,080	565,412
	798,228	199,344

7 Plant and equipment

	<u>Total</u> \$	<u>Machinery</u> \$	<u>Furniture and fittings</u> \$	<u>Office equipment</u> \$
<u>Cost</u>				
At 1 April 2017	702,349	87,152	463,118	152,079
Additions	435,123	-	429,063	6,060
Written-off/Disposals	(307,545)	-	(293,291)	(14,254)
At 31 March 2018	829,927	87,152	598,890	143,885
Additions	41,566	-	38,663	2,903
Written-off/Disposals	-	-	-	-
At 31 March 2019	871,493	87,152	637,553	146,788
<u>Accumulated depreciation</u>				
At 1 April 2017	654,643	87,152	463,118	104,373
Depreciation for the year (Note 17)	40,899	-	18,263	22,636
Written-off/Disposals	(307,545)	-	(293,291)	(14,254)
At 31 March 2018	387,997	87,152	188,090	112,755
Depreciation for the year (Note 17)	114,749	-	93,545	21,204
Written-off/Disposals	-	-	-	-
At 31 March 2019	502,746	87,152	281,635	133,959
<u>Net book value</u>				
At 31 March 2019	368,747	-	355,918	12,829
At 31 March 2018	441,930	-	410,800	31,130

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 (2017/2018: \$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.

	2018/2019 \$	2017/2018 \$
Balance at 1 April	19,808,396	18,979,011
Add/(Less):		
Investment income	737,733	599,490
Loss / (Profit) shared by fund manager	59,785	(38,257)
Management fees	(138,069)	(144,959)
Fair value (Loss) / gain	(674,443)	413,111
Balance at 31 March	19,793,402	19,808,396
Represented by:		
Quoted equities	3,570,100	4,757,025
Quoted bonds	14,856,242	14,433,095
Treasury Bills	361,293	378,190
Financial assets at fair value through profit or loss	18,787,635	19,568,310
Cash and fixed deposits (Note 12)	2,454,574	232,959
Accrued interest	103,087	101,400
Net excess of funds shared by fund manager (Note 13)	-	(59,785)
Fee payable to fund manager (Note 13)	(34,092)	(34,488)
New trade bonds purchased payable (Note 13)	(1,517,802)	-
	19,793,402	19,808,396

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 2.08% to 4.665% (2017/2018 – 2.1% to 4.665%) to be received semi-annually in arrears. The maturity period of the bonds ranges from April 2019 to November 2020 (2017/2018 – May 2018 to November 2020).

9 Conservancy and service fee receivables

	2018/2019 \$	2017/2018 \$
Conservancy and service fee receivables	842,564	841,690
Less: Allowance for impairment	(376,714)	(378,746)
	465,850	462,944
<u>Allowance for impairment</u>		
Balance at 1 April	378,746	383,551
Amount written off against allowance - net	(2,032)	(4,805)
Balance at 31 March	376,714	378,746

The average credit period generally granted to conservancy and service fee receivables is about 30 days (2017/2018 - 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

	2018/2019 \$	2017/2018 \$
GST receivable from IRAS	-	137,214
GST Subvention grant receivable	251,879	238,597
LRF matching grant receivables	544,708	511,331
Receivable from Citizens' Consultative Committee	1,286,308	734,165
Recoverable from HDB	239,113	586,361
Recoverable from NEA	20,200	9,453
Payment in advance/deposits	325,483	297,019
S & CC Grant Receivable	9,491	8,125
Others	81,401	44,919
	2,758,583	2,567,184

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

Fixed deposits are denominated in Singapore dollar.

Included in fixed deposits is an amount of \$32,084 (2017/2018 - \$32,003) pledged with a bank as security for guarantee granted to the Town Council.

12 Cash and bank balances

	2018/2019 \$	2017/2018 \$
Cash and bank balances	7,581,904	6,200,829
Cash and fixed deposits held by fund manager (Note 8)	2,454,574	232,959
	10,036,478	6,433,788

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:

	2018/2019 \$	2017/2018 \$
Cash and bank balances	7,581,904	6,200,829
Fixed deposits	43,425,085	33,675,458
	51,006,989	39,876,287
Less: Fixed deposit pledged	32,084	32,003
	50,974,905	39,844,284

13 Payables

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

	2018/2019 \$	2017/2018 \$
Balance at 1 April	(448,837)	(117,021)
Payment to contractors	(96,952)	(331,816)
Balance as at 31 March	(545,789)	(448,837)

(b) Payables and accrued expenses

	2018/2019 \$	2017/2018 \$
Accounts payable	1,092,436	1,552,973
Accrued operating expenses	596,305	808,154
Refundable deposits	111,245	120,717
GST Payable to IRAS	59,676	-
Net excess of funds payable to fund manager (Note 8)	-	59,785
Fee payable to fund manager (Note 8)	34,092	34,488
New trade bonds purchased payable (Note 8)	1,517,802	-
	3,411,556	2,576,117

Included in payables and accrued expense are amounts owing to a related party amounting to \$216,948 (2017/2018: \$442,318).

The average credit period taken to settle trade payables is about 30 days (2017/2018 - 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.

14 Agency fees

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

15 Other income

Other income comprises the following:

	2018/2019	2017/2018
	\$	\$
Administrative fee	32,592	38,132
Agency fees	2,184	2,118
Late payment fees	94,358	91,015
Liquidated damages	112,622	110,177
Sale of tender documents	47,000	39,900
Sundry fines	56,862	48,670
Temporary Occupation Licence ("TOL") income	1,584,127	1,578,848
Use of void decks/common property	34,350	31,150
Use of water and electricity	176,175	219,028
Others	68,382	124,639
	2,208,652	2,283,677

16 Manpower Cost

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

	2018/2019	2017/2018
	\$	\$
Staff salaries and related costs	7,843	14,213
CPF contributions	1,298	1,004
	9,141	15,217

17 General and administrative expenditure

The general and administrative expenditure comprises the following:

	2018/2019	2017/2018
	\$	\$
Advertising, publicity and public relations	185,111	162,734
Agency fees - HDB/NEA collection	7,604	8,899
Audit fee	29,000	34,100
Computer services	149,598	142,087
Depreciation of plant and equipment (Note 7)	114,749	40,899
Plant and equipment not capitalized	3,070	629
Maintenance of vehicles, machinery and equipment	1,766	808
Office rental and upkeep expenditure	339,381	310,293
Office supplies and stationery	67,463	80,647
Postage and telephone	103,580	94,488
Property tax	168,186	155,161
Service charges *	39,095	52,470
Stamp duty	-	792
Town councillors' allowances **	173,150	173,700
Irrecoverable GST	111,917	173,198
Others	2,889	2,874
	1,496,559	1,433,779

* Includes manpower costs of \$9,141 (2017/2018 - \$15,217) (Note 16)

** Town councillors are key management of the Town Council. Key management remuneration refers to Town Councillors' allowances.

18 Sinking Fund income and expenditure

(a) Income

	2018/2019 \$	2017/2018 \$
Interest income from fixed deposits/current account	395,254	354,309
Interest income from bonds	-	-
Income from funds with fund manager	(14,993)	829,384
	380,261	1,183,693

(b) Expenditure

	2018/2019 \$	2017/2018 \$
Electrical Re-wiring	28,260	706,089
Reroofing works	495,865	411,416
Replacement of water pumps	34,850	379,668
Replacement of booster pumps	120,000	47,700
Redecoration and repainting	3,059,803	6,479,669
Replacement of water pipes	52,850	195,150
Replacement of refuse chute flushing system	-	166,564
Other Major Works	-	98,500
Project management fees	152,116	340,010
Irrecoverable GST	62,116	2,923
	4,005,860	8,827,689

19 Lift Replacement Fund income and expenditure

(a) Income

	2018/2019 \$	2017/2018 \$
Interest income from fixed deposits/current account	135,560	70,113
	135,560	70,113

(b) Expenditure

	2018/2019 \$	2017/2018 \$
Replacement of Main Sheaves / Ropes	547,288	760,994
Replacement of ARD Battery	276,503	96,144
Replacement of EBOPS Battery	115,452	89,467
Lift Overhauls / total Replacement works	170,792	2,195,183
Lift Modernisation works	-	455,837
Replacement of Lift Position Display Panel (CPI/HPI)	209,597	137,651
Replacement of Inverter Units	199,573	281,853
Project management fees	74,301	160,964
Irrecoverable GST	128,425	168,510
	1,721,931	4,346,603

20 Income tax

(a) Income tax expense

Income tax expense attributable to profit is made up of:

	2018/2019	2017/2018
	\$	\$
- Under provision of taxation in respect of prior years	-	3,485
- Current income tax provision	269,186	258,467
	269,186	261,952
Taken up in:		
Statement of Income and Expenditure		
- Under provision of taxation in respect of prior years	-	2,890
- Current financial year	133,114	135,905
	133,114	138,795
Sinking Fund		
- Under provision of taxation in respect of prior years	-	595
- Current financial year	113,031	110,505
	113,031	111,100
Lift Replacement Fund		
- Current financial year	23,041	12,057

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:

	2018/2019	2017/2018
	\$	\$
Government grants	9,320,557	8,960,630
Investment and interest income	1,058,119	965,935
Other income	809,848	838,332
Allowable expenses	(91,188)	(87,122)
	11,097,336	10,677,775
Tax calculated at a tax rate of 17% (2017/2018 - 17%)	1,886,547	1,815,222
Singapore statutory stepped income exemption	(17,425)	(25,925)
Tax effect of certain income taxed at concessionary tax rate	(30,678)	(30,192)
Tax remission of government grants under Section 92(2) of Singapore income Tax Act	(1,569,258)	(1,499,257)
Under provision of taxation in respect of prior years	-	3,485
Others	-	(1,381)
	269,186	261,952

(b) Income tax payable

	2018/2019	2017/2018
	\$	\$
Balance at 1 April	544,223	549,663
Under provision of taxation in respect of prior year	-	3,485
Current financial year's income tax expense	269,186	258,467
Payments during the year	(285,756)	(267,392)
Balance at 31 March	527,653	544,223

**East Coast-Fengshan Town Council
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Notes to the financial statements for the financial year ended 31 March 2019**

21 Government grants

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

	Total		Conservancy and Service Grant		Payment from Citizens' Consultative Committee		GST Subvention Grant		Lift Maintenance Grant		LRF Matching Grant	
	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018	2018/2019	2017/2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Government grants received/receivable	9,330,047	8,960,630	3,953,190	3,926,688	1,374,701	1,315,530	997,151	930,924	540,600	533,400	2,464,405	2,254,088
Less:												
Transfer to Sinking Fund (Note 4)	1,427,644	1,401,664	1,027,830	1,020,939	-	-	259,258	242,041	140,556	138,684	-	-
Less:												
Transfer to Lift Replacement Fund (Note 5)	3,233,139	3,008,831	553,446	549,736	-	-	139,604	130,331	75,684	74,676	2,464,405	2,254,088
Less:												
Transfer to Town Improvement and Projects Fund (Note 6)	1,374,701	1,315,530	-	-	1,374,701	1,315,530	-	-	-	-	-	-
	3,294,563	3,234,605	2,371,914	2,356,013	-	-	598,289	558,552	324,360	320,040	-	-

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

	2018/2019	2017/2018
	\$	\$
Total grants received at 1 April	162,268,371	153,670,631
Add:		
Grants received during the year	8,729,880	8,597,740
Total grants received at 31 March	170,998,251	162,268,371

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	2018/2019 \$	2017/2018 \$
Construction of covered walkways/pavillion	933,243	1,321,374
Construction/upgrading of playground and fitness corner	552,400	236,394
Landscaping	-	-
Neighbourhood Upgrading	18,628	-
Resident's Corner	2,240	-
Miscellaneous projects	148,140	373,993
Professional/project management fee	222,166	205,598
	1,876,817	2,137,359

Out of the total of \$1,876,817 (2017/2018 - \$2,137,359) spent on town improvement projects, \$1,374,701 (2017/2018 - \$1,315,530) 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:

	2018/2019 \$	2017/2018 \$
Amount approved and contracted for	16,169,951	5,569,103
Amount approved but not contracted for	3,008,417	6,051,163
	19,178,368	11,620,266

Included in the amount approved and contracted for are commitments for Neighbourhood Renewal Programme of \$2,238,368 (2017/2018 - \$186,266).

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:

	2018/2019 \$	2017/2018 \$
Due within 1 year	215,770	360,770
Due after 1 year but within 5 years	76,064	291,834
	291,834	652,604

The leases on the Town Council's office premises and computer services on which rentals are payable will expire earliest on 31 May 2019 (2017/2018 - 31 May 2019) and not later than 31 March 2021 (2017/2018 - 31 March 2021). The current rent payable on the leases ranges from \$5,500 to \$14,500 (2017/2018 - \$5,500 to \$14,500) per month.

25 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:

	2018/2019	2017/2018
	\$	\$
Managing agent fee charged by a related party	3,631,447	3,403,193
Essential maintenance service unit charged by a related party	-	472,863
Energy saving cost charged by a related party*	2,295,397	2,121,897
Repair and maintenance works charged by a related party	1,062,102	1,201,415
Consultancy and project management fee charged by a related party	330,691	647,892
Construction and upgrading works charged by a related party	-	248,271

* 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.

26 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.

26.1 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.

26.2 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.

26 Financial risk management objectives and policies (cont'd)**26.2 Cash flow and fair value interest rate risk (cont'd)**

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

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 (2017/2018 - 75) basis points lower/higher with all other variables held constant, the Town Council's surplus net of tax would have been \$325,688 (2017/2018 - \$252,566) 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 2019				
Financial assets				
Fixed deposits	12	1.38%	43,425,085	43,425,085
31 March 2018				
Financial assets				
Fixed deposits	12	1.43%	33,675,458	33,675,458

26.3 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-earnings ----->			Non-interest earnings \$	Total \$
	Less than 1 year \$	1 to 5 years \$	Over 5 years \$		
At 31 March 2019					
Fixed deposits	43,425,085	-	-	-	43,425,085
Cash and bank balances	-	-	-	10,036,478	10,036,478
Other financial assets	-	-	-	4,097,975	4,097,975
<hr/>					
Other financial liabilities	-	-	-	3,411,556	3,411,556

26 Financial risk management objectives and policies (cont'd)**26.3 Liquidity risk (cont'd)**

	←----- Interest-earnings -----→			Non-interest earning	Total
	Less than 1 year	1 to 5 years	Over 5 years		
	\$	\$	\$	\$	\$
At 31 March 2018					
Fixed deposits	33,675,458	-	-	-	33,675,458
Cash and bank balances	-	-	-	6,433,788	6,433,788
Other financial assets	-	-	-	3,671,655	3,671,655
<hr/>					
Other financial liabilities	-	-	-	2,576,117	2,576,117

26.4 Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Town Council. The Town Council has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Town Council performs on-going credit evaluation of its counterparties' financial condition and generally does not require collateral.

The Town Council has no significant concentration of credit risk and categorised the receivables as low credit risks. Generally the credit terms are 30 days and the Town Council has no significant trade receivables overdue. No other financial assets carry a significant exposure to credit risk. The Town Council has established credit limits for customers and monitors their balances. Cash and cash equivalents are placed with banks and financial institution which are regulated.

The Town Council's major classes of financial assets are cash and cash equivalent, trade and other receivables. Bank deposits are mainly deposited with banks with high credit ratings.

To assess and manage its credit risks, the Town Council categorises the aforementioned financial assets according to their risk of default. The Town Council defines default to have taken place when internal or/and external information indicates that:

- the borrower is unlikely to pay its credit obligations to the Town Council in full, without recourse by the Town Council to actions such as realising security (if any is held); or
- the financial assets is more than 30 days past due.

26 Financial risk management objectives and policies (cont'd)**26.4 Credit risk (cont'd)**

The Town Council has not rebutted the presumption included in FRS 109 that there has been a significant increase in credit risk since initial recognition when financial assets are more than 30 days past due.

In their assessment, the management considers, amongst other factors, the latest relevant credit ratings from reputable external rating agencies where available and deemed appropriate, historical credit experiences, latest available financial information and latest applicable credit reputation of the debtor.

The Town Council's internal credit risk grading categories are as follows:

Category	Description	Basis of recognising ECL
1	Counterparty has a low credit risk ^{Note 1} and does not have any past due amounts	12-months ECL
2	Significant increase in credit risk since initial recognition ^{Note 2} or financial asset is > 30 days past due	Lifetime ECL – not credit impaired
3	Evidence indicates that financial asset is credit-impaired ^{Note 3}	Difference between financial asset's gross carrying amount and present value of estimated future cash flows discounted at the financial asset's original effective interest rate
4	Evidence indicates that the management has no reasonable expectations of recovering the write off amount ^{Note 4}	Written off

Note 1. Low credit risk

The financial asset is determined to have low credit risk if the financial assets have a low risk of default, the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparty to fulfil its contractual cash flow obligations. Generally, this is the case when the Town Council assesses and determines that the debtor has been, is in and is highly likely to be, in the foreseeable future and during the (contractual) term of the financial asset, in a financial position that will allow the debtor to settle the financial asset as and when it falls due.

Note 2. Significant increase in credit risk

In assessing whether the credit risk of the financial asset has increased significantly since initial recognition, the Town Council compares the risk of default occurring on the financial asset as of reporting date with the risk of default occurring on the financial asset as of date of initial recognition, and considered reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. In assessing the significance of the change in the risk of default, the Town Council considers both past due (i.e. whether it is more than 30 days past due) and forward looking quantitative and qualitative information. Forward looking information includes the assessment of the latest performance and financial position of the debtor, adjusted for the Town Council's future outlook of the industry in which the debtor operates and the most recent news or market talks about the debtor, as applicable. In its assessment, the Town Council will generally, for example, assess whether the deterioration of the financial performance and/or financial position, adverse change in the economic environment (country and industry in which the

26 Financial risk management objectives and policies (cont'd)**26.4 Credit risk (cont'd)**

Note 2. Significant increase in credit risk

debtor operates), deterioration of credit risk of the debtor, etc. is in line with its expectation as of the date of initial recognition of the financial asset. Irrespective of the outcome of the above assessment, the Town Council presumes that the credit risk on a financial asset has increased significantly since initial recognition when contract payments are >30 days past due, unless the Town Council has reasonable and supportable information that demonstrates otherwise.

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

	2018/2019	2017/2018
	\$	\$
With less than 3 months of fees outstanding	122,910	120,566
With more than 3 months but less than 6 months of fees outstanding	90,475	83,180
With more than 6 months but less than 12 months of fees outstanding	86,695	80,064
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.

Note 3. Credit impaired

In determining whether financial assets are credit-impaired, the Town Council assesses whether one or more events that have a detrimental impact on the estimated future cashflows of the financial asset have occurred. Evidence that a financial asset is credit impaired includes the following observable data:

- Significant financial difficulty of the debtor;
- Breach of contract, such as a default past due event;
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for the financial asset because of financial difficulties.

26 Financial risk management objectives and policies (cont'd)**26.4 Credit risk (cont'd)**

Note 4. Write off

Generally, the Town Council writes off, partially or fully, the financial asset when it assesses that there is no realistic prospect of recovery of the amount as evidenced by, for example, the debtor's lack of assets or income sources that could generate sufficient cashflows to repay the amounts subjected to the write-off.

The Town Council performs ongoing credit evaluation of its counterparties' financial condition and generally does not require collateral.

The Town Council do not have any significant credit exposure to any single counterparty or any groups of counterparties having similar characteristics.

As at the end of the financial year, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

Trade receivables

The Town Council uses the practical expedient under FRS 109 in the form of allowance matrix to measure the ECL for trade receivables, where the loss allowance is equal to lifetime ECL.

The ECL for trade receivables are estimated using an allowance matrix by reference to the historical credit loss experience of the customers for the last 3 years prior to the respective reporting dates for various customer groups that are assessed by service types and customer ratings, adjusted for forward looking factors specific to the debtors and the economic environment which could affect the ability of the debtors to settle the financial assets. In considering the impact of the economic environment on the ECL rates, the Town Council assesses, the growth rates of the major industries which its customers operate in.

The estimated credit loss of trade receivables is as follows:

	2019	Rate of Provision	2018
	\$	%	\$
<u>Based on invoice date</u>			
Arrears in excess of 12 months	89,417	100	89,110
Arrears in excess of 24 months	267,487	100	282,411
Ex-arrears	19,810	100	7,225
Expected Credit Loss at 31 March	<u>376,714</u>		<u>378,746</u>

Trade receivables are written off when there is evidence to indicate that the customer is in severe financial difficulty such as being under liquidation or bankruptcy and there is no reasonable expectations for recovering the outstanding balances.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

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

26.5 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% (2017/2018 - 2%) lower/higher with all other variables held constant, the Town Council's surplus for the year would have been \$375,753 (2017/2018 - \$391,366) lower/higher, arising as a result of higher/lower fair value losses on investments.

27 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.

There were no changes in the Town Council's approach to funds management during the year. The Town Council is not subject to externally imposed requirements. As at the end of the reporting period, the Town Council's total funds amounted to \$72,419,916 (2017/2018 - \$60,297,473).

28 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 2019:

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
<u>Recurring fair value measurements</u>				
As at 31 March 2019				
<i>Financial assets through profit or loss</i>				
Quoted equities (Note 8)	3,570,100	-	-	3,570,100
Quoted bonds (Note 8)	-	14,856,242	-	14,856,242
Treasury Bills (Note 8)	361,293	-	-	361,293
<hr/>				
As at 31 March 2018				
<i>Financial assets through profit or loss</i>				
Quoted equities (Note 8)	4,757,025	-	-	4,757,025
Quoted bonds (Note 8)	-	14,433,095	-	14,433,095
Treasury Bills (Note 8)	378,190	-	-	378,190

29 Comparative figures

The financial statements of the Town Council for the financial year ended 31 March 2018 were audited by another firm of auditors who expressed an unmodified opinion on those statements on 30 August 2018.