

FINANCIAL *Statements*

EAST COAST TOWN COUNCIL

(Established under Town Councils Act, Cap 329A)
For the year ended 31 March 2010



CONTENTS

2-3	Independent auditor's report
4-5	Statement of financial position
6	Statement of income and expenditure
7	Statement of comprehensive income
8	Statement of changes in funds
9	Statement of cash flows
10-37	Notes to the financial statements

INDEPENDENT AUDITOR'S REPORT TO EAST COAST TOWN COUNCIL

(Established under Town Councils Act, Cap 329A)

We have audited the accompanying financial statements of East Coast Town Council ("the Town Council"), which comprise the statement of financial position as at 31 March 2010, the statement of income and expenditure, statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Town Council's responsibility for the financial statements

The Town Council is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Town Councils Act, Cap 329A ("the Act") and Singapore Financial Reporting Standards. This responsibility includes:

- (a) 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 income and expenditure statements and balance sheets and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

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



Independent auditor's report to East Coast Town Council (cont'd)
(Established under Town Councils Act, Cap 329A)

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

Opinion

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Town Council as at 31 March 2010, and of the results, changes in funds and cash flows of the Town Council for the year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Town Council have been properly kept in accordance with the provisions of the Act.

During the course of our audit, nothing has come to our notice that caused us to believe that the receipt, expenditure and investment of monies and the acquisition and disposal of assets of the Town Council during the financial year ended 31 March 2010 have not been made in accordance with the provisions of the Act.



Foo Kon Tan Grant Thornton LLP

Public Accountants and
Certified Public Accountants

Singapore, 29 July 2010

STATEMENT OF FINANCIAL POSITION*As At 31 March 2010*

	Note	2009/2010 \$	2008/2009 \$
TOWN COUNCIL FUND			
RESIDENTIAL PROPERTY FUNDS			
Accumulated surplus	3	18,756	-
Sinking fund	4	49,015,251	55,516,522
Town improvement and project fund	5	(264,868)	132,775
		48,769,139	55,649,297
OTHER COMMERCIAL PROPERTY FUNDS			
Accumulated surplus	3	4,930,890	4,241,269
Sinking fund	4	21,926,268	21,821,986
Town improvement and project fund	5	320,337	525,677
		27,177,495	26,588,932
CARPARK FUND			
Accumulated surplus	3	-	466,195
Neighbourhood Renewal Programme Fund			
	6	286,277	-
		76,232,911	82,704,424

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

	Note	2009/2010 \$	2008/2009 \$
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Represented by:**NON-CURRENT ASSETS**

Plant and equipment	7	83,217	106,494
Held-to-maturity financial assets	8	10,000,000	14,000,000
		10,083,217	14,106,494

CURRENT ASSETS

Financial assets at fair value through profit or loss	9	17,581,787	12,359,920
Held-to-maturity financial assets	8	4,000,000	-
Conservancy and service receivables	10	210,901	297,968
Other receivables	11	6,515,922	4,219,133
Interest/investment income receivable		462,434	784,834
Fixed deposits	12	32,862,031	37,940,104
Cash and cash equivalents	13	10,461,761	20,237,097
		72,094,836	75,839,056
TOTAL ASSETS		82,178,053	89,945,550

Less:

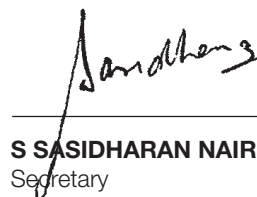
CURRENT LIABILITIES

Conservancy and service fees received in advance		374,707	335,887
Payables and accrued expenses	14	4,879,797	6,239,977
Current tax payable	20(b)	690,638	665,262
TOTAL LIABILITIES		5,945,142	7,241,126
NET ASSETS		76,232,911	82,704,424



JESSICA TAN
Chairman

29 JULY 2010



S SASIDHARAN NAIR
Secretary

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

STATEMENT OF INCOME AND EXPENDITURE

For The Financial Year Ended 31 March 2010

	Notes	2009/2010 \$	2008/2009 \$
OPERATING INCOME			
Conservancy and service fees		21,953,568	22,110,170
Less: Operating transfer to sinking fund	4	7,415,998	7,465,925
		14,537,570	14,644,245
Agency fees	15	1,472,344	1,235,255
Other income	16	1,552,113	1,856,019
		17,562,027	17,735,519
Less:			
OPERATING EXPENDITURE			
Cleansing works	17	3,894,634	3,763,912
Managing agent's fees		2,712,348	2,741,612
Lift maintenance		2,252,308	2,187,279
Other works and maintenance		2,947,239	2,888,984
Water and electricity		5,457,906	6,424,155
General and administrative expenditure	18	1,423,860	1,816,214
		18,688,295	19,822,156
		(1,126,268)	(2,086,637)
OPERATING DEFICIT			
Add:			
NON-OPERATING INCOME			
Interest income		35,986	101,905
DEFICIT BEFORE TAXATION AND GOVERNMENT GRANTS			
GRANTS			
		(1,090,282)	(1,984,732)
Less:			
Income tax	20	(150,885)	(112,887)
DEFICIT BEFORE GOVERNMENT GRANTS			
		(1,241,167)	(2,097,619)
Add:			
Government Grants	21	6,982,198	7,295,780
Less: Transfer to sinking fund	4, 21	1,500,406	1,503,735
Less: Transfer to town improvement and project fund	5, 21	2,298,443	2,601,470
		3,183,349	3,190,575
SURPLUS FOR THE YEAR			
		1,942,182	1,092,956
Add:			
Accumulated surplus at 1 April		4,707,464	5,929,508
		6,649,646	7,022,464
Less:			
Transfer to town improvement and project fund	5	1,700,000	2,315,000
ACCUMULATED SURPLUS AT 31 MARCH			
		4,949,646	4,707,464

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 2010

	Note	Total		Residential Property Funds		Commercial Property Funds		Carpark Fund		Neighbourhood Renewal Programme Fund	
		2009/2010	2008/2009	2009/2010	2008/2009	2009/2010	2008/2009	2009/2010	2008/2009	2009/2010	2008/2009
Surplus/(deficit) for the year											
- Accumulated surplus	3	1,942,182	1,092,956	583,165	(151,969)	989,621	1,093,994	369,396	150,931	-	-
- Sinking fund	4	(6,396,989)	(11,011,146)	(6,501,271)	(11,238,492)	104,282	227,346	-	-	-	-
- Town improvement and project fund	5	(2,302,983)	(2,375,428)	(1,797,643)	(2,115,773)	(505,340)	(259,655)	-	-	-	-
- Neighbourhood Renewal programme fund	6	286,277	-	-	-	-	-	-	-	286,277	-
Total (deficit)/surplus for the year		(6,471,513)	(12,293,618)	(7,715,749)	(13,506,234)	588,563	1,061,685	369,396	150,931	286,277	-
Other comprehensive income, net of tax		-	-	-	-	-	-	-	-	-	-
Total comprehensive (loss)/income for the year attributable to Town Council Fund		(6,471,513)	(12,293,618)	(7,715,749)	(13,506,234)	588,563	1,061,685	369,396	150,931	286,277	-

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 2010

	Total	Residential Property Funds		Commercial Property Funds		Carpark Fund		Neighbourhood Renewal Programme Fund	
		2008/2009	2009/2010	2008/2009	2009/2010	2008/2009	2009/2010	2008/2009	2009/2010
		\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 April	82,704,424	94,998,042	55,649,297	69,155,531	26,588,932	466,195	315,264	-	-
Total comprehensive (loss)/income for the year	(6,471,513)	(12,293,618)	(7,715,749)	(13,506,234)	588,563	369,396	150,931	286,277	-
Transfer of Accumulated Surplus from Carpark Fund to Residential Property Funds	-	-	835,591	-	-	(835,591)	-	-	-
Balance at 31 March	76,232,911	82,704,424	48,769,139	55,649,297	27,177,495	-	466,195	286,277	-

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 2010*

	2009/2010	2008/2009
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Deficit before taxation and government grants	(1,090,282)	(1,984,732)
Adjustments for:		
Impairment loss on conservancy and service receivable (net)	18,382	105,047
Depreciation of plant and equipment	37,591	54,984
Gain on disposal of plant and equipment	(180)	(7,763)
Conservancy and service fees transferred to sinking fund	7,415,998	7,465,925
Interest income	(35,986)	(101,905)
Operating surplus before working capital changes	6,345,523	5,531,556
Increase in conservancy and service fees received in advance	38,820	359
Increase in conservancy and service receivables and other receivables	(2,107,124)	(385,800)
(Decrease)/increase in payables	(1,363,912)	3,979,359
Cash generated from operations	2,913,307	9,125,474
Income tax paid	(163,810)	(507,407)
Sinking fund expenditure	(16,696,303)	(21,144,977)
Town improvement and project fund expenditure	(4,601,426)	(4,976,898)
Neighbourhood Renewal Programme Fund expenditure	(95,323)	-
Net cash used in operating activities	(18,643,555)	(17,503,808)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	(14,314)	(19,910)
Proceeds from disposal of plant and equipment	180	7,763
Interest and investment income received	1,253,805	1,528,476
Redemption of bonds	-	3,000,000
Fixed deposits maturing in more than 3 months	5,274,983	15,408,214
Net cash generated from investing activities	6,514,654	19,924,543
CASH FLOWS FROM FINANCING ACTIVITIES		
Fixed deposit pledged	(255)	(254)
Funding received from HDB for NRP projects	381,600	-
Government grants received	6,668,791	6,362,844
Net cash generated from financing activities	7,050,136	6,362,590
Net (decrease)/increase in cash and cash equivalents	(5,078,765)	8,783,325
Cash and cash equivalents at beginning of year	19,959,041	11,175,716
Cash and cash equivalents at end of year (Note 13)	14,880,276	19,959,041

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 2010

1 GENERAL INFORMATION

The financial statements are presented in Singapore dollars. They are drawn up in accordance with the Singapore Financial Reporting Standards and the provisions of the Town Councils Act Cap. 329A. The financial statements were approved and authorised for issue by the Town Council on 29 July 2010.

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 (Chapter 329A). East Coast Town Council is managing and maintaining East Coast Group Representation Constituency (GRC), which comprises Bedok, Changi Simei, Fengshan, Kampong Chai Chee, Siglap - five divisions. The Town Council is also managing and maintaining one Single Member Constituency (SMC) - Joo Chiat division.

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

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

The daily operation of the Town Council has been outsourced to EM Services Pte Ltd and the Town Council employs 8 employees (Emergency Work Force) as of 31 March 2010 (2008/2009 - 8).

2 (a) BASIS OF PREPARATION

The financial statements, expressed in Singapore dollars, are prepared in accordance with the provisions of the Town Councils Act and Singapore Financial Reporting Standards ("FRS") including related Interpretations promulgated by the Accounting Standards Council. The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

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

Significant accounting estimates and judgements

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2010

2 (a) BASIS OF PREPARATION (CONT'D)

Critical accounting estimates and judgements

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

(a) Critical accounting estimates and assumptions

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

(i) Impairment for bad and doubtful debts

Impairment for doubtful conservancy and service debts and legal fees amounting to \$600,125 (2008/2009 - \$600,000), have been estimated on the basis of age of debts, results of recovery efforts and historical experience.

(ii) Depreciation of plant and equipment

Plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of plant and equipment to be 5 years. The carrying amount of the plant and equipment as at 31 March 2010 was \$83,217 (2008/2009 - \$106,494). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(iii) Income tax

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

(iv) Held-to-maturity financial assets

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

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

If the class of held-to-maturity investments is tainted, the fair value would increase by \$622,200 (2008/2009 - \$670,200) with a corresponding entry in the fair value reserve.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2010

2 (a) BASIS OF PREPARATION (CONT'D)

Critical accounting estimates and judgements (cont'd)

(b) Key sources of estimation uncertainty

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

Interpretations and amendments to published standards effective in 2009

The Town Council has adopted the new or revised FRS and INT FRS that are mandatory for application on that date. This includes the following FRS and INT FRS which are relevant to the Town Council:

FRS 1 (Revised 2008)	Presentation of Financial Statements - Revised presentation
Amendments to FRS 1 (Revised 2008)	Amendments Relating to Puttable Financial Instruments and Obligations Arising on Liquidation
FRS 7 (Revised)	Cash Flow Statements
FRS 8 (Revised)	Accounting Policies, Changes in Accounting Estimates and Errors
FRS 16 (Revised)	Property, Plant and Equipment
FRS 19 (Revised)	Employee Benefits
FRS 23 (Revised)	Borrowing Costs
FRS 27 (Revised)	Consolidated and Separate Financial Statements
Amendments to FRS 27	Amendments Relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 32	Amendments Relating to Puttable Financial Instruments and Obligations Arising on Liquidation
FRS 36 (Revised)	Impairment of Assets
Amendments to FRS 39	Amendments Relating to Reclassification of Financial Assets
Amendments to FRS 101	Amendments Relating to Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 102	Amendments Relating to Vesting Conditions and Cancellation
Amendments to FRS 107	Amendments Relating to Reclassification of Financial Assets
Amendments to FRS 107	Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments
Amendments to INT FRS 109 and FRS 39	Embedded Derivatives
INT FRS 113	Customer Loyalty Programmes
INT FRS 116	Hedges of a Net Investment in a Foreign Operation
Improvements to FRSs 2008	

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2010

2 (a) BASIS OF PREPARATION (CONT'D)

Interpretations and amendments to published standards effective in 2009 (cont'd)

The Town Council has adopted all the new and amended FRS and INT FRS that are relevant to its operations and effective for annual periods beginning on or after 1 April 2009. The adoption of these new/revised FRS and INT FRS did not result in substantial changes to the Town Council's accounting policies nor any significant impact on these financial statements except for the following:

FRS 1 Presentation of Financial Statements

The revised standard requires all changes in equity arising from transactions with owners in their capacity as owners to be presented separately from components of comprehensive income. Components of comprehensive income are presented in the primary statement of comprehensive income, comprising profit or loss for the year and other comprehensive income.

The "balance sheet" and "cash flow statement" have been re-titled to "statement of financial position" and "statement of cash flows" respectively.

FRS 107 Financial Instruments: Disclosures - Improving disclosures about financial instruments

The amendments to FRS 107 introduce new disclosures relating to fair value measurements and liquidity risk.

2(b) FRS AND INT FRS ISSUED BUT NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following FRSs and INT FRSs were issued but not effective:

		Effective date (Annual periods beginning on or after)
FRS 24 (revised 2010)	Related Party Disclosures	1.1.2011
FRS 27 (amended 2009)	Consolidated and Separate Financial Statements	1.7.2009
FRS 103 (revised 2009)	Business Combinations	1.7.2009
Amendments to FRS 39	Financial Instruments: Recognition and Measurement - Eligible Hedged Items	1.7.2009
Amendments to FRS 39	Financial Instruments: Recognition and Measurement - Embedded Derivatives	30.6.2009
Amendments to INT FRS 109	Reassessment of Embedded Derivatives	30.6.2009
Amendments to INT FRS 114	Prepayments of a Minimum Funding Requirement	1.1.2011
INT FRS 117	Distributions of Non-Cash Assets to Owners	1.7.2009
INT FRS 118	Transfer of Assets from Customers	1.7.2009
INT FRS 119	Extinguishing Financial Liabilities with Equity Instruments	1.7.2010
Improvements to FRSs 2009		

The Town Council does not anticipate that the adoption of these FRS and INT FRS in future periods will have a material impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2010

2 (c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Funds

Town Council Fund

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

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

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

These funds together with Sinking Fund and Town Improvement & 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, separate Sinking Fund is established for the improvement to, management and maintenance of residential property and other commercial property. This Sinking Fund is maintained as part of the Town Council Fund.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2010

2 (C) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(a) Funds (cont'd)

Sinking Fund (cont'd)

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

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

Town Improvement and Project Fund

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

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

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

Neighbourhood Renewal Programme Fund

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

The funding for the programme came from the government and is for the specific use of projects under the programme. The Town Council is entitled to keep the surplus from the \$3,400 per dwelling unit to cover NRP expenditure and \$150 per dwelling unit or \$125,000, whichever is higher to cover miscellaneous NRP expenditure if the actual expenditure is lower. However, if the cost of improvement works incurred exceeds the NRP funds, the Town Council has to bear the cost of excess expenditure.

(b) Allocation of General Overheads

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2010

2 (c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(c) Government Grants

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

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

Government grants are accounted for on an accrual basis. 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
Motor vehicles	5 years
Furniture and fittings	5 years
Office equipment	5 years

Cost also includes acquisition cost, any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by Town Council. Subsequent cost are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the Town Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Income and Expenditure when they are incurred.

Depreciation is charged from the month of asset acquisition. For disposal of assets, depreciation is charged up to the previous month of disposal.

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

On disposal of an item of plant and equipment, the difference between the net proceeds and its carrying amount is taken to the Statement of Income and Expenditure.

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

(e) Financial assets

(a) Classification

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2010

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

(e) Financial assets (cont'd)

(a) Classification (cont'd)

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

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

(ii) Loans and receivables

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

(iii) Held-to-maturity investments

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

(b) Recognition and derecognition

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

(c) Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through income statement, which are recognised at fair value.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2010

2 (c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Financial assets (cont'd)

(d) Subsequent measurement

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

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

(e) Determination of fair value

The fair value of financial assets traded in active markets (such as exchange-traded and over-the-counter securities) are based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Town Council is the current bid price; 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. Impairment losses recognised in the Statement of Income and Expenditure on equity investments are not reversed through Statement of Income and Expenditure, until the equity investments are disposed of.

(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 carrying amount that would determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(f) Funds with fund manager

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2010

2 (c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment. An allowance for impairment of receivables is established when there is objective evidence that the Town Council will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance is recognised in the Statement of Income and Expenditure.

(h) Cash and cash equivalents

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

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

(i) Payables

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

(j) Provisions

Provisions are recognised when the Town Council has a present obligation (legal or constructive) as a result of a past event, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

(k) Revenue recognition

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

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

(l) Income tax

Income tax is provided on the following income:

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2010

2 (c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(l) Income tax (cont'd)

The income taxes are accounted using the asset and 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 (Chapter 134).

(m) Employee benefits

Defined contribution plan

The Town Council operates a defined contribution plan in the form of Central Provident Fund. The Town Council's obligation, in regard to the defined contribution plan is limited to the amount it contributes to the fund. The expenses are disclosed under cleansing works (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.

(n) Impairment of non-financial assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2010

2 (c) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Operating leases

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

(p) Inter-fund transfer

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

(q) Functional currency

Items included in the financial statements of the Town Council are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to the Town Council ("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.

NOTES TO THE FINANCIAL STATEMENTS For The Financial Year Ended 31 March 2010

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	
		2009/2010	2008/2009	2009/2010	2008/2009	2009/2010	2008/2009	2009/2010	2008/2009
		\$	\$	\$	\$	\$	\$	\$	\$
OPERATING INCOME									
Conservancy and service fees		21,953,568	22,110,170	19,215,524	19,535,029	2,738,044	2,575,141	-	-
Less: Operating transfer to Sinking Fund	4	7,415,998	7,465,925	6,457,681	6,564,625	958,317	901,300	-	-
		14,537,570	14,644,245	12,757,843	12,970,404	1,779,727	1,673,841	-	-
Agency fees	15	1,472,344	1,235,255	-	-	-	-	1,472,344	1,235,255
Other income	16	1,552,113	1,856,019	544,000	711,900	965,690	1,089,571	42,423	54,548
		17,562,027	17,735,519	13,301,843	13,682,304	2,745,417	2,763,412	1,514,767	1,289,803
Less:									
OPERATING EXPENDITURE		18,688,295	19,822,156	15,806,477	17,015,719	1,745,903	1,668,462	1,135,915	1,137,975
OPERATING (DEFICIT)/SURPLUS		(1,126,268)	(2,086,637)	(2,504,634)	(3,333,415)	999,514	1,094,950	378,852	151,828
Add:									
NON-OPERATING INCOME		35,986	101,905	29,926	84,703	3,098	8,876	2,962	8,326
(DEFICIT)/SURPLUS BEFORE TAXATION AND GOVERNMENT GRANTS		(1,090,282)	(1,984,732)	(2,474,708)	(3,248,712)	1,002,612	1,103,826	381,814	160,154
Less:									
Income tax	20	150,885	112,887	125,476	93,832	12,991	9,832	12,418	9,223
(DEFICIT)/SURPLUS BEFORE GOVERNMENT GRANTS		(1,241,167)	(2,097,619)	(2,600,184)	(3,342,544)	989,621	1,093,994	369,396	150,931
Add:									
Government grants	21	6,982,198	7,295,780	6,396,177	7,119,445	586,021	176,335	-	-
Less: Transfer to Sinking Fund	4, 21	1,500,406	1,503,735	1,500,406	1,503,735	-	-	-	-
Less: Transfer to Town Improvement and Project Fund	5, 21	2,298,443	2,601,470	1,712,422	2,425,135	586,021	176,335	-	-
		3,183,349	3,190,575	3,183,349	3,190,575	-	-	-	-
SURPLUS/(DEFICIT) FOR THE YEAR		1,942,182	1,092,956	583,165	(151,969)	989,621	1,093,994	369,396	150,931
Add:									
ACCUMULATED SURPLUS AT 1 APRIL		4,707,464	5,929,508	-	1,795,058	4,241,269	3,819,186	466,195	315,264
Add:									
Transfer of Accumulated Surplus from Carpark Fund to Residential Property Funds		-	-	835,591	-	-	-	(835,591)	-
Less:									
APPROPRIATION TO TOWN IMPROVEMENT AND PROJECT FUND	5	1,700,000	2,315,000	1,400,000	1,643,089	300,000	671,911	-	-
ACCUMULATED SURPLUS AT 31 MARCH		4,949,646	4,707,464	18,756	-	4,930,890	4,241,269	-	466,195

NOTES TO THE FINANCIAL STATEMENTS For The Financial Year Ended 31 March 2010

4 SINKING FUND

	Note	Total		Residential property		Commercial property	
		2009/2010	2008/2009	2009/2010	2008/2009	2009/2010	2008/2009
Balance at 1 April		\$ 77,338,508	\$ 88,349,654	\$ 55,516,522	\$ 66,755,014	\$ 21,821,986	\$ 21,594,640
Add:							
Investment Income	19a	1,421,211	1,347,843	1,020,145	1,017,501	401,066	330,342
Operating transfer from Conservancy and Service fees	3	7,415,998	7,465,925	6,457,681	6,564,625	958,317	901,300
Transfer from Government Grants	3, 21	1,500,406	1,503,735	1,500,406	1,503,735	-	-
Less:							
EXPENDITURE	19b	10,337,615	10,317,503	8,978,232	9,085,861	1,359,383	1,231,642
Less:							
INCOME TAX	20	38,301	183,672	27,492	138,644	10,809	45,028
(DEFICIT)/SURPLUS FOR THE YEAR		(6,396,989)	(11,011,146)	(6,501,271)	(11,238,492)	104,282	227,346
Balance at 31 March		70,941,519	77,338,508	49,015,251	55,516,522	21,926,268	21,821,986

Represented by:

Current Assets		
Financial assets at fair value through profit or loss	9	17,581,787
Held-to-maturity financial assets	8	4,000,000
Conservancy and service receivables		187,121
Interest receivable		293,429
Other receivables		927,792
Amount due from routine fund		754,351
Cash and cash equivalents		38,427,812
		62,172,292
		67,238,053

Non-Current Assets

Held-to-maturity financial assets	8	10,000,000
Total Assets		72,172,292
		81,238,053

Less:

Current Liabilities		
Creditors and accrued expenses		776,558
Amount due to routine fund		-
Current tax payable		454,215
Total Liabilities		1,230,773
		3,899,545

NET ASSETS

		70,941,519
		77,338,508

NOTES TO THE FINANCIAL STATEMENTS For The Financial Year Ended 31 March 2010

5 TOWN IMPROVEMENT AND PROJECT FUND

	Note	Total		Residential property		Commercial property	
		2009/2010	2008/2009	2009/2010	2008/2009	2009/2010	2008/2009
Balance at 1 April		\$ 658,452	\$ 718,880	\$ 132,775	\$ 605,459	\$ 525,677	\$ 113,421
Transfer from Government Grants	3, 21	2,298,443	2,601,470	1,712,422	2,425,135	586,021	176,335
Less: Expenditure	22	4,601,426	4,976,898	3,510,065	4,540,908	1,091,361	435,990
Deficit for the year		(2,302,983)	(2,375,428)	(1,797,643)	(2,115,773)	(505,340)	(259,655)
Appropriation from accumulated surplus	3	1,700,000	2,315,000	1,400,000	1,643,089	300,000	671,911
Balance at 31 March		55,469	658,452	(264,868)	132,775	320,337	525,677
Represented by:							
Current Assets							
Other receivables		5,032,024	2,635,173				
Less:							
Current Liabilities							
Creditors and accrued expenses		1,208,970	830,293				
Fund due to operating fund		3,767,585	1,146,428				
		4,976,555	1,976,721				
		55,469	658,452				

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2010

6 NEIGHBOURHOOD RENEWAL PROGRAMME FUND

	2009/2010	2008/2009
	\$	\$
Balance at 1 April	-	-
Funding from Government	381,600	-
Payment to contractors	(95,323)	-
Balance at 31 March	286,277	-

7 PLANT AND EQUIPMENT

	Total	Machinery	Motor Vehicles	Furniture and fittings	Office equipment
	\$	\$	\$	\$	\$
<u>Cost</u>					
At 1 April 2008	942,113	107,524	57,013	461,639	315,937
Additions	19,910	-	-	4,300	15,610
Written-off	(61,553)	-	(57,013)	-	(4,540)
At 31 March 2009	900,470	107,524	-	465,939	327,007
Additions	14,314	-	-	-	14,314
Written-off	(135,687)	(15,599)	-	(6,817)	(113,271)
At 31 March 2010	779,097	91,925	-	459,122	228,050

Accumulated depreciation

At 1 April 2008	800,545	24,485	57,013	446,860	272,187
Depreciation for the year	54,984	17,430	-	4,723	32,831
Written-off	(61,553)	-	(57,013)	-	(4,540)
At 31 March 2009	793,976	41,915	-	451,583	300,478
Depreciation for the year	37,591	17,430	-	4,711	15,450
Written-off	(135,687)	(15,599)	-	(6,817)	(113,271)
At 31 March 2010	695,880	43,746	-	449,477	202,657

Net book value

At 31 March 2010	83,217	48,179	-	9,645	25,393
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At 31 March 2009	106,494	65,609	-	14,356	26,529
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8 HELD-TO-MATURITY FINANCIAL ASSETS

	2009/2010	2008/2009
	\$	\$
Amortised cost at 1 April	14,000,000	17,008,171
Redemption of bonds upon maturity	-	(3,000,000)
Deaccretion in amortised cost	-	(8,171)
Amortised cost at 31 March	14,000,000	14,000,000

Balance is made up of:

Government bonds with fixed interest from 2.82% to 4.81% and maturing between 9 June 2010 and 7 March 2016	14,000,000	14,000,000
Maturing within the next 12 months	4,000,000	-
Maturing more than 12 months	10,000,000	14,000,000
	14,000,000	14,000,000

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2010

8 HELD-TO-MATURITY FINANCIAL ASSETS (CONT'D)

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

	2009/2010	2008/2009
	\$	\$
Government bonds with fixed interest from 2.82% to 4.81% and maturing between 9 June 2010 and 7 March 2016	14,622,200	14,670,200

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

9 FUNDS WITH FUND MANAGER

UOB Asset Management Ltd was re-appointed to invest and manage funds of \$25,000,000 on behalf of the Town Council for a period of 3 years commencing 1 September 2007. 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.

	2009/2010	2008/2009
	\$	\$
Balance at 1 April	25,000,000	25,085,824
Add: Investment income/(loss)	676,919	(85,824)
Loss shared by fund manager	-	106,498
Management fees	(54,266)	(62,193)
Fair value loss	(62,208)	(44,305)
Balance at 31 March	25,560,445	25,000,000

Represented by:

Quoted equities	457,470	7,820
Quoted bonds	12,624,517	12,352,100
Treasury bills	4,499,800	-
Financial assets at fair value through profit or loss	17,581,787	12,359,920
Cash and fixed deposits (Note 13)	7,840,830	12,340,746
Accrued interest	150,603	115,950
Net shortfall of funds shared by fund manager	-	195,801
Fee payable to fund manager (Note 14)	(12,775)	(12,417)
	25,560,445	25,000,000

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2010

9 FUNDS WITH FUND MANAGER (CONT'D)

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

The bonds bear interest rates per annum ranging from 2.05% to 4.91% (2008/2009 - 1.64% to 4.81%) to be received semi-annually in arrears. The maturity period of the bonds ranges from April 2010 to April 2011.

The treasury bills mature in April 2010.

10 CONSERVANCY AND SERVICE RECEIVABLES

	2009/2010	2008/2009
	\$	\$
Conservancy and service receivables	811,026	897,968
Less: Allowance for impairment	(600,125)	(600,000)
	210,901	297,968
Balance at 1 April	600,000	523,493
Allowance for the year	18,382	105,047
Amount written off against allowance	(18,257)	(28,540)
Balance at 31 March	600,125	600,000

The average credit period generally granted to conservancy and service receivables is about 30 days (2008/2009 - 30 days). Conservancy and service 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 receivables are denominated in Singapore dollar.

11 OTHER RECEIVABLES

	2009/2010	2008/2009
	\$	\$
GST receivable from IRAS	277,405	79,129
GST Subvention grant receivable	188,869	190,372
Receivable from Citizens' Consultative Committee	2,700,912	2,382,628
Recoverable from HDB	963,167	26,401
Recoverable from NEA	11,063	417,629
Payment in advance/deposits	524,401	457,518
SC/CC grant receivable	-	13,085
Others	1,850,105	652,371
	6,515,922	4,219,133

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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2010

12 FIXED DEPOSITS

	2009/2010	2008/2009
	\$	\$
Fixed deposits		
- Maturing in more than 3 months	20,571,505	25,846,488
- Maturing within 3 months (Note 13)	12,290,526	12,093,616
	32,862,031	37,940,104

Fixed deposits are denominated in Singapore dollar.

Included in fixed deposits is an amount of \$31,181 (2008/2009 - \$30,926) pledged with a bank as security for guarantee given on behalf of the Town Council.

The fixed deposits have weighted average effective interest rates of 0.84% (2008/2009 - 1.75%) per annum.

13 CASH AND CASH EQUIVALENTS

	2009/2010	2008/2009
	\$	\$
Cash and bank balances	2,620,931	7,896,351
Cash and fixed deposits held in trust by fund manager (Note 9)	7,840,830	12,340,746
	10,461,761	20,237,097

Cash and cash equivalents are denominated in Singapore dollar.

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

	2009/2010	2008/2009
	\$	\$
Cash and bank balances	2,620,931	7,896,351
Fixed deposits maturing within 3 months (Note 12)	12,290,526	12,093,616
	14,911,457	19,989,967
Less:		
Fixed deposit pledged	31,181	30,926
	14,880,276	19,959,041

14 PAYABLES AND ACCRUED EXPENSES

	2009/2010	2008/2009
	\$	\$
SC/CC grant refundable	3,374	-
Creditors	2,199,375	4,385,944
Accrued operating expenses	1,226,074	659,823
Refundable deposits	1,438,199	1,181,793
Others (Note 9)	12,775	12,417
	4,879,797	6,239,977

The average credit period taken to settle trade payables is about 30 days (2008/2009 - 30 days). The other payables are with short-term duration. The carrying amounts are assumed to be a reasonable approximation of fair values. The creditor and accrued expenses are denominated in Singapore dollar.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2010

15 AGENCY FEES

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

16 OTHER INCOME

Other income comprises the following:

	2009/2010	2008/2009
	\$	\$
Administrative fee	2,933	570
Agency fees	2,778	3,396
Gain on disposal of plant and equipment	180	7,763
Late payment fees	109,559	115,540
Liquidated damages	114,254	191,430
Sale of tender documents	34,800	76,340
Sundry fines	99,147	81,799
TOL income	934,413	1,052,374
Use of void decks/common property	42,550	44,250
Use of water and electricity	188,594	242,263
Others	22,905	40,294
	1,552,113	1,856,019

17 CLEANSING WORKS

Included in cleansing works are manpower costs provided by the Town Council.

	2009/2010	2008/2009
	\$	\$
Staff salaries and related costs	135,878	159,569
CPF contributions	12,897	14,471
	148,775	174,040

18 GENERAL AND ADMINISTRATIVE EXPENDITURE

The general and administrative expenditure comprises the following:

	2009/2010	2008/2009
	\$	\$
Advertising, publicity and public relations	271,763	267,675
Agency fees - HDB/NEA collection	18,506	19,493
Audit fee	25,000	25,000
Impairment loss on conservancy and service receivables (Note 10)	18,382	105,047
Bad debts recovered	(18,382)	(10,106)
Computer services	298,578	295,188
Depreciation of plant and equipment	37,591	54,984
Plant and equipment not capitalised	1,462	7,960
Maintenance of vehicles, machinery and equipment	3,666	7,151
Office rental and upkeep expenditure	251,374	275,257
Office supplies and stationery	56,405	59,642
Postage and telephone	75,487	75,377
Property tax	91,218	108,954
Service charges	41,040	29,746
Stamp duty	-	474
Town councillors' allowances	174,700	179,300
Irrecoverable GST	74,741	312,706
Others	2,329	2,366
	1,423,860	1,816,214

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2010

19 SINKING FUND INCOME AND EXPENDITURE

(a) Income

	2009/2010	2008/2009
	\$	\$
Interest income from fixed deposits/current account	307,166	759,690
Interest income from bonds	553,600	673,977
Income from fund manager	560,445	(85,824)
	1,421,211	1,347,843

(b) Expenditure

	2009/2010	2008/2009
	\$	\$
Reroofing works	1,200,938	2,517,393
Replacement of water pumps	-	76,730
Lift works	10,284,832	9,434,257
Replacement of booster pumps	-	76,250
Redecoration and repainting	4,198,962	5,854,502
Replacement of water pipes	-	1,355,615
Replacement of refuse handling equipment	-	32,880
Replacement of FRP water tanks	470,450	968,000
Project management fees	506,363	675,810
Unclaimable GST	34,758	153,540
	16,696,303	21,144,977

20 INCOME TAX

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

	2009/2010	2008/2009
	\$	\$
Overprovision of current taxation in respect of prior year	(74,280)	-
Current income tax provision	263,466	296,559
	189,186	296,559

Taken up in:

Statement of Income and Expenditure

- Overprovision of current taxation in respect of prior year	50,745	-
- Current financial year	100,140	112,887
	150,885	112,887

Sinking Fund

- Overprovision of current taxation in respect of prior year	(125,025)	-
- Current financial year	163,326	183,672
	38,301	183,672

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2010

20 INCOME TAX (CONT'D)

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

	2009/2010	2008/2009
	\$	\$
Investment and interest income	1,457,197	1,449,748
Other income	653,804	778,613
Allowable expenses	(52,337)	(63,978)
	2,058,664	2,164,383
Tax calculated at a tax rate of 17% (2008/2009 - 17%)	349,973	367,945
Singapore statutory stepped income exemption	(25,925)	(25,925)
Tax effect of certain income taxed at concessionary tax rate	(60,582)	(45,461)
	263,466	296,559

(b) Income tax payable

	2009/2010	2008/2009
	\$	\$
Balance at 1 April	665,262	876,110
Overprovision of current taxation in respect of prior year	(74,280)	-
Current financial year's income tax expense	263,466	296,559
Payments during the year	(163,810)	(507,407)
Balance at 31 March	690,638	665,262

NOTES TO THE FINANCIAL STATEMENTS For The Financial Year Ended 31 March 2010

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	
	2009/2010	2008/2009	2009/2010	2008/2009	2009/2010	2008/2009	2009/2010	2008/2009
	\$	\$	\$	\$	\$	\$	\$	\$
Government grants received/receivable	6,982,198	7,295,780	3,937,473	3,936,604	2,298,443	2,601,470	746,282	757,706
Less:								
Transfer to Sinking Fund	1,500,406	1,503,735	1,249,596	1,249,107	-	-	250,810	254,628
Less:								
Transfer to Town Improvement and Projects Fund	2,298,443	2,601,470	-	-	2,298,443	2,601,470	-	-
	3,183,349	3,190,575	2,687,877	2,687,497	-	-	495,472	503,078

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

	2009/2010	2008/2009
	\$	\$
Total grants received at 1 April	100,970,822	94,607,978
Add:		
Grants received during the year	6,668,791	6,362,844
Total grants received at 31 March	107,639,613	100,970,822

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2010

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).

Out of the total of \$4,601,426 (2008/2009 - \$4,976,898) spent on town improvement projects, \$2,298,443 (2008/2009 - \$2,601,470) 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:

	2009/2010	2008/2009
	\$	\$
Amount approved and contracted for	29,961,276	29,993,995
Amount approved but not contracted for	18,963,001	8,773,584
	48,924,277	38,767,579

Included in the amount approved but not contracted for is the cost of Neighbourhood Renewal Programme works amounting to \$17,697,277 (2008/2009 - \$Nil).

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:

	2009/2010	2008/2009
	\$	\$
Due within 1 year	313,024	439,291
Due after 1 year but within 5 years	182,380	283,553
	495,404	722,844

The leases on the Town Council's office premises and computer services on which rentals are payable will expire earliest on 31 May 2010 and not later than 31 March 2012. The current rent payable on the leases range from \$4,900 to \$20,508 per month.

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Town Council's activities expose it to a variety of financial risks: market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk. Risk management is integral to the whole business 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.

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2010

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

25.1 Currency risk

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

The Town Council's operational activities are carried out in Singapore dollar. Hence, its exposure to foreign currency risk is minimal.

25.2 Cash flow and fair value interest rate risk

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

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

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

Sensitivity analysis for interest rate risk

At the end of the reporting period, if interest rates had been 75 (2008/2009 - 75) basis points lower/higher with all other variables held constant, the Town Council's profit net of tax would have been \$10,929 (2008/2009 - \$10,873) lower/higher.

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

	Note	Effective interest rate	Total	Less than 1 year	1 to 5 years
		\$	\$	\$	\$
31 March 2010					
Financial assets					
Held-to-maturity financial assets	8	2.82 - 4.81%	14,000,000	4,000,000	10,000,000
Fixed deposits	12	0.84%	32,862,031	32,862,031	-
31 March 2009					
Financial assets					
Held-to-maturity financial assets	8	2.82 - 4.81%	14,000,000	-	14,000,000
Fixed deposits	12	1.75%	37,940,104	37,940,104	-

25.3 Liquidity risk

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2010

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

25.3 Liquidity risk (Cont'd)

	<----- Interest-bearing ----->			Non-interest bearing	Total
	Less than 1 year	1 to 5 years	Over 5 years		
	\$	\$	\$	\$	\$
At 31 March 2010					
Fixed deposits	32,862,031	-	-	-	32,862,031
Cash and cash equivalents	-	-	-	10,461,761	10,461,761
Other financial assets	-	-	-	6,664,856	6,664,856
Financial assets through profit or loss	-	-	-	17,581,787	17,581,787
Held-to-maturity financial assets	4,000,000	10,000,000	-	-	14,000,000
Non-financial assets	-	-	-	607,618	607,618
Total assets	36,862,031	10,000,000	-	35,316,022	82,178,053
Other financial liabilities	-	-	-	5,254,504	5,254,504
Non-financial liabilities	-	-	-	690,638	690,638
Total liabilities	-	-	-	5,945,142	5,945,142

	<----- Interest-bearing ----->			Non-interest bearing	Total
	Less than 1 year	1 to 5 years	Over 5 years		
	\$	\$	\$	\$	\$
At 31 March 2009					
Fixed deposits	37,940,104	-	-	-	37,940,104
Cash and cash equivalents	-	-	-	20,237,097	20,237,097
Other financial assets	-	-	-	4,844,417	4,844,417
Financial assets through profit or loss	-	-	-	12,359,920	12,359,920
Held-to-maturity financial assets	-	14,000,000	-	-	14,000,000
Non-financial assets	-	-	-	564,012	564,012
Total assets	37,940,104	14,000,000	-	38,005,446	89,945,550
Other financial liabilities	-	-	-	6,575,864	6,575,864
Non-financial liabilities	-	-	-	665,262	665,262
Total liabilities	-	-	-	7,241,126	7,241,126

25.4 Credit risk

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2010

25 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

25.4 Credit risk (cont'd)

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

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

	2009/2010	2008/2009
	\$	\$
With less than 3 months of fees outstanding	190,817	151,350
With more than 3 months of fees outstanding	230	89,397
With more than 6 months of fees outstanding	-	21,259
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 receivables not past due or past due but not impaired. These receivables are mainly arising by customers that have a good credit record with the Town Council.

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

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

	2009/2010	2008/2009
	\$	\$
Gross amount	600,125	600,000
Less: Allowance for impairment	(600,125)	(600,000)
	-	-

25.5 Price risk

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

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

At the end of the reporting period, if the fair value had been 2% (2008/2009 - 2%) lower/higher with all other variables held constant, the Town Council's deficient for the year would have been \$511,209 (2008/2009 - \$500,000) higher/lower, arising as a result of higher/lower fair value losses on investments.

26 MANAGEMENT OF TOWN COUNCIL'S FUNDS

The Town Council's objectives when managing funds are:

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

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 March 2010

27 FINANCIAL INSTRUMENTS

Fair values

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

The Town Council does not anticipate that the carrying amounts recorded in 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)

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
As at 31 March 2010				
<i>Financial assets through profit or loss</i>				
Quoted equities	457,470	-	-	457,470
Quoted bonds	12,624,517	-	-	12,624,517
Treasury bills	4,499,800	-	-	4,499,800

As at 31 March 2009

Financial assets through profit or loss

Quoted equities	7,820	-	-	7,820
Quoted bonds	12,352,100	-	-	12,352,100

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